ESG DISCLOSURE GUIDANCE

FINANCIAL SERVICES SECTOR

Unlocking Green Finance through Disclosure of Climate-Related Financial Risks

31/07/2025

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The ESG Disclosure Guidance for Financial Services Sector (hereinafter referred to as the 'Sectoral Guidance') was developed under the Activity 'Promoting Green Finance through Enhanced Climate-Related Financial Risk Disclosure' (the ‘Activity’), as part of the UK Partnering for Accelerated Climate Transitions (UK PACT) Program. It was issued by the State Securities Commission of Vietnam to encourage the adoption of sustainable practices and the disclosure of sustainability-related information by financial institutions in Vietnam. The guidance also aims to strengthen the capacity of local organisations to improve access to sustainable finance.

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TABLE OF CONTENTS

LIST OF FIGURES AND TABLES

Figures

Tables

EXAMPLES OF DISCLOSURES

ACRONYMS AND ABBREVIATIONS

	Abbreviate	English Explanation
A	**AUM**	Assets Under Management
B	**BCB**	Central Bank of Brazil
C	**CDP**	Carbon Disclosure Project
	COP 28	28th Conference of the Parties
	CORE	Committee of Sponsoring Organizations of the Treadway Commission
	CRMF	Climate Risk Management Framework
	CSRD	Corporate Sustainability Reporting Directive
D	**DEI**	Diversity, Equity, and Inclusion
	DESNZ	Department for Energy Security and Net Zero
	DJSI	Dow Jones Sustainability Index
E	**EBA**	European Banking Authority
	EBRD	European Bank for Reconstruction and Development
	ERM	Enterprise risk management
	ESG	Environmental, Social and Governance
	ESRS	European Sustainability Reporting Standards
	EU	European Union
G	**GEB**	Group Executive Board
	GFANZ	Glasgow Financial Alliance for Net Zero
	GHG	Gas greenhouse
	GRI	Global Reporting Initiative
	GSIB	Global Systemically Important Banks
H	**HKMA**	Hong Kong Monetary Authority
I	**IEA**	International Energy Agency
	IFRS	International Financial Reporting Standards
	IPCC	Intergovernmental Panel on Climate Change
	ISS	Institutional Shareholder Services
	ISSB	International Sustainability Standards Board
	IT	Information Technology
K	**KRI**	Key Risk Indicators
	KRW	South Korean won
L	**LGD**	Loss Given Default
	LTI	Long-Term Incentive
M	**MTI**	Medium-Term Incentive
N	**NGFS**	Network for Greening the Financial System
	NYSE	New York Stock Exchange
P	**PCAF**	Partnership for Carbon Accounting Financials
R	**RWA**	Risk-weighted asset
S	**SASB**	Sustainability Accounting Standards Board
	SBTi	Science Based Targets initiative
	SDGs	Sustainable Development Goals
	SEC	Securities and Exchange Commission
	SET	Stock Exchange of Thailand
	SFDR	Sustainable Finance Disclosure Regulation
	SSC	State Securities Commission
T	**TCFD**	Task force on Climate-related Financial Disclosures
	TNFD	Taskforce on Nature-related Financial Disclosures
	TPT	Transition Plan Taskforce
U	**UK FCDO**	Foreign, Commonwealth and Development Office
	UNEP FI	United Nations Environment Programme - Finance Initiative
	UNEP-WCMC	United Nations Environment Programme World Conservation Monitoring Centre
W	**WEF**	The World Economic Forum

INTRODUCTION OF ESG DISCLOSURE GUIDANCE FOR FINANCIAL SERVICES SECTOR

The ESG Disclosure Guidance for the Financial Services Sector was developed under the Activity ‘Unlocking Green Finance through Disclosure of Climate-Related Financial Risks' (GRCF), as part of the ‘UK Partnering for Accelerated Climate Transitions' (UK PACT) program by the UK Foreign, Commonwealth & Development Office (UK FCDO). The guidance aims to provide technical support to the State Securities Commission of Vietnam (SSC) in strengthening the capacity of domestic listed companies to improve access to sustainable finance. The Asia Foundation, in collaboration with EY as the technical delivery partner, was selected to implement the initiative.

The ESG Disclosure Guidance for the Financial Services Sector ("Sectoral guidance") provides instructions and reference materials to encourage and support financial institutions in Vietnam in disclosing ESG information. It ensures alignment with both domestic and international regulations, as well as with leading industry practices. The primary users of this Sectoral Guidance are public companies operating in fields classified under Section K: Financial, Banking, and Insurance Activities (Level 1 Industry) according to Decision No. 27/2018/QĐ-TTg on promulgating Vietnam standard industrial classification. In this Guidance, these entities are referred to as 'financial institutions' based on their registered business activities. Other companies within the sector are also encouraged to refer to this Guidance when developing their sustainability disclosures.

The guide consists of 3 main parts:

- Part 1: Context of ESG disclosure for financial institutions
- Part 2: Guidelines for ESG disclosure in the Financial Services Sector
- Part 3: Additional guidance on climate-related disclosure

While using the guidance, financial institutions may refer to the Handbook on ESG implementation and disclosure ('General Handbook'), which was published under the same GRCF activity. Throughout this document, symbols are used to indicate content related to: (1) specific guidance or additional information, (2) case studies or examples, and (3) topics focused on Diversity and Inclusion, as outlined below.

Indications used in the document:		
Specific guidance or additional information 💡	**Case studies or examples** 🔍	**Diversity and Inclusion Focus** 🤝

Note:

For multi-sector enterprises, depending on stakeholder requirements and the company’s reporting objectives and needs, ESG disclosures may need to cover some or all of the company’s primary business sectors as stated in its Business Registration Certificate. For disclosures related to activities in the financial services sector, companies are encouraged to refer to the contents of this Guidance. For disclosures related to other business sectors, companies are advised to refer to the General Handbook and relevant sectoral guidance (if available).

PART 1: ESG DISCLOSURE CONTEXT FOR FINANCIAL INSTITUTIONS

1. The urgency of enhancing ESG disclosure practices among financial institutions

Increasing pressure from stakeholders requires financial institutions (Fis) to understand and effectively disclose their sustainability practices. Globally, ESG regulations are becoming more stringent and clearly defined, prompting FIs to better assess the environmental impact of their business decisions—such as carbon emissions generated by a specific loan or investment. In addition, social and governance issues like financial inclusion, employee benefits and welfare, responsible lending, and business ethics are gaining prominence in stakeholder agendas. Leading FIs have recognized that ESG-related issues can significantly affect operational performance and influence their ability to attract and retain highly skilled professionals.

Investment in disclosure capacity is expected to increase in the near future. According to a report on ESG trends in the banking industry,[1] in 2023, banks invested between $1 million and $5 million annually to improve their ESG disclosure capabilities. With reporting becoming mandatory in both the U.S. and internationally, it is expected that the budget for disclosure could increase to as much as $10 million in the near future. Banks' investment priorities over the next 12 months include a number of key areas related to ESG disclosures, along with improving climate data and technology infrastructure, and mobilizing resources to prepare for final rule from the U.S. Securities and Exchange Commission (SEC) on climate-related disclosures as well as the Corporate Sustainability Reporting Directive (CSRD) and International Sustainability Standards Board (ISSB) final standards. The adoption of technology solutions will create particularly favorable conditions for ESG reporting as banks strive to disclose absolute financed emissions for priority sectors.

A 2023 report[2] on the current state of sustainability disclosure among financial services sector enterprises—categorized into two groups: G250 (the 250 largest global companies by revenue based on the 2021 Fortune 500 ranking) and N100 (the top 100 companies by revenue across 58 countries, territories, and jurisdictions)—revealed that financial institutions are still lagging behind other sectors in implementing sustainability reporting. However, notable progress has been made in recent years. To meet stakeholder expectations, this growth must be further accelerated so that financial institutions can achieve a 100% disclosure rate

Figure 1: Current state of sustainability disclosure of FIs in the G250 and N100 groups[3]

N100		**G250**	
% Announcement of carbon emission reduction targets			
Leading industry: Automotive manufacturing – 89%	**Financial Services Sector: 61% (2017 = 38%)**	Industry leader: Technology, media and telecommunications – 89%	**Financial Services Sector: 75% (2017 = 36%)**
% Disclosure of biodiversity targets			
Industry Leader: Mining – 79%	**Finance: 29% (2020 = 15%)**	Industry Leader: Oil & Gas – 65%	**Finance: 41% (2020 = 9%)**
% Announcement of the United Nations Sustainable Development Goals			
Leading industry: Technology, media and telecommunications – 79%	**Financial Services Sector: 70% (2020 = 24%)**		

DISCLOSURE OF CLIMATE-RELATED RISKS

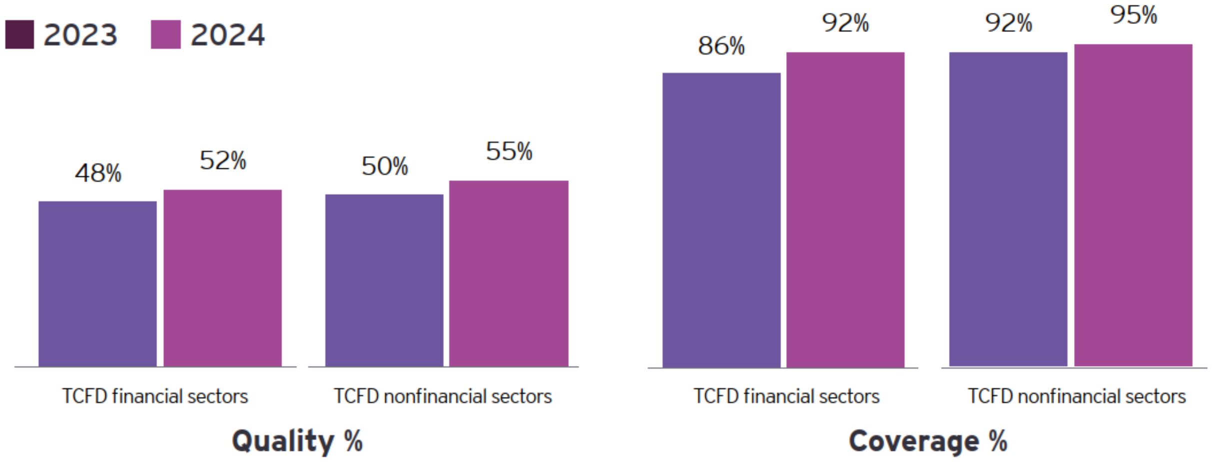
According to the World Economic Forum's (WEF) Global Risk Report[4], environmental and social risks are at the heart of global risks over the next decade, with the risk of failure to mitigate and adapt to climate change being one of the top five risks, which is an urgent priority for governments, investors, businesses, and organizations in all industries and fields.

The financial services sector plays a vital role in driving efforts to mitigate and adapt to climate change. Financial institutions provide loans, investments, and insurance to various industries and sectors, financing a wide range of economic activities—from high-emission operations to those that support the energy transition and move toward a low-carbon economy. Therefore, for the entire economy to achieve the net-zero emissions target, financial institutions must assess climate-related risks in their capital allocation decisions to help guide industries and sectors toward sustainable development. According to SwissRe research, neglecting climate change will dramatically increase those risks – and could reduce the value of the global economy by about $23 trillion per year by the middle of the century.[5] With a pivotal role in driving the global economy to respond to climate change, rapidly enhancing the comprehensiveness, consistency, and comparability of climate-related disclosures will become a critical requirement in the near future for financial institutions, businesses, regulators, and governments.

The recommendations and guidance of the Task Force on Climate-related Financial Disclosures (TCFD) provide a globally recognized disclosure framework, along with climate-related reporting requirements for businesses and FIs. Today, given the real-world context of global disclosure standards/frameworks, the TCFD framework—along with its referenced practices in risk assessment, technical analysis, and strategic planning such as scenario analysis—serves as the foundation for a range of policy initiatives, regulations, and market trends aimed at aligning the financial services sector with the goals of transitioning to a low-carbon economy.

Based on the results of a survey of 1,400 businesses in both the financial and non-financial services sectors, EY's Global Climate Risk Barometer 2024 provides an analysis of the level of application of the TCFD framework by businesses to prepare for the newly issued regulations on disclosure of risks and opportunities related to climate.[6] Accordingly, the quality and scope of implementation of the recommendations of the TCFD have increased in all sectors.

Figure 2: Quality and coverage of TCFD's recommendations – Financials and Non-Financials sector . Source: EY[7]



However, the data shows that banks and insurers have a lower rate of developing transition plans than other industries. Overall, 37% of banks, 36% of insurers and 17% of financial asset managers have developed transition plan at the portfolio level, compared to an interdisciplinary score of 41%.

The improvement in the climate-related disclosure by FIs is being driven by a number of factors, including:

- An increase in mandatory climate reporting regulations under the CSRD or ISSB.
- Pressure from investors on the expectation of transparent, detailed and reliable disclosure of climate-related data.
- In addition, as corporate clients improve the quality of their disclosures, they can provide higher quality data to FIs to use for decision-making and improve disclosure.

As noted by Mark Carney, the UN Special Envoy for Climate and Finance, achieving net-zero emissions targets will require the transformation of the entire economy — along with a full consideration of climate risks in every decision. including the allocation of capital of the financial services sector. To achieve this goal, disclosure of climate information from financial institutions will help:

- Get a clear picture of businesses' pace of change through quantitative data that tracks their decarbonization roadmap.
- Improve assessment and benchmarking among peers by making comparisons between the range of strategies used in the financial services sector to address climate-related risks and opportunities.
- Provide a comprehensive view of the current capital allocation by financial institutions to climate-sensitive sectors, and gain deeper insights into their strategies and commitments that facilitate the decarbonization process.

To achieve this, financial institutions will need to leverage their authority—as users and processors of disclosed information—to set clear expectations regarding the disclosure practices of their clients and partners. This, in turn, will enable financial institutions to gradually transform and improve their own disclosure practices..

CHALLENGES IN DEVELOPING SUSTAINABILITY REPORTS IN THE FINANCIAL SECTOR

- As financial intermediaries in the economy, financial institutions face difficulties and limitations in assessing and collecting accurate, reliable information about the scope of impact of their clients across the entire value chain. At the same time, defining the scope of responsibility of financial institutions for environmental and social impacts arising from financial products, services, and providers is also highly complex:
    - Financial institutions with large and diverse customer bases make it difficult to track greenhouse gas (GHG) emissions and environmental impacts across the entire value chain. A good example is the direct and indirect impact of the financial services sector on climate change; for example, measuring and reporting on Scope 3 emissions can be extremely challenging.
    - Determining accountability in the financial services sector is much more difficult than in other industries. The complex and diverse business models of FIs make it very difficult to identify and measure environmental and social impacts.
- The existence of multiple reporting frameworks and standards and different reporting users: complicating the comparison process between businesses and markets.
- Data quality and standardization:
    - One of the major obstacles to ESG reporting is the collection and identification of reliable data. Financial institutions often struggle to collect relevant data to evaluate ESG performance from their investments. The lack of uniform industry standards further complicates this process, leading to difficulties in comparison and a high likelihood that organizations may selectively report only data that reflects their positive aspects[8]
    - Although many organizations have incorporated ESG factors into their due diligence, the effectiveness of these assessments largely depends on the accuracy of the data provided by businesses. Independent verification and review of these data, accompanied by consistent assessments across different legal frameworks, poses its own challenges.[9]
    - The reliance of financial institutions on other industries and their clients in collecting and reporting data generally leads to delays in reporting times.
    - Additionally, measuring and disclosing Scope 3 emissions, financed and facilitated emissions, as well as the carbon footprint of emission portfolios, is highly complex and faces numerous challenges—such as evolving methodologies and limited data availability.

2. Global sustainability disclosure context

a) Notable changes in sustainability disclosure regulations for the financial sector in selected countries worldwide

- In 2023, the ISSB issued IFRS S1 (General Requirements for Disclosure of Financial Information Related to Sustainable Development) and IFRS S2 (Disclosure of Climate-Related Information). IFRS S2 requires entities involved in certain financial activities (including commercial banks) to disclose the emissions they finance[10]. As of December 2023, nearly 400 institutions from 64 jurisdictions have committed to promoting the use of the ISSB under the COP28 Declaration of Support, including the State Securities Commission of Vietnam[11]. Examples include:

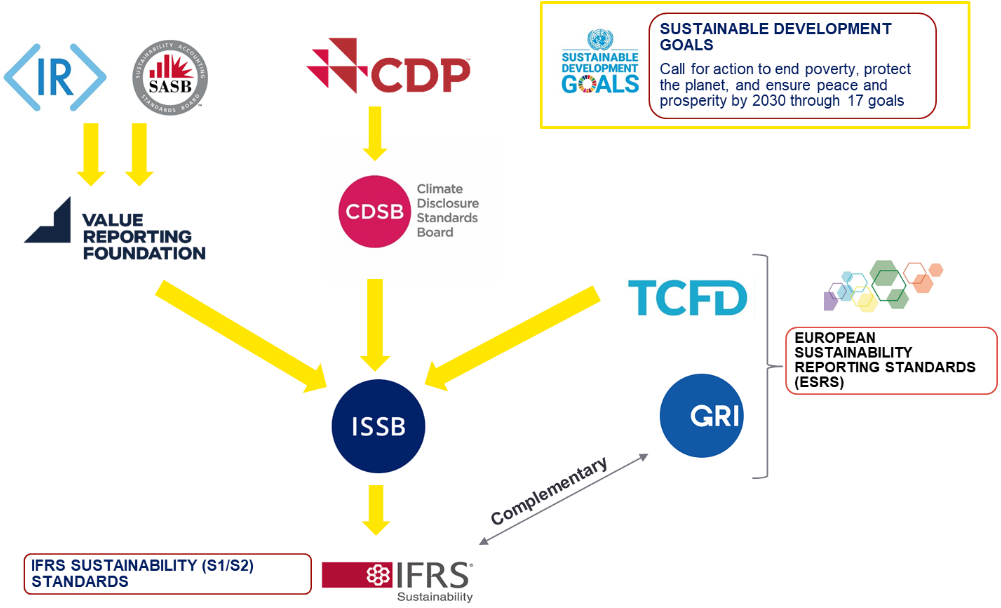
    - In October 2023, the UK's Department for Energy Security and Net Zero (DESNZ) launched a consultation on Scope 3 greenhouse gas emissions reporting for businesses to provide input to the government's decision on whether to endorse ISSB standards in the UK.[12]
    - In the same month, the Philippine Securities and Exchange Commission said it was revising its sustainability reporting guidelines for listed companies, which are considering IFRS S1 and IFRS S2.[13]

- **In the EU:**
  - The EU has introduced a transparent reporting framework, the Sustainable Finance Disclosure Regulation (SFDR). By providing a way for financial market participants to disclose sustainability information, the reporting framework helps investors looking for companies and projects that support sustainability goals to make informed choices. The SFDR is also designed to allow investors to properly assess the sustainability risks that are integrated into the investment decision-making process. In this way, the SFDR contributes to one of the EU's major political goals: attracting private investment to help EU transition to a net-zero emissions economy.[14]
  - In October 2023, the European Banking Authority (EBA) recommended improvements to Pillar 1 of the EU prudential framework, based on the Basel Framework[15], to promote the integration of environmental and social risks, and may consider additional amendments to the scenario analysis and the role of transition plans[16].
- **In the United Kingdom:** At COP26, the UK government announced the establishment of the UK Transition Plan Taskforce (TPT)[17] to develop a 'gold standard' for the private sector's climate transition plan disclosure framework. Launched in November 2022 and completed in October 2023, TPT published TPT's Disclosure Framework and Implementation Guidelines.
- **In Hong Kong:** In August 2023, the Hong Kong Monetary Authority (HKMA) issued guidelines and circulars to set out overarching principles for Authorised Institutions in planning the transition towards net zero emissions.[18] This includes local banks and branches or subsidiaries in Hong Kong.
- **The People's Bank of China** has also taken the initiative to make climate-related risk disclosure mandatory, starting with a group of financial institutions and expanding to larger markets in the future.[19]
    - In February 2024, under the auspices of the China Securities Regulatory Commission (CSRC), three stock exchanges required SSE 180, STAR 50, SZSE 100 and ChiNext enterprises, as well as domestic and foreign SOEs, to make ESG disclosures by 2026.
    - In December 2024, the Ministry of Finance finalized the Basic Guidelines on Corporate Sustainability Disclosure under the ISSB.
- **In Malaysia:** From 2025, according to the implementation phases of the National Sustainability Reporting Framework, listed companies must publish ESG reports that comply with IFRS S1 and S2 and from 2027, publish on Scope 3 emissions.
- **In Singapore:** From 2023, the Singapore Exchange will introduce mandatory climate disclosure requirements for financial institutions.

b) Several changes in ESG frameworks and standards for the Financial Services Sector

IFRS has affirmed the urgency of establishing a global sustainability reporting framework to form a comparable, consistent and reliable reporting system.[20] Accordingly, the International Sustainability Standards Board (ISSB) - IFRS is currently working to provide a common global basis for the disclosure of sustainable development information. Since 2024, IFRS has taken over the responsibilities of the TCFD in overseeing climate-related reporting. When selecting ESG frameworks and standards for developing and disclosing ESG reports, financial institutions need to consider the purpose of the report, its intended users, and the regulations in the countries where they operate, in order to choose one or more appropriate standards.

Figure 3: Sustainablity Reporting Standards



At the same time, efforts are being made globally to develop specific guidelines for the financial sector and its sub-sectors, with several adjustments and changes as outlined below .

Table 1: The development of specific guidelines for the financial services sector and sub-sectors

Sustainability reporting Framework and Standards	**Recent updates**
GRI	• The GRI is developing specific standards for the Banking, Capital Markets and Insurance subsectors, which are expected to be released in Q2 2026.[21]
IFRS Sustainability	• The International Sustainability Standards Board (ISSB) has released Industry-Based Guidance on the Implementation of Climate-Related Disclosures, along with IFRS S2 standards, to propose indicators that businesses can use to identify, measure, and disclose information about climate-related risks and opportunities.[22] In addition, more and more economies and financial systems recognize biodiversity as a systemic risk. In April 2023, the International Standards for Sustainable Development (ISSB) announced a plan to consult additional standards related to biodiversity, ecosystems, and ecosystem services in accordance with the recommendations of the Task Force on Nature-Related Financial Disclosures (TNFD)[23] published in September 2023. The Natural Risks and Biodiversity Dataset, developed by S&P Global Sustainable in partnership with UNEP-WCMC, has been introduced to support reporting in line with TNFD's recommendations. If the new TNFD recommendations are also applied as the TCFD, TNFD may become a mandatory element of reporting and disclosure. • In April 2024, in its 2024-2026 plan, ISSB announced that it will start implementing research projects on risks and opportunities related to biodiversity, ecosystems and ecosystem services to assess investors' information needs for these risks and opportunities to assess the development potential of businesses. This could be a sign for the ISSB to develop the next IFRS S3 guidance standard on Biodiversity, Ecosystems and Ecosystem Services**.** • The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) have been integrated into the ISSB's IFRS standards,

Sustainability reporting Framework and Standards	Recent updates
	in response to the growing demand from investors and financial markets for useful, comparable, and reliable sustainability information.[24,25]
TPT Transition Plan Taskforce	• The TPT's Disclosure Framework provides recommendations for businesses and financial institutions to come up with credible and comprehensive transition plans by focusing on five key elements: foundation, implementation strategy, engagement strategy, metrics & targets, and governance. ◦ In 2024, to supplement its Disclosure Framework, TPT has also issued industry-specific guidance. For the Finance industry, TPT has introduced relevant guidance for Asset Management, Asset Owners, and Banking. ◦ Since June 2024, IFRS has been responsible for managing the specific disclosure documents developed by the TPT, ensuring these standards are integrated into global financial reporting activities.
ESRS	• ESRS E1-1 (Transition plan for climate change mitigation) of ESRS E1 (on climate change)[26] requires organizations, including financial institutions, to disclose their transition plans to mitigate climate change and the purposes of the disclosure.
PCAF Partnership for Carbon Accounting Financials	• Partnership for Carbon Accounting Financials (PCAF) has introduced methods for measuring and publishing financed and insurance-related emissions for financial institutions, in line with the GHG Protocol. Among the financial institutions that reported financed emissions to CDP in 2022, 79% (173 out of 219) referenced PCAF or the Global GHG Accounting and Reporting Standard for the Financial Industry.[27]
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	• Financial Institutions Net-Zero Standard – Version 1.0 announced in July 2025 • Financial Institutions Near-Term Criteria – Version 2.0 has been published in 2024. More than 165 financial institutions have their targets confirmed according to this set of criteria.[28]
GFANZ	• In 2022, the Glasgow Financial Alliance for Net Zero (GFANZ) developed comprehensive guidance for financial institutions to design and implement net-zero transition plans. These plans align institutional activities with global climate goals and serve as a foundation for disclosing financial institutions' transition strategies.

3. Sustainability disclosure context in Vietnam

Vietnam's National Action Plan for the Implementation of the 2030 Agenda for Sustainable Development identifies sustainable development as a "cross-cutting requirement in the country's development process", requiring the mobilization of financial resources, especially from the private sector, to achieve the sustainable development goals.[29] This commitment is important for the financial services sector as it allocates and mobilizes financial resources in all aspects of the economy. In addition, the Prime Minister's Decision No. 1658/QD-TTg in 2021 on the National Green Growth Strategy for the 2021-2030 period, with a vision to 2050[30] and Decision No. 1726/2023/QD-TTg on approval of the Strategy for the Development of the Securities Market to 2030 also emphasizes the key role of green credit activities. green banks, green financial instruments, sustainable finance (such as green bonds, sustainable bonds), in the successful implementation of this strategy.

Consistent with the national direction on sustainable development, in order to improve the responsibility and transparency in the implementation and sustainable practices of enterprises, Circular No. 96/2020/TT-BTC providing guidelines on disclosure of information on securities market has set out a number of requirements for sustainability disclosure in the Annual Report for public companies, including:

Table 2: Request for information disclosure according to Circular 96/2020/TT-BTC

STT	Topic	Disclosure Requirements
	General Information	
	Development direction	• Sustainability goals (environmental, social and community) and key programs related to the Company's short- and medium-term
	Corporate Environmental and Social Impact Report	
1.	Impact on the environment	• Total direct and indirect GHG emission • Measures and initiatives to reduce GHG emission
2.	Management of raw materials	• The total amount of raw materials used for the manufacture and packaging of the products as well as services of the organization during the year • The percentage of materials recycled to produce products and services of the organization
3.	Energy Consumption	• Direct and indirect energy consumption • Energy savings through energy efficiency initiatives • Energy efficiency initiative reports (providing energy-efficient or renewable energy products and services); Report on the results of these initiatives
4.	Water consumption	• Water sources and water usage • Percentage and total amount of recycled and reused water
5.	Compliance with the law on environmental protection	• Number of times the company is fined for failing to comply with laws and regulations on environment • The total amount to be fined for failing to comply with laws and regulations on the environment

6.	Policies related to employees	• Number of employees, average salary for employees
		• Labor policy to ensure the health, safety and welfare of employees
		• Employee training activities:
		  • Average number of training hours per year, by employee and by employee classification
		  • Continuing learning and skills development programs to support workers in securing employment and career development

7.	Reporting related to responsibility to local communities	• Community investment and other community development activities, including financial support to serve the community
8.	Report on green capital market activities under the guidance of the SSC	

Regarding the environmental and social impact report, public company can choose to include it in the annual report or develop a separate sustainability report, in which the topics - (1) environmental impact, (2) management of raw materials and (3) energy consumption in the above table are not mandatory for organisations operating in the fields of financial services, banking, securities and insurance. At the same time, the Circular also encourages businesses to apply international reporting standards in developing sustainability reports.

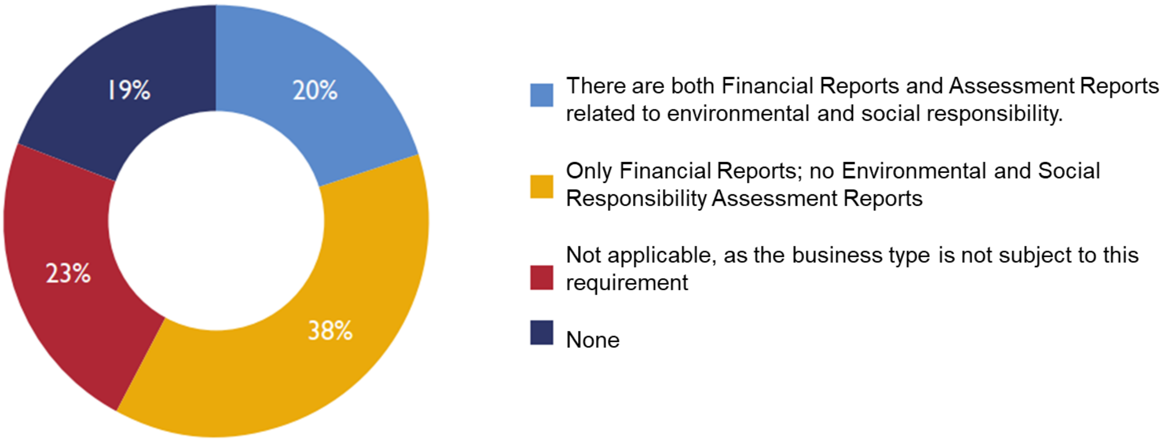
FIs that are not subject to compulsory application under Circular No. 96/2020/TT-BTC are also encouraged to disclose information related to sustainable development, in accordance with the provisions of Circular No. 96/2020/TT-BTC or relevant international reporting standards.

Current state of sustainability disclosure of FIs in Vietnam

In addition to complying with the requirements of Circular No. 96/2020/TT-BTC on disclosure of sustainability-related information for public companies, to increase transparency of business activities, enterprises in Vietnam, including financial institutions, are increasingly receiving stricter requirements on ESG information disclosure from stakeholders. However, as mentioned above, in order to meet these requirements, as financial intermediaries in the economy, FIs in Vietnam face major obstacles in collecting reliable data, and at the same time depend on other industries in collecting and reporting ESG data.

This challenge stems from the fact that awareness and practice of ESG reporting among businesses in Vietnam are still in the early stages of development and require support and encouragement for improvement. According to a survey conducted by the Agency for Private Enterprise Development and Collective Economy (APED), under the Ministry of Planning and Investment (now the Ministry of Finance), between May and July 2024, as part of a report on sustainable business practices,[31] ESG remains a relatively new concept—especially for small, medium, and micro-sized enterprises. Of the 1,019 enterprises participating in the survey, 55% of enterprises have never heard of the concept of "ESG" (although they may have practiced on environmental, social, and governance topics), at the same time, only 5% of enterprises have a plan and are actively implementing ESG in a structured approach. In terms of reporting practices, across the country, up to 42% of businesses do not have financial reports or assessments related to environmental and social responsibility. Among them, 19% of businesses fail to produce such reports despite being part of the group required to do so.

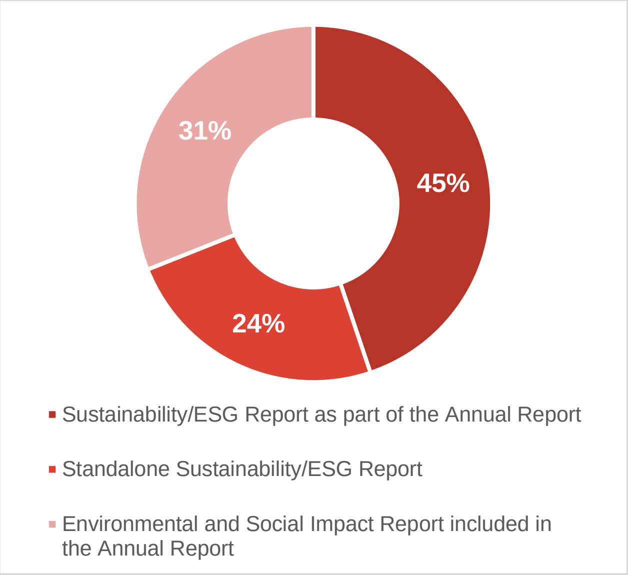
Figure 4: Classification of reporting practices according to APED survey results[32]

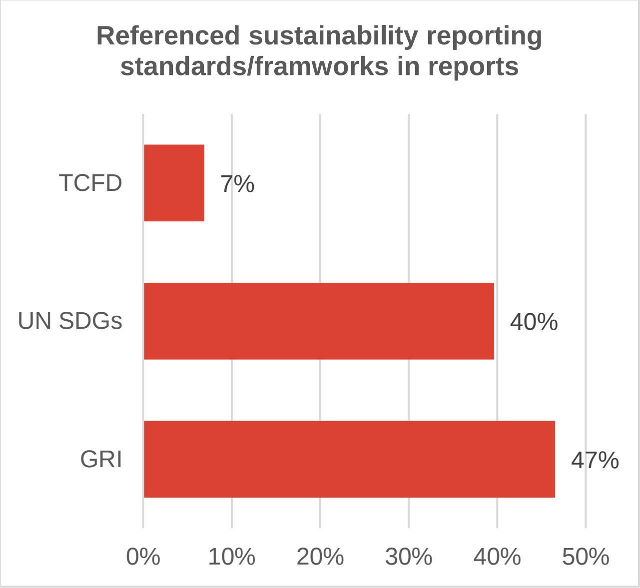


According to APED's survey report, in terms of overall ESG practice classification, businesses in the real estate and financial sectors demonstrated the strongest ESG performance. These sectors had the highest proportion of companies rated A (with scores above 80%)—26%—indicating they are pioneers in ESG implementation. Additionally, 71% of businesses in these sectors were rated B (scores between 50–80%), showing strong potential for ESG practices if sector-specific challenges are addressed. The remaining 3% were rated C (scores below 50%), as most had not implemented or had very few ESG-related activities or solutions. At the same time, among businesses in the real estate and finance sectors, about 40% of businesses are facing difficulties in disclosing ESG practices.

