

2023 KB Financial Group Sustainability Report

# ESG VALUE & IMPACT



# ABOUT THIS REPORT

## OVERVIEW

The annual Sustainability Report was first published by KB Kookmin Bank in 2009 and has been released by KB Financial Group since 2011 after being expanded to the Group level. The 2023 Sustainability Report aims at sharing KB Financial Group's ESG management activities and performance with our stakeholders in a transparent manner and highlighting ways to create greater ESG value. The 2023 report categorizes the priority of sustainability topics into Material Topics and General Topics based on the results of the materiality assessment, and provides detailed disclosures of activities in each sector. KB Financial Group also provides the ESG Data Pack to easily identify performance changes in our activities for the last three years.

## REPORTING PERIOD

This report presents our sustainable management activities and performance during the period of January 1– December 31, 2023. Due to the timeliness and significance of information, some items include data from the first half of 2024. Data for the last three years from 2021 to 2023 (some environmental data is for four years from 2020 to 2023) was provided to measure yearly changes in quantitative performance. Financial performance is reported based on consolidated financial statements so that KB Financial Group's overall activities are reflected. Non-financial performance is based on areas that apply to the entire Group. In case of specific programs, we specified the respective organizing subsidiary to enable clear distinction of the reporting scope.

## REPORTING SCOPE

This report covers the sustainable management activities of KB Financial Group Inc. and the Group subsidiaries, and the subsidiaries of KB Financial Group include KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Asset Management, KB Capital, KB Real Estate Trust, KB Savings Bank, KB Investment, and KB Data Systems, with the reporting scope including headquarters and all branches in Korea and overseas. In accordance with the IFRS Sustainability Disclosure Standard S1 "General Requirements for Disclosure of Sustainability-related Financial Information" set by the International Sustainability Standards Board (ISSB), some data includes information on subsidiaries other than affiliates in order to provide information on the parent company and its subsidiaries as a single reporting entity.

## REPORTING STANDARD

KB Financial Group created the 2023 Sustainability Report based on Global Reporting Initiatives (GRI) Standards 2021. The five material topics selected through the investor-focused financial materiality assessment are structured according to IFRS Sustainability Disclosure Standard S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and S2 "Climate-related Disclosures."

To incorporate the characteristics of the financial industry, regarding ESG data disclosure, we referred to the information disclosure requirements of the six industry standards (Commercial Banks, Consumer Finance, Investment Banking & Brokerage, Asset Management & Custody Activities, Insurance, Mortgage Finance) of Sustainability Accounting Standards Board (SASB) as well as United Nations Principles for Responsible Banking (UN PRB). Unless mentioned otherwise, financial performance is based on K-IFRS consolidated financial statements.

## ASSURANCE

This report was verified by Korea Management Registrar (KMR), an independent external verification organization, to ensure its credibility and quality improvement. The assurance statement can be viewed on pages 227–231 of this report.

## CONTACT INFORMATION

For any inquiries, please contact the ESG Department of KB Financial Group at [khgg30730@kbfkg.com](mailto:khgg30730@kbfkg.com)

## FORWARD-LOOKING STATEMENT

This Report contains descriptions on future situations to promote better stakeholder understanding of our sustainable management. Descriptions about future situations include prospects or strategies, plans, etc. and can be identified by such words and phrases as "implement", "estimate", "plan", "target", "strategy", "assume", and "expect" in some cases. In particular, KB Financial Group's business strategies, GHG emissions, climate risk scenario analysis, social value & impact, and other environmental goals, external ESG-related promises and operation strategies, among others in this Report may fall under the above. All descriptions about future situations are top management's current expectations toward future incidents. This is fundamentally based on uncertainty and can be influenced by various factors, resulting in a significant difference with actual results. As such, we cannot guarantee that these expectations are definitely correct, and stakeholders should take caution not to excessively depend on them. Descriptions about future situations that may be different from actual results include the following (but are not limited to the following).

- Changes in global, political, economic, business, and competition and market conditions
- Exchange rates and interest rates
- Changes in environmental, social, or physical risks
- Development of legislation, regulations, and policies (including regulatory measures on climate change)
- Changes in technology
- Risks from a health crisis and infectious disease
- Other factors specific to the Group, including supervisory regulations, etc.

No description included in this Report is an outlook on profits. Descriptions about future situations are based on materials that are limited to the time of report creation. Unless otherwise stipulated by special regulations in laws, we do not update or revise descriptions about future situations or assume any responsibility in this regard.



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# CEO Message



Greetings! I am Jong Hee Yang, the Chairman and CEO of KB Financial Group. I would like to extend my greetings to all the stakeholders who have supported KB Financial Group’s journey to this point. I deeply appreciate the warm love and interest you have always shown towards KB Financial Group, and I firmly promise that we will continue striving to create a better world.

## Universalization of ESG

Until just a few years ago, ESG was an unfamiliar concept that was not widely accepted in society. However, it has now become deeply integrated into our daily lives, enabling many people to wholeheartedly understand its meaning and feel its significance.

## The Essence of Sustainability

Such emphasis on ESG is a critical issue of our times. To explain it, we must focus on the essence of “sustainability,” rather than obscuring the concept with complex language. The tree of “sustainability” cannot survive alone; rather, it can only grow if rain, wind, sunlight, and soil act together harmoniously. In the same way, only when you and I, employees and shareholders, businesses and societies, nations and their citizens coexist and thrive together, sustainability will truly flourish and bring a breath of hope to us all.

## Belief in Positive Change through Small Actions

Today, numerous challenges surround us, such as climate crisis rather than mere weather change, population decline, social polarization, and global geo-economic risks, all of which are daunting even at first glance. However, just as the chaos theory says, “if a butterfly flips its wings in one part of the world, it is able to cause storm in another part,” so KB Financial Group leads with proactive actions towards the future, and I am confident that this positive “butterfly effect” will bring about sustainable and astonishing changes in our society.

## A Financial Group that Grows Together with People towards a Sustainable Tomorrow

For a company to grow steadily, not only is financial growth crucial, but so is moving towards a sustainable future at an equal pace, like two wheels of a cart of the same size moving at the same speed, it is important to balance the value of all stakeholders, including customers and society. Only such company can truly fulfill its mission to which this time of era demands.

This year marks the 13th edition of the KB Financial Group’s Sustainability Report, encapsulating our efforts over the past year. We will advance every day towards the peak of the high mountain called a sustainable future. Although the path may not always be direct, we will steadfastly climb upward one step at a time.

In this process, we will continue to improve our shortcomings and enhance our strengths, creating “Financial services delivering change” for the happiness of our customers and society, and for a better world.

I would like to end by extending my sincere gratitude once again to all our stakeholders. \_\_\_\_\_”









Chairman & CEO,  
KB Financial Group  
**Jong Hee Yang**

Yang Jong Hee.







# KBFG at a Glance

## Overview

<p><b>Company Name</b> KB Financial Group Inc.</p> 	<p><b>CEO</b> Jong Hee Yang</p> 	<p><b>Subsidiaries</b></p> <ul style="list-style-type: none"> <li>KB Kookmin Bank</li> <li>KB Insurance</li> <li>KB Life Insurance</li> <li>KB Capital</li> <li>KB Savings Bank</li> <li>KB Data Systems</li> <li>KB Securities</li> <li>KB Kookmin Card</li> <li>KB Asset Management</li> <li>KB Real Estate Trust</li> <li>KB Investment</li> </ul> 
<p><b>Credit Rating</b> Moody's <b>A1</b></p>  <hr/> <p>S&amp;P <b>A</b></p> 	<p><b>2008</b></p> <p>KB Financial Group Inc. was founded on September 29, 2008 through the comprehensive transfer of shares of major subsidiaries in line with the mid-to long-term growth strategy to better respond to changing financial environment.</p> 	

\* As of the end of 2023

## Financial Performance

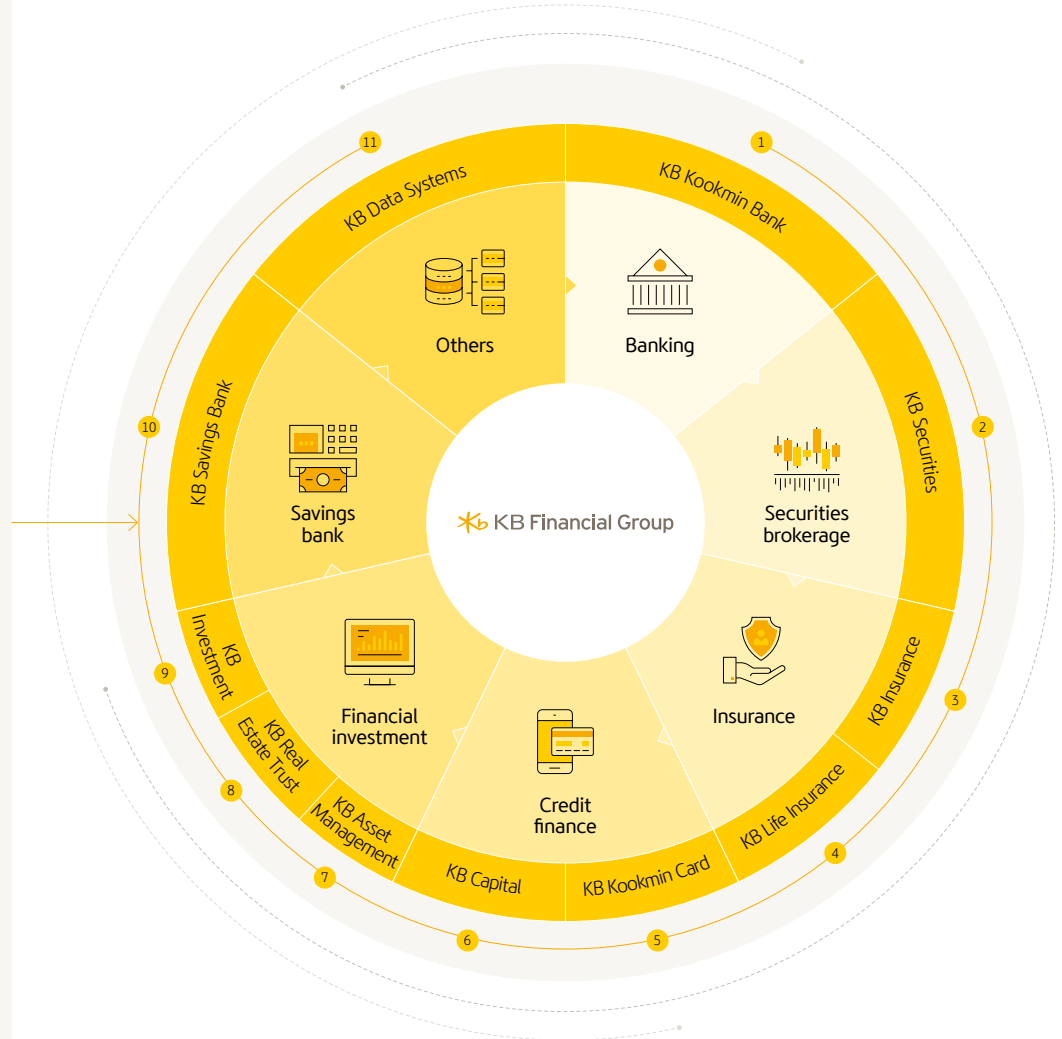
<p><b>Total Assets</b></p> <p>KRW <b>716</b> trillion</p> 	<p><b>Operating Revenue (Sales)</b></p> <p>KRW <b>78</b> trillion</p> 	<p><b>Operating Income</b></p> <p>KRW <b>6.4</b> trillion</p> 	<p><b>Net Profit</b> (Profit attributable to controlling interests)</p> <p>KRW <b>4.6</b> trillion</p> 
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\* As of the end of 2023, Based on consolidated financial statements

# KBFG at a Glance

## Group Subsidiaries

Category	Subsidiary	Business	2023 Operating Income <sup>1)</sup> (Unit: KRW billion)	Note
Banking	1 KB Kookmin Bank	Handling of loans, deposits, etc. for customers	45,032.1	Financing (Financial service)
Securities brokerage	2 KB Securities	Trading of securities, brokerage trading, underwriting, etc.	11,580.5	Advisory
Insurance	3 KB Insurance	Non-life insurance business, etc.	11,864.9	Insurance underwriting
	4 KB Life Insurance <sup>2)</sup>	Life insurance business, etc.	2,628.1	-
Credit finance	5 KB Kookmin Card <sup>3)</sup>	Credit card, cash advance, card loan, and other such business, credit investigation and debt collection business, etc.	4,205.1	Financing (Financial service)
	6 KB Capital	Facility leasing business, installment finance business, finance business for new technology business, etc.	2,295.5	
Financial investment	7 KB Asset Management		204.2	
	8 KB Real Estate Trust	Investment trading business, investment brokerage business, collective investment business, etc.	148.8	Investing and stewardship
	9 KB Investment		154.3	
Savings bank	10 KB Savings Bank	Handle loans, deposits, etc. for citizens and SMEs in accordance with the Mutual Savings Banks Act	234.2	Financing (Financial service)
Others	11 KB Data Systems	Maintenance of computer-related devices and systems and other support that accompanies the aforementioned business areas	230.8	-



<sup>1)</sup> As of 2023 consolidated financial statements

<sup>2)</sup> On Jan 1, 2023, KB Life Insurance (former Prudential Life Insurance) completed a merger with KB Life Insurance as a surviving company

<sup>3)</sup> On Jun 30, 2023, KB Credit Information became a subsidiary of KB Kookmin Card

# KBFG at a Glance

## Global Network

KB Financial Group’s 11 major subsidiaries provide comprehensive financial services to a diverse range of stakeholders worldwide through 1,465 domestic networks and 597 overseas networks in 14 countries.



### Domestic Network

# 1,465

KB Financial Group Inc. (1), KB Kookmin Bank (797), KB Securities (87), KB Insurance (451), KB Kookmin Card (37), KB Life Insurance (57), KB Asset Management (1), KB Capital (26), KB Real Estate Trust (3), KB Savings Bank (3), KB Investment (1), KB Data Systems (1)

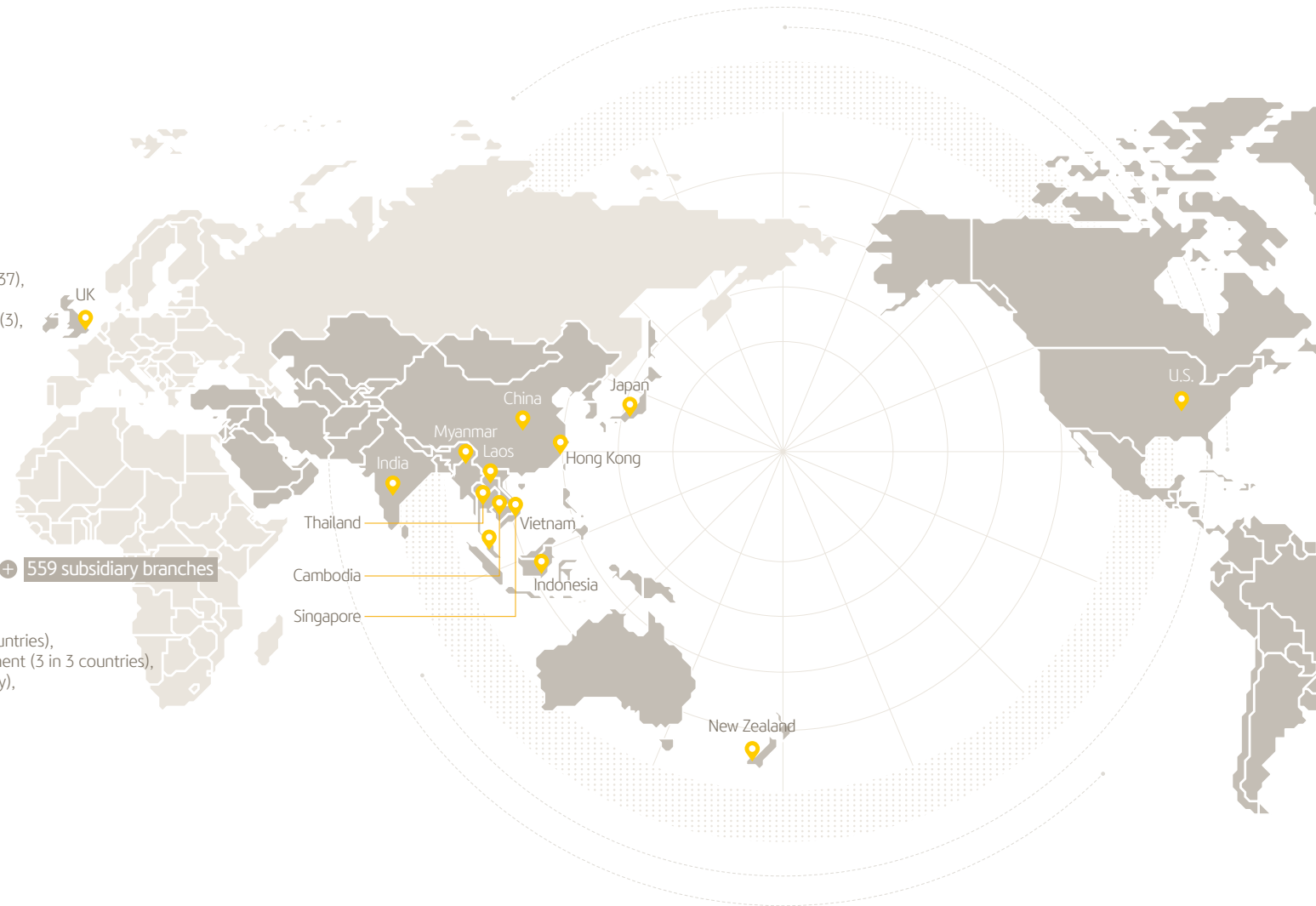


### Overseas Network

# 597

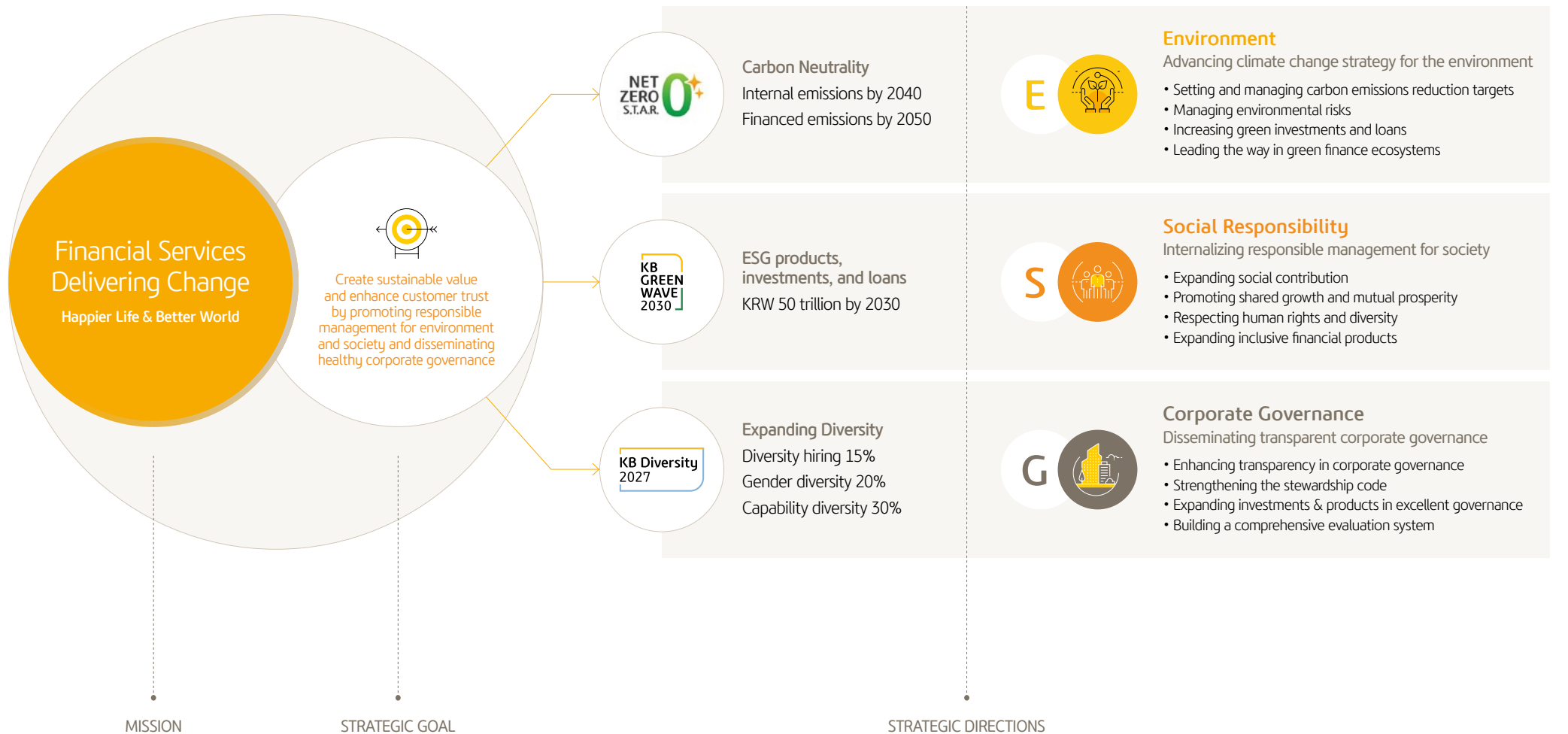
22 local subsidiaries + 11 branches + 5 offices + 559 subsidiary branches

KB Kookmin Bank (407 in 12 countries), KB Securities (24 in 5 countries), KB Insurance (11 in 4 countries), KB Kookmin Card (146 in 4 countries), KB Asset Management (3 in 3 countries), KB Capital (4 in 2 countries), KB Investment (1 in 1 country), KB Data Systems (1 in 1 country)



# ESG Strategy

KB Financial Group seeks to realize “Financial services delivering change” through distinctive ESG management and create a better world. As a global ESG management-leading group, KB Financial Group’s employees are focusing their capabilities on practicing ESG management and taking the lead in creating social value. In particular, we are making diverse efforts for diversity enhancement and social responsibility activities, along with global climate leadership. We faithfully fulfill environmental and social responsibilities based on a strong ESG strategy system and operate sound governance, and implement our mid- to long-term strategies in a phased manner to achieve our goals of “carbon neutrality,” “ESG products, investments, and loans,” and “expanding diversity.”



# 2023 ESG Highlights

## ESG LEADERSHIP

Appointed a female non-executive director as the BOD chairperson  
(As of the end of March 2024)  
3 female non-executive directors  
(First for a financial holding company in Korea)

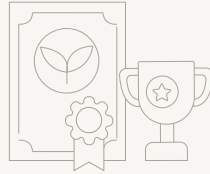
### 42.9%

(Percentage of female non-executive directors among non-executive directors)



Received the highest grade at the 2023 MSCI ESG Ratings  
(2 consecutive years, and First for a financial company in Korea)

### AAA Grade



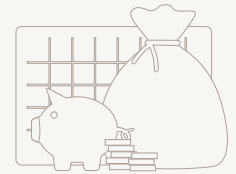
Participated as the GFANZ Asia Pacific Network Advisory Board

### GFANZ APAC Network Advisory Board



Shareholder return rate in 2023  
(The highest among financial holding companies in Korea)

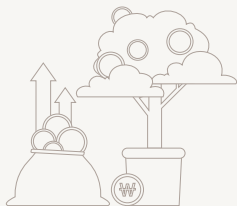
### 37.7%



## ESG FINANCING

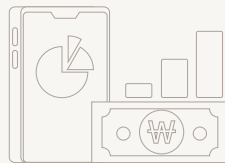
Amount of ESG products, investments, and loans  
(Based on 2023 year-end balance)

### KRW 36.4 trillion



Amount of ESG bond issuance  
(Cumulative figure as of 2023 year-end)

### KRW 15.2 trillion



Performance of KB Kookmin Bank's "KB Green Wave\_Loans for Outstanding ESG Companies"  
(Based on 2023 year-end balance)

### KRW 905.3 billion



KB Securities co-organized the issuance of sustainability-linked bonds

### KRW 110 billion



# 2023 ESG Highlights

## ENVIRONMENT

Reduction of operational emissions  
(Based on SBTi reduction target-setting)

**3,175** tCO<sub>2</sub>eq



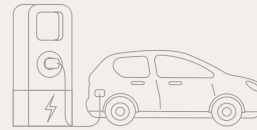
Annual renewable energy generation /  
Power generation facility

**1,913** MWh /  
**37** facilities



Conversion rate of corporate fleets to  
eco-friendly vehicles  
(As of 2023 year-end)

**78.6%**



Created K-Bee Urban Bee Farms  
(Cumulative figure as of 2023 year-end)

**3** farms in total



Planted honey trees in Hongcheon County,  
Gangwon Province

**100** thousand trees



## SOCIAL

No. of KB Dream Wave 2030 beneficiaries  
(Cumulative figure as of 2023 year-end)

**202,253** persons



No. of economic and financial education  
beneficiaries  
(Cumulative figure as of 2023 year-end, Online and mobile  
web figure is based on number of subscribers)

**1,522,350** persons



No. of persons who successfully found a job  
through the KB Good Job Program  
(Cumulative performance since 2011)

**35,232** persons



Social contributions  
(As of 2023)

KRW **320.8** billion



# 2023 ESG Highlights

## DIGITAL

MAU<sup>1)</sup> of KB Kookmin Bank's KB Star Banking  
(As of 2023 year-end)

**12.06** million persons



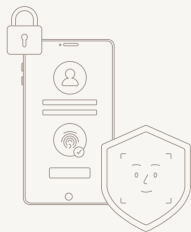
MAU<sup>1)</sup> of KB Securities' M-able  
(As of 2023 year-end)

**2.18** million persons



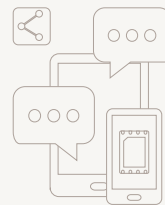
Subscribed customers of KB Kookmin Bank's  
KB Kookmin Authentication Certificate  
(As of 2023 year-end)

**14** million persons



Subscribed customers of KB Kookmin Bank's Liiv M  
(As of 2023 year-end)

**420** thousand persons



## ESG Evaluation

Dow Jones Sustainability Indices (DJSI)

Included in DJSI World Index for 8 consecutive years

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

S&P Global Corporate Sustainability Assessment (CSA)

Selected as the only domestic financial company in the top 1%



MSCI

Received the AAA Grade for 2 consecutive years for the first time among domestic financial companies



Korea Institute of Corporate Governance and Sustainability (KCGS) ESG Evaluation

Achieved A+ ratings in all ESG categories for 4 consecutive years



Bloomberg Gender-Equality Index (GEI)

Included in BGEI for 5 consecutive years



Carbon Disclosure Project (CDP)

Selected for the Carbon Management Honors Club  
Received the Carbon Management Sector Honors Award for 7 consecutive years



FTSE4Good ESG Index

Included in 13 consecutive years



<sup>1)</sup> MAU: Monthly active users

# 2023 ESG Highlights

## Membership in ESG Initiatives<sup>1)</sup>

KB Financial Group is participating in various initiatives with leadership to rapidly identify ESG issues in and outside the financial industry and to actively practice ESG management.

Initiative	Details	Membership since	
United Nations Global Compact	UN Global Compact (UNGC)	The world's largest voluntarily formed initiative for promoting sustainable management and the implementation of the ten principles in relation to human rights, labor conditions, environment, and anti-corruption	Apr. 2009
CDP	CDP	A global initiative on information disclosure and an evaluation agency led by financial institutions in relation to environmental sectors such as climate change, water, and forest resources	Apr. 2009
UN@ Finance Initiative	United Nations Environment Programme Finance Initiative (UNEP FI)	A global initiative participated in by over 300 financial institutions and the only international partnership between UNEP and international financial sectors	Aug. 2018
TCFD	Task Force on Climate-related Financial Disclosure (TCFD)	An initiative that recommends corporations to incorporate climate change risk into their financial information	Oct. 2018
PRINCIPLES FOR RESPONSIBLE BANKING	United Nations Principles for Responsible Banking (UN PRB)	An international agreement that stipulates financial industry's roles & responsibilities for implementation of the Paris Agreement and the UN Sustainable Development Goals (SDGs)	Sep. 2019
WOMEN'S EMPOWERMENT PRINCIPLES	Women's Empowerment Principles (WEPs)	A joint initiative undertaken by UN Women and UN Global Compact for women's empowerment	Sep. 2019
BNBP	Biz N Biodiversity Platform (BNBP)	An initiative to promote recognition of the industrial sector's global and social responsibility for biodiversity preservation and utilization, and to support preservation and sustainable use of biodiversity across all areas of corporate activities	May 2020
CoREI	Corporate Renewable Energy initiatives (CoREI)	An initiative designed to help corporations voluntarily pledge to move into renewable energy and establish and implement renewable energy-related targets	Jun. 2020
EQUATOR PRINCIPLES	Equator Principles	Voluntary agreement by financial companies to stop funding projects when they are likely to incur environmental destruction or violations of the human rights of local residents	Feb. 2021
PCAF	Partnership for Carbon Accounting Financials (PCAF)	An initiative designed to develop unified standards for assessing and reporting GHG emissions of the financial industry's investment projects and to encourage financial institutions to follow the Paris Agreement	Apr. 2021
SCIENCE BASED TARGETS	Science Based Targets initiative (SBTi)	An initiative designed to provide guidelines and methods for corporations to set GHG emissions targets in line with the Paris Agreement and ensure their climate-conscious activities	Apr. 2021
net-zero banking alliance	Net-Zero Banking Alliance (NZBA)	A leadership group of global banks with the aim of bringing global GHG emissions to net-zero by 2050	Apr. 2021
RE100	RE100	Global campaign on converting 100% of electricity consumed by businesses into renewable energy	Sep. 2021
PRINCIPLE FOR SUSTAINABLE INSURANCE	Principle for Sustainable Insurance (PSI)	An international agreement that promotes consideration of sustainability in all management activities of insurance companies, including operational strategies, risk management, and product and service development	Sep. 2021
AVPN	Asian Venture Philanthropy Network (AVPN)	Asia's largest impact investment network pursuing CSR capability improvement suited to the financial investment company	Feb. 2022
TNFD	Task Force on Nature-related Financial Disclosures (TNFD)	Global consultative body seeking to protect nature and biodiversity by reducing the impact companies have on ecosystems	Apr. 2022
GFANZ	Glasgow Financial Alliance for Net Zero (GFANZ)	Global alliance for net zero transition and overcoming climate crisis through finance (APAC Network)	May 2022

<sup>1)</sup> Organizations that provide and enforce ESG codes of conduct and voluntary standards for global companies within each industry



# Stakeholder Engagement

## Stakeholder Communication Channels

KB Financial Group categorizes stakeholders as customer, employee, government and local government, shareholder and investor, supplier, and local community, and identifies matters of interest as well as demands of stakeholders through various communication channels. In addition, we hold a stakeholder survey every year and actively reflect the results in our overall ESG management activities.



	Customer	Employee	Government and local government	Shareholder and investor	Supplier	Local community
<b>Key communication channel</b>	<ul style="list-style-type: none"> <li>Online non-face-to-face and offline face-to-face channels including Website, e-mail, mobile, branches, etc.</li> <li>Customer satisfaction survey</li> <li>Voice of customers (VOCs)</li> <li>Customer panel and advisory group</li> <li>Complaint channel</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management communication channel (Labor-Management Council, Labor-Management Meeting, etc.)</li> <li>Grievance handling system</li> <li>Organizational culture diagnosis</li> <li>Employee engagement evaluation</li> <li>Group webzine, Group portal, internal broadcasting, newsletter</li> <li>Town hall meeting, anonymous open chat room</li> </ul>	<ul style="list-style-type: none"> <li>Consultative body related to financial authority policy</li> <li>Briefing session on government financial policy</li> <li>Financial Supervisory Service (FSS) meeting</li> </ul>	<ul style="list-style-type: none"> <li>Company briefing session</li> <li>Annual general meeting</li> <li>Earnings announcement</li> <li>Company management disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Meeting with suppliers and on-site briefing</li> </ul>	<ul style="list-style-type: none"> <li>KB Miso Foundation</li> <li>Consulting service channel</li> <li>KB Innovation HUB Center</li> <li>Social contribution project</li> </ul>
<b>Major areas of interest</b>	<ul style="list-style-type: none"> <li>Protection of financial consumers</li> <li>Enhancement of financial accessibility and user convenience</li> <li>Improvement of customer experience</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of hiring diversity, gender diversity, and capability diversity</li> <li>Strengthening of employee competencies</li> <li>Fair evaluation and compensation</li> <li>Improvement of organizational culture</li> <li>Management of employee safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Response to environmental regulations and policies</li> <li>Implementation of financial inclusion</li> <li>Implementation of innovative finance</li> <li>Job creation</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise risk management</li> <li>Climate change strategy</li> <li>Win-win financing</li> <li>Protection of financial customers</li> <li>Digital innovation and technology</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a fair trade culture</li> <li>Creation of a win-win culture with partners</li> <li>Management of safety and health in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of financial accessibility for vulnerable groups</li> <li>Support for inclusive finance for SMEs and small business owners</li> <li>Operation of startup incubation programs</li> <li>Support for the facilitation of the social venture ecosystem</li> <li>Social contribution activities</li> </ul>
<b>Status of communication</b>	<ul style="list-style-type: none"> <li>Conduct face-to-face/non-face-to-face survey of customer experiences</li> <li>Operate the customer panel and advisory group system</li> <li>Operate a complaint-handling and damage compensation process for protection of financial consumers</li> <li>Operate VOC using website, email, mobile communication, branch, etc.</li> <li>Provide services with strengthened user convenience through digital innovation</li> </ul>	<ul style="list-style-type: none"> <li>Diagnose the organizational culture and evaluated employee engagement</li> <li>Operate the Labor-Management Council and Labor-Management Meeting</li> <li>Operate the complaint handling center</li> <li>Run the "WE STAR" mentoring program</li> <li>Operate internal channels, including the Group webzine, Group portal, internal broadcasting, and newsletter</li> <li>Hold the Townhall Meeting and operate anonymous open chatting rooms</li> <li>Operate the KB Compliment System</li> <li>Operate out the KB Creator Project</li> </ul>	<ul style="list-style-type: none"> <li>Participate in Green Finance Task Force</li> <li>Signed an MOU with the Financial Supervisory Service on climate risks</li> <li>Participate in various forums and conferences</li> </ul>	<ul style="list-style-type: none"> <li>Hold IR meetings</li> <li>Hold an annual general meeting of shareholders</li> <li>Frequent and regular disclosures on corporate management activities</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the competitive bidding principle and operate the "integrity pact"</li> <li>Operate the compliance program</li> <li>Held supplier meetings and field briefing sessions</li> <li>Operate the Health and Safety Council</li> </ul>	<ul style="list-style-type: none"> <li>Provide products and services for financial inclusion of the financially vulnerable</li> <li>Provide management consulting services to SMEs and small business owners, including KB SOHO Consulting, KB Wise Consulting, and KB ESG Consulting</li> <li>Operate startup-fostering programs, such as KB Starters and FUTURE9</li> <li>Formed the KB Social Investment Fund</li> <li>Provide economic and financial education and improve the childcare system and cultural/educational environment</li> <li>Create jobs through the KB Good Job program and employment/business establishment support to young people preparing for self-reliance</li> <li>Operate a fund-raising campaign participated by customers</li> <li>Help global families settle down and carry out global social contribution activities</li> </ul>

# Stakeholder Engagement

## Management of Material Issues that Have Impact on Stakeholders

KB Financial Group manages issues where our products, services, or supply chain can have a significant impact on environmental, social, and economic aspects and reflect them in our decision-making for ESG management. We derive the result index that measures direct results on local communities and the environment that are caused by corporate management activities and the impact index that quantitatively evaluates the impact on stakeholders to identify and manage material issues' impact on the external environment.



### Material issue

Win-win Financing

### Impact on stakeholder

- Serve as a major driving force that contributes to the 17 Sustainable Development Goals (SDGs) and a key factor that reduces extreme poverty and contributes to society's joint prosperity
- Improve financial service accessibility of the financially underserved groups with low credit ratings by providing them with small low-interest rate loans and preferential interest rates and fee exemption benefits for deposit and installment savings accounts, and support the establishment of a foundation for independence
- Provide financial inclusion products and services so that SMEs and small business owners with limited financing can develop competitiveness and grow, and offer consulting services, through which we contribute to the vitalization of the regional economy
- There is a possibility of corporate management risks arising from weakened corporate competitiveness and financial independence as a result of excessive dependence on win-win financing and policy financing support.

### Result index

No. of beneficiaries of win-win financing

**1,317,640** persons<sup>1)</sup>

### Impact index

Social value of financial inclusion:

KRW **281.9** billion

Calculate the social value of inclusive financial products and services based on interest earnings received by customers through preferential interest rates for deposit/installment savings products and interest costs saved through loan products

### Local Community Involvement

- Contribute to realizing a sustainable society by creating social value through win-win with local communities based on the Group's mission, "Financial services delivering change"
- Provide customized training programs in the three areas of learning, career, and support through "KB Dream Wave 2030"; provide economic and financial education to various stakeholders; and improve the cultural and educational environment
- Provide a connection between SMEs, which are the foundation of regional economies, and job seekers to create many quality jobs and also a training program that strengthens the capabilities of job seekers
- Carry out global social contribution activities to develop local communities and promote win-win partnerships across the globe

### Result index

No. of beneficiaries of social contribution activities, including education programs and job creation

**162,245** persons<sup>2)</sup>

### Impact index

Social value of local community contribution activities:

KRW **348** billion

Measure complex social and economic impact by multiplying a multiple to input cost, and calculate social cost by converting the quantitative figure that was generated as a result of activities to a monetary amount

\* KB Financial Group is evaluating and monitoring its annual sustainability management performance by quantifying "positive social/environmental impact" (social value) of its corporate activities in a monetary unit and transparently disclosing relevant information to diverse stakeholders. KB Financial Group measures social value only for performance for which compensation is not provided based on market price for corporate activities (programs) or financial products and services. Social value is affected by complex factors, such as changes in government policy and market circumstances and results of research on social costs. Adjustments and remedies can be made if the premises change.

<sup>1)</sup> Tallied the number of beneficiaries for only financial inclusion products

<sup>2)</sup> No. of beneficiaries of the KB Dream Wave 2030, KB Foundation, and economic and financial literacy education (based on the number of subscribers for online and mobile web) and no. of persons employed through KB Good Job

# Material Assessment

KB Financial Group identifies ESG issues and reflects them in management activities, and transparently communicates with stakeholders by disclosing related activities and outcomes and through the materiality assessment it carries out every year. In 2023, we chose sustainability disclosure topics based on the “double materiality assessment” process that is based on the European Sustainability Reporting Standards (ESRS), which is the EU’s sustainability reporting standards. Of these, we chose disclosure topics that are subject to IFRS Sustainability Disclosure Standards S1 and S2 application through an “investor-centered financial materiality assessment” that is based on guidance announced by the International Sustainability Standards Board (ISSB).

## Materiality Assessment Outline

### Methodology

ESRS’ double materiality assessment is a method that considers both corporate management activities’ impact on social and environmental sustainability (Inside-Out) and ESG issues’ impact on corporate financial position (Outside-In), targeting all stakeholders. To choose sustainability disclosure topics, KB Financial Group conducted an ESRS-based double materiality assessment and derived the priority of material issues by combining “impact materiality” that assesses impact on society/environment and “financial materiality” that assesses impact on corporate financial position.

Impact materiality is assessed based on the four criteria of size, scope, likelihood, and recoverability by reflecting media exposure level, trends in the same industry, outside stakeholder interviews by value chain, business strategies, and KPIs. Financial materiality is assessed based on the two criteria of size and likelihood by reflecting internal ESG experts’ financial impact assessment, survey of outside investors, and analysis of the status of financial industry regulations of the regulatory authorities.

Starting in 2023, we are additionally considering an investor-centered financial materiality assessment that is based on ISSB. The financial materiality assessment of ISSB is a method that specifies current and potential investors of the capital market, from among various stakeholders, as a single information user and derives sustainability topics that can impact the information user’s investment decision-making. To identify financial impact on investors, we analyzed the level of interest of major investors and the regulation status of supervisory institutions.

### Scope

KB Financial Group performs a double materiality assessment that is on a consolidated basis, including impact, risks, and opportunities of major subsidiaries that are included in the reporting scope. During impact materiality assessment, we consider both positive and negative impact (impact’s characteristic) that is related to ESG issues as well as actual and potential impact (impact’s attribute). During the financial materiality assessment, we assessed both potential risks and opportunities related to ESG that can have a negative financial impact on KB Financial Group.

We applied various assessment techniques in addition to a stakeholder survey to conduct a comprehensive impact analysis from multiple perspectives by adding a complementary assessment by internal and external stakeholders to an internal assessment by ESG experts. We used various assessment methods, such as an analysis of global disclosure standards and assessment indexes, analysis of competitors and partner companies in the same industry, media analysis, and analysis of the regulation status of supervisory institutions, to identify actual and potential impact on KB Financial Group as well as risks and opportunities, and formed an IRO<sup>1)</sup> long list, thereby enhancing completeness of the population.

### Reporting & Review

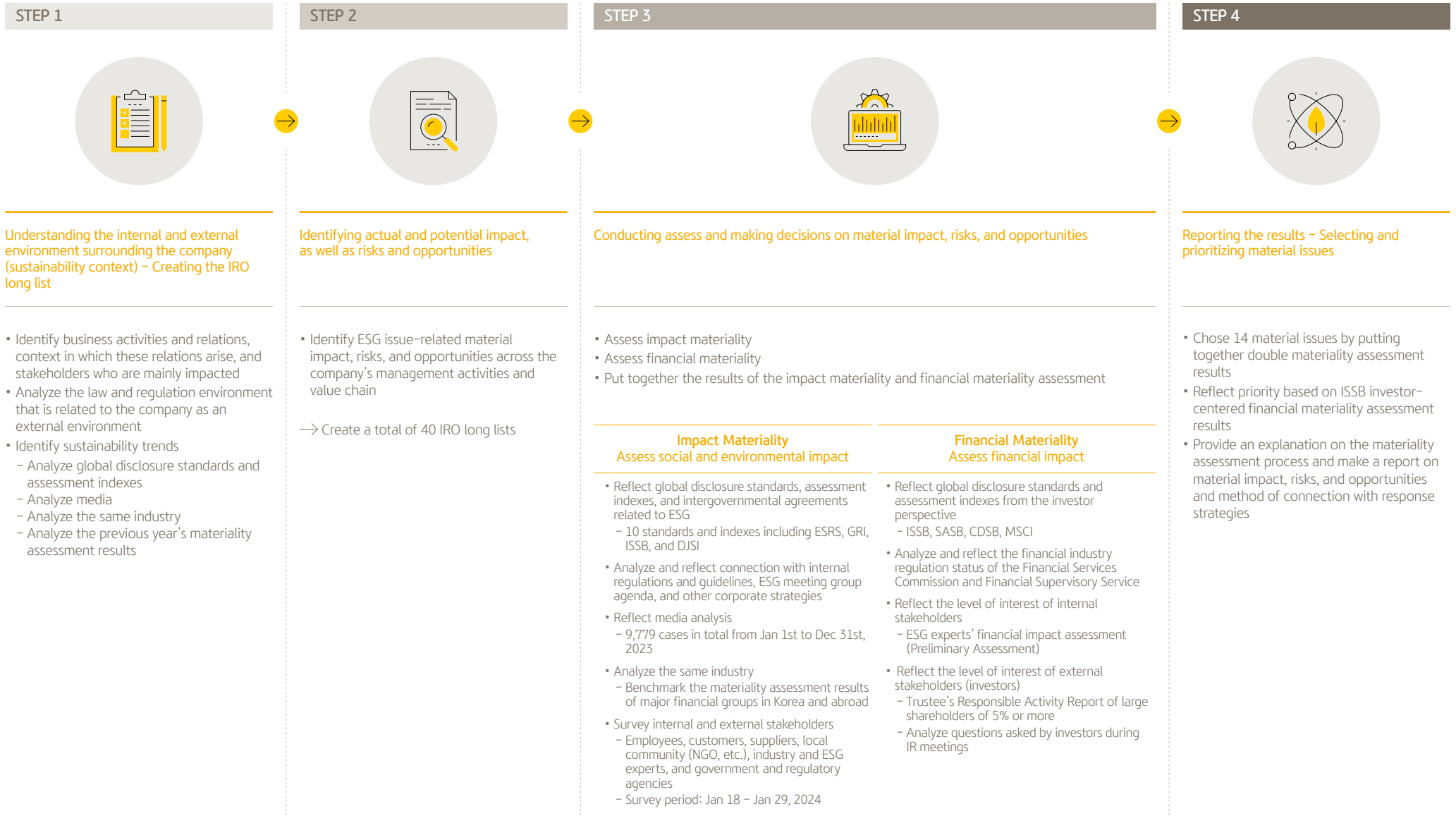
The materiality assessment process and assessment results are reported to the ESG Committee under the BOD and top management. We receive a third-party assurance to secure credibility of the materiality assessment process and the material issue selection process.

In 2023, KB Financial Group chose 14 major issues according to priority from a total of 40 IRO long lists based on materiality assessment. Related risks were managed at the Group level through the Risk Management Committee under the BOD. For individual key issues, relevant committees, including the ESG Committee, and organizations in charge identify relevant risks and opportunities, establish response strategies and implementation plans, and regularly monitor the status. Matters that are deliberated/decided by each committee are reported to the BOD.