In addition, according to 2025 statistics from the UK PACT project team covering 58 financial institutions listed on HOSE and HNX, 69% of these institutions have developed sustainability/ESG reports, and 24% have published standalone sustainability/ESG reports. GRI is the most commonly referenced ESG reporting standard among financial institutions, with a usage rate of 47%. Notably, 7% of these institutions have adopted the TCFD standard for climate-related disclosures.

Sustainability/ESG reporting practices of financial institutions listed on HOSE and HNX

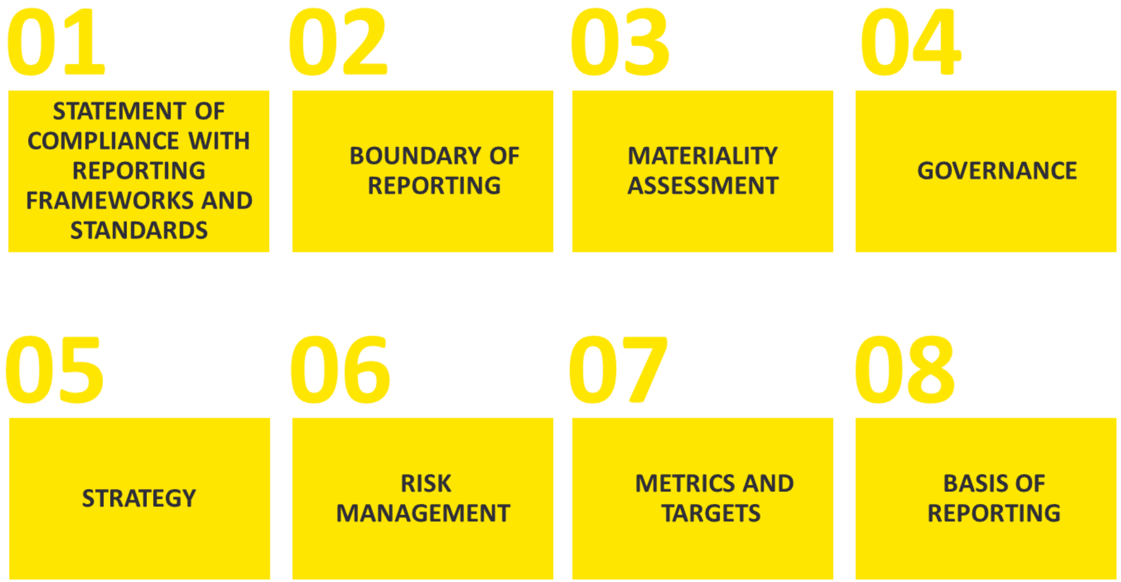




PART 2: GUIDELINES FOR ESG DISCLOSURE IN THE FINANCIAL SERVICES SECTOR

The Handbook on ESG Implementation and Disclosure ('General Handbook') has provided guidelines for developing sustainability-related disclosure according to 8 elements as follows.

Figure 5: Sustainability Report Structure



Financial institutions should refer to the guidance provided for each disclosure element in the General Handbook, and combine it with the additional instructions outlined in this sector-specific guide for elements that are unique to the financial sector, including:

- Materiality assessment
- Governance
- Strategy
- Risk Management
- Metrics and targets

The instruction in each element will include:

- Element disclosure requirements – as outlined in the General Handbook
- Additional specific guidelines for financial institutions on disclosure requirements
- An illustrative example of disclosure

Note:

- Sustainability-related disclosure in accordance with the contents of the General Handbook and sectoral guidance ensures compliance with legal requirements on sustainability reporting. Enterprises may refer to the comparison of disclosure requirements between regulations and the recommendations provided in the General Handbook/sectoral guidance - outlined in Part 3, Section 3 of the General Handbook, for each disclosure element.
- Depending on disclosure approach, financial institution may choose between developing a standalone sustainability report or integrating it into the annual report/governance report, aligning with the specific requirements of the financial institution and its stakeholders and ensuring the completeness and linkage of the published contents. Accordingly, FIs should pay attention to ensuring the following principles – which have been explained in detail in the General Handbook – Part 3, Section 2.

Guiding Principles for sustainability reporting

Principles for defining report content	Principles for defining report quality
• Strategic and long-term focus • Connectivity of information • Stakeholder inclusiveness • Materiality and relevance • Completeness	• Accuracy and precision • Balance • Clarity • Comparability • Reliability • Timeliness

1. Materiality assessment

GENERAL REQUIREMENTS FOR ESG DISCLOSURE

Elements	Content

Materiality assessment	• A list of material sustainability-related matters.
	• A descriptive process of coming up with this list (identifying, prioritising and shortlisting matters), including stakeholders' engagement i.e., who is held responsible, accountable, consulted, or informed on the process.
	• A description of processes in place to manage these matters, including:
	  • describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights through its activities or as a result of its business relationship. Report whether the organization is involved with the negative impacts
	  • describe its policies or commitments regarding the material topic;
	  • describe actions taken to manage the topic and related impacts and track the effectiveness of the actions taken, goals, targets, and indicators used to evaluate progress, lessons learned, including:
	  i. actions to prevent or mitigate potential negative impacts;
	  ii. actions to address actual negative impacts;
	  iii. actions to manage actual and potential positive impacts;
	• describe whether and how affected stakeholders have been involved in determining an appropriate remedy for a negative impact or how stakeholder feedback is used to assess the effectiveness of the actions taken.

GUIDANCE ON DEVELOPING DISCLOSURE CONTENT ON MATERIALITY ASSESSMENT FOR FINANCIAL INSTITUTIONS

The methodology for developing a list of material sustainability-related topics has been described in detail in the General Handbook, section 2 – section 2.1.2 ESG Materiality Assessment. For financial institutions, some additional considerations in the steps for material topic list development include:

Step 1: Establish purpose and scope of materiality determination process:

- Financial institutions vary greatly in size and scope—from global conglomerates among the largest in the world, with workforces in the thousands and assets worth billions of dollars, to local community banks and credit institutions with small to medium-sized teams serving specific communities. The organizational structure and applicable regulations also differ depending on the types of services they provide. To identify key sustainability issues relevant to their specific context, institutions should first establish an initial overview of their business activities, including:

  - Included entities, business activities, business relationships, and sustainability contexts;
  - The entire value chain activities to identify key sustainability issues at each stage of the product & service life cycle, including an assessment of key inputs, outputs, activities and business relationships, and environmental and social impacts at each stage.

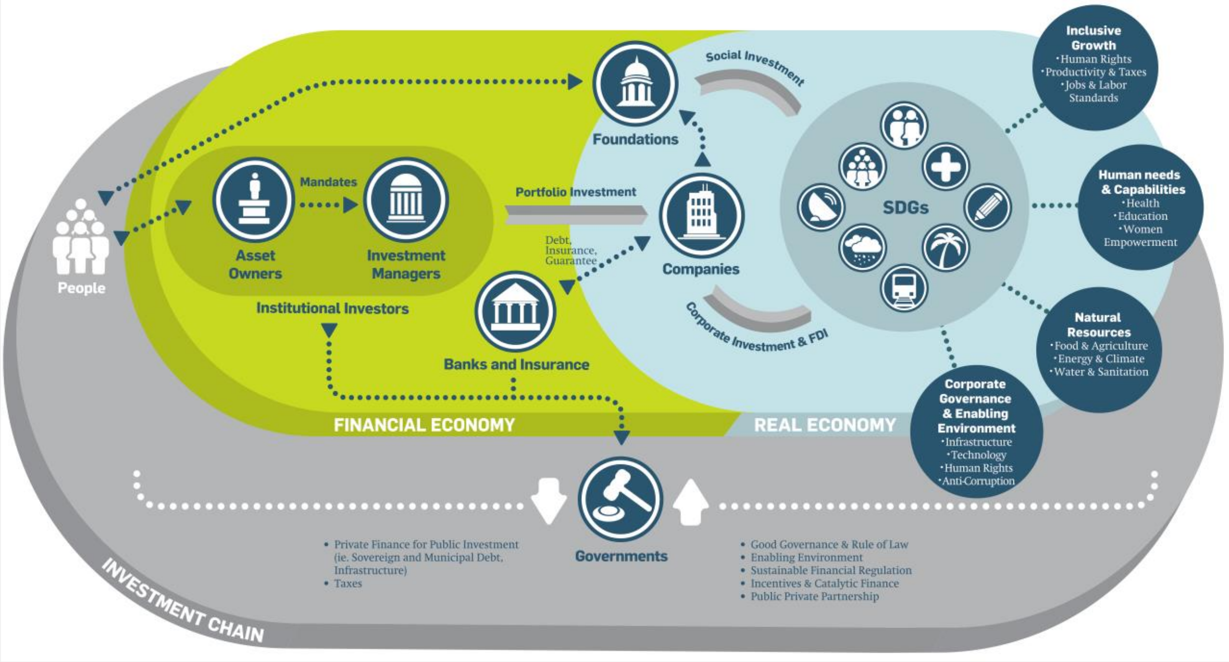
- **Identify and engage with stakeholders:** Financial institutions need to proactively communicate with key stakeholders to understand their key concerns – necessary for identifying material issues. The safety and resilience of the Financial services sector depends on the joint efforts of many stakeholders, including industry organizations, economic sector groups, national government agencies, financial regulators, and private sector partners both domestically and internationally.

Overview of the financial system

Given the wide scope of the Financial Services Sector, to provide context for the analysis of the materiality of the industry, the following provides a simple illustration of the financial system, according to the UN Global Compact,[33] showing the relationship between the financial system and the economy, the main sources of capital, the main participants and the flow of financial resources. The decision-making process of financial institutions is shaped by policies, rules, regulations, structures, and preferential regimes.

Institutional investors, businesses and funds own significant private investment capital and, therefore, are important participants in the design and implementation of investment strategies for the sustainable development agenda. At the same time, the growth prospects of the private sector also depend on the existence of a prosperous and sustainable society. As businesses, markets, and economies become more connected and globalized, businesses and investors will become more aware of the intersection of interests between the public and private sectors.

Figure 6: Private Investment Chain (Simplified) – PRIVATE SECTOR INVESTMENT AND SUSTAINABLE DEVELOPMENT[34]



Step 2: Identify potential topics

To identify potential topics, financial institutions need to consider the context of regulations and key trends in sustainability in the industry, assess environmental, social and governance impacts, along with reference to international standard frameworks for sustainable development and standard frameworks on key industry topics including (non-exhaustive):

  - GRI
  - United Nations Sustainable Development Goals (SDGs).
  - SASB Standard guidance on disclosure topics as required by IFRS S1.
  - ESG Ratings and Indices

The table below provides a list of material topics compiled according to the SASB Standards and a number of global ESG rankings including MSCI, S&P, Sustainalytics for local FIs' reference. The activities of financial institutions are categorized into groups according to the SASB Standards to assess material topics, as outlined below[35]. Financial institutions can look up which sub-group their organization belongs to at: https://sasb.ifrs.org/find-your-industry/.

1. **Commercial banks**: Organizations that carry out activities of receiving deposits and lending (for individuals or businesses). These organizations are also involved in lending to projects on infrastructure, real estate, and other projects.
2. **Consumer Finance**: Organizations that provide loans to consumers. Products include credit cards, car loans, and student loans. Other services may include consumer-to-consumer money transfer services, money orders, prepaid debit cards, and bill payment services.
3. **Mortgage finance**: Institutions lend to customers through the use of collateral. Products and services include residential and commercial mortgages, mortgage servicing, title insurance, closing and settlement services and valuation.
4. **Investment Banking & Brokerage:** Institutions perform a wide range of functions in the capital markets, including raising and allocating capital and providing market-making and advisory services for corporations, financial institutions, governments and high net-worth individuals. Specific activities include financial advisory and securities underwriting services conducted on a fee basis; securities and commodities brokerage activities; trading and principal investment activities. Investment banks also initiate and securitize loans for infrastructure and other projects.
5. **Asset management and custody activities:** Institutions manage portfolios on a commission or fee basis for institutional, retail, and high-net-worth investors. In addition, organizations in this industry provide wealth management services, private banking services, financial planning, investment advisory and retail securities brokerage services.
6. **Insurance**: Organizations that offer both traditional and non-traditional insurance-related products. Traditional policy lines include property, life, casualty, and reinsurance. Non-traditional products include annuities, alternative risk transfer, and financial guarantees. Organizations in the insurance industry are also involved in proprietary investment.

Financial institutions should carefully consider the relevance and materiality of the topics proposed in the guidance, depending on their business context. In addition, organizations should also analyze other sustainability topics (not included in the list below) to comprehensively identify material issues.

Table 3: Material topics proposed for FIs in Vietnam

Material topics proposed for FIs in Vietnam					Material topics mapping for each activities					
	Topic group		Topic		Commercial Banking	Consumer Finance	Mortgage finance	Investment Banking & Brokerage	Asset Management & Custody Activities	Insurance
1	Social factors	Customers and end consumers	Customer Privacy			x				x
2			Data Security		x	x	x	x	x	x
3			Accessibility and price relevance		x	x	x			x
4			Product Sales and Labeling Practices	Transparent Information & Fair Advice for Clients					x	x

Material topics proposed for FIs in Vietnam					Material topics mapping for each activities					
		Topic group	Topic		Commercial Banking	Consumer Finance	Mortgage finance	Investment Banking & Brokerage	Asset Management & Custody Activities	Insurance
				Sales Practice		x				
				Lending practices			x			
				Discrimination in lending			x			
5		Human Resources/ Workforce	Improving human resources		x	x	x	x	x	x
1	Governance Factor	Business model and innovation	Product Design & Lifecycle Management	Financing Emissions	x			x	x	x
				ESG Integration	x			x	x	x
				Policies designed to encourage responsible behaviour						x
2			The Physical Impact of Climate Change				x			x
3		Leadership and Governance	Business Ethics		x			x	x	
4			System Risk Management		x			x		x

Example 1: ESG Disclosure - Materiality Assessment

Materiality assessment process of a large bank in Thailand[36]

Bank conducts an annual qualitative assessment of material sustainability topics to analyze the environmental, social, economic, and human rights impacts arising from its operations and business relationships.
Every two years, Bank undertakes a formal materiality assessment through stakeholder interviews regarding sustainability operations to gather insights for identifying material topics and developing the sustainability strategy. Bank reviews the previous year's findings while analyzing alignment with current internal and external organizational contexts.
The process for evaluating and identifying material topics is as follows:

1. **Identification**

- Studies were conducted on related aspects set out in national and international sustainability standards and trends, e.g., GRI Standards, Sustainability Accounting Standard Board (SASB), Stock Exchange of Thailand (SET), and environmental and banking specialists.
- The material aspects deemed important by leading domestic and global banks were reviewed and assessed.
- The material aspects were studied and assessed against SDGs Impact by Financial Sector.
- Recommendations were sought from the stakeholders on the screened material topics.

2. **Prioritization:**

- Surveys on opinions of stakeholders including shareholders, Board of Directors, regulatory agencies, customers, suppliers, residents in communities and employees were conducted through questionnaires and in-depth interviews to gain a comprehensive understanding of their feedback, expectations and key concerns surrounding Bank’s sustainability endeavors.

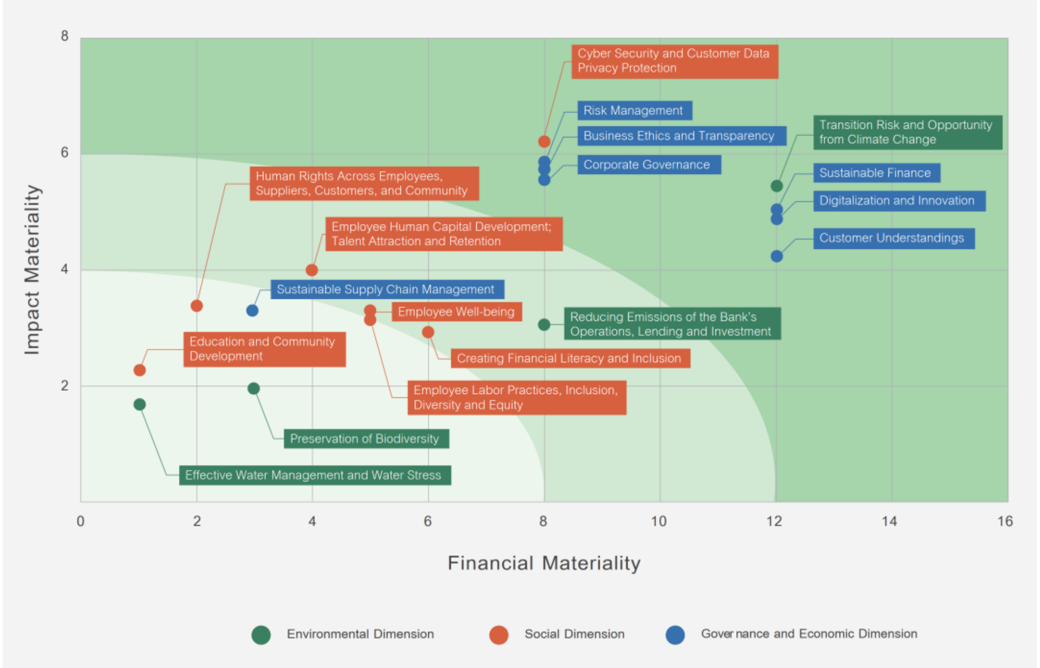
- Information gained from internal and external stakeholders was analyzed and reviewed based on stakeholder prioritization, combining the impact materiality and financial materiality, and finalizing the double materiality assessment.
- The impact materiality on stakeholders and the financial materiality on Bank’s corporate value were determined by assessing the magnitude and likelihood of impacts, with the levels determined based on Bank’s enterprise risk management criteria.

3. Validation

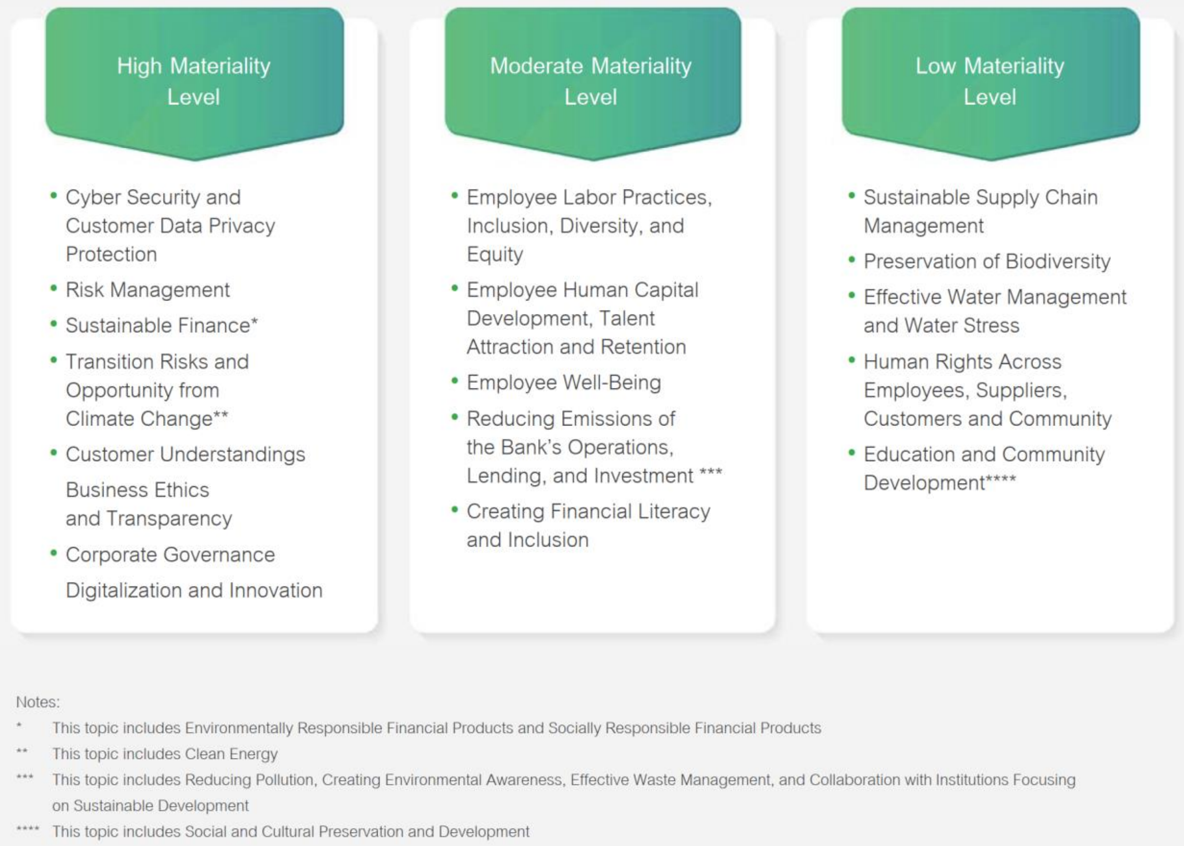
- The material aspects were reported to the Corporate Governance Committee to be endorsed for further submission to the Board of Directors for approval and disclosure in Bank’s Sustainability Report and website.
- The derived prioritization was explained to all divisions so that they acknowledged the stakeholders’ opinions and used them to define the operational guidelines of Bank.

4. Review

Views and recommendations from stakeholders across multiple channels will be used to for development of Bank’s operations and information disclosure within subsequent reports.



The list of key topics includes:



High Materiality Level

- Cyber Security and Customer Data Privacy Protection
- Risk Management
- Sustainable Finance*
- Transition Risks and Opportunity from Climate Change**
- Customer Understandings Business Ethics and Transparency
- Corporate Governance Digitalization and Innovation

Moderate Materiality Level

- Employee Labor Practices, Inclusion, Diversity, and Equity
- Employee Human Capital Development, Talent Attraction and Retention
- Employee Well-Being
- Reducing Emissions of the Bank's Operations, Lending, and Investment ***
- Creating Financial Literacy and Inclusion

Low Materiality Level

- Sustainable Supply Chain Management
- Preservation of Biodiversity
- Effective Water Management and Water Stress
- Human Rights Across Employees, Suppliers, Customers and Community
- Education and Community Development****

Notes:

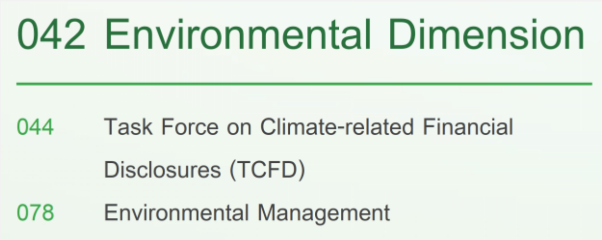
* This topic includes Environmentally Responsible Financial Products and Socially Responsible Financial Products

** This topic includes Clean Energy

*** This topic includes Reducing Pollution, Creating Environmental Awareness, Effective Waste Management, and Collaboration with Institutions Focusing on Sustainable Development

**** This topic includes Social and Cultural Preservation and Development

For each material topic identified, the Bank has published information on the current process in managing that topic in the following contents of the Sustainability Report:



Specifically, on the topic of "Cyber Security and Data Privacy", the Bank has announced the following information:
Information Technology and Data Security Structure

- Bank’s organizational structure aims to effectively supervise IT and data security management. Focus is on a segregation of risk prevention duties in accordance with the Three Lines of Defence guideline.
- The Board of Directors approves the policy for risk appetite and risk limit. It has assigned various working groups to perform their tasks related to information technology and data security. The Board of Directors has approved relevant strategies and polices to maintain and promote data security, namely Information Technology and Security Policy, IT and Third Party Risk Management Policy, accounting for data security of customers, employees and all other stakeholders, the Bank’s system security and the evolving behavior of financial service users. The Bank has developed a roadmap for a cybersecurity risk control systemto achieve the set goals. The plan focuses on three main pillars: prevention, detection and response, covering the entire business process and critical systems of the bank. The Bank strictly complies with the Personal Data Protection Law B.E. 2562 (2019).

Digital and Cyber Risk Management Framework

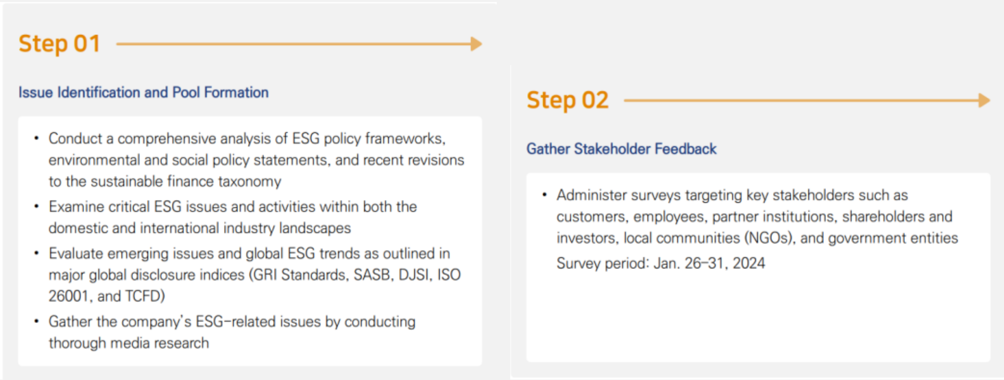
- Bank has formulated a digital and cyber risk management framework in alignment with the strategy of maintaining our leadership in digital banking services. The Bank Cyber Risk Vision and Strategy is as follows:

<table>
<tr><td>Vision</td><td colspan="4">To Protect KBank's Cyber Assets and Reputation, and To Deliver the Secure, Resilient and Trusted Customers' Life Platform</td></tr>
<tr><td>Commitment to Customers</td><td>Protection of Customers' Data and Assets</td><td colspan="2">Provision of Safe Services</td><td>Care and Timely Management of Cyber Incidents</td></tr>
<tr><td>Strategy</td><td>Prevention of Complex Cyber Threats</td><td colspan="2">Expansion of Cyber Threat Prevention across the Entire Business Chain</td><td>Expansion of Cyber Threat Prevention across the Entire Business Chain</td></tr>
<tr><td rowspan="2">Strategic Capability</td><td>1 Effective Risk Identification</td><td>2 Advanced Threat Prevention</td><td>3 Proactive Situation Awareness and Detection</td><td>4 Effective Crisis Management and Recovery from Emergency Cases</td></tr>
<tr><td colspan="4">5 Cyber Hygiene Culture</td></tr>
</table>

At the same time, the Bank also announced details of work related to transformation, upgrading and renewing technology systems, training to improve human resource capacity, implementing appropriate security measures and reporting on data leakage incidents, methods and handling results. Other key risks are also considered, assessed and have response solutions including artificial intelligence risks, Financial Fraud Prevention. The Bank also reported on cooperation activities with regulators and related industries and proactive activities on building a culture of cyber risk awareness.

The process of determining material topics of a large securities company in Korea[37]

The company's double materiality assessment process includes 04 main steps:



Step 01

Issue Identification and Pool Formation

- Conduct a comprehensive analysis of ESG policy frameworks, environmental and social policy statements, and recent revisions to the sustainable finance taxonomy
- Examine critical ESG issues and activities within both the domestic and international industry landscapes
- Evaluate emerging issues and global ESG trends as outlined in major global disclosure indices (GRI Standards, SASB, DJSI, ISO 26001, and TCFD)
- Gather the company’s ESG-related issues by conducting thorough media research

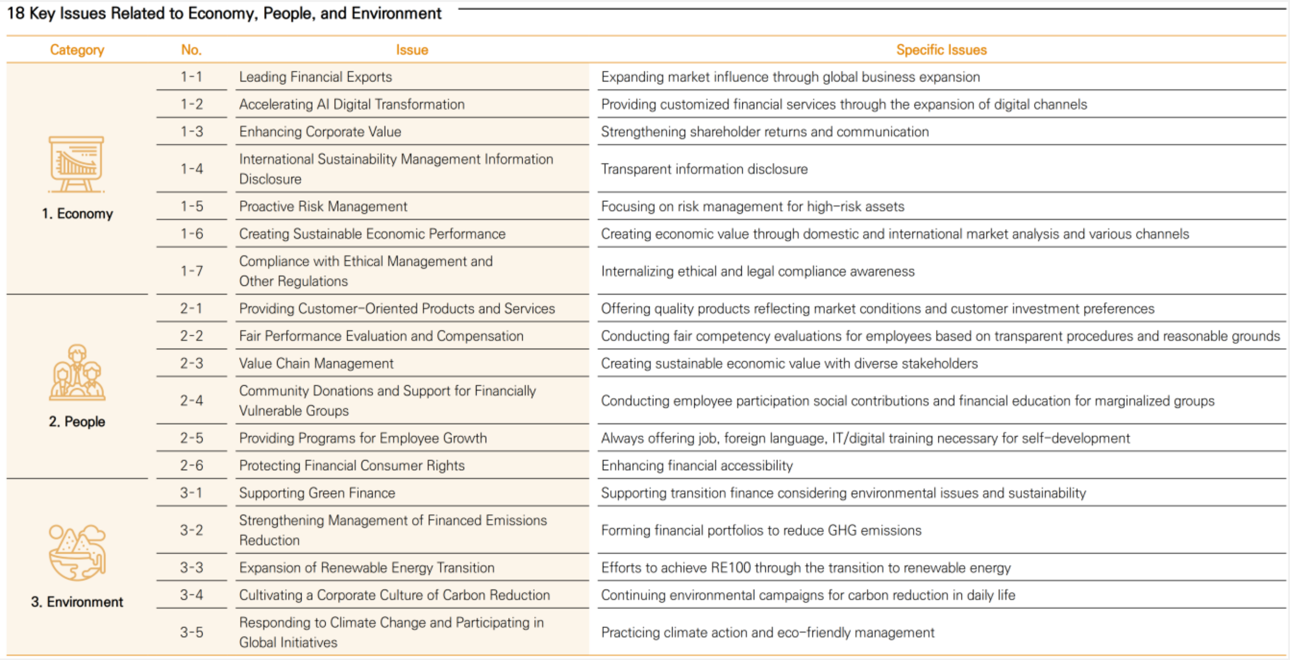
Step 02

Gather Stakeholder Feedback

- Administer surveys targeting key stakeholders such as customers, employees, partner institutions, shareholders and investors, local communities (NGOs), and government entities

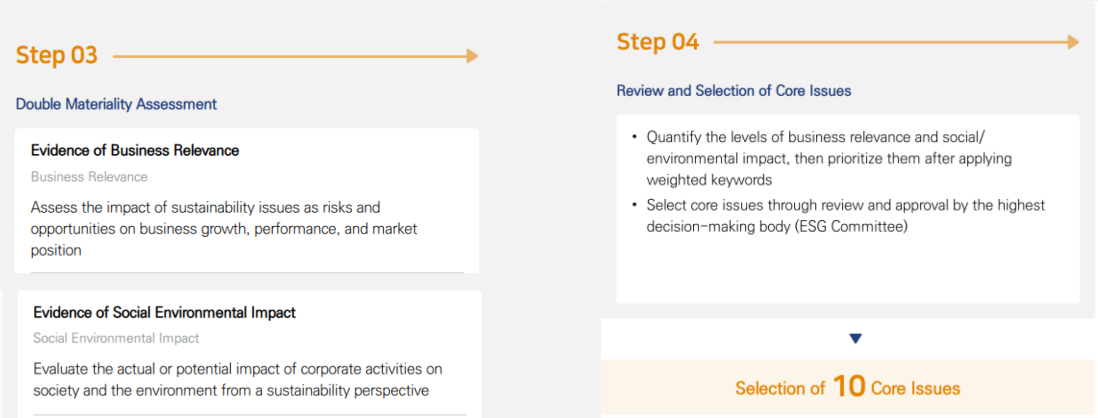
Survey period: Jan. 26–31, 2024

Identify and select 18 Key Issues



18 Key Issues Related to Economy, People, and Environment

Category	No.	Issue	Specific Issues
1. Economy	1-1	Leading Financial Exports	Expanding market influence through global business expansion
	1-2	Accelerating AI Digital Transformation	Providing customized financial services through the expansion of digital channels
	1-3	Enhancing Corporate Value	Strengthening shareholder returns and communication
	1-4	International Sustainability Management Information Disclosure	Transparent information disclosure
	1-5	Proactive Risk Management	Focusing on risk management for high-risk assets
	1-6	Creating Sustainable Economic Performance	Creating economic value through domestic and international market analysis and various channels
	1-7	Compliance with Ethical Management and Other Regulations	Internalizing ethical and legal compliance awareness
2. People	2-1	Providing Customer-Oriented Products and Services	Offering quality products reflecting market conditions and customer investment preferences
	2-2	Fair Performance Evaluation and Compensation	Conducting fair competency evaluations for employees based on transparent procedures and reasonable grounds
	2-3	Value Chain Management	Creating sustainable economic value with diverse stakeholders
	2-4	Community Donations and Support for Financially Vulnerable Groups	Conducting employee participation social contributions and financial education for marginalized groups
	2-5	Providing Programs for Employee Growth	Always offering job, foreign language, IT/digital training necessary for self-development
	2-6	Protecting Financial Consumer Rights	Enhancing financial accessibility
3. Environment	3-1	Supporting Green Finance	Supporting transition finance considering environmental issues and sustainability
	3-2	Strengthening Management of Financed Emissions Reduction	Forming financial portfolios to reduce GHG emissions
	3-3	Expansion of Renewable Energy Transition	Efforts to achieve RE100 through the transition to renewable energy
	3-4	Cultivating a Corporate Culture of Carbon Reduction	Continuing environmental campaigns for carbon reduction in daily life
	3-5	Responding to Climate Change and Participating in Global Initiatives	Practicing climate action and eco-friendly management



Step 03

Double Materiality Assessment

Evidence of Business Relevance

Business Relevance

Assess the impact of sustainability issues as risks and opportunities on business growth, performance, and market position

Evidence of Social Environmental Impact

Social Environmental Impact

Evaluate the actual or potential impact of corporate activities on society and the environment from a sustainability perspective

Step 04

Review and Selection of Core Issues

- Quantify the levels of business relevance and social/environmental impact, then prioritize them after applying weighted keywords
- Select core issues through review and approval by the highest decision-making body (ESG Committee)

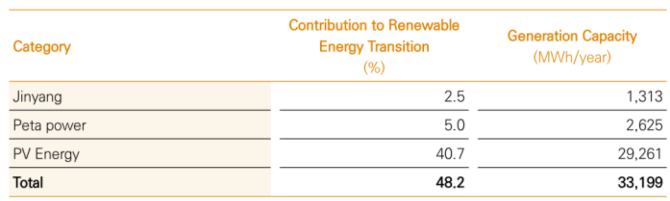
▼

Selection of **10** Core Issues

The organisation also disclose information for each material topic. For the topic "Expansion of Renewable Energy Transition":

RE100 Progress

- As a pioneer in the field of finance in the country, participating in RE100 and building a roadmap to fully transition to renewable energy.
- The company has signed multiple renewable energy power purchase agreements to achieve its transition goals despite supply and demand challenges.
- After the Power Purchase Agreement (PPA) law was amended, the Company became the first company in the financial services sector to sign long-term Renewable Energy Certificate (REC) purchase and sale agreements and Virtual Power Purchase Agreements (VPPAs) with Jinyang, Peta Power and PV Energy in 2023.
- As of April 2024, based on cumulative contract data, we have achieved 48.2% of our target. Details of PPAs were included as follows:



Category	Contribution to Renewable Energy Transition (%)	Generation Capacity (MWh/year)
Jinyang	2.5	1,313
Peta power	5.0	2,625
PV Energy	40.7	29,261
Total	**48.2**	**33,199**

Establishing a Virtuous Cycle Structure

- Leverage the capabilities of its Investment Bank to create a sustainable cycle through which the transition to renewable energy through financing agreements will be profitable.
- As the supply of renewable energy becomes stable, the organisation will seek additional market opportunities to diversify renewable energy sources and contribute to this transition at the national level through financial agreements.
- Based on the scenario analysis conducted this year, the organisation plans to accelerate the renewable energy transition, collaborating with other financial institutions and relevant government agencies to be ready to respond to possible price increases and regulatory costs in the fossil fuel energy market.
- Support for projects that adhere to the green taxonomy .

2. Governance

GENERAL REQUIREMENTS FOR ESG DISCLOSURE

Elements	**Content**
Board Oversight	• Governance roles and responsibilities, structure, and composition for sustainability-related matters, including: composition and diversity, roles and responsibilities, quality and expertise of governance body or access to experts or training; sustainability-specific structures/committees in place (if any) • Board or Board committees' oversight of sustainability-related matters, including process, frequency, and oversight mechanism of target setting and progress monitoring related to sustainability-related matter • Other (if not mentioned above): Business ethics, conflict of interest, competitive behavior
Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related matters	• Delegation of roles and authorities to a specific management-level position or management-level committee • How oversight is exercised over that position or committee including reporting lines and any control and procedures applied for oversight of sustainability-related matters, and how these engage with other internal functions
Integration of sustainability-related performance in incentive schemes	• Description of sustainability-related remuneration policies and incentive schemes, and proportion of remuneration linked to sustainability targets.

GUIDANCE ON DEVELOPING DISCLOSURE CONTENT ON GOVERNANCE FOR FINANCIAL INSTITUTIONS

Governance disclosure aims to provide an understanding of the governance processes, controls and procedures the organisation uses to monitor, manage and oversee sustainability matters in the form of a board-approved charter and governing policies, the roles, responsibilities, decision-making mechanisms and Integration of sustainability-related performance in incentive schemes.

Corporate Leadership is responsible for taking the lead in establishing ESG values and relevance to the business, and accordingly, incorporating them into the vision, mission and goals of the business. This serves as an important foundation for organisations to establish and ensure the fulfillment of their sustainability commitments to key stakeholders and the communities in which they operate.

Financial institutions can refer to the General Handbook – Part 2, section 2.1.1 and Part 3, section 3.4.

Example 2: ESG Disclosure – Board of Directors Competencies

Capacity of the Board of Directors of the world's largest financial group, headquartered in Switzerland[38]

The Board of Directors (BoD) is comprised of members with a diverse range of skills, educational backgrounds, experience and expertise from a wide range of sectors, reflecting the nature and scope of the bank's business. To meet recruitment needs, the Nomination and Management Committee uses the skills and experience matrix as a tool to identify gaps in competencies considered most important to the BoD, including factors such as business access, risk profile, strategy, and geographic scope of management.

Key competencies:

- Banking (asset management, personal and corporate asset management; insurance)
- Investment banking, capital markets
- Finance, auditing, accounting
- Risk Management
- Personnel management, including compensation
- Legal, compliant
- Technology, cyber security
- Regulators, central banks
- Environmental, Social and Governance (ESG)

Senior Leadership Experience

- Experience in the role of chief executive officer (CEO) or president.
- Board leadership experience (e.g., chief financial officer – CFO, chief risk officer – CRO, or chief executive officer – COO at a listed company).

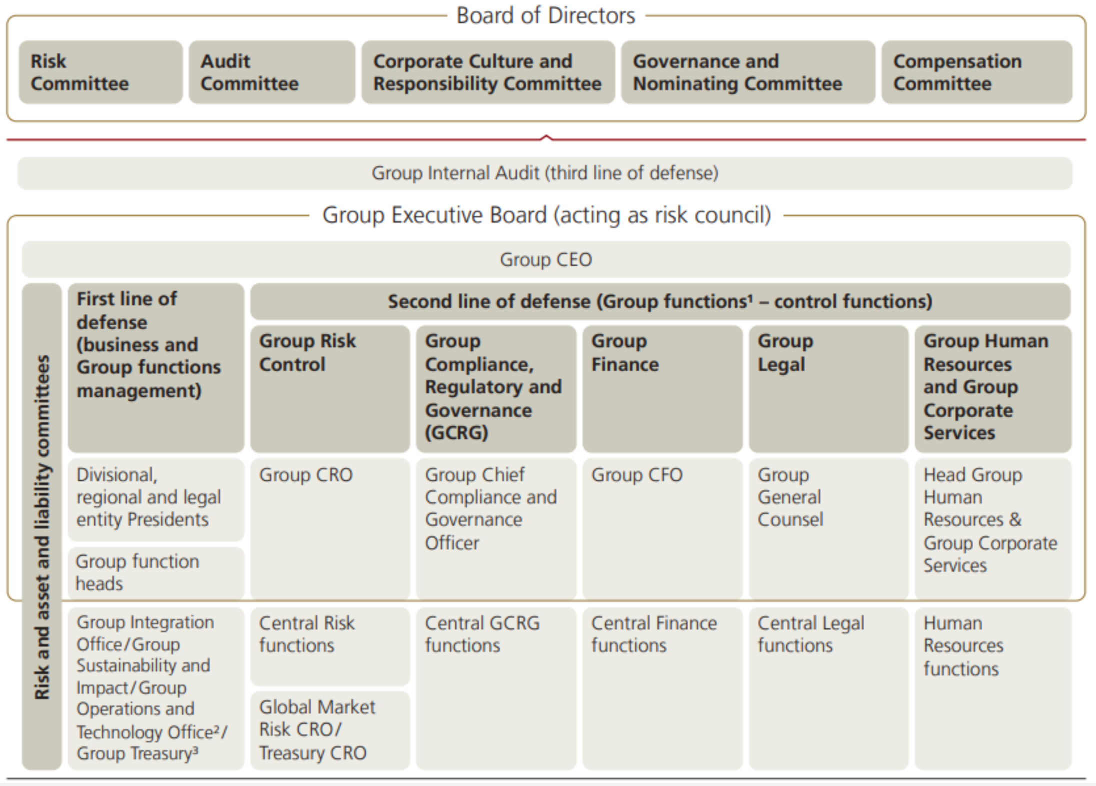
The Group's Board of Directors (BoD) as of December 31, 2024 consists of 12 non-executive members. Meanwhile, the Group Executive Board (GEB) consists of 15 executive members. Compared to 2023, the number of non-executive members of the BoD has remained unchanged, while the Executive Board has decreased from 16 to 15 members.

In terms of gender ratio, 26.7% (2023: 37.5%) of members of the Group and 41.7% (2023: 33.3%) of members of the BoD were women, while for Group AG women made up 21.4% of members of the Executive Board and 41.7% of members of the BoD.

To ensure diversity and alignment with governance requirements, the Governance and Nominating Committee used a skills and experience matrix to identify gaps in the BoD's capacity, thereby ensuring that members have the necessary skills and experience to carry out their duties.

Example 3: ESG Disclosure - Governance Structure

The governance structure of the world's largest financial group based in Switzerland[39]

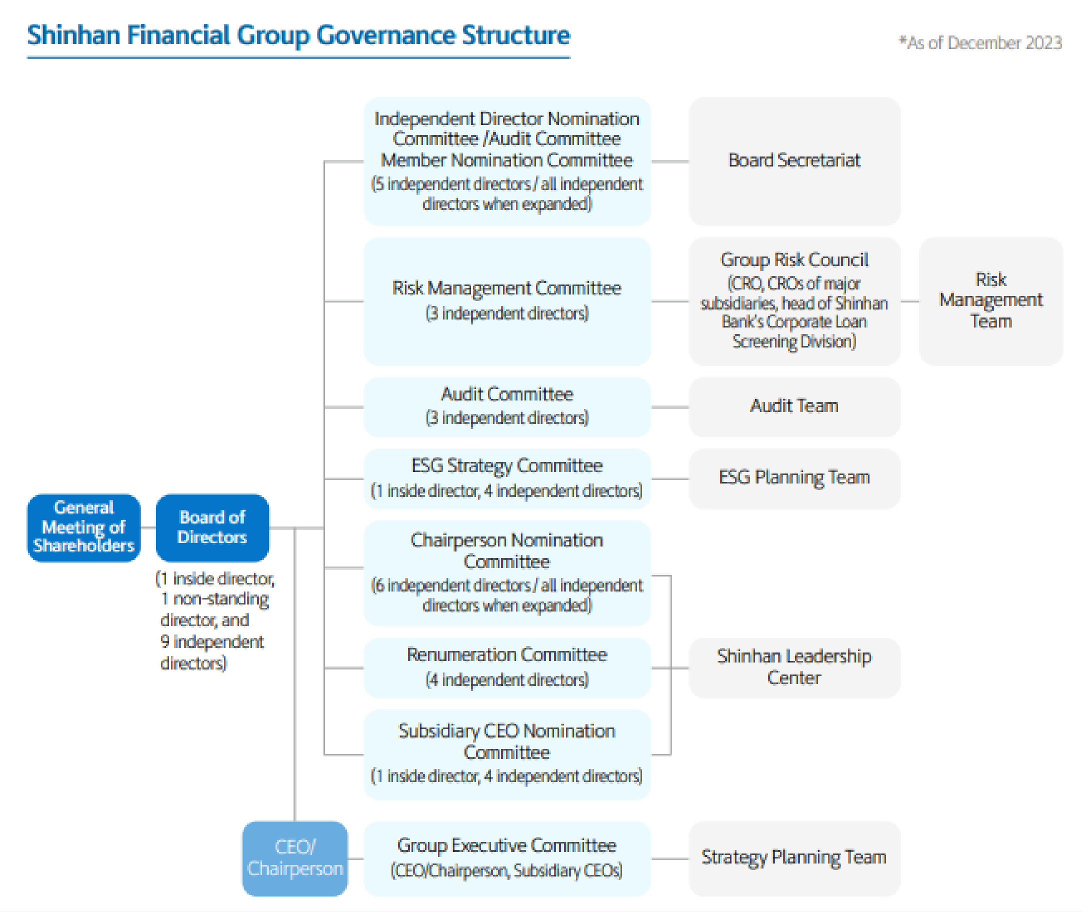


Example 4: ESG Disclosure - Board Oversight

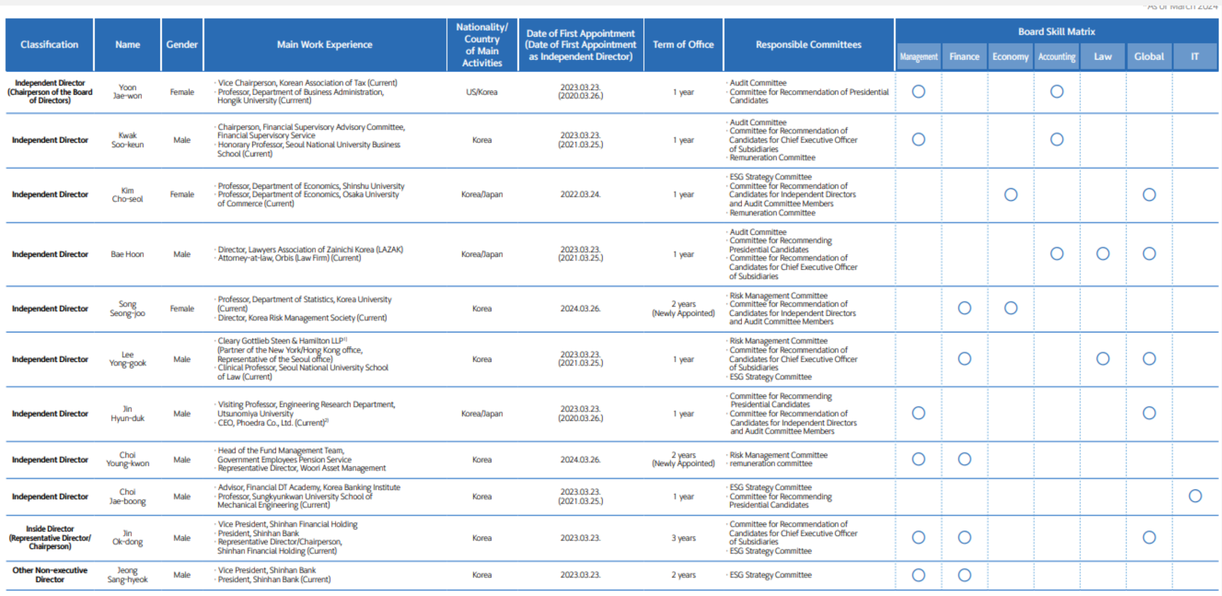
Oversight of the Board of Directors for Sustainable Development at a Major Financial Group in Korea[40]

Financial Group strives to ensure transparency, soundness and stability of its governance to promote the Group's long-term development and protect the interests of stakeholders including shareholders and financial consumers. In addition, Group ensure the transparent governance by disclosing the business standards, procedures, and results related to governance through the Annual Report on Governance and the website.

Independence of the Board of Directors: Financial Group has established the "Guidelines for Independence of Directors" and consider a director independent only when he/she satisfies the Guidelines. Group comply with the Commercial Act and the Act on Corporate Governance of Financial Companies to verify the independence of the Board of Directors and verify the independence of director candidates and incumbents by applying US NYSE regulations or by establishing stricter independence requirements.



Board Diversity and Expertise: Financial Group has established the "Board Diversity Guidelines" and ensured the diversity of nationality, gender, age, experience and background of candidates for independent directors based on the Guidelines. Group ensure that female candidates account for at least 20% of standing candidates for independent directors in order to continuously increase the number of female independent directors and appoint independent directors in the global field by linking management strategy directions. In addition, taking into account the characteristics of a financial holding company that exercises overall control over financial companies, Group consider the board's complex expertise in 6 areas of expertise requirements (finance, economy, management, accounting, law and IT) stipulated in the Act on Corporate Governance of Financial Companies.



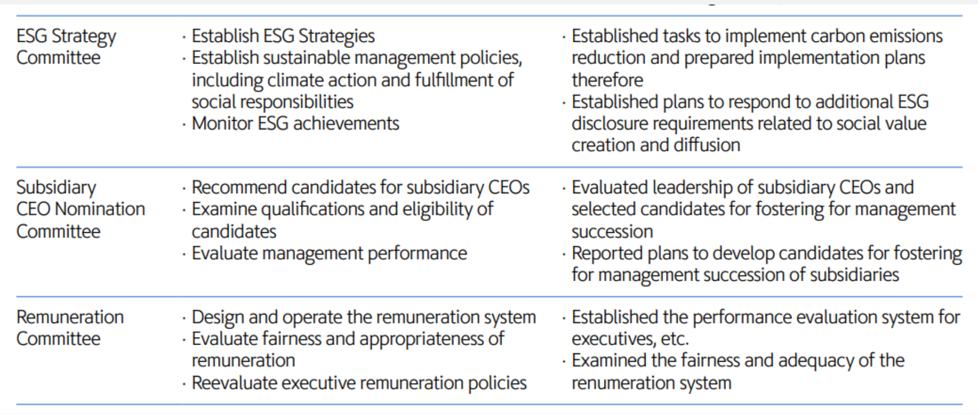
* As of March 2024

Classification	Name	Gender	Main Work Experience	Nationality/ Country of Main Activities	Date of First Appointment (Date of First Appointment as Independent Director)	Term of Office	Responsible Committees	Board Skill Matrix						
								Management	Finance	Economy	Accounting	Law	Global	IT
Independent Director (Chairperson of the Board of Directors)	Yoon Jae-won	Female	· Vice Chairperson, Korean Association of Tax (Current) · Professor, Department of Business Administration, Hongik University (Current)	US/Korea	2023.03.23. (2020.03.26.)	1 year	· Audit Committee · Committee for Recommendation of Presidential Candidates	○			○			
Independent Director	Kwak Soo-keun	Male	· Chairperson, Financial Supervisory Advisory Committee, Financial Supervisory Service · Honorary Professor, Seoul National University Business School (Current)	Korea	2023.03.23. (2021.03.25.)	1 year	· Audit Committee · Committee for Recommendation of Candidates for Chief Executive Officer of Subsidiaries · Remuneration Committee	○			○			
Independent Director	Kim Cho-seol	Female	· Professor, Department of Economics, Shinshu University · Professor, Department of Economics, Osaka University of Commerce (Current)	Korea/Japan	2022.03.24.	1 year	· ESG Strategy Committee · Committee for Recommendation of Candidates for Independent Directors and Audit Committee Members · Remuneration Committee			○			○	
Independent Director	Bae Hoon	Male	· Director, Lawyers Association of Zainichi Korea (LAZAK) · Attorney-at-law, Orbis (Law Firm) (Current)	Korea/Japan	2023.03.23. (2021.03.25.)	1 year	· Audit Committee · Committee for Recommending Presidential Candidates · Committee for Recommendation of Candidates for Chief Executive Officer of Subsidiaries				○	○	○	
Independent Director	Song Seong-joo	Female	· Professor, Department of Statistics, Korea University (Current) · Director, Korea Risk Management Society (Current)	Korea	2024.03.26.	2 years (Newly Appointed)	· Risk Management Committee · Committee for Recommendation of Candidates for Independent Directors and Audit Committee Members		○	○				
Independent Director	Lee Yong-gook	Male	· Cleary Gottlieb Steen & Hamilton LLP1) (Partner of the New York/Hong Kong office, Representative of the Seoul office) · Clinical Professor, Seoul National University School of Law (Current)	Korea	2023.03.23. (2021.03.25.)	1 year	· Risk Management Committee · Committee for Recommendation of Candidates for Chief Executive Officer of Subsidiaries · ESG Strategy Committee		○			○	○	
Independent Director	Jin Hyun-duk	Male	· Visiting Professor, Engineering Research Department, Utsunomiya University · CEO, Phoedra Co., Ltd. (Current)2)	Korea/Japan	2023.03.23. (2020.03.26.)	1 year	· Committee for Recommending Presidential Candidates · Committee for Recommendation of Candidates for Independent Directors and Audit Committee Members	○					○	
Independent Director	Choi Young-kwon	Male	· Head of the Fund Management Team, Government Employees Pension Service · Representative Director, Woori Asset Management	Korea	2024.03.26.	2 years (Newly Appointed)	· Risk Management Committee · remuneration committee	○	○					
Independent Director	Choi Jae-boong	Male	· Advisor, Financial DT Academy, Korea Banking Institute · Professor, Sungkyunkwan University School of Mechanical Engineering (Current)	Korea	2023.03.23. (2021.03.25.)	1 year	· ESG Strategy Committee · Committee for Recommending Presidential Candidates							○
Inside Director (Representative Director/ Chairperson)	Jin Ok-dong	Male	· Vice President, Shinhan Financial Holding · President, Shinhan Bank · Representative Director/Chairperson, Shinhan Financial Holding (Current)	Korea	2023.03.23.	3 years	· Committee for Recommendation of Candidates for Chief Executive Officer of Subsidiaries · ESG Strategy Committee	○	○				○	
Other Non-executive Director	Jeong Sang-hyeok	Male	· Vice President, Shinhan Bank · President, Shinhan Bank (Current)	Korea	2023.03.23.	2 years	· ESG Strategy Committee	○	○					

Board Structure: As of June 2024, the Group's Board of Directors consists of 11 members, including 9 independent directors, 1 permanent director and 1 non-permanent director. The Financial Group ensures that independent directors make up about 82% of the board so that the board can represent various stakeholders, including shareholders, and keep management in control. As of June 2024, Financial Group's board of directors is composed of 11 members, i.e., 9 independent directors, 1 standing director, and 1 non-standing director. Financial Group ensures that independent directors accounts for approximately 82% of the board of directors so that the Board can represent various stakeholders, including shareholders, and keep management in check. In addition, the chairperson of the Board is separated from the CEO in accordance with Article 45 of the Articles of Incorporation and the chairperson of the Board is appointed from among independent directors to realize the independent director-centered BOD operation value. The roles and activities of the Committees under the Board in the reporting year were also announced in detail and specifically.

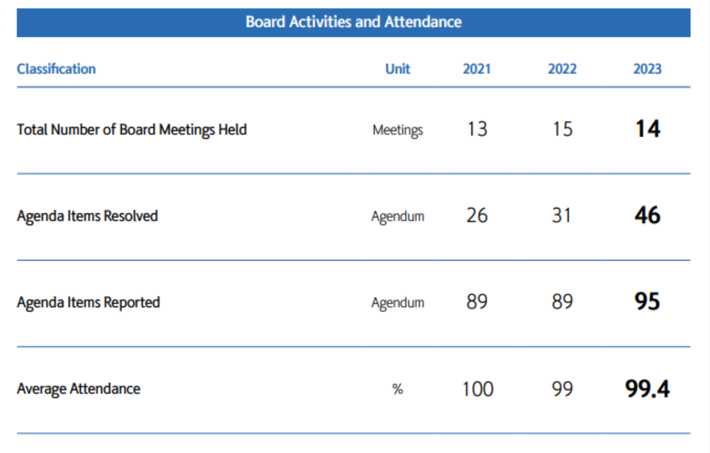
Roles and Activities of the Committees under the Board

Committees Under the Board	Key Roles	Major Activities in 2023
Chairperson Nomination Committee	· Recommend chairperson candidates and examine their qualifications · Prepare a plan for management succession · Nurture and manage candidates	· Evaluated and selected candidates for fostering for the Group's management succession · Reported the results of performance evaluation of candidates for fostering for the Group's management succession
Independent Director and Audit Committee Member Nomination Committee	· Establish, review and supplement the principles for the appointment of independent directors and audit committee members · Recommend candidates for independent directors and audit committee members · Manage standing candidates for independent directors and verify candidates	· Determined independent director candidates for recommendation · Examined and recommended candidates for audit committee members
Audit Committee	· Supervise works of directors and management · Monitor internal audit activities and review financial statements · Select and supervise the external auditor	· Determined performance targets of the audit team leader · Reported the compliance officer's activities in the preceding year
Risk Management Committee	· Establish risk management strategies · Review risk levels and status · Approve the risk management system and improvements	· Established and monitored integrated ESG risk management · Approved the change of the Group's trust risk internal rating method · Operated and approved the Basel Ⅲ liquidity risk (LCR, NSFR) management system



ESG Strategy Committee	· Establish ESG Strategies · Establish sustainable management policies, including climate action and fulfillment of social responsibilities · Monitor ESG achievements	· Established tasks to implement carbon emissions reduction and prepared implementation plans therefore · Established plans to respond to additional ESG disclosure requirements related to social value creation and diffusion
Subsidiary CEO Nomination Committee	· Recommend candidates for subsidiary CEOs · Examine qualifications and eligibility of candidates · Evaluate management performance	· Evaluated leadership of subsidiary CEOs and selected candidates for fostering for management succession · Reported plans to develop candidates for fostering for management succession of subsidiaries
Remuneration Committee	· Design and operate the remuneration system · Evaluate fairness and appropriateness of remuneration · Reevaluate executive remuneration policies	· Established the performance evaluation system for executives, etc. · Examined the fairness and adequacy of the renumeration system

Board Activities: Financial Group's Board of Directors have ordinary and extraordinary meetings convened by the chairperson. Financial Group applied the Institutional Shareholder Services (ISS) standard and determined a minimum attendance rate of 75% for all directors. Detailed information on the agenda is provided seven days prior to the board meeting date to ensure sufficient time for independent directors to review. In 2023, Group enacted and revised regulations on governance to strengthen internal control, reviewed major business strategies and plans to enhance group competitiveness, and approved specific action plans to implement ESG strategies.



Board Activities and Attendance

Classification	Unit	2021	2022	2023
Total Number of Board Meetings Held	Meetings	13	15	**14**
Agenda Items Resolved	Agendum	26	31	**46**
Agenda Items Reported	Agendum	89	89	**95**
Average Attendance	%	100	99	**99.4**

3. Strategy

GENERAL REQUIREMENTS FOR ESG DISCLOSURE

Elements	Content
Market position, strategy, business model(s) and value chain	• Market position • Sustainable Development Goals • sIntended direction of the elements of the organisation's strategy that relate to or impact sustainability matters • Description of the business model and value chain.
Interests and views of stakeholders	• Key features and findings of stakeholder engagement • The state of key stakeholder relationships and how the organisation has responded to key stakeholders' legitimate needs and interests.
Material impacts, risks and opportunities and their interaction with strategy and business model(s)	• Description of material sustainability-related risks and opportunities over short-, medium- and long-term horizon, and their link to planning horizon in strategy development • Effects on business models and value chains

Elements	Content
	• Effects on strategy and decision-making • Effects on financial position, financial performance and cash flow • Resilience of the strategy to sustainability-related risks.

GUIDANCE ON DEVELOPING STRATEY DISCLOSURE CONTENT FOR FINANCIAL INSTITUTIONS

To develop sustainability strategies and goals, FIs should consider their ability to contribute to national and/or international commitments, such as Vietnam's national voluntary commitment to achieve net zero emissions by 2050; national strategies or policies on carbon emission reduction and climate change adaptation; global sustainable development goals and strategies of enterprises in the same industry. Financial institutions can refer to the General Handbook – Part 2, section 2.1.3 and Part 3, section 3.5.

FIs can also refer to documents on the implementation of tasks and solutions according to the National Strategies issued by the Ministry of Finance and the State Bank of Vietnam - summarized in the table below.

STT	National Strategy	Content
1	**National Strategy for Green Growth**	• Decision No. 1934/QD-BTC in 2024 promulgating action plan of Ministry of Finance of Vietnam for implementation of national strategy for green growth during 2021-2030; • Decision No. 1408/QD-NHNN in 2023 on the promulgating action program of banking sector for implementing national strategy for green growth of 2021 - 2030 period and scheme for tasks and solutions for implementing results of the united nations climate change conference of the parties - COP26.
2	**Securities market development strategy**	• Decision No. 941/QD-BTC in 2024 approving the Ministry of Finance's Action Program to implement the Securities Market Development Strategy to 2030.
3	**National Financial Inclusion Strategy**	• Decision No. 1309/QD-NHNN in 2020 promulgating the action plan of banking sector in implementation of national financial inclusion strategy until 2025 with orientation to 2030.
4	**Banking industry development strategy**	• Decision No. 1604/QD-NHNN in 2018 approving the scheme for green banking growth in Vietnam.

Example 5: ESG Disclosure - Strategy

Strategy Disclosure of the Securities Company from Korea[41]

Definition in the market, strategy, business model, and value chain

The company has been affirming its position as a pioneering global investment expert organization in sustainable management (ESG) practices. The company has been recognized by many prestigious ESG assessment organizations at home and abroad, as shown by being continuously included in the S&P Dow Jones World Sustainability Index (S&P DJSI) for 12 consecutive years. At the same time, this company also achieved a high ranking in the field of sustainable development.

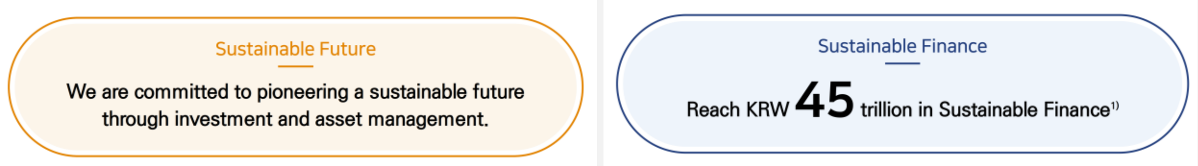
In terms of key strategies is committed to sustainable growth through its global investments and operations. Company manages various risk factors based on principles and standards, always maintaining a customer-oriented mindset to deliver high-quality assets and products. Key strategic initiatives relate to:

- **Global:** Company position the Indian market as a central axis of growth, fortifying global wealth management (WM) business and expanding Sales & Trading (S&T) business in advanced markets such as Hong Kong and New York.

- **AI-Digital:** AI and digital technology are leveraged across all business areas to boost operational efficiency and productivity, fostering new business models and tapping into unexplored markets.
- **Investment:** While thoroughly managing global risk factors, company will remain dedicated to investing in high-quality assets and innovative companies worldwide.
- **Pension:** Company offer various asset allocation strategies that encompass long-term stability and growth, enhancing investment solutions such as robo-advisors and wrap accounts to further improve pension returns.

ESG Mid – to Long-term strategies

ESG Management Mission Goals 2025



Sustainable Future

We are committed to pioneering a sustainable future through investment and asset management.