<sup>1)</sup> IRO: Impact, Risk and Opportunity

# Material Assessment

## Materiality Assessment Process

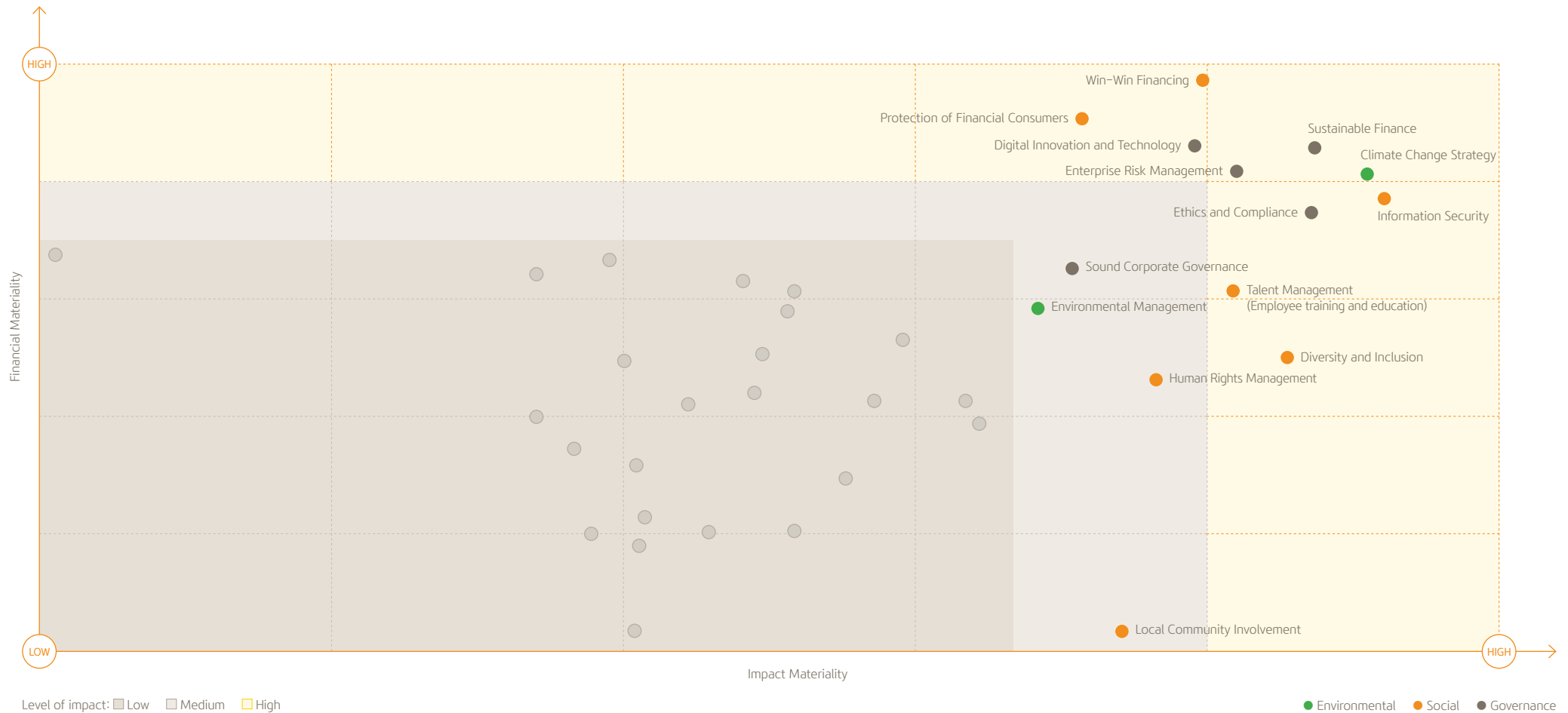


# Material Assessment

## Materiality Assessment Result

KB Financial Group comprehensively analyzed impact materiality of the company's external impact and the financial materiality of ESG issues' impact on the company, and used the analysis results as the basis to derive a total 14 material issues and choose the priority. We categorized 10 issues with the highest ESRS-based double materiality assessment ranking as material topics and the sub four issues as general topics.

Of the 10 material topics, we chose five top issues with a high investor-centered financial materiality assessment ranking, based on the guidance announced by ISSB, as material topics to which IFRS Sustainability Disclosure Standards S1 and S2 are applied.



# Material Assessment

## Materiality Assessment Result

Topic	Topic type	Double materiality assessment						Investor-focused materiality assessment	Stakeholder's level of interest						GRI index
		Impact materiality assessment			Financial materiality assessment				Investor	Employee	Customer	Supplier	Local community and NGO	Government and regulatory agencies	
		Level of Impact	Positive	Negative	Level of Impact	Positive	Negative								
● Enterprise Risk Management		●		✓	●		✓	●	✓	✓			✓	2-12, 13, 16, 25	
● Climate Change Strategy	Material Topics (ISSB Financial Materiality)	●		✓	●		✓	●	✓	✓	✓	✓	✓	201-2305	
● Win-Win Financing		●	✓		●		✓	●	✓		✓		✓	203, 413-1	
● Protection of Financial Consumers		●	✓		●		✓	●	✓		✓			417-1	
● Digital Innovation and Technology		●	✓		●	✓		●	✓	✓	✓		✓	Non-GRI	
● Information Security		●	✓		●		✓	●	✓		✓			418-1	
● Diversity and Inclusion	Material Topics (Double Materiality)	●	✓		●	✓		●	✓	✓		✓	✓	405	
● Talent Management (Employee training and education)		●	✓		●	✓		●	✓	✓				404	
● Ethics and Compliance		●		✓	●		✓	●	✓	✓	✓	✓	✓	2-27, 205, 206-1	
● Sustainable Finance		●	✓		●	✓		●	✓	✓	✓		✓	Non-GRI	
● Environmental Management		●	✓		●	✓		○		✓	✓	✓		Non-GRI	
● Human Rights Management	General Topics	●			●		✓	○		✓		✓	✓	403, 406	
● Local Community Involvement		●	✓		○			○				✓		203, 413-1	
● Sound Corporate Governance		●		✓	●		✓	○		✓		✓	✓	2-9, 10, 11	

Level of impact: ○ Low ● Medium ● High

# Material Assessment

## Management of Material Issues

Of the 14 material issues that were chosen as a result of the 2023 materiality assessment, KB Financial Group aligned three issues – “digital innovation and technology,” “sustainable finance,” and “information security” – with the KPI and performance of top management, including the executive director, and is managing them with focus.

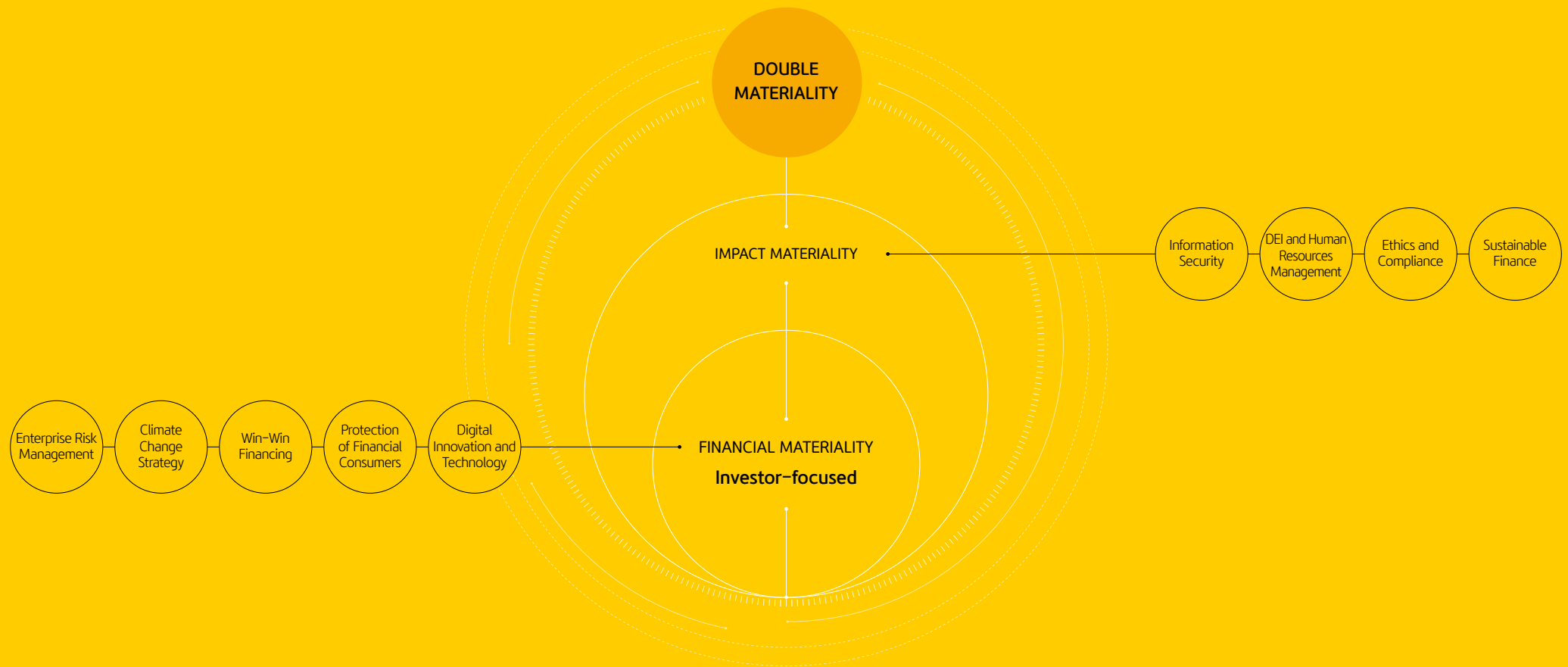
### KB Financial Group’s Material Topics

Issue	Background of selection	Issue’s impact	Strategy	Mid- to long-term targets	Major activities and performance	KPI (aligned with top management’s performance compensation)
Digital innovation and technology	Issue with a high level of interest among stakeholders and of connection with management strategies	<ul style="list-style-type: none"> <li>A paradigm shift in financial services caused by rapid development of digital technologies</li> <li>Customer demand for innovative financial services that make use of cutting-edge digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>Develop digital-friendly products and services to satisfy extensive customer needs in the digital era</li> <li>Expand digital platforms that provide non-financial/public services that are connected with finance, together with key services of subsidiaries</li> </ul>	Expand the platform, products, and services of KB Star Banking <ul style="list-style-type: none"> <li>MAU of KB Star Banking: 15 million persons by 2025</li> </ul>	MAU of KB Star Banking <ul style="list-style-type: none"> <li>12.06 million persons (As of the end of 2023)</li> </ul>	<ul style="list-style-type: none"> <li>KB Star Banking’s non-face-to-face product sales performance</li> <li>Subsidiary performance in providing KB Star Banking products and services</li> </ul>
Sustainable finance	Issue that has the highest financial impact according to materiality assessment results	<ul style="list-style-type: none"> <li>Recognize the crisis from transitioning to a low-carbon economy as a new investment opportunity</li> <li>Discover new investment and growth opportunities that support the transition to a low-carbon economy for sustainable growth</li> </ul>	<ul style="list-style-type: none"> <li>Select “ESG finance” as a future growth engine and continually expand the scale of ESG financial products and services to lead the transition to a low-carbon economy</li> </ul>	ESG products, investments, and loans <ul style="list-style-type: none"> <li>KRW 50 trillion by 2030</li> </ul>	KRW 36.4 trillion in ESG products, investments, and loans <ul style="list-style-type: none"> <li>Products: KRW 12.8 trillion</li> <li>Investments: KRW 10.1 trillion</li> <li>Loans: KRW 13.5 trillion (Based on the 2023 year-end balance)</li> </ul> KRW 15.2 trillion worth of ESG bonds issued (Cumulative as of the end of 2023)	<ul style="list-style-type: none"> <li>Group’s ESG financial product (products, investments, and loans) performance</li> </ul>
Information security	Issue that has the greatest impact on the environment and society according to materiality assessment results	<ul style="list-style-type: none"> <li>Increase in cyber security threat in tandem with digital technology innovation and expansion of data-using services</li> <li>Prevent information leakage and raise customer trust by establishing a Group-wide information security management system and incident response process</li> </ul>	<ul style="list-style-type: none"> <li>Establish and implement information security measures by establishing an information security risk management system</li> <li>Prevent customer damages from expanding and minimize monetary losses by operating an incident response process</li> <li>Regularly examine the information security infrastructure and compliance</li> </ul>	Advancement of the information security environment <ul style="list-style-type: none"> <li>Build an environment to respond to “cyber threat intelligence”</li> </ul> Response to changes in information security compliance <ul style="list-style-type: none"> <li>Digitalize the compliance inspection system and receive third-party information security verification</li> </ul> Enhancement of customer trust and value <ul style="list-style-type: none"> <li>Achieve zero electronic financial incidents</li> </ul>	Zero electronic financial incidents <ul style="list-style-type: none"> <li>Number of cases of leakage incidents related to personal information violation: Zero</li> <li>Number of cases of information security violation and cyber security incidents: Zero</li> </ul> Acquisition of information security certification <ul style="list-style-type: none"> <li>Acquisition of personal information protection management system certifications, such as ISMS, ISMS-P, and APEC CBPR</li> </ul>	<ul style="list-style-type: none"> <li>No. of leakage incidents related to personal information violation</li> <li>Rate of response against infringement and attack detection</li> <li>Rate of prior blocking of suspicious electronic financial transactions</li> <li>Rate of increasing employees’ information security awareness and training details</li> <li>Grade from external organizations’ regular evaluation of information security</li> </ul>

PART I

# MATERIAL TOPICS

KB Financial Group pursues sustainability by considering economic, social, and environmental impacts. In this process, we identify and appropriately respond to issues that significantly impact our various stakeholders, thereby securing sustainable competitiveness. Moving forward, KB Financial Group will transparently disclose information ranging from the process of implementing sustainability to the outcome and future plans, and discover new growth opportunities based on strong trust with stakeholders.





MATERIAL TOPICS

INVESTOR-FOCUSED

→ Enterprise Risk Management

Climate Change Strategy

Win-Win Financing

Protection of Financial Consumers

Digital Innovation and Technology

Information Security

DEI and Human Resources Management

Ethics and Compliance

Sustainable Finance

# Enterprise Risk Management

Companies are encountering increasingly diverse risks amid rapid changes in the business environment. To secure a stable foundation for business even in an unstable environment, KB Financial Group established a system that enables it to prepare for various risks. For example, with the Risk Management Committee performing central roles, we manage major risks and operate training programs and systems to strengthen employees' risk management capabilities.



## Core content (four pillars) of ISSB Sustainability Disclosure Standards\*



### Governance

- Enterprise Risk Management System
- Risk Reporting System
- Enhancing Risk Management and Supervision Capabilities
- Enterprise Risk Management Performance Evaluation and Compensation



### Risk Management

- Enterprise Risk Management Process
- Stress Testing Process



### Strategy

- Recognize and Evaluate Risks
- Emerging Risk
- Establishment of Enterprise Risk Management Strategies
- Spreading the Enterprise Risk Management Culture



### Metrics & Targets

- Risk Management Metrics & Targets
- Risk Management Monitoring

\* IFRS Sustainability Disclosure Standards S1 requires an entity to disclose information about its sustainability-related risks and opportunities based on 4 core content areas.

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# Governance

## Enterprise Risk Management System

To comprehensively and systematically manage all types of potential risks, KB Financial Group established a BOD-centered risk management system. The BOD approves the Group’s risk management policies and strategies, while also deliberating and making decisions on major matters needed for risk management, including the enactment and amendment of the “Risk Management Regulations.” The BOD entrusts some of its risk management responsibilities and authority to the Risk Management Committee and the Group’s top management.

### Risk Management Committee

To establish a response system against various risks and efficiently support decision-making in business, we operate the Risk Management Committee within the BOD. Pursuant to Articles 15 and 16 of the Act on Corporate Governance of Financial Companies, KB Financial Group defines matters on the enactment/amendment and abolition of risk management standards as the BOD’s authority, and entrusts the Risk Management Committee with responsibilities and authority over risk management standards for efficient risk management.

The Risk Management Committee is the highest decision-making body that establishes and approves risk management policies and strategies, and oversees the current status of risk management. It is composed of four non-executive directors who have expertise in risk management. The Committee establishes risk management strategies, determines the risk appetite, sets and distributes risk limits, manages risk management status and risk levels, and takes other measures to supervise the suitability of risk policies and systems.

### Risk Management Council

We operate the Risk Management Council, consisting of the Chief Risk Officers (CROs) of the Group and its subsidiaries and the head of the Group Risk Management Department, under the Risk Management Committee to drive the execution of risk management. In case of the chairperson of the Risk Management Council, the Group CRO is appointed and performs the duty.

The Risk Management Council discusses the matters delegated by the Risk Management Committee, matters requested to be reviewed by the Group Executive Management Committee, and the details of implementing risk management policies of each subsidiary. It monitors the Group’s risk management status and takes necessary measures when it discovers matters requiring improvement. The Risk Management Council’s activity details and results of monitoring the risk management status are regularly reported to the Risk Management Committee.

### Organization Dedicated to Enterprise Risk Management

To ensure independence in risk management work, KB Financial Group formed a risk management organization that is independent from the business area in accordance with “Risk Management Policy.” To guarantee independence of the risk management organization, the CRO provides approval when agenda items are brought up to the BOD and Risk Management Committee, thus excluding CEO approval. In addition, we operate a separate performance management system for performance evaluations and exclude performance metrics that are related to business performance, to manage the risk organization independently from organizations that are related to the company’s business performance, such as finance, strategy, and business units.

The CRO, who manages the risk management organization, has professional knowledge and practical experience with risk management, and is appointed through the BOD in accordance with the “Act on the Corporate Governance of Financial Companies.” The CRO is guaranteed a tenure of more than two years to maintain expertise. The CRO establishes detailed risk management policies and procedures and the work process system, and oversees the monitoring of risks, such as examining and improving relevant regulations and procedures with changes in the business environment.

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# Governance

## Risk Reporting System

KB Financial Group has set in place a systematic and transparent reporting system for efficient management of major risks. Regular reports on risk monitoring results and integrated stress testing are efficiently carried out through a step-by-step reporting process that ranges from subsidiaries' Risk Management Department to the Group's BOD. A subsidiary's Risk Management Department and CRO report the major risk management status to the Risk Management Department of KB Financial Group Inc. The Risk Management Department reviews the materials and reports consecutively to the Group CRO, Risk Management Council, Risk Management Committee, and BOD.

KB Financial Group holds a Risk Management Committee meeting at least once a quarter and reports the status of risk limit management by risk type and subsidiary as well as each subsidiary's major risk issues. In 2023, the Risk Management Committee was held a total nine times, and the attendance rate of committee members was 100% at each meeting. Major subsidiaries of KB Financial Group, including KB Kookmin Bank, internally hold their BOD (or Risk Management Committee) meeting to periodically report each subsidiary's detailed policies on risk management, major activities, and compliance with the risk limit.

## Enhancing Risk Management and Supervision Capabilities

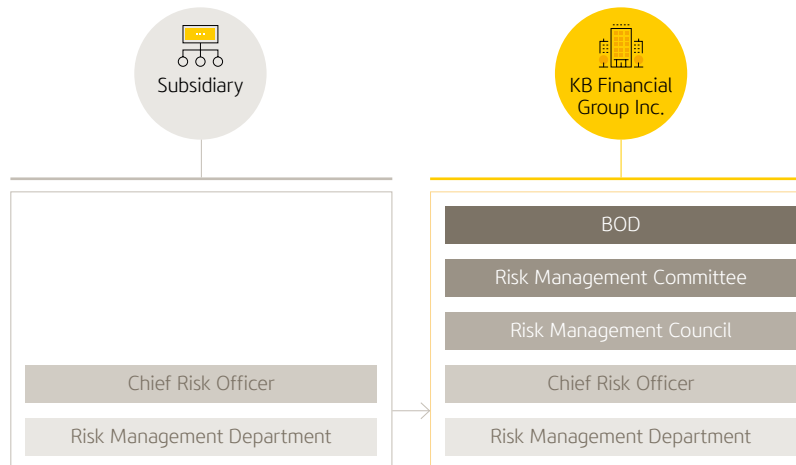
In accordance with KB Financial Group's Internal Governance Standard, non-executive directors with expertise in relevant fields, such as finance, economy, business administration, accounting, and law, are appointed as Risk Management Committee members. Especially for Risk Management Committee chairperson, a non-executive director with expertise in risks is appointed.

To strengthen the Group's risk management governance system and competencies, training on the Group's risk management policy and methodology and the Group's core initiatives and major updates regarding risk management is regularly provided at least once a year to Risk Management Committee members. Furthermore, major subsidiaries of KB Financial Group hold various training and seminars to develop risk management capabilities.

## Enterprise Risk Management Performance Evaluation and Compensation

KB Financial Group reflects the results of CRO's risk management work performance in its KPIs. Starting in 2023, we included Return on Risk Weighted Asset (RoRWA) as part of the major performance metrics of risk-adjusted performance measures (RAPM), to reflect Enterprise Risk Management to the Group and subsidiary management evaluations. RoRWA monitoring enables top management to prioritize capital adequacy in its decision-making, including portfolio operation and rebalancing. We ultimately support the optimal allocation of the Group's resources by conducting performance evaluations, including appraisals and reward based on the results of capital efficiency monitoring.

KB Financial Group's risk reporting system



MATERIAL TOPICS

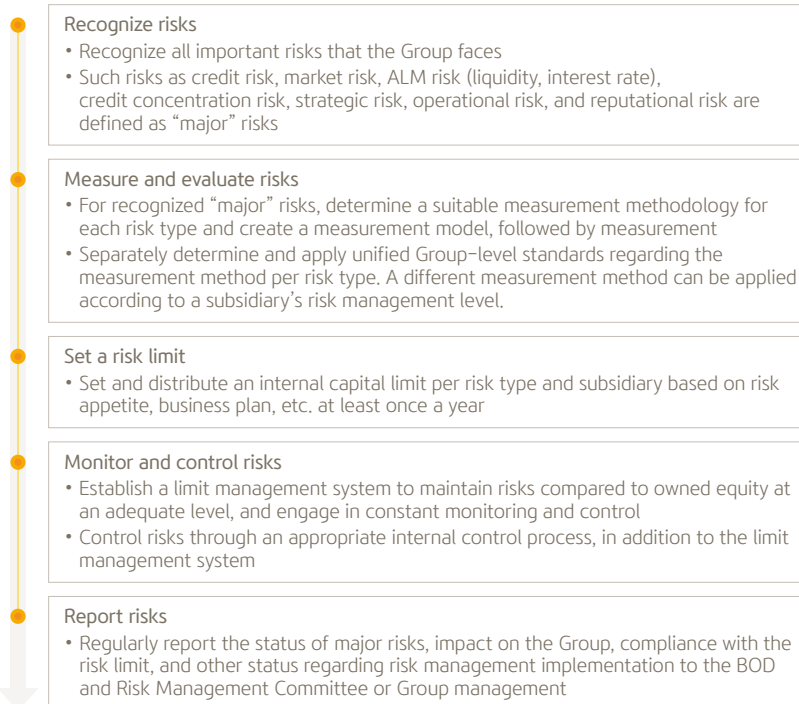
INVESTOR-FOCUSED

# Risk Management

## Enterprise Risk Management Process

For timely responses and systematic management of all risks that may arise in overall management, KB Financial Group established and operates basic policies on major risk management matters, including the “Risk Management Policy,” “Risk Management Committee Policy,” and “Risk Management Guidelines.” In accordance with basic principles of risk management, we categorize risks into different types and different types of risks are integrated a comprehensively managed. In addition, an organization that is independent from risk measurement model development and operation regularly verifies model suitability. To analyze the impact that major recognized/measured risks have on the Group, we conduct the Group level integrated stress testing at least once a year.

### KB Financial Group’s enterprise risk management process

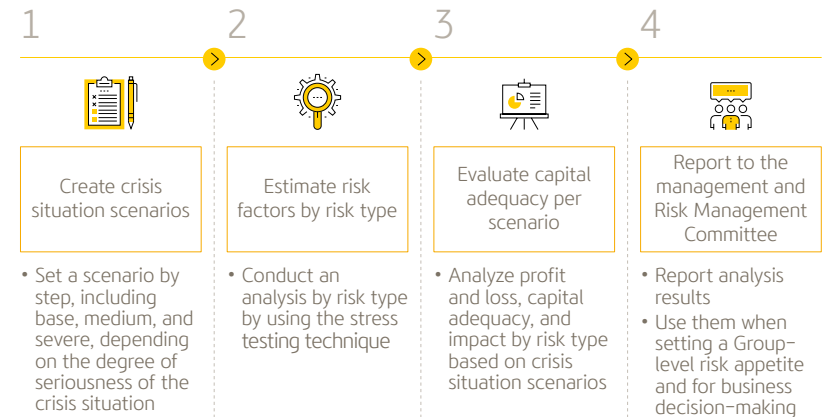


## Stress Testing Process

To evaluate potential vulnerability in relation to cases that are exceptional but still have a possibility of occurring, KB Financial Group conducted Group-level integrated stress testing twice in 2023 on profit and loss, capital adequacy, and impact by risk type based on crisis situation scenarios. The Group Risk Management Department reports to the Risk Management Committee and the top management on the impact that the stress testing results have on the Group which is reflected in the process of making decisions on major matters, including Group-level risk appetite and risk limit-setting and evaluation of strategy selection.

During the Risk Management Committee held in April and October 2023, reports were made on liquidity and Group-level integrated stress testing results and relevant countermeasures.

### Stress testing process



### Stress testing technique by risk type

Risk type	Stress testing technique
Credit risk	Credit rating transition
Market risk	Standard method and internal model-based sensitivity or scenario
Interest rate risk	Simulation based on interest rate volatility
Operational risk	Scenario that reflects profit and loss changes or loss data

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# Strategy

## Recognize and Evaluate Risks

To handle unexpected situations, KB Financial Group recognizes major risks that the Group faces, measures risks through risk measurement models and stress testing, and analyzes potential impact on the Group. Major subsidiaries of KB Financial Group identify risks for each material issue and establish a response system. At the Group level, we carry out integrated risk management to prevent the transfer of risks among subsidiaries.

Risk type	Risk factor	Potential financial impact	Period		
			Short-term	Mid-term	Long-term
Financial risks	Credit risk	Default loss caused by bankruptcy and default loss caused by a decrease in credit rating		✓	✓
	Market risk	Risk of incurring loss from trading position according to changes in market factors, such as interest rate, stock price, and exchange rate	✓	✓	
	Liquidity risk	Risk of incurring loss from failure to respond to unexpected fund demand (expenditure)	✓		
	Interest rate risk	Risk of incurring loss from changes in capital and profit that occur as changes take place in the value of interest rate-sensitive assets, liabilities, etc. when there are interest rate changes	✓	✓	
	Credit concentration risk	Risk of incurring a loss that is significant enough to threaten the Group's soundness or maintenance of business ability from a single credit exposure or credit exposure due to a concentration of assets in a particular sector	✓	✓	
Non-financial risks	Operational risk	Risk of loss that may be caused by an inadequate or wrong internal process, personnel and system, or external incident		✓	✓
	Strategic risk	Risk of loss that is caused by an unfavorable business decision, inappropriate decision-making, lack of measures for business environment changes, etc.		✓	✓
	Reputational risk	Risk of loss that is caused by deterioration in external public opinions, including customer and shareholder opinions, due to sluggish management, financial incident, social criticism, etc.		✓	✓

\* Period is classified as short-term is 1-5 years, mid-term is 5-10 years, and long-term is after 10 years.

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# Strategy

## Emerging Risk

KB Financial Group defines emerging risks as risks that are newly gaining emphasis due to economic/environmental/social changes and that can also have a significant impact on the Group’s management activities over the long term. We conducted a multifaceted analysis to identify emerging risks. As a result, we derived a total of 911 trends and analyzed the impact per period – short/mid/long term. In 2023, we chose “Global rebalancing: Shift to “re-globalization,” going beyond de-globalization” and “Acceleration of technological innovation: Increase in cybercrime threat due to technological innovation such as AI” as major emerging risks to view, in detail, risks that arise from megatrends that surround the business environment.



### Emerging risks

	Global rebalancing: Shift to “re-globalization,” going beyond de-globalization
Definition	The increasing number of global conflict areas, such as the US-China hegemony competition, the Russia-Ukraine war, and the Israel-Palestine conflict, along with the formation of alliances based on national interests, signifies a shift towards a multipolar global power structure, leading to changes in global governance and the reorganization of the Global Value Chain (GVC). These changes in the international order heighten geopolitical risks and impact large-scale events related to international politics, military security, economic trade, and monetary policy. Consequently, there are growing concerns about political, economic, and social uncertainties in South Korea, which is relatively dependent on external factors.
Risk type	Geopolitical
Business impact	As international conflict intensify and country specific alliances are sporadically and continuously formed, the protectionist stance to safeguard national interests is being strengthened, causing ongoing disruptions in the supply chain of raw materials, intermediate goods, and more. This is triggering deterioration of the trade environment, such as production disruptions in major key industries due to export and import restrictions. Also, monetary policy changes of major currency countries are increasing interest rate volatility and increasing the possibility of a prolonged economic downturn.  There is greater concern of both individuals and businesses facing a credit risk amid a continuing environment where the global economic downturn, inflation, and interest rate fluctuation caused by geopolitical risks are expanding. In particular, it is forecast that credit rating deterioration will spread mainly among heavy debtors and debtors with a low level of repayment capabilities.
Mitigation actions	KB Financial Group established 12 scenarios that may occur in business environment aspects and is examining the worst case and ripple effects. Of these, five scenarios – “spread of the Israel-Hamas conflict,” “Ukraine-Russia war impact and Russian presidential election,” “heightened military tensions surrounding Taiwan,” “sudden internal changes in North Korea,” and “impact on the Southeast Asian market from the US-China hegemonic conflict” – fall under geopolitical risks. The scenarios were created through collaboration and reviews by the Group Risk Management Department, Financial Planning Department, and KB Research. We are currently overhauling the crisis response system of the Group and subsidiaries. We plan to share the completed scenarios and economic impact with all Group subsidiaries and present guidelines for establishment of worst scenario countermeasures per business unit of each subsidiary. Furthermore, the Emergency Management Committee is establishing a system to perform crisis response control tower functions in the event of a Group-level worst scenario.  Meanwhile, KB Financial Group examines its contingency plan through stress test analysis and establishes an action plan per crisis situation scenario to constantly manage the Group’s crisis response skills. In addition, we strengthened consistency in subsidiaries’ risk management systems for systematic response at the Group level in the event of a geopolitical risk, and established a management information system to stably operate internal normalization plans and to execute them in a timely manner. In addition, to manage credit risk, we reset segments for high-risk groups and continue monitoring for preemptive recognition of risks. We also set and operate relevant management targets

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# Strategy

## Emerging Risk

### Emerging risks



**Acceleration of technological innovation: Increase in cybercrime threat as a result of technological innovation such as AI**

<b>Definition</b>	AI uses extensive knowledge that exists online based on machine learning and is regarded as one of the most important technologies that will determine the future of the world and humankind for many years. However, it can be misused for hacking, etc. according to user intentions. If AI is misused for cybercrime, it significantly increases the severity of the attack. As such, the scope and degree of cyber information security issues, such as customer information leakage and hacking, are expected to reach extremely serious levels in the near future. Public accessibility to AI, including ChatGPT, is rapidly increasing, leading to serious concerns over a rise in cybercrime that uses AI tools. There is a possibility that a financial institution systems' information security system will become paralyzed, triggering social/economic chaos and damage.
<b>Risk type</b>	Technological
<b>Business impact</b>	<p>The financial industry has been witnessing rapid digital transformation aimed at increasing management efficiency. Major data, including owned assets and debt information, customer information, and credit information, is managed with focus. Financial institutions are actively moving forward with digital transformation to enhance customer convenience but, paradoxically, the increase in digital transaction and activation of remote work heighten the likelihood of becoming target for cybercrime.</p> <p>In the current situation where social demands for customer information protection are increasing, the rising possibility of more organized and sophisticated cyber crimes will pose a significant threat to the credibility of financial institutions. Therefore, the efficient and systematic establishment of a stable security environment will be directly linked to the survival of financial companies.</p>
<b>Mitigation actions</b>	<p>For efficient, systematic customer information protection, KB Financial Group formed an organization dedicated to information protection and leakage prevention. We are also strengthening the information protection system by using an "integrated information protection platform" and "integrated management system for personal information protection." To prevent external leakage of sensitive information, such as customer information, we comply with the process of passing through an x-ray security check when entering the IT center and head office. We established and implement a strict control process for when PCs are brought in or out, such as formatting and mandatory security program installation.</p> <p>KB Kookmin Bank has separated internal and external network of all PCs it uses and blocked Internet use for PCs used by outsourced personnel, while encrypting all documents on PCs. Moreover, additional certification is applied for database information access to ensure access by only authorized personnel. Despite these information protection efforts, there is still a possibility that information leakage may occur. We have therefore purchased an electronic financial transaction liability insurance policy to minimize financial risks due to information leakage which may lead to decrease of external credibility of the company and management as a result of large-scale restrictions and costs from handling accidents, such as compensation for damages as a result of a class action filed by customers.</p>



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# Strategy

## Establishment of Enterprise Risk Management Strategies

KB Financial Group establishes and executes short-term or mid- to long-term risk management strategies for all major risks that the company faces, and promotes continued, stable growth by pursuing balance of risk, profit, and capital. We analyzed the business environment per short/mid/long-term period from the population, customer behavior, product and service, social policy, and technology perspective and identified resulting risks, after which we established mid- to long-term management strategies for the Group’s sustainable growth. The Group Risk Management Department recognized megatrends from the perspective of risks surrounding the business environment in connection with the mid- to long-term management strategies that the Group established, and established preemptive risk management measures to respond to a sudden drop in the Group’s asset value. We forecast that the scope of stranded assets will continually expand due to a business environment that is changing at an unprecedented rapid pace, such as industrial structure reorganization and increased geopolitical risk, in addition to climate change. Accordingly, we recognized megatrends that the Group is facing from the social, technological, economic, environmental, and political perspectives, and derived the resulting stranded industries and promising industries per short/mid/long-term period through qualitative and quantitative analyses.

The results of megatrend and industry analysis from the risk perspective are shared across the Group and applied to the Group’s portfolio adjustment and improvement over the mid- to long-term future, and also reflected when establishing management strategies to form risk management strategies that allow flexible responses to business environment changes. In addition, efficient support is provided for each subsidiary’s mid- to long-term management strategies and decision-making through increased risk transparency, spread of the risk management culture, and prevention of risk transfer among subsidiaries.

### Mid- to long-term enterprise risk management strategies

Strategy	Task
Raise risk transparency	<ul style="list-style-type: none"> <li>Conduct an internal audit on work appropriateness</li> </ul>
Spread the risk management culture	<ul style="list-style-type: none"> <li>Provide training to strengthen employees’ risk management capabilities</li> <li>Run programs to foster risk management employees</li> <li>Raise risk management awareness by operating the Group Risk Ombudsman Service</li> </ul>
Prevent risk transfer among subsidiaries	<ul style="list-style-type: none"> <li>Handle risks by type and by organization with a Group-level risk management system</li> </ul>

### Enterprise risk management strategies by major risk type

Risk type	Strategies
Credit risk	<ul style="list-style-type: none"> <li>Measure expected loss and internal capital, and distribute and manage limit</li> <li>Measure total exposure, and distribute and manage limit</li> <li>Measure and manage credit concentration risk</li> <li>Analyze potential vulnerability through a crisis situation analysis and establish countermeasures</li> </ul>
Market risk	<ul style="list-style-type: none"> <li>Calculate regulatory capital using the Basel III standardized approach</li> <li>Evaluate capital adequacy</li> <li>Assign and manage sensitivity limit and VaR limit</li> <li>Identify expected loss and capital adequacy through crisis situation analysis and implement countermeasures</li> <li>Manage exchange risk</li> </ul>
Liquidity risk	<ul style="list-style-type: none"> <li>Implement a management policy to own sufficient quality liquidity assets and secure a stable financing structure</li> </ul>
Interest rate risk	<ul style="list-style-type: none"> <li>Devise countermeasures for abnormal interest rate changes through crisis situation analysis</li> <li>Ease risks through hedge strategies, such as interest rate swap</li> </ul>
Credit concentration risk	<ul style="list-style-type: none"> <li>Manage exposure concentration by borrower and industry at the Group level</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>Operate an operational risk management system</li> <li>Spread the risk management culture</li> <li>Strengthen internal control and improve work processes</li> </ul>
Strategic risk	<ul style="list-style-type: none"> <li>Conduct stress testing for each of various scenarios through crisis situation analysis and carry out strategic decision-making</li> </ul>
Reputational risk	<ul style="list-style-type: none"> <li>Practice transparent, reasonable ethical management at the Group level, such as implementing the employee Ethics Pledge and inspecting internal compliance</li> <li>Continually identify and manage the Group’s reputational risk stemming from external environment changes through surveys and media analysis</li> </ul>



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# Strategy

## Spreading the Enterprise Risk Management Culture

### Enhancement of Employee Capabilities for Risk Management

KB Financial Group provides regular internal training to strengthen the risk management capabilities of employees. Each subsidiary’s Risk Management Department establishes and implements an annual training plan for all employees on risk management–related content and major issues.

For practical operational risk management, KB Kookmin Bank provides training on operational risk management activities to all branch employees, in addition to conducting a Control Self–Assessment (CSA) every month. We are also striving to advance risk management capabilities by running the “KB ACE Academy (Risk) Pre–STEP/STEP I/II Training.” In addition, training is provided to audit employees in the Group to respond to the alternative investment environment in Korea and abroad as well as AI competency development training in relation to credit evaluation models.

Employees in charge of risk at KB Kookmin Card attend risk–related training that is provided by external credit information companies, such as KCB and NICE, and take part in risk expert training and data analysis training to strengthen risk analysis capabilities.

### Operation of Risk Ombudsman

The “KB Protector System” is the Group Risk Ombudsman Service where employees detect risks at an early stage and facilitate preemptive counteraction through voluntary participation. Based on the content, the reported issue will be forwarded to the head of the Risk Management Department of the respective subsidiary, who will investigate on the issue, take necessary measures and then report to the head of the Group Risk Management Department. We strictly maintain the reporter and the reported issue confidential and reward the reporter if the report makes an important contribution to the Group’s preemptive risk management.

In addition, we select an employee who contributed to the implementation of the Group’s risk management policies every year and present the employee with a Chairman’s Recognition, while offering incentives for performance assessments and promotions. In this way, we are implementing diverse policies to spread an risk management culture.

### Development of Enterprise Risk Management Personnel

KB Financial Group implemented the “Risk Management Personnel Exchange Program” to enhance employees’ practical risk management capabilities. The Risk Management Personnel Exchange Program deploys skilled risk management personnel in other subsidiaries, aiming to expand the pool of employees with experience in diverse risk management.

Since 2016, KB Kookmin Bank has been running the “Risk Management Group Pipeline Development Program” and provides training programs that cover knowledge and skills required for risk management as well as industry trends to employees who are chosen for the pipeline. Along with outsourced training provided by outside organizations for basic understanding of risk management work and development of practical knowledge, OJT (on–the–job training) is conducted at a department in the Risk Management Group for six months to spread the risk management culture by strengthening internal employee competencies.

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# Metrics & Targets

## Risk Management Metrics & Targets

KB Financial Group sets goals and limits to the Group and subsidiaries, and in order to ensure the smooth implementation of the risk management strategy, it inspects and monitors implementation status. The Risk Management Committee examines the risk level that the Group faces and the management status to establish risk management strategies that are in line with a strategic direction determined by the BOD. It sets targets based on quantified quantitative metrics, including internal capital and risk appetite, and uses them for capital adequacy evaluation and risk management. The Risk Management Committee approves risk appetite, which is the endurable risk level against the Group's total equity, once a year and has top management comply with the risk appetite. It distributes internal capital to each subsidiary and by risk type within the scope of the total risk capital ceiling that is based on the risk appetite target level, and sets and operates the total limit per subsidiary and limit per risk type so that capital adequacy is maintained.

Internal capital is capital needed to prevent economic insolvency when an unexpected loss occurs. KB Financial Group measures/distributes internal capital by risk type of each subsidiary in accordance with the target confidence level, and manages capital adequacy at the Group level. In addition, the Risk Management Committee requests subsidiaries to establish capital management and financing plans to maintain capital adequacy. An internal audit organization regularly inspects and audits internal policies and processes by risk type, including the operational risk management system and credit rating system.

### Risk management target-setting

Risk management target	Monitoring index	2023 target	2023 performance
Maintain capital adequacy 	CET1 <sup>1)</sup> ratio	13%	13.59%
Manage internal capital limit 	Risk appetite	84.6%	60.7%

<sup>1)</sup> Common Equity Tier 1. CET1 ratio (%) = CET1/Risk Weighted Assets (RWA)

## Risk Management Monitoring

### Enterprise Risk Monitoring System (ERMS)

KB Financial Group established and operates a risk measurement system for the Group and subsidiaries in line with the adoption of the Basel III capital regulation for bank holding companies in 2013. Risk measurement results can be viewed via the Enterprise Risk Monitoring System (ERMS), and are reported to the Group Risk Management Committee every quarter. KB Financial Group reflects subsidiaries' risk management levels, etc. and sets an internal capital limit for major risks per subsidiary every year, and also measures and monitors internal capital regarding risks on a monthly basis. Each subsidiary's risk management organization monitors limit on a daily basis and reports the results to top management, and also reports the risk management status to a risk council every month.

### Risk Information System

KB Financial Group operates the Risk Information System (RIS) to systematically manage subsidiaries' risks. RIS manages major report materials related to risks, and has agenda of subsidiary risk councils, risk monitoring materials, regulations, and work materials.

### Inspection of the Enterprise Risk Management Status

The Group Risk Management Department conducts an inspection of the actual state of risk management once a year to examine the level of execution of risk management roles and functions of each subsidiary and the operation status of the diverse risk control process, after which it makes a report to the Group CRO, Risk Management Council, Risk Management Committee, and BOD. At least once a year, the Group Model Validation Department examines the consistency, suitability, and reasonableness of the capital adequacy management system that is handled by the risk management organization in accordance with the "Risk Management Regulations" and "Model Suitability Verification Guidelines," independently from the risk management organization, and takes measures for areas that need improvement. The results are then reported to the Risk Management Committee, resulting in continued advancement of the risk management system. Results of inspecting 23 execution measures of the Group risk management policy that were established in 2023 confirmed that all tasks were completed in the corresponding year.

### Internal Audit of Enterprise Risk Management

KB Financial Group's audit organization examines the appropriateness of company-wide control management from an independent third-party perspective for overall management of the risk management system. The Audit Department of KB Financial Group performs an audit on work appropriateness at least once a year on the Risk Management Department of the holding company and subsidiaries, thus monitoring risk management performance. Audit results are reported to the executive director in charge of audit, the Audit Committee, and BOD at least once a year.

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# Climate Change Strategy

KB Financial Group is actively promoting effective climate change activities based on “KB Net Zero S.T.A.R.,” its mid- to long-term net-zero implementation strategy. This strategy received Science-based Target Initiative (SBTI) approval, which is a first among financial institutions in Asia and companies in Korea. In addition, we established major climate change strategies, such as the “KB Green Wave 2030” and “Environmental and Social Risk Management (ESRM),” and are implementing them in a phased manner, thereby taking the lead in creating a sustainable low-carbon society.



## Core content (four pillars) of ISSB Sustainability Disclosure Standards\*



### Governance

- Climate Change Response Governance
- Climate Change Response Reporting System
- Strengthening Climate Change Management/ Supervision Capabilities



### Risk Management

- Climate Risk Management System
- Climate Risk Identification and Assessment
- Climate Risk Response
- Monitoring and Reporting of Climate Risk



### Strategy

- Climate-related Risk Analysis
- Climate-related Opportunity Analysis
- Evaluation of Climate Resilience through Climate Change Scenario Analysis
- Financial Impact Evaluation of Climate-related Risks and Opportunities
- Establishment and Implementation of Climate Change Strategy



### Metrics & Targets

- SBTi Methodology
- Financed Emissions (Scope 3) Measurement Process
- Greenhouse Gas Emissions Target and Performance
- Reduction Target and Pathways of Financed Emissions

\* IFRS Sustainability Disclosure Standards S1 requires an entity to disclose information about its sustainability-related risks and opportunities based on 4 core content areas.