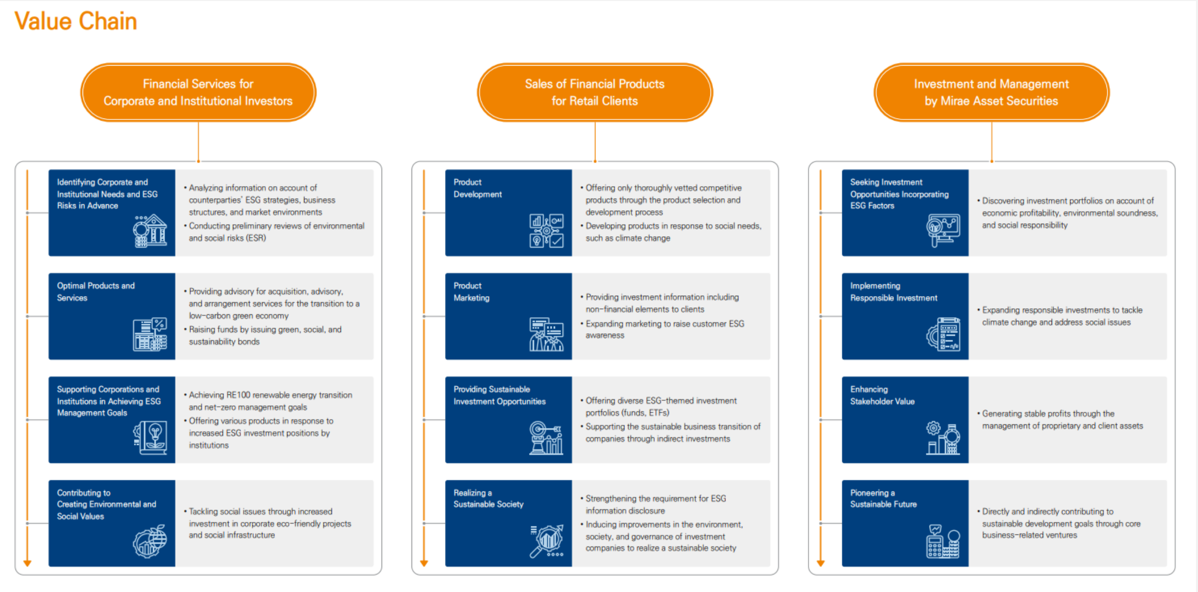
Sustainable Finance

Reach KRW 45 trillion in Sustainable Finance[1]

ESG Focus Areas

Focus Areas	Governance & Accountability			Climate Engagement			Inclusive Growth		
Strategic Priorities	Foster more Accountable·Ethical Management	Enhance Management Transparency	Enhance Risk Management & Identify Opportunities	Expand Green and Low-carbon Finance	Convert to Renewable Energy	Manage Carbon Emissions from Investment Assets	Expand Inclusive Finance	Improve Access to Financial Services	Expand ESG Campaigns
Detailed Tasks[2]	~ 2026 • Maintain total shareholder return of over 35% • Strengthen communications regarding corporate value enhancement	~ 2026 • Proactively address ESG disclosure requirements • Strengthen verification of ESG information and data	~ 2026 • Implement Environment/ Social Policy (ESP) Statement • Lead financial export	~ 2025 • Expand investments and advisory services in areas consistent with the K-Taxonomy's green economic activities • Expand transition finance	~ 2025 • Achieve 100% renewable electricity (RE100) for all offices and headquarter buildings • Lead financial arrangement (underwriting) for renewable energy	~ 2030 • Reduce, by 42%, internal emissions (Scope 1, Scope 2) • Reduce financed emissions based on SBTs (science-based targets)	~ 2025 • Expand investment and advisory services for SMEs and innovative businesses • Expand investment and advisory services related to social infrastructure	~ 2025 • Expand financial literacy education by partnering with K-12 schools and military bases • Address the digital finance gap in underprivileged communities	~ 2025 • Expand joint projects with the Mirae Asset Park Hyeon Joo Foundation • Enhance ESG corporate culture through employee engagement
UN SDGs	17			13, 14			8, 9		

The Company's value chain:



Value Chain

Financial Services for Corporate and Institutional Investors

Identifying Corporate and Institutional Needs and ESG Risks in Advance
- Analyzing information on account of counterparties' ESG strategies, business structures, and market environments
- Conducting preliminary reviews of environmental and social risks (ESR)

Optimal Products and Services
- Providing advisory for acquisition, advisory, and arrangement services for the transition to a low-carbon green economy
- Raising funds by issuing green, social, and sustainability bonds

Supporting Corporations and Institutions in Achieving ESG Management Goals
- Achieving RE100 renewable energy transition and net-zero management goals
- Offering various products in response to increased ESG investment positions by institutions

Contributing to Creating Environmental and Social Values
- Tackling social issues through increased investment in corporate eco-friendly projects and social infrastructure

Sales of Financial Products for Retail Clients

Product Development
- Offering only thoroughly vetted competitive products through the product selection and development process
- Developing products in response to social needs, such as climate change

Product Marketing
- Providing investment information including non-financial elements to clients
- Expanding marketing to raise customer ESG awareness

Providing Sustainable Investment Opportunities
- Offering diverse ESG-themed investment portfolios (funds, ETFs)
- Supporting the sustainable business transition of companies through indirect investments

Realizing a Sustainable Society
- Strengthening the requirement for ESG information disclosure
- Inducing improvements in the environment, society, and governance of investment companies to realize a sustainable society

Investment and Management by Mirae Asset Securities

Seeking Investment Opportunities Incorporating ESG Factors
- Discovering investment portfolios on account of economic profitability, environmental soundness, and social responsibility

Implementing Responsible Investment
- Expanding responsible investments to tackle climate change and address social issues

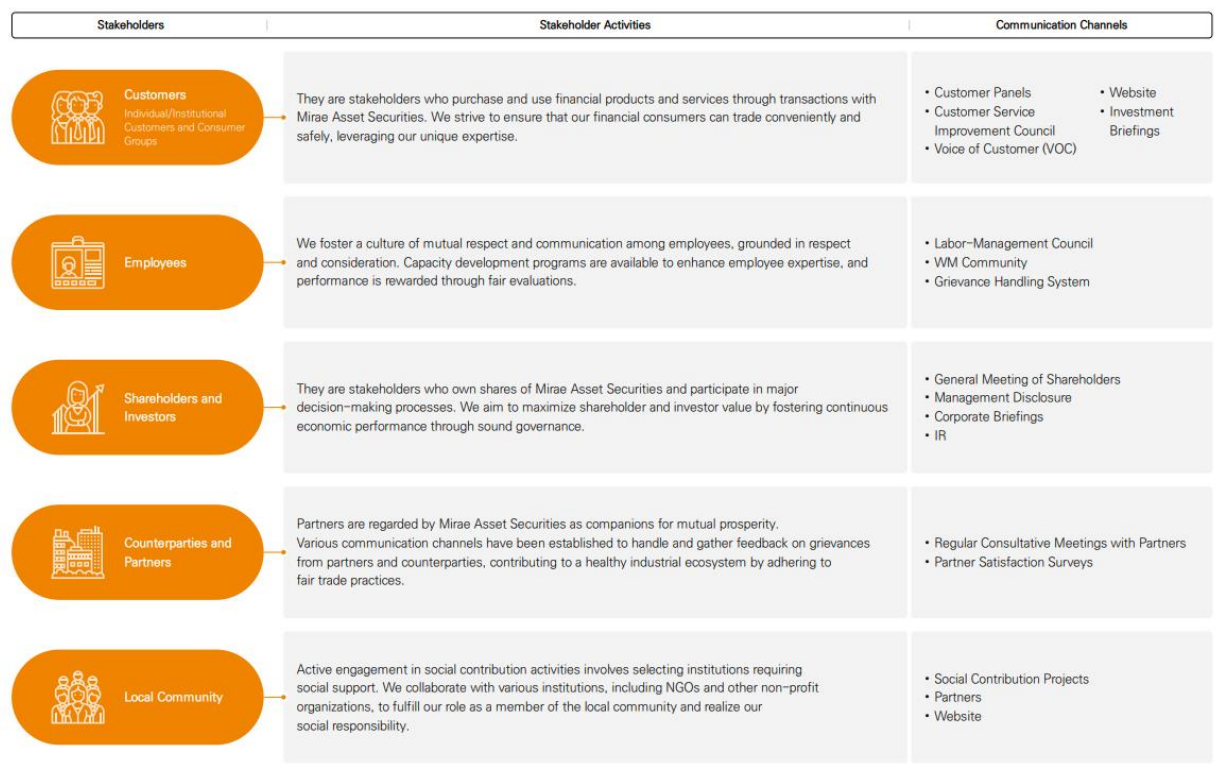
Enhancing Stakeholder Value
- Generating stable profits through the management of proprietary and client assets

Pioneering a Sustainable Future
- Directly and indirectly contributing to sustainable development goals through core business-related ventures

Benefits and engagements of stakeholders

The company has joined the United Nations Global Compact (UNGC), committing to comply with 10 principles on human rights, labor, environment and anti-corruption, demonstrating social responsibility according to international standards.

The Group develops the Human Rights Protection Principles in line with global standards and publishes the results of human rights risk assessments and the implementation of human rights management. All employees, partners, and suppliers must commit to complying with this policy. The business has identified key stakeholders, evaluated and built appropriate engagement channels.



Stakeholders	Stakeholder Activities	Communication Channels
Customers Individual/Institutional Customers and Consumer Groups	They are stakeholders who purchase and use financial products and services through transactions with Mirae Asset Securities. We strive to ensure that our financial consumers can trade conveniently and safely, leveraging our unique expertise.	• Customer Panels • Customer Service Improvement Council • Voice of Customer (VOC) • Website • Investment Briefings
Employees	We foster a culture of mutual respect and communication among employees, grounded in respect and consideration. Capacity development programs are available to enhance employee expertise, and performance is rewarded through fair evaluations.	• Labor-Management Council • WM Community • Grievance Handling System
Shareholders and Investors	They are stakeholders who own shares of Mirae Asset Securities and participate in major decision-making processes. We aim to maximize shareholder and investor value by fostering continuous economic performance through sound governance.	• General Meeting of Shareholders • Management Disclosure • Corporate Briefings • IR
Counterparties and Partners	Partners are regarded by Mirae Asset Securities as companions for mutual prosperity. Various communication channels have been established to handle and gather feedback on grievances from partners and counterparties, contributing to a healthy industrial ecosystem by adhering to fair trade practices.	• Regular Consultative Meetings with Partners • Partner Satisfaction Surveys
Local Community	Active engagement in social contribution activities involves selecting institutions requiring social support. We collaborate with various institutions, including NGOs and other non-profit organizations, to fulfill our role as a member of the local community and realize our social responsibility.	• Social Contribution Projects • Partners • Website

Impacts, risks and key opportunities in alignment with the global expansion model restructuring strategy

Changes in the Business Environment: The shift from traditional trade models focused on product manufacturing and export to service export is gaining momentum with the transition to knowledge-based industries. In Asia, the rise of knowledge-based service exports is expected to drive financial service exports. However, these exports are heavily influenced by national regulations, potentially leading to "bloc" risks where investment capital flow is restricted to specific economic zones or countries.

Risk Impact and Response Activities: As financial exports within Asia increase, the Company, a leader in Korea's financial industry, must achieve competitive edge on par with international financial investment firms in Asia to ensure mid- to long-term market growth. Minimizing bloc risks while operating in various countries requires portfolio rebalancing and strategic overseas expansion. Thus, company is establishing international level competitive advantage as a global financial investment firm, expanding S&T-based businesses and digital retail businesses to mitigate economic bloc risks. In particularly, company bolstered our S&T-based flow business by acquiring the UK ETF specialist market maker "GHCO" in advanced financial markets and signed an acquisition agreement with India's securities firm "Sharekhan" in emerging markets. These strategic overseas expansions enable company to restructure the international financial export model and avoid dependence on specific economic zones.

Large Insurance Group in Vietnam

With the mission of ensuring peace, prosperity and long-term benefits for customers, investors, employees and the community, the company always associates economic growth with environmental protection and social responsibility - three factors that play a fundamental role in the long-term success of the Group.

The Group clearly sets out a roadmap towards the goal of Net Zero

Giai đoạn tới 2025:
Giảm 20% lượng phát thải CO_2

Mục tiêu: Giảm 20% lượng phát thải từ các hoạt động vận hành vào năm 2025

Biện pháp:

- Triển khai các hệ thống quản lý năng lượng thông minh nhằm tối ưu hóa hiệu suất.
- Sử dụng thiết bị điện, đèn LED tiết kiệm năng lượng và cải tiến hệ thống điều hòa không khí để giảm mức tiêu thụ năng lượng.
- Khuyến khích nhân viên sử dụng xe đạp, xe điện hoặc phương tiện giao thông công cộng.
- Lắp đặt hệ thống lưu trữ năng lượng tại các tòa nhà để tối ưu hóa việc sử dụng điện từ các nguồn tái tạo.
- Giảm sử dụng giấy in, thúc đẩy tài liệu điện tử, thu gom và tái chế rác thải giấy.
- Triển khai chương trình trồng cây xanh tại các khu vực xung quanh trụ sở.

Giai đoạn 2025-2030:
Giảm 50% lượng phát thải CO_2

Mục tiêu: Giảm 50% lượng phát thải thông qua việc tối ưu hóa sử dụng năng lượng và phương tiện di chuyển vào năm 2030.

Biện pháp:

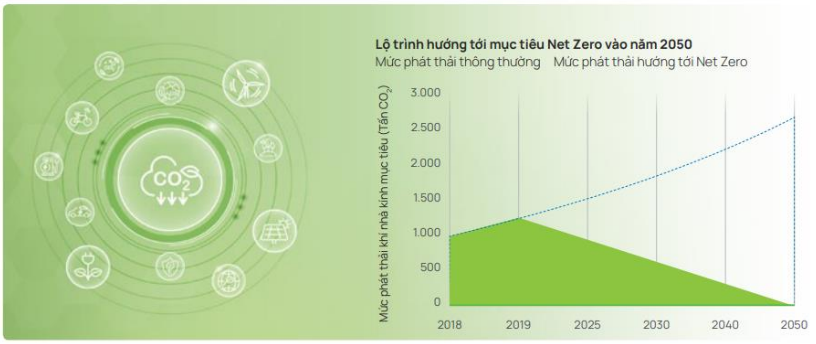
- Sử dụng xe điện cho mọi hoạt động giao thông nội bộ và dịch vụ.
- Đầu tư vào các giải pháp kiến trúc xanh và cải tiến hệ thống cách nhiệt để giảm tiêu thụ năng lượng.
- Lắp đặt hệ thống tái chế rác thải hoặc tái sử dụng nhằm giảm tác động lên môi trường.
- 50% tòa nhà lắp đặt hệ thống năng lượng tái tạo và giảm thiểu sử dụng năng lượng không tái tạo.
- Khuyến khích sử dụng văn phòng phẩm làm từ vật liệu tái chế, thân thiện với môi trường
- Tạo không gian xanh tại các văn phòng và trồng cây xanh.

Giai đoạn 2030-2040:
Giảm 70% lượng phát thải CO_2

Mục tiêu: Giảm 70% lượng phát thải, tập trung vào việc loại bỏ hoàn toàn các nguồn phát thải từ năng lượng hóa thạch vào năm 2040.

Biện pháp:

- 100% hệ thống và thiết bị vận hành chạy hoàn toàn bằng năng lượng tái tạo hoặc điện sạch.
- Triển khai các dự án trồng rừng và dự án môi trường để bù đắp lượng carbon không thể tránh khỏi.
- Sử dụng các công nghệ tiên tiến để thu hồi và xử lý lượng CO2 phát sinh từ hoạt động vận hành.
- Chỉ hợp tác với các nhà cung cấp và đối tác có cam kết bảo vệ môi trường và phát triển bền vững.
- Loại bỏ hoàn toàn nhiên liệu hóa thạch trong vận hành.



Giai đoạn 2040-2050:
Đạt Net Zero

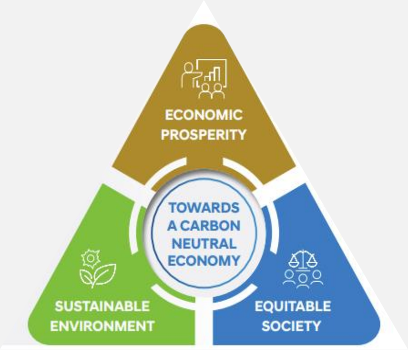
Mục tiêu: Loại bỏ hoàn toàn lượng phát thải CO2 và đạt Net Zero vào năm 2050.

Biện pháp:

- Sử dụng 100% năng lượng tái tạo.
- Tham gia vào thị trường mua bán tín chỉ Carbon để lượng carbon không thể tránh khỏi.

The Group is committed to economic growth in tandem with environmental protection and social responsibility

Achievements of economic target are associated with social and environmental objective to maintain the interest harmony among related parties at present and in the future with aim at ensuring long-term sustainable development strategy at Group. Group always engages economic growth with environmental protection and social responsibility - three pillars on which a long-term success of Group is built. Among them, economic growth is the most important target since achievement of this goal is critical to fulfill social and environmental objectives.



Stakeholder benefits and engagements

The Group uses the Double Materiality Assessment Principle to identify key stakeholders based on the level of impact through two dimensions of impact: the impact of the stakeholders on the Group & the impact of the Group on the stakeholders.

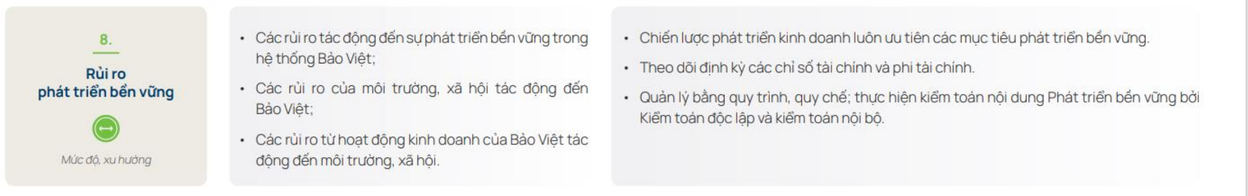
The Group connects stakeholders through multi-dimensional information channels, through which sustainability issues in 2023 are mentioned more deeply by the Group to gain the opinions of stakeholders on the activities of the Enterprise related to the Economy - Social - Environment.

Through assessing the importance of issues, the Group makes reasonable investments and allocates resources to meet the expectations of stakeholders as well as ensure the sustainable development of the Group.

Các bên liên quan	Chủ đề được các bên quan tâm	Hành động của Bảo Việt năm 2023	Kết quả
NGƯỜI LAO ĐỘNG	• Môi trường làm việc năng động, chuyên nghiệp; • Gia tăng quyền lợi, phúc lợi cho người lao động; • Chế độ đãi ngộ và cơ hội thăng tiến.	• Xây dựng nguồn nhân lực có trình độ chuyên môn cao, thái độ, làm việc tích cực, có khả năng tiếp cận với các phương pháp, kỹ năng quản lý hiện đại; • Tổ chức các phong trào rèn luyện sức khỏe.	• Triển khai mua bảo hiểm hưu trí, bảo hiểm bệnh ung thư cho CBNV; • Khoảng **6.500** cán bộ được tham gia đào tạo chuyên môn nghiệp vụ; • Xây dựng phòng tập Yoga, Zumba, thành lập câu lạc bộ chạy, xe đạp, yoga, golf, nhiếp ảnh, đi bộ... tạo điều kiện cho cán bộ tập luyện ngoài giờ; • Duy trì chương trình tập thể dục giữa giờ.
CƠ QUAN BÁO CHÍ	• Cung cấp, chia sẻ thông tin cởi mở, chủ động, thường xuyên để báo chí có thể phản ánh chân thực, khách quan về hoạt động của doanh nghiệp đến công chúng.	• Kết nối chặt chẽ với cơ quan báo chí, đảm bảo tin tức hoạt động của Bảo Việt được cập nhật kịp thời và phản ánh một cách chân thực, khách quan; • Tăng cường số lượng thông tin gửi tới báo chí thông qua các thông cáo báo chí, tin tức, các bài viết phân tích chuyên sâu nội bộ gửi tới các cơ quan báo chí.	• Thực hiện các bài phỏng vấn, video, phóng sự ngắn để cung cấp thông tin về Bảo Việt đến công chúng; • Khoảng **170** tin, bài viết về hoạt động phát triển bền vững của Bảo Việt được đăng tải trên các báo.

Risk management towards sustainability at the Group

The Group considers sustainability risks as one of the key risks, with the identification and method of monitoring and managing risks



8. Rủi ro phát triển bền vững Mức độ, xu hướng	• Các rủi ro tác động đến sự phát triển bền vững trong hệ thống Bảo Việt; • Các rủi ro của môi trường, xã hội tác động đến Bảo Việt; • Các rủi ro từ hoạt động kinh doanh của Bảo Việt tác động đến môi trường, xã hội.	• Chiến lược phát triển kinh doanh luôn ưu tiên các mục tiêu phát triển bền vững. • Theo dõi định kỳ các chỉ số tài chính và phi tài chính. • Quản lý bằng quy trình, quy chế; thực hiện kiểm toán nội dung Phát triển bền vững bởi Kiểm toán độc lập và kiểm toán nội bộ.

Sustainability risk management measures are implemented to minimize risks to the business itself, while controlling the negative impacts from business activities to the sustainable development process, ensuring long-term benefits for investors, customers and the community.

Biện pháp quản lý rủi ro phát triển bền vững		Tác động đến hoạt động kinh doanh của Bảo Việt	Tác động đến tiến trình phát triển bền vững
Đánh giá rủi ro dự án đầu tư	Đánh giá tác động môi trường và xã hội trước khi thực hiện đầu tư, xem xét lợi ích dài hạn cho cộng đồng và tuân thủ tiêu chuẩn bền vững.	Giảm thiểu rủi ro tài chính và tăng cường giá trị bền vững trong các dự án đầu tư.	Đảm bảo dự án không chỉ mang lại lợi ích kinh tế mà còn thúc đẩy sự phát triển lâu dài của cộng đồng và môi trường.
Quản lý rủi ro đối với khách hàng tổ chức	Đánh giá các tiêu chí an toàn lao động, bảo vệ môi trường và tuân thủ pháp luật trước khi cấp bảo hiểm cho khách hàng tổ chức. Từ chối bảo hiểm nếu doanh nghiệp không đạt chuẩn.	Nâng cao uy tín thương hiệu Bảo Việt trong việc bảo vệ môi trường, nhưng có thể giới hạn khách hàng tiềm năng.	Thúc đẩy trách nhiệm xã hội trong hoạt động kinh doanh của doanh nghiệp, giúp tạo ra chuẩn mực bảo vệ môi trường và xã hội.
Quản lý nội bộ	Triển khai các biện pháp tiết kiệm điện, nước, sử dụng vật liệu tái chế, giám sát chặt chẽ việc tiêu thụ tài nguyên.	Giảm chi phí vận hành, hạn chế tác động môi trường từ hoạt động nội bộ, nâng cao nhận thức nhân viên về bảo vệ tài nguyên.	Giảm thiểu tác động tiêu cực lên môi trường, đồng thời tạo ra một văn hóa bền vững trong toàn hệ thống.
Đánh giá nhà cung cấp	Áp dụng tiêu chí ESG (Môi trường, Xã hội, Quản trị) để lựa chọn nhà cung cấp, đảm bảo đối tác cũng tuân thủ tiêu chuẩn bền vững.	Đảm bảo chuỗi cung ứng của Bảo Việt tuân thủ các tiêu chuẩn phát triển bền vững, giảm rủi ro gián tiếp từ đối tác.	Giảm thiểu rủi ro gián tiếp đến môi trường và xã hội, tạo ra sự gắn kết bền vững với các đối tác chiến lược.

The Group assesses the impacts of sustainable development trends on the Group. The Group recognises a number of risks and challenges that may impact the Group's operations. These challenges and risks are assessed according to the degree of impact on the Group's business operations and the interests of stakeholders.

- Climate change: The Group joins hands to contribute to solving global challenges from climate change, recognizing its responsibility in jointly solving challenges through the development of specialized products such as One-storm – tropical storm insurance, agricultural insurance, etc. rice insurance... contributing to mitigating the damage and consequences of climate change.
- Circular economy: The Group recognizes that the process of building a circular economy requires technology and innovation to reuse resources efficiently, to achieve sustainable development goals

Net-zero target: The Group accompanies Vietnam in implementing the goals of the COP28 conference. The Group has always associated Economic Growth with Environmental Protection and Social Responsibility - three factors that play a fundamental role in the Group's long-term success. In order to proactively adapt and realize the commitment to action in the application of technology to reduce emissions in business activities, the Group has focused on building a digital ecosystem, bringing added value to customers by optimizing data and workflows from departments, tools, internal systems, as well as with customers, suppliers and external partners.

4. Risk Management

GENERAL REQUIREMENTS FOR ESG DISCLOSURE

Elements	**Content**
Description of processes and related policies the organisation uses to identify, assess and prioritise sustainability-related risks and opportunities	• A description of the methodologies, assumptions and proprietary tools applied in the sustainability-related risks and opportunities identification, assessment and prioritization processes • An overview of the process(es) to identify, assess and prioritise the organisation's potential and actual impacts on people and the environment • An overview of the process(es) used to identify, assess and prioritise sustainability-related risks and opportunities that have or may have financial effects
Description of the extent to which, and how, the processes for managing sustainability-related risks and opportunities are integrated into the organisation's overall risk management process	• How the process(es) to identify, assess and manage sustainability-related risks are integrated into the enterprise's risk management framework and used to evaluate overall risk profile and risk management processes • How the process(es) to identify, assess and manage sustainability-related opportunities is/are integrated into the undertaking's overall management process (where applicable) • whether the process(es) has/have changed compared to the prior reporting period, when the process(es) was/were modified for the last time and future revision dates of the materiality assessment. • Policies and actions adopted to address material impacts and/or risks and/or to pursue material opportunities.

GUIDANCE ON DEVELOPING RISK MANAGEMENT DISCLOSURE CONTENT FOR FINANCIAL INSTITUTIONS

Risk Management disclosure aims to provide information on how the organisation identifies, assesses, prioritises and monitors sustainability-related risks and opportunities and how these fits in the enterprise risk management system.

Integrating ESG considerations into a organisation's existing risk management framework supports the achievement of both overall business objectives and specific ESG goals. Financial institutions may refer to the Enterprise Risk Management (ERM) – ESG Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to ensure that sustainability-related risks are identified, assessed, prioritized, and aligned with business operations. Organizations should also refer to regulations on environmental, social, and governance risk management as defined by relevant sector-specific regulations.

Financial institutions can refer to the General Handbook – Part 2, section 2.2.2 and Part 3, section 3.6.

Example 6: ESG Disclosure - Risk Management

One of the largest financial group in Southeast Asia, headquartered in Malaysia

Group Sustainability Risk Management Framework is supported by the three lines-of-defence model, which promotes clear accountability and consistency in risk management across the Group. Sustainability risk is identified and managed as a key risk under our EWRM Framework. As defined in our Group Risk Library, it impacts other risk areas such as credit, market, liquidity, operational and reputational risk.

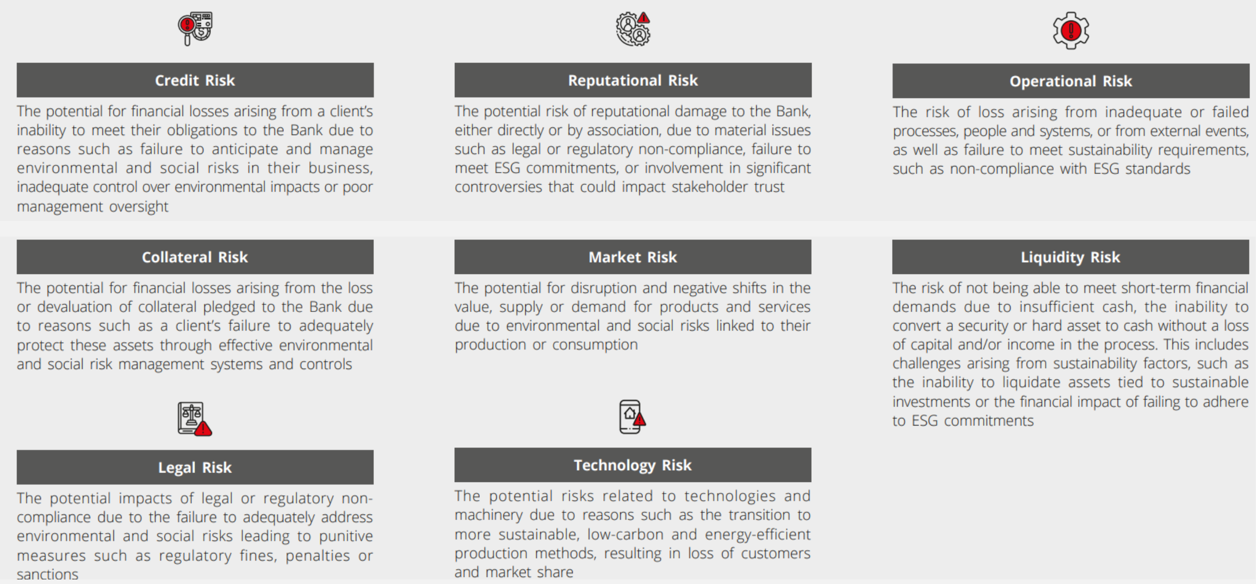
The Group assess a wide range of factors in our business transactions and operations, including:

(i) environmental issues: such as climate change, nature impacts and resource use;

(ii) social considerations: including community wellbeing and workplace practices;

(iii) economic challenges: such as market shifts and resource costs; and ethical concerns, including transparency and responsible governance.

The environmental, social, economic and ethical risks outlined can result in financial risks to clients and other stakeholders, and ultimately to Group. In making financing and business decisions, Group consider these risks in line with sustainability commitments:



Credit Risk

The potential for financial losses arising from a client's inability to meet their obligations to the Bank due to reasons such as failure to anticipate and manage environmental and social risks in their business, inadequate control over environmental impacts or poor management oversight

Reputational Risk

The potential risk of reputational damage to the Bank, either directly or by association, due to material issues such as legal or regulatory non-compliance, failure to meet ESG commitments, or involvement in significant controversies that could impact stakeholder trust

Operational Risk

The risk of loss arising from inadequate or failed processes, people and systems, or from external events, as well as failure to meet sustainability requirements, such as non-compliance with ESG standards

Collateral Risk

The potential for financial losses arising from the loss or devaluation of collateral pledged to the Bank due to reasons such as a client's failure to adequately protect these assets through effective environmental and social risk management systems and controls

Market Risk

The potential for disruption and negative shifts in the value, supply or demand for products and services due to environmental and social risks linked to their production or consumption

Liquidity Risk

The risk of not being able to meet short-term financial demands due to insufficient cash, the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. This includes challenges arising from sustainability factors, such as the inability to liquidate assets tied to sustainable investments or the financial impact of failing to adhere to ESG commitments

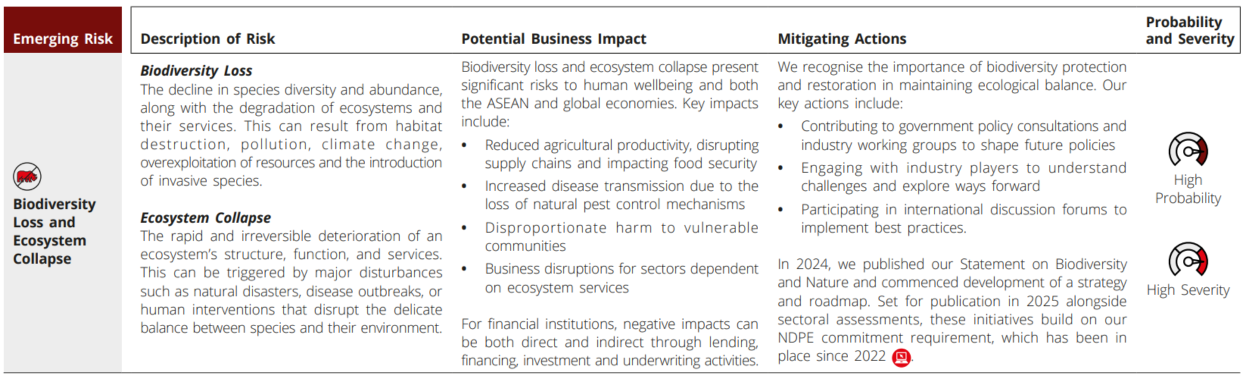
Legal Risk

The potential impacts of legal or regulatory non-compliance due to the failure to adequately address environmental and social risks leading to punitive measures such as regulatory fines, penalties or sanctions

Technology Risk

The potential risks related to technologies and machinery due to reasons such as the transition to more sustainable, low-carbon and energy-efficient production methods, resulting in loss of customers and market share

The Group proactively identify and assess these emerging risks early. The Group gather insights from trusted sources like industry reports, market trends, discussions with regulators, stakeholder feedback and collaborative conversations that guide our decision-making.



Emerging Risk	Description of Risk	Potential Business Impact	Mitigating Actions	Probability and Severity
Biodiversity Loss and Ecosystem Collapse	***Biodiversity Loss*** The decline in species diversity and abundance, along with the degradation of ecosystems and their services. This can result from habitat destruction, pollution, climate change, overexploitation of resources and the introduction of invasive species. ***Ecosystem Collapse*** The rapid and irreversible deterioration of an ecosystem's structure, function, and services. This can be triggered by major disturbances such as natural disasters, disease outbreaks, or human interventions that disrupt the delicate balance between species and their environment.	Biodiversity loss and ecosystem collapse present significant risks to human wellbeing and both the ASEAN and global economies. Key impacts include: • Reduced agricultural productivity, disrupting supply chains and impacting food security • Increased disease transmission due to the loss of natural pest control mechanisms • Disproportionate harm to vulnerable communities • Business disruptions for sectors dependent on ecosystem services For financial institutions, negative impacts can be both direct and indirect through lending, financing, investment and underwriting activities.	We recognise the importance of biodiversity protection and restoration in maintaining ecological balance. Our key actions include: • Contributing to government policy consultations and industry working groups to shape future policies • Engaging with industry players to understand challenges and explore ways forward • Participating in international discussion forums to implement best practices. In 2024, we published our Statement on Biodiversity and Nature and commenced development of a strategy and roadmap. Set for publication in 2025 alongside sectoral assessments, these initiatives build on our NDPE commitment requirement, which has been in place since 2022.	High Probability High Severity

5. Metrics and targets

GENERAL REQUIREMENTS FOR ESG DISCLOSURE

Elements	Content

Metrics in relation to material sustainability matters	- The organisation should disclose any metrics that it uses to evaluate performance and effectiveness, in relation to a material impact, risk or opportunity, explaining their significance, their implications.
	- Metrics should include:
	  - Metrics defined in the organisation's selected reporting standard;
	  - Metrics identified on an entity-specific basis, whether taken from other sources or developed by the organisation itself.

Targets to track effectiveness of policies and actions	- Disclose whether the target is absolute or intensity-based, the relevant time frame over which the target applies and the base year from which progress is measured - the specific quantitative or qualitative target the organisation has set or is required to meet; - the methodologies and significant assumptions used to define targets; - performance against each target and an analysis of trends or changes in the organisation's performance.

GUIDANCE ON DEVELOPING METRICS AND TARGETS DISCLOSURE CONTENT FOR FINANCIAL INSTITUTIONS

Together with narrative disclosures under the governance, strategy and risk management core elements, metrics and targets disclosures will help to form comprehensive and decision-useful view of both qualitative and quantitative information. Financial institutions can refer to the General Handbook – Part 3, section 3.7 for more detailed information.

Each organisation needs to assess the materiality and relevance of the topics and disclosure contents in relation to its operations and objectives. At the same time, financial institutions should consider including reports on environmental, social, and governance indicators as required by regulations, alongside international disclosure frameworks and standards. Refer to the list of some relevant documents and objectives in Part 2, Section 3 – Strategy.

The table below summarizes several disclosure metrics recommended by SASB for each sub-group, intended for reference by financial institutions. These metrics are aligned with the list of material topics for each group as presented in Part 2 - Section 1, including:

1. Mortgage finance
2. Consumer Finance
3. Commercial Banking
4. Investment Banking & Brokerage
5. Asset Management & Custody Activities
6. Insurance

FIs can look up the activities of the organization in which subgroup it belongs to at: https://sasb.ifrs.org/find-your-industry/. At the same time, FIs can look up the definition and specific calculation method for the indicators given in the table below in SASB Standard: https://sasb.ifrs.org/standards/materiality-finder/find/

Table 4: Disclosure metrics for Financial Institutions by category - Recommended by SASB

Topis	Index	Unit
Mortgage Finance[42]		

Topis	Index	Unit
Lending practices	(1) Number and (2) value of residential mortgages of the following types: (a) combined fixed- and variable-rate, (b) prepayment penalty, and (c) total	Number, Presentation currency
	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure	Number, Presentation currency
	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Presentation currency
	Description of remuneration structure of mortgage loan originators	N/A
Discriminatory lending policy	(1) Number, (2) value, and (3) weighted average loan-to-value ratio of mortgages issued to (a) minority and (b) all other borrowers	Number, Presentation currency, Percentage (%)
	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Presentation currency
	Description of policies and procedures for ensuring non-discriminatory mortgage origination	N/A
Environmental Risk to Mortgaged Properties	(1) Number and (2) value of mortgage loans in 100-year flood zones	Number, Presentation currency
	(1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency because of weather-related natural catastrophes, by geographical region	Number, Presentation currency, Percentage (%)
	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	N/A
Consumer Finance[43]		
Customer Privacy	Number of account holders whose information is used for secondary purposes	Number
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Presentation currency
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Number, Percentage (%)
	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Presentation Currency
	Description of approach to identifying and addressing data security risks	N/A
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Percentage (%)
	Approval rate for (1) credit and (2) pre-paid products for applicants	Percentage (%)
	(1) Average fees from add-on products (2) average APR of credit products (3) average age of credit products (4) average number of credit accounts (5) average annual fees for pre-paid products	Presentation currency, Percentage (%), Months, Number
	(1) Number of customer complaints filed (2) percentage with monetary or non-monetary relief	Number, Percentage (%)
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Presentation currency
Commercial Banks[44]		
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Number, percentage (%)

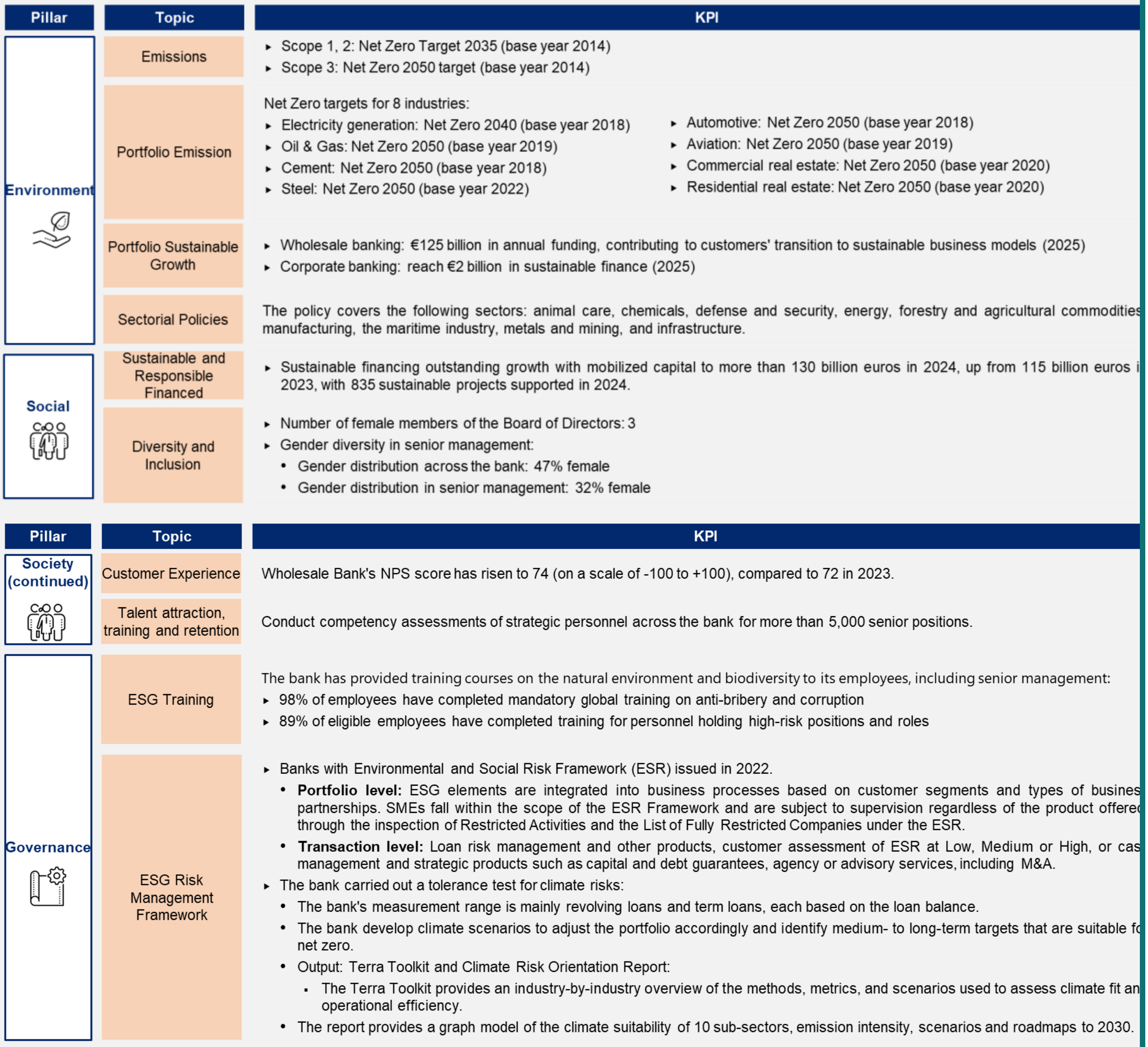
Topis	Index	Unit
	Description of approach to identifying and addressing data security risks	N/A
Financial Inclusion and Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	Number, Presentation Currency
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Number, Presentation Currency
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Number
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Number
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	N/A
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Metric tons (t) CO_2-e
	Gross exposure for each industry by asset class	Presentation currency
	Percentage of gross exposure included in the financed emissions calculation	Percentage %
	Description of the methodology used to calculate financed emissions	N/A
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Presentation Currency
	Description of whistleblower policies and procedures	N/A
System Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Basis Points (bps)
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	N/A
Investment Banking and Brokerage[45]		
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Percentage (%)
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	Revenue from (1) underwriting, (2) advisory and (3) securitisation transactions incorporating integration of environmental, social and governance (ESG) factors, by industry	Presentation currency
	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social and governance (ESG) factors, by industry	Number/ Presentation currency
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment banking and brokerage activities	N/A
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Presentation currency

Topis	Index	Unit
	Description of whistleblower policies and procedures	N/A
Professional Integrity	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number/percentage (%)
	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Number
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Presentation currency
	Description of approach to ensuring professional integrity, including duty of care	N/A
System Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Basis Points (bps)
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	N/A
Asset management and custody activities		
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number/percentage (%)
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Presentation currency
	Description of approach to informing customers about products and services	N/A
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Percentage (%)
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	Presentation currency
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	N/A
	Description of proxy voting and investee engagement policies and procedures	N/A
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2, and (3) Scope 3	Metric Tonnes (t) CO_2-e
	Total amount of assets under management (AUM) included in the financed emissions disclosure	Presentation currency
	Percentage of total assets under management (AUM) included in the financed emissions calculation	Percentage %
	Description of the methodology used to calculate financed emissions	N/A
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Presentation currency
	Description of whistleblower policies and procedures	N/A
Insurance		
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Presentation currency
	Complaints-to-claims ratio	Rate

Topis	Index	Unit
	Customer retention rate	Rate
	Description of approach to informing customers about products	N/A
Incorporation of Environmental, Social and Governance Factors in Investment Management	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	N/A
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low carbon technology	Presentation currency
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	N/A
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2, and (3) Scope 3	Metric Tonnes (t) CO_2-e
	Gross exposure for each industry by asset class	Presentation currency
	Percentage of gross exposure included in the financed emissions calculation	Percentage %
	Description of the methodology used to calculate financed emissions	N/A
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Presentation currency
	Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance)	Presentation currency
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	N/A
System Risk Management	Exposure to derivative instruments by category: (1) total exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with a central clearinghouse, and (3) total exposure to centrally cleared derivatives	Presentation currency
	Total fair value of securities lending collateral assets	Presentation currency
	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	N/A

Example 7: ESG Disclosure - Metrics and Targets

An international bank

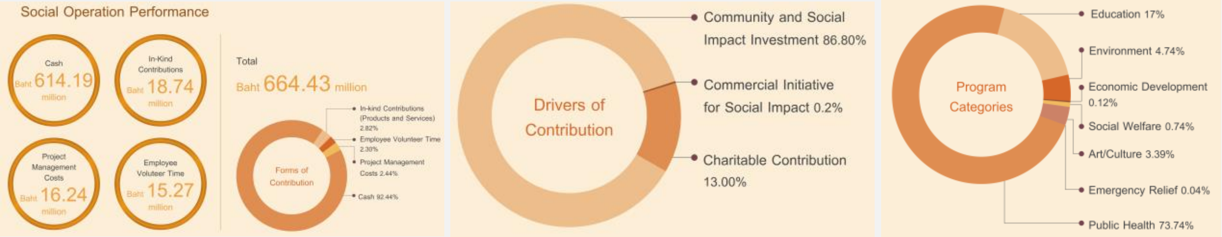


Pillar	Topic	KPI
Environment	Emissions	▸ Scope 1, 2: Net Zero Target 2035 (base year 2014) ▸ Scope 3: Net Zero 2050 target (base year 2014)
	Portfolio Emission	Net Zero targets for 8 industries: ▸ Electricity generation: Net Zero 2040 (base year 2018) ▸ Oil & Gas: Net Zero 2050 (base year 2019) ▸ Cement: Net Zero 2050 (base year 2018) ▸ Steel: Net Zero 2050 (base year 2022) ▸ Automotive: Net Zero 2050 (base year 2018) ▸ Aviation: Net Zero 2050 (base year 2019) ▸ Commercial real estate: Net Zero 2050 (base year 2020) ▸ Residential real estate: Net Zero 2050 (base year 2020)
	Portfolio Sustainable Growth	▸ Wholesale banking: €125 billion in annual funding, contributing to customers' transition to sustainable business models (2025) ▸ Corporate banking: reach €2 billion in sustainable finance (2025)
	Sectorial Policies	The policy covers the following sectors: animal care, chemicals, defense and security, energy, forestry and agricultural commodities manufacturing, the maritime industry, metals and mining, and infrastructure.
Social	Sustainable and Responsible Financed	▸ Sustainable financing outstanding growth with mobilized capital to more than 130 billion euros in 2024, up from 115 billion euros i 2023, with 835 sustainable projects supported in 2024.
	Diversity and Inclusion	▸ Number of female members of the Board of Directors: 3 ▸ Gender diversity in senior management: • Gender distribution across the bank: 47% female • Gender distribution in senior management: 32% female

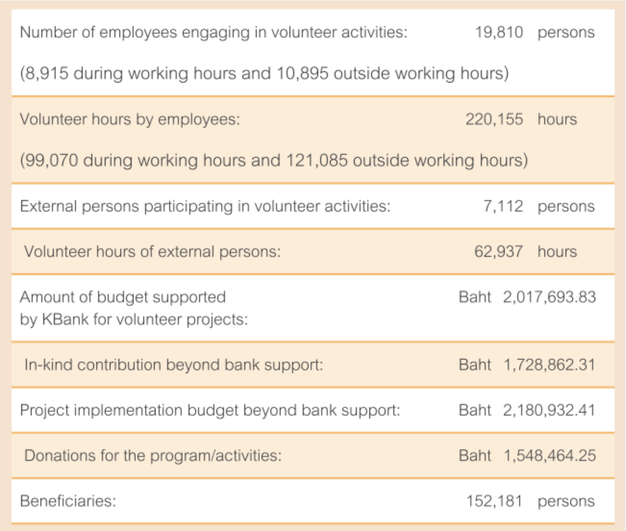
Pillar	Topic	KPI
Society (continued)	Customer Experience	Wholesale Bank's NPS score has risen to 74 (on a scale of -100 to +100), compared to 72 in 2023.
	Talent attraction, training and retention	Conduct competency assessments of strategic personnel across the bank for more than 5,000 senior positions.
Governance	ESG Training	The bank has provided training courses on the natural environment and biodiversity to its employees, including senior management: ▸ 98% of employees have completed mandatory global training on anti-bribery and corruption ▸ 89% of eligible employees have completed training for personnel holding high-risk positions and roles
	ESG Risk Management Framework	▸ Banks with Environmental and Social Risk Framework (ESR) issued in 2022. • **Portfolio level:** ESG elements are integrated into business processes based on customer segments and types of busines partnerships. SMEs fall within the scope of the ESR Framework and are subject to supervision regardless of the product offere through the inspection of Restricted Activities and the List of Fully Restricted Companies under the ESR. • **Transaction level:** Loan risk management and other products, customer assessment of ESR at Low, Medium or High, or cas management and strategic products such as capital and debt guarantees, agency or advisory services, including M&A. ▸ The bank carried out a tolerance test for climate risks: • The bank's measurement range is mainly revolving loans and term loans, each based on the loan balance. • The bank develop climate scenarios to adjust the portfolio accordingly and identify medium- to long-term targets that are suitable fo net zero. • Output: Terra Toolkit and Climate Risk Orientation Report: ▪ The Terra Toolkit provides an industry-by-industry overview of the methods, metrics, and scenarios used to assess climate fit an operational efficiency. • The report provides a graph model of the climate suitability of 10 sub-sectors, emission intensity, scenarios and roadmaps to 2030.

A Bank of Thailand

Indicators on the topic of Social Responsibility of the Bank are published in the sustainability report



Employee Volunteer Projects

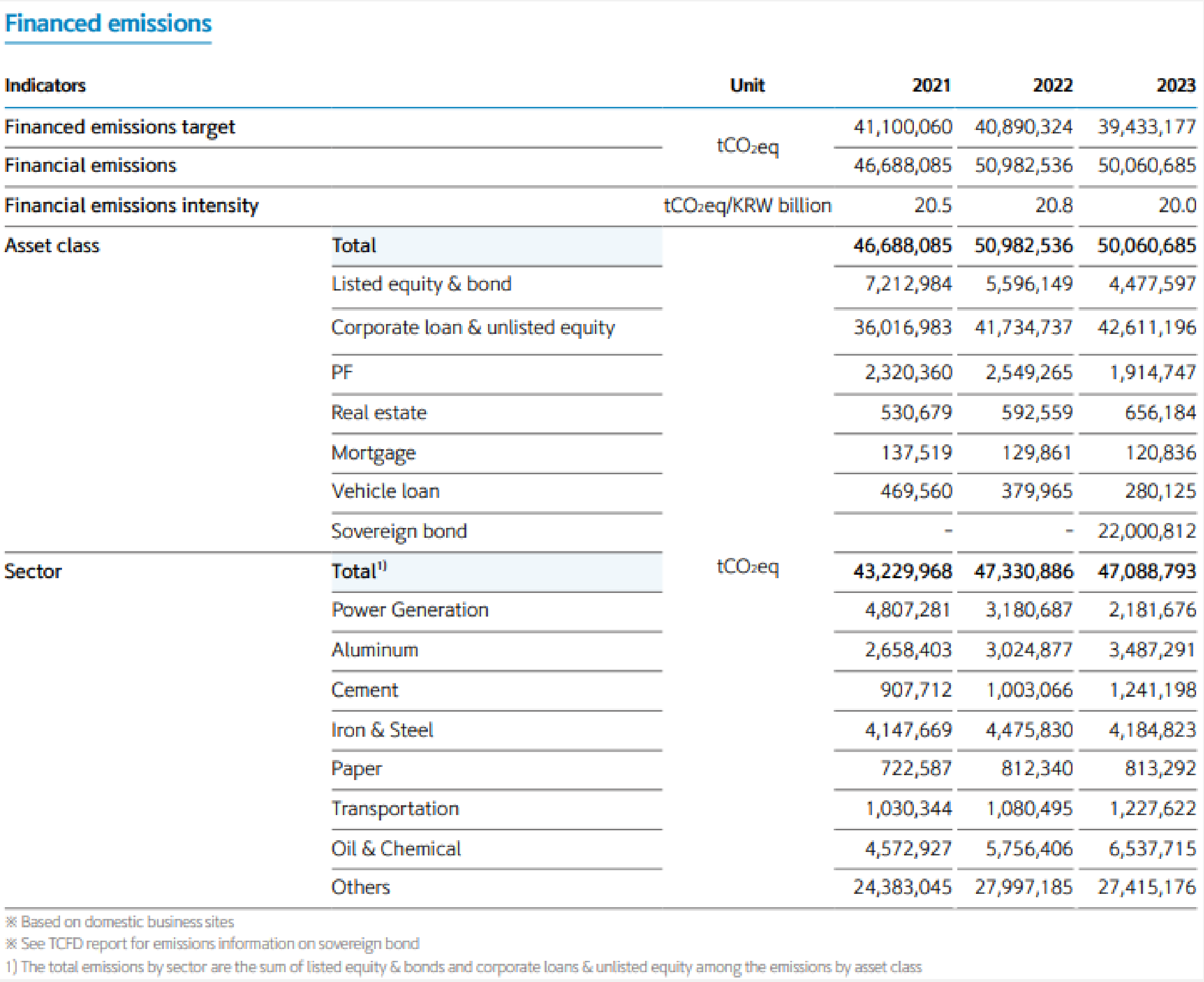


Number of employees engaging in volunteer activities:	19,810 persons
(8,915 during working hours and 10,895 outside working hours)	
Volunteer hours by employees:	220,155 hours
(99,070 during working hours and 121,085 outside working hours)	
External persons participating in volunteer activities:	7,112 persons
Volunteer hours of external persons:	62,937 hours
Amount of budget supported by KBank for volunteer projects:	Baht 2,017,693.83
In-kind contribution beyond bank support:	Baht 1,728,862.31
Project implementation budget beyond bank support:	Baht 2,180,932.41
Donations for the program/activities:	Baht 1,548,464.25
Beneficiaries:	152,181 persons

One of the largest financial group in South Korea

The Group announces a data set of indicators related to sustainable development "ESG DATA PACK"

As a major corporation in the financial services sector, the Group transparently announces the amount of financed emissions by asset class and industry



Financed emissions

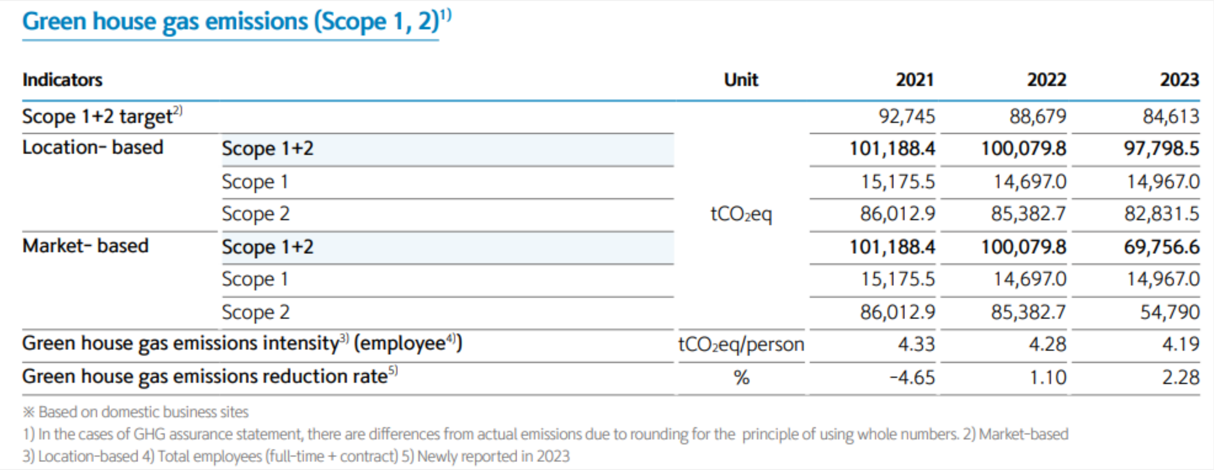
Indicators		Unit	2021	2022	2023
Financed emissions target		tCO_2eq	41,100,060	40,890,324	39,433,177
Financial emissions			46,688,085	50,982,536	50,060,685
Financial emissions intensity		tCO_2eq/KRW billion	20.5	20.8	20.0
Asset class	**Total**	tCO_2eq	**46,688,085**	**50,982,536**	**50,060,685**
	Listed equity & bond		7,212,984	5,596,149	4,477,597
	Corporate loan & unlisted equity		36,016,983	41,734,737	42,611,196
	PF		2,320,360	2,549,265	1,914,747
	Real estate		530,679	592,559	656,184
	Mortgage		137,519	129,861	120,836
	Vehicle loan		469,560	379,965	280,125
	Sovereign bond		-	-	22,000,812
Sector	**Total**[1]		**43,229,968**	**47,330,886**	**47,088,793**
	Power Generation		4,807,281	3,180,687	2,181,676
	Aluminum		2,658,403	3,024,877	3,487,291
	Cement		907,712	1,003,066	1,241,198
	Iron & Steel		4,147,669	4,475,830	4,184,823
	Paper		722,587	812,340	813,292
	Transportation		1,030,344	1,080,495	1,227,622
	Oil & Chemical		4,572,927	5,756,406	6,537,715
	Others		24,383,045	27,997,185	27,415,176

※ Based on domestic business sites

※ See TCFD report for emissions information on sovereign bond

[1] The total emissions by sector are the sum of listed equity & bonds and corporate loans & unlisted equity among the emissions by asset class

The Group announces greenhouse gas emissions: Announces Scope 1, Scope 2, and also Scope 3 on greenhouse gas emissions. In particular, Scope 3 emissions are mainly focused on Portfolio 15: Financed Emissions

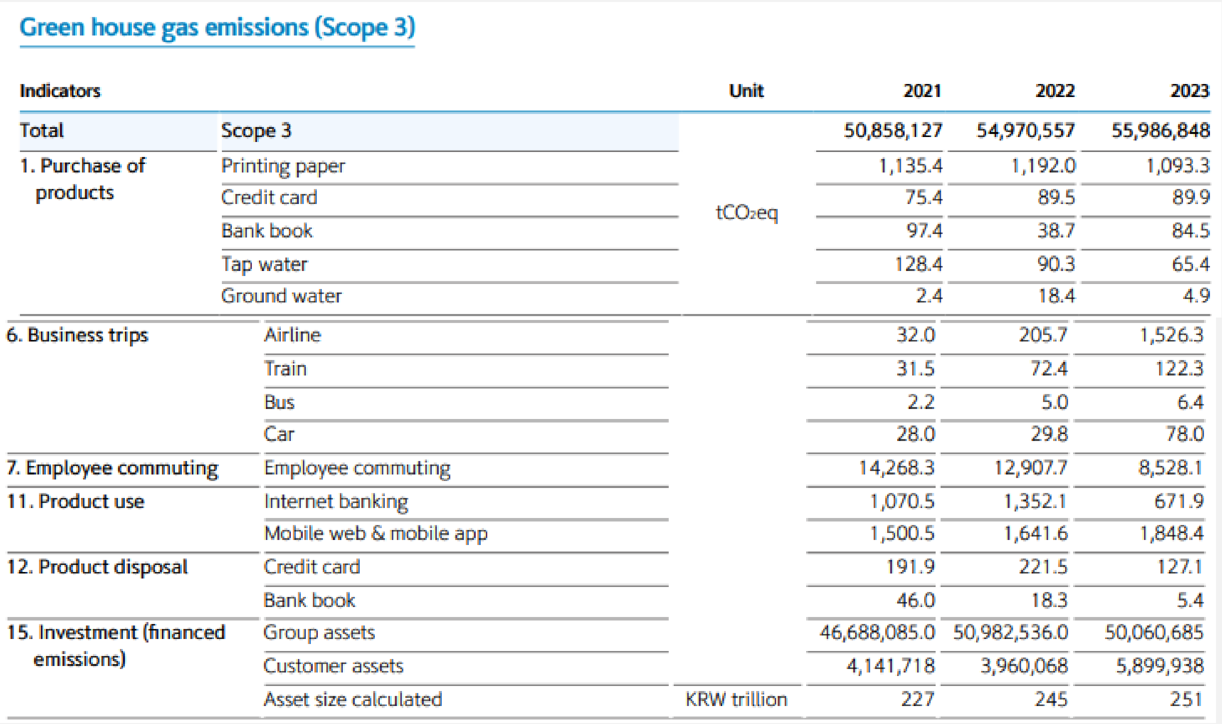


Green house gas emissions (Scope 1, 2)[1]

Indicators		Unit	2021	2022	2023
Scope 1+2 target[2]		tCO_2eq	92,745	88,679	84,613
Location- based	**Scope 1+2**		**101,188.4**	**100,079.8**	**97,798.5**
	Scope 1		15,175.5	14,697.0	14,967.0
	Scope 2		86,012.9	85,382.7	82,831.5
Market- based	**Scope 1+2**		**101,188.4**	**100,079.8**	**69,756.6**
	Scope 1		15,175.5	14,697.0	14,967.0
	Scope 2		86,012.9	85,382.7	54,790
Green house gas emissions intensity[3] (employee[4])		tCO_2eq/person	4.33	4.28	4.19
Green house gas emissions reduction rate[5]		%	-4.65	1.10	2.28

※ Based on domestic business sites

1) In the cases of GHG assurance statement, there are differences from actual emissions due to rounding for the principle of using whole numbers. 2) Market-based 3) Location-based 4) Total employees (full-time + contract) 5) Newly reported in 2023



Green house gas emissions (Scope 3)

Indicators		Unit	2021	2022	2023
Total	**Scope 3**	tCO₂eq	**50,858,127**	**54,970,557**	**55,986,848**
1. Purchase of products	Printing paper		1,135.4	1,192.0	1,093.3
	Credit card		75.4	89.5	89.9
	Bank book		97.4	38.7	84.5
	Tap water		128.4	90.3	65.4
	Ground water		2.4	18.4	4.9
6. Business trips	Airline		32.0	205.7	1,526.3
	Train		31.5	72.4	122.3
	Bus		2.2	5.0	6.4
	Car		28.0	29.8	78.0
7. Employee commuting	Employee commuting		14,268.3	12,907.7	8,528.1
11. Product use	Internet banking		1,070.5	1,352.1	671.9
	Mobile web & mobile app		1,500.5	1,641.6	1,848.4
12. Product disposal	Credit card		191.9	221.5	127.1
	Bank book		46.0	18.3	5.4
15. Investment (financed emissions)	Group assets		46,688,085.0	50,982,536.0	50,060,685
	Customer assets		4,141,718	3,960,068	5,899,938
	Asset size calculated	KRW trillion	227	245	251

(Incomplete)

The Group declared a “Zero Carbon Drive” strategy to achieve carbon neutrality through finance and has obtained approval for its carbon reduction targets through SBTi.

Group set a goal of cumulatively investing KRW 30 trillion in green finance by 2030 and successfully provided green finance worth KRW13.3 trillion in 2023.

Group aims to convert 100% of the electricity used by all group companies to renewable energy by 2040 by implementing RE100 and intends to achieve zero internal emissions by 2044.

Based on its eco-friendly roadmap, Group has set targets for minimizing plastic waste by 2040, i.e., achieving 50% digital cards without physical cards (NP 50) and 100% eco-friendly cards made of recycled plastic (BP 100) by 2040.

Group sets the ratio of male and female employees by management level and by role as an indicator to implement DEI and establishes and manages 2030 targets.

SECTION 3: ADDITIONAL GUIDANCE ON CLIMATE-RELATED DISCLOSURE

Financial institutions provide loans, investments, and insurance to various industries and sectors; they finance all business and production activities across the economy, from high-emission operations to those that support the energy transition and aim toward a low-carbon economy. Therefore, achieving a net-zero emissions target across the entire economy requires financial institutions to consider climate-related risks in their capital allocation decisions to guide industries and sectors.

Climate-related information disclosure will gradually become an important mandatory requirement in the near future for financial institutions around the world. The Task Force on Climate-related Financial Disclosures (TCFD) has provided a globally recognized climate disclosure framework for financial institutions, and at the same time, other climate-related disclosure frameworks and standards are also referenced and aligned to ensure consistency with the TCFD.

Given the complexity of developing TCFD-aligned climate disclosures, financial institutions in Vietnam need to carefully assess and consider their implementation roadmap based on stakeholder requirements and available resources. Businesses may choose to integrate and embed climate-related disclosures aligned with TCFD into their ESG reports by element or issue a standalone TCFD disclosure report.

Financial institutions can refer to climate-related disclosure guidelines in the General Handbook – Part 3, Section 3, for each reporting element. In addition, this part of the Sectoral guidance will focus on providing some additional guidelines for financial institutions to refer to when disclosing climate-related information in alignment with TCFD for 4 key elements: Governance, Strategy, Risk Management and Metrics and Targets.

Additionally, the TCFD categorizes the financial sector into four main groups, primarily based on their activities: banks (lending activities), insurance companies (underwriting activities), asset managers (asset management activities), and asset owners, including pension funds, non-profit funds, and both public and private sector funds (investment activities). TCFD has developed supplementary guidance for these groups — and this information will also be compiled and presented in this section of the sectoral guidance.

Accordingly, guidance for climate-related disclosure in each element will include:

- Element climate-related disclosure requirements – as set out in the General Handbook – section 3, section 3; enclosed with additional information disclosure requirements of financial institutions and sub-sectors (if any)
- Guidelines for developing climate-related disclosure for financial institutions
- An example illustrates the disclosure content.

1. Governance

TCFD CLIMATE-RELATED RECOMMENDED DISCLOSURES

Element	TCFD climate-related recommended disclosures
Board oversight of climate-related matters	• Organizational chart that illustrates which board committee(s) are responsible and the frequency (e.g., annually, quarterly, more than quarterly) of those committees • Summary of key issues and initiatives discussed with the board during the current reporting period • ESG experience of board members in a summary of board credentials and experience and/or individual biographies
Management's role in the governance processes, controls and procedures used to monitor, manage and	• List of management level committees and or functions (e.g., Environmental and Social Risk Management function) related to climate change management

Element	TCFD climate-related recommended disclosures
oversee climate-related matters	- Frequency (e.g., annually, quarterly, more than quarterly) of committees or executives reporting to the board to assess and manage climate-related risks and opportunities
Integration of climate-related performance in incentive schemes	- Details of the board and executive member incentives linked to climate initiatives and a description of the criteria for the incentive compensation, including connection to specific metrics.

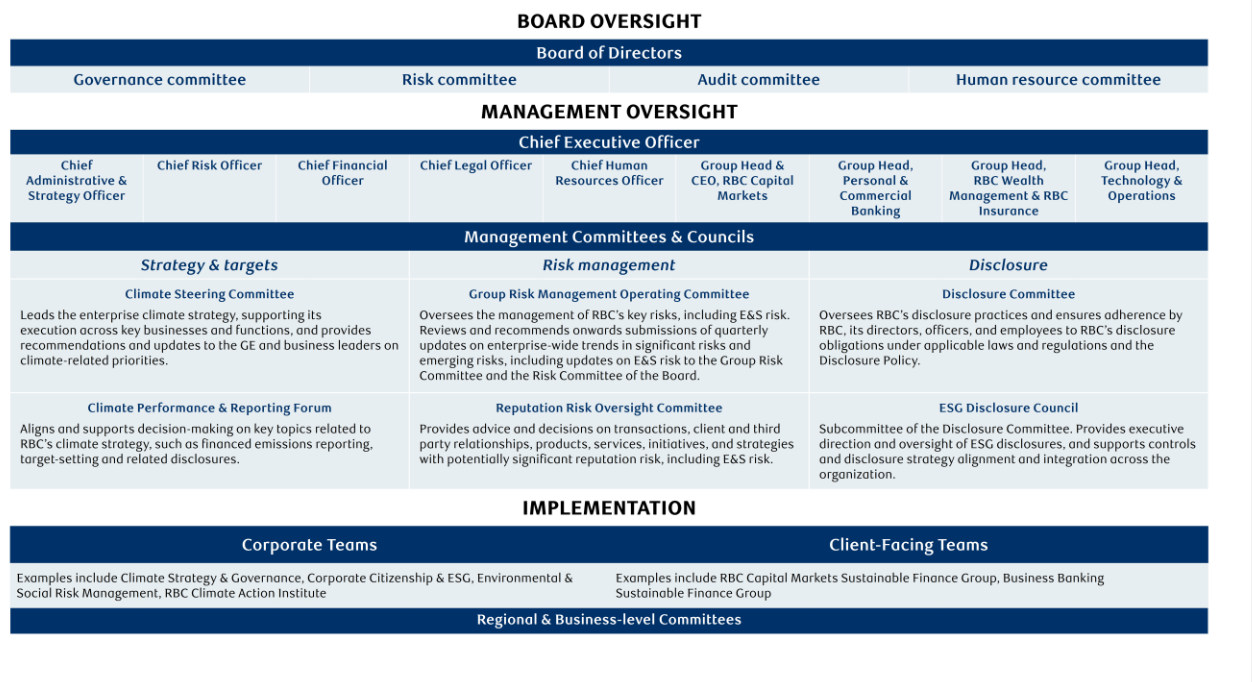
GUIDANCE ON DEVELOPING CLIMATE-RELATED GOVERNANCE DISCLOSURES FOR FINANCIAL INSTITUTIONS

Example 8: Climate-related disclosure - Governance

Climate-related governance reporting at a large bank in Canada[46]

Board oversight

The Board of Directors a (the Board) oversees the bank's strategic direction, plans and priorities and ensures they align with the bank's risk appetite. It discusses and challenges management in setting enterprise strategy and monitors its implementation and effectiveness. It annually approves the strategic plan, taking into account the opportunities and risks of the bank's business. The Board oversees strategic approach to climate change, including how the bank manages climate-related risks and opportunities. In 2023, the Board engaged regularly with management on the evolving climate change landscape and trends and received updates on the bank's climate strategy and actions in response. .