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## Climate Change Response Roadmap

	2019–2021	2022–2024	2025–2030
 <p><b>GOVERNANCE</b></p>	<p><b>Setting the Basis for Climate Risk Management</b></p> <ul style="list-style-type: none"> <li>Establish the board-level ESG Committee within the Group</li> <li>Create a board-level committee or C-level council at each subsidiary</li> <li>Establish an organization exclusively in charge of ESG at each subsidiary</li> <li>Incorporate ESG in the management's KPI</li> </ul>	<p><b>Advancing the Climate Strategies</b></p> <ul style="list-style-type: none"> <li>Manage climate change response at the BOD level</li> <li>Nurture climate experts and internalize climate change response capability</li> </ul>	<p><b>Securing Climate Change Leadership</b></p> <ul style="list-style-type: none"> <li>Demonstrate strong leadership in the corporate sector in climate change response</li> </ul>
 <p><b>ENTERPRISE RISK MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>Develop Environmental and Social Risk Management (ESRM) Policy Framework at the Group level</li> <li>Review environmental/social risks based on the Equator Principles</li> </ul>	<ul style="list-style-type: none"> <li>Advance climate risk and scenario analysis</li> <li>Develop a scenario analysis methodology</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the integrated climate risk management system</li> <li>Review the reflection of climate risk factors in the Group's audit and credit evaluation system</li> </ul>
 <p><b>STRATEGY</b></p>	<ul style="list-style-type: none"> <li>Develop SBTi based net-zero strategies – Including net-zero strategies for operational emissions (Scope 1&amp;2) and financed emissions (Scope 3, Category 15)</li> <li>Develop strategy to expand ESG financing</li> <li>Declare “Exiting Coal Financing”</li> <li>Analyze impact on portfolio using scenarios</li> </ul>	<ul style="list-style-type: none"> <li>Establish carbon emissions management system</li> <li>Develop and execute net-zero implementation strategies at the Group subsidiary level</li> <li>Strengthen engagement with high-emission industries</li> </ul>	<ul style="list-style-type: none"> <li>Stabilize an integrated management and disclosure of financial and non-financial data</li> <li>Implement strategies to strengthen climate resilience based on scenarios</li> </ul>
 <p><b>METRICS &amp; TARGETS</b></p>	<ul style="list-style-type: none"> <li>Measure and disclose GHG emissions</li> <li>Operational emissions (Scope 1&amp;2)</li> <li>Financed emissions (Scope 3, Category 15)</li> </ul>	<ul style="list-style-type: none"> <li>Make operational emissions (Scope 1&amp;2) measurement more elaborate</li> <li>Expand target for financed emissions (Scope 3, Category 15)</li> </ul>	<ul style="list-style-type: none"> <li>Achieve the ESG financing target (by 2030)</li> <li>Conduct interim check on the fulfillment of net-zero targets and update targets</li> </ul>



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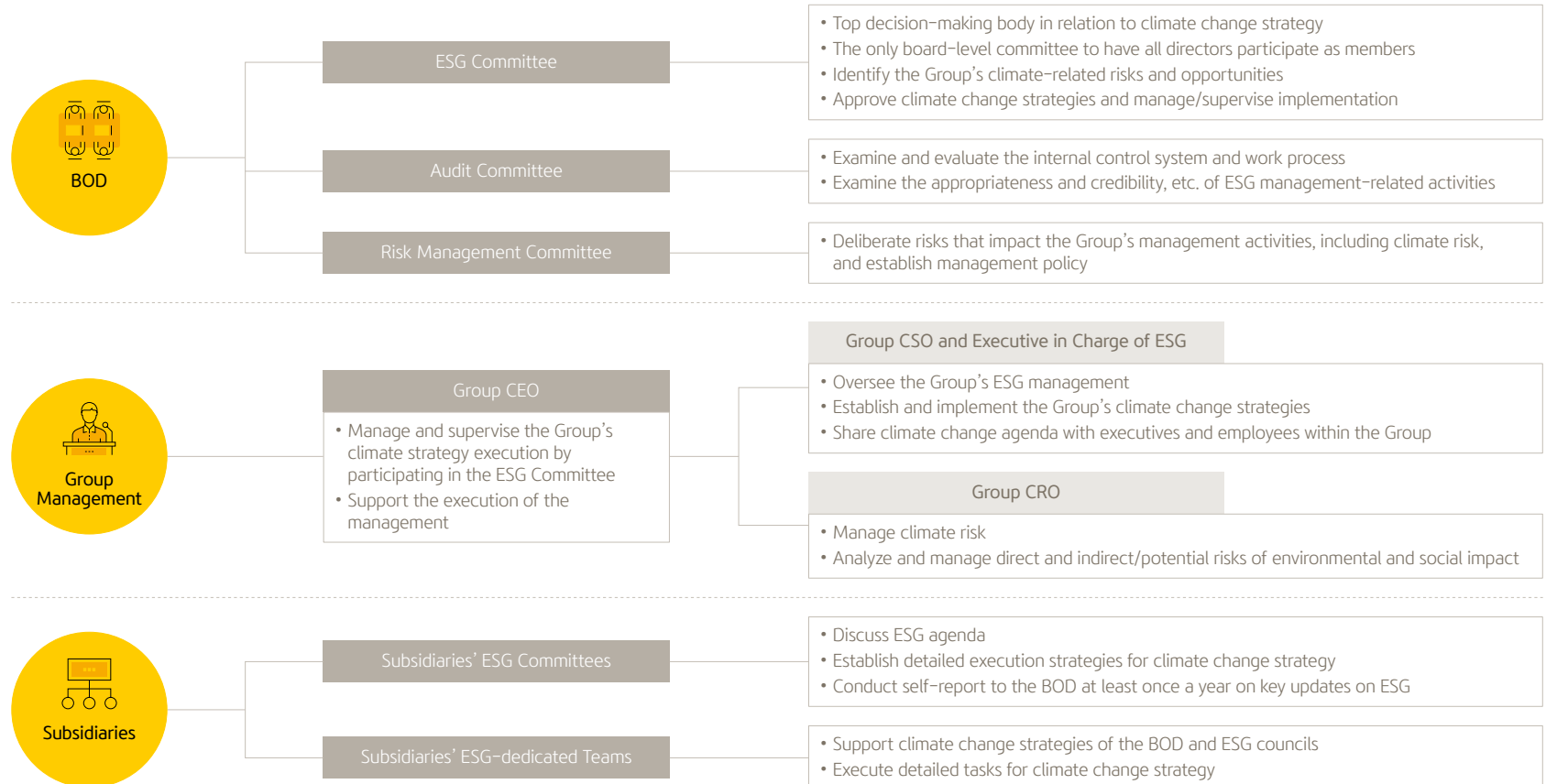
# Governance

## Climate Change Response Governance

For climate change response, KB Financial Group established governance with the Board at the center as the Group’s top decision-making body. The BOD establishes climate change strategies and targets at the Group level and manages/supervises the execution status. The ESG Committee, Audit Committee, and Risk Management Committee, which are board-level committees, faithfully perform their respective roles in relation to climate change response.

With the Group CEO playing a central role, the Group CSO and executive in charge of ESG manage the Group’s Climate Change Response Governance area, while the Group CRO analyzes the risks that climate change causes to KB Financial Group and establishes strategies. Each subsidiary has an ESG council and dedicated organization and carries out climate change activities based on the Group’s climate change strategies.

### KB Financial Group’s climate change governance



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# Governance

## Climate Change Response Reporting System

KB Financial Group operates a BOD reporting system. We examine the implementation status of major tasks that are based on ESG strategies, including climate change strategies, at least once semiannually and report the results to the ESG Committee. In 2023, the ESG Committee was held a total three times and reports were made on the Year 2023 ESG implementation performance, including the execution status of ESG tasks, status of ESG product/investment operation, and status of ESG global initiative activities and Year 2024 ESG implementation plan.

Each subsidiary's ESG council makes a self-report, at least once a year, on the major status of ESG issues, including climate change, to the BOD. KB Kookmin Bank reports to the "Environmental/Social Risk Deliberation Committee" and "ESG Promotion Committee" at least once semiannually the exposure status of climate risk industries and the status of handling new asset management. KB Insurance monitors the climate risk management status on a monthly basis and reports the results to the Risk Management Council.

### ESG Committee's decisions and reports in 2023 regarding climate change response



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# Governance

## Strengthening Climate Change Management/Supervision Capabilities

### Awareness and Training of Climate Change

KB Financial Group manages the non-executive director candidate pool for each of seven major fields of expertise, in which “ESG” is included. A non-executive director with ESG expertise is chosen to form the BOD. At the Group management level, the Group’s CSO and CRO manage climate risks focusing on the respective area of expertise, with central roles performed by the Group CEO.

#### Status of climate change-related training

Subsidiary	Main content
Common for KB Financial Group	<ul style="list-style-type: none"> <li>• Provide integrated insight into climate change</li> <li>• Special lectures by outside experts to the BOD and top management on climate change-related global trends, supervision and regulation trends, direction of the financial industry’s response, and changes in disclosure standards</li> <li>• Support the BOD’s proper decision-making and competency-building</li> <li>• KB Research and KB Securities Research Center periodically publish reports on ESG issues including climate change.</li> <li>• Provide risk training to employees in charge of risks</li> <li>• Held a briefing session in 2023 on climate risk and scenario analysis to employees in charge at climate risk-related departments, including Group risk evaluation and credit evaluation, and provided relevant training</li> </ul>
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Special lectures by experts are provided to all employees on climate change issues and eco-friendly activities</li> <li>• Provide diverse ESG training content related to the environment</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>• Regularly host ESG forums and seminars for institutional investors and corporate clients</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>• Regularly publish the “Risk Management Newsletter” that includes such content as climate risk and natural disaster analysis status</li> </ul>

In addition, KB Financial Group provides various training opportunities to raise BOD and top management’s awareness of climate change issues and risks and enhance relevant competencies, and holds climate change-related training/forum/seminar activities per major subsidiary.

### Evaluation and Compensation System

KB Financial Group reflects ESG (sustainable management) indicators in the KPIs of top management, including each business unit senior executives (C-level), for responsible implementation of climate change strategies. In addition, the KPIs of each department under each business unit include ESG-related indicators, including climate change strategy execution performance. The KPI is reflected in the compensation of each business segment manager/management/department head, while each department’s KPI is reflected in the incentive pay of the respective department’s employees by a certain ratio. ESG indicators are included in the KPIs of each subsidiary, including KB Kookmin Bank, and KPI performance is reflected in compensation.

#### Performance metrics on climate change response

Category	Performance metrics target	Performance metrics details
Progress in achieving climate-related risk and opportunity targets	• Achieve the net-zero target	• Carbon emissions management and execution performance • Execution performance related to climate change response, etc.
	• Achieve the ESG financing target	• ESG financial product performance and product development

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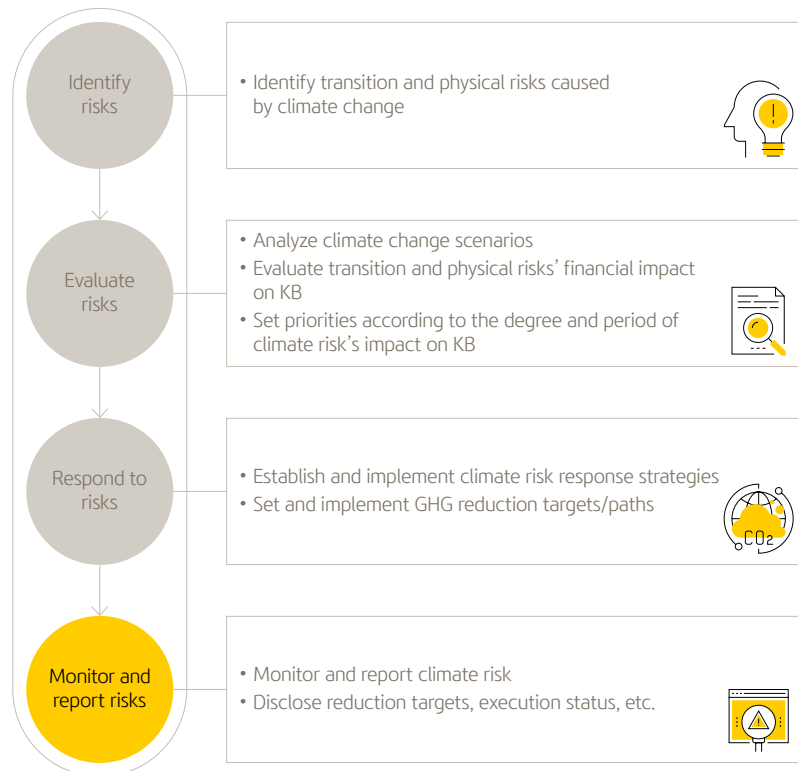
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# Risk Management

## Climate Risk Management System

KB Financial Group consistently and systematically manages direct/indirect risks from the climate change crisis at the Group level. We established a climate risk management system for climate change issues in the enterprise risk management system and analyze climate risk which is reflected to establish and implement business strategies. We identify climate risk based on the climate risk management system and establish response strategies for identified climate risk. Through scenario analysis, we ascertain climate risk's impact on the industry and company and use this data for risk management.

### KB Financial Group's climate risk management system



## Climate Risk Identification and Assessment

KB Financial Group analyzes climate risks' impact on the real economy and financial systems by categorizing major risks related to climate change into transition and physical risks according to the TCFD framework, and considers such economic transmission channels to establish response measures for climate risks.

Transition risks are risks that arise from the shift towards a low-carbon economy such as policy and legal/technology/market/reputational risks. Physical risks refer to those caused by the physical impact of climate change, such as natural disasters, and can be divided into acute and chronic risks depending on the duration in which a risk factor has an influence. When we assess transition risks, we comprehensively consider a rise in transition costs based on future carbon emission and carbon price outlook through NGFS<sup>1)</sup> scenario analysis. When we assess physical risks, we assess the risks' size of impact by considering financial impact from external environment changes through NGFS scenario and RCP<sup>2)</sup> and SSP<sup>3)</sup> scenario analysis.

<sup>1)</sup> Network of Central Banks and Supervisors for Greening the Financial System, A global coalition created by central banks and supervisory authorities of various countries to discuss standards for managing and supervising financial risks related to climate change and the environment

<sup>2)</sup> Representative Concentration Pathway. Scenario predicting changes in GHG concentrations due to human activities' impact on the atmosphere

<sup>3)</sup> Shared Socioeconomic Pathways. Scenario considering socio-economic efforts for climate change adaptation and mitigation



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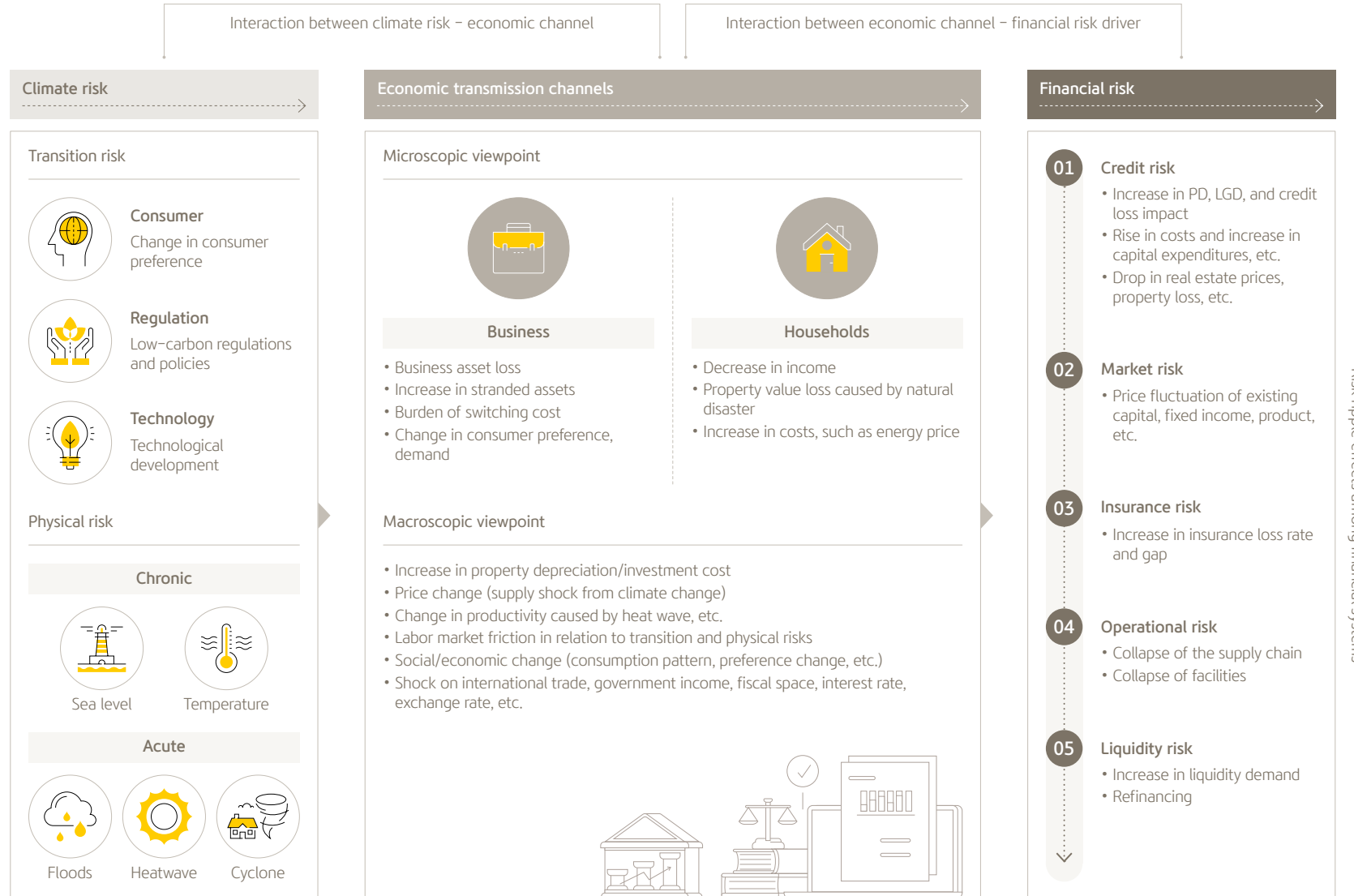
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# Risk Management

## Climate risk transmission channels



Risk ripple effects among financial systems

\* Source: BCBS (2021), Climate-related risk drivers and their transmission Channels

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# Risk Management

## Climate Risk Response

KB Financial Group recognizes major risks according to a climate risk identification and evaluation process. Through climate risk scenario analysis, we analyze individual risks' potential financial impact and impact on the financial industry, based on which we establish response strategies and execution plans, thereby strictly responding to each risk.

### Environmental and Social Risk Management (ESRM)

KB Financial Group is managing climate change and environmental/social risks caused by financial activities through the "Environmental and Social Risk Management (ESRM) Framework," based on which we established the "Environmental and Social Risk Policy Framework." Within this framework is the "Rationale for Designating Areas for Attention Regarding Climate Change," which provides the rationale for designating business and industries that adversely affect climate change, through which we choose areas for attention in consideration of environmental/social risks and monitor each area for attention.



### Policy framework and rationale for designating areas for attention regarding climate change

Category	Policy Framework	Rationale for Designating Areas for Attention Regarding Climate Change
Definition	A comprehensive framework designed to identify, evaluate and manage how the economic activities of the recipients of financial services affect the environment and the society	A document that provides the rationale for designating businesses and industries (Areas for Attention) that may adversely affect climate change due to high greenhouse gas emissions, etc.
Key content	<ul style="list-style-type: none"> <li>Objectives and principles of the Policy Framework</li> <li>Categorization of Areas for Exclusion, Attention, and Support, along with a management plan</li> <li>Review process for environmental and social risks for large-scale projects (based on the Equator Principles)</li> <li>Environmental and Social Risk Management (ESRM) Framework</li> <li>Information disclosure</li> <li>Participation in global collaboration and standard-setting organizations</li> <li>Training and capability building for executives and employees</li> </ul>	<ul style="list-style-type: none"> <li>Designating Areas for Attention considering environmental risks (greenhouse gas, biodiversity and habitat, harmful chemical substances) and social risks (human rights in local communities and workers' human rights)</li> <li>Definition of each Area for Attention and monitoring checklist</li> </ul>

KB Financial Group categorizes risk management areas into areas for "exclusion," "attention on climate change," and "support for green industries" according to inherent risks of each industry. We consider ESG factors, including climate risk, when making loan/investment-related decisions, such as suspending new investments in areas for exclusion and managing exposure and limit for areas for attention.

Each subsidiary of KB Financial Group internalized the Group ESRM in internal rules and guidelines to operate a climate risk management system and process. The subsidiaries built a foundation to consider environmental and social risks in the business examination process related to loans and investments. In addition, they periodically monitor the climate risk management status and make reports to ESG councils.

### Risk Management Areas According to ESRM

Risk management area	Details
Areas for Exclusion	<p>Excluded from financial support given the activities' or industries' profoundly adverse environmental and social impact</p> <ul style="list-style-type: none"> <li>Production or trade of products and activities that are construed to be illegal according to the respective countries' laws and regulations</li> <li>Cases where (illegal) child labor is included in the labor put in for production</li> <li>Transactions related to illegal gambling and pornography industries</li> <li>Production, trade, and transactions of radioactive substances whose appropriate protection, management, and supervision are deemed unfeasible</li> <li>Support for new coal mining projects or the expansion of existing coal mining businesses</li> <li>Support for the construction of new coal-fired power plants or the expansion of existing coal-fired power plants</li> </ul>
Areas for Attention on Climate Change	<p>Areas where carbon emissions reduction and relevant exposure management are significant given the projects' or industries' possibility to have an adverse impact on climate change such as high greenhouse gas emissions</p> <ul style="list-style-type: none"> <li>High carbon emitting industries including coal mining, coal-fired power generation, forestry, and others</li> </ul>
Areas for Support for Green Industries	<p>Areas where preferential financial support is provided considering climate change response efforts as well as the possibility to support green industries that could serve as a new growth engine</p> <ul style="list-style-type: none"> <li>Activities designated by the K-Taxonomy and Application Guidelines set by the Ministry of Environment</li> </ul>

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## ESRM application status of each subsidiary

Subsidiary	ESRM-applied internal rules (guidelines, etc.)	Application details
KB Kookmin Bank	Industrial Risk Management Guidelines	<ul style="list-style-type: none"> <li>Final selection of 24 climate risk industries</li> <li>Financial support for area-for-support industries</li> </ul>
KB Securities	ESG Risk Evaluation Guidelines, ESG Risk Review-Strengthening Measures	<ul style="list-style-type: none"> <li>Establish ESG Risk Evaluation Guidelines</li> </ul>
KB Insurance	Climate Risk Management Manual	<ul style="list-style-type: none"> <li>Establish a climate risk management system</li> </ul>
KB Kookmin Card	General Loan Management Guidelines, Investment Guidelines	<ul style="list-style-type: none"> <li>Reflect financial support exclusion areas</li> </ul>
KB Life Insurance	ESG Investment Guideline	<ul style="list-style-type: none"> <li>Reflect areas for exclusion of financial support through Group-level ESG policy participation</li> </ul>
KB Asset Management	(Alternative Investment Area) Exposure Status of Areas of Caution and Dissemination of Precautions	<ul style="list-style-type: none"> <li>Establish a process-based portfolio in ESG investment funds</li> </ul>
KB Capital	"Total Exposure Management Guidelines"	<ul style="list-style-type: none"> <li>Set an investment limit for businesses in the "areas for attention"</li> </ul>
KB Real Estate Trust	Prior Risk Deliberation Report	<ul style="list-style-type: none"> <li>Reflect ESG management ratings of constructors in the "Constructor Qualifications Screening Criteria"</li> </ul>
KB Savings Bank	Comprehensive Risk Management Guidelines	<ul style="list-style-type: none"> <li>Set internal rules on limit management for the "areas for attention" and exclusion for "areas for exclusion"</li> </ul>
KB Investment	ESG Work Regulations, ESG Policy	<ul style="list-style-type: none"> <li>Conduct negative screening when making ESG investments</li> </ul>

## Climate Risk Credit Evaluation

KB Kookmin Bank considers climate risk when performing loan reviews, such as reflecting ESG factors in credit rating evaluations through the "Corporate Loan Guidelines." A company's credit rating can be increased if it has growth potential and competitiveness, developed by practicing eco-friendly management, CSR, and ethical management. On the other hand, a company's credit rating can be decreased if there is a higher credit risk resulting from a lack of eco-friendly management, CSR, and ethical management.

In addition, KB Kookmin Bank improved the financial/non-profit/public organization credit evaluation model in July 2023 to consider ESG factors during credit evaluations for financial institutions, which can easily reflect ESG factors compared to other industries. Its mid- to long-term plan is to advance the ESG risk review management system by continually discovering quantified ESG factors. In addition, the Bank is creating additional point/deducted point items for industries that have ESG risks and opportunities during Industry Rating (IR) evaluation for fair reflection of ESG factors since climate change has both risk and opportunity factors at the same time.

### KB Kookmin Bank's reflection (proposal) of ESG factor additional/deducted point items during IR evaluation

Category	Point section	Industry
Negative	Deduct points e.g.) -5 points	<ul style="list-style-type: none"> <li>Industries chosen as climate risk industries</li> <li>High carbon/high energy-related industries</li> <li>Other industries adversely impacted from environmental regulations, etc.</li> </ul>
Positive	Add points e.g.) +5 points	<ul style="list-style-type: none"> <li>Industries related to eco-friendly business, such as K-Taxonomy and renewable energy, etc.</li> </ul>
Neutral	-	<ul style="list-style-type: none"> <li>Other industries</li> </ul>

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## Climate Risk Industry Management Standards

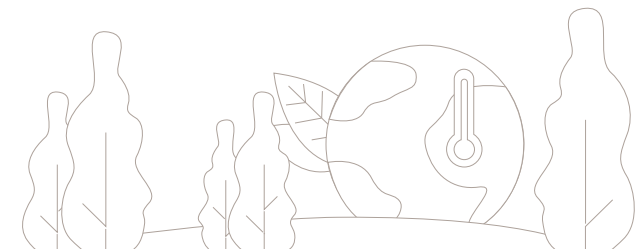
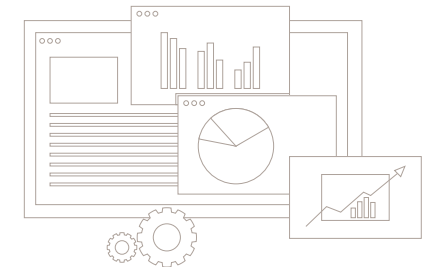
For internalization of the Group ESRM, KB Kookmin Bank reflected management standards for environmental risk, which is a core issue from among environmental and social risks, in the “Industrial Risk Management Guidelines.”

### KB Kookmin Bank’s article on climate risk industry management standards in the “Industrial Risk Management Guidelines”

Category	Major content
 <p>Classification criteria and corresponding industries</p>	<ul style="list-style-type: none"> <li>Chose “climate risk industry” in consideration of actual domestic industry activities and climate risk exposure levels, etc., from among industries subject to Group ESRM (128 industries subject to Group ESRM → final selection of 24 climate risk industries)</li> </ul>
 <p>Asset management policy and process</p>	<ul style="list-style-type: none"> <li>(Areas for exclusion) “Limit” new asset management, in principle</li> <li>(Areas for attention) Can apply “separate asset management standards” if necessary</li> <li>(Areas for support) “Financial support,” such as asset management limit, interest rate and fee, specialized product management, etc. for eco-friendly green industries</li> </ul>
 <p>Monitoring and report</p>	<ul style="list-style-type: none"> <li>Report the status of asset management for climate risk industries to the “Environmental/Social Risk Deliberation Committee” and “ESG Promotion Committee” at least once semiannually</li> </ul>

## Monitoring and Reporting of Climate Risk

Climate risk is reflected in the enterprise risk management system to regularly monitor the execution status of ESG implementation tasks, including climate change strategies. Through each subsidiary’s organization in charge of ESG, reports are made to ESG councils, the Group’s top management, and ESG Committee. Details on the climate change strategy reporting system are available on p. 34 of this report.



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KB Financial Group identifies climate-related risks and opportunities by using the TCFD framework and IFRS Sustainability Disclosure Standards S2. We carry out a risk evaluation process to determine if the identified risks and opportunities have an actual impact financially or strategically. Climate risk can have an extensive impact through diverse routes. For this reason, we evaluate risks based on scenario analysis rather than an evaluation that is based on past data.

## Climate-related Risk Analysis

KB Financial Group categorizes risks caused by climate change into transition risks and physical risks in accordance with the TCFD framework. We categorized transition risks into policy and legal/technology/market/reputational risks, and physical risks into acute and chronic risks depending on the duration in which a risk factor has an influence. We identified climate change-related risks that are forecast to have an important impact on the Group in consideration of both quantitative factors, including project size, no. of customers, profit, operational costs, and qualitative factors, including customer satisfaction and reputation, and ascertained the degree of response urgency for each risk by classifying the risk period into short-term (1 year), mid-term (1-5 years), and long-term (5-10 years). We are carrying out climate risk activities by analyzing potential financial impact and impact on the financial industry for each risk.

### Climate-related risks

Category	Climate-related risk	Impact on the financial industry	Potential impact on finance	Response activities	Period <sup>1)</sup>
Transition Risk	<p>Policy and Legal Risk</p> <ul style="list-style-type: none"> <li>Strengthening of carbon regulations, such as the emissions trading scheme and EU carbon border tax, and increase in emission prices</li> <li>Introduction of new environmental disclosure standards and strengthening of disclosure duties</li> <li>Increase in environment-related lawsuits</li> <li>Enforcement of the Inflation Reduction Act (IRA) in the U.S.</li> <li>The EU's adoption of the Carbon Border Adjustment Mechanism (CBAM)</li> </ul>	<ul style="list-style-type: none"> <li>Increased financial burden stemming from compliance with environmental regulations, including purchasing of emissions permits</li> <li>Deterioration of reliability and profitability of supply chain and asset portfolio when partner companies or businesses within the Group's asset portfolio fail to secure emissions permits, exceed the cap, or face environmental litigation claims</li> <li>Limitations in customer and investor communication due to confusion between disclosure work</li> <li>Increased costs from converting to eco-friendly factors, including electric vehicles and alternative energy</li> <li>Increased regulations on the financial industry with the adoption of IRA and greater demand for compliance</li> <li>Costs incurred from climate change-related risk assessments and establishment of response strategies in case of adoption of EU CBAM</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operating expense following the rise of greenhouse gas emissions permit prices</li> <li>Increase in financial burden due to unsecured emissions permits and exceeding the cap</li> <li>Decline in industrial competitiveness and the value of tangible assets due to regulations against high-carbon businesses</li> <li>Confusion caused by the potential mismatch between the existing and new disclosure standards</li> <li>Increase in costs from environment-related lawsuits</li> <li>Exclusion from subsidies and tax deductions when requirements are not met with the enforcement of IRA</li> <li>Increased burden over costs from additional carbon emissions with the adoption of EU CBAM</li> </ul>	<ul style="list-style-type: none"> <li>Active implementation of "KB Net Zero S.T.A.R.," the Group's carbon neutrality implementation strategy, to reduce GHG emissions</li> <li>Offering ESG consulting services to support greenhouse gas emissions reduction of businesses and financial benefits to businesses that achieved the reduction</li> <li>Strengthening the application of global disclosure standards within the climate change strategy framework</li> <li>Setting a limit on the investments in high carbon emitting businesses and minimizing climate risks through the declaration of "Exiting Coal Financing" and ESRM framework</li> <li>Providing financial support for carbon reduction technologies and electric vehicle R&amp;D in response to the enforcement of IRA in the US and adoption of the EU CBAM</li> <li>Managing and monitoring climate risks to minimize the possibility of lawsuits</li> </ul>	<p>Short-term</p> <p>Mid-term</p> <p>Long-term</p>

\* Risk analysis on climate change included the company's business operations as well as upstream and downstream activities.

<sup>1)</sup> Period is classified as short-term is 1 year, mid-term is 1-5 years, and long-term is 5-10 years.

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## Climate-related risks

Category	Climate-related risk	Impact on the financial industry	Potential impact on finance	Response activities	Period <sup>1)</sup>	
Transition Risk	Technology Risk	<ul style="list-style-type: none"> <li>Transition to green/low carbon technologies</li> <li>Improvement of energy efficiency and increase of technology investments to cut emissions</li> <li>Possibility of investment failure in new technologies</li> </ul>	<ul style="list-style-type: none"> <li>Profitability changes of loan borrowers/investment companies following the adoption of new technologies</li> <li>Deterioration of reliability and profitability of supply chain and asset portfolio when partner companies and loan borrowers/investment companies avoid the adoption of green and low-carbon technologies</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs related to the research, development, and adoption of new technologies</li> <li>Increase in financial risks due to failures in new technology investment</li> <li>Amortization and early disposal of existing assets</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring green technologies and research trends</li> <li>Reflecting the results of monitoring during products and services development and investment decision-making</li> <li>Expanding green technology-related investments</li> <li>Offering financial benefits to businesses that adopt green technologies</li> </ul>	Short-term Mid-term Long-term
	Market Risk	<ul style="list-style-type: none"> <li>Changes in consumer behavior</li> <li>Shifts in demand/supply for raw materials/products/services</li> <li>Increase in uncertainty due to changes in market conditions</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the necessity to develop green products/services, and build an eco-friendly asset portfolio</li> <li>Decline in demand and operating profits if a product or service is found to have an adverse environmental impact</li> <li>Deterioration of investor trust and withdrawal of investment if eco-friendly management is not implemented</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in the demand for high-carbon products</li> <li>Fluctuations in production costs following the changes in raw material prices and waste treatment costs</li> <li>Changes in value due to asset revaluation</li> </ul>	<ul style="list-style-type: none"> <li>Expanding green products and services</li> <li>Implementing “KB Green Wave 2030” to reach KRW 25 trillion by 2030 in green products/investments/loans</li> <li>Identifying ESG risks within products and services in advance following the categorization process of ESG financial products</li> <li>Securing customer and investor confidence by strengthening environmental management</li> </ul>	Short-term Mid-term Long-term
	Reputational Risk	<ul style="list-style-type: none"> <li>Changes in customer and investor preference</li> <li>Increase in negative feedback from stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Deterioration of reputation upon the rise of ESG washing issues</li> <li>Deterioration of reputation when negative environmental issues arise amongst partner companies and businesses within the Group’s asset portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Changes in strategies for the shift to eco-friendliness and resulting cost increases</li> <li>Deterioration of reputation due to a failure to disclose eco-friendly information and carry out climate change response activities</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of the climate change response status through CDP and sustainability report</li> <li>Expanding external green communication</li> <li>Enhancing the corporate image by practicing practical environmental management, such as operating waste resource collection systems and running environmental campaigns to transition to a circular economy</li> </ul>	Short-term Mid-term
Physical Risk	Acute Risk	<ul style="list-style-type: none"> <li>Increased frequency and severity of extreme weather events such as cyclones, flooding, and wildfires</li> </ul>	<ul style="list-style-type: none"> <li>Increase in nearby customers’ inconvenience if a physical risk causes damage to financial institutions’ branches</li> <li>Restrictions on the use of online customer services in the event of computer network damage</li> </ul>	<ul style="list-style-type: none"> <li>Production suspension and fall in operating profits due to increased damage to business sites and supply chain</li> <li>Increase in costs to restore business sites damaged from the environment</li> </ul>	<ul style="list-style-type: none"> <li>Developing climate change strategies according to the physical risk scenario analysis</li> <li>Establishing a response system for serious industrial accidents</li> <li>Establishing a business continuity plan (BCP) and conducting mock exercises and emergency evacuation drills</li> </ul>	Short-term Mid-term
	Chronic Risk	<ul style="list-style-type: none"> <li>Long-term shifts in climate patterns that may cause sea-level rise, average temperature increase, or chronic heatwaves</li> </ul>	<ul style="list-style-type: none"> <li>Increase in financial burden following the early disposal of existing assets and devaluation of asset portfolios</li> </ul>			Mid-term Long-term

\* Risk analysis on climate change included the company’s business operations as well as upstream and downstream activities.

<sup>1)</sup> Period is classified as short-term is 1 year, mid-term is 1-5 years, and long-term is 5-10 years.

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## Climate-related Opportunity Analysis

KB Financial Group classified opportunities into resource efficiency, energy resources, products and services, markets, and resilience according to the TCFD recommendations to identify impact on the financial industry by an industry paradigm shift caused by climate change, and identified the level of urgency of response by classing the period into short-, mid-, and long-term. We analyze the potential financial impact and impact of opportunity factors on the financial industry and reflect them in our management activities.

### Climate-related opportunities

Category	Climate-related opportunities	Impact on the financial industry	Potential impact on finance	Response activities	Period <sup>1)</sup>
Resource Efficiency	<ul style="list-style-type: none"> <li>Increase in energy and water resources efficiency</li> <li>Improvement in recycling and waste management systems</li> <li>Increase in the use of green transportation</li> <li>Expansion of green construction</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demands for financing from corporate clients that seek to increase resource efficiency</li> <li>Preemptive securement of clients in need of financing through industrial monitoring and asset portfolio diversification</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of operating cost due to the increase in energy efficiency</li> <li>Cost reduction and profit increase due to productivity increase</li> <li>Increase in resource efficiency and reduction in costs through a circular economy, including recycling and waste management</li> </ul>	<ul style="list-style-type: none"> <li>Established and implementing a mid- to long-term roadmap that transitions business vehicles to eco-friendly vehicles in a phased manner by 2030</li> <li>Implementing “KB Green Wave,” an environmental management-practicing campaign that includes reducing resource consumption, reducing wastes, and making energy conservation a part of daily life</li> </ul>	Short-term Mid-term Long-term
Energy Resources	<ul style="list-style-type: none"> <li>Increase in the use of green (low-carbon and renewable energy) energy sources</li> <li>Expansion of green and low carbon technologies</li> <li>Participation in the carbon market</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demands for financing from corporate clients that seek to adopt renewable energy sources</li> <li>Expansion of investment for large-scale projects related to eco-friendliness</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in emissions permit or carbon tax-related financial risks following the reduction of greenhouse gas emissions</li> <li>Increase in profitability following the reduction of long-term operating costs</li> <li>Demand generation following the enhancement of corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Installing new and renewable power generation facilities, including photovoltaic, geothermal heat, and fuel cell, mainly at the educational institutions and major business sites</li> </ul>	Mid-term Long-term
Products and Services <sup>2)</sup>	<ul style="list-style-type: none"> <li>Increase in customer preference for green products</li> <li>Development of green products and increase in technology application</li> <li>Expansion of green businesses</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of the scale of green products, investments, and loans</li> <li>Strengthen competitiveness by developing green financial solutions</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the demand for green products and services, and sales expansion</li> <li>Establishment of a foundation for sustainable growth based on green business expansion</li> </ul>	<ul style="list-style-type: none"> <li>Developing green products and services according to the categorization process of ESG financial products</li> <li>Implementing “KB Green Wave 2030” to reach KRW 25 trillion by 2030 in green products, investments, and loans</li> </ul>	Short-term Mid-term
Markets	<ul style="list-style-type: none"> <li>Entry into new markets related to climate change response</li> <li>Diversification of business portfolio</li> </ul>	<ul style="list-style-type: none"> <li>New market entry by discovering green products and services</li> <li>Advancement of profit structure by building a green asset portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of revenue streams following entry into new markets</li> <li>Establishment of a foundation for sustainable growth based on business portfolio diversification</li> </ul>		Short-term Mid-term
Resilience	<ul style="list-style-type: none"> <li>Expansion of renewable energy and enhancement of energy efficiency</li> <li>Discovery of green alternative resources and resource diversification</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the reliability of supply chain and asset portfolio</li> <li>Business portfolio diversification and establishment of a foundation for sustainable growth</li> </ul>	<ul style="list-style-type: none"> <li>Securing of stability in fixed assets and supply chain based on enhanced resilience</li> <li>Enhancement of corporate image and increase in product demand</li> <li>Increase in market value following positive evaluations from stakeholders and increase in the inflow of investment</li> </ul>	<ul style="list-style-type: none"> <li>Securing climate action leadership by participating in global eco-friendly initiatives, including NZBA and RE100</li> <li>Enhancing the corporate image by practicing environmental management, such as conducting eco-friendly campaigns</li> </ul>	Long-term

<sup>1)</sup> Period is classified as short-term is 1 year, mid-term is 1-5 years, and long-term is 5-10 years.

<sup>2)</sup> Potential financial impact from an increase in green product and service sales is estimated to be KRW 2,667.8 billion. The financial impact of annual costs incurred to identify climate change-related opportunities, such as green product and service development and operation, is estimated to be KRW 1.34 billion.

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## Evaluation of Climate Resilience through Climate Change Scenario Analysis

Financial authorities and relevant organizations in major countries around the globe are strengthening climate risk supervision, changing climate risk management from a recommendation to an obligation, amid an assessment of climate change as a significant risk of financial systems. In December 2022, the Financial Supervisory Service amended the “Climate Risk Management Guidelines” for the financial industry by reflecting the climate risk management principles of the “Basel Committee on Banking Supervision (BCBS),” as a way to induce the financial industry to effectively manage climate risk by using the guidelines.

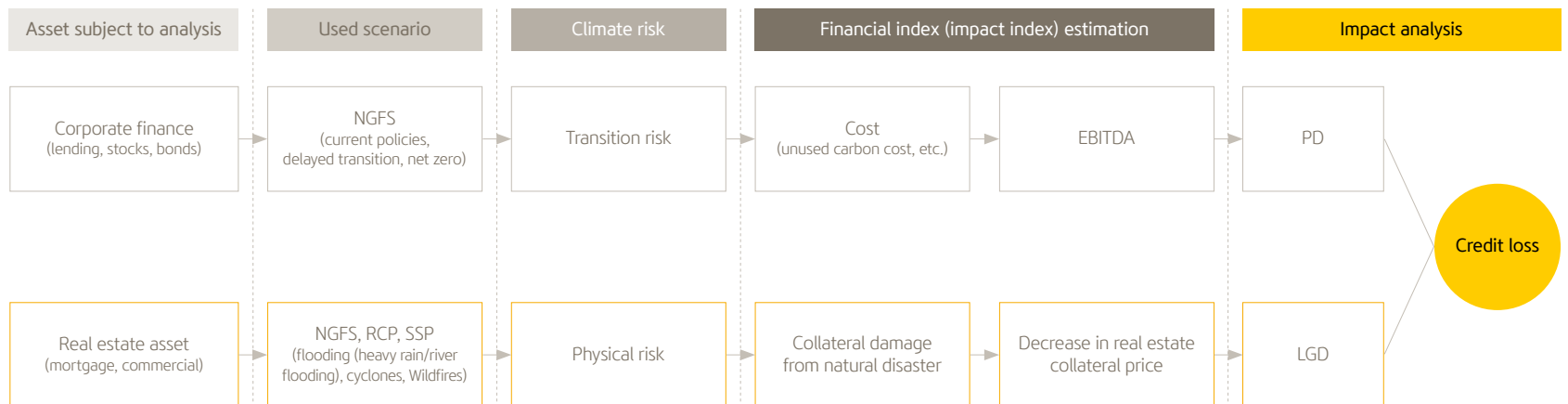
KB Financial Group conducted a climate change scenario analysis to assess climate change’s impact on KB. Our climate change scenario analysis was internally developed based on the ECB model that was announced by the European Central Bank in 2021, and has applied climate change risk scenarios presented by Network of Central Banks and Supervisors for Greening the Financial System (NGFS) and IPCC.

### Climate Change Scenario Analysis Methodology

KB Financial Group categorized climate risks into negative impact (transition risks) from increased costs as a result of implementing carbon reduction policies and material damages (physical risks) resulting from climate change (rise in the Earth’s average temperature, etc.) and conducted a climate change scenario analysis to analyze climate risks’ impact on the real economy and KB Financial Group’s asset portfolio.

For climate change scenario analysis, we analyzed impact for the next 30 or so years through 2050 based on our asset portfolio as of the end of 2022. Of assets subject to risk weighted assets (RWA) calculation of credit risk, we adopted as our analysis targets the assets that are categorized as corporate finance (corporate lending, stocks, corporate bonds) and real estate (mortgage, commercial), and analyzed climate risks’ impact on credit loss. For transition risk, we analyzed credit rating decreases and probability of default (PD) increases caused by increased corporate burden of carbon costs in the process of transitioning to a low-carbon economy by using the NGFS scenario. For physical risk, we used NGFS, RCP, and SSP scenarios to analyze loss given default (LGD) increases that arise from a drop in real estate collateral value caused by natural disasters.

KB Financial Group’s process for climate change scenario analysis





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## Climate Change Scenarios Chosen by KB Financial Group

We used the NGFS scenario for transition risk and NGFS, RCP, and SSP scenarios for physical risk.

Institution	Scenario type	Transition risk	Physical risk				
			Flooding (Heavy rain)	Flooding (River flooding)	Cyclones	Wildfires	
NGFS <sup>1)</sup>	Orderly	Net Zero 2050	●	-	●	●	●
	Disorderly	Delayed transition	●	-	●	●	●
	Hot house world	Current policies	●	-	●	●	●
IPCC <sup>2)</sup>	RCP <sup>3)</sup>	RCP2.6	-	●	●	●	●
		RCP4.5	-	●	●	●	●
		RCP6.0	-	●	●	●	●
		RCP8.5	-	●	●	●	●
SSP <sup>4)</sup>	SSP1-2.6	-	●	-	-	-	
	SSP2-4.5	-	●	-	-	-	
	SSP3-7.0	-	●	-	-	-	
	SSP5-8.5	-	●	-	-	-	

<sup>1)</sup> Network of Central Banks and Supervisors for Greening the Financial System, A global coalition created by central banks and supervisory authorities of various countries to discuss standards for managing and supervising financial risks related to climate change and the environment

<sup>2)</sup> Intergovernmental Panel on Climate Change

<sup>3)</sup> Representative Concentration Pathway. Scenario predicting changes in GHG concentrations due to human activities' impact on the atmosphere

<sup>4)</sup> Shared Socioeconomic Pathways. Scenario considering socio-economic efforts for climate change adaptation and mitigation

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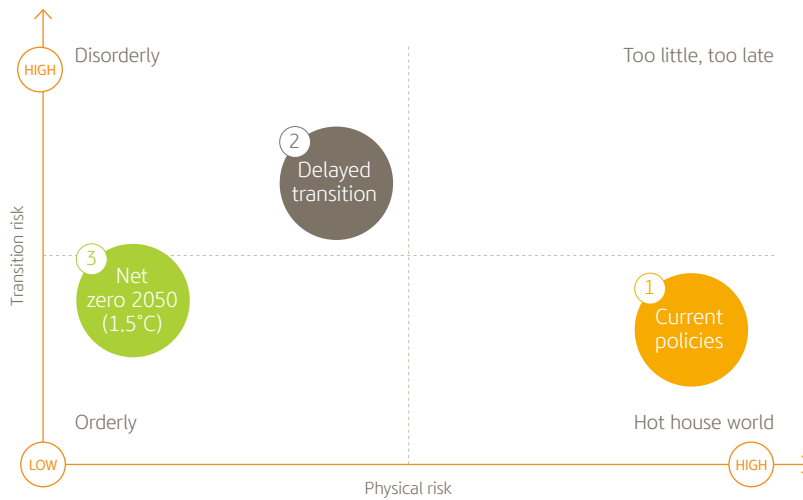
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## NGFS Climate Scenario

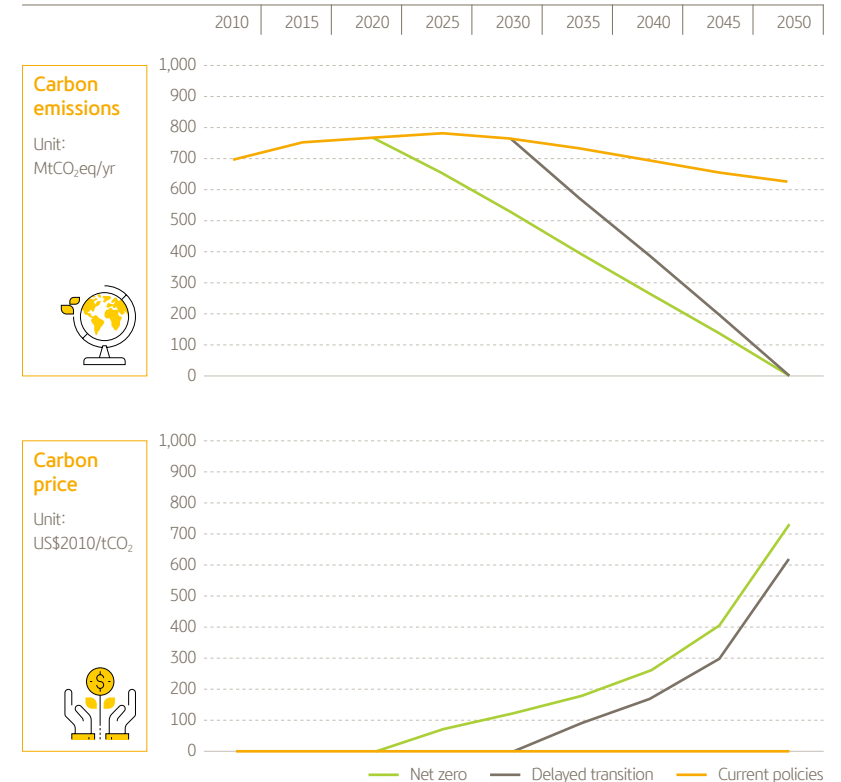
Climate change scenario analyses on transition risk and physical risk commonly apply the NGFS 3rd climate change scenarios that were announced in 2022. Of the six climate change scenarios presented by NGFS, we chose and applied three scenarios – current policies, delayed transition, and net zero.



Current policies	Delayed transition	Net zero 2050
Due to the absence of future GHG reduction policies other than currently adopted policies and an increase in carbon emissions through 2080, a serious physical risk emerges.	In the “delayed transition” scenario, GHG emissions are not reduced until 2030 and then strong GHG reduction policies are implemented after 2030 to limit global warming to below 2°C by 2050.	Strong GHG reduction policies are being implemented since 2021 to limit the rise in the Earth’s average temperature to below 1.5°C from pre-industrial levels in around 2050.

The NGFS climate change scenarios use the GDP growth rate, carbon emissions, carbon price, etc. as variables. For transition risk impact analysis, KB Financial Group used each scenario’s carbon emissions and carbon price to estimate carbon costs that will be additionally incurred in the future. Carbon emissions are expected to remain at the current level in the current policies scenario, steadily go down after 2040 in the delayed transition scenario, and sharply decrease from 677 million tons in 2021 to 27 million tons in 2050 in the net zero scenario. Furthermore, it was assumed that carbon emissions prices will be the highest in the net zero 2050 scenario and the lowest in the current policies scenario.

### Estimated carbon emissions, and carbon price by scenario



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## IPCC Climate Change Scenario

Scenario analysis on physical risk was performed by applying IPCC climate change scenarios in addition to NGFS climate scenarios.

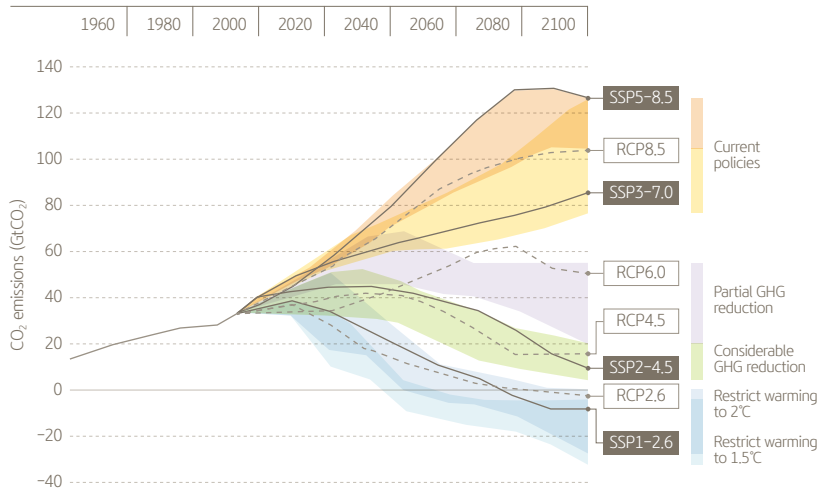
IPCC publishes assessment reports by applying scenarios that consider GHG concentration with the goal of providing scientific information that governments around the world can use to develop climate policy. The IPCC Fifth Assessment Report that was announced in 2014 used the Representative Concentration Pathways (RCP) scenario that considers GHG concentration based on whether climate change policy is implemented. The IPCC Six Assessment Report that was announced in 2021 used the Shared Socioeconomic Pathways (SSP) scenario that results from reflecting future social/economic changes (population, land use, etc.) in the RCP scenario.

## RCP scenarios

Scenario	Assumption	CO <sub>2</sub> concentration by 2100
RCP2.6	Instantaneous greenhouse gas reduction from now on. Case where the Earth can self recover from the impact of human activity (not feasible)	420ppm
RCP4.5	Substantial achievement GHG emissions	540ppm
RCP6.0	Fair achievement of GHG emissions	670ppm
RCP8.5	Emissions reduction is not considered if GHG continues to be emitted at the current rate.	940ppm

\* The RCP figure represents the amount of additional energy (w/m<sup>2</sup>) absorbed by the earth. For example, RCP8.5 means 8.5w/m<sup>2</sup> of additional solar energy is absorbed when CO<sub>2</sub> concentration reaches 940 ppm.

## IPCC scenario framework



\* Sources: RCP (<http://tntcat.iiasa.ac.at/RcpDb>), SSP (<https://tntcat.iiasa.ac.at/SspDb>)

## SSP scenarios

Scenario	Assumption	CO <sub>2</sub> concentration by 2100
SSP1-2.6	Sustainable growth pathway (eco-friendly growth and development)	432ppm
SSP2-4.5	Middle of the road (harmony of mitigation/adaptation efforts)	567ppm
SSP3-7.0	Imbalanced growth pathway (climate change vulnerable growth)	834ppm
SSP5-8.5	High-speed growth pathway (development that is dependent on fossil fuel)	1,089ppm

\* The first SSP figure refers to socio economic indicator, which is categorized by the degree of social development and GHG reduction. The second figure is the same as the RCP scenario.

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# Strategy

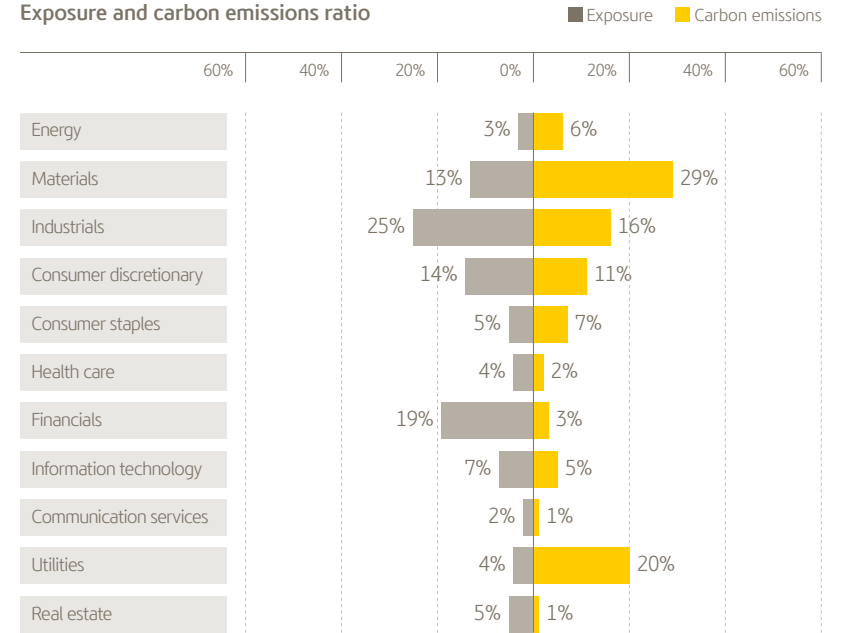
## Analysis of the Asset Portfolio Status

For climate change scenario analysis and financial impact evaluation, KB Financial Group compared exposure and carbon emissions among industry sectors and analyzed carbon intensity. The scope of the analysis is the corporate finance portfolio, including corporate loans, corporate bonds, and stocks.

The sectors with high exposure (value of holdings, VOH) in the asset portfolio are sectors, such as capital goods, commercial service, and transportation (25%); financials (19%); and consumer discretionary (14%). Materials (29%), utilities (20%), industrials (16%), and consumer discretionary (11%), on the other hand, are industry sectors that had the highest percentage of carbon emissions in our asset portfolio. This means that the share of carbon emissions in industrial sectors with high exposure is not high in absolute terms and that both the share of exposure and carbon emissions should be taken into account when managing financed emissions. KB Financial Group is therefore building a response system that considers both indicators to manage transition risks in our asset portfolio.

In general, the absolute value of carbon emissions is high in case of industrial sectors with high exposure. However, the share of an industrial sector's exposure is not proportionate to the amount of carbon emissions. For this reason, financial companies need an objective indicator when choosing industrial sectors that need careful consideration as such, KB Financial Group calculates and manages the carbon intensity of each industry sector and asset portfolio. Carbon intensity is used as an objective indicator of comparison that minimizes the impact of scale when comparing carbon emissions.

Exposure and carbon emissions ratio



Carbon intensity of each industrial sector and asset portfolio (C/R intensity)<sup>1)</sup>

(Unit: tCO<sub>2</sub>eq/Sales KRW million)

Category	Industrial Sector										
	Communication services	Real estate	Health care	Consumer discretionary	Information technology	Financials	Consumer staples	Industrials	Energy	Materials	Utilities
Total	0.11	0.13	0.16	0.21	0.21	0.22	0.26	0.27	0.31	0.61	2.93
Portfolio	Loans	0.12	0.13	0.16	0.21	0.20	0.23	0.26	0.26	0.61	2.05
	Bonds	0.10	0.08	0.19	0.17	0.31	0.23	0.30	0.38	0.63	3.29
	Stocks	0.09	0.10	0.13	0.21	0.08	0.07	0.23	0.16	0.33	1.04



\* Industrial Sector is categorized based on the GICS (Global Industry Classification Standard)

<sup>1)</sup> Carbon intensity against sales

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## Transition Risk Scenario Analysis

Due to climate change, carbon regulations across industries are becoming stricter all across the globe, and the risks associated with the burden of carbon costs for companies transitioning to a low-carbon economy are increasing as well.

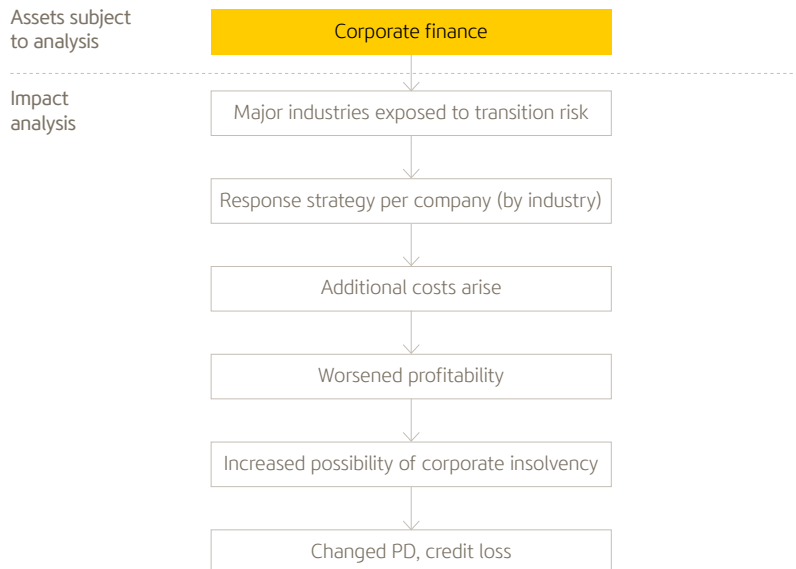
KB Financial Group conducted an NGFS climate change scenario analysis to analyze the impact that transition risks stemming from strengthened carbon regulations have on the overall financial industry and KB Financial Group’s asset portfolio. We analyzed the impact of stricter carbon regulations have on KB, targeting the corporate finance portfolio, including corporate lending, corporate bonds, and stocks. We used carbon prices and carbon emissions to estimate additional carbon costs in the future and reflected this in the profitability index to measure corporate PD increases resulting from worsened profitability and estimate changes in credit loss. Carbon prices and carbon emissions are dependent on a corporate borrower’s response strategy. To reflect the characteristics of the industry that each corporate borrower belongs to, we performed the analysis on 13 industry sectors, and used EBITDA for the profitability index.

## Physical Risk Scenario Analysis

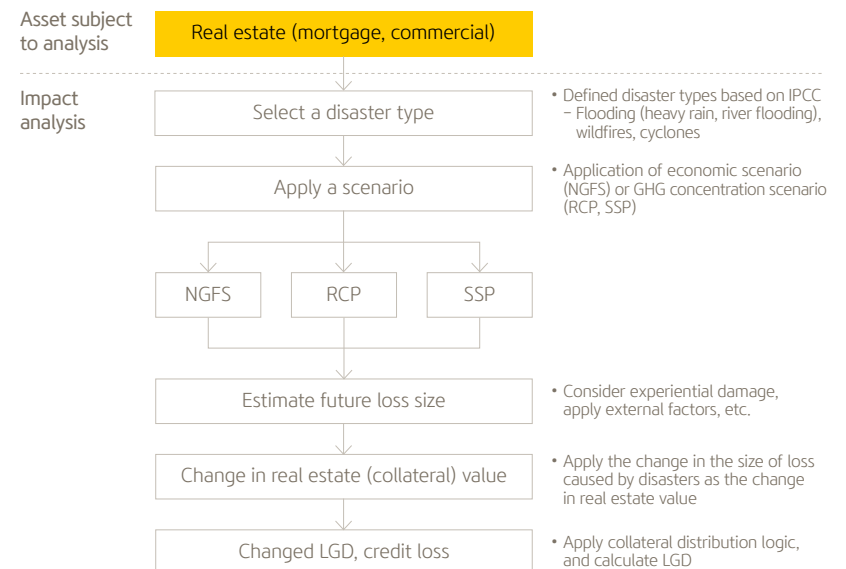
By performing a physical risk scenario analysis, KB Financial Group forecasted the size of economic impact of future disaster, and identified potential impact of climate change on the asset portfolio.

In 2021, IPCC Six Assessment Report introduced SSP scenarios based on future socio-economic changes, alongside the RCP scenarios from the 2014 IPCC Fifth Assessment Report. Accordingly, we used the RCP scenario as the basis for scenario analysis, and additionally used the SSP scenario for scenario analysis on flooding (heavy rain).

### Process of transition risk scenario analysis



### Process of physical risk scenario analysis



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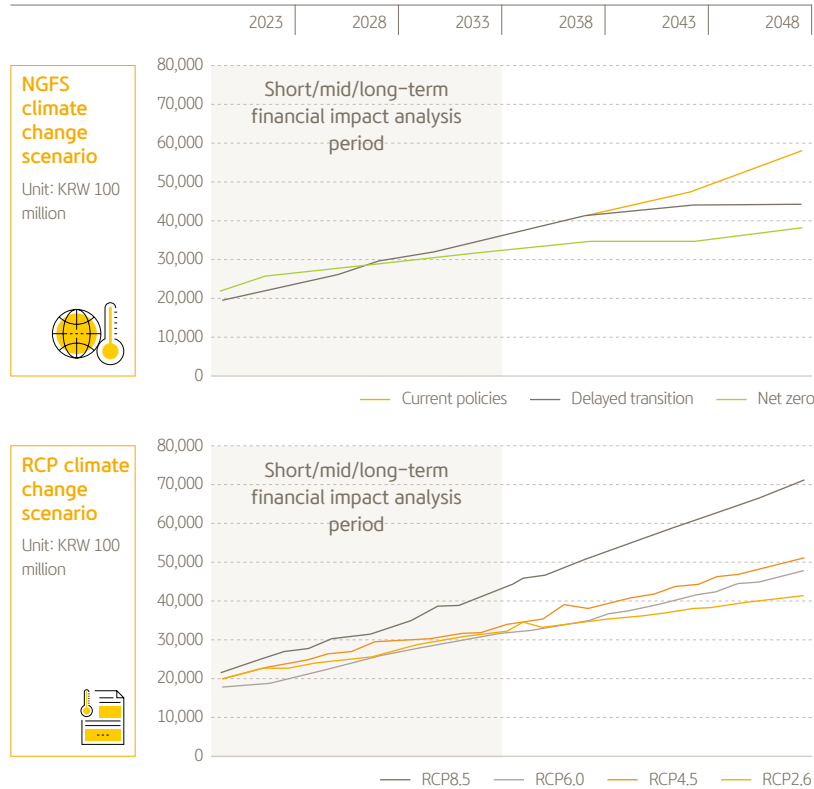
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Based on the IPCC Assessment Report, we selected flooding (heavy rain, river flooding), wildfires, and cyclones as representative disaster types according to Korea's climate characteristics and applied scenario for each type of disaster. We estimated the amount of damage by region by using rainfall and disaster damage statistics information provided by the Korea Meteorological Administration and Ministry of the Interior and Safety, and analyzed the impact of collateral value decline on LGD caused by a disaster, quantifying economic damage, thereby measuring physical risk.

Natural disaster damage amount per scenario for KB Kookmin Bank's real estate assets



\* Financial impact analysis period: Analysis for periods exceeding 10 years is significantly less meaningful, so the analysis is limited to a maximum of 10 years.

## Results of Climate Change Scenario Analysis

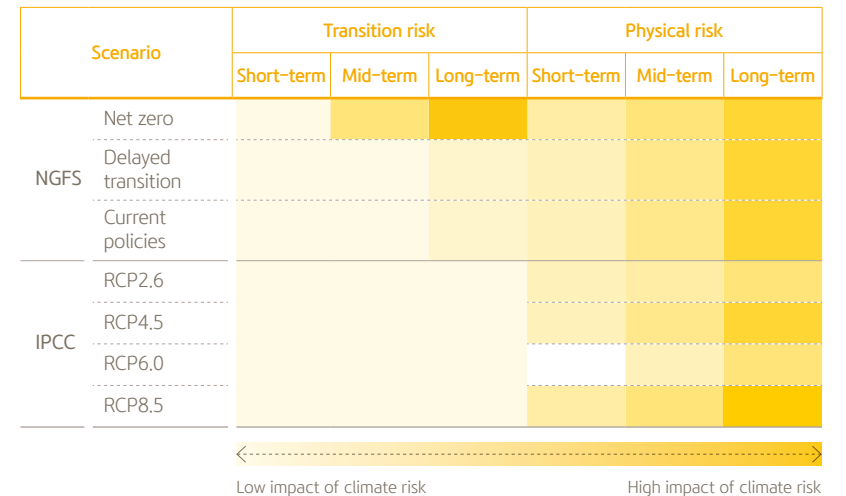
KB Financial Group carried out an impact analysis for the next 30 years up to 2050 based on assets as of the end of 2022. For a comprehensive judgment on analysis results, we checked the HEATMAP<sup>1)</sup> for the overall Group's climate risk impact. Results of the climate change scenario analysis indicate that transition risk has the most impact under the NGFS net zero scenario, while physical risk has the most impact in the RCP8.5 and SSP5-8.5 scenarios.

Transition risk is assessed based on the corporate finance asset portfolio's rating roll rate. It is judged that impact on credit loss is considerable if the rating roll rate is high. It was analyzed that the impact is considerable overtime and policies are strengthened, and it was estimated that impact is the greatest in the long-term period of the NGFS net zero scenario.

Physical risk is assessed based on the average LGD change in real estate assets across disaster types. It is judged that impact on credit loss is considerable if LGD changes are significant. The impacts were analyzed by time horizon, policy inaction, GHG concentration, the most significant impacts were at RCP8.5 and SSP5-8.5 scenarios.

<sup>1)</sup> HEATMAP: Diverse data is indicated in colors to create graphics. This data analysis technique allows one to view analyzed data at a single glance.

KB Financial Group's climate risk impact HEATMAP



\* For the SSP scenario, only a physical risk impact analysis on flood (heavy rain) disaster is performed. A comparison on all disaster types is not possible, and therefore it is excluded from the HEATMAP.

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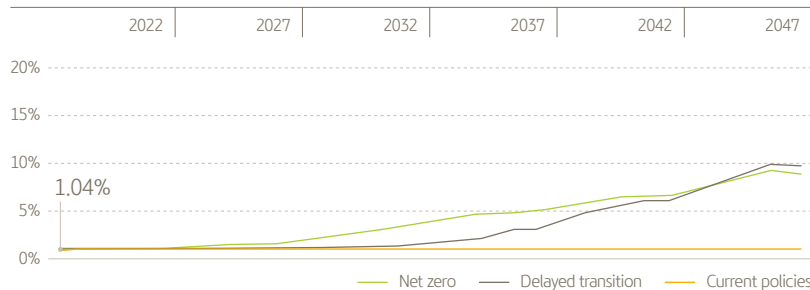
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## Results of Estimating Probability of Default (PD)

KB Financial Group estimated credit rating downgrades and PD increases that are caused by worsened profitability from increased corporate burden of carbon costs in the process of transitioning to a low-carbon economy by using the NGFS scenario. When comparing scenarios, it was indicated that PD increase impact is the most significant in the order of net zero, delayed transition, and current policies. The delayed transition scenario assumes that low-carbon policies are implemented starting in 2030, and therefore indicates a similar PD as the current policies scenario through 2029. However, PD sharply increases after 2030 and is assumed to exceed net zero scenario results in 2046.

When comparing across time horizon, the change in PD from the baseline is significant as the period prolongs. Although the scenario analysis is performed up to 2050, the short/mid/long term in the financial impact evaluation is defined as 1 year/5 years/10 years from the baseline, and it was estimated that impact is not significant in those time horizon period. From among assets subject to the analysis, it was indicated that corporate bond assets were affected the most. Scenario analysis results through 2050 show the biggest change in corporate bonds' PD. If we limit the period to the financial impact analysis period, the change in equities PD is estimated to be the largest.

## Balance weighted average PD change rate from the basis point per scenario of the corporate finance portfolio

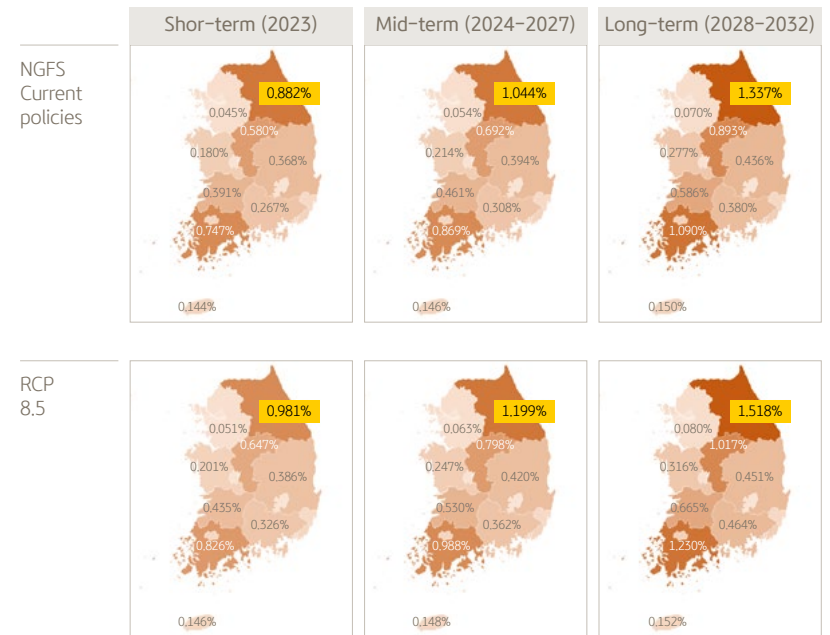


## Results of Estimating Loss Given Default (LGD)

KB Financial Group used the NGFS, RCP, and SSP scenarios to estimate the size of damage per region from physical risk, including natural disasters, and analyzed changes in the loss given default (LGD). The size of damage per region is results that were estimated by using environmental variables, such as distribution of wildfires, cyclones, and flood damage amount and weather data of each of 17 cities and provinces on every five years until 2050.

A comparison among terms of the overall scenario analysis results indicates that the disaster damage amount increases overtime, resulting in a rise in the LGD change rate. The LGD change rate of 17 cities and provinces was larger for RCP scenario analysis results compared to the NGFS scenario.

## Physical risk – Comparative analysis of scenarios by period



- Disaster type: Comparison of NGFS and RCP scenario analysis results enable consideration of all disaster types
  1. NGFS: Flooding (river flooding), cyclones, wildfires
  2. RCP: Flooding (heavy rain), flooding (river flooding), cyclones, wildfires
- Target of comparison: KB Kookmin Bank's real estate assets (commercial real estate, mortgage)
- Scenarios for comparison: Chose the NGFS current policies and RCP8.5 scenarios that are expected to have the most impact

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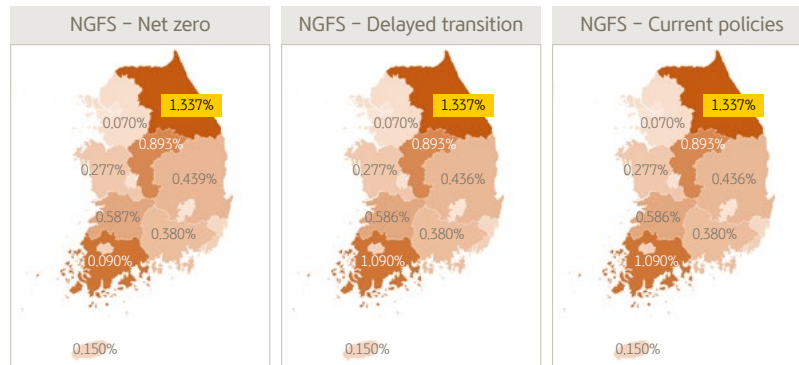
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NGFS scenario analysis results indicate that the natural disaster damage amount is similar between scenarios up until 2030. A long-term period analysis that covers years after 2030 shows a clear gap. A scenario comparison of the impact through 2032, which is the financial impact analysis period, leads to an estimation of all similar levels, but the LGD change rate is higher in the order of net zero, current policies, and delayed transition. It is estimated that the damage amount will increase considerably in the current policies scenario after 2032. By region, Gangwon Province had the largest LGD exchange rate due to relatively large amounts of damage caused by all disaster types.

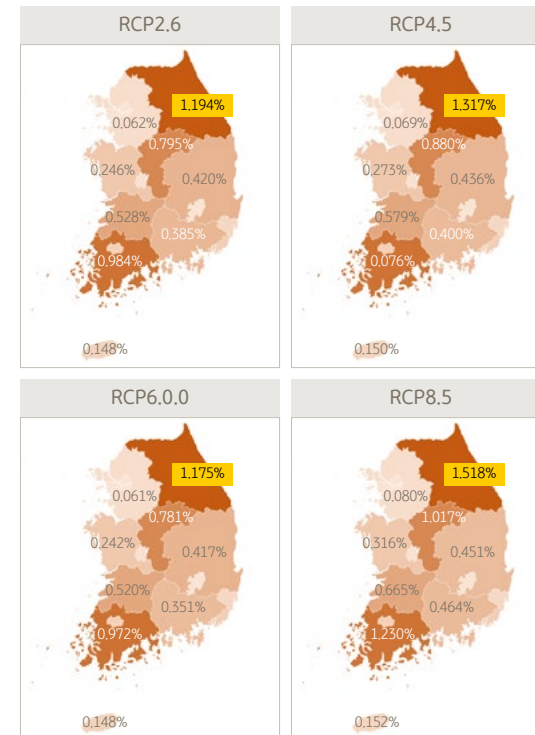
RCP scenario analysis results indicate that there is greatest impact in RCP8.5 and that the gap widens overtime. The LGD change rate through 2032 reverses depending on the term. LGD change is estimated to be the largest in the order of RCP8.5, RCP4.5, RCP2.6, and RCP6.0 in the long term.

## Physical risk – NGFS scenarios analysis (Long-term)



- Comparison period: Long-term (2028-2032)
- Disaster types for comparison: Flooding (river flooding), cyclones, wildfires

## Physical risk – RCP scenarios analysis (Long-term)



- Comparison period: Long-term (2028-2032)
- Disaster types for comparison: Flooding (heavy rain), flooding (river flooding), cyclones, wildfires



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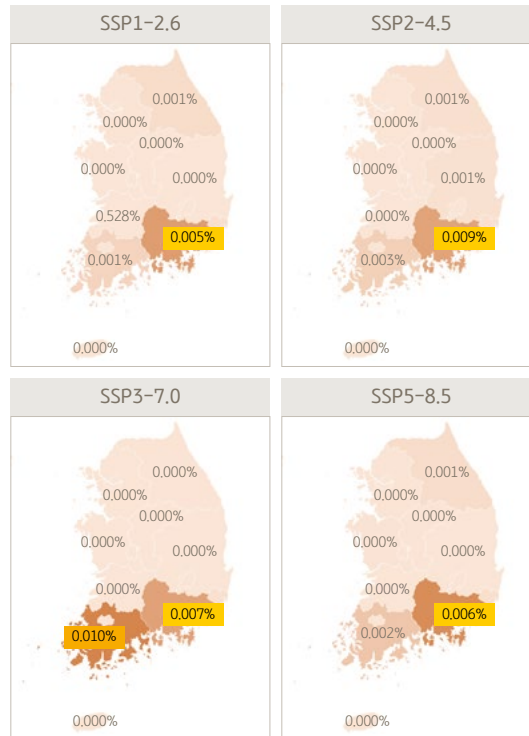
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In case of the SSP scenario applied to the flooding (heavy rain) disaster type, consideration is made even for social effects caused by climate factors. In case of “precipitation” that is used as a major factor in calculating the damage amount, sequencing in scenario data is difficult, making it difficult to check the order among scenarios. However, an analysis per city and province is possible within the same scenario. By region, South Gyeongsang Province and South Jeolla Province have high precipitation compared to other regions, leading to a large flooding damage size and the highest LGD change rate.

## Physical risk – SSP scenarios analysis (Long-term)



- Comparison period: Long-term (2028-2032)
- Disaster types for comparison: Flooding (heavy rain)

## Financial Impact Evaluation of Climate-related Risks and Opportunities

Based on scenario analysis results, KB Financial Group estimated climate-related risks’ and opportunities’ impact on corporate financial status, financial performance, and cash flow over the short, mid, and long term. We defined 2022 as the baseline and measured the ratio of the impact amount against the baseline with the short term-set as 1 year, mid-term as 5 years, and long-term as 10 years.

It is estimated that PD and LGD will increase in the corporate finance and real estate asset portfolio due to climate risk. Accordingly, we chose loan loss provision and impairment for allowance as account titles that can impact consolidated financial statements and analyzed financial impact per scenario.

### Financial impact analysis scenario

Category	Transition risk		Physical risk <sup>1)</sup>	
	Scenario	Risk level	Scenario	Risk level
Current policies	Current policies	Low	RCP8.5	High
Delayed transition policy	Delayed transition	Short-term: Low Long-term: High	RCP6.0	Mid
Active implementation of reduction policies	Net zero 2050	Short-term: High Long-term: Mid	RCP4.5	Low

\* We performed an analysis by combining scenarios depending on the contextual definition of a scenario. We compared effects by making a categorization into a scenario with the largest financial impact and a scenario with the lowest impact (e.g.: The situations assumed by the NGFS Current Policies scenario and RCP8.5 scenario are in agreement as current policies)

<sup>1)</sup> NGFS and SSP scenarios from among physical risk scenarios were excluded from the analysis as they do not provide a scenario by disaster type. The RCP2.6 scenario was excluded since it assumes an unrealizable situation.

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## Financial Impact of Transition Risk

By using the results of transition risk scenario analysis, targeting the corporate finance portfolio that is impacted by transition risk, we estimated the increase in loan loss provision and impairment for allowance by term through current level of loan loss provision as well as the PD increase rate per term of accounts based on the scenario.

Results of analyzing the current financial impact that transition risk has on loan loss provision in the reporting period indicate that there is no significant financial impact from transition risk as of the end of 2022. Analyzing the estimated financial impact that transition risk has on loan loss provision and impairment for allowance over the short, mid, and long term, led to our estimation that impact was estimated to be insignificant over the next 10 years in the current policies scenario.

In contrast, in the Net Zero 2050 scenario that assumes active implementation of reduction policies starting in 2021, there are relatively huge effects from climate risk over the mid to long term. In case of the delayed transition scenario that assumes a rapid reduction policies implementation situation after 2030, it is estimated that allowance for bad debt and bad debt expense's change effects will increase after 2030. It is our judgment that there will be significant financial impact on financial statements over the mid to long term, depending on the pace of transition to net zero future policy direction.

### Estimated financial impact of transition risk

(Unit: KRW 100 million)

Account	2022 (Baseline)	Scenario	Estimated financial impact <sup>1)</sup>					
			Short-term		Mid-term		Long-term	
			Amount	%	Amount	%	Amount	%
Allowance for bad debt	43,415	Current policies	22	0.051%	33	0.076%	17	0.040%
		Delayed transition	22	0.051%	33	0.076%	551	1.268%
		Net zero 2050	66	0.152%	2,444	5.629%	14,132	32.553%
Bad debt expense	18,360	Current policies	22	0.120%	2	0.010%	0.2	0.001%
		Delayed transition	22	0.120%	2	0.010%	419	2.281%
		Net zero 2050	66	0.359%	1,153	6.281%	707	3.849%

<sup>1)</sup> Short-term is 1 year, mid-term is 5 years, and long-term is 10 years

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## Financial Impact of Physical Risk

Targeting the real estate asset portfolio, including mortgage loans and commercial real estate that are impacted by physical risk, we used the results of physical risk scenario analysis and estimated the increase in loan loss provision by term through current loan loss provision as well as the LGD increase rate per term of accounts based on the scenario.

Results of analyzing the current financial impact that physical risk has on loan loss provision in the reporting period indicate that there is no significant financial impact from physical risk as of the end of 2022. Results of analyzing the estimated financial impact that physical risk has on loan loss provision and impairment for allowance over the short, mid, and long term led to our estimation that there is no significant financial impact during the analysis period in comparison to the size, etc. of all financial statement account. Although impact is not significant in the analysis as of 2022, there may be significant financial impact on financial statements depending on future climate change patterns in Korea and abroad.

Targeting fixed assets, we used RCP scenario analysis results of the physical risk scenarios to estimate the fixed assets' impairment loss per term through fixed asset exposure by region as well as the collateral value change rate by region based on the scenario. As of the end of 2022, the current financial impact that physical risk has on fixed asset impairment loss is not significant. The estimated impairment loss of fixed assets caused by physical risk is less than 0.1%, indicating that the estimated financial impact is not significant. However, there might be significant financial impact may arise if the possibility of damage increases due to rapid climate change and natural disasters.

### Estimated financial impact of physical risk

(Unit: KRW 100 million)

Account	2022 (Baseline)	Scenario	Estimated financial impact <sup>1)</sup>					
			Short-term		Mid-term		Long-term	
			Amount	%	Amount	%	Amount	%
Allowance for bad debt	43,415	RCP8.5	0.3	0.001%	0.4	0.001%	0.5	0.001%
		RCP6.0	0.2	0.001%	0.3	0.001%	0.4	0.001%
		RCP4.5	0.3	0.001%	0.3	0.001%	0.4	0.001%
Bad debt expense	18,360	RCP8.5	0.3	0.002%	0.01	0.000%	0.02	0.000%
		RCP6.0	0.2	0.001%	0.02	0.000%	0.01	0.000%
		RCP4.5	0.3	0.001%	0.01	0.000%	0.00	0.000%

<sup>1)</sup> Short-term is 1 year, mid-term is 5 years, and long-term is 10 years

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## Overall Conclusion and Implications

In NGFS' Net Zero 2050 scenario and RCP4.5 scenario that assume active GHG reduction policy execution, corporate loan borrowers continually come across demands to transition to net zero, resulting in relatively high loan loss provision and impairment for allowance increase effects caused by climate risk over the mid to long term. Effects from an LGD increase resulting from a decline in collateral value in the RCP4.5 scenario were relatively low compared to other scenarios, but the effects are less than 0.1% compared to the baseline, indicating that financial impact is not significant in all scenarios.

Climate change scenario analysis and financial impact evaluation analyze the climate change impact from a long-term perspective. Because the results can be significantly different depending on the analysis model and scenario, it is important to continually improve the scenario analysis methodology. To this end, we will provide support so that companies that do not have carbon emissions data can measure and disclose carbon emissions. In addition, we will advance the scenario application of each industry and asset in consideration of each industry's carbon reduction device installation costs and diversify disaster types for physical risk and advance variables to continually expand the scenario analysis scope, thus improving the scenario analysis method.

## Establishment and Implementation of Climate Change Strategy

KB Financial Group established climate change strategies by reviewing climate-related risks and opportunities. We established and implement climate change strategies, focusing on "KB Net Zero S.T.A.R." for the achievement of the Group's net zero and "KB Green Wave 2030" for expansion of ESG financing support.

### Climate change strategies and tasks

Strategies		Tasks
KB Net Zero S.T.A.R.	Achieve net zero by 2050	<ul style="list-style-type: none"> <li>• Manage financed emissions</li> <li>• Direct GHG reduction</li> <li>• Help SMEs and small business owners implement eco-friendly management</li> <li>• Implement "Exiting Coal Financing"</li> </ul>
KB Green Wave 2030	Achieve KRW 25 trillion in products, investments, and loans in the environment sector by 2030	<ul style="list-style-type: none"> <li>• Develop ESG finance products and increase eco-friendly investments</li> <li>• Reflect ESG factors during credit evaluations and adjust credit ratings</li> <li>• Issue ESG bonds based on the "green bond management system"</li> </ul>
Establish a climate risk management system	Establish a climate risk response system based on TCFD recommendations	<ul style="list-style-type: none"> <li>• Advance the Environmental and Social Risk Management (ESRM) system</li> <li>• Reflect ESG factors during credit evaluations and adjust credit ratings</li> <li>• Continually execute the Equator Principles</li> </ul>
Strengthen environmental management	Respond to environmental issues for green growth and realize the value of eco-friendliness	<ul style="list-style-type: none"> <li>• Hold internal and external eco-friendly campaigns</li> <li>• Join global eco-friendly initiatives and participate in discussions</li> <li>• Strengthen collaboration with major companies and local communities</li> </ul>

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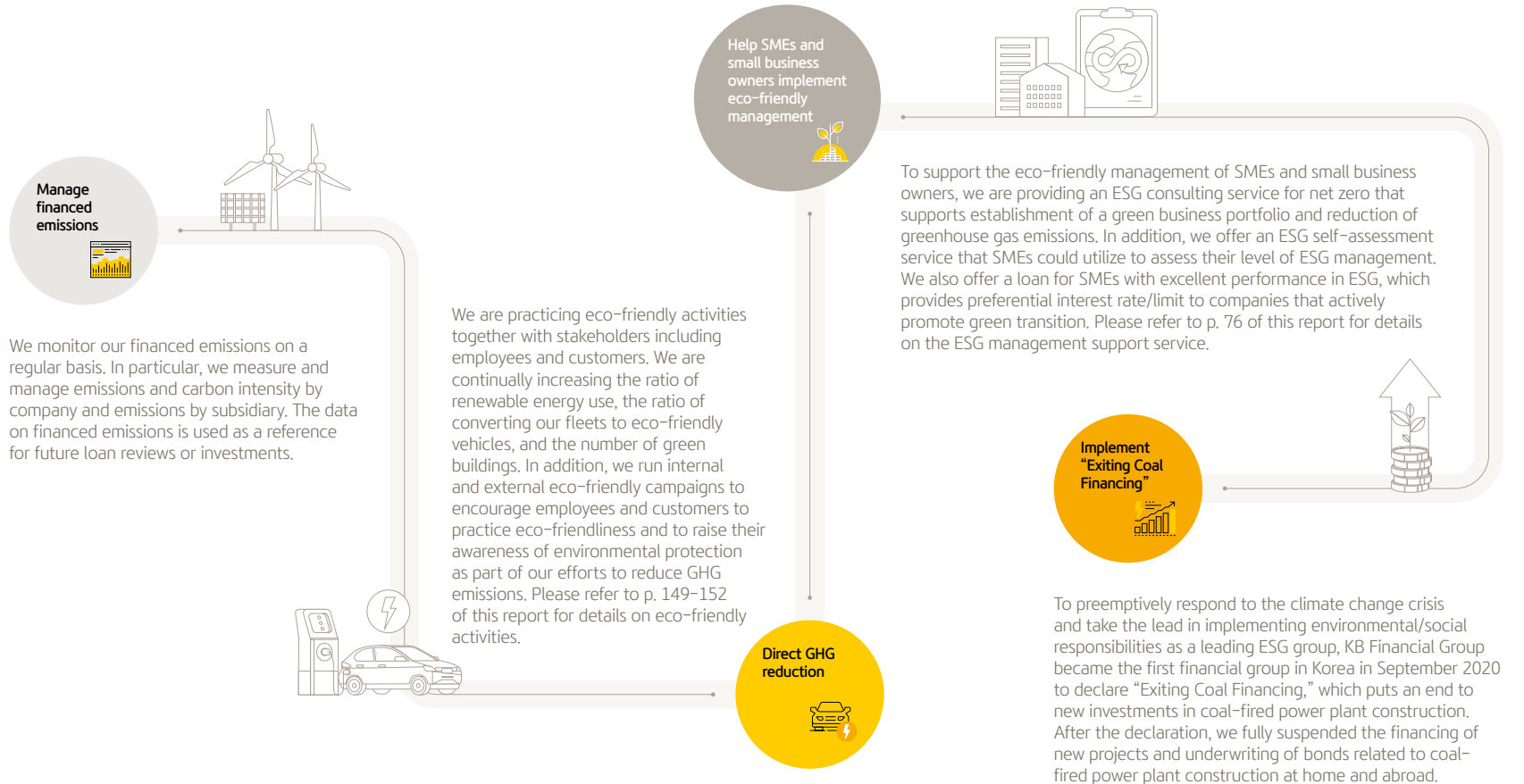
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## KB Net Zero S.T.A.R.

In accordance with our climate change strategy, KB Net Zero S.T.A.R., we are striving to achieve net zero. We especially recognize the limitations of the negative method that simply excludes high-carbon industries or unconditionally imposes cuts in greenhouse gas emissions and are focusing on the positive method that promotes a voluntary, positive transition to realize global net-zero, going beyond KB Financial Group.

Accordingly, we are seeking to transition to a net-zero society based on the positive method by increasing eco-friendly investments and actively supporting our clients' transition to green business models and reduction of GHG emissions as well as continuing our own efforts to cut internal GHG emissions.

### Positive way to NET-ZERO



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## KB Green Wave 2030

We are contributing to greenhouse gas abatement by expanding our investment in green finance. Based on the “KB Green Wave 2030” strategy, we set a goal of expanding products, investments, and loans in the environment sector to KRW 25 trillion by 2030, and are actively expanding green financial activities to achieve the goal. We are increasing investment in renewable energy such as solar and wind power, as well as our investment in low-carbon and new eco-friendly technologies and green buildings. Please refer to p. 141–143 of this report for details on ESG products, investments, and loans.