BOARD OVERSIGHT

Board of Directors

Governance committee	Risk committee	Audit committee	Human resource committee

MANAGEMENT OVERSIGHT

Chief Executive Officer

Chief Administrative & Strategy Officer	Chief Risk Officer	Chief Financial Officer	Chief Legal Officer	Chief Human Resources Officer	Group Head & CEO, RBC Capital Markets	Group Head, Personal & Commercial Banking	Group Head, RBC Wealth Management & RBC Insurance	Group Head, Technology & Operations

Management Committees & Councils

Strategy & targets	*Risk management*	*Disclosure*
Climate Steering Committee Leads the enterprise climate strategy, supporting its execution across key businesses and functions, and provides recommendations and updates to the GE and business leaders on climate-related priorities.	**Group Risk Management Operating Committee** Oversees the management of RBC's key risks, including E&S risk. Reviews and recommends onwards submissions of quarterly updates on enterprise-wide trends in significant risks and emerging risks, including updates on E&S risk to the Group Risk Committee and the Risk Committee of the Board.	**Disclosure Committee** Oversees RBC's disclosure practices and ensures adherence by RBC, its directors, officers, and employees to RBC's disclosure obligations under applicable laws and regulations and the Disclosure Policy.
Climate Performance & Reporting Forum Aligns and supports decision-making on key topics related to RBC's climate strategy, such as financed emissions reporting, target-setting and related disclosures.	**Reputation Risk Oversight Committee** Provides advice and decisions on transactions, client and third party relationships, products, services, initiatives, and strategies with potentially significant reputation risk, including E&S risk.	**ESG Disclosure Council** Subcommittee of the Disclosure Committee. Provides executive direction and oversight of ESG disclosures, and supports controls and disclosure strategy alignment and integration across the organization.

IMPLEMENTATION

Corporate Teams	Client-Facing Teams
Examples include Climate Strategy & Governance, Corporate Citizenship & ESG, Environmental & Social Risk Management, RBC Climate Action Institute	Examples include RBC Capital Markets Sustainable Finance Group, Business Banking Sustainable Finance Group

Regional & Business-level Committees

Board committee oversight and climaterelated agenda items

The Board and its four committees provide oversight of the Bank's strategic approach to ESG, including climate change, and engage with management on climate-related topics throughout the year. Key climate-related topics discussed by the Board and Board committees in 2023 are outlined on the 2024 Management Proxy Circular (2024 Proxy Circular).

Directors' expertise in ESG and climate education

To help support Bank in achieving its Purpose to help clients thrive and communities prosper, all directors are required to have experience in environmental, social and governance matters, which they have acquired in a variety of ways, including through their professional experience or their educational background. More specifically, experience in environmental matters is derived from positions as senior executives, directors or advisors of large utility, energy or natural resources companies, or at organizations focused on climate- or sustainability-related matters. For more information, see Skills and competencies on the 2024 Proxy Circular.

Effective climate oversight and board engagement require directors to keep pace with the rapidly evolving and complex climate change landscape. For more information see Skills and competencies, and Environmental, social and governance matters, and Focus on continuous education on above document.

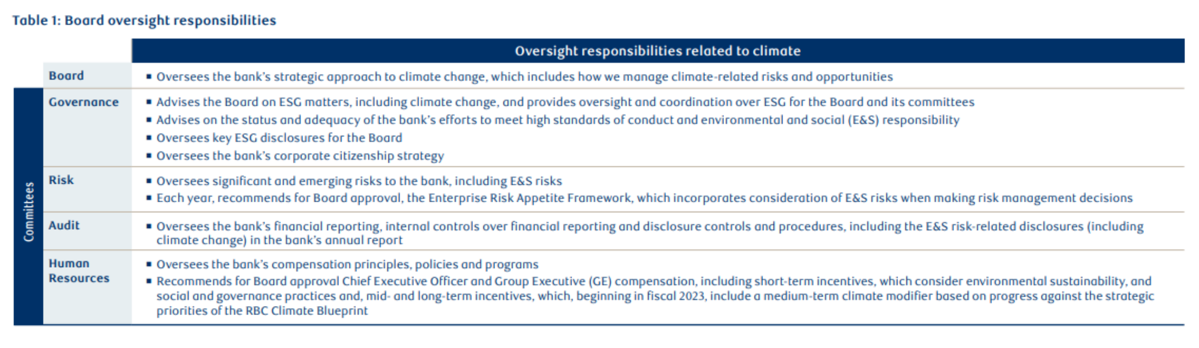


Table 1: Board oversight responsibilities

		Oversight responsibilities related to climate
	Board	▪ Oversees the bank's strategic approach to climate change, which includes how we manage climate-related risks and opportunities
Committees	**Governance**	▪ Advises the Board on ESG matters, including climate change, and provides oversight and coordination over ESG for the Board and its committees ▪ Advises on the status and adequacy of the bank's efforts to meet high standards of conduct and environmental and social (E&S) responsibility ▪ Oversees key ESG disclosures for the Board ▪ Oversees the bank's corporate citizenship strategy
	Risk	▪ Oversees significant and emerging risks to the bank, including E&S risks ▪ Each year, recommends for Board approval, the Enterprise Risk Appetite Framework, which incorporates consideration of E&S risks when making risk management decisions
	Audit	▪ Oversees the bank's financial reporting, internal controls over financial reporting and disclosure controls and procedures, including the E&S risk-related disclosures (including climate change) in the bank's annual report
	Human Resources	▪ Oversees the bank's compensation principles, policies and programs ▪ Recommends for Board approval Chief Executive Officer and Group Executive (GE) compensation, including short-term incentives, which consider environmental sustainability, and social and governance practices and, mid- and long-term incentives, which, beginning in fiscal 2023, include a medium-term climate modifier based on progress against the strategic priorities of the RBC Climate Blueprint

Executive compensation

The design of CEO and Group Executive compensation incorporates ESG considerations in the short-, medium- and long-term programs to incentivize our business leaders in advancing positive change, progress towards our objectives, and create long-term sustainable value for our shareholders.

Bank's short-term incentive (STI) program for the CEO and GE includes individual performance objectives tied to Bank's financial performance, client outcomes and contribution to our risk and strategic objectives, including environmental sustainability, and social and governance practices. The STI program for the CEO and GE includes a 30% weighting for risk and strategic objectives, which includes performance objectives related to environmental sustainability, and social and governance practices. This is highlighted on 2024 Proxy Circular. Objectives and results related to environmental sustainability, and social and governance practices are discussed on 2024 Proxy Circular.

Recognizing that climate change is an increasingly important consideration for shareholders and other stakeholders, new for 2023, the CEO and GE mid-term incentive (MTI) and long-term incentive (LTI) programs include a medium-term climate-based objective related to progress made towards the strategic priorities of the RBC Climate Blueprint.

This climate-focused assessment provides an additional incentive for the CEO and GE to accelerate Bank's progress towards these priorities and enables the Board to recognize their efforts by applying a modifier to MTI and LTI awards, taking into consideration their actions supporting our climate strategy.

The Board recognizes that managing climate risks and opportunities is multi-faceted, and that Bank has taken measures to continue momentum on its climate journey. After reflecting on Bank's commitments, actions taken to date, and relative performance compared to peers, the Board has assessed Bank's in-year progress against medium-term climate commitments to be on track, and no further modifier was applied to the 2023 MTI and LTI awards granted.

2. Strategy

TCFD CLIMATE-RELATED RECOMMENDED DISCLOSURES

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[47]
Impacts, risks and key opportunities and linkages to business strategy and model		
• Description of material climate-related risks and opportunities over short-, medium- and long-term horizon, and their link to planning horizon in strategy development	• Methods for identifying risks and opportunities for businesses (qualitative) • Reference of industry recognized frameworks or models for identifying risks and opportunities and a discussion of why the framework(s) is selected • Describe climate-related risks and opportunities by business segment or geographical region	**Bank** • describe significant concentrations of credit exposure to carbon-related assets • consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities.

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[47]

• Effects of climate-related impacts, risks and opportunities on strategy and decision making
• Impact on business model and value chain, strategy and decision-making, financial position, financial performance and cash flow
• Report key information on the organisation's **transition plan** to meet its commitments to reduce greenhouse gas emissions (if any) and/or respond to significant climate impacts, risks and opportunities, towards a low-carbon economy.
	Financial institutions consider disclosing information on the impact of the risks and opportunities given above, including:
	• Operational footprint level impact
	    • GHG emissions
	    • Use of renewable energy
	    • Employee level impact
	• Business segment (or product-level) exposure:
	    • Financing
	    • Revenue
	    • Balance sheet (e.g., assets — tangible/intangible, liabilities)
	    • % of total portfolio, % by sector
	    • $ of capital commitments
	    • $ of carbon-related exposures and methodology
	• In alignment to the Sectoral Decarbonization Approach, firms perform enhanced financial analysis at the asset level across business segments:
	    • $ and % of green and brown financing by sector
	    • $ and # amount of green bonds issued and general description linked to firm's strategy
	    • $ of risk weighted assets (RWAs) by sector and/or portfolio
	    • $ and % of financed emissions and methodology by sector and/or portfolio
	    • $ and % of assets under management (AUM) and ESG funds
	    • $ and # of renewable energy transactions reviewed/ approved
		Insurance
		Insurance companies should describe the potential impacts of climate-related risks and opportunities, as well as provide supporting quantitative information where available, on their core businesses, products, and services, including:
		• information at the business division, sector, or geography levels
		• how the potential impacts influence client, cedent, or broker selection
		• whether specific climate-related products or competencies are under development, such as insurance of green infrastructure, specialty climate-related risk advisory services, and climate-related client engagement.
		Asset Management
		• describe how climate-related risks and opportunities are factored into relevant products or investment strategies.
		• describe how each product or investment strategy might be affected by the transition to a lower-carbon economy.

• Resilience of the strategy to climate-related risks
    • Organisation should describe the resilience of its strategy and business model(s) in relation to climate change, including:
	Scenario Analysis:
	• Scenario
	    • 3+ types of scenarios (e.g., 1.5°C, 2°C)
	    • Description of scenario (e.g., in-house vs. industry collaboration, vendor)
	    • Source of scenario
	    • High-level outcome by scenario
		Insurance
		• Insurance companies that perform climate-related scenario analysis on their underwriting activities should provide the following information:
		    • description of the climate-related scenarios used, including the critical input parameters, assumptions

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[47]
(a) the scope of the resilience analysis (b) how the resilience analysis has been conducted, including the use of climate scenario analysis (c) the results of the resilience analysis including the results from the use of scenario analysis..	• Variables • Explanation on alignment with existing or in-flight regulatory initiatives • Assumptions and methodology • Depiction of key scenario assumptions • Depiction of segmentation methodology used across business segments • 4°C investment scenario analysis • Disruptive non-linear scenarios and correlation of climate risk variables (i.e., physical and transition risks) to macroeconomic variables • Result • Firm-specific overlays, limitations or adjustments • Exposure by sector and/or geography at year-end by defined time horizons • (short, medium, long) **Resilience strategies with climate risks, opportunities and impacts** • Definition of operational resilience strategy • Outcomes of climate-based stress test scenarios and high-level details of performance under scenarios • Summary of scenario analysis results in the context of financial commitments and recent year progress • Description of resiliency of business model and strategic decisions occurred over the past 12 months • Detail of considerations on client/customer resilience through stress test scenarios • Detail on communities of operation's performance through stress test scenarios • Firm-specific description on sector resilience through stress test scenarios and how the firm is responding	and considerations, and analytical choices. In addition to a 2°C scenario, insurance companies with substantial exposure to weather-related perils should consider using a greater than 2°C scenario to account for physical effects of climate change • time frames used for the climate-related scenarios, including short-, medium-, and long-term milestones **Asset owner** • Asset owners that perform scenario analysis should consider providing a discussion of how climate-related scenarios are used, such as to inform investments in specific assets.

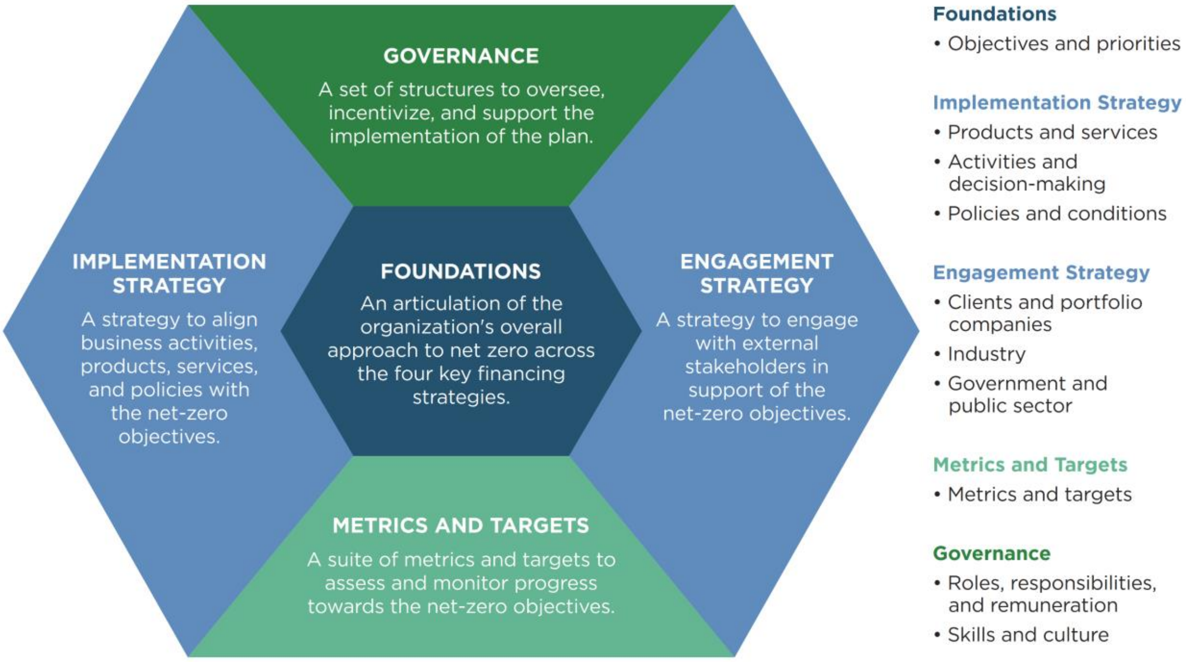
Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[47]
	• Investment/lending portfolio (or asset level) performance under selected scenarios.	

GUIDANCE ON DEVELOPING CLIMATE-RELATED STRATEGY DISCLOSURES FOR FINANCIAL INSTITUTIONS

i. Net-zero Transition plan

The net-zero transition plan will concretize the implementation of strategic priorities, along with methods for monitoring and effectively managing the plan. GFANZ has introduced a recommended Net-Zero Transition Plan framework for financial institutions, comprising five themes with ten components as follows:

Figure 7: Components of a financial institution's net-zero transition plan. Source: GFANZ[48]



Organizations can refer to the detailed implementation guidance for each component in the GFANZ Report in the Transition Plan towards net zero emissions.[49]

In addition, financial institutions can refer to specific implementation initiatives to transform towards zero at:

- For Insurance companies: Transition Plan Taskforce's (TPT) Net Zero Transition Guide – Overview – https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/sector-summary-apr-2024.pdf Insurance Industry

- For Banks: Transition Plan Taskforce (TPT) Net Zero Transition Guide for Banks: https://itpn.global/banks-sector-guidance/

- For Asset Managers: Transition Plan Taskforce (TPT) net zero transition guide https://itpn.global/asset-managers-sector-guidance/

- For Asset Owner: Transition Plan Taskforce (TPT) net zero transition guide https://itpn.global/asset-owners-sector-guidance/

Disclosure of information on the transition plan towards net zero emissions

On the basis of 05 themes of the Net Zero Transition Plan proposed by GFANZ (as mentioned in Figure 7 7 above), the Transition Plan Taskforce (TPT) has issued a Disclosure Framework for net-zero transition plans for financial institutions as follows:[50]

1. Foundations: An entity shall disclose the Strategic Ambition of its plan. This shall comprise the entity's objectives and priorities for responding and contributing to the transition towards a low GHG emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment. Under this element, an entity should also disclose the high-level implications that this transition plan will have on its business model and value chain, as well as the key assumptions and external factors on which the plan depends.
2. Implementation Strategy: An entity shall disclose the actions it is taking within its business operations, products and services, and policies and conditions to achieve its Strategic Ambition, as well as the resulting implications for its financial position, financial performance, and cash flows.
3. Engagement strategy: An entity shall disclose how it is engaging with its value chain, industry peers, government, public sector, communities, and civil society in order to achieve its Strategic Ambition.
4. Metrics and targets: An entity shall disclose the metrics and targes that it is using to drive and monitor progress towards its Strategic Ambition.
5. Governance: An entity shall disclose how it is embedding its transition plan within its governance structures and organisational arrangements in order to achieve the Strategic Ambition of its transition plan.

TPT's information disclosure framework divides these 5 themes into 19 sub-elements with detailed disclosure recommendations – figure below. Financial institutions can refer to the detailed information disclosure guidelines in the TPT's guidance document at: https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/disclosure-framework-oct-2023.pdf

Figure 8: TPT's Disclosure framework for net-zero transition plan

ii. Scenario analysis

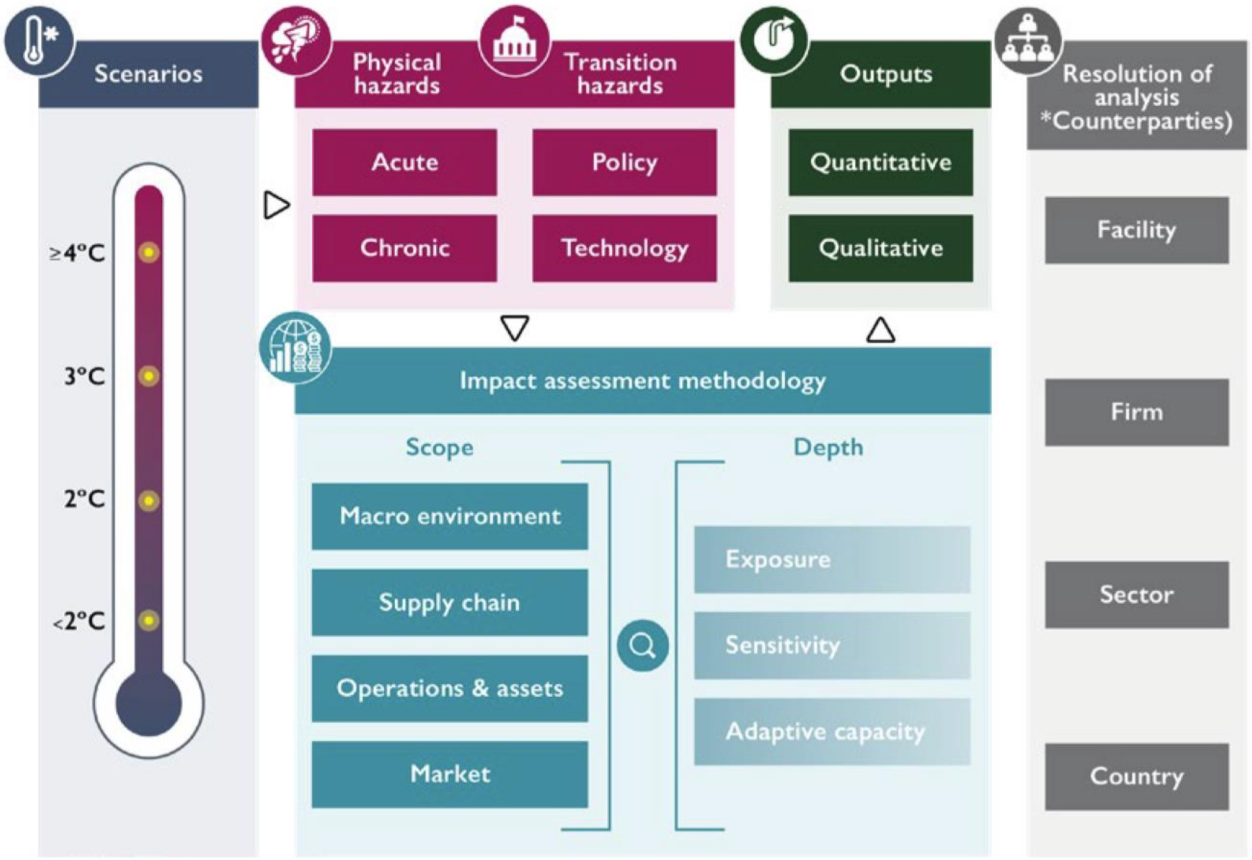
The TCFD recommends that financial institutions conduct a forward-looking scenario-based assessment of climate-related risks and opportunities to ensure that financial institutions incorporate the long-term impacts of climate change into their strategic decisions. For investors, who act both as users and disclosers of climate-related information, conducting climate risk analysis is of significant importance. Holding large investment portfolios, most investment institutions face cross-sectoral risks across multiple geographic regions and financial instruments, while also serving as capital providers for economic development over a long-term horizon. However, assessing climate-related risks for investment institutions can be particularly challenging due to the scale and diversity of their portfolios.

TCFD recommends that organizations use multiple scenarios to account for a range of assumptions about uncertain future outcomes. The scenarios selected will depend on the scope and objectives of the analysis. Specifically, organizations should use scenarios representing different warming pathways, which may include

1.5°C, 2°C, 3°C, or 4°C scenarios across various timeframes. Each warming pathway can be associated with a set of different transition trajectories. By exploring and studying multiple future scenarios and transition pathways, organizations can gain a better understanding of the range of possible outcomes and thereby develop the most effective strategies.

When developing scenarios, financial institutions should use science-based scenarios grounded in global climate models, which currently include those from the Network for Greening the Financial System (NGFS), the International Energy Agency (IEA), and the Intergovernmental Panel on Climate Change (IPCC). NGFS scenarios can be used to conduct initial scenario analysis.

Figure 9: Analytical factors in scenario-based impact assessment. Source: Vivid Economics



Financial institutions can learn more about how to conduct a scenario analysis assessment through the following documents:

- TCFD, 2017 Technical Supplement, The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities - https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Technical-Supplement-062917.pdf
- UNEP FI, Extending our Horizons: Assessing Credit Risk and Opportunities in a Changing Climate (Part 1: Transition-related risks and opportunities): https://www.unepfi.org/industries/banking/extending-our-horizons/
- UNEP FI, Navigating a New Climate: Assessing Credit Risk and Opportunities in a Changing Climate (Part 2: Physical-related risks and opportunities): https://www.unepfi.org/industries/banking/navigating-a-new-climate-assessing-credit-risk-and-opportunity-in-a-changing-climate/
- UNEP FI, Charting a New Climate: State-of-the-art tools and data for banks to assess credit risks and opportunities from physical climate change impacts https://www.unepfi.org/industries/banking/charting-a-new-climate/
- UNEP FI, The Climate Risk Landscape: Mapping Climate-related Financial Risk Assessment Methodologies: https://www.unepfi.org/themes/climate-change/the-climate-risk-landscape/
- UNEP FI, Pathways to Paris: A Practical Guide to Climate Transition Scenarios for Financial Professionals: https://www.unepfi.org/industries/banking/pathways-to-paris/

- UNEP FI, Decarbonisation and Disruption: Understanding the Financial Risks of a Disorderly Transition using Climate Scenarios https://www.unepfi.org/industries/banking/decarbonisation-and-disruption/
- UNEP FI, Changing course, A comprehensive investor guide to scenario-based methods for climate risk assessment, in response to the TCFD https://www.unepfi.org/industries/investment/changing-course-a-comprehensive-investor-guide-to-scenario-based-methods-for-climate-risk-assessment-in-response-to-the-tcfd

Example 9: Climate-related Disclosure - Strategy

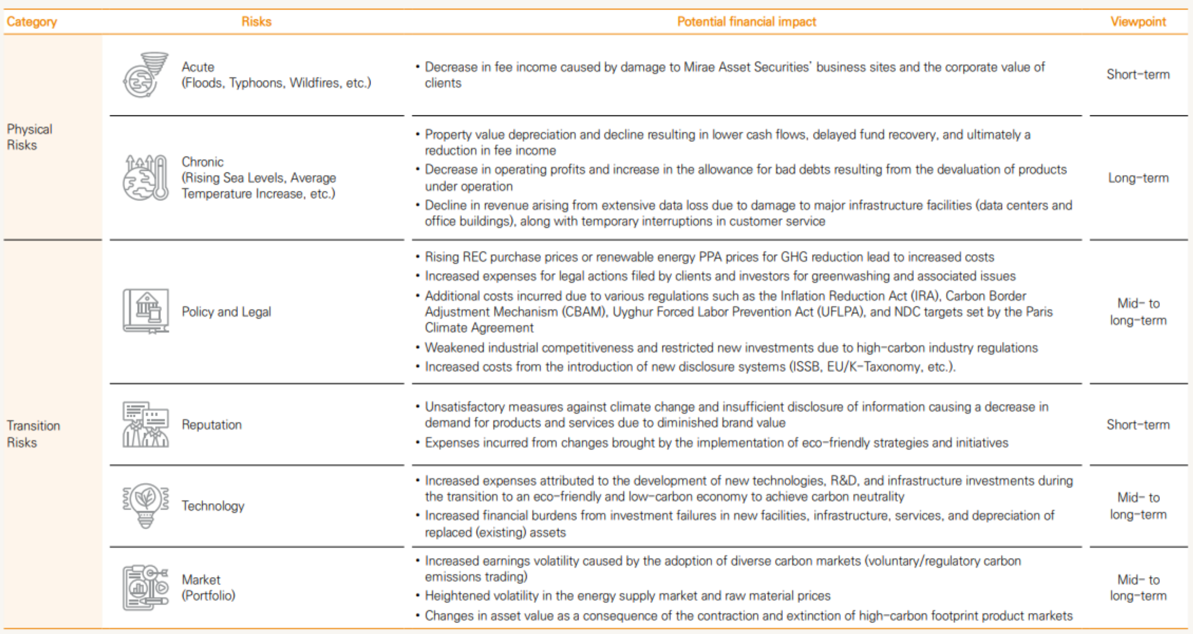
The business strategy of a financial group from South Korea and the relevant key impacts, opportunities and risks[51]

Description of material climate-related risks and opportunities over short-, medium- and long-term horizon, and their link to planning horizon in strategy development

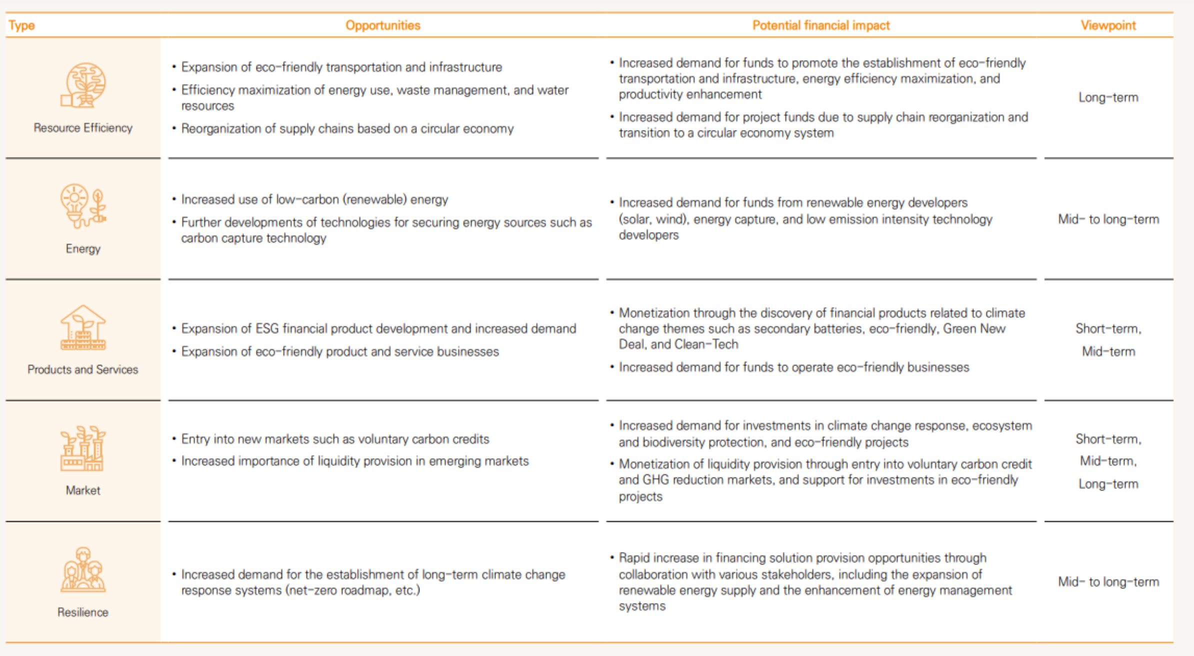
Group recognizes sustainability-related risks in line with its investment and operational cycles. Short-term risks are defined as "risks that may arise within a one-year period," mid-term as "risks that may arise within a period of 2 to 5 (or less than 6) years," and long-term as "risks that may arise over a period of more than 6 years. "Short-term risks mainly encompass sustainability-related risks for investment positions that may be rapidly liquidated within a one-year period. Mid-term risks pertain to sustainability-related risks affecting investment assets like real estate and power projects which span several years, whereas long-term risks involve strategic assets and equity investments essential for ongoing operations under the going concern premise, extending over six years.

Short-term opportunities are defined as "opportunities that may arise within a one-year period," mid-term as "opportunity factors that may arise within a period of three to five years," and long-term as "opportunity factors that may arise over a period of six years or more." Group sustainability-related opportunities in line with its investment and operational cycles. The Company categorizes short-term opportunities as those sustainability-related opportunities rapidly capitalized on through management and investment within the year. Mid-term opportunity factors encompass sustainability-related opportunity factors in real estate and renewable energy project financing that require a defined duration among investment assets for a period of 3 years or more, while long-term opportunity factors are associated with strategic assets and equity investments critical for the Company's ongoing operations extending beyond six years.

Analysis of critical risks and opportunities



Category	Risks	Potential financial impact	Viewpoint
Physical Risks	Acute (Floods, Typhoons, Wildfires, etc.)	• Decrease in fee income caused by damage to Mirae Asset Securities' business sites and the corporate value of clients	Short-term
	Chronic (Rising Sea Levels, Average Temperature Increase, etc.)	• Property value depreciation and decline resulting in lower cash flows, delayed fund recovery, and ultimately a reduction in fee income • Decrease in operating profits and increase in the allowance for bad debts resulting from the devaluation of products under operation • Decline in revenue arising from extensive data loss due to damage to major infrastructure facilities (data centers and office buildings), along with temporary interruptions in customer service	Long-term
Transition Risks	Policy and Legal	• Rising REC purchase prices or renewable energy PPA prices for GHG reduction lead to increased costs • Increased expenses for legal actions filed by clients and investors for greenwashing and associated issues • Additional costs incurred due to various regulations such as the Inflation Reduction Act (IRA), Carbon Border Adjustment Mechanism (CBAM), Uyghur Forced Labor Prevention Act (UFLPA), and NDC targets set by the Paris Climate Agreement • Weakened industrial competitiveness and restricted new investments due to high-carbon industry regulations • Increased costs from the introduction of new disclosure systems (ISSB, EU/K-Taxonomy, etc.).	Mid- to long-term
	Reputation	• Unsatisfactory measures against climate change and insufficient disclosure of information causing a decrease in demand for products and services due to diminished brand value • Expenses incurred from changes brought by the implementation of eco-friendly strategies and initiatives	Short-term
	Technology	• Increased expenses attributed to the development of new technologies, R&D, and infrastructure investments during the transition to an eco-friendly and low-carbon economy to achieve carbon neutrality • Increased financial burdens from investment failures in new facilities, infrastructure, services, and depreciation of replaced (existing) assets	Mid- to long-term
	Market (Portfolio)	• Increased earnings volatility caused by the adoption of diverse carbon markets (voluntary/regulatory carbon emissions trading) • Heightened volatility in the energy supply market and raw material prices • Changes in asset value as a consequence of the contraction and extinction of high-carbon footprint product markets	Mid- to long-term



Type	Opportunities	Potential financial impact	Viewpoint
Resource Efficiency	• Expansion of eco-friendly transportation and infrastructure • Efficiency maximization of energy use, waste management, and water resources • Reorganization of supply chains based on a circular economy	• Increased demand for funds to promote the establishment of eco-friendly transportation and infrastructure, energy efficiency maximization, and productivity enhancement • Increased demand for project funds due to supply chain reorganization and transition to a circular economy system	Long-term
Energy	• Increased use of low-carbon (renewable) energy • Further developments of technologies for securing energy sources such as carbon capture technology	• Increased demand for funds from renewable energy developers (solar, wind), energy capture, and low emission intensity technology developers	Mid- to long-term
Products and Services	• Expansion of ESG financial product development and increased demand • Expansion of eco-friendly product and service businesses	• Monetization through the discovery of financial products related to climate change themes such as secondary batteries, eco-friendly, Green New Deal, and Clean-Tech • Increased demand for funds to operate eco-friendly businesses	Short-term, Mid-term
Market	• Entry into new markets such as voluntary carbon credits • Increased importance of liquidity provision in emerging markets	• Increased demand for investments in climate change response, ecosystem and biodiversity protection, and eco-friendly projects • Monetization of liquidity provision through entry into voluntary carbon credit and GHG reduction markets, and support for investments in eco-friendly projects	Short-term, Mid-term, Long-term
Resilience	• Increased demand for the establishment of long-term climate change response systems (net-zero roadmap, etc.)	• Rapid increase in financing solution provision opportunities through collaboration with various stakeholders, including the expansion of renewable energy supply and the enhancement of energy management systems	Mid- to long-term

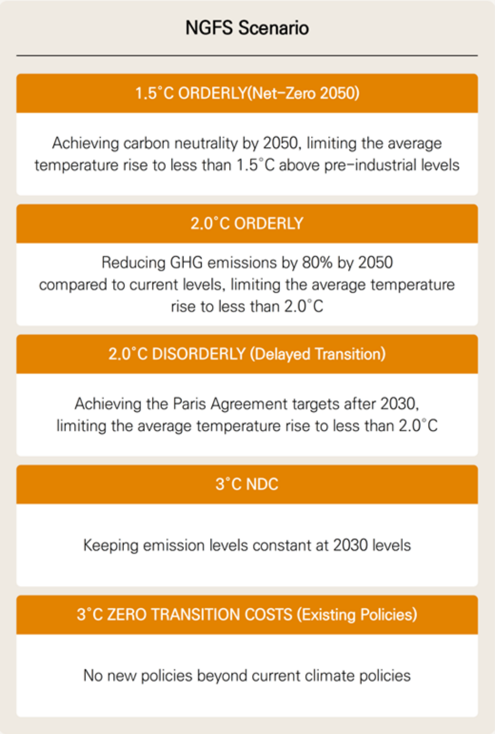
Strategy resilience and resilience to climate-related risks

As a result of the scenario analysis focusing on transition risks and opportunities, Company calculated the potential losses for listed stocks, unlisted stocks, corporate bonds, and corporate loans, which totalled KRW 2.56 trillion at the end of 2023, using five scenarios provided by NGFS. **

***Under the scenario designed to limit temperature increases to 1.5°C (1.5°C Orderly), the highest estimated transition risk loss was around KRW 12.7 billion.*

In contrast, the estimated loss for the 3°C NDC scenario, which maintains emission at 2030 emission level, was around KRW 1.6 billion.