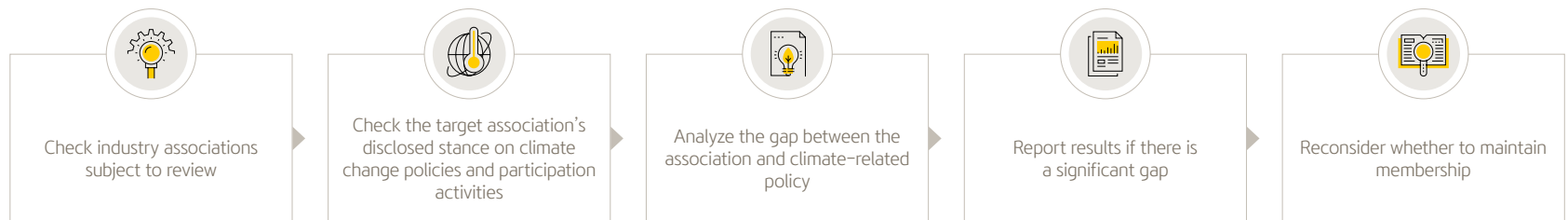
## Expanding External Green Communication

KB Financial Group supports the Paris Agreement and climate-related public policies, and thus provides support so that the goals can be accomplished. In addition, we joined eco-friendly initiatives, such as the Net-Zero Banking Alliance (NZBA), Glasgow Financial Alliance for Net-Zero (GFANZ), and Renewable Electricity 100% (RE100) and carry out relevant activities, thereby actively taking part in joint global activities to address environmental issues. Please refer to p. 148 of this report for details on eco-friendly initiatives.

KB Financial Group also takes part in associations that impact public policies. Of these associations, the Korea Federation of Banks is a leading association of domestic banks. Together with the Korea Federation of Banks, we are actively helping citizens live a green life. In line with government policies, we provide active cooperation for the development of various eco-friendly industries.

KB Kookmin Bank is a member of the ESG Advisory Committee, which is an internal standing committee within the Korea Federation of Banks. It makes policy suggestions on the development direction of green finance and suggests that association members take part in the facilitation of green finance. In addition, it conducts internal reviews on whether the Korea Federation of Banks continually participates in climate policies and carries out relevant activities. When there is a significant mismatch between climate-related policies that the Group supports, we report the matter to the ESG Committee. Through this industry association process, KB Financial Group seeks to strengthen cooperation at the industry-level for climate change response.

### Industry Association Review Process



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# Metrics & Targets

KB Financial Group uses measurable metrics to set targets and monitors the activity outcomes of tasks aimed at achieving the targets to systematically manage climate-related risks and opportunities.

## SBTi Methodology

“SBTi”<sup>1)</sup> is a global initiative that sets GHG reduction targets based on scientific evidence. In accordance with the SBTi methodology, we used the “Sectoral Decarbonization Approach (SDA)” and “Temperature Ratings Methodology” when measuring financed emissions and setting targets.

### Sectoral Decarbonization Approach

The Sectoral Decarbonization Approach (SDA) is an approach that sets industry-specific reduction targets, considering that the speed at which each industrial sector reaches net-zero is different. The Approach uses carbon intensity as a key indicator in setting reduction targets, and most suitable to the financial sector since it is the only approach in which a sector(industrial area)-based portfolio assessment is possible amongst the SBTi methodology.

<sup>1)</sup> An initiative that provides general services (methodology development and advice) that are needed for companies to set GHG emissions reduction targets based on scientific scenarios to achieve the goals of the Paris Agreement and that is in charge of approving reduction targets

### Target-setting based on the SDA

Target	Electricity generation, steel, cement, aluminum, paper & pulp, electricity generation PF, commercial real estate (based on the SBTi recommendations)
Base year	2019
Measurement of financed emissions' carbon intensity	<ul style="list-style-type: none"> <li>① Measurement of the total carbon emissions of a loan or investment company                             <ul style="list-style-type: none"> <li>- Operational (Scope 1&amp;2) and financed emissions (Scope 3) of a target company</li> </ul> </li> <li>② Measurement of financed emissions                             <ul style="list-style-type: none"> <li>- Measurement of emissions that come from financial institutions</li> </ul> </li> <li>③ Measurement of financed emissions' carbon intensity                             <ul style="list-style-type: none"> <li>- Measured as “financed emissions/activities per asset type”</li> </ul> </li> </ul>
Establishment of a carbon neutrality target	Establishment of reduction targets and pathways based on the well-below 2°C scenario

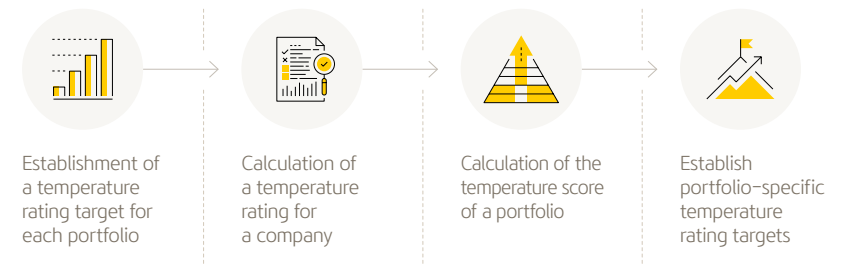
KB Financial Group calculated the carbon intensity of the asset portfolio by industrial area, including electricity generation, steel, cement, aluminum, paper & pulp, electricity generation PF, and commercial real estate, based on which it set the target as follows and established pathways accordingly: achieve a 33.3% reduction by 2030, 61% by 2040 compared to the 2019 levels, and net-zero by 2050.

## Temperature Ratings Methodology

KB Financial Group used SBTi’s “Temperature Ratings Methodology” to set targets for other sectors within corporate finance where the SDA methodology was not applied when setting reduction targets for financed emissions. The method converts companies’ net-zero targets into a more intuitive temperature rating by connecting them with their long-term temperature targets. For instance, the temperature rating for a goal of 30% reduction in carbon emissions by 2025 is 1.8°C, which means that achieving the target will suppress the temperature rise below 1.8°C as of 2100. The higher the carbon emissions reduction targets of companies in KB Financial Group’s asset portfolio, the lower the temperature score of the companies and the lower the temperature rating of KB Financial Group’s asset portfolio.

We divided sectors within corporate finance into loans, stocks, and bond portfolios and established carbon emissions reduction targets according to the temperature rating of each portfolio. For each asset portfolio of loans, stocks, and bonds, we aim to achieve the temperature rating of 1.75°C for Scope 1&2 and 2.0°C for Scope 1&2&3 by 2040. To reduce each portfolio’s temperature rating, we are providing support so that companies in our asset portfolio can set and implement carbon emissions reduction targets.

### Target-setting based on the temperature ratings method



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# Metrics & Targets

## Financed Emissions (Scope 3) Measurement Process

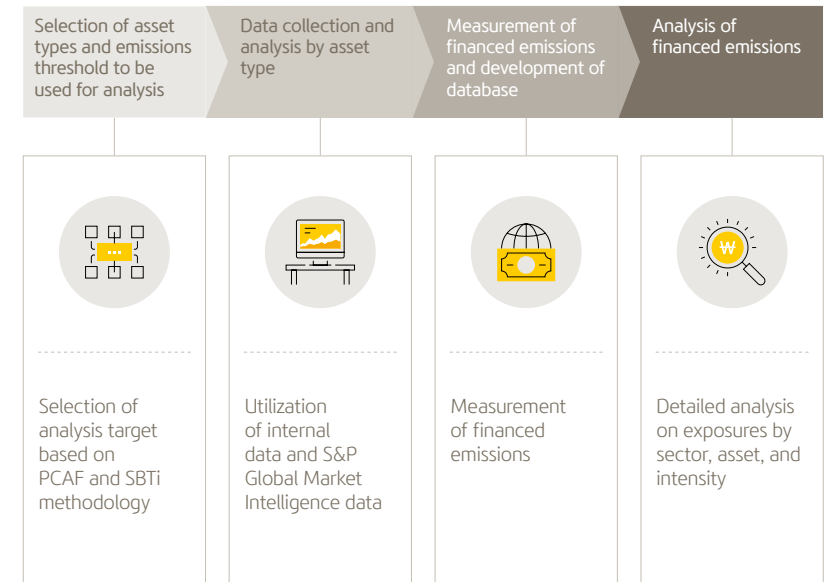
KB Financial Group utilized the “PCAF”<sup>1)</sup> methodology to measure financed emissions. The PCAF methodology is a consistent and validated measurement standard for financial institutions to internally measure and report GHG emissions, and is based on the “GHG Protocol,” a global accounting standard for greenhouse gas emissions.

KB Financial Group defined financed emissions measurement targets as exposure that is categorized into seven asset groups – corporate finance (listed equity and corporate bonds, unlisted equity and loans), power generation PF, commercial real estate, mortgage loans, car loans, and government bonds – according to asset types presented by PCAF from among exposure that is subject to risk weighted assets (RWA) measurement of credit risk. PCAF’s asset group categorization standard is continually updated. We reflected the updates and additionally included mortgage loans and auto loans to financed emissions measurement scope in 2021, and additionally included government bonds to financed emissions measurement scope in 2022.

In addition, according to IFRS Sustainability Disclosure Standards S2 “Climate-related Disclosures” that was announced by “ISSB” in 2023, “undrawn loan commitments” should be disclosed if the financial activity type is a commercial bank or insurance. Accordingly, starting from 2022, the measurement of financed emissions includes additional items, such as corporate loans, power generation PF, undrawn loan commitments for commercial real estate loans, and other limit account loan transactions, in the measurement scope for KB Kookmin Bank, KB Insurance, KB Life Insurance, and KB Savings Bank.

Financed emissions can be measured based on diverse data. For this reason, securing accurate data is most important. However, there is considerable shortage of carbon emissions data that is disclosed by companies. As such, there clearly exists practical limitations in financed emissions measurement. KB Financial Group recognizes these limitations and strives to overcome them as much as possible by using both internal and external data. For companies’ carbon emissions information, we first used “S&P Global Market Intelligence” data (disclosed information, partially disclosed information, estimation information, etc.). In case we were not able to use the information, we made estimations by using the emission factors provided by PCAF.

### Financed Emissions (Scope 3) Measurement Process



<sup>1)</sup> Initiative that develops and provides a methodology to measure GHG emissions (financed emissions) that are connected to financial institutions’ loans and investments



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# Metrics & Targets

## Greenhouse Gas Emissions Target and Performance

KB Financial Group utilized the methodology proposed by the SBTi to establish net-zero targets, and our carbon reduction target was approved by the SBTi in October 2021.

### Operational Emissions (Scope 1&2)

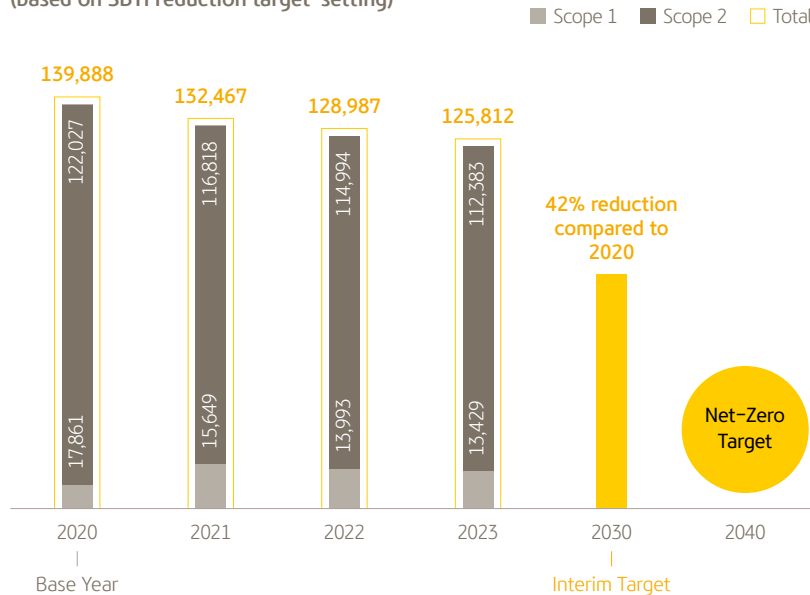
KB Financial Group has set its operational emissions (Scope 1&2) reduction targets by using the “Absolute Contraction Approach (ACA).” The Approach applies the same amount of absolute reduction required by the scenario each year by setting an absolute emissions reduction target to cut the overall greenhouse gas emissions in the target year compared to the base year. Following the SBTi methodology, by setting 2020 as our base year and applying the 1.5°C scenario, we plan to achieve 42% of GHG reduction by 2030 compared to the base year and realize net-zero operational emissions (Scope 1&2) by 2040.

Our 2023 operational emissions (Scope 1&2) that we measured (the same standard we used when establishing SBTi reduction targets) for KB Financial Group and 11 major subsidiaries were 125,812 tCO<sub>2</sub>eq, indicating a year-on-year decrease of around 3,175 tCO<sub>2</sub>eq. This is attributable to active energy-saving programs, including increased installation of renewable energy power generation facilities, increased business vehicle conversion to eco-friendly vehicles, and resource circularity and enhanced energy efficiency.

Operational emissions (Scope 1&2) reduction against target (based on SBTi reduction target-setting) (Unit: tCO<sub>2</sub>eq)

	2020	2021	2022	2023	YoY	
					Amount	Ratio
Scope 1	17,861	15,649	13,993	13,429	(564)	-4.0%
Scope 2	122,027	116,818	114,994	112,383	(2,611)	-2.3%
Total	139,888	132,467	128,987	125,812	(3,175)	-2.5%
Target for Scope 1&2 emissions	-	134,013	128,137	122,262		
Reduction against target	(Base Year)	+1,546	-850	-3,550	-	-

Operational emissions (Scope 1&2) targets and progress (based on SBTi reduction target-setting) (Unit: tCO<sub>2</sub>eq)



Total energy consumption in 2023 that was measured for KB Financial Group and 11 major subsidiaries was 2,590 TJ, indicating a year-on-year reduction of around 66 TJ.

Total energy consumption target and progress<sup>1)</sup> (Unit: TJ)

	2020	2021	2022	2023	YoY	
					Amount	Ratio
Energy consumption	2,880	2,727	2,656	2,590	(66)	-2.5%
Energy consumption target	-	2,759	2,638	2,517	-	-
Reduction against target	(Base Year)	+32	-17	-73	-	-

<sup>1)</sup> Disclosed data after converting units from MWh to TJ

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# Metrics & Targets

In addition to the standard used at the time of establishing SBTi reduction targets, we preemptively measured emissions based on IFRS Sustainability Disclosure Standards S2 “Climate-related Disclosures” of ISSB that was announced in 2023. According to this standard, GHG emissions need to be measured based on the consolidated entity basis. As such, we included domestic and overseas business sites, excluding special purpose entities among consolidated subsidiaries and investment funds, trusts, etc., in the GHG emissions measurement scope, which is a major change. According to this new measurement scope, the organizational boundary significantly increases in comparison to the standard used at the time of establishing SBTi reduction targets, resulting in an increase in GHG emissions.

Operational emissions (Scope 1&2) in 2023 that were measured in accordance with IFRS Sustainability Disclosure Standards S2 “Climate-related Disclosures” set out in the ISSB standards were 155,446 tCO<sub>2</sub>eq. This is a result of an expansion of the organizational boundary that was subject to measurement, as explained above. Please refer to the following for details.

2023 Status of operational emissions (Scope 1&2) (Unit: tCO<sub>2</sub>eq)

	Operational emissions in 2023 (Scope 1&2)		Difference resulting from the organizational boundary expansion
	Measurement scope applied when setting the SBTi reduction targets <sup>1)</sup>	Expanded measurement scope based on ISSB disclosure standards <sup>2)</sup>	Increase in emissions
Scope 1	13,429	23,325	9,896
Scope 2	112,383	132,121	19,738
Total	125,812	155,446	29,634

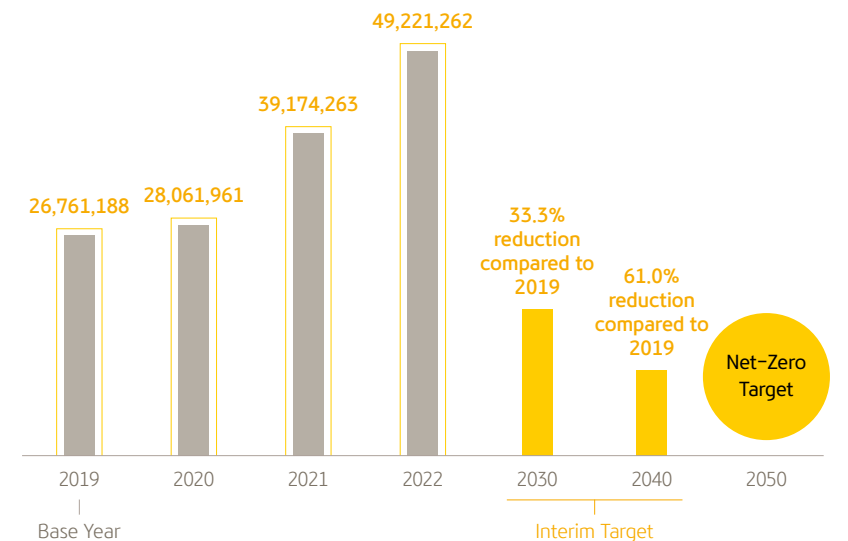
<sup>1)</sup> KB Financial Group and subsidiaries under it (domestic business sites)  
<sup>2)</sup> Based on the consolidated accounting group. Included domestic and overseas business sites, excluding special purpose entities from among consolidated subsidiaries and investment funds, trusts, etc.

## Financed Emissions (Scope 3)

KB Financial Group set its financed emissions reduction target based on the SBTi methodology. We applied the Temperature Ratings Methodology to the corporate finance sector excluding the industries to which the SDA methodology was applied. KB Financial Group’s financed emissions as of the end of 2022 stood at about 49.22 million tons, an increase of around 10.05 million tons from the end of 2021. This is mainly attributable to a significant expansion of the measurement target scope in accordance with the IFRS Sustainability Disclosure Standards S2 “Climate-related Disclosures” as mentioned above.

When KB Financial Group first established its SBTi reduction target, financed emissions were measured (2020 exposure) for companies with total exposure greater than KRW 3 billion in case of the corporate finance asset group but the scope was later expanded (2021 exposure) to total exposure greater than KRW 2.5 billion. In addition, we expanded the scope once again to all corporate finance assets, irrespective of the exposure amount, for measurement of financed emissions in 2022, while also expanding asset groups subject to measurement to include mortgage loan, automobile loan, and government bond, in addition to corporate finance assets.

Financed emissions (Scope 3) targets and progress (Unit: tCO<sub>2</sub>eq)



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# Metrics & Targets

**Financed emissions (Scope 3) targets and progress**
**Financed emissions by PCAF asset type**

 (Unit: KRW trillion, tCO<sub>2</sub>eq)

Asset type	2020			2021			2022			
	Exposure	Emissions	Intensity	Exposure	Emissions	Intensity	Exposure	Emissions	Intensity <sup>1)</sup>	
Corporate finance	Corporate loans	46.1	19,427,481		54.1	22,798,468		74.5	30,004,806	
	Listed equity	2.7	1,073,911	0.402	3.9	166,462	0.391	2.3	455,046	0.400
	Corporate bonds	28.1	5,213,539		45.9	12,366,910		40.5	12,725,910	
Other than corporate finance	Electricity generation PF	1.3	2,310,499	0.439	1.5	2,887,589	0.452	1.9	2,688,479	0.443
	Commercial real estate	2.7	36,531	0.052	5.1	65,629	0.046	6.5	85,472	0.047
	Mortgage loans <sup>2)</sup>	-	-	-	47.8	367,895	0.033	50.0	417,302	0.035
	Auto loans <sup>2)</sup>	-	-	-	6.9	521,308	0.159	6.7	465,133	0.158
	Government bonds (net emissions) <sup>3)</sup>	-	-	-	-	-	-	12.7	2,379,113	0.722
	Government bonds (total emissions) <sup>3)</sup>	-	-	-	-	-	-		2,524,842	-
<b>Total<sup>4)</sup></b>	<b>80.9</b>	<b>28,061,961</b>	<b>-</b>	<b>165.1</b>	<b>39,174,263</b>	<b>-</b>	<b>195.0</b>	<b>49,221,262</b>	<b>-</b>	

<sup>1)</sup> • Corporate finance applied weighted average carbon intensity (WACI), while electricity generation PF and commercial real estate applied physical intensity  
 • Corporate finance: tCO<sub>2</sub>eq/KRW million (sales), electricity generation PF: tCO<sub>2</sub>eq/MWh (generation output), commercial real estate/mortgage loans tCO<sub>2</sub>eq/m<sup>2</sup> (area), auto loans: kgCO<sub>2</sub>eq/km (mileage), government bonds: tCO<sub>2</sub>eq/KRW billion (PPP-GDP)

<sup>2)</sup> New measurement from the basis point of the end of 2021

<sup>3)</sup> New measurement from the basis point of the end of 2022, measured net emissions and total emissions according to the PCAF standard (financed emissions of government bonds that are included in the total are based on net emissions)

<sup>4)</sup> Difference in rounding for exposure and emission totals

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# Metrics & Targets

**Financial activities and financed emissions by asset group based on ISSB disclosure standards**

 (Unit: KRW 100 million, tCO<sub>2</sub>eq)

Financial activity	Asset type	2022						
		Exposure		Financed emissions				
		Amount	Ratio <sup>1)</sup>	Scope 1	Scope 2	Scope 3	Total	
	Loans	1,233,976	82.4%	9,855,755	2,985,317	16,080,854	28,921,926	
	Equity	14,872	47.4%	301,844	18,338	62,398	382,580	
	Corporate bonds	257,034	53.4%	6,098,544	345,993	1,885,245	8,329,782	
	PF	13,110	78.8%	1,672,618	-	-	1,672,618	
Commercial bank	Undrawn amount	134,385	100.0%					
	Undrawn loan commitments <sup>2)</sup>	Drawn amount	95,988	100.0%	3,305,266	582,632	3,169,070	7,056,968
	Total commitment amount	230,373	100.0%					
	Government bonds (net emissions)			2,376,297	-	-	2,376,297	
	Government bonds (total emissions)	126,690	100.0%	2,521,854	-	-	2,521,854	
Insurance	Loans	44,852	63.3%	545,635	14,309	79,487	639,431	
	Equity	1,784	17.4%	16,504	2,532	9,188	28,224	
	Corporate bonds	112,752	69.7%	2,560,932	161,174	1,045,294	3,767,400	
	PF	5,208	45.3%	1,008,992	-	-	1,008,992	
Asset management		191	35.2%	1,651	213	728	2,592	
Others		139,060	70.4%	1,170,412	85,246	835,762	2,091,420	
<b>Total<sup>3)</sup></b>		<b>2,083,914</b>	<b>76.1%</b>	<b>28,914,450</b>	<b>4,195,754</b>	<b>23,168,026</b>	<b>56,278,230</b>	

<sup>1)</sup> This is an exposure ratio that calculated financed emissions against total exposure per asset type. IFRS Sustainability Disclosure Standards S2 "Climate-related Disclosures" recommends to "use all reasonable and supportable information that is available without undue cost or effort." Accordingly, if it was not possible to check basic information (financial information and environmental information, etc.) that is needed to measure financed emissions, we excluded it from measurement.

<sup>2)</sup> Financed emissions of undrawn loan commitments are based on the undrawn amount.

<sup>3)</sup> Exposure of the undrawn loan commitments included in the exposure total is based on the undrawn amount. Financed emissions of government bonds included in the financed emissions total are based on net emissions. If 7,056,968 tCO<sub>2</sub>eq in financed emissions for undrawn loan commitments is deducted from the financed emissions total of 56,278,230 tCO<sub>2</sub>eq, it is 49,221,262 tCO<sub>2</sub>eq, which is the same as the total of financed emissions by PCAF asset group.

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# Metrics & Targets

Since the financed emissions (Scope 3) of a financial company can increase as assets grow and asset groups subject to measurement expand, “carbon intensity” must be managed in parallel to measure the level of mid-to long-term transition to achieve carbon neutrality. Carbon intensity refers to carbon emissions per unit, which are used to eliminate the impact of asset size and compare relative emissions levels between portfolios.

From among financed emissions carbon intensity in 2022, carbon intensity slightly increased in the corporate finance, commercial real estate, and mortgage loan asset groups, while carbon intensity of power generation PF and auto loan slightly decreased.

There are two major factors that increased the carbon intensity of corporate finance assets. First, as described earlier, the measurement scope of financed emissions expanded significantly. Most companies that were included as new measurement targets are small businesses and do not have disclosed data. For this reason, PCAF emission factors were used. Second, carbon emissions of power industries increased due to completion of power plants under construction. We analyzed that there is no significant increase from the previous year if we were to exclude these unique factors.

The slight carbon intensity increase of the commercial real estate asset group is attributable to a rise in energy consumption per unit area as a result of facilitation of economic activities that indicated a downturn due to COVID-19. The increase is extremely insignificant. The carbon intensity decrease of the power generation PF asset group is estimated to be an outcome of increased power generation facility efficiency and expansion of carbon reduction facilities. However, the reduction is not at a significant level.

## Reduction Target and Pathways of Financed Emissions

KB Financial Group set each industrial sector’s reduction targets according to the SDA methodology. For financed emissions that do not apply the SDA methodology, we use the Temperature Ratings Methodology to set and manage reduction targets. In case of industries that applied the SDA methodology as of 2022, there were differences among industries in increase/decrease. Emissions rose for power generation, cement, aluminum, and commercial real estate. In contrast, emissions went down for steel, paper & pulp, and power generation PF.

However, it is important to note that there are various factors that exist behind the aforementioned increases and decreases shown on the surface. For example, the steel industry indicated a considerable decrease in emissions over the previous year. This is considerably attributable to a change in industry categorization as companies that were previously classified into the steel manufacturing industry were shifted to holding companies. This is a situation that is difficult for a financial institution to control, and also reflects the practical limitations of current financed emissions measurement methodologies.

In other words, it is inadequate to judge the financed emissions measurement and management solely on the emissions increases and decreases on the surface-level. Based on this understanding, KB Financial Group will analyze actual causes along with surface-level indicators for emissions management.

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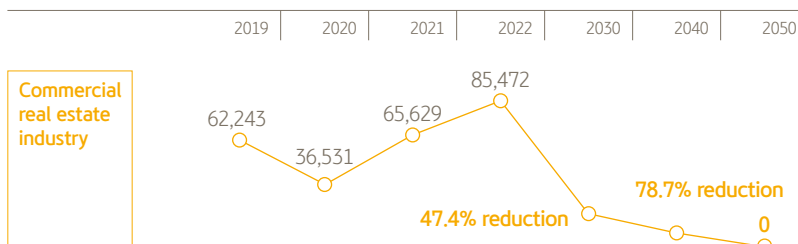
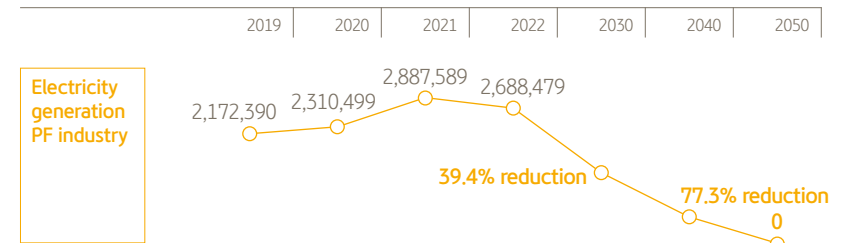
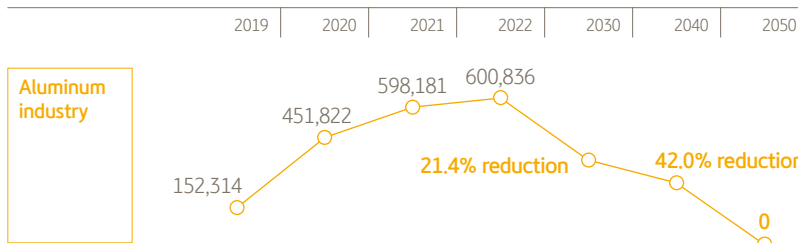
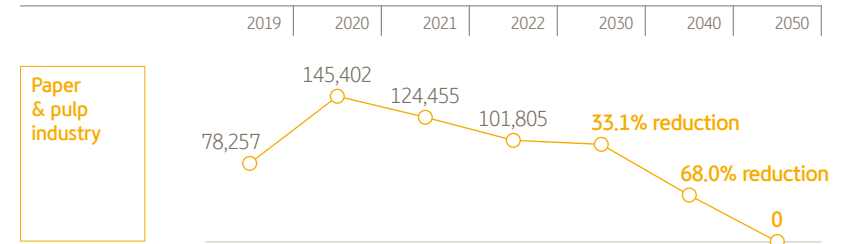
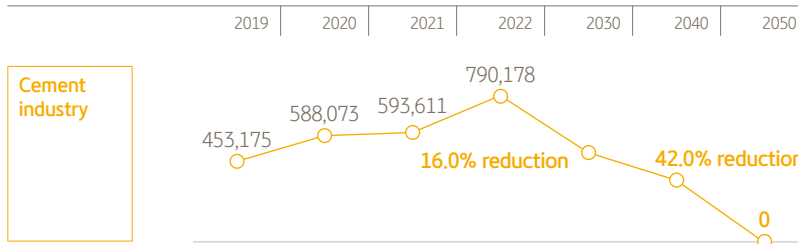
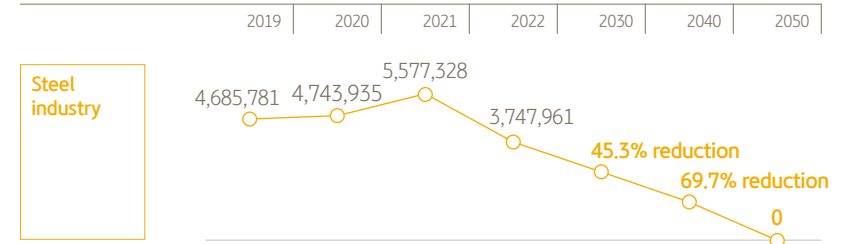
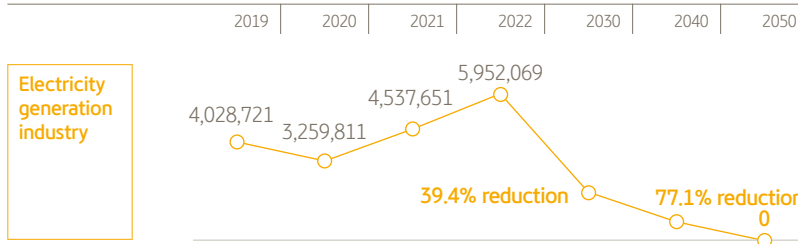
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# Metrics & Targets

Each industrial sector's reduction targets and pathways based on the SDA (Sector Decarbonization Approach)

(Unit: tCO<sub>2</sub>e)



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# Metrics & Targets

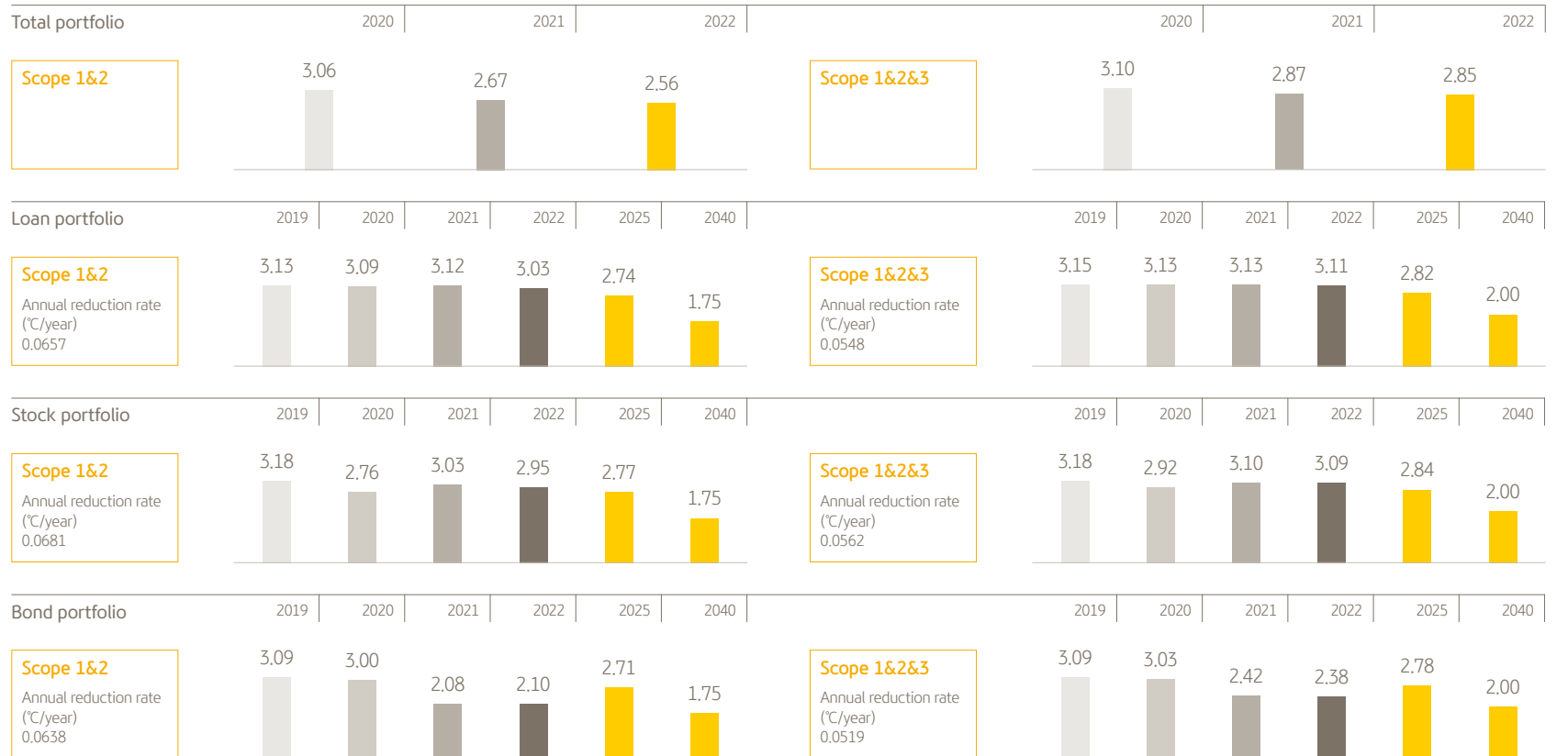
Next, results of analysis that applied the Temperature Ratings Methodology for 2022 indicate a slight decrease in temperature ratings from 2021. Temperature ratings dropped overall, while they increased in some portfolios as is the case with the SDA methodology.

The Temperature Ratings Methodology must be understood first to clearly understand the above. In this methodology, the greater the number of companies that established carbon emissions reduction targets and the greater the sales of companies that established the reduction targets translate into a drop in temperature ratings.

This is because this implies that financial institutions should actively strengthen engagement activities so that companies in the portfolio can set carbon emissions reduction targets.

Therefore, a year-on-year improvement in the measurement results based on the Temperature Ratings Methodology for 2022 is positive but we analyze that this change is not at a significant level. We plan to actively carry out engagement activities, such as providing actively engage with more companies in our portfolio to help them set carbon emissions reduction targets.

Each industrial sector's reduction targets and pathways based on the Temperature Ratings Methodology (Unit: °C)



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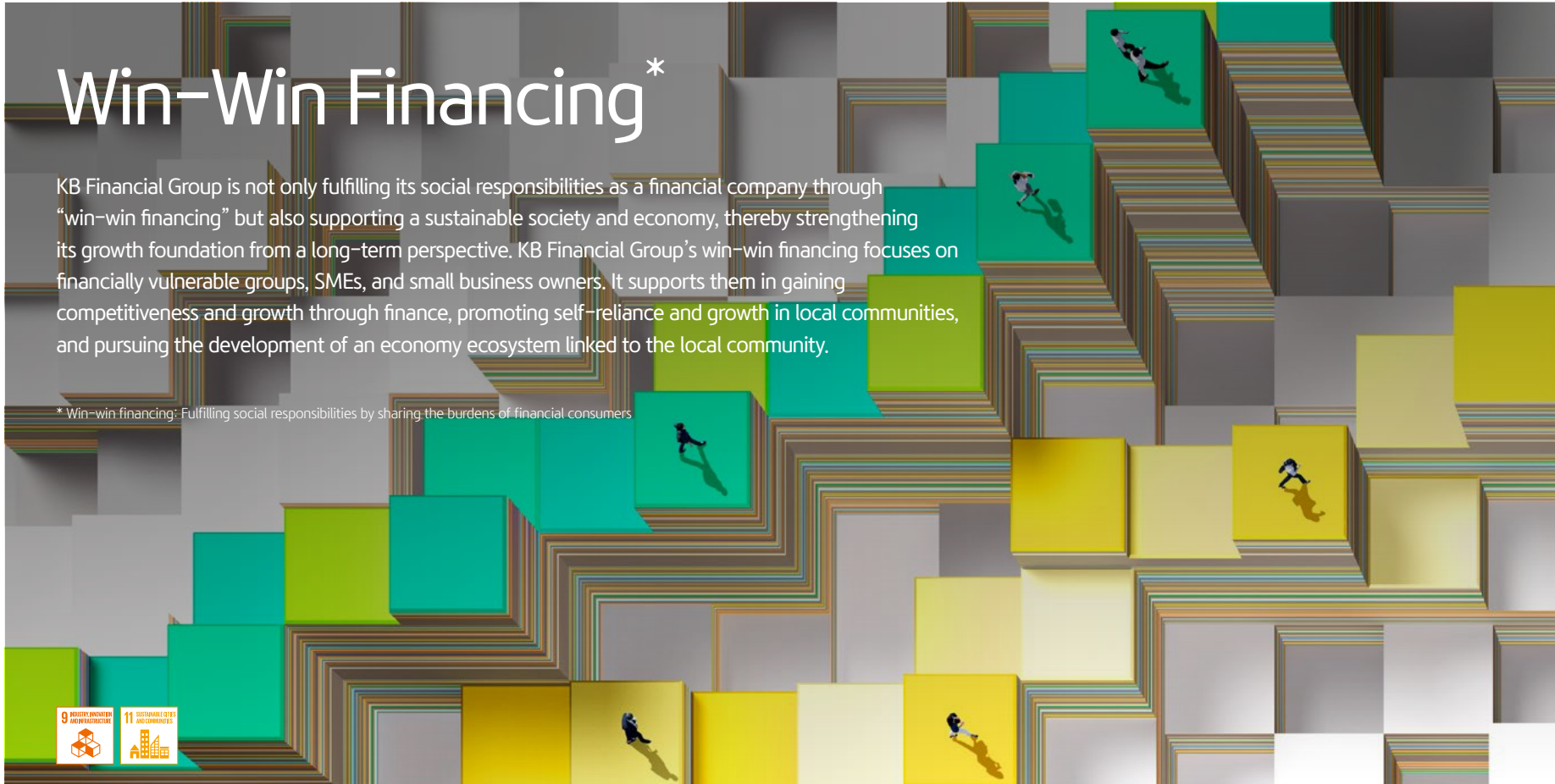
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# Win-Win Financing\*

KB Financial Group is not only fulfilling its social responsibilities as a financial company through “win-win financing” but also supporting a sustainable society and economy, thereby strengthening its growth foundation from a long-term perspective. KB Financial Group’s win-win financing focuses on financially vulnerable groups, SMEs, and small business owners. It supports them in gaining competitiveness and growth through finance, promoting self-reliance and growth in local communities, and pursuing the development of an economy ecosystem linked to the local community.

\* Win-win financing: Fulfilling social responsibilities by sharing the burdens of financial consumers



## Core content (four pillars) of ISSB Sustainability Disclosure Standards\*



### Governance

- Win-Win Financing Governance
- Strengthening of Win-Win Financing Capabilities and Performance Compensation



### Risk Management

- Win-Win Financing Risk Management Process



### Strategy

- Analysis of Win-Win Financing Risks and Opportunities
- Win-Win Financing Strategies and Activities



### Metrics & Targets

- Win-Win Financing Metrics and Targets

\* IFRS Sustainability Disclosure Standards S1 requires an entity to disclose information about its sustainability-related risks and opportunities based on 4 core content areas.



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# Governance

## Win-Win Financing Governance

To effectively respond to win-win agenda and systematically support win-win financing, KB Financial Group has set in place the “KB ESG Win-Win Council,” which is operated separately at the Group level and at each subsidiary. The holding company’s Head of ESG Division oversees the council while the management in charge of ESG at each subsidiary participates in the council to ensure connection between the Group’s strategic direction and each subsidiary’s win-win financing execution measures.

The Win-Win Council at the Group level is attended by the top management and working-level department head of the organization in charge of ESG at the holding company and each subsidiary. The Win-Win Council at each subsidiary is a working-level win-win financing council that consists of business departments in the subsidiary. It comprises team leaders in charge and team members of relevant departments, and establishes a mutually seamless cooperation system between the department in charge of ESG and relevant departments.

## Strengthening of Win-Win Financing Capabilities and Performance Compensation

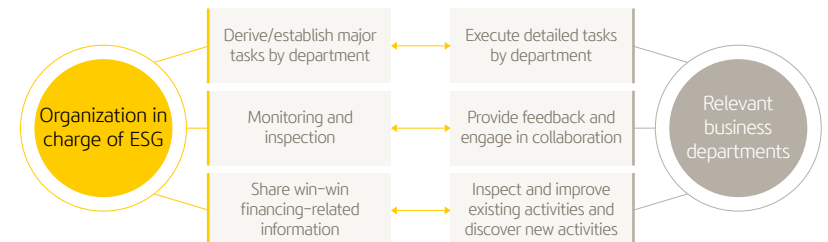
KB Financial Group provides information on the Group’s ESG strategies and implementation status as well as training on overall ESG, including win-win financing, to new non-executive directors. In addition, we make reports on win-win financing and social responsibility activities to the ESG Committee, where all non-executive directors are members, and make other efforts to help the BOD make the right decisions. In the first quarter of 2024, we held a “win-win financing idea contest” for the Group employees. We thus raised employee awareness of the importance and need to facilitate win-win financing, and plan to make various outstanding ideas into actual business.

To spread win-win financing activities at the Group level, we also operate key performance indicators (KPIs). We reflect ESG metrics that include win-win financing, such as support activities for the financially marginalized, small business owners support programs, and strategic CSR activities, in KPIs, thus making a connection to top management’s performance compensation.

### Organizational chart of the KB ESG Win-Win Council



### Cooperation system for win-win financing task by subsidiary



**MATERIAL TOPICS**

**INVESTOR-FOCUSED**

Enterprise Risk Management

Climate Change Strategy

→ **Win-Win Financing**

Protection of Financial Consumers

Digital Innovation and Technology

Information Security

DEI and Human Resources Management

Ethics and Compliance

Sustainable Finance

# Risk Management

## Win-Win Financing Risk Management Process

To realize the value of win-win financing, KB Financial Group identifies and evaluates major risks through the Group’s risk management process, and connects each subsidiary’s win-win financing strategies and activities with the Group’s management strategies for integrated management/supervision of win-win financing-related risks and opportunities at the Group level. Please refer to p. 24 of this report for details on KB Financial Group’s risk management.

To systematically manage win-win financing-related risks and opportunities, we formed the KB ESG Win-Win Council and establish the Group’s execution tasks. The KB ESG Win-Win Council effectively performs social roles of finance by implementing Group-wide win-win financing, such as having the Group Win-Win Council establish a strategic direction and the subsidiary-level Win-Win Council devise practical execution measures. To enhance mid- to long-term win-win financing value, we reflect win-win financing-related agenda when establishing the Group’s mid- to long-term management strategies and establish other short and mid- to long-term plans.

Process	Target	Cycle	Method	Notes	
1	Identify and evaluate risks	Group ESG Win-Win Council	Annually	<ul style="list-style-type: none"> <li>Identify and evaluate win-win financing-related risks and opportunities</li> <li>Include win-win financing-related impact in the risk management process for evaluation (department in charge of risk management)</li> </ul>	
	2	Establish response strategies	Group ESG Win-Win Council – Top management-level meeting of the organization in charge of ESG	Quarterly	<ul style="list-style-type: none"> <li>Hold focused discussions on social issues by period and review countermeasures</li> <li>Establish the win-win financing execution direction at the Group level and key execution tasks</li> <li>Discuss support measures for matters that need collaboration at the Group level</li> <li>Discuss stakeholder communication methods and review execution measures</li> </ul>
- Establish the Group’s execution tasks		Group ESG Win-Win Council – Working-level department head-level meeting of the organization in charge of ESG	Monthly	<ul style="list-style-type: none"> <li>Review execution measures for matters discussed at the top management-level meetings and major issues</li> </ul>	
- Establish execution measures by subsidiary		Win-Win Council at each subsidiary	As needed	<ul style="list-style-type: none"> <li>Discuss win-win financing issues and identify tasks led by the business department of each subsidiary</li> <li>Establish detailed execution measures that reflect business characteristics of each subsidiary</li> </ul>	
3	Monitor and review	Group ESG Win-Win Council	Monthly	<ul style="list-style-type: none"> <li>Evaluate and manage each subsidiary’s business-centered win-win financing execution measures in connection with the Group-wide management strategies</li> <li>Regularly monitor the execution status of win-win financing activities, relevant issues, and collaboration matters and assess business effectiveness</li> </ul>	Review connection with the Group’s execution tasks; and manage and supervise the execution status
		Win-Win Council at each subsidiary	As needed	<ul style="list-style-type: none"> <li>Examine the progress of tasks by department and execute work for tasks that require collaboration</li> </ul>	
4	Derive improvement and additional tasks	Group ESG Win-Win Council	Around the clock	<ul style="list-style-type: none"> <li>Derive agenda centered around national and social issues as well as KB Financial Group’s strategic tasks</li> <li>Continually identify additional tasks for timely response to social demand</li> </ul>	Timely response to resolving social issues

MATERIAL TOPICS

INVESTOR-FOCUSED

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# Strategy

## Analysis of Win-Win Financing Risks and Opportunities

KB Financial Group identifies risks and opportunities that may arise in the process of practicing win-win financing, analyzes the potential impact of each risk and opportunity, and establishes response strategies. We categorize each risk and opportunity into the short/mid/long-term period to ascertain the degree of response urgency.

Category	Risks and opportunities	Potential impact	Short-term	Mid-term	Long-term
Risks	Exclusion of low-credit/low-income customers from financial products and services	<ul style="list-style-type: none"> <li>Restricted use of general financial products and services owing to failure to satisfy income requirements, no collateral, etc.</li> <li>Unjust distribution of economic resources, unfair access to opportunities, and financial marginalization</li> <li>Non-compliance with regulations related to social responsibilities of financial institutions</li> </ul>	✓	✓	✓
	Reduced physical access to financial services for the financially marginalized	<ul style="list-style-type: none"> <li>Amid acceleration of digitalization of the financial environment, the digitally marginalized has less financial accessibility, such as the disabled and seniors</li> <li>It is impossible to form long-term relations of trust because checking financial transactions by making an institution visit and taking immediate responses are difficult</li> </ul>	✓	✓	✓
	Low level of understanding among the financially marginalized toward financial services	<ul style="list-style-type: none"> <li>Increase in monetary losses of consumers, including financial fraud and fraudulent act</li> <li>Financial soundness deterioration of the financially marginalized and weakened financial independence</li> </ul>		✓	✓
	Management risks of existing and potential corporate customers	<ul style="list-style-type: none"> <li>Estimated bad debt costs and possibility of loss due to corporate customers' management risks</li> <li>Weakened competitiveness of companies as a result of excessive dependence on win-win financing/policy financing support</li> </ul>		✓	✓
Opportunities	Generate business opportunities by expanding financial support for SMEs and startups	<ul style="list-style-type: none"> <li>Increase new customer attraction by providing management consulting and customized financial products</li> <li>Build long-term relations of trust with customers by providing financial support and services from the early business phase</li> <li>Improve business models and promote the economic development of local communities through business mentoring and expert consulting</li> </ul>	✓	✓	

\* Short-term is 1 year, mid-term is 2-5 years, and long-term is more than 5 years

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Climate Change Strategy

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# Strategy

## Win-Win Financing Strategies and Activities

Based on the mission of “Financial services delivering change,” KB Financial Group has established a mid- to long-term strategic roadmap for win-win financing to fulfill the role of finance for a sustainable society. This includes providing necessary financial products and services to the financially vulnerable, SMEs, small business owners, and local communities at the right time.

### Mid- to long-term win-win financing strategy roadmap



### Win-win financing execution goals and strategies/tasks

Goals	Strategies	Execution tasks	Short-term	Mid-term	Long-term
Implement financial inclusion for the financially marginalized	Expand financial inclusion products	<ul style="list-style-type: none"> <li>Increase handling of policy finance products and legitimate financial products for the financially marginalized</li> <li>Provide support for financial costs, such as reducing interest burden and loan repayment</li> </ul>	✓	✓	✓
	Enhance financial accessibility	<ul style="list-style-type: none"> <li>Enhance physical convenience for disabled and senior customers</li> <li>Provide customized financial services to the disabled, seniors, and foreigners</li> </ul>	✓	✓	✓
	Increase financial understanding of the financially marginalized	<ul style="list-style-type: none"> <li>Promote digital finance understanding among seniors</li> <li>Provide financial fraud prevention education</li> </ul>		✓	✓
Strengthen the competencies of SMEs and small business owners	Respond to management risks	<ul style="list-style-type: none"> <li>Operate a management consulting center at central locations across the nation for small business owners and the self-employed</li> <li>Provide business operation-related information and professional management consulting to SMEs</li> </ul>		✓	✓
	Support the establishment of an ESG environment	<ul style="list-style-type: none"> <li>Provide a self-diagnosis service and professional consulting for adoption of ESG management</li> <li>Support the reduction of GHG emissions and provide an integrated management service</li> <li>Enhance occupational accident prevention and safety accident response capabilities of small business sites</li> </ul>		✓	✓
Foster and invest in startups	Provide financial and non-financial services in the early stage of business	<ul style="list-style-type: none"> <li>Foster and invest in companies with growth potential</li> <li>Offer customized benefits per company based on the business phase</li> <li>Support cooperation projects between large companies and startups</li> </ul>	✓	✓	

\* Short-term is 1 year, mid-term is 2-5 years, and long-term is more than 5 years

MATERIAL TOPICS

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# Strategy

## Providing Products and Services for Financial Inclusion

Through the KB Miso Microcredit Foundation, KB Financial Group provides products and services for financial inclusion to the financially marginalized. The KB Miso Microcredit Foundation engages in the “microcredit” business, which provides self-support funds without the need for security or guarantee to the low-credit/low-income financially marginalized who find it difficult to use the services of legitimate financial institutions. It also provides low-interest-rate loans, such as business establishment/operation funds, facility improvement funds, Successful Employment Loan, Emergency Livelihood Fund Loan, Educational Expense Support Loan, and Underprivileged Independence Fund, along with education and consulting to applicants. In addition, it steadily carries out follow-up management after loans to help Miso Microcredit customers achieve financial independence. Since its opening in 2009, the Foundation has grown to have eight branches across the country. It became the first in the banking industry in 2015 to achieve KRW 100 billion in support funds. As of the end of December 2023, it handled a cumulative total of 20,067 loan cases amounting to KRW 226.8 billion.

In addition, KB Financial Group provides various products and services aimed at financial inclusion to support the financially marginalized. We prevent seizures so that basic livelihood benefits as well as pension and insurance benefits can be used for living expenses and provide checking account products that offer bank transaction fee exemption benefits, thus helping the financially marginalized live a stable life. We provide savings account products designed to help people build assets and a sizable sum of fund to the low-income class, child heads of households, and North Korean defectors. We also offer various loan products, including for daily life stability funds and housing security deposit funds and provide loan products that exempt an early repayment fee to small business owners and small companies.

### Number of customers and accounts of financial products and services for the financially vulnerable

<p><b>Checking account</b> </p> <p>132,061 persons / 132,505 cases</p> <ul style="list-style-type: none"> <li>• Low-income class, the elderly, the disabled, immigrant workers, individuals in rural or hard to reach areas, etc.</li> <li>• KB Happiness Keeper Bank Account, KB Kookmin Hope Keeper Bank Account, KB Love Sharing Installment Bank Account, KB Patriots and Veterans Keeper Bank Account, and 4 others</li> </ul>	<p><b>Savings account</b> </p> <p>961,377 persons / 962,073 cases</p> <ul style="list-style-type: none"> <li>• Low-income class, youths, individuals in rural or hard to reach areas, etc.</li> <li>• KB Kookmin Happiness Installment Savings Plan, KB Miso Dream Installment Savings Plan, KB Love Sharing Installment Savings Plan, KB Youth Leap Account, Kookmin Health Installment Savings Plan – Golden Life, and 5 others</li> </ul>	<p><b>Loan</b> </p> <p>224,202 persons / 242,658 cases</p> <ul style="list-style-type: none"> <li>• Low-income class youths, the disabled, individuals in rural or hard to reach areas, etc.</li> <li>• KB Kookmin Hope Loan, Assistance for People with Disabilities Loan, KB Safety Net Loan, KB College Student and Youth Sunshine Loan, KB Stepping Stone Loan, and 9 others</li> </ul>
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\* As of the end of December 2023

### Products and services for financial inclusion for the financially marginalized by subsidiary

KB Safe Jeonse Program	<ul style="list-style-type: none"> <li>• Signed an MOU with the Ministry of Land, Infrastructure and Transport and Korea Housing &amp; Urban Guarantee Corporation on supporting Jeonse fraud victims and preventing damage</li> <li>• Provide a 2%p interest rate reduction for the first year for housing security deposit loan, mortgage loan, and auctioned housing loan to Jeonse fraud victims; and a 0.2%p interest rate reduction for new mortgage loan</li> <li>• Damage relief program: Provide support for costs to secure an execution title in relation to a lawsuit for housing security deposit return and auction/public auction agency fee</li> <li>• Damage prevention program: Provide Jeonse fraud loss prevention education and use diverse content to publicize ways to prevent loss from Jeonse fraud in connection with the KB Foundation</li> </ul>
KB Kookmin Bank	<p>KB Liiv M Sharing Discount</p> <ul style="list-style-type: none"> <li>• The only mobile virtual network operator to provide communication services charge reduction benefits to the socially underprivileged, including the disabled, recipients of basic livelihood security, the low-income class, and people of national merit</li> <li>• Offer diverse benefits that are aimed at reducing the communication services charge burden of youths/the middle-aged, such as providing a preferential interest rate for the “KB Youth Leap Account” and purchasing an insurance policy for free in relation to voice/messenger phishing</li> </ul>
Financial support	<ul style="list-style-type: none"> <li>• Expanding preferential interest rates for vulnerable borrowers                             <ul style="list-style-type: none"> <li>– An annual 1.0%p reduction in the new interest rate for small-scale consumer loan products<sup>1)</sup> that target low-income workers and small business owners</li> <li>– Apply an annual 0.3%p preferential interest rate to mortgage for vulnerable borrowers, including the disabled, recipients of basic livelihood security, and North Korean defectors</li> </ul> </li> <li>• Guarantee fee support for Guarantee for a Refund of Jeonse Deposit                             <ul style="list-style-type: none"> <li>– Fee support for debtor’s refund guarantee of KRW 300 million or less Jeonse deposit for metropolitan areas and KRW 200 million or less for other areas</li> </ul> </li> <li>• Create a loan principal reduction program</li> <li>• Early repayment fee exemption for borrowers with a CB 5 or lower rating</li> </ul>
KB Kookmin Card	<p>Financial support</p> <ul style="list-style-type: none"> <li>• Introduce a single interest rate-type small loan product for youths</li> <li>• Provide new loans and interest rate discounts to small SOHOs</li> <li>• Reduce the credit sale amount payment cycle for small merchants</li> </ul>
KB Savings Bank	<p>Kiwibank</p> <ul style="list-style-type: none"> <li>• Online and mobile financial services that were launched for the purpose of improving financial service convenience of low-income customers</li> <li>• Provide various financial services, such as account opening, money transfer, subscription to deposit or installment savings product, and loan application</li> <li>• Enable customers to easily subscribe to products designed for the financially vulnerable, including Sunshine Loan, Sah-it-dol II Loan, and KB Good Nuri Installment Savings Plan, thus enjoying improved financial accessibility</li> </ul>

<sup>1)</sup> KB New Hope Spore II, KB “Sah-it-dol” Middle Interest Rate Loan, KB Happy Dream Loan II, KB Stepping Stone Loan

MATERIAL TOPICS

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# Strategy

## Increasing Financial Accessibility

Customer convenience is rising on the back of digitalization of finance, but at the same time, financially vulnerable customers are experiencing difficulties in accessing financial services. KB Financial Group provides diverse services to increase financial accessibility of the financially vulnerable, including disabled, senior, and foreign customers. In addition, KB Kookmin Bank established four “joint branches between banks” to resolve the branch shortage issue. An alliance was formed with “Emart No Brand” and “Emart24” Convenience Store, based on which KB Kookmin Bank operates two unmanned digital branches and installed intelligent ATMs and video counseling-only windows, thereby increasing financial accessibility and customer convenience.

## Financial Education for the Financially Vulnerable

In preparation for the rapid transition to a digital era and an aging population, KB Kookmin Bank provides “senior digital financial education” to improve digital familiarity among seniors. The education covers three topics: using mobile banking, integrated account management, and preventing financial fraud. By December 2023, a total of 110 sessions were conducted for approximately 2,200 seniors.

KB Kookmin Bank also sponsors “Financial Fraud Prevention Play” to prevent voice phishing among the elderly, who are particularly vulnerable to financial fraud. Through the play, various financial fraud cases that could affect the elderly are presented, effectively delivering fraud prevention messages. In 2023, 14 plays were sponsored.



KB Kookmin Bank provided senior digital finance education



KB Kookmin Bank expanded the operation of the KB Senior Lounge

## Services to increase financial accessibility of the financial vulnerable by subsidiary

Target	Subsidiary	Access convenience service										
	KB Kookmin Bank	<ul style="list-style-type: none"> <li>Expanded convenience facilities for persons with disability at 82 branches</li> </ul>										
		<p>Expansion of convenience facilities for persons with disability</p> <table border="1"> <thead> <tr> <th>Category</th> <th>In the front</th> <th>Created</th> <th>Relocated</th> <th>Regional base branches</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>No. of branches</td> <td>51</td> <td>9</td> <td>17</td> <td>5</td> <td>82</td> </tr> </tbody> </table>	Category	In the front	Created	Relocated	Regional base branches	Total	No. of branches	51	9	17
Category	In the front	Created	Relocated	Regional base branches	Total							
No. of branches	51	9	17	5	82							
The disabled		<ul style="list-style-type: none"> <li>Supported the installation of ramps for the disabled in front of the entrance to 365 automated branches (Completed at 43 branches in 2023)</li> </ul>										
	KB Kookmin Card	<ul style="list-style-type: none"> <li>Provide the smartphone video counseling service to the hearing-impaired, video sign language counseling service over the Internet through an image phone (See Talk), and digital ARS that uses visual content</li> <li>Adopted “voice service for product terms and conditions” that enables the visually-impaired to scan a voice service barcode applied to product terms and conditions and notice letters for the visually impaired so that they can receive the information by voice</li> </ul>										
Seniors	KB Financial Group	<ul style="list-style-type: none"> <li>Implement the “AI-based Call-bot” that has applied AI technology to telephone counseling</li> <li>Provide audio guidance services without restriction on time or location</li> </ul>										
	KB Kookmin Bank	<ul style="list-style-type: none"> <li>Handled around a daily average of 37 thousand cases of work as of December 2023 through the “AI-based call-bot”</li> <li>Operate the “KB Senior Lounge” that regularly visits a welfare center once a week to handle banking business</li> </ul>										
	KB Kookmin Card	<ul style="list-style-type: none"> <li>Provide “speaking slowly services” and priority call center employee connection service for senior customers aged 65 or more</li> </ul>										
Foreigners	KB Kookmin Bank	<ul style="list-style-type: none"> <li>Created a convenient KB Star Banking member system for foreign customers</li> <li>Support 9 language services, including English, Chinese, Japanese, Cambodian language, Vietnamese, Thai, Burmese, Russian, and Mongolian</li> </ul>										
		<ul style="list-style-type: none"> <li>Operate 8 FX and remittance centers in areas where many foreign workers reside and hires employees who are native speakers</li> <li>Operate a foreigner-only remittance center that can be used on weekdays and weekends</li> </ul>										



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# Strategy

## Support for Financial Inclusion of SMEs and Small Business Owners

Aimed at facilitating regional economies, KB Financial Group provides diverse financial support to small businesses, which support regional economies. With the end of the “special financial support (extension of maturity, principal and interest payment deferment) to address COVID-19 damages” in 2023, major subsidiaries of KB Financial Group are extending the loan end date for loan repayment deferment applications or enabling installment payments of deferred interest, with the goal of reducing the burden on small businesses.

### Financial support by subsidiary

Subsidiary	Service category	Service details
KB Kookmin Bank	Automatic reduction of loan principal amount	<ul style="list-style-type: none"> <li>When a low-credit/sincere interest-paying SME extends the maturity of a credit loan and the loan interest rate exceeds 7%, 7% is received as interest and the amount in excess is used to repay the loan principal and exempt the early repayment fee.</li> </ul>
	Interest rate reduction for vulnerable SME borrower	<ul style="list-style-type: none"> <li>When an SME with a low- to mid-level credit rating extends a loan period and the loan interest rate exceeds 7%, a maximum 2%p loan interest rate reduction is provided for the interest rate in excess.</li> </ul>
	Partial reduction of the late penalty rate for corporate loans	<ul style="list-style-type: none"> <li>Apply an overdue interest after a 1%p reduction in the late penalty rate for overdue accounts that occur after the execution date</li> </ul>
	Preferential Interest Rates for Kind Landlord	<ul style="list-style-type: none"> <li>Provide preferential interest rates to non-residential lease business operators subject to “tax credit for kind landlord” (indirect support for small business lessees)</li> </ul>
KB Securities	Organizes primary collateralized bond obligations (P-CBO) issuance	<ul style="list-style-type: none"> <li>Organize the issuance of P-CBO, through which the Korea Credit Guarantee Fund provides guarantee to outstanding companies that find financing difficult because of their low credit rating to support smooth financing of SMEs</li> <li>Organized P-CBO issuance worth a total KRW 491.3 billion across 18 occasions in 2023</li> </ul>
KB Kookmin Card	Reduced interest rate for the “KB Kookmin Sole Proprietorship Loan” and prepayment of the credit sale amount	<ul style="list-style-type: none"> <li>Reduced loan interest rates for the purpose of easing the loan interest burden of personal businesses, including vulnerable self-employed and micro businesses, and to provide liquidity support. In 2023, loan support amounting to around KRW 60 billion was provided to 2,700 persons.</li> <li>As part of measures to provide financial support to small- to mid-sized merchants, it pays the credit sales amount 1 business day earlier than before. In 2023, it made an early payment of KRW 16,976.5 billion in credit sales amount to around 220 thousand small- to mid-sized merchants.</li> </ul>

## Providing Management Consulting Services

KB Financial Group provides various management consulting services to SMEs and small business owners. This has enabled us to provide support for the establishment of a competitive foundation to SMEs and small business owners that are experiencing difficulty in stable business operations due to a lack of management know-how and practical experience.

### KB Kookmin Bank’s management consulting services

 **KB SOHO Consulting**

- Became the first in the banking industry in 2016 to open a management consulting center to help the self-employed across the nation who are in the food service industry to overcome the crisis and strengthen their business capabilities
- Provide free management consulting in diverse areas, including commercial area analysis, financing, tax, social media, and law through 13 KB SOHO Consulting Centers across the nation, including the Yeouido Hub Center
- Provide a 0.1%p preferential interest rate for the KB Kookmin Bank guarantee-secured loan for those who have received counseling at a center
- Offer preferential special contribution guarantee limit (KRW 30 billion limit) based on a financial support MOU signed with the Korea Federation of Credit Guarantee Foundations in April 2023

 **Visiting KB SOHO Mentoring School**

- A mentor group consisting of famous chefs and baristas, management consulting experts, tax accountants, and social media consultants visits around 40 self-employed in the food service industry every year and provides customized consulting.
- Signed an MOU with the Baedal Minjok in April 2023 and expanded the scope of the consulting target to include the self-employed who only handle deliveries
- Even after the end of the program, the heads of 13 centers across the nation and the self-employed were matched to provide continued follow-up management services.

 **KB Wise Consulting**

- The KB Wise Consulting team, consisting of accountants, tax accountants, and other experts, has been providing customized advisory services since 2006 to realize joint growth and win-win value with SMEs.
- Established a “one-stop consulting collaboration system” in collaboration with KB Financial Group subsidiaries and providing quality consulting
- Provide both “management consulting” which diagnoses and analyzes issues that occur in each growth step of companies and offers alternatives; and the “family business succession consulting” that minimizes management succession risks of SMEs

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# Strategy

## Providing ESG Management Support Services

KB Financial Group supports SMEs that are experiencing difficulty with ESG management adoption based on accumulated ESG management know-how and a management consulting process.

### ESG management support services by subsidiary



#### KB ESG Consulting Services (KB Kookmin Bank)

- Tailored solutions provided by a professional ESG consulting team for systematic ESG management adoption
- Provided to all SMEs interested in ESG management, including large companies' partner companies, export companies, companies that collaborate with government and relevant organizations, and companies that aim at net zero
- ESG management counseling service: Provide ESG education to employees and companies that need ESG evaluation, presents ESG trends and countermeasures, and helps companies that measure carbon emissions establish a GHG inventory
- ESG management diagnosis service: Provide management diagnosis services based on in-house developed ESG diagnosis items, derives improvement points through field visits, and provides a results report that includes non-financial item diagnosis and solutions

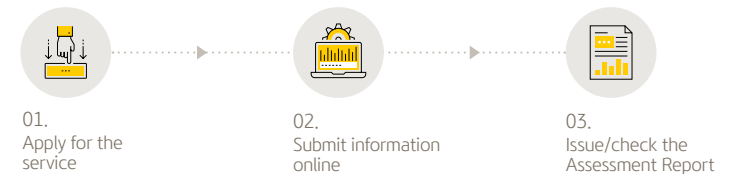
#### KB ESG management diagnosis process



#### ESG Self-Assessment Service (KB Kookmin Bank)

- Self-assessment of ESG levels for evaluation items that are based on quantified ESG data
- Any corporate customer can use the service without meeting any separate qualifications or going through a document process.
- The ESG Self-Assessment Checklist service can be used for a prior check on the need for ESG self-assessment
- After a self-assessment, an ESG assessment report is provided for free that includes a grade (grades 1-7) that reflects a company's ESG management level and each ESG item.
- Companies with excellent results can apply for the "KB Green Wave Loans for Outstanding ESG Companies," as well as enjoy various financial and non-financial benefits including prime rates and lower fees.

#### ESG self-assessment execution process



#### Additional services of KB ESG self-assessment

- ESG Library: Offering ESG data and guidelines from the government, conglomerates, and specialized institutions
- ESG Video Hub: Providing video data on ESG basics and market trends
- ESG Online Help Desk: Providing 1:1 online help desk for ESG inquiries



#### KB Carbon Management System (KB Kookmin Bank)

- Launched an online platform, equipped with an energy consumption-based GHG emissions measurement and management function, to support ESG management of SMEs in February 2024
- Provide a one-stop work process, ranging from automatic creation of a list of emission facilities by industry to emissions measurement, for free to customers who use corporate online banking
- Provide diverse information, including GHG emissions measurement and actual performance against reduction target
- Enable integrated emissions management of affiliates, subsidiaries, and suppliers by using the carbon information disclosure process among companies



#### Safety Management Consulting (KB Insurance)

- Safety management consulting to companies that have an insurance policy to prevent industrial accidents and strengthen response capabilities of small business sites that lack preparations for safety management
- Provided a safety management-related report on confirmed risk items after assessing the work environment, safety devices, and work/management report process
- Provided risk improvement recommendation consulting to prevent 187 cases of accidents in 2023
- Produce and distribute risk management newsletters on climate change and natural disasters (published 6 newsletters in 2023)



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# Strategy

## Startup Fostering Programs

To foster startups with outstanding innovative technologies, KB Financial Group provides mentoring and infrastructure support and increases investments to actively support startup growth.

▶ "2023 HUB DAY" – Demo Day of KB Financial Group's Fintech Lab



## Support to Promote the Social Venture Ecosystem

KB Financial Group formed the KB Social Investment Fund in 2018 and supports the growth of social enterprises and the vitalization of the social enterprise ecosystem.

We contributed a total of KRW 75 billion to the KB Social investment Fund and the total agreed amount is around KRW 220 billion. The KB Social Investment Fund invests in enterprises that can create positive values in the environmental/social sectors in accordance with criteria defined in the UN Sustainable Development Goals (UN SDGs), and spreads positive impact on society together with growth of the enterprises. The KB Social Investment Fund invested a total of KRW 110 billion in 92 companies as of the end of December 2023.

### Startup fostering programs by subsidiary



#### KB Starters (KB Financial Group)

- Established the KB Innovation HUB Center, an organization dedicated to supporting startups within the Group, in 2015
- Select companies with excellent growth potential as "KB Starters" and provide benefits ranging from offering office space and business mentoring to investment connections
- Arranged 1:1 field meetings between subsidiary business employees and KB Starters in connection with a large company collaboration program of the Korea Institute of Startup & Entrepreneurship Development under the Ministry of SMEs and Startups in 2023
- Establish a foundation for overseas advancement of domestic startups and strengthening support for domestic startups to develop global references by operating the overseas fostering program in connection with global accelerators and the "global proof of concept (PoC) program" in connection with large companies in Singapore



#### KB Unicorn Club (KB Kookmin Bank)

- Has been setting aside investment funds and operating a program designed to strengthen business capabilities of social innovation startups since 2021
- Early startup growth support program through which the Bank chooses innovative technology-based startups that are less than 3 years old and carries out tailored acceleration and direct investment
- Recruit 10 companies every year, and supported a cumulative total of 30 companies as of the end of December 2023



#### KB Financial Campus S.I.N.G (KB Kookmin Bank)

- Provide a 10-week training program to social innovation startups that are more than three years old
- Provide practical corporate management education, one-on-one customized consulting, finance and accounting training, and KB Kookmin Bank employees' mentoring activities
- Supported a cumulative total of 59 companies as of the end of December 2023



#### FUTURE9 (KB Kookmin Card)

- Has been operating FUTURE9, an open innovation program aimed at nurturing promising startups, since 2017
- A consortium consisting of government and public institutions, investment institutions, and accelerators chooses a company for investment after a multilateral review and provides financial and non-financial support
- Selected 13 outstanding startups, for the 7th program in 2023, among a total of 714 companies that applied in consideration of collaboration potential and competitiveness; and provided company-tailored benefits, including connection for collaboration, expert consulting, marketing and PR, and support for global advancement

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# Metrics & Targets

## Win-Win Financing Metrics and Targets

To effectively execute win-win financing activities, KB Financial Group uses quantitative metrics per activity to monitor the performance of win-win financing activities. For win-win financing activities that respond to major social issues, we establish targets by reviewing the rate of year-on-year increase and comparing the win-win financing status for the same business, and periodically measure the performance against the targets.

Target	Monitoring metrics	Major performance												
		Handled a cumulative total of 20,067 loan cases amounting to KRW 226.8 billion as of the end of 2023												
		<p>Size of loans of the KB Miso Microcredit Foundation (Unit: KRW billion)</p> <table border="1"> <tr><th>Year</th><th>Size of loans (KRW billion)</th></tr> <tr><td>2015</td><td>100</td></tr> <tr><td>2020</td><td>184.2</td></tr> <tr><td>2021</td><td>199.6</td></tr> <tr><td>2022</td><td>214.3</td></tr> <tr><td>2023</td><td>226.8</td></tr> </table>	Year	Size of loans (KRW billion)	2015	100	2020	184.2	2021	199.6	2022	214.3	2023	226.8
Year	Size of loans (KRW billion)													
2015	100													
2020	184.2													
2021	199.6													
2022	214.3													
2023	226.8													
	Size of loans handled by the KB Miso Microcredit Foundation													
	Practicing financial inclusion for the financially marginalized	* Cumulative basis												
	Size of financial inclusion products handled for the financially marginalized	Handled KRW 10,154 billion in products for financial inclusion as of the end of 2023												
	No. of times senior digital finance education was conducted and no. of beneficiaries	Provided finance education 110 times and the number of beneficiaries reached around 2,200 as of 2023												
	Others – Awards, etc.	KB Kookmin Bank’s “KB Kookmin Hope Loan <sup>1)</sup> ” was chosen as an outstanding case of a “new product of win-win cooperation finance” by the Financial Supervisory Service in 2023												
		A cumulative 37,805 cases of consulting provided as of the end of 2023												
		KB SOHO Consulting trends (Unit: Case)												
	KB SOHO Consulting – No. of times consulting was provided to the self-employed to strengthen their capabilities	<table border="1"> <tr><th>Year</th><th>No. of cases</th></tr> <tr><td>2021</td><td>6,150</td></tr> <tr><td>2022</td><td>8,106</td></tr> <tr><td>2023</td><td>13,494</td></tr> </table>	Year	No. of cases	2021	6,150	2022	8,106	2023	13,494				
Year	No. of cases													
2021	6,150													
2022	8,106													
2023	13,494													
	Strengthening the capabilities of SMEs and small business owners													
	KB Wise Consulting – No. of times consulting was provided to SMEs	Provided a cumulative 2,653 cases of consulting as of the end of 2023 * Aiming to provide 3,000 cases of consulting to SMEs by 2025												
	ESG management consulting – No. of times consulting was provided	Provided a cumulative 310 cases of consulting as of the end of 2023												
	ESG self-assessment – No. of times a self-assessment evaluation report was provided	Provided a cumulative 6,650 self-assessment evaluation reports as of the end of 2023												

<sup>1)</sup> This product is the first in the banking industry to offer loan refinancing from a high-interest-rate secondary financial institution loan to a banking sector loan, resulting in the effect of reducing interest burden and improving credit rating.

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# Metrics & Targets

## Win-Win Financing Metrics and Targets

Target	Monitoring metrics	Major performance
Fostering and investing in startups	KB Starters - Startup investments for support	<p>Reached KRW 194.3 billion of cumulative investment in startups as of the end of 2023</p> <p><b>Startup-fostering performance of the KB Innovation HUB Center</b></p> <p>Supported <b>255</b> startups * Cumulative for Year 2015-2023</p>
	FUTURE9 - No. of supported startups	<p>Supported a cumulative 3,891 startups as of the end of 2023 * Including 79 startup partners and non-financial support companies</p>
	KB Social Investment Fund - Investment size	Reached around KRW 110 billion of cumulative investment as of the end of 2023



KB Innovation HUB Center



KB Unicorn Club of KB Kookmin Bank



FUTURE9 of KB Kookmin Card

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# Protection of Financial Consumers

KB Financial Group recognizes customer-centric management as a core value and is growing together with financial consumers while enhancing corporate value. We have established a meticulous and thorough financial consumer protection system to enhance the rights and interests of financial consumers and prevent harm. Based on a strong internal control system, systematic product sales process, and a system for financial fraud prevention and relief, we are gaining customer trust and contributing to enhanced transparency and safety of the financial market.

## Core content (four pillars) of ISSB Sustainability Disclosure Standards\*



### Governance

- Governance for Protection of Financial Consumers
- Policy on Protection of Financial Consumers
- Strengthening Capabilities for Protection of Financial Consumers



### Risk Management

- Process for Managing Risks related to Protection of Financial Consumers



### Strategy

- Analyzing Risks and Opportunities related to Protection of Financial Consumers
- Establishing Strategies for Protection of Financial Consumers
- Activities to Respond to Protection of Financial Consumers



### Metrics & Targets

- Monitoring Metrics on Protection of Financial Consumers
- Outcome of Activities for Protection of Financial Consumers

\* IFRS Sustainability Disclosure Standards S1 requires an entity to disclose information about its sustainability-related risks and opportunities based on 4 core content areas.

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# Governance

## Governance for Protection of Financial Consumers

KB Financial Group has been establishing a system for protection of financial consumers so that financial consumers are not subject to unreasonable discrimination and disadvantages while using financial products and services. The BOD determines basic policies for the establishment and operation of internal control systems related to protection of financial consumers and approves management strategies and policies affecting internal control.

### Financial Consumer Protection Internal Control Committee

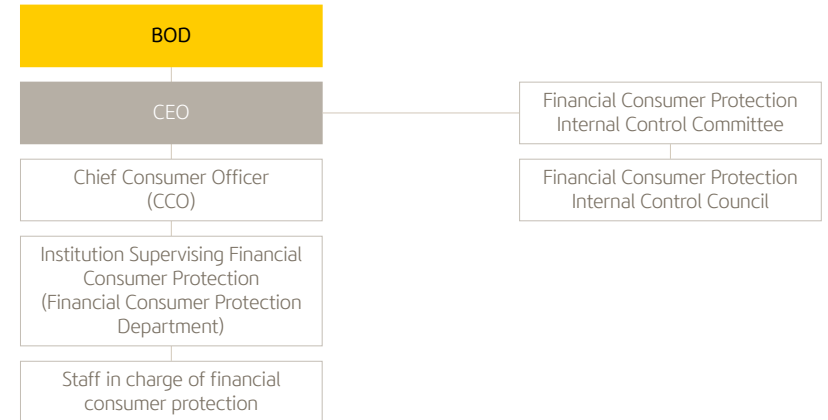
Each subsidiary of KB Financial Group operates the Financial Consumer Protection Internal Control Committee that is chaired by the CEO to carry out internal control regarding protection of financial consumers. The Committee comprises the CEO, Chief Consumer Officer (CCO), compliance officer, Chief Risk Officer (CRO), and executive of a relevant department. The Committee is held at least once semiannually and decides on major matters, such as the management direction for protection of financial consumers and examination of the appropriateness of internal control and compliance status. Matters that are deliberated/decided by the Committee are reported to the BOD.

We have also set in place the Financial Consumer Protection Internal Control Council that is chaired by the CCO under the Internal Control Committee to hold prior reviews on decided and reported matters of the Financial Consumer Protection Internal Control Committee and discussions among departments on various pending matters related to protection of financial consumers.

### Institution Supervising Financial Consumer Protection

Each subsidiary of KB Financial Group operates an “institution supervising financial consumer protection” directly under the CEO that is independent from financial product development and sales to guarantee independence of work related to protection of financial consumers. In addition, a CCO is appointed who is in charge of work of the institution supervising financial consumer protection and performs such roles as handling internal control regarding protection of financial consumers, establishing the management direction, making improvements to systems, conducting monitoring, preventing complaints, and mediating complaint-related disputes.

Organization chart of KB Financial Group’s financial consumer protection



## Policy on Protection of Financial Consumers

To contribute to enhanced financial consumer interests, KB Financial Group established in 2013 the “KB Consumer Protection Charter” and “KB Consumer Protection Management Policy” which serve as the basis of policy on protection of financial consumers. Major subsidiaries of KB Financial Group established and operate the “Financial Consumer Protection Internal Control Committee Regulations” and “Internal Control Standards on Protection of Financial Consumers” on detailed matters needed to execute internal control for protection of financial consumers, including roles, duties, processes, and entrusted matters in relation to employee protection of financial consumers.

In addition, KB Kookmin Bank received CEO approval on the “KB Consumer Protection Charter” and “Internal Control Regulations on Protection of Financial Consumers,” and discloses on its website various matters that employees should comply with to promote protection of financial consumers and matters related to organizations and procedures, etc. to this end. To enhance expertise and credibility of execution of work related to protection of financial consumers, we stipulated qualification standards related to protection of financial consumers for employees in charge of the Institution Supervising Financial Consumer Protection in the “Internal Control Regulations on Protection of Financial Consumers” and review conditions and expertise to check if the employees meet the standards.



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# Governance

## Strengthening Capabilities for Protection of Financial Consumers

### Training on Protection of Financial Consumers

When appointing a non-executive director, KB Financial Group categorizes “protection of consumers” as an area of expertise and chooses a person with expertise and experience with protection of financial consumers to form the BOD. KB Financial Group provides training on protection of financial consumers to all employees, including employees in charge of customer service at branches, call centers, and others, to strengthen employees’ capabilities in relation to protection of financial consumers. Training results are reported to the Financial Consumer Protection Internal Control Committee and are reflected in Key Performance Indicators (KPIs) as an indicator of employee activities for protection of financial consumers.

### Evaluation and Compensation System

KB Financial Group designed/operates an evaluation and compensation system to prevent conflict of interests between financial consumers and employees who handle financial product sales. Indicators for protection of financial consumers, such as the number of cases of mis-selling, customer satisfaction, integrity of documents related to terms and conditions, and sales process appropriateness examination results, are operated as KPIs.

In addition, KB Financial Group runs an incentive program on activities for protection of financial consumers to help employees actively take part in protection. KB Kookmin Bank provides a CEO Commendation to an outstanding branch in voice phishing prevention and also provides additional KPI points. It also reflects the “right sales culture” item in KPIs to fully establish a full sales culture across the Bank. KB Life Insurance rewards outstanding employees, including employees who discover and make suggestions on consumer protection ideas, which are reflected in consumer system improvements.

### Training on protection of financial consumers

Subsidiary	Activity	Major details
Common	Mindset on protection of financial consumers	<ul style="list-style-type: none"> <li>Mandatory training course for all employees</li> </ul>
	Duty execution training in relation to financial products	<ul style="list-style-type: none"> <li>Mandatory training course for all employees in charge of relevant duties</li> <li>6 major sales principles of the Act on the Protection of Financial Consumers and financial product training per duty</li> </ul>
KB Kookmin Bank	Internal training at the department and branch level	<ul style="list-style-type: none"> <li>Form a consensus among employees and enhance consumer protection capabilities</li> </ul>
	Full sales role-playing training based on augmented reality (AR)	<ul style="list-style-type: none"> <li>Adopt AR technology to provide role-playing training content that allows employees to learn alone</li> <li>Learn the full sales process with virtual customers in accordance with product information displayed on the screen</li> </ul>
KB Securities	Training on complaint prevention and customer service	<ul style="list-style-type: none"> <li>Information on changes in complaint trends and effective customer service know-how</li> </ul>
	Customer service know-how when selling financial products to senior investors and the disabled	<ul style="list-style-type: none"> <li>Training on the need to protect senior investors, definition, and general standards</li> <li>Training on customer service skills targeting the disabled</li> </ul>
	Q&A quiz on the Act on the Protection of Financial Consumers	<ul style="list-style-type: none"> <li>When an employee starts his/her PC, the person must participate in a quiz related to the Act on the Protection of Financial Consumers</li> </ul>
KB Insurance	Training on the Act on the Protection of Financial Consumers	<ul style="list-style-type: none"> <li>Training on understanding the Act on the Protection of Financial Consumers is mandatorily designated for all employees</li> <li>Internal broadcasts are made on the Act on the Protection of Financial Consumers and related animation videos are produced</li> </ul>
KB Kookmin Card	Monthly training	<ul style="list-style-type: none"> <li>Designate the KB Kookmin Card Financial Consumer Day every month</li> <li>Consumer protection-related content is provided to all employees</li> </ul>
	Annual training	<ul style="list-style-type: none"> <li>Online training once a year on the system for protection of financial consumers and complaint prevention</li> </ul>
KB Savings Bank	Field training on protection of financial consumers	<ul style="list-style-type: none"> <li>Field training to branch employees on protection of financial consumers</li> </ul>

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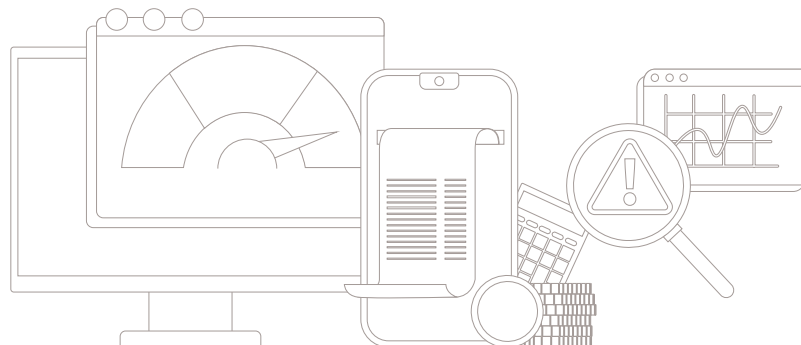
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# Risk Management

## Process for Managing Risks related to Protection of Financial Consumers

The need for protection of financial consumers is rising amid an increase of complex financial products and rapid progress of digitalization of finance. Financial authorities continue to implement policies that are aimed at improving unfair financial practices and strengthening protection of financial consumers. KB Financial Group recognizes protection of financial consumers as a key task and reflects it in the risk management system for integrated management of relevant risks. In addition, each subsidiary established and operates the Financial Consumer Protection Internal Control Committee and Institution Supervising Financial Consumer Protection to manage risks related to protection of financial consumers.

As stipulated in the Risk Management Regulations, KB Financial Group identifies risks related to protection of financial consumers through the risk management process and analyzes the risks' potential impact on the company. The identified risks related to protection of financial consumers are managed by the institution supervising financial consumer protection and working-level council. The BOD sets basic policy on establishing and operating an internal control system related to protection of financial consumers and provides final approval on management strategies and policies. We regularly monitor the management strategy execution status, appropriateness of internal control, and compliance status, and the results are reported to the Financial Consumer Protection Internal Control Committee at least once every half-year.



### Identifying risks related to protection of financial consumers

Category	Cycle	Method	Management and supervision
Financial Consumer Protection Evaluation	Annual	<ul style="list-style-type: none"> <li>Reporting the results of the Financial Consumer Protection Evaluation by the Financial Supervisory Service to the Financial Consumer Protection Internal Control Committee and take necessary measures</li> </ul>	Financial Consumer Protection Internal Control Committee
Customer experience management	Occasional	<ul style="list-style-type: none"> <li>Collecting customer opinions and identifying risks related to protection of financial consumers through customer advisory panel programs, including online surveys</li> <li>Identifying causes of complaints by analyzing voice of customers (VOCs)</li> <li>Reporting and managing significant complaints and disputes to the Financial Consumer Protection Internal Control Committee</li> </ul>	

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# Strategy

## Analyzing Risks and Opportunities related to Protection of Financial Consumers

For protection of financial consumers, KB Financial Group identified major risks and opportunities based on the number of complaints, the number of consumer damage compensations, and customer satisfaction survey results, and analyzed their potential impact.

### Risks and opportunities related to protection of financial consumers

Risks and opportunities	Potential impact	Short-term	Mid-term	Long-term
	<ul style="list-style-type: none"> <li>Violation of financial consumer rights and interests by providing inadequate financial products and services</li> </ul>		✓	
	<ul style="list-style-type: none"> <li>Monetary loss, including fines and penalties, resulting from selling financial products that do not comply with internal/external regulations, including laws related to protection of financial consumers</li> <li>Bear costs from performing follow-up management of insolvent financial products</li> </ul>	✓		
Risks	<ul style="list-style-type: none"> <li>Mis-selling owing to an increase in non-face-to-face financial transactions</li> </ul>			✓
	<ul style="list-style-type: none"> <li>Costs of lawsuits related to financial product mis-selling and costs incurred from compensating financial consumers for monetary loss</li> <li>Worsened corporate reputation and lower credibility due to a reason attributable to the company, such as unfair advertising, failure to perform the duty of explanation, and wrongful recommendations</li> </ul>		✓	
	<ul style="list-style-type: none"> <li>Increase in voice phishing and new types of financial fraud</li> </ul>			✓
	<ul style="list-style-type: none"> <li>Increase in financial consumers' monetary loss and lower trust in the company owing to financial fraud and voice phishing damages</li> <li>Rise in costs from strengthened regulations of financial authorities (system of the sharing of responsibilities by the banking sector for voice phishing damage, etc.)</li> </ul>		✓	
Opportunities	<ul style="list-style-type: none"> <li>Improve customer satisfaction and customer experience</li> </ul>			✓
	<ul style="list-style-type: none"> <li>Raise market share by building trust with existing/new customers through proactive activities for protection of financial consumers</li> <li>Enhance the Group's brand value and image by providing financial products and services that are centered around protection of financial consumers</li> </ul>			✓
	<ul style="list-style-type: none"> <li>Strengthen protection of financial consumers by using digital innovation and technology</li> </ul>			✓
	<ul style="list-style-type: none"> <li>Improve financial product safety and operational efficiency by strengthening the function of protection of financial consumers by using AI, big data, and bio authentication</li> </ul>			✓

\* Short-term is 1-5 years, mid-term is 5-10 years, and long-term is more than 10 years



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# Strategy

## Establishing Strategies for Protection of Financial Consumers

KB Financial Group established mid- to long-term targets for protection of financial consumers and built a preemptive customer-centered response system, based on which it is executing detailed tasks.

### Goals and strategies and tasks for protection of financial consumers

Goals	Strategies	Tasks	Short-term	Mid-term	Long-term
Strengthen internal control in relation to protection of financial consumers	Strengthen the product development, sales, and follow-up management process from the consumer protection perspective	<ul style="list-style-type: none"> <li>Establish and operate rules related to product development and sales</li> <li>Hold the Product Committee for prior discussions on protection of financial consumers, compliance with laws, and risk reviews</li> <li>Monitor the execution of external organization inspections, such as the Financial Consumer Protection Evaluation, and the product sales process</li> </ul>	✓		
	Establish a fair debt collection policy	<ul style="list-style-type: none"> <li>Training on compliance with laws and internal rules related to fair debt collection</li> <li>Strengthen monitoring of illegal/unlawful conduct in the debt collection process and the handling of complaints</li> </ul>	✓		
Establish and operate a financial product full sales process	Review of advertisements	<ul style="list-style-type: none"> <li>Establish standards and processes on production of advertising materials and internal reviews on advertising materials</li> <li>Strengthen employee capabilities for fair advertising and marketing activities</li> </ul>	✓		
	Improve mis-selling prevention	<ul style="list-style-type: none"> <li>Operate the "Financial Product Full Sales Process Manual"</li> <li>Provide the follow-up examination "Happy Call" service after selling financial products</li> <li>Build and advance an automated system for monitoring mis-selling</li> </ul>	✓		
	Prevent financial fraud such as voice phishing	<ul style="list-style-type: none"> <li>Build and advance an AI voice phishing monitoring system</li> <li>Build and advance a Fraud Detection System (FDS)</li> <li>Provide financial education programs to the financially vulnerable</li> <li>Create a manual for appropriate communication with the financially vulnerable</li> </ul>		✓	
	Strengthen the system for handling financial consumer complaints	<ul style="list-style-type: none"> <li>Establish "Regulations on Handling Complaint-related Affairs" and "Guidelines on Handling Complaint-related Work"</li> <li>Run and expand various complaint-receiving channels, including website, telephone, and email</li> <li>Build and advance a complaint-handling system</li> <li>Education and training aimed at strengthening capabilities related to protection of financial consumers of employees in charge of complaints</li> </ul>	✓		
Establish a customer-centered organizational culture	Enhance customer satisfaction through customer experience management	<ul style="list-style-type: none"> <li>Expand channels and improve customer survey methods to listen to customers about their experiences and derive improvement measures</li> <li>Build and advance an integrated customer experience analysis and management system</li> <li>Raise customers' financial accessibility and convenience</li> </ul>			✓
	Strengthen employee capabilities in relation to protection of financial consumers	<ul style="list-style-type: none"> <li>Provide regular training on protection of financial consumers to all employees</li> <li>Reflect indicators related to completion of training on protection of financial consumers and monitoring of protection of financial consumers in KPIs</li> <li>Give rewards to outstanding branches in protection of financial consumers</li> </ul>		✓	

\* Short-term is 1-5 years, mid-term is 5-10 years, and long-term is more than 10 years

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# Strategy

## Activities to Respond to Protection of Financial Consumers

### Strengthening Internal Control related to Protection of Financial Consumers

To strengthen internal control for protection of financial consumers, KB Financial Group is conducting marketability verification and risk reviews through prior discussions with councils related to protection of financial consumers and consumer protection departments when developing new products/services. We provided relevant training and strengthened internal control to protect debtors and prevent illegal conduct during the debt collection process, and operate loan modification programs for customers who are experiencing financial difficulty.