- *The 3°C current policies scenario has zero transition costs as it was predicated on* the *assumption that there would be no transition risk due to the continuation of existing climate policies.* **



NGFS Scenario

1.5˚C ORDERLY(Net-Zero 2050)

Achieving carbon neutrality by 2050, limiting the average temperature rise to less than 1.5˚C above pre-industrial levels

2.0˚C ORDERLY

Reducing GHG emissions by 80% by 2050 compared to current levels, limiting the average temperature rise to less than 2.0˚C

2.0˚C DISORDERLY (Delayed Transition)

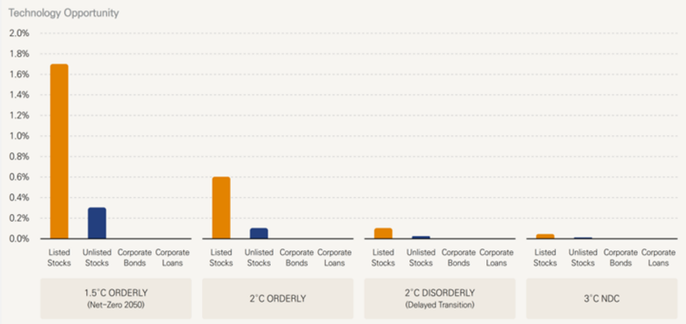
Achieving the Paris Agreement targets after 2030, limiting the average temperature rise to less than 2.0˚C

3˚C NDC

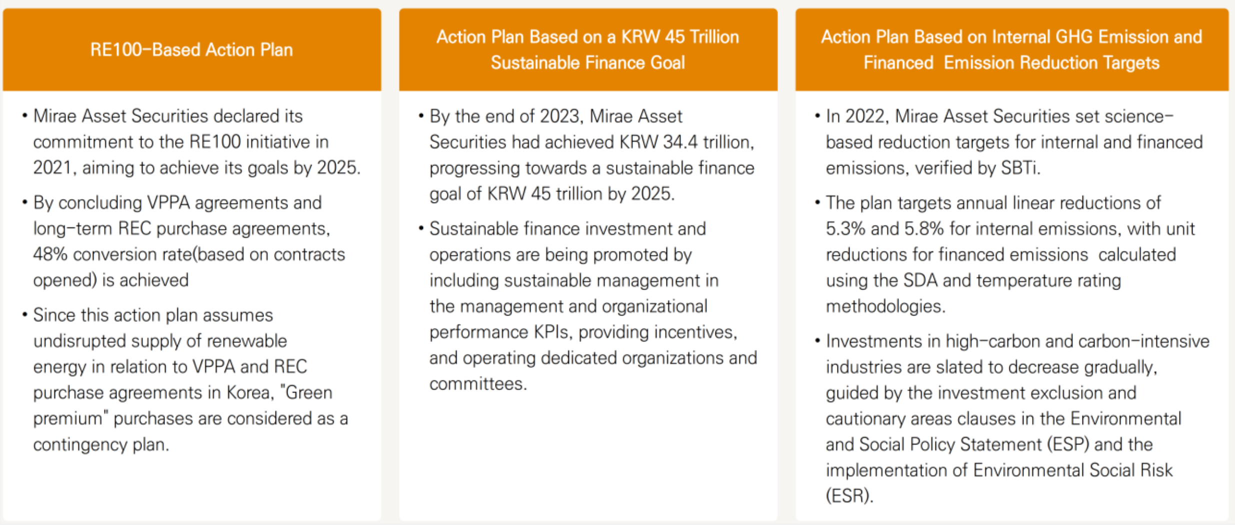
Keeping emission levels constant at 2030 levels

3˚C ZERO TRANSITION COSTS (Existing Policies)

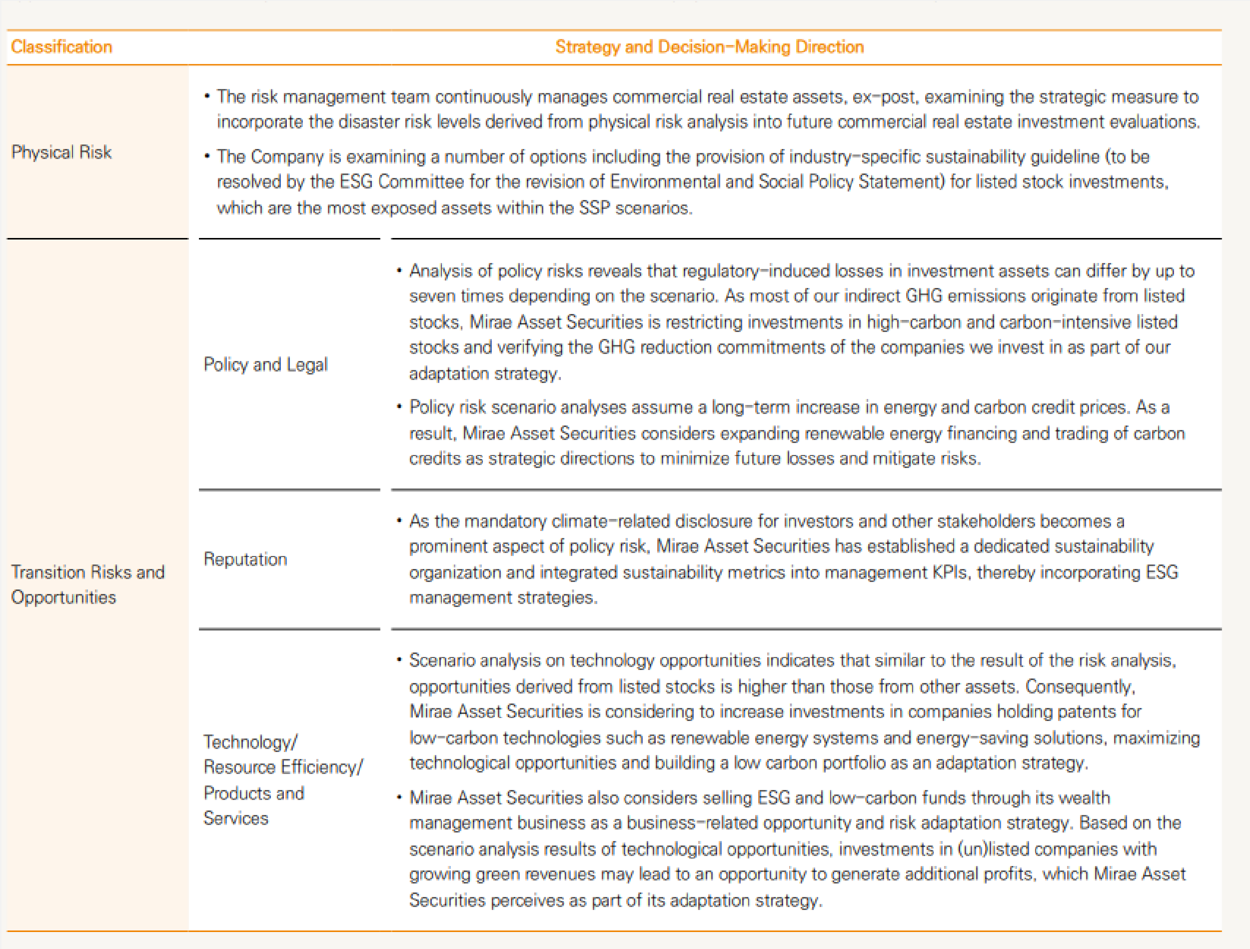
No new policies beyond current climate policies



Under its “Climate Engagement” strategy, one of three long-term ESG strategies, Company has prioritized expanding green, low-carbon finance, shifting to renewable energy, and managing the carbon emissions of its investment assets. The Company has developed three specific climate transition plans to tackle sustainability-related risks and opportunities.



RE100-Based Action Plan	Action Plan Based on a KRW 45 Trillion Sustainable Finance Goal	Action Plan Based on Internal GHG Emission and Financed Emission Reduction Targets
• Mirae Asset Securities declared its commitment to the RE100 initiative in 2021, aiming to achieve its goals by 2025. • By concluding VPPA agreements and long-term REC purchase agreements, 48% conversion rate(based on contracts opened) is achieved • Since this action plan assumes undisrupted supply of renewable energy in relation to VPPA and REC purchase agreements in Korea, "Green premium" purchases are considered as a contingency plan.	• By the end of 2023, Mirae Asset Securities had achieved KRW 34.4 trillion, progressing towards a sustainable finance goal of KRW 45 trillion by 2025. • Sustainable finance investment and operations are being promoted by including sustainable management in the management and organizational performance KPIs, providing incentives, and operating dedicated organizations and committees.	• In 2022, Mirae Asset Securities set science-based reduction targets for internal and financed emissions, verified by SBTi. • The plan targets annual linear reductions of 5.3% and 5.8% for internal emissions, with unit reductions for financed emissions calculated using the SDA and temperature rating methodologies. • Investments in high-carbon and carbon-intensive industries are slated to decrease gradually, guided by the investment exclusion and cautionary areas clauses in the Environmental and Social Policy Statement (ESP) and the implementation of Environmental Social Risk (ESR).



Classification		Strategy and Decision-Making Direction
Physical Risk		• The risk management team continuously manages commercial real estate assets, ex-post, examining the strategic measure to incorporate the disaster risk levels derived from physical risk analysis into future commercial real estate investment evaluations. • The Company is examining a number of options including the provision of industry-specific sustainability guideline (to be resolved by the ESG Committee for the revision of Environmental and Social Policy Statement) for listed stock investments, which are the most exposed assets within the SSP scenarios.
Transition Risks and Opportunities	Policy and Legal	• Analysis of policy risks reveals that regulatory-induced losses in investment assets can differ by up to seven times depending on the scenario. As most of our indirect GHG emissions originate from listed stocks, Mirae Asset Securities is restricting investments in high-carbon and carbon-intensive listed stocks and verifying the GHG reduction commitments of the companies we invest in as part of our adaptation strategy. • Policy risk scenario analyses assume a long-term increase in energy and carbon credit prices. As a result, Mirae Asset Securities considers expanding renewable energy financing and trading of carbon credits as strategic directions to minimize future losses and mitigate risks.
	Reputation	• As the mandatory climate-related disclosure for investors and other stakeholders becomes a prominent aspect of policy risk, Mirae Asset Securities has established a dedicated sustainability organization and integrated sustainability metrics into management KPIs, thereby incorporating ESG management strategies.
	Technology/ Resource Efficiency/ Products and Services	• Scenario analysis on technology opportunities indicates that similar to the result of the risk analysis, opportunities derived from listed stocks is higher than those from other assets. Consequently, Mirae Asset Securities is considering to increase investments in companies holding patents for low-carbon technologies such as renewable energy systems and energy-saving solutions, maximizing technological opportunities and building a low carbon portfolio as an adaptation strategy. • Mirae Asset Securities also considers selling ESG and low-carbon funds through its wealth management business as a business-related opportunity and risk adaptation strategy. Based on the scenario analysis results of technological opportunities, investments in (un)listed companies with growing green revenues may lead to an opportunity to generate additional profits, which Mirae Asset Securities perceives as part of its adaptation strategy.

3. Risk Management

TCFD CLIMATE-RELATED RECOMMENDED DISCLOSURES

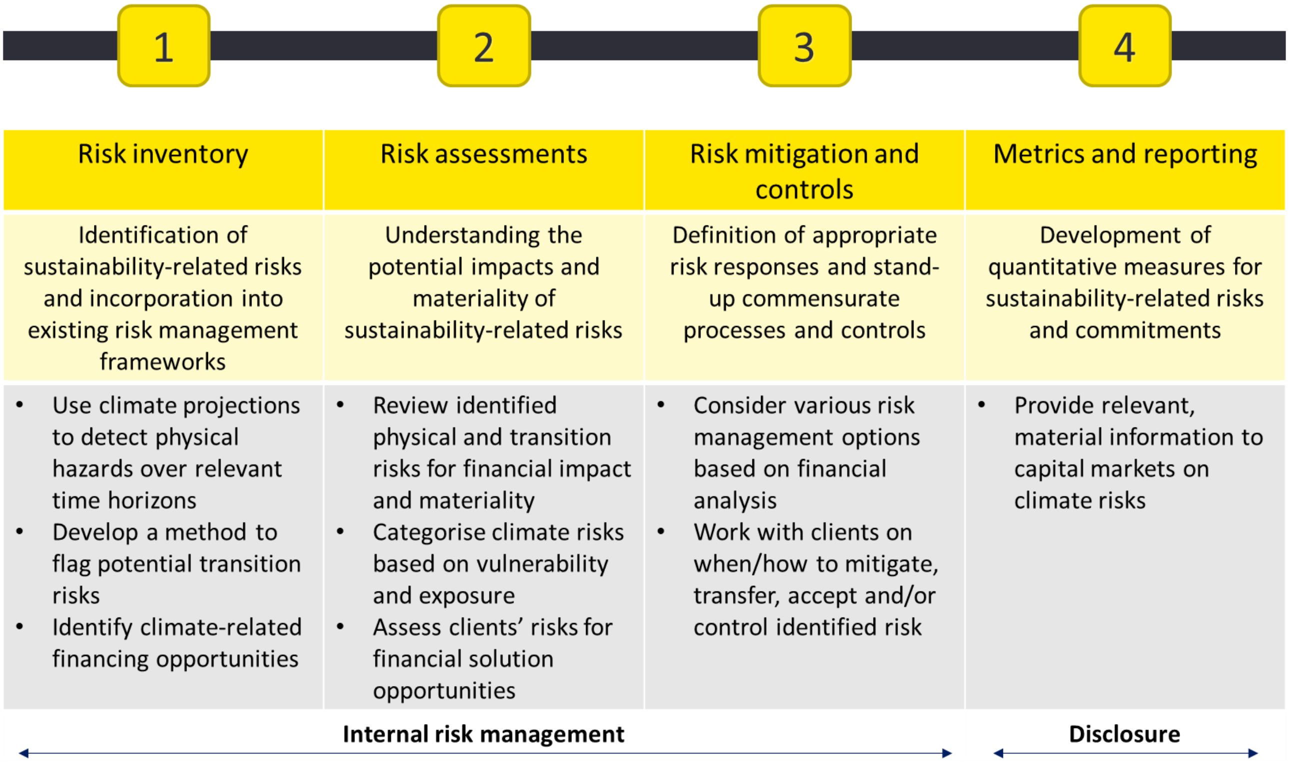
Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[52]
Description of the extent to which, and how, the processes for managing climate-related risks and opportunities are integrated into the organisation's overall risk management process		
Describe the organization's processes for identifying and assessing climate-related risks.	• Description of general risk management function and level of integration into business-as-usual capabilities (e.g., risk ID, risk taxonomy, risk inventory, credit rating, underwriting standards, PD/LGD, risk appetite/limits) at a sector level • Description of internal tools and technology and external vendors • Reference to industry recognized frameworks for identifying risks and explanation of why your firm selected them • Description of internal taxonomy classification using recognized framework to apply "brown to green" scale by business segment • Discussion of the linkage between risk identification processes and the creation of limits and any other methods used to control risk within the portfolio • Exposure ($/%) and quantification of risk types by business segment and jurisdiction • Description of impacted risk management process and controls, including a description of improvements planned/completed to enhance capabilities and incorporate climate-change risk into existing risk management framework • Commitments to future state capabilities • Carbon measurement methodology and process to evaluate portfolio carbon and portfolio decarbonization pathways • Details of training and employee readiness planning and programs	**Bank** • Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk. Banks should also consider describing any risk classification frameworks used (e.g., the Enhanced Disclosure Task Force's framework for defining "Top and Emerging Risks"). **Insurance Company** • Insurance companies should describe the processes for identifying and assessing climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks: physical risks from changing frequencies and intensities of weather-related perils, transition risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation, and liability risks that could intensify due to a possible increase in litigation. • Insurance companies should describe key tools or instruments, such as risk models, used to manage climate-related risks in relation to product development and pricing. Insurance companies should also describe the range of climate-related events considered and how the risks generated by the rising propensity and severity of such events are managed. **Asset owner** • Asset owners should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks. • Asset owners should describe how they consider the positioning of their total portfolio with respect to the transition to a lower-carbon energy supply, production, and use. This could include explaining how asset owners actively manage their portfolios' positioning in relation to this transition. **Asset Manager** • Asset managers should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[52]
		availability and asset managers' ability to assess climate-related risks. • Asset managers should also describe how they identify and assess material climate-related risks for each product or investment strategy. This might include a description of the resources and tools used in the process. • Asset managers should describe how they manage material climate-related risks for each product or investment strategy.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	• Description of roles and responsibilities of different risk functions and their role in how they manage risks (systems, processes, reporting) • KPIs/KRIs by business segment • Business-segment specific description of enhancements to existing processes (e.g., underwriting, no. of transactions approved, attestation) • Improvements made to embed physical and transition risks into existing risk management capabilities • Description of additional risk mitigation measures (e.g., new exclusion policies, updated risk appetite statements, new lending targets or limits) • Management of reputation risk through position statements on climate-related issues, leveraging support of external stakeholders and NGOs • Policies that restrict or divest from exposures in high-risk sectors, which is in line with the 2° or below scenario • Environmental risk assessments conducted for new transactions and newly onboarded borrowers • Commitments to supporting clients through mitigation of physical and transition risks, as part of a broader underwriting strategy	

GUIDANCE ON DEVELOPING CLIMATE-RELATED RISK MANAGEMENT DISCLOSURES FOR FINANCIAL INSTITUTIONS

Integrating climate considerations into the existing risk management framework of financial institutions will support the achievement of business objectives in the organization's strategy and operations in general and ESG in particular. To better manage sustainability-related risks and achieve the SDGs, financial institutions should adopt the following structured risk framework to integrate sustainability considerations into existing risk management practices and improve their ability to respond to development regulations unshakeable. For more information, please refer to the General Handbook – Part 2, section 2.2.2.

Figure 10: Risk management for financial institutions. Source: EY and EBRD Synthesis[53].



1	2	3	4
Risk inventory	Risk assessments	Risk mitigation and controls	Metrics and reporting
Identification of sustainability-related risks and incorporation into existing risk management frameworks	Understanding the potential impacts and materiality of sustainability-related risks	Definition of appropriate risk responses and stand-up commensurate processes and controls	Development of quantitative measures for sustainability-related risks and commitments
• Use climate projections to detect physical hazards over relevant time horizons • Develop a method to flag potential transition risks • Identify climate-related financing opportunities	• Review identified physical and transition risks for financial impact and materiality • Categorise climate risks based on vulnerability and exposure • Assess clients' risks for financial solution opportunities	• Consider various risk management options based on financial analysis • Work with clients on when/how to mitigate, transfer, accept and/or control identified risk	• Provide relevant, material information to capital markets on climate risks

a. Climate-related risk inventory

Climate risks for financial institutions are financial impacts caused by climate change to their client base. The majority of a financial institution's climate risks lie within its lending portfolio, where there is a risk of sudden changes in customer cash flow due to climate-related events. Financial institutions may also face climate risks in their traded securities portfolios, including bonds — with the risk of significant changes in asset values due to fluctuations in revenue, expected expenses, and the value of capital assets. Climate risks can be categorized into two types: transition risks and physical risks.

i. Special characteristics of climate-related risks

When integrating climate risks into existing risk management processes, the risk management function of organizations should pay attention to the specific characteristics and complex variables of climate change. Specifically, the impacts of climate change vary by scale and geographic location, and evolve over time due to its long-term nature. Accordingly, the risk management function should review and adjust existing risk processes and policies to ensure these characteristics of climate risks are comprehensively considered.

The table below provides some important characteristics of climate-related risks.

Table 5: Characteristics of climate-related risks. Source: Compiled from TCFD[54]

Characteristics of climate-related risks	Impact on risk management processes
Impact varies by geography and business environment	The impacts of climate change and climate-related risks vary depending on geographic region and scale — whether national, regional, or global. They also differ based on business operations, types of products and services, markets served, operating locations, and the scope of the value chain. Therefore, risk management processes must be capable of addressing risks that manifest across different locations and scales, tailored to the specific circumstances of each organization. Organizations may also establish criteria within their risk policies to identify specific business areas that are more vulnerable to transition risks and/or physical risks.
Impact varies by time frame	Climate-related risks can exist and evolve over a period of time beyond traditional business planning and investment cycles. Risk management processes may need to be adapted to account for short, medium- and long-term timeframes to adequately address the impacts of climate change.

Characteristics of climate-related risks	Impact on risk management processes
Peculiarities and uncertainties	Climate change is an ever-changing and uncertain phenomenon with limited historical data, which in turn limits the ability to apply statistical and trends analysis. In addition, the impact of mitigation measures is also complex due to unpredictable fluctuations in new technology developments, government policies, and consumer behaviours and needs. When considering future uncertainties, organizations should use scenario analysis to consider the impact of risks under different future conditions.
Non-linear changes	As noted above, climate-related risks can manifest at different scales over time, with increasing severity and scope of impact. Climate phenomena reaching thresholds may trigger major, long-term, sudden, and irreversible changes. In addition, abrupt natural climate events can lead to sudden policy changes and disruptions. Understanding the sensitivity of thresholds within the natural climate system, as well as within ecosystems and societies, is essential for comprehending climate-related risks. The risk function should explore the non-linear changes of climate change and incorporate them into risk assessments
Systemic, complex, and widespread impacts	Climate-related risks are interconnected through socio-economic and financial systems, due to chain effects and systemic impacts. Climate-related risks can have direct impacts, but they also have indirect impacts that require the risk management process to adopt a multidimensional perspective to assess the impact on the organization in the short, medium and long term.

ii. Identification of climate-related risks

TCFD requires financial institutions to identify key climate-related risks and opportunities, as well as the potential financial impacts these may bring. Accordingly, financial institutions need to assess the effects of climate change and the decarbonization process within the context of their business operations and the businesses in their portfolios — including geographic context, industry regulations, historical climate-related trends, and current scientific evidence on future climate impacts. TCFD classifies climate-related risks into two main categories (physical risks and transition risks), which are further broken down into subcategories (see table below). Organizations can use these classifications to identify material risks and consider the approaches outlined in the table below as a starting point.

Table 6: Classification of climate-related risks and examples (non-exhaustive). Source: TCFD

Risk Type	Description	Examples of risks
Transition risk Arise from the shift toward a low-carbon economy. These risks may result from changes in policy, legislation, technology, and markets. Depending on the nature, speed, and focus of these changes, they may lead to varying degrees of financial and reputational risks.	**Policy and legal risks** Risks related to policies aimed at limiting actions contributing to climate change. For example, carbon pricing mechanisms may increase operating costs. Legal risks may also arise from litigation against organizations that fail to manage or mitigate their climate impact.	• Increased pricing of GHG emissions and emissions-reporting obligations • Mandates on and regulation of xisting products and services • Exposure to litigation
	Technology risks Technological advances are critical to meeting global climate goals and enabling the transition to a low-carbon economy. The pace of development and the introduction of new technologies can have a detrimental impact on organizations.	• Substitution of existing products and services with lower emissions options • Unsuccessful investment in new technologies • Costs to transition to lower emissions technology

Risk Type	Description	Examples of risks
	Market risk Markets may be affected by climate change in various ways, including shifts in supply and demand for certain goods, products, and services.	• Changing customer behavior • Uncertainty in market signals • Increased cost of raw materials
	Reputational risk Changes in customer perception may lead to reputational risks, especially regarding policies and actions that either support or hinder the transition to a low-carbon economy.	• Shifts in consumer preferences • Stigmatization of sector • Increased stakeholder concern or negative stakeholder feedback
Physical Risks Result from changes in weather patterns and long-term climate conditions. These can be acute (event-driven) or chronic (long-term), potentially causing financial impacts through direct asset damage or supply chain disruptions.	**Acute risk** Refer to risks caused by specific events, such as extreme weather events like cyclones, storms, or floods. These are often seasonal and may increase in severity and frequency due to atmospheric changes.	• Increased everity of extreme weather events such as cyclones and floods
	Chronic risk Refer to long-term changes in climate patterns due to global warming, which may lead to rising sea levels or prolonged heatwaves..	• Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels

Table 7: How to identify climate-related risks. Source: TCFD

Risk Classification	Points to consider when determining climate-related risks
Transition risk	
Policy and legal risks	• National climate targets in the countries in which the organization operates and invests • Current or anticipated regulatory policies in the countries where the organization operates • Risk of carbon pricing across different regions where the organization operates, and expected changes in these risks in the future • Risk of legal litigation — either directly or indirectly through the lending portfolio
Technology risks	• Risks related to anticipated technological changes, especially through capital investment activities • Impacts on the organization’s investment portfolio due to the cost competitiveness of current coal-based technologies compared to emerging renewable technologies • Investment sectors of the organization may be disrupted by the development of low-carbon technologies, such as in transportation and agriculture
Market risk	• Alignment of the organization’s products and services with international climate change commitments

Risk Classification	Points to consider when determining climate-related risks
	• Changes in consumer demand and their impact on the organization’s revenue streams
Reputational risk	• The organization’s communication approach regarding current and planned climate actions • The structure of the investment portfolio by sector and the risk of opposition within those sectors
Physical Risks	
Acute risk	• Geographic distribution of the investment portfolio and the risk of physical climate impacts at those locations • Impact of these risks on the default risk of the organization’s borrowers, and consideration of these impacts in current lending policies
Chronic risk	

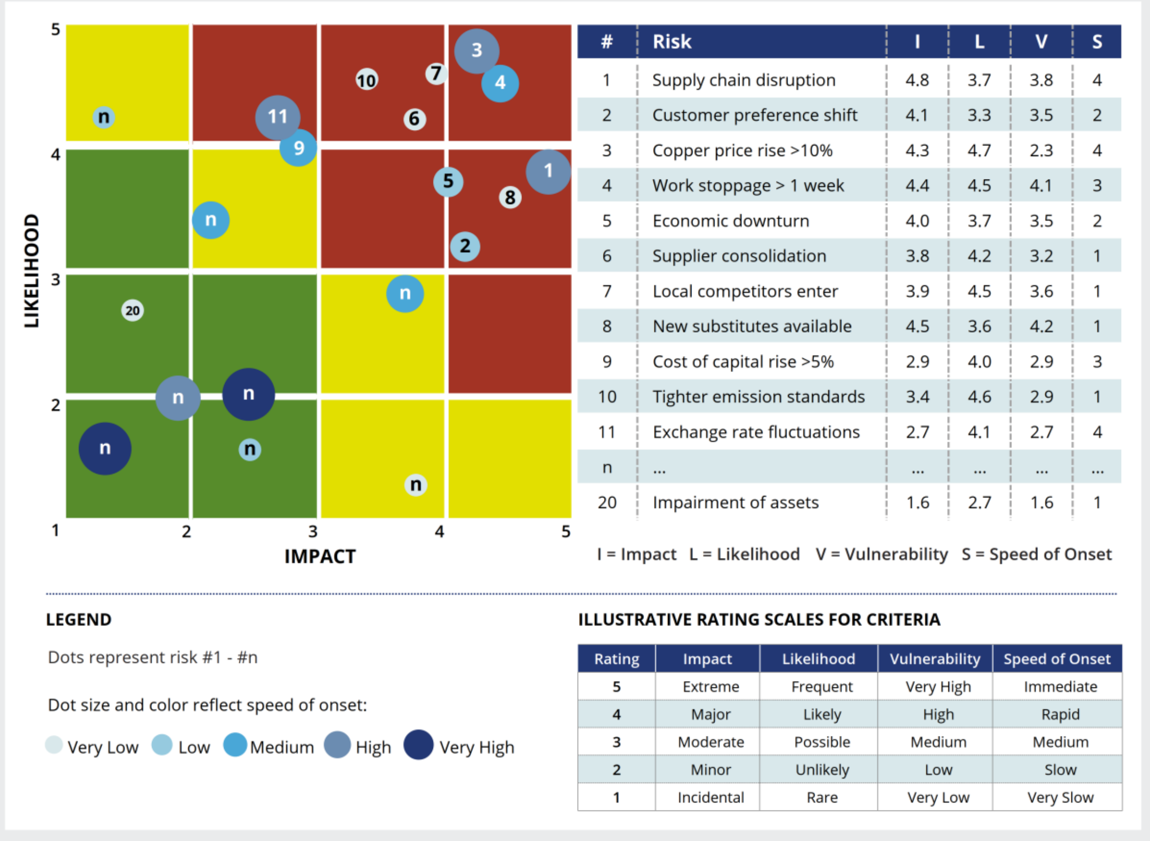
b. Climate-related risk assessment – Assessment criterial

Due to the nature of climate-related risks, in addition to the criteria of impact and likelihood, organizations may consider adding risk assessment and prioritization criteria including "vulnerability" and "speed of onset". These value criteria and priority ratings are defined as follows:

- Vulnerability: The degree to which an organization is susceptible to a risk event, based on its level of preparedness, agility, and adaptability. Vulnerability is linked to both impact and likelihood — the more vulnerable an organization is to a risk, the greater the impact if the event occurs. If risk controls are not implemented or functioning as designed, the likelihood of the event increases.
- Speed of Onset: The time between when a risk event occurs and when the organization begins to experience its effects. Understanding the speed of onset is useful for developing effective risk response plans.

The figure below provides an illustrative example of how an organization can apply criteria for vulnerability and speed of onset, along with criteria for likelihood and impact, to prioritize risks.

Figure 11: Illustration of climate-related Risk Prioritization Matrix



#	Risk	I	L	V	S
1	Supply chain disruption	4.8	3.7	3.8	4
2	Customer preference shift	4.1	3.3	3.5	2
3	Copper price rise >10%	4.3	4.7	2.3	4
4	Work stoppage > 1 week	4.4	4.5	4.1	3
5	Economic downturn	4.0	3.7	3.5	2
6	Supplier consolidation	3.8	4.2	3.2	1
7	Local competitors enter	3.9	4.5	3.6	1
8	New substitutes available	4.5	3.6	4.2	1
9	Cost of capital rise >5%	2.9	4.0	2.9	3
10	Tighter emission standards	3.4	4.6	2.9	1
11	Exchange rate fluctuations	2.7	4.1	2.7	4
n	...	...	...	...	...
20	Impairment of assets	1.6	2.7	1.6	1

I = Impact L = Likelihood V = Vulnerability S = Speed of Onset

LEGEND

Dots represent risk #1 - #n

Dot size and color reflect speed of onset:

● Very Low ● Low ● Medium ● High ● Very High

ILLUSTRATIVE RATING SCALES FOR CRITERIA

Rating	Impact	Likelihood	Vulnerability	Speed of Onset
5	Extreme	Frequent	Very High	Immediate
4	Major	Likely	High	Rapid
3	Moderate	Possible	Medium	Medium
2	Minor	Unlikely	Low	Slow
1	Incidental	Rare	Very Low	Very Slow

c. Risk mitigation and control

According to the Bank of Russia's recommendations on Climate Risk Management for Financial Institutions,[55] financial institutions should take note of the following points in climate risk mitigation and control:

- implement controls in a timely manner to mitigate the adverse impacts of climate risks and their potential escalation, taking into account their risk appetite and business strategy
- develop policies to manage climate risks, which, taking into account the specifics of certain sectors of the economy, may include determining the risk appetite of existing or potential clients, establishing criteria for introducing limits on risk concentration or criteria for applying additional conditions for insurance coverage and reinsurance, and as well as coordination of climate change mitigation and adaptation measures.
- Climate risk management policies that include restrictions on access to financial services and exclusion criteria from financial services coverage for customers in certain industries (negative screening) should not be used.
- For clients and counterparties who do not manage climate risks appropriately, a financial institution nis advised to consider the following measures to reduce risks and mitigate the impact of the realisation of climate risks:
    - inclusion in the contract of obligations for clients/counterparties to improve climate risk management practices, indicating specific deadlines and, if applicable, activities, as well as threshold values of indicators that cannot be exceeded or must be achieved
    - reducing loan terms, increasing discounts when valuing assets for financing, reducing limits on financing, investment and insurance
    - review of covenants in financing, investment, insurance and reinsurance agreements.
- Provide assistance to clients and counterparties to encourage them to adopt climate risk management practices and increase resilience to them.
- Consider the risks of greenwashing associated with the possible dissemination by clients and counterparties of false, inaccurate or incomplete information about the consideration of climate risks in their activities. To do this, own assessment may be conducted or the opinion of third parties may be used. Appropriate controls and periodic reviews may be carried out to ensure that the information is up to date.