#### KB Financial Group's product sales process



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# Strategy

## Preliminary Deliberation System to Manage Product Risks

To prevent risks that could arise from new products and new businesses and to ensure product responsibility, KB Financial Group operates a preliminary deliberation process that involves conducting marketability verification and risk reviews through prior discussions with councils related to protection of financial consumers and consumer protection departments when developing new products and new businesses.

Each subsidiary of KB Financial Group separated and operates the Product Committee by product type to enhance deliberation expertise. The Product Committee holds prior deliberations on a financial product’s planning/selection, sales, and follow-up management before a new product is launched, and has periodical reports be made on follow-up monitoring and review results to manage risks related to protection of financial consumers that may arise throughout the entire process, ranging from product/service planning to follow-up management. As for those new products or new businesses that require approval of the Risk Management Council or Risk Management Committee of the subsidiaries, the Group Risk Management Department conducts preliminary consultation for review at the Group level.

## Debt Collection Principles and Loan Modification Programs

KB Financial Group has put in place the Fair Debt Collection Policy to ensure fair debt collection and debtor protection. KB Kookmin Bank carries out debt collection procedures based on its debt collection policy and has an internal control system to avoid illegal/fraudulent acts or unnecessary disputes. In addition, we offer employee training every year regarding compliance with relevant laws and regulations by department and branch.

When a customer does not make a payment, KB Kookmin Card’s Credit Counseling Center provides information to the customer on payment, and entrusts a collection company to handle debt collection if the customer continues non-payment. Through regular reviews on collection companies, we prevent complaints by applying strong disadvantages such as debt distribution and payment fee reduction as well as the assignment of damage compensation duty in the event of an illegal conduct, excessive collection, or relevant complaint.

KB Financial Group subsidiaries operating a personal loan business manage internal and external loan modification programs to support customers facing financial difficulties. They also provide employee training on the Financial Services Commission’s “guidelines for debt collection and loan sale.”

## Financial Product Full Sales Process

### Review of Advertisements

KB Financial Group strictly complies with fair advertising standards, and pays close attention so that it does not display or advertise information that could be misunderstood by consumers or undermine fair trade order. In 2022, we enacted the Responsible Advertising Policy that stipulates compliance with relevant laws in Korea and abroad, establishment of internal control procedures, and training, and disclosed it on our website. Each major subsidiary established prior deliberation and follow-up audit procedures to check whether advertisements, promotions, and descriptions are inaccurate or misleading. We have designated employees in charge and managers at departments in charge of unfair display and advertising prohibition policy to be independent of the product/service development.

KB Insurance established internal rules, such as “Work standards on insurance information materials,” “Standards on insurance telemarketing,” and “Standards on advertising,” and operates a system of prior deliberation by the department overseeing consumer protection for insurance product-related information materials that are provided to consumers as well as standard product explanation scripts for telemarketing and advertising materials targeting consumers.

KB Kookmin Card established internal rules on fair advertising and also established the “internal marketing and PR material management system,” thereby strengthening monitoring of whether advertisements are fair.

### Employee training for fair advertising and marketing by subsidiary

Subsidiary	Training content	Cycle
KB Kookmin Bank	• Conduct written training on matters related to the use of the Bank’s financial product advertising materials	Annually
KB Securities	• Provide training to compliance managers to comply with advertising regulations and prevent mis-selling	Occasional
	• Provide training on investment advertisement regulations and internal control procedures	Biannually
KB Insurance	• Inform employees of advertising material review standards and provides written training on financial products and advertising	As need
KB Kookmin Card	• Make it mandatory to take advertising review-related training of the Credit Finance Association	As need
	• Conduct written training on matters related to customer-targeted advertising	2-3 times a year
KB Life Insurance	• Conduct written training on advertising matters to be conscious stipulated in the Act on the Protection of Financial Consumers	Annually

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# Strategy

## Preventing Mis-selling

To prevent mis-selling and stably provide financial products that meet customer demand, KB Financial Group provides training on performing duties by product in the product sales process and monitors full sales.

### Mis-selling prevention system and programs by subsidiary

Subsidiary	Mis-selling prevention system
KB Kookmin Bank	<ul style="list-style-type: none"> <li>Mis-selling prevention KPIs: Operate detailed items, such as the Happy Call point-out ratios and consent ratios</li> <li>Have developed an AR-based full sales role-playing content</li> <li>Constant audit and monitoring system</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>Established the “Manual on the financial product full sales process,” “Manual on (ultra-) senior investor protection program,” and “Manual on providing services to the disabled”</li> <li>Prior discussions by the Consumer Protection Department, review of advertisements, Happy Call service, mis-selling prevention system, mystery shopping, and onsite branch inspections</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>Operate the Full Sales Execution Committee, and impose penalties to mis-selling insurance solicitors</li> <li>Constant full sales inspection system, operation of the sales inspection system</li> <li>Monitor execution of the sales process based on the “Detailed guidelines on full sales monitoring”</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Have established and operate the telemarketing mis-selling monitoring automation system</li> </ul>
KB Life Insurance	<ul style="list-style-type: none"> <li>Share at the company-wide level a dashboard on the mis-selling status and reports the weekly/monthly/quarterly analysis results to the CEO</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>Execute the Happy Call service</li> <li>Conduct monitoring and inspections semiannually regarding employees who trigger mis-selling</li> </ul>

## Response to Financial Incidents

Each subsidiary of KB Financial Group established a response manual for financial incident-related damage prevention and relief and a monitoring system to operate a process to respond to financial incidents.

### Financial incident response process by subsidiary

Subsidiary	Financial incident prevention/response activities
KB Kookmin Bank	<ul style="list-style-type: none"> <li>PR activities to prevent telecommunication financial fraud, such as “publicizing the prevention of voice phishing in Seoul subways” and “eradicating voice phishing that targets military officers”</li> <li>Provided the “KB Kookmin Protection Award” to 10 citizens who helped prevent telephone financial fraud damage and arrest criminals</li> <li>Operate an AI voice phishing monitoring system, and advance the voice phishing monitoring system through AI re-learning that repeats and updates learning based on the latest data</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>Training on the need to protect senior investors, definitions, and general standards</li> <li>Established a manual on (ultra-) senior investor protection program and a manual on providing services to the disabled</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>Have established and operate the “work manual on responding to electronic financial fraud”</li> <li>Provide mock training on electronic financial fraud to all employees</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Conduct self-inspections (regular) and theme-based inspections (frequently) depending on the importance and risk level of work related to financial product sales</li> <li>Strengthen monitoring by recruiting more monitoring personnel and advancing the system</li> <li>Add voice phishing monitoring duty to wage peak duty to assign professional employees</li> <li>Strengthen incident detection strategies by using diverse alternative data (access device, app transaction log, etc.)</li> <li>Established a plan on establishing a financial incident prevention system based on the latest AI-based incident detection model in 2024</li> <li>1 Company, 1 School Financial Education</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>Established the Fraud Detection System (FDS) Work-Handling Standards in April 2023, and expanded the scope of fraud detection and assigned employees exclusively in charge of monitoring</li> <li>Conduct fraud monitoring through “FDS” and reporting quarterly inspection results</li> <li>Send an AlimTalk message every month to customers for voice phishing prevention</li> <li>Financial education for the financially vulnerable (global families)</li> </ul>

**MATERIAL TOPICS**

**INVESTOR-FOCUSED**

Enterprise Risk Management

Climate Change Strategy

Win-Win Financing

→ **Protection of Financial Consumers**

Digital Innovation and Technology

Information Security

DEI and Human Resources Management

Ethics and Compliance

Sustainable Finance

# Strategy

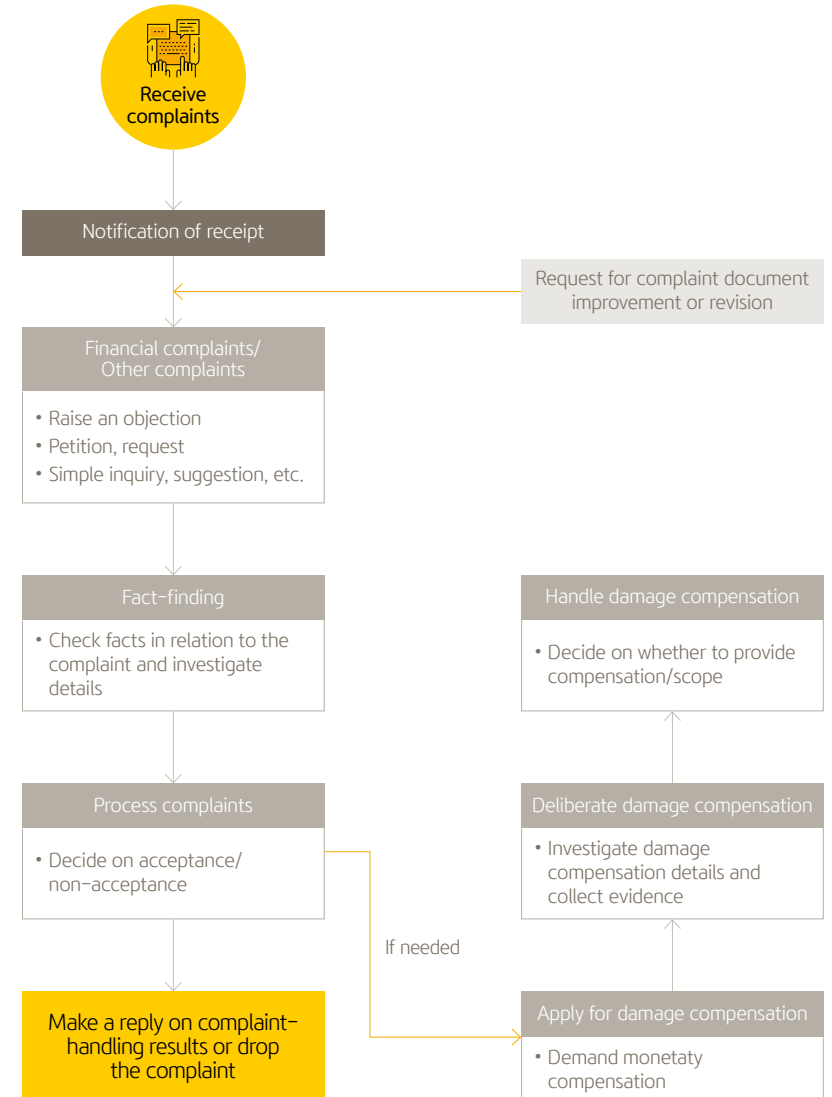
## Complaint-handling and Damage Compensation Process

Each subsidiary established standards on handling complaint-related work for customer complaint handling and damage relief in relation to use of products/ services, based on which they established and operate a complaint-handling system and complaint-handling process.

### Complaint-handling process by subsidiary

Subsidiary	Complaint-handling activities
KB Securities	<ul style="list-style-type: none"> <li>Established the Regulations on Handling Complaint-related Affairs</li> <li>Have developed and operate a complaint-handling system to manage complaint-handling results</li> <li>Plan to improve the complaint-handling process in 2024: Expand complaint-handling system functions, such as adding an auto alert function for receiving and handling complaints</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>Established the Standards on Handling Complaint-related Affairs and Standards on Managing Consumer Protection Work: Stipulate the establishment of a complaint-handling system and complaint-handling process</li> <li>Record and manage the entire complaint-handling process in the VOC system to enhance complaint-handling efficiency</li> <li>Operate various complaint-receiving channels, including website, telephone, and email; and post complaint progress information on the website</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Conduct monitoring of high-risk payment gateway (PG) merchants for which objections continually arise, implement follow-up measures, and request relevant departments to strengthen screening for new merchants</li> <li>Inform customers for prevention of damages from quasi-investment advice (twice a year)</li> <li>Formed a Prompt Complaint-Handling Team consisting of four complaint experts with extensive customer center work experience, constantly monitoring internal complaints, and stipulated principles on taking a response within two hours</li> </ul>
KB Life Insurance	<ul style="list-style-type: none"> <li>Promptly handle complaints by establishing a company-wide collaboration system through the VOC system</li> </ul>
KB Asset Management	<ul style="list-style-type: none"> <li>Established Guidelines on Handling Complaint-related Work</li> <li>Conduct prior inspections on work that has a high possibility of complaints</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>Integrated management of consumer protection work through the VOC system</li> <li>Executed the one-stop complaint-handling process in February 2023: Principle on providing a reply and closing simple inquiries on the same day</li> <li>Report complaint-related trends and complaint analysis/reduction measures at weekly meetings attended by executives and department head and higher level employees</li> </ul>

## Complaint-handling and damage compensation process



MATERIAL TOPICS

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# Strategy

## Establishment of a Customer-Centered Organizational Culture Customer Satisfaction Enhancement Programs

KB Financial Group operates various customer satisfaction enhancement programs. Continuous evaluation and improvement of these programs further enhance customer satisfaction.

Since 2020, KB Kookmin Bank has conducted “customer experience case surveys” to quickly assess customer reactions to the Bank’s products, services, processes, and channels, and to identify areas for improvement. In 2023, through 18 surveys, including the Liiv M Customer Center Mobile Experience Survey, customer feedback was gathered to improve products and services, thereby providing a better customer experience. In addition, we operate the “bank-wide service quality level survey” program for each area, including products, services, and face-to-face/non-face-to-face channels, and measure customer service quality competitiveness in comparison to competitor banks and derive and implement improvement tasks. In 2023, we carried out improvement activities for 32 tasks from among a total of 35 improvement tasks.

KB Kookmin Card created the Working-level Council on System Improvement in 2023 and made system improvements so that discussions can be held with consumer protection managers of relevant departments on “execution-suspended tasks” and “tasks with an overdue planned completion date,” from among tasks aimed at enhancement of customer satisfaction and protection of financial consumers. In 2024, we will create a KB Customer Sinmungo Report on customer opinions, received internally and externally, and distribute the Report to all departments and branches every month to raise employee interest in customer opinions and make improvements regarding customer pain points. KB Capital hired part-time counseling employees for time slots with a high concentration of incoming calls to raise the ratio of counseling employee connection and service, thereby enhancing customer satisfaction.

### Employee Training to Improve Customer Experience

KB Kookmin Bank operates the Customer Experience Management Consulting, an in-house program to listen to customer experience, identify inconvenience and make improvement, and conduct employee training. Customer Experience Consultants provide customized training, based on the VOCs received through customer experience surveys, such as customer service skills, communication, and business manners, for regional groups, regional divisions, and branches. For branch training, the content is designed to follow the journey of branch visitors from “visit-wait-counseling-leave,” sharing the improvement tasks identified by customers, and deriving customized improvement plans together with the staff. In 2023, the Consulting was conducted at a total of 33 branches.

KB Securities provides non-face-to-face training by regional headquarters, including customer satisfaction mindset training, dissemination of customer satisfaction manual and service techniques, and sharing of improvement matters based on customer satisfaction survey results and major cases. It also chooses one customer satisfaction leader in a branch to carry out systematic customer satisfaction activities twice a month. In addition, KB Capital provides customer satisfaction training to counseling employees every month, thus improving customer service capabilities.

### Operation of Voice of Customer (VOC)

KB Financial Group operates various communication channels to listen to customer opinions, such as service-related suggestions and recommendations as well as complaints and inconveniences. We inform customers of complaint receipt and handling procedures at customer contact channels and send a customer who filed a complaint a notice when complaint-handling comes to an end, containing information on the complaint-handling results, the grounds, and information on raising an objection. We use received complaints as materials for service improvements and strive to raise customer satisfaction by making quick responses.

### VOC operation status by subsidiary

Subsidiary	VOC activity
KB Securities	<ul style="list-style-type: none"> <li>• Receive VOC through on/offline channels</li> <li>• Operate CS Star, a VOC-based reward system, 4 times a year</li> <li>• Share outstanding cases of customer satisfaction on the internal Intranet</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>• Set the VOC system to directly receive and handle improvement tasks</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Make system improvements based on customer and employee suggestions, executed 289 improvement tasks in 2023</li> <li>• Hold the VOC session at monthly management council meetings attended by the CEO and all executives</li> </ul>
KB Life Insurance	<ul style="list-style-type: none"> <li>• Established a company-wide cooperation system through digital transformation of VOC</li> <li>• Utilize VOC analysis as data for complaint prevention</li> </ul>

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# Strategy

## Customer Advisory Panel Programs

KB Financial Group manages a customer panel and advisory group to check the customer contact point services. Through the customer advisory group system that is in place per subsidiary, customer suggestions and opinions are collected. Outstanding suggestions made by customers and improvement tasks are reflected in our business activities.

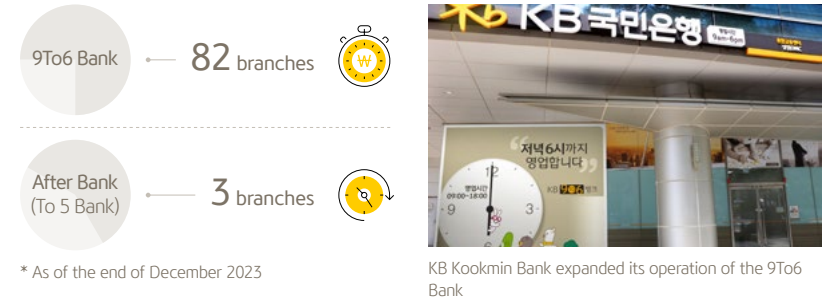
### Customer advisory panel programs by subsidiary

Subsidiary	Customer panel/ advisory group name	Major activities in 2023
KB Kookmin Bank	KB Kookmin Fansumers	<ul style="list-style-type: none"> <li>• Operated the 4<sup>th</sup> activity group in 2023</li> <li>• Chose 4,000 persons for the activity group and 40 persons for the activity group's leader group</li> <li>• Participated in online surveys and performed cooperation activities and Focus Group Interviews (FGIs)</li> </ul>
KB Securities	Kkaebi Star Messenger	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> survey: Conducted survey on industry competitiveness of wrap products and branch counseling capabilities, and derived MTS improvement points</li> <li>• 2<sup>nd</sup> survey: Branch brokerage ISA product counseling and MTS competitiveness (product search, subscription, etc.)</li> </ul>
KB Insurance	KB Hope Supporters	<ul style="list-style-type: none"> <li>• Operated the 17<sup>th</sup> supporters in 2023</li> <li>• 1<sup>st</sup> task: Examined the insurance claim process and discovered benchmarking points, suggested improvement ideas</li> <li>• 2<sup>nd</sup> task: Experienced the Plus App and discovered inconveniences, implemented improvements</li> </ul>
KB Kookmin Card	The Easy Talker	<ul style="list-style-type: none"> <li>• Chose 21 persons for offline panel and 507 persons for survey participation panel in 2023</li> <li>• Executed 5 research tasks, and derived 135 improvement tasks</li> </ul>
KB Life Insurance	KB Star Friend	<ul style="list-style-type: none"> <li>• Derived new product development-related opinions and improvement measures for terms and conditions</li> <li>• Established complaint prevention measures and established a complaint prevention system</li> <li>• Improved services for financially vulnerable consumers</li> </ul>

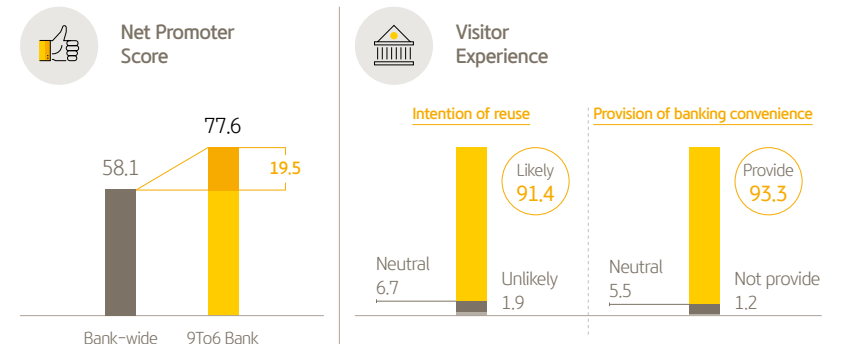
## Branches with Special Business Hours

Since 2017, KB Kookmin Bank has been operating specialized branches with extended operating hours to facilitate customer bank use outside of traditional banking hours. These specialized branches include the "9To6 Bank," which operates two hours longer until 6 PM with a two-shift system for employees, and the "After Bank," which opens later and operates later using staggered working hours. In 2023, the number of 9To6 Bank branches was increased by 10 compared to 2022 to enhance customer accessibility. We surveyed customers who visited 9To6Bank in 2023 on their experience, resulting in a Net Promoter Score (NPS) of 77.6 points, which was 19.5 points higher than the Bank-wide 58.1 points. Intention of reuse was 91.4%.

### Status of KB Kookmin Bank's branches with special business hours



### Survey results on 9To6Bank experiences





MATERIAL TOPICS

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# Metrics & Targets

## Monitoring Metrics on Protection of Financial Consumers

Each subsidiary of KB Financial Group monitors the execution status of targets for protection of financial consumers through such monitoring metrics as the following.

### Monitoring metrics and targets regarding protection of financial consumers

Target	Monitoring metrics	Achieved targets
Strengthening internal control in relation to protection of financial consumers	Regularly report to the Financial Consumer Protection Internal Control Committee	• “Satisfactory” grade in the assessment of the adequacy and compliance of internal controls for financial consumer protection
	Financial Consumer Protection Evaluation of the Financial Supervisory Service	• “Excellent” grade
	Voluntary Assessment of the State of Protection of Financial Consumers of the Financial Supervisory Service	• “Satisfactory” grade
Establishing and operating a financial product full sales process	No. of complaints	<ul style="list-style-type: none"> <li>• Reduction in the number of association and Financial Supervisory Service complaints</li> <li>• Completion of the conclusion of complaints by the deadline</li> <li>• Zero no. of re-complaints/unresolved complaints</li> <li>• Reduction in the complaint-handling period</li> </ul>
	No. of cases of consumer damage compensation	<ul style="list-style-type: none"> <li>• Increase in the number of cases and amount of voice phishing prevention</li> <li>• Reduction in the amount of voice phishing damage relief applications</li> </ul>
Establishing a customer-centered organizational culture	Customer satisfaction survey results	<ul style="list-style-type: none"> <li>• First place in the National Customer Satisfaction Index (NCSI) survey</li> <li>• First place in the Korean Customer Satisfaction Index (KCSI) survey</li> <li>• First place in the Korean Standard Service Quality Index (KS-SQI)</li> </ul>
	Enhancement of employee awareness of protection of financial consumers	• Completion of training related to protection of financial consumers
	No. of cases of external activities in relation to protection of financial consumers	• Expansion of the customer panel and advisory group system

## Outcome of Activities for Protection of Financial Consumers

### Customer Satisfaction Index Survey

KB Financial Group conducts customer satisfaction surveys annually. With the increase in non-face-to-face channel users, the customer satisfaction survey channels have expanded from traditional branches to online. Major affiliates of KB Financial Group received high scores in the 2023 National Customer Satisfaction Index (NCSI) survey conducted by the Korea Productivity Center, recognizing its excellence in consumer protection activities. KB Kookmin Bank achieved both its 2023 goals of ranking first among commercial banks and scoring 79 points. KB Kookmin Bank was also chosen as a Consumer Centered Management (CCM) certification company in the second half of 2023. According to the CCM operation system, the certified company provides information to consumers that serves as criteria for choosing products and services, in addition to enabling prompt, reasonable resolution of any issues between the certified company and consumers.

### Customer satisfaction management by subsidiary

Subsidiary	Measurement method for customer satisfaction index survey	2023 NCSI survey results	Major awards
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Conduct customer experience management for customers using face-to-face and non-face-to-face channels</li> <li>• Conduct case studies on customer experience</li> </ul>	1st place (Achieved first place 17 times for the first time among commercial banks)	Newly obtained the CCM certification in 2023
KB Securities	• Customer satisfaction survey through mobile communication (twice a year)	Joint 2nd place (Target added in 2022, maintained 2nd place for 2 consecutive years)	Received an award at the 18th Customer Satisfaction Management Awards held in 2024 for 18 consecutive years
KB Insurance	• Measurement of customer satisfaction in real time, targeting customers with service experience	2nd place (Maintained 2nd place for 8 consecutive years since 2014)	1st place in usage convenience in the KS-SQI survey in 2023
KB Kookmin Card	<ul style="list-style-type: none"> <li>• In-depth survey on service quality factors</li> <li>• Discussion meeting with customers</li> </ul>	1st place (Ranked 1st place for 3 consecutive years in the credit card category)	consecutive years in the debit card category in 2023



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# Metrics & Targets

## Financial Consumer Protection Evaluation

Each subsidiary of KB Financial Group receives a comprehensive evaluation of consumer protection levels through the Financial Consumer Protection Evaluation organized by the Financial Supervisory Service pursuant to the Act on the Protection of Financial Consumers. The Financial Consumer Protection Evaluation applies an evaluation cycle system, and performs an evaluation on the actual state for one year and a voluntary assessment on the actual state for two years based on a three-year cycle. KB Kookmin Card obtained a “Good” rating in the 2022 Financial Consumer Protection Evaluation.

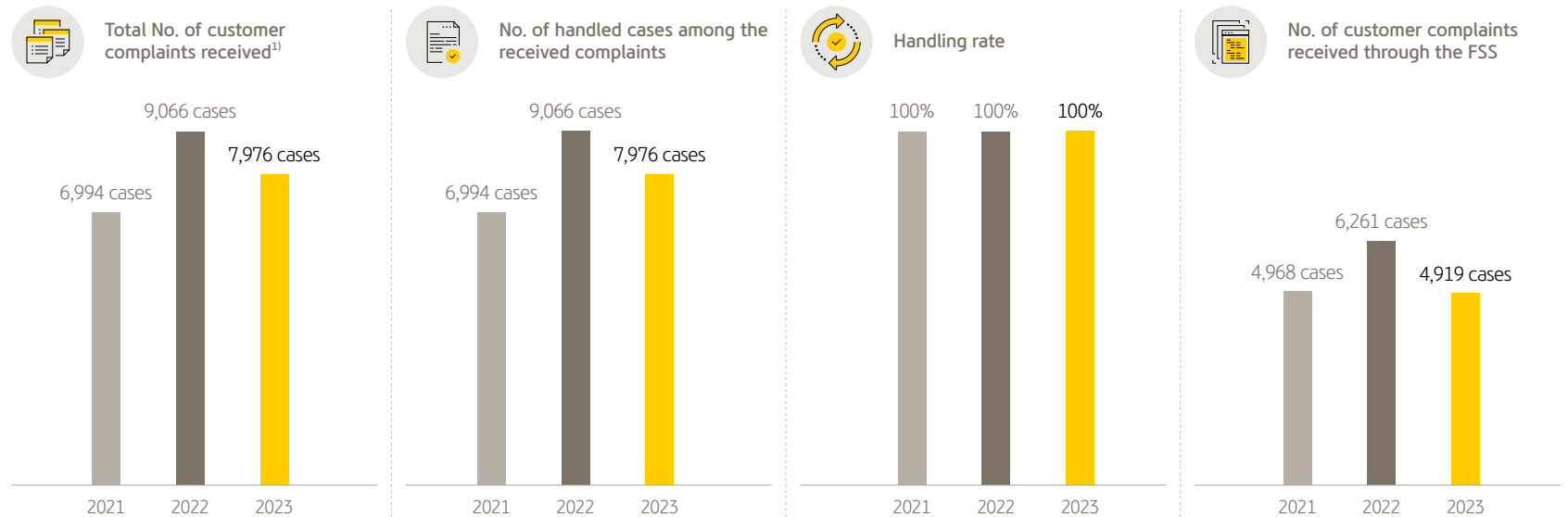
## Handling of Complaints

KB Financial Group uses received complaints as data for service improvements, and established a system and stipulates a complaint-handling process based on the Standards on Handling Complaint-related Affairs and Standards on Managing Consumer Protection Work to raise customer satisfaction through prompt responses. Results of investigating the number of customer complaints indicate a year-on-year decrease in the number of internal and external complaints disclosed through the associations and Financial Supervisory Service (FSS). We accomplished a complaint-handling completion rate of 100% from 2020 to 2023.

## Prevention of Financial Incidents and Handling of Damage Compensation

Each subsidiary of KB Financial Group operates a process to respond to financial incidents. As a result of financial incident prevention activities, KB Kookmin Bank prevented a total 4,957 cases of voice phishing damages amounting to KRW 42.7 billion in 2023. KB Kookmin Card’s amount of voice phishing damage relief applications went down by more than 50% from KRW 2.4 billion in 2022 to KRW 1.2 billion in 2023.

### No. of customer complaints handled



<sup>1)</sup> KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Savings Bank: Based on the number of disclosed cases of Korea Federation of Banks, Korea Financial Investment Association, General Insurance Association of Korea, The Credit Finance Association, Korea Life Insurance Association, and Korea Federation of Savings Banks

MATERIAL TOPICS

INVESTOR-FOCUSED

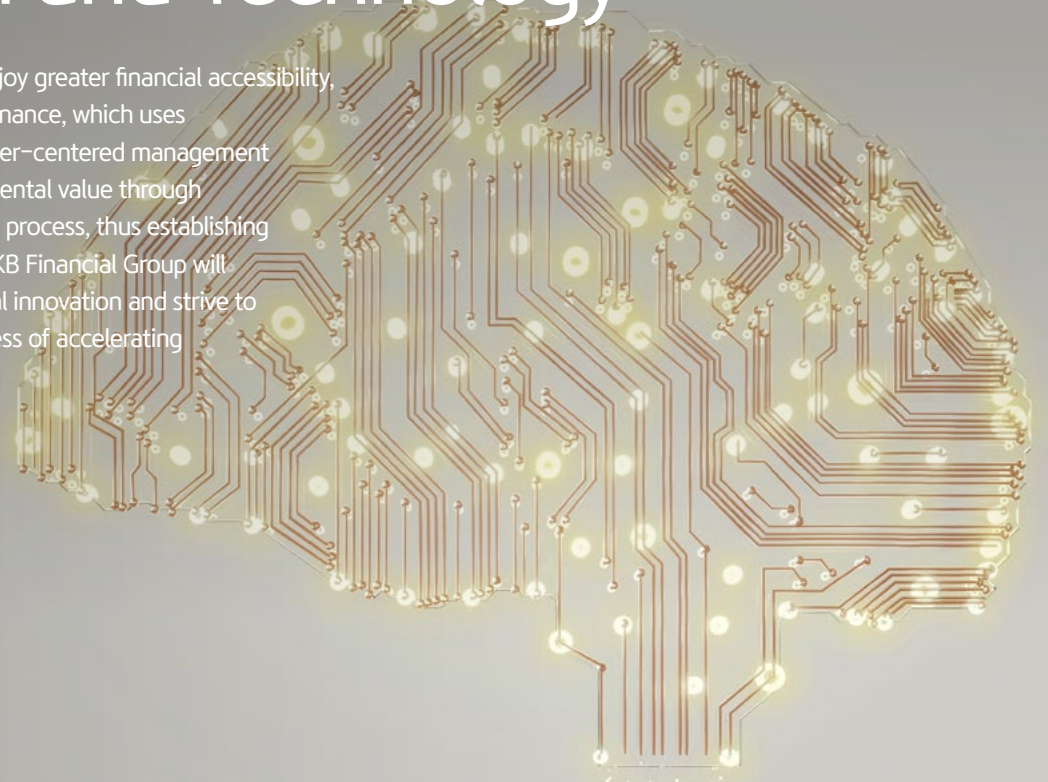
- Enterprise Risk Management
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# Digital Innovation and Technology

Advancement of digital technologies enable customers to enjoy greater financial accessibility, security, convenience, and transaction transparency. Digital finance, which uses such digital technologies, is enhancing social value in customer-centered management and information protection aspects and also raising environmental value through carbon emission reduction effects in the financial transaction process, thus establishing itself as an extremely important factor in ESG management. KB Financial Group will continue to further advance ESG management through digital innovation and strive to achieve harmonious co-existence with analogue in the process of accelerating digital transformation.



## Core content (four pillars) of ISSB Sustainability Disclosure Standards\*



### Governance

- Organizational System of the Digital Segment
- Strengthening Digital Innovation and Technology Capabilities



### Risk Management

- Digital Transformation Risk Management Process



### Strategy

- Analysis of Digital-related Risks and Opportunities
- Digital Innovation Strategies and Activities



### Metrics & Targets

- Digital Strategy Monitoring Metrics and Activity Outcome

\* IFRS Sustainability Disclosure Standards S1 requires an entity to disclose information about its sustainability-related risks and opportunities based on 4 core content areas.

MATERIAL TOPICS

INVESTOR-FOCUSED

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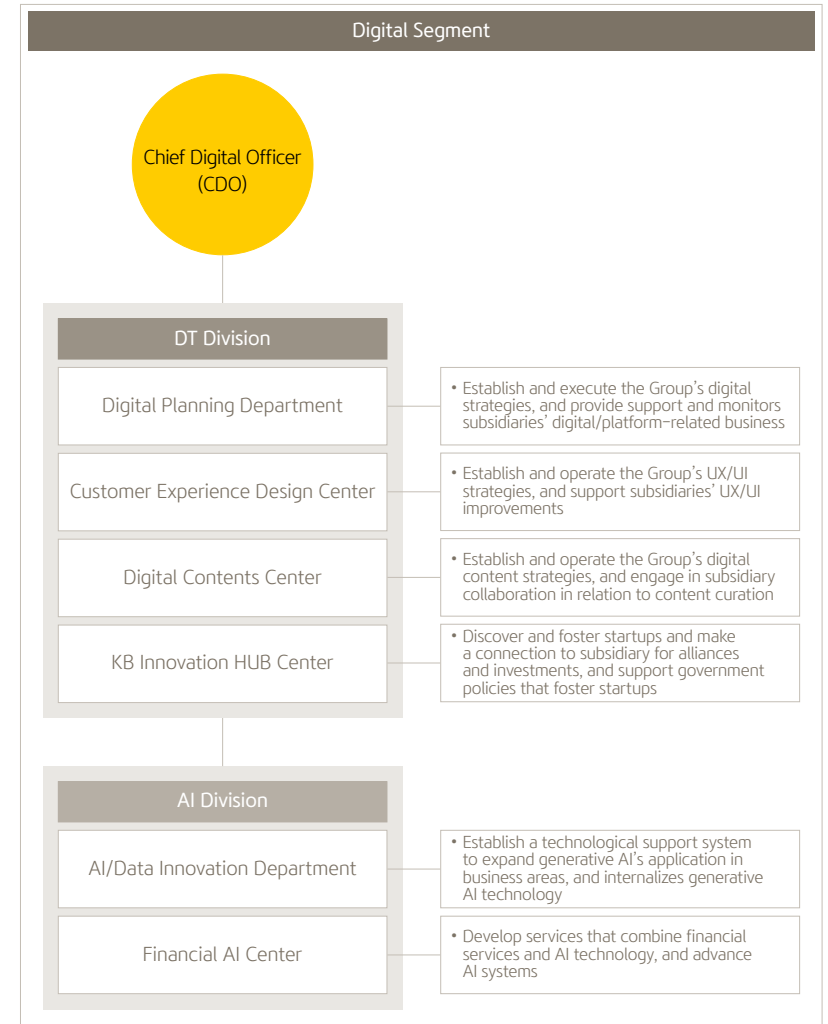
# Governance

## Organizational System of the Digital Segment

KB Financial Group created the Digital Segment, a control tower aimed at accelerating digital innovation, and established DT Division and AI Division under the Segment, thus having an operation system and organization that clearly define the roles of digital platform and AI data areas while enabling systematic collaboration. To strengthen the digital customer experience, the “Customer Experience Design Center,” which was previously an organization exclusively in charge of UX/UI at KB Kookmin Bank, was expanded to the holding company level and is supporting the establishment of consistent UX/UI strategies within the Group. In addition, we operate the Group-level Digital Segment Meeting for discussions on pending digital issues and business reviews. The Digital Unit Meeting is attended by the Chief Digital Officer (CDO) and top management in charge of digital technology by subsidiary to support systematic collaboration among subsidiaries.

In addition, KB Financial Group operates the Group Platform Operation Council and Group Data/AI Council that are participated in by digital department heads of major subsidiaries to discuss matters on establishing the Group’s platform, data, AI strategies and business plans. KB Kookmin Bank has been operating the Channel/Product Council since 2024 to promote customer experience improvements and customer value enhancement. It operates the “Digital QA” organization that consists of outside experts and identifies the status of development projects, leading to contribution to improved quality of platform financial services.

Organization of KB Financial Group’s Digital Segment<sup>1)</sup>



<sup>1)</sup> As of 2024

MATERIAL TOPICS

INVESTOR-FOCUSED

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# Governance

## Strengthening Digital Innovation and Technology Capabilities

When recommending non-executive director candidates, KB Financial Group categorizes “digital” as an area of expertise and appoints a person with expertise and experience in digital innovation and technology. The CDO who oversees the Digital Unit has professional knowledge and practical experience in digital technology and the overall IT industry.

To strengthen employees’ digital capabilities, KB Financial Group continually creates opportunities to communicate the organization’s vision of pursuing digital innovation among other matters. We held the KB Tech Forum 2023 in the first and second halves of 2023 to expand communication among data, AI, and platform organizations and strengthen technological capabilities, and disseminated professional digital knowledge. The Tech Forum was on the theme, “Era of generative AI, Growth of developers in their 20s and 30s,” and provided an arena for communication with employees on how to redesign bank systems in an era where people work with AI. Information was shared on the development status in diverse areas, including high-performance financial platforms, generative AI, new API technology, and AWS management strategy. In addition, we have been sharing each subsidiary’s agile strategies and success/failure cases through the Agile Culture Sharing Program semiannually since 2023, and actively supporting growth of digital technologies within the Group.

### KB Financial Group’s digital training programs

Subsidiary	Main content
KB Financial Group	<ul style="list-style-type: none"> <li>• Provide a digital competency diagnosis program based on the KB Techmap</li> </ul>
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Provide DT planning and development training through the KB ACE Academy</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>• Provide introductory training on data analysis</li> <li>• Provide support for data science/AI graduate school courses</li> <li>• Provide generative AI prompting training using ChatGPT</li> <li>• Offer UX/UI training to business departments</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Provide data analysis (SQL) training</li> <li>• Provide AI marketing system training</li> <li>• Offer AI trend and technology seminars</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>• Provide agile training to top management and manager group</li> </ul>



KB Tech Forum 2023

MATERIAL TOPICS

INVESTOR-FOCUSED

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# Risk Management

## Digital Transformation Risk Management Process

To realize the value of digital innovation and technology, KB Financial Group identifies and evaluates major digital-related risks through the Group’s risk management process, and carries out Group-level integrated management and supervision of risks and opportunities related to digital innovation and technology strategies by subsidiary. Please refer to p.24 of this report for details on KB Financial Group’s risk management.

KB Financial Group’s Digital Unit holds a Digital Segment Meeting once a month regarding digital-related risks and opportunities that were identified through the risk management process, and establishes and operates digital innovation strategies at the Group level. The Meeting is attended by executives in charge of digital technology at major subsidiaries, with central roles performed by the Group CDO. They establish a strategic direction for digital innovation and support systematic collaboration among subsidiaries, thereby enhancing digital innovation and technology value at the Group level. The execution status of digital innovation strategies is periodically monitored and reported to the Group CDO.

### Digital innovation and technology risk management process

Category	Target	Cycle	Method	Management and supervision
Digital Segment Meeting	Reviews Group-wide strategies and businesses	Monthly	<ul style="list-style-type: none"> <li>• Participated in by the Group CDO and executives in charge of digital technology at subsidiaries</li> <li>• Establish Group-wide digital strategies and execution tasks</li> <li>• Examine businesses of each subsidiary and issues</li> </ul>	Monitor the execution status of strategies at the Group-wide level
Group Platform Operation Council	Examine new and development business operations	As needed	<ul style="list-style-type: none"> <li>• Request the review of Group subsidiaries in the event of a platform-related agenda item</li> <li>• Choose necessary participating departments through review by the responsible department and through the submission of the agenda to the consultative body</li> <li>• After Council discussions, review major issues and identify improvement points</li> </ul>	Examine improvement points by sharing issues of each subsidiary
Group Data/AI Council	Examine data/AI strategies and businesses	As needed	<ul style="list-style-type: none"> <li>• Participated by the Head of the AI Division of KB Financial Group Inc. and each subsidiary’s data/AI department head</li> <li>• Establish the Group’s data/AI strategies and business plans</li> <li>• Execute the Group’s data/AI-related major businesses and identify improvement points by subsidiary</li> </ul>	Examine improvement points by sharing each subsidiary’s issues
Digital QA (Quality Assurance)	Examine SI/in-house development projects	Around the clock	<ul style="list-style-type: none"> <li>• Operate the Digital QA organization that consists of outside experts to enhance platform financial service quality</li> <li>• Identify the SI/in-house development project status, and manage whether QA is needed, priority, and scale of input, and provide comprehensive support from development to operation in case of emergency development cases</li> </ul>	Check whether improvement measures were implemented for discovered quality shortcomings

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# Strategy

## Analysis of Digital-related Risks and Opportunities

KB Financial Group identifies digital-related risks and opportunities, analyzes the potential impact of each risk and opportunity, and establishes response strategies. Each factor is categorized into the short, mid, long-term period to identify the degree of urgency of response.

### Analysis of digital-related risks and opportunities

Risks and opportunities	Potential impact	Short-term	Mid-term	Long-term
Risks	Increased social and ethical risks due to the rise in AI autonomy and intervention level		✓	✓
	Violation of information assets and customer personal information <sup>1)</sup>		✓	✓
Opportunities	Market vitalization following the digital innovation finance strategy of financial authorities	✓	✓	

\* Short-term is 1-5 years, mid-term is 5-10 years, and long-term is more than 10 years

<sup>1)</sup> Please refer to "Information Security" on p. 106 of this report for details on information asset and customer personal information violation.

MATERIAL TOPICS

INVESTOR-FOCUSED

- Enterprise Risk Management
- Climate Change Strategy
- Win-Win Financing
- Protection of Financial Consumers

→ Digital Innovation and Technology

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- DEI and Human Resources Management
- Ethics and Compliance
- Sustainable Finance

# Strategy

## Digital Innovation Strategies and Activities

KB Financial Group sets mid- to long-term targets to implement digital innovation and establishes execution strategies and tasks to achieve the targets, thereby accelerating digital innovation.

### Targets and strategies/tasks for digital innovation

Targets	Strategies	Tasks	Short-term	Mid-term	Long-term
Expanding customer experience following the digital transformation of the financial industry	Expand and improve financial platforms	<ul style="list-style-type: none"> <li>• A super app strategy that provides non-financial/public services that are connected to finance, along with subsidiaries' key financial services, at the center of which is the Group's flagship platform, KB Star Banking</li> <li>• Realize an open comprehensive financial platform centered around the personal finance management (PFM) and open pay</li> <li>• Build a customized online platform per type of customer and used device</li> </ul>	✓	✓	
	Raise user convenience	<ul style="list-style-type: none"> <li>• Establish alliances to expand organizations that use the KB Kookmin Authentication Certificate and the provision of public services</li> <li>• Combine daily life services, which is a financial and non-financial area</li> </ul>	✓	✓	
	Expand areas that use AI technology	<ul style="list-style-type: none"> <li>• Expand the scope of AI counseling service</li> <li>• Establish a standardization process for business application of generative AI</li> </ul>		✓	✓
Strengthening management of AI ethics risks	Provide financial services using MyData	<ul style="list-style-type: none"> <li>• Simplify the non-face-to-face financial process through MyData application</li> <li>• Automate financial inquiry services through data connection with administrative and public organizations</li> </ul>		✓	✓
	Establish an AI ethics risk management system	<ul style="list-style-type: none"> <li>• Establish the AI ethics charter</li> <li>• Form an organization exclusively in charge of AI governance management</li> <li>• Respond to regulations and ethical obligations that apply to AI use</li> <li>• Establish regulations, including development guidelines, based on the AI ethics charter</li> </ul>		✓	✓
Establishing an information security management and risk management system <sup>1)</sup>	Advance the information security environment	<ul style="list-style-type: none"> <li>• Expand the user identity-based "zero trust" security architecture</li> <li>• Build an environment to respond to cyber threat intelligence</li> </ul>		✓	✓
	Respond to compliance changes	<ul style="list-style-type: none"> <li>• Strengthen the digitalized compliance inspection system</li> <li>• Carry out third-party information security verification</li> </ul>		✓	✓
	Enhance customer trust	<ul style="list-style-type: none"> <li>• Achieve zero electronic financial incidents</li> <li>• Strengthen PR of the "safe use of customer information" (KB Secure Privacy) service</li> </ul>		✓	✓

\* Short-term is 1-5 years, mid-term is 5-10 years, and long-term is more than 10 years

<sup>1)</sup> Please refer to "Information Security" on p. 106 of this report for details on information security management and establishment of a risk management system.