Example 10: Climate-related Disclosure - Risk Management

The extent and methodology of developing risk identification, assessment and measurement capabilities to support our efforts with respect to climate risk management of one of the largest banks in the world [56]

Accordingly, Bank continues to integrate climaterelated matters into our overarching risk management framework.

Integration Methodology: Implementing the Climate Risk Management Framework (CRMF)

Our Climate Risk Management Framework (CRMF), developed in 2022, details the governance, roles and responsibilities, and principles that support the identification, measurement, monitoring, controlling and reporting of climate risks. The CRMF was designed to promote a consistent approach to the management of climate risk across Bank.

During 2023, Bank have continued to progress with the implementation of the CRMF. This work involves integrating climate risk into relevant business-as-usual risk management processes across risk programs and categories. One example of this is the incorporation of climate risk assessments as part of annual credit reviews for certain relationships and for sectors with greater exposure to transition and physical risks. In those cases, climate assessment reviews are conducted in conjunction with other traditional due diligence requirements for credit analysis.

The implementation of the CRMF delivers foundational risk management capabilities which will evolve over time as new processes, industry standards and best practices in climate risk management are developed.

Related actions and resources: Refining Climate Risk Identification

Through Bank's internal risk identification process, climate risk continues to be designated as a cross-cutting risk that can manifest through existing risks. Climate risk drivers can impact each of the risk categories in our risk taxonomy, for example, strategic, reputation and credit.

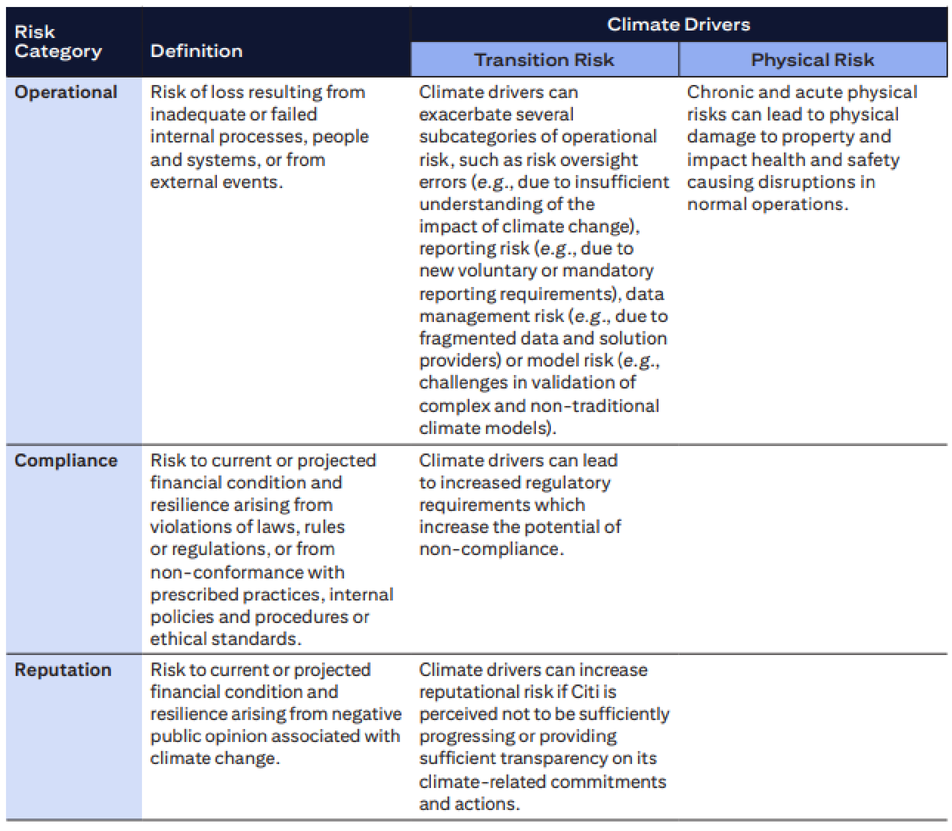
As Bank described in last year's report, climate risks can be categorized as the following:

- **Transition Risks,** which arise from the process of adjusting toward a low-carbon economy and encompass policy, technological changes and shifting consumer/market sentiment and societal preferences; and
- **Physical Risks,** which arise through "acute" weather-related events such as heatwaves, floods, wildfires and storms as well as "chronic" or long-term shifts in climate patterns, such as rising sea levels, precipitation change, increasing mean temperature and extreme weather variability.

The bank analyzes the potential impacts of climate risk factors on a wide range of key risk categories. Such risks can manifest themselves differently across our risk categories in the short, medium and long term and may be either physical or transition-related climate impacts. The risk portfolio includes:

1. Operational risks
2. Compliance risks
3. Reputation risk
4. Credit risk
5. Market risk
6. Liquidity risk
7. Strategic risk

(Illustration of the content of the risk impact analysis)



Risk Category	Definition	Climate Drivers	
		Transition Risk	Physical Risk
Operational	Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.	Climate drivers can exacerbate several subcategories of operational risk, such as risk oversight errors (*e.g.*, due to insufficient understanding of the impact of climate change), reporting risk (*e.g.*, due to new voluntary or mandatory reporting requirements), data management risk (*e.g.*, due to fragmented data and solution providers) or model risk (*e.g.*, challenges in validation of complex and non-traditional climate models).	Chronic and acute physical risks can lead to physical damage to property and impact health and safety causing disruptions in normal operations.
Compliance	Risk to current or projected financial condition and resilience arising from violations of laws, rules or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards.	Climate drivers can lead to increased regulatory requirements which increase the potential of non-compliance.	
Reputation	Risk to current or projected financial condition and resilience arising from negative public opinion associated with climate change.	Climate drivers can increase reputational risk if Citi is perceived not to be sufficiently progressing or providing sufficient transparency on its climate-related commitments and actions.	

4. Metrics and targets

TCFD CLIMATE-RELATED RECOMMENDED DISCLOSURES

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[57]
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	**Key Risk metrics** • Metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term, including • Balance sheet — credit exposure, equity and debt holdings, trading positions • %of total portfolio, % by sector • $ of financing provided and revenue earned over a specified horizon • $ of capital commitments • Analysis by: industry, geographical area, credit quality, term • Amount and percentage of carbon-related (or climate	**Bank** • Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term. Metrics provided may relate to credit exposure, equity and debt holdings, or trading positions, broken down by: - Industry - Geography - Credit quality (e.g., investment grade or non-investment grade, internal rating system) - Average tenor • Banks should also provide the amount and percentage of carbon-related assets relative to total assets as well as the amount of lending and other financing connected with climate-related opportunities. **Insurance Company**

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[57]

	sensitive) assets relative to total assets
	• Additional risk metrics are outlined in sections 2 and 3 of this document.
	Key alignment metrics
	• Amount of lending and other financing connected with climate-related opportunities.
	Common Own Operations metrics
	• Scope I carbon emissions
	  • Total emissions
	  • Air travel per employee
	• Energy use
	  • Total electricity consumption
	  • Share of renewable energy
	• Waste, water, and materials consumption
	• Real estate footprint
	  • Share of office space in LEED-certified buildings
	• **List of selected metrics and rationale, linked to strategic initiatives tracking progress to-date**
		• Insurance companies should provide aggregated risk exposure to weather-related catastrophes of their property business (i.e., annual aggregated expected losses from weather-related catastrophes) by relevant jurisdiction.
		Asset Owner
		• Asset owners should describe metrics used to assess climate-related risks and opportunities in each fund or investment strategy. Where relevant, asset owners should also describe how these metrics have changed over time.
		• Where appropriate, asset owners should provide metrics considered in investment decisions and monitoring.
		Asset Manager
		• Asset managers should provide the weighted average carbon intensity, where data are available or can be reasonably estimated, for each product or investment strategy. In addition, asset managers should provide other metrics they believe are useful for decision making along with a description of the methodology used.

Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas emissions, as well as the related risks.	• Split into Own Operations and External
	• Standards used to calculate Scope 1 and 2 emissions
	• Breakout of Scope 1 emissions by C02, CH4, N20 and HFCs
	• Breakout of Scope I and II emissions by geography, sector and business activity
	• Scope III emissions metrics by portfolio and/or asset class, including the TCFD identified metrics (link to calculation in the practical examples list below)
	  • Weighted average carbon intensity
	  • Total carbon emissions
	  • Carbon footprint
	  • Carbon intensity
	  • Exposure to carbon related assets
	• Explanation of changes in Scope I, II, III emissions over time
	• Annual assurance of emissions, which includes the scope (e.g., limited or reasonable assurance)	

Elements	TCFD climate-related recommended disclosures	Supplemental guidance for sub-industry[57]
	and the verification standard used - Materiality assessment and methodology to quantify for Scope II emissions - Intensity ratios with unit by total revenue and/or full-time employees as the denominator	

Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets	- Subset of metrics that management has assigned forward-looking targets, which includes metrics
	  - Own operations targets
	  - Risks/portfolio targets
	  - Opportunities — commitment to sustainable financing
	- Common “own” operations targets include:
	  - Greenhouse gases
	  - Emissions reduction
	  - Decrease in air travel per employee
	- Energy use
	  - Increase in amount of renewable energy used
	  - Decrease in electricity consumption
	- Waste
	  - Decrease in paper consumption
	  - Increase in recycled waste
	  - Increase in waste diversion from landfill
	- Decrease in water consumption
	- Targets tracked with graphs/tables showing year-over-year progress with accompanying explanation and rational for use of metrics and targets (including those that are removed and/or added)	

GUIDANCE ON DEVELOPING CLIMATE-RELATED METRICS AND TARGETS FOR FINANCIAL INSTITUTIONS

Metrics and targets provided by financial institutions offer investors and other stakeholders deeper insights into changes in capital allocation toward high-carbon-emitting sectors. To set science-based targets (SBTi), global financial institution alliances require clear and reliable data on this capital allocation.

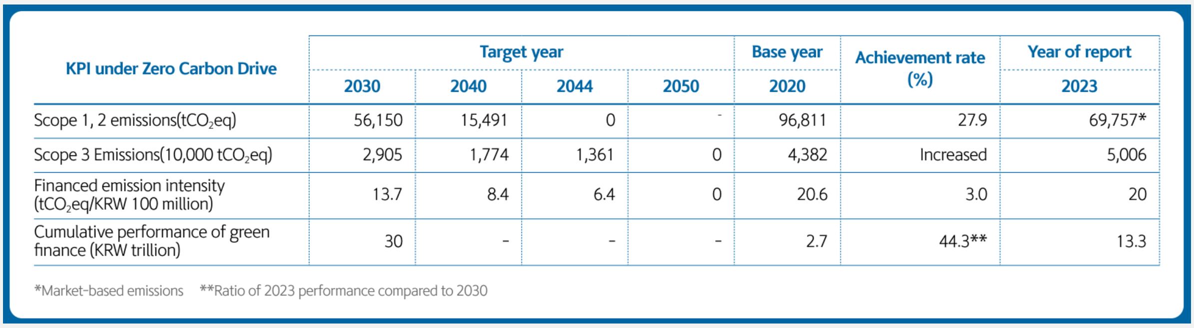
Metrics and targets help measure and disclose progress against commitments to manage and mitigate the impacts of climate change. To ensure usefulness, metrics must be clearly interpreted, measured, and reported both internally and externally. At the same time, metrics also help financial institutions assess the efforts needed to continuously improve toward their goal.

Example

Example 11: Climate—related Disclosure - Metrics and Targets

Disclosure of metrics and targets of a major financial group based in Korea[58]

Group has set mid-term (2030) and long-term (2040-2050) reduction target for internal carbon emissions and financed emissions for each industry based on the SBTi-based reduction roadmap and is calculating and disclosing its emissions. In particular, the Group measures financed emissions of each asset, and each industry based on the PCAF guideline and calculates the sovereign debt emissions (Scope 3) and financed emissions arising from transition finance. Group is committed to continuously disclose its efforts to achieve the Zero Carbon Drive strategies and targets while actively communicating with various stakeholders.

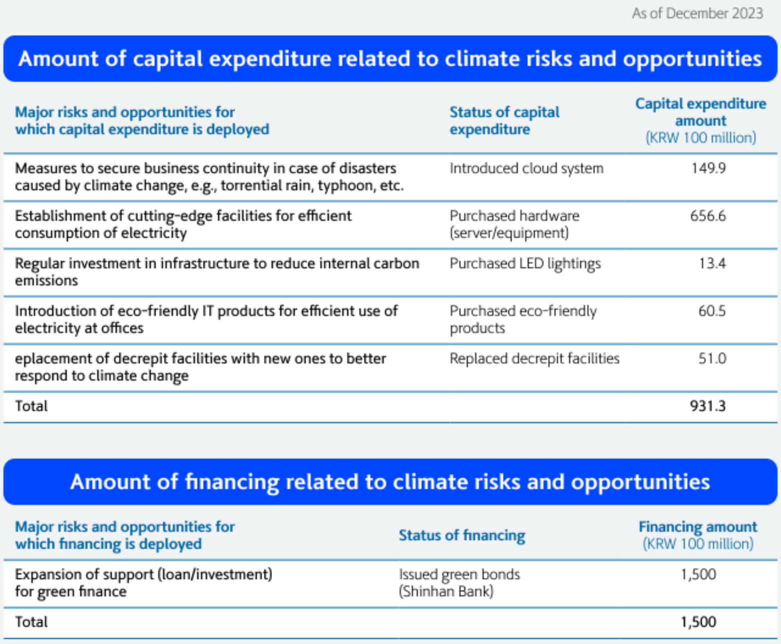


KPI under Zero Carbon Drive	Target year				Base year	Achievement rate (%)	Year of report
	2030	2040	2044	2050	2020		2023
Scope 1, 2 emissions(tCO_2eq)	56,150	15,491	0	-	96,811	27.9	69,757*
Scope 3 Emissions(10,000 tCO_2eq)	2,905	1,774	1,361	0	4,382	Increased	5,006
Financed emission intensity (tCO_2eq/KRW 100 million)	13.7	8.4	6.4	0	20.6	3.0	20
Cumulative performance of green finance (KRW trillion)	30	-	-	-	2.7	44.3**	13.3

*Market-based emissions **Ratio of 2023 performance compared to 2030

Publish indicators used by the organization to assess climate-related risks and opportunities in line with the organization's risk management strategy and processes

The Group discloses the amount of capital expenditure and financing for climate-related risks and opportunities



As of December 2023

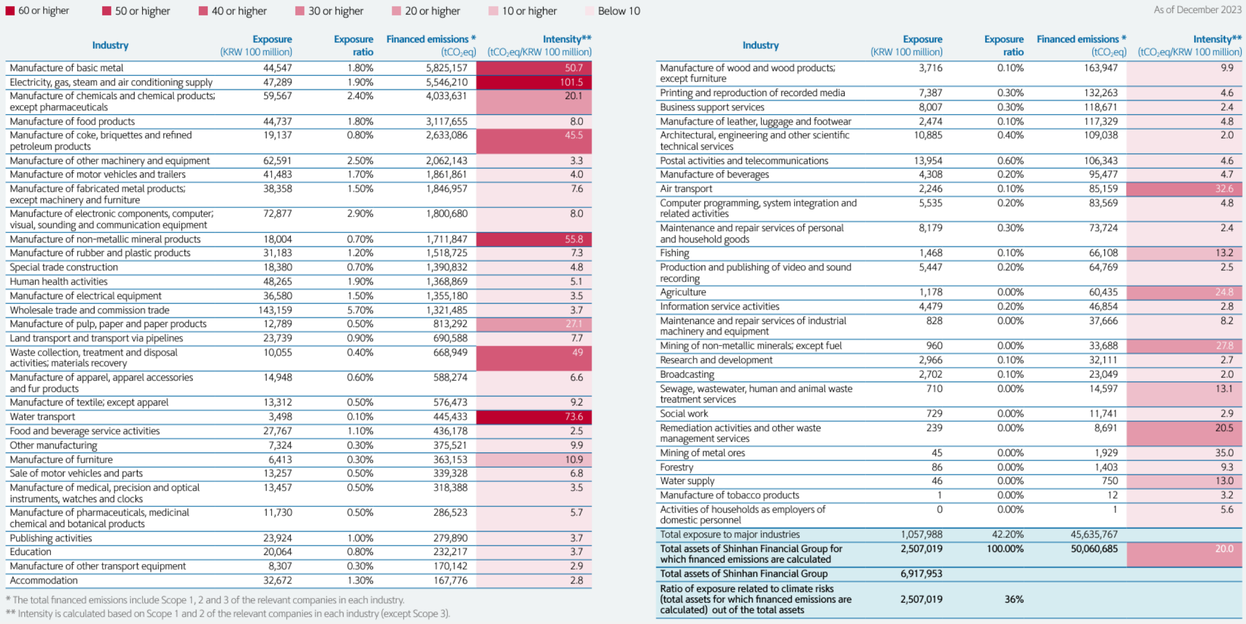
Amount of capital expenditure related to climate risks and opportunities

Major risks and opportunities for which capital expenditure is deployed	Status of capital expenditure	Capital expenditure amount (KRW 100 million)
Measures to secure business continuity in case of disasters caused by climate change, e.g., torrential rain, typhoon, etc.	Introduced cloud system	149.9
Establishment of cutting-edge facilities for efficient consumption of electricity	Purchased hardware (server/equipment)	656.6
Regular investment in infrastructure to reduce internal carbon emissions	Purchased LED lightings	13.4
Introduction of eco-friendly IT products for efficient use of electricity at offices	Purchased eco-friendly products	60.5
eplacement of decrepit facilities with new ones to better respond to climate change	Replaced decrepit facilities	51.0
Total		931.3

Amount of financing related to climate risks and opportunities

Major risks and opportunities for which financing is deployed	Status of financing	Financing amount (KRW 100 million)
Expansion of support (loan/investment) for green finance	Issued green bonds (Shinhan Bank)	1,500
Total		1,500

In order to identify the assets that are vulnerable to transition risks and physical risks, Group examined the data on exposure of companies in each industry.



■ 60 or higher ■ 50 or higher ■ 40 or higher ■ 30 or higher ■ 20 or higher ■ 10 or higher ■ Below 10

As of December 2023

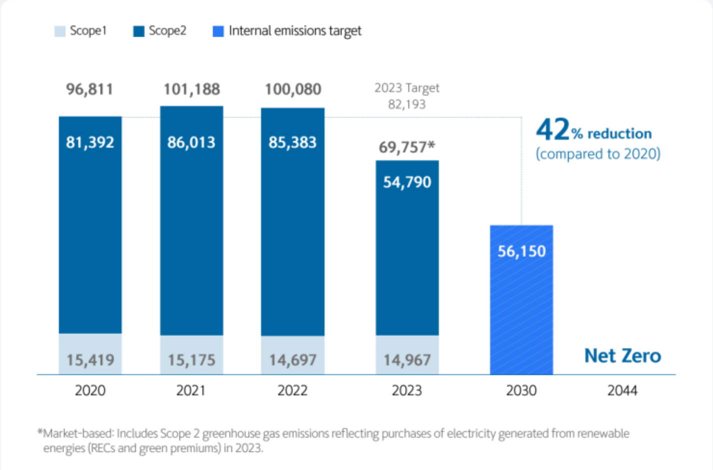
Industry	Exposure (KRW 100 million)	Exposure ratio	Financed emissions * (tCO_2eq)	Intensity** (tCO_2eq/KRW 100 million)
Manufacture of basic metal	44,547	1.80%	5,825,157	50.7
Electricity, gas, steam and air conditioning supply	47,289	1.90%	5,546,210	101.5
Manufacture of chemicals and chemical products; except pharmaceuticals	59,567	2.40%	4,033,631	20.1
Manufacture of food products	44,737	1.80%	3,117,655	8.0
Manufacture of coke, briquettes and refined petroleum products	19,137	0.80%	2,633,086	45.5
Manufacture of other machinery and equipment	62,591	2.50%	2,062,143	3.3
Manufacture of motor vehicles and trailers	41,483	1.70%	1,861,861	4.0
Manufacture of fabricated metal products; except machinery and furniture	38,358	1.50%	1,846,957	7.6
Manufacture of electronic components, computer; visual, sounding and communication equipment	72,877	2.90%	1,800,680	8.0
Manufacture of non-metallic mineral products	18,004	0.70%	1,711,847	55.8
Manufacture of rubber and plastic products	31,183	1.20%	1,518,725	7.3
Special trade construction	18,380	0.70%	1,390,832	4.8
Human health activities	48,265	1.90%	1,368,869	5.1
Manufacture of electrical equipment	36,580	1.50%	1,355,180	3.5
Wholesale trade and commission trade	143,159	5.70%	1,321,485	3.7
Manufacture of pulp, paper and paper products	12,789	0.50%	813,292	27.1
Land transport and transport via pipelines	23,739	0.90%	690,588	7.7
Waste collection, treatment and disposal activities; materials recovery	10,055	0.40%	668,949	49
Manufacture of apparel, apparel accessories and fur products	14,948	0.60%	588,274	6.6
Manufacture of textile; except apparel	13,312	0.50%	576,473	9.2
Water transport	3,498	0.10%	445,433	73.6
Food and beverage service activities	27,767	1.10%	436,178	2.5
Other manufacturing	7,324	0.30%	375,521	9.9
Manufacture of furniture	6,413	0.30%	363,153	10.9
Sale of motor vehicles and parts	13,257	0.50%	339,328	6.8
Manufacture of medical, precision and optical instruments, watches and clocks	13,457	0.50%	318,388	3.5
Manufacture of pharmaceuticals, medicinal chemical and botanical products	11,730	0.50%	286,523	5.7
Publishing activities	23,924	1.00%	279,890	3.7
Education	20,064	0.80%	232,217	3.7
Manufacture of other transport equipment	8,307	0.30%	170,142	2.9
Accommodation	32,672	1.30%	167,776	2.8
Manufacture of wood and wood products; except furniture	3,716	0.10%	163,947	9.9
Printing and reproduction of recorded media	7,387	0.30%	132,263	4.6
Business support services	8,007	0.30%	118,671	2.4
Manufacture of leather, luggage and footwear	2,474	0.10%	117,329	4.8
Architectural, engineering and other scientific technical services	10,885	0.40%	109,038	2.0
Postal activities and telecommunications	13,954	0.60%	106,343	4.6
Manufacture of beverages	4,308	0.20%	95,477	4.7
Air transport	2,246	0.10%	85,159	32.6
Computer programming, system integration and related activities	5,535	0.20%	83,569	4.8
Maintenance and repair services of personal and household goods	8,179	0.30%	73,724	2.4
Fishing	1,468	0.10%	66,108	13.2
Production and publishing of video and sound recording	5,447	0.20%	64,769	2.5
Agriculture	1,178	0.00%	60,435	24.8
Information service activities	4,479	0.20%	46,854	2.8
Maintenance and repair services of industrial machinery and equipment	828	0.00%	37,666	8.2
Mining of non-metallic minerals; except fuel	960	0.00%	33,688	27.8
Research and development	2,966	0.10%	32,111	2.7
Broadcasting	2,702	0.10%	23,049	2.0
Sewage, wastewater, human and animal waste treatment services	710	0.00%	14,597	13.1
Social work	729	0.00%	11,741	2.9
Remediation activities and other waste management services	239	0.00%	8,691	20.5
Mining of metal ores	45	0.00%	1,929	35.0
Forestry	86	0.00%	1,403	9.3
Water supply	46	0.00%	750	13.0
Manufacture of tobacco products	1	0.00%	12	3.2
Activities of households as employers of domestic personnel	0	0.00%	1	5.6
Total exposure to major industries	1,057,988	42.20%	45,635,767	
Total assets of Shinhan Financial Group for which financed emissions are calculated	**2,507,019**	**100.00%**	**50,060,685**	20.0
Total assets of Shinhan Financial Group	**6,917,953**			
Ratio of exposure related to climate risks (total assets for which financed emissions are calculated) out of the total assets	**2,507,019**	**36%**		

* The total financed emissions include Scope 1, 2 and 3 of the relevant companies in each industry.

** Intensity is calculated based on Scope 1 and 2 of the relevant companies in each industry (except Scope 3).

Greenhouse Gas Emissions: Scope 1, Scope 2, and, where appropriate, Scope 3 for greenhouse gas (GHG) emissions

Group measures internal and external GHG emissions every year, making every effort to achieve Net Zero by 2044. The actual emissions by Group are on a constant rise compared to 2020.



*Market-based: Includes Scope 2 greenhouse gas emissions reflecting purchases of electricity generated from renewable energies (RECs and green premiums) in 2023.

Group discloses the 15th category of Scope 3, i.e., “investment” category, which is deemed the most important in Scope 3, as its “Financed Emission”. The Group is expanding the scope of financed emissions measurements out of its total assets for the purpose of measuring climate risks. The measured assets in 2023 were KRW 251 trillion, up 20% from KRW 212 trillion of 2020, while the financed emissions increased by 16% over the same period. Under these circumstances, Group has decided that instead of setting a goal of decreasing financed emissions in the absolute term, it would be more practical to reduce the emissions intensity compared to the total assets, given the Group’s asset portfolio.


Financed emissions (10,000 tCO2eq)
Loan/investment assets (KRW trillion)
Intensity (tCO2eq/KRW 100 million)
Emissions from loan/investment recipient companies (Scope 1+2)
8.9
8.3
7.7
6.9
1,891
1,897
1,882
1,736
212
227
245
251
2020
2021
2022
2023
Emissions from their supply chain (Scope 3)
11.7
12.2
13.1
13.1
2,491
2,772
3,216
3,270
212
227
245
251
2020
2021
2022
2023
Financed emission of Shinhan Financial Group (Scope 1+2+3)
20.6
20.5
20.7
20.0
13.7
4,382
4,669
5,098
5,006
2,905
33.7% reduction
(compared to 2020)
212
227
245
251
Net Zero
2020
2021
2022
2023
2030
2050

APPENDIX A: REFERENCE SOURCES

This section will summarize the list of documents related to the TCFD. The following documents may be useful for FIs:

Documents by TCFD

- TCFD – Key Reports and Guidance https://www.fsb-tcfd.org/
- TCFD Status report https://www.fsb-tcfd.org/publications/tcfd-2019-status-report/
- TCFD Knowledge Hub https://www.tcfdhub.org/
- Task Force on Climate-related Financial Disclosures Guidance on Risk Management Integration and Disclosure https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Risk-Management-Integration-and-Disclosure.pdf
- Task Force on Climate-related Financial Disclosures Guidance on Risk Management Integration and Disclosure https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf
- TCFD Guidance on Metrics, Targets, and Transition Plans https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf
- Recommendations of TCFD on Climate-related Financial Disclosures https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf

Guidance documents developed by public authorities and industry organizations:

- UK FRC Guide to Improve Financial Reporting Practice: UK FRC Financial Reporting Lab Guide https://www.frc.org.uk/getattachment/22ee8a43-e8ca-47be-944b-c394ecb3c5dd/Climate-Change-v9.pdf
- EU EFRAG Report and Additional documents https://www.efrag.org/en/sustainability-reporting
- Document encouraging businesses to disclose and use climate-related information: JFSA TCFD Consortium of Japan https://tcfd-consortium.jp/en/news_detail/20081201
- IIF TCFD Best Practices https://www.iif.com/Portals/0/Files/content/SFWG%20TCFD%20Practices%20Report_vf.pdf
- UNEP FI Phase I Report to banks and investors:
    - Part 1: Transition Risks and Opportunities https://www.unepfi.org/wordpress/wp-content/uploads/2018/04/EXTENDING-OUR-HORIZONS.pdf Conversion
    - Part 2: Physical Risks and Opportunities https://www.unepfi.org/wordpress/wp-content/uploads/2018/07/NAVIGATING-A-NEW-CLIMATE.pdf
    - Guidance for investors on methods for scenario-based climate risk assessment https://www.unepfi.org/wordpress/wp-content/uploads/2019/05/TCFD-Changing-Course-Oct-19.pdf
- Charting a new climate report: https://www.unepfi.org/wordpress/wp-content/uploads/2020/09/Charting-a-New-Climate-UNEP-FI-TCFD-Banking-Physical-Risk.pdf
- Other Documents:
    - CDSB Application Guidelines: https://www.cdsb.net/sites/default/files/climateguidancedoublepage.pdf

APPENDIX B: LIST OF SUBSECTORS OF THE FINANCIAL SECTORAL GUIDANCE

Organizations within the scope of this Sectoral guidance are enterprises operating in fields classified under Section K: Financial, Banking, and Insurance Activities (Level 1 Industry) according to Decision No. 27/2018/QĐ-TTg on promulgating Vietnam standard industrial classification, including: "financial service activities, including insurance, reinsurance and social insurance activities, financial intermediary activities and activities to support financial services. This section also includes: the activities of holding assets, such as activities of holding companies and the activities of trusts, funds and similar financial entities." According to Decision No. 27/QD-TTg, Section K (Level 1) is divided into 3 divisions (Level 2), further classified into 10 groups (Level 3), and these 10 groups are further divided into 19 classes (Level 4) and 20 sub-classes (Level 5).

The table below provides a detailed classification of the financial services sector according to Decision No. 27/QD-TTg.

Classification System	Section	Division	Group	Name of subsector
Decision Number. 27/QD-TTg				
	K			Finance, Banking and Insurance Activities
		64		Financial service activities (except insurance and social insurance)
			641	Monetary intermediation
			642	Activities of holding companies
			643	Trusts, funds and similar financial entities
			649	Other financial service activities (except insurance and social insurance)
		65		Insurance, reinsurance and social insurance, except compulsory social security)
			651	Insurance
			652	Reinsurance
			653	Social Insurance
		66		Other financial activities
			661	Activities auxiliary to financial service (except insurance and social insurance)
			662	Activities auxiliary to insurance and social insurance
			663	Fund management activities

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[2] https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2023/06/esg-fs-spotlight-web-pdf.pdf
[3] https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2023/06/esg-fs-spotlight-web-pdf.pdf
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[6] https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/climate-change-sustainability-services/documents/ey-gl-global-climate-action-barometer-11-2024.pdf
[7] https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/climate-change-sustainability-services/documents/ey-gl-global-climate-action-barometer-11-2024.pdf
[8] https://impact.economist.com/sustainability/resilience-and-adaptation/esg-reporting-challenges-and-opportunities-for-financial-services-firms
[9] https://impact.economist.com/sustainability/resilience-and-adaptation/esg-reporting-challenges-and-opportunities-for-financial-services-firms
[10] IFRS S2 – B58, B59
[11] UK Greenhouse Gas Emissions Report: Scope 3 – GOV.UK Emissions (www.gov.uk)
[12] UK Greenhouse Gas Emissions Report: Scope 3 – GOV.UK Emissions (www.gov.uk)
[13] SEC ISSUES REVISED SUSTAINABILITY REPORTING GUIDANCE FOR PUBLICLY LISTED COMPANIES - Securities and Exchange Commission
[14] Disclosure of information related to sustainability in the financial services sector - European Commission (europa.eu)
[15] Report on the Role of Environmental and Social Risks in Safety framework.pdf (europa.eu) – page 19
[16] EBA recommends improvement of Pillar 1 framework to capture environmental and social risks | European Banking Authority (europa.eu)
[17] About the Transition Plan Task Force | TPT (transitiontaskforce.net)
[18] HKMA Circular to Authorised Organisations (AIs) on Net-zero Transition Planning - HK Green Finance Association
[19] https://www.giz.de/en/downloads_els/Vietnam%20Climate%20Risks%20and%20Best%20Practices%20for%20TCFD%20Disclosure.pdf
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[21] GRI - Sector Standards Project for Financial Services (globalreporting.org)
[22] IFRS-S2-IBG – Issued IFRS Standards
[23] Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf (tnfd.global)
[24] IFRS - ISSB and TCFD
[25] https://www.ifrs.org/groups/international-sustainability-standards-board/issb-frequently-asked-questions/
[26] 08 Draft ESRS E1 Climate Change 2022.pdf November (efrag.org)
[27] CDP Financial Services Disclosure Report 2022 - CDP
[28] https://sciencebasedtargets.org/financial-institutions#3607485
[29] Print (un.org) – pages 7, 12
[30] Decision 1658/QD-TTg 2021 approving the National Strategy on Green Growth (thuvienphapluat.vn)
[31] REPORT ON ASSESSMENT OF SUSTAINABLE BUSINESS PRACTICES OF VIETNAMESE ENTERPRISES ACCORDING TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FRAMEWORK IN 2024 - Department of Enterprise Development (AED), Ministry of Planning and Investment (MPI),
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[42] https://sasb.ifrs.org/standards/materiality-finder/find/?industry%5B0%5D=FN-MF
[43] https://sasb.ifrs.org/standards/materiality-finder/find/?industry%5B0%5D=FN-CF
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[46] climate-report-2023.pdf

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