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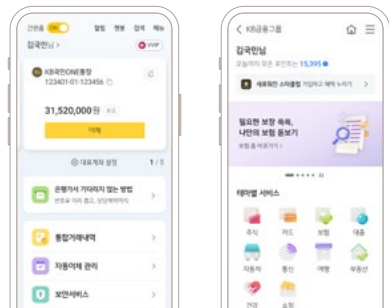
# Strategy



## Expanding and Improving Financial Platforms

### KB Star Banking

KB Financial Group is implementing a super app strategy that provides non-financial/public services that are connected to finance, along with key financial services of subsidiaries, at the center of which is the Group's flagship app, "KB Star Banking." To enable customer use of major subsidiaries' services and content on KB Star Banking, we provide around 70 key financial services of six KB Financial Group subsidiaries (Securities, Insurance, Card, Life Insurance, Capital, Savings Bank) through API connection. We are expanding non-financial and public services that are connected with finance, with a focus on real estate (KB Real Estate), automobile (KB Chachacha), healthcare (O-Care), and communication (Liiv M) areas.



### KB Liiv M

KB Kookmin Bank launched "Liiv M," a finance and telecommunication convergence platform, in 2021, the first of its kind in the financial industry. Approved as the No. 1 innovative financial service business, Liiv M continues to expand its service areas after its launch and offers distinctive customer convenience services, such as 24/7 customer counseling services and membership benefits. Liiv M was the first Mobile Virtual Network Operator (MVNO) to launch a 5G service and watch plan, and provides the networks of all three mobile carriers (SK Telecom, KT, LG U+) as alliance communication networks, thus increasing customer choice.



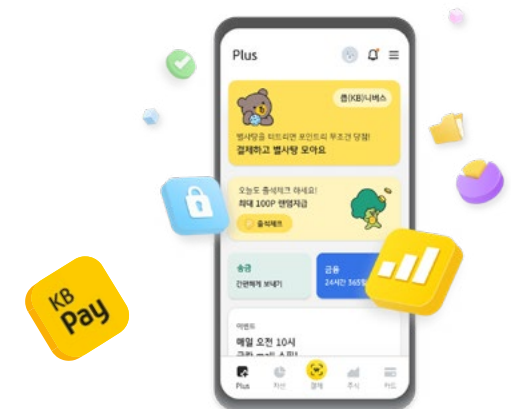
### Online platform improvement: M-able, KB Chachacha

KB Securities extensively reorganized the "Financial Product" menu on the home screen to strengthen comprehensive asset management services of "M-able," a leading mobile trading system (MTS) platform. Also, the scope of providing content was expanded from the previous stock information to comprehensive asset management information that includes non-finance, including trends, tax reduction strategies, and real estate. KB Securities also opened a fractional share trading service in Korea that allows investments even with a small amount, and increased investor convenience by including a community service by stock. In addition, by launching "M-able Wide" in 2023, it built a platform that enables stock trading without home trading system (HTS) installation on diverse devices, excluding mobile phone, such as PCs and tablets.

KB Capital expanded financial services of the "KB Chachacha" app, an automobile life platform, and established a one-stop service system that includes car sales and maintenance.

### KB Pay

KB Kookmin Card built the open comprehensive financial platform, centered around the PFM and open pay, through the mobile payment app "KB Pay" and provides card payment, account payment, open banking, and bill-splitting functions. We implemented mutually-compatible payment with other cards in the KB Pay app to result in increased convenience and provide comprehensive consumption and expenditure management through use of the MyData service. We also created the shopping/travel areas in July 2023, thus expanding non-financial services, and opened the "KB Pay automatic payment service" in December 2023 that enables convenient, safe payments through the mobile payment app without card number entry. In addition, the automatic regular payment service strengthened payment security as it fundamentally blocks card information exposure risks by having payments be made using a virtual card number that is provided only to merchants, removing the need to make a payment by using the actual card information at merchants. Furthermore, an account that is registered in KB Pay can also be registered as a payment method, in addition to credit/debit cards. We also expanded versatility so that KB Pay customers with only an account can also conveniently use the service.



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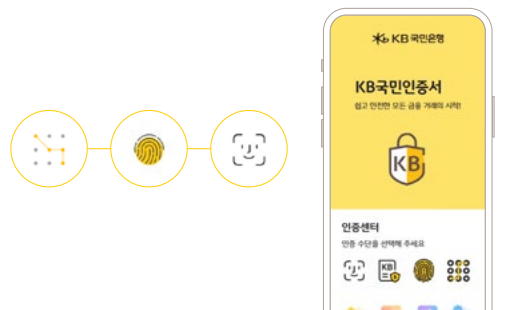
# Strategy



## Raising User Convenience

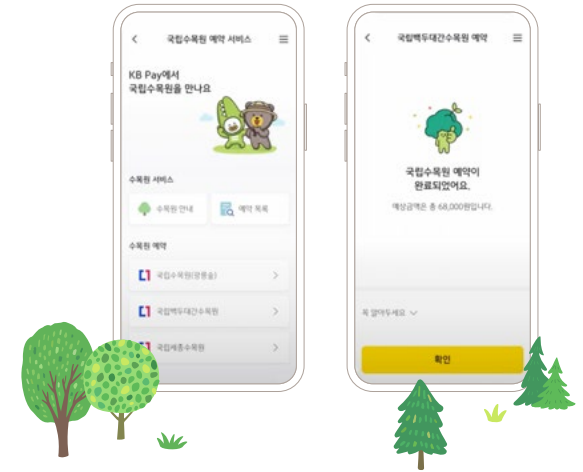
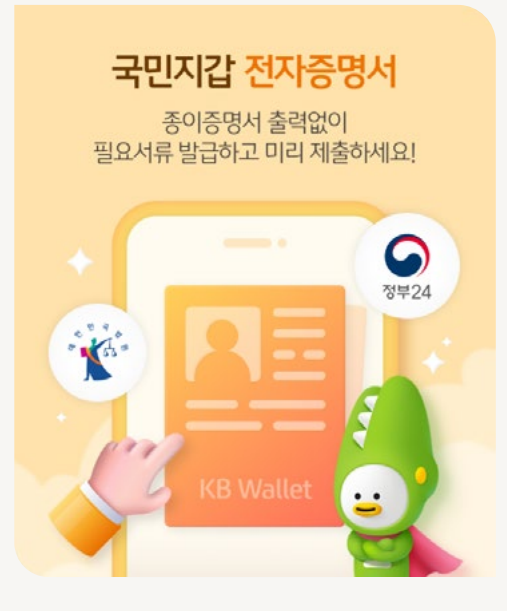
### KB Kookmin Authentication Certificate

KB Kookmin Bank became the first in the banking industry in 2019 to launch the KB Kookmin Authentication Certificate. It allows customers to choose a certification method, such as a pattern, fingerprint, and simple PIN for self-certification, and use the same means of certification among the Group subsidiaries, resulting in enhanced customer convenience. In addition, the KB Kookmin Authentication Certificate received all three government licenses (certification service provider, certified electronic document intermediary, identity verification institution), and also became the first in the financial sector to acquire the WebTrust recognition from an international authority, attesting that its security level meets international standards. KB Kookmin Bank continues to expand organizations that use the KB Kookmin Authentication Certificate, thus expanding the authentication ecosystem.



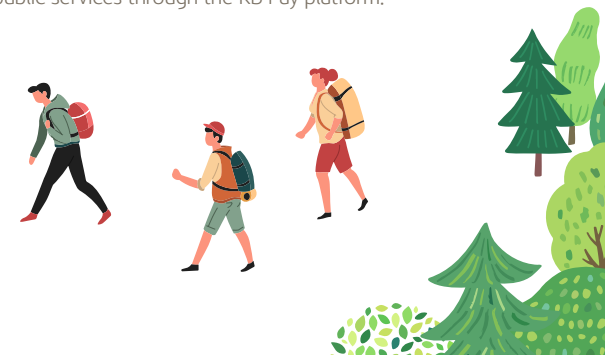
### Kookmin Wallet

Launched in August 2022 by KB Kookmin Bank, Kookmin Wallet is a digital wallet service that contains daily life convenience content. It can be conveniently used on KB Star Banking or mobile app without owning a KB Kookmin Bank account, allowing customers to easily check digital certificates, National Secretary GOODPY, coupons, electronic documents, electronic receipts, student information, KB Pay, and authentication certificates. In connection with Government 24, KB Wallet supports one-stop resident center and digital certificate services, mobile resident registration certificate check service, GOODPY services, and electronic receipt issuance to practice carbon neutrality. The Bank is expanding competitive content and expanding services in connection with outside partners.



### KB Pay Public Service

To offer a wide variety of customer daily life convenience services, KB Kookmin Card launched the KB Pay tax payment service for payment of property tax, residence tax, and others, in cooperation with Seoul Metropolitan Government in June 2023, and also opened the KB Pay National Arboretum Booking Service that allows customers to make a booking at major national arboretums through KB Pay by participating in the leading service for opening of digital services of the Ministry of the Interior and Safety. KB Kookmin Card continues to expand the provision of public services through the KB Pay platform.



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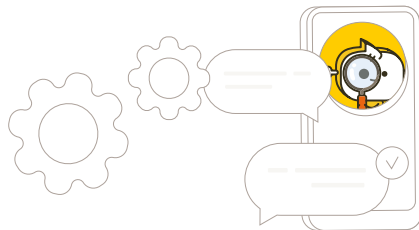
# Strategy



## Expanding Areas Where AI Technology Is Applied

### AI Financial Consulting System

Through the AI Financial Consulting System, KB Kookmin Bank prevents mis-selling of financial products and takes the lead in protection of financial consumers. Amid diversification of financial investment product sales channels to include non-face-to-face channels, moving away from the previous focus on face-to-face channels, we applied AI-based voice recognition and synthesis technology. Since 2023, we have been introducing AI into our video consultation system and outdoor sales (ODS) system to provide product explanations to customers. The process is recorded and analyzed to prevent incomplete sales.



### AI Financial Helper

Based on the continuously evolving and advanced financial specialized language model KB-STA and the development know-how of the AI Financial Helper kiosk, KB Kookmin Bank has completed the development of a mobile financial assistant service for customers to provide the existing AI Financial Helper service through mobile channels. An application service was created that allows account inquiries and transfers, along with financial counseling, through voice chat in a mobile environment. We completed internal employee testing and are preparing its official launch in the first half of 2024.

### Business Application

The Financial AI Center, which is KB Kookmin Bank's AI-dedicated organization, held a technology review for business application of generative AI technology as a means to raise work efficiency and create new business value. This has enabled the Bank to become the first in the financial industry to apply a generative AI technology demo service to internal employees and recorded around 25 thousand cumulative visitors during approximately eight months.

KB Kookmin Card changed target marketing to AI marketing by adopting "AIMs AI-based personalization marketing system (AIMs) in 2023 and carried out AI model-based targeting/offering personalization and scenario-based customer journey management. In addition, KB Financial Group is continually performing a proof of concept (PoC) on business areas to which generative AI technology can be applied, thus expanding practical technological application areas.

### KB Kookmin Card

#### Received the Grand Prize

(Minister of Science and ICT Award) in the financial category of the business area at the 10th Korea Big Data Awards in 2023



(Evaluation areas: Big Data Eco-System, AI Key Component, AI Marketing System, Data Monetization)

### KB Insurance

#### Received the Grand Prize

in the insurance category of the financial area at the 2023 Mobile Award Korea



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# Strategy



## Providing Financial Services Using MyData

### KB MyData

KB Financial Group obtained final approval to operate the MyData business and provides services by subsidiary. MyData service allows convenient integration and management of personal credit information scattered throughout various financial institutions, with the consent of the customer. Considering that MyData service handles individuals' credit information, we conduct phased security checks, address insufficient areas, and take other measures to secure service safety.

KB Kookmin Bank provides major content, such as assets, expenditures, finance plus, and pension services based on application programming interface (API) or data through the My Data Asset Management function in its KB Star Banking. In addition, it raised customer convenience by launching the My Cash Flow Service in 2023 that analyzes diverse user-centered transaction data, such as accounts, cards, and simple payment, according to the flow of time to discover repetitive patterns, based on which future forecasts are made.

Furthermore, KB Capital is applying MyData to financial services of the KB Chachacha app, an automobile life platform. Based on collected MyData, it provides available financial products per customer when making a purchase. When a user makes a non-face-to-face secured loan inquiry, the limit and whether refinancing is possible are analyzed to simplify the non-face-to-face finance process.

### Public MyData Service

Through the Public MyData Service, administrative agencies, etc. provide to the data subject or a third party designated by the data subject administrative information on the data subject that the administrative/public organization, etc. has in its possession in data format so that the data can be used in various aspects of daily life. KB Kookmin Card expanded the area of providing MyData service to Public MyData, enabling customers to directly look up health insurance premium, local tax payment information, and others on administrative agencies for one-stop processing after a simple customer consent process, thereby enhancing customer convenience. When calculating DSR for handling long-term card loans and general loans, income that is beneficial to the customer is applied through the real-time Public MyData Service to increase the loan-handling and per-person handling amount, thus improving work efficiency and customer convenience.

### KB Capital

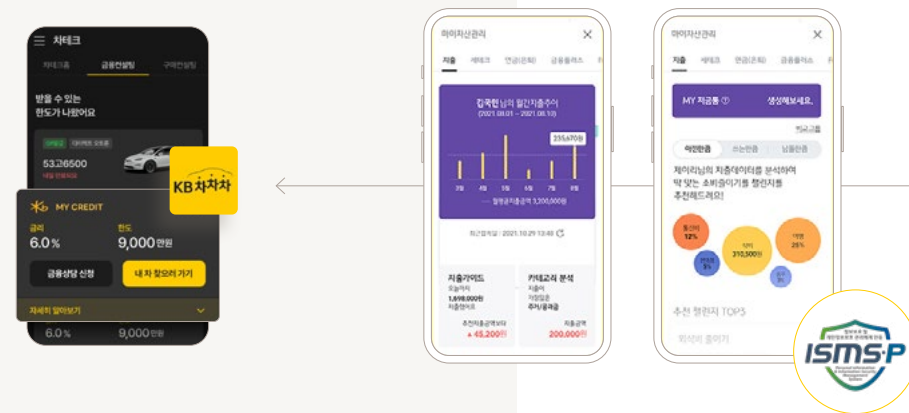
First MyData business operator to receive

### ISMS-P<sup>1)</sup>

certification in the loan-specializing financial industry in 2023



<sup>1)</sup> Certification on information security management system and protection measures, and personal information-handling step



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# Strategy



## Establishment of the AI Ethics Charter

While it is true that AI technologies bring positive effects such as enhancing employees' work efficiency and improving customer convenience, it is also true that the technology bears fundamental risks such as ethical risks. KB Financial Group became the first financial group in Korea to establish the AI Ethics Charter and disclosed the charter on its website to prevent ethics risks that are caused by the expansion of products and services that are based on digital technology innovation, including AI, big data, and cloud platform.

KB Financial Group's AI Ethics Charter was established based on the Group's internal management principles, including strategic direction, ethical management, and customer protection policy, and the AI Ethics Charter of the International Association for AI and Ethics (IAAE). We established and are actively practicing seven core values that reflect the perspectives of both employees and customers.

### AI Ethics Charter

As a lifelong financial partner, KB Financial Group establishes the following ethics standard and pledges to actively implement the standard in adopting and using artificial intelligence (AI) throughout overall financial services to become the most beloved No. 1 financial platform to our customers.



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# Metrics & Targets

## Digital Strategy Monitoring Metrics and Activity Outcome

KB Financial Group uses the following quantitative metrics to monitor the execution status of digital innovation and technology strategies and is moving forward to continually achieve the targets.

Service area	Subsidiary	Application/ service name	Application/ service content	Monitoring metrics	Major activity outcome
Financial platform	KB Star Banking	KB Star Banking	Comprehensive financial platform for individuals	No. of users	<ul style="list-style-type: none"> <li>First commercial bank to record MAU of 10 million in 2022</li> <li>MAU reached 12.06 million as of December 2023</li> </ul>
		KB Kookmin Bank	Comprehensive financial/communication platform	No. of subscribers	<ul style="list-style-type: none"> <li>420 thousand subscribed customers as of December 2023</li> <li>Ranked first in customer satisfaction for 5 consecutive times (second half of 2021, first/second halves of 2022, first/second halves of 2023)</li> </ul>
	KB Securities	M-able	MTS	No. of users	<ul style="list-style-type: none"> <li>Recorded MAU of 2.18 million as of December 2023, ranking first in MAU in the respective industry for 2 consecutive years</li> </ul>
	KB Kookmin Card	KB Pay	Digital payment platform	No. of users	<ul style="list-style-type: none"> <li>MAU of 7.45 million as of December 2023</li> </ul>
	KB Capital	KB Chachacha	Used car trading platform	Customer satisfaction survey result	<ul style="list-style-type: none"> <li>Ranked first in the used car platform category of KCSI for 2 consecutive years</li> <li>Innovation Grand Prize in the Marketing Innovation Category of the 2023 i-AWARDS Web Award Korea and Grand Prize in the Professional Shopping Mall Category of the Smart App Award</li> </ul>
User convenience service	KB Kookmin Bank	KB Kookmin Authentication Certificate	Convenient electronic signature authentication service	No. of subscribers	<ul style="list-style-type: none"> <li>14 million subscribed customers as of December 2023</li> </ul>
		KB Wallet	Digital wallet providing daily life-connected services	No. of subscribers	<ul style="list-style-type: none"> <li>5.17 million subscribed customers as of December 2023</li> </ul>
AI-using service	KB Kookmin Bank	AI chatbot	AI-based counseling service	No. of users	<ul style="list-style-type: none"> <li>MAU of 700 thousand as of December 2023</li> </ul>
	KB Kookmin Card	AIMs	AI-based personalization marketing system	No. of cases of use	<ul style="list-style-type: none"> <li>Have changed 197 cases of target marketing to AI marketing since its adoption in January 2023</li> </ul>
MyData-using service	KB Kookmin Bank	My Cash Flow Service	MyData-based income/expenditure analysis and cash flow forecasting service	No. of users	<ul style="list-style-type: none"> <li>Have reached 1 million in number of users since its launch in September 2023</li> </ul>



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# Information Security

Information security is the most important factor for customers to trust and do business with financial companies, and is an essential prerequisite for all financial services. KB Financial Group continues to improve the information security management system in line with rapidly-developing digital technologies and regulations and policies. In addition, we carry out various activities to protect customers' personal information in preparation for cyber security threats. Along with establishing an internal information security management system, we provide regular training and inspections so that subcontractors/suppliers can maintain a top-level information security system.



## KEY PERFORMANCE



### S Grade

Personal credit information management and protection evaluation by Financial Services Commission

(KB Financial Group, Inc., KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Capital)



### Zero

Zero information security and cybersecurity violation for 5 consecutive years



### First

First in the financial industry to receive APEC CBPR (global personal information protection management system certification) (KB Kookmin Bank)



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# Information Security

## Information Security System

### Information Security Management System

KB Financial Group established a Group-wide information security management system to manage the company's information assets and protect user information. We established and operate information security policies and internal rules that apply to all subsidiaries in line with changes in information security regulations in Korea and abroad based on which we provide safe services, thus protecting users. Directors with digital and IT experience take part in the strategy-establishing process, and an executive appointed as the Information Security Officer manages/supervises cyber security strategies. Cyber security strategies that include the information security management system and personal information protection policies as well as the quarterly inspection results regarding the provision and use of customer information between subsidiaries are reported to the BOD.

KB Kookmin Bank established/operates an internal control system on personal information protection so that customer information is stored safely, ranging from personal information collection to use, storage, and destruction, and is not used for unlawful purposes. We examine the Personal Information Management Policy, Customer Information-Handling Policy, Credit Information Usage System, etc. required by information security-related laws and establish protection measures and reflect them in internal policies. All customer personal information is managed through the Privacy Policy. We provide customers with the authority to decide on ways to collect, use, maintain, and process personal information and monitor use of personal information for purposes other than personal information usage purposes for which we received collection/usage consent. No relevant case arose in 2023.

KB Kookmin Card overhauled internal rules according to the amended Personal Information Protection Act in 2023. It overhauled personal information processing policy to respond to the "evaluation system for personal information processing policy" that is expected to be implemented in 2024. It raised the efficiency of the process for guaranteeing the strengthened rights of data subjects, while improving the verification system.

### KB Kookmin Bank's Privacy Policy

- 1 We legitimately and fairly collect personal information within the minimum scope necessary for purposes.
- 2 Personal information is used only for the purposes for which it was collected, and is not used for other purposes.
- 3 Personal information is provided to a third party only if there is customer consent or in cases that are stipulated in relevant laws.
- 4 We guarantee the rights of the personal information owners, including the right to request for personal information perusal/withdraw consent.
- 5 We have strict information security measures for safe protection of personal information.

### Information Security Governance

KB Financial Group separately operates the Information Security Department within KB Financial Group Inc. to focus on strengthening the Group's information security capabilities, such as the Group's joint information security projects and on-site inspections of subsidiaries. For an independent information security system and decision-making, KB Financial Group and major subsidiaries, including KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital, appoint both a Chief Information Officer (CIO) and a Chief Information Security Officer (CISO) separately. Among them, KB's CISO serves as both CPO (Chief Privacy Officer) and credit information manager and protector. Establishment and implementation of personal information protection plans and establishment of internal control systems to prevent misuse and leakage of personal information, protection and management and supervision of personal information.

Major subsidiaries of KB Financial Group operate the Information Security Division, an organization dedicated to information security, and established the Information Security Committee, chaired by the CISO, who has professional information security capabilities, based on electronic financial supervision regulations. The Information Security Committee manages and supervises electronic financial work and its foundation, which is information and technology sector security. It also deliberates and makes decisions on important information security matters and makes reports to the CEO. For agenda items, the Committee evaluates the level of importance of information assets and work, performs internal risk evaluations, establishes security measures, evaluates cloud service providers, and evaluates the business continuity plan and stability, thereby removing or minimizing information security risks. In addition, it monitors misuse and abuse of customer information and arbitrary inquiry and information security policy compliance through the "integrated information security management system."

### KB Kookmin Bank Information Security Committee's deliberation/decision-making reporting system

- 1 The head of the department in charge of proposing agenda engages in prior discussions with the department head who holds the Information Security Committee and then suggests agenda.
- 2 The Committee is validated by the attendance of at least two-thirds of members, and a decision is made with consent from at least two-thirds of the members in attendance.
- 3 The chairperson reports to the CEO matters deliberated and decided by the Committee.

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# Information Security

## Establishment of a Personal Information Protection Environment

To prevent leakage of personal information that may arise from the expansion of new technologies and data-using services, KB Financial Group is establishing a personal information protection environment in which a balance is achieved between personal information protection and safe use. To ensure safe personal information protection, we save and manage unique identification information after encrypting the information, such as resident registration numbers, in databases and data transmission areas, in addition to encrypting all documents on employee PCs through the document digital rights management (DRM) solution. In addition, we conduct prior approvals and follow-up monitoring so that documents that include personal information are not leaked when they are taken out of the company premises and printed.

We also prevent information leakage through network separation for protection of information processing systems, and periodically replace old internal network firewalls, thereby stably maintaining an information protection environment. We operate the Trespass Prevention System and 24/7 Integrated Security Control Center to immediately respond to personal information violation incidents and threats. Through the fraud detection system (FDS), we are blocking financial transactions with unlawful purposes.

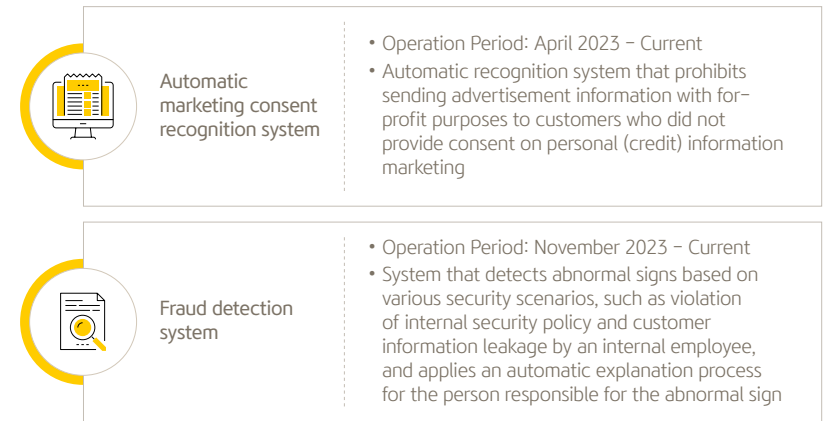
Furthermore, we operate an access control system that provides the authority to access personal information-handling systems only to a minimum number of employees within the scope of work purposes. Through a monitoring system to detect the misuse and abuse of personal information, which AI and big data technologies are applied, we prevent the risk of misuse, abuse and leakage of personal information.



## Strengthening Information Protection Management/Supervision Capabilities

KB Financial Group forms the BOD by including directors with digital and IT-related experience related to information protection. The CISO satisfies qualifications stipulated in the Electronic Financial Transactions Act. To strengthen information protection-related capabilities and identify the latest trends, the Information Security Committee chairperson and members attend external seminars and conferences, including the RSA Conference, which is a cyber information security conference that is held in San Francisco, U.S. They complete a certain number of hours of information protection training in accordance with the annual information protection training plan.

### KB Capital's case of building a personal information protection environment



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# Information Security

## Information Protection Risk Management

### Information Protection Risk Management System

KB Financial Group established the “information security risk management system” to minimize threats to information assets and take timely measures. We established information asset categorization standards, based on which we identify and categorize all information assets that we possess and determine their importance level, and also update our list of information assets and identify and document relevant work processes and flows. We perform a risk assessment once a year on the updated list of information assets. Based on the assessment results, we derive risk factors and establish protection measures to carry out risk management. To check effective implementation of protection measures that were established as a result of a risk assessment, we review cases of leakage in relation to personal information violation and whether information security/cyber security incidents occurred to assess effectiveness. Results of managing risks by establishing protection measures regarding information protection-related risks indicate that there were no information security violations or personal information violation-related leakage incidents in the last three years.

KB Kookmin Bank conducts a “status evaluation on the use and management of personal credit information” every year to identify personal information protection-related risks and assess management activities. The Bank also derives areas for improvement by checking the implementation status of internal plans for personal information management, and thus incorporates them to its policies.

### Information Security Incident Response Process







KB Financial Group developed a “personal information leakage response manual” in accordance with safety measure obligations and standards on safety-securing measures that are stipulated in the Personal Information Protection Act in order to prevent the spread of the damage caused by customer’s personal information leakage and to quickly handle the situation. If a personal information leakage incident occurs, the relevant department or branch reports the incident to the Information Security Department according to the internal reporting process. The Information Security Department will operate an incident response team and call an emergency executive meeting and respond to the incident according to the type and seriousness of the incident.

### Information Security Risk Management Process



We notify the customer of the relevant facts and respond diligently to any complaints to minimize inconvenience. In addition, we establish compensation standards (proposals) and implement practical procedures for damage relief, as well as conduct follow-up management to prevent recurrence. KB Financial Group also purchased a liability insurance policy on personal information protection in preparation for unsavory leakage incidents.

### KB Kookmin Bank’s personal information leakage response process

step 1	 Become aware of an incident	<ul style="list-style-type: none"> <li>• Implement an internal reporting process as soon as an information leakage, etc. is perceived</li> <li>• The supervising department determines the cause of the leakage, etc. and makes a judgment on whether there was leakage, etc.</li> <li>• The department or branch where the leakage, etc. occurred retrieves personal (credit) information that was leaked, etc. and takes measures for prevention of secondary damage</li> </ul>
step 2	 Operate an incident response team	<ul style="list-style-type: none"> <li>• Operate an “incident response team or expanded incident response team (hereinafter incident response team)” depending on the size and item that was leaked, etc.               <ul style="list-style-type: none"> <li>- Create a customer notice, establish customer response measures, etc. according to each department and branch’s major business</li> </ul> </li> <li>• (If needed, such as when an expanded incident response team is operated) Convene an emergency executive meeting</li> </ul>
step 3	 Minimize damages and take emergency measures	<ul style="list-style-type: none"> <li>• The incident response team identifies the cause of the personal information leakage, etc., and carries out emergency response measures to minimize damages according to the incident type, such as removing vulnerabilities, blocking routes, and retrieving or deleting information               <ul style="list-style-type: none"> <li>- Hacking, leakage by internal personnel (subcontractor employee), error notices such as erroneously sent email, personal information leakage, etc.</li> </ul> </li> </ul>
step 3	 Notify the customer	<ul style="list-style-type: none"> <li>• The incident response team notifies the customer of information leakage-related information by such means as a written document, email, or phone               <ul style="list-style-type: none"> <li>- Notify the customer within 72 hours</li> </ul> </li> </ul>
step 3	 Make a report to a government agency	<ul style="list-style-type: none"> <li>• If the incident is subject to a report to the financial authorities, the incident response team makes a report to the relevant agency within 72 hours               <ul style="list-style-type: none"> <li>- Personal information: Personal Information Protection Commission and Korea Internet &amp; Security Agency</li> <li>- Personal credit information: Financial Services Commission and Financial Supervisory Service</li> </ul> </li> </ul>
step 4	 Provide damage relief and prevent recurrence	<ul style="list-style-type: none"> <li>• The incident response team responds to complaints and takes measures to minimize customer inconvenience</li> <li>• Take measures to relieve the customer of a sense of anxiety and implement a process for information leakage-caused damage relief</li> <li>• Execute recurrence prevention measures, such as personal information protection training to prevent information leakage, etc. and mock training on response</li> </ul>

**MATERIAL TOPICS**

**INVESTOR-FOCUSED**

- Enterprise Risk Management
- Climate Change Strategy
- Win-Win Financing
- Protection of Financial Consumers
- Digital Innovation and Technology

→ **Information Security**

- DEI and Human Resources Management
- Ethics and Compliance
- Sustainable Finance

# Information Security

## Information Protection Inspection System Inspection of Information Protection Infrastructure and Response

KB Financial Group conducts a vulnerability analysis and assessment of electronic financial infrastructure once a year and a vulnerability inspection of public websites and mock hacking response training twice a year, assuming the occurrence of a threat against information assets. We also regularly and frequently check vulnerability through external agencies on our websites, apps, and major business systems. We also regularly conduct vulnerability analysis and evaluation of electronic financial infrastructure that is demanded by “electronic financial supervision regulations” according to “information protection guidelines.” We identify and categorize all information assets and measure their importance levels, through which we choose inspection targets and analyze/assess vulnerability. Based on the results of analyzing the internal status and evaluating the level, we establish protection measures and execution plans. Execution plan implementation results are reported first to the CISO and then to the CEO. The CISO submits the execution report to the Financial Supervisory Service within 30 days after the end of an assessment.

### Inspection of the Actual State of Information Protection Compliance

KB Financial Group has a Group information protection compliance checklist in relation to personal information protection and inspection standards on provision and use of customer information among the Group subsidiaries. We perform an inspection on the actual state of information protection compliance on all subsidiaries once a year in accordance with information protection-related laws, including the Personal Information Protection Act, and inspect the provision and use of customer information among subsidiaries every quarter and report the results to the BOD. We conduct regular internal inspections on the actual state of personal credit information management and protection and submit the results to a supervisory agency.

Furthermore, any employee at KB Kookmin Bank who breaches privacy policy is subject to disciplinary actions so that every employee can be more cautious when dealing with information security issues.

### 2023 credit information management and protection evaluation by Financial Services Commission



As a result of such active execution of information protection risk management activities, KB Financial Group Inc., KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital obtained S Grade, which is the highest grade, in an inspection of personal credit information management/protection that was conducted by the Financial Services Commission in 2023.

### KB Kookmin Bank’s information protection compliance verification

Verification body	Verified content	Verification cycle
Financial Services Commission	Analyze and evaluate electronic financial infrastructure vulnerability, establish protection measures for major information and communication infrastructure	Once a year
Financial Supervisory Service	Inspect vulnerability of public websites	Twice a year
Korea Financial Telecommunications & Clearings Institute	Inspect security vulnerability of open banking service	Every 2 years
Financial Security Institute	Inspect security vulnerability of MyData service	Once a year
	Inspect follow-up compliance with matters subject to security deliberation	Twice a year
	Inspect the SWIFT security framework	Once a year
	Inspect closed network infrastructure security	Once a year
	Inspect vulnerability of alliance websites	Once a year
	Inspect the security status of subsidiary electronic financial business entity	Once a year
	Inspect security of overseas branches	Occasional
	Self-risk assessment	Occasional
	Information protection risk assessment	Once a year
	Analysis of security risk and special inspection	Occasional
Internally or by security company	Inspect the security of infrastructure jointly used by the Group	Occasional
	Inspect vulnerability of customer web and app services, and conduct mock hacking	Occasional
	Cyber hacking and assault training	Occasional
	Inspect vulnerability of server (legacy/cloud) and source code (open source) security	Occasional

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# Information Security

## Information Security Activities

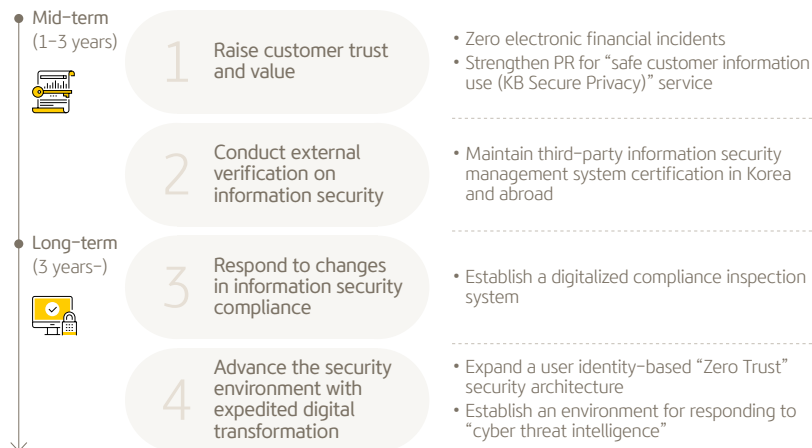
### Information Security Strategies

KB Financial Group established the mid- to long-term information security strategies to minimize cyber security threats that arise with changes in digital technologies and personal information protection regulations and policies and to gain customer trust. We established an information security operation system for internal/external security threats to achieve the mid- to long-term information security strategies, and established metrics by period and investment plans, followed by execution of various strategic tasks, thereby strengthening personal information protection and compliance.

In response to the Measures to Advance Financial Security Regulations announced by the Financial Services Commission, KB Kookmin Card is building a company-wide information security compliance and risk-based voluntary security system. To this end, it diagnosed the company's information security level and established a task execution roadmap.

KB Asset Management launched the direct indexing engine "MyPort" service, which is a service that enables an investor to directly design/manage an investment portfolio suitable for investment purposes/propensity, etc., in 2023. To protect user information and provide safe services, it established measures to secure safety of cloud computing services and an information security management system, including a business continuity plan.

### KB Financial Group's mid- to long-term information security strategies



**KB Kookmin Bank's information security-related investments and personnel**

\* Based on a notice made to the Ministry of Science and ICT in 2023

<b>Investment in the information security sector</b>	<b>Percentage of information security investment against overall IT investment</b>
KRW <b>54.1</b> billion	<b>8.9 %</b>
<b>Personnel in the information security sector</b>	<b>Percentage of information security personnel against overall IT personnel</b>
<b>92.9</b> persons	<b>5.16 %</b>

### Acquisition of Information Security Certification

KB Financial Group, KB Kookmin Bank, and KB Insurance obtained "ISMS" certification, which is an information security management system certification in Korea, while KB Kookmin Bank, KB Securities, KB Kookmin Card, and KB Capital received "ISMS-P" certification, which includes personal information processing system-related certification with the information security management system. In particular, KB Kookmin Bank became the first in the domestic financial industry in 2023 to obtain "APEC CBPR" certification, which is a global personal information protection management system certification, thereby establishing a global-level information security system.

### Information security certifications acquired by the Group subsidiary

KB Financial Group Inc.	ISMS <sup>1)</sup>
KB Kookmin Bank	ISO 27001 <sup>2)</sup> , ISMS, ISMS-P <sup>3)</sup> , ISO 20000 <sup>4)</sup> , BS 25999 <sup>5)</sup> , APEC CBPR <sup>6)</sup>
KB Securities	ISO 27001, ISMS-P
KB Insurance	ISMS
KB Kookmin Card	ISO 27001, ISMS-P, PCI DSS <sup>7)</sup>
KB Capital	ISMS-P

<sup>1)</sup> ISMS: Certification for information security management system and protection measures established, managed, and operated to protect information assets  
<sup>2)</sup> ISO 27001: Certification for information security related items such as information protection policy and information access control  
<sup>3)</sup> ISMS-P: Certification for information security management system and protection measures, personal information processing steps  
<sup>4)</sup> ISO 20000: Certification for the requirements for the establishment of an IT service management system  
<sup>5)</sup> BS 25999: Certification for business continuity management  
<sup>6)</sup> APEC CBPR: Cross-border privacy rules (CBPR) jointly developed by APEC member economies  
<sup>7)</sup> PCI DSS: Payment card industry data security standard for the protection of credit card members' payment information and other purpose

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# Information Security

## Strengthening of Employees' Information Security Capabilities and Performance Compensation

KB Financial Group semi-annually conducts information security-related online training provided by the Financial Security Institute, thereby strengthening employees' information security management capabilities. In addition to basic mandatory information security training, we provide distinctive training per job. KB Kookmin Bank carries out a self-assessment on information security for each task on all headquarter department and branch employees, thereby enhancing information security awareness. Branches and business groups reflect the violation of information security regulations as an indicator in employee KPI evaluation so that KPI points are taken away in case of any breaches, for the purpose of thorough review and disciplinary actions.

## Security Inspection and Training for Subcontractors

KB Financial Group signs a security management agreement with personal information processing subcontractors so that those companies will also comply with the Group's technical, physical, and administrative information protection measures. We also conduct periodic onsite inspections on subcontractors and provide regular training to establish a safe personal information security environment. If a vulnerability is discovered as a result of an onsite inspection, we assign a period for taking measures and re-examine whether protective measures are complete, after which a final report is made to the BOD.

### Employee training on information security and competency-building activities

KB Financial Group (common)	<ul style="list-style-type: none"> <li>• Hold the Security Inspection Day every month</li> <li>• Provide information security training to the CISO, employees in charge of information security, and employees in charge of IT</li> <li>• Conduct mandatory information security training for all employees</li> <li>• Hold outside expert seminars for employees in charge at personal information-processing partners (information security training in relation to entrustment of financial company information processing pursuant to the Personal Information Protection Act and Credit Information Use and Protection Act)</li> <li>• Conduct training for employees responsible for providing and utilizing customer information between the Group subsidiaries on the procedures and methods of sharing customer information, and inform them of compliance with the Financial Holding Companies Act</li> </ul>
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Run the "personal information file minimization" campaign every month</li> <li>• Provide special lectures and seminars given by outside organizations to the CISO and employees in charge of information security</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>• Provide information security training to employees in departments in charge of IT/information security to help them earn certificates</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>• Perform PC security self-inspections every month</li> <li>• Conduct malicious mail mock training twice a year for all employees</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Provide internal information security training by department and branch once a quarter</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>• Receive cyber training of the Financial Security Education Center of the Financial Security Institute</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>• Perform a comprehensive internal inspection of personal (credit) information by branch and department every month</li> <li>• Receive cyber training of the Financial Security Education Center of the Financial Security Institute</li> </ul>



### Security inspection and training for subcontractors

KB Financial Group (Common)	<ul style="list-style-type: none"> <li>• Hold outside expert seminar aimed at having subcontractor employees comply with laws and raising their information security awareness → Attended by 250 persons from around 110 companies in 2023</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Have established an annual training plan for subcontractor employees and provide personal (credit) information training → Completed training of 8,443 employees at 183 companies in 2023</li> </ul>
KB Asset Management	<ul style="list-style-type: none"> <li>• Perform an onsite inspection once a year on customer information subcontractors → Completed onsite inspections at 14 companies in 2023</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>• Conduct an onsite or written inspection once a year on customer information subcontractors → After an inspection of 883 companies in 2023, 94% received an "excellent" grade</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>• Perform periodic security inspections on partner companies, including customer counseling centers and loan soliciting companies</li> <li>• Conduct a security inspection of a subcontractor that processes personal (credit) information once a year → Receive a destruction confirmation form, and check whether personal information protection training has been conducted</li> </ul>



MATERIAL TOPICS

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# DEI and Human Resources Management

DEI stands for diversity, equity, and inclusion, and it has recently been highlighted as a key keyword in corporate management. KB Financial Group recognizes DEI as an important value in achieving sustainable growth of employees and the company, and thus established an institutional foundation that realizes DEI values. We are also promoting various activities to establish DEI values as an institutional foundation and to embed them into the organizational culture. Because a DEI culture cannot be artificially formed in a short period, KB Financial Group continues to take interest and make efforts at the organizational level to spread DEI values.



KEY PERFORMANCE



### First in the financial industry

Adopted the conditional rehire system for employees who resigned after childcare leave (KB Kookmin Bank)



### 18.9%

Ratio of female general manager (As of the end of January, 2024) (KB Financial Group)

\* KB Diversity 2027 Target: 20%



### 88.7 points

Employee engagement evaluation result in 2023 (KB Financial Group)



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# DEI and Human Resources Management

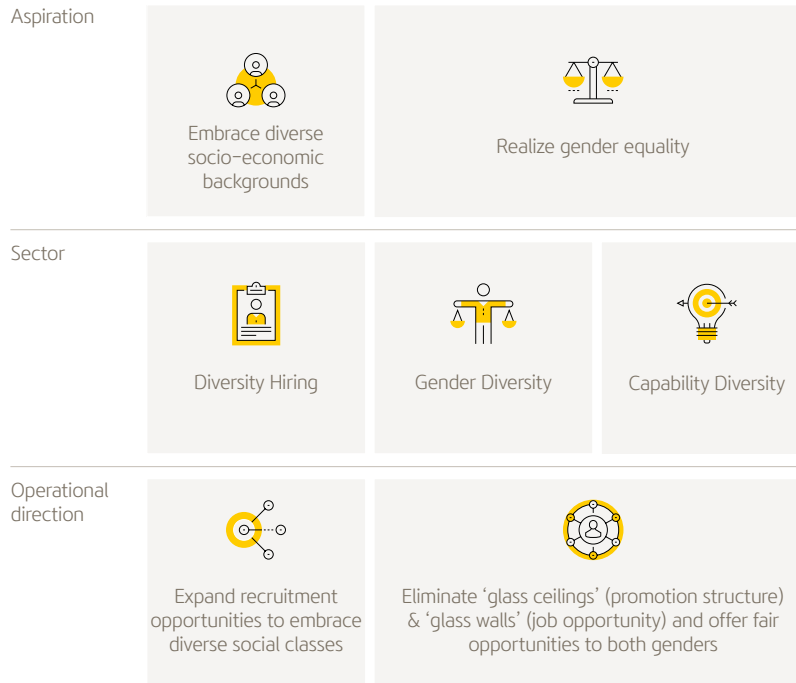
## Diversity Management System

### KB Diversity 2027

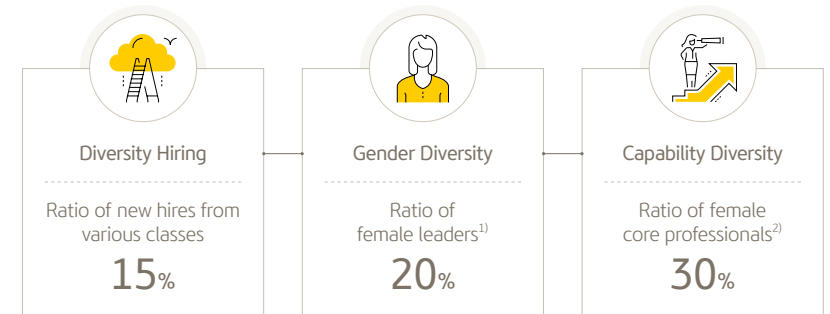
KB Financial Group’s ESG Committee established “KB Diversity 2027,” a mid- to long-term diversity strategy, to systematically manage diversity-related indicators and activities in the Group. The goal of KB Diversity 2027 is priority achievement of “embracing diverse classes” and “realizing gender equality.” To this end, KB Financial Group set diversity targets for recruitment, gender, and capability.

#### KB Diversity 2027 – Mid- to long-term diversity implementation strategy

**KB Diversity 2027**  
For sustainable growth, we are promoting social class and gender diversity by 2027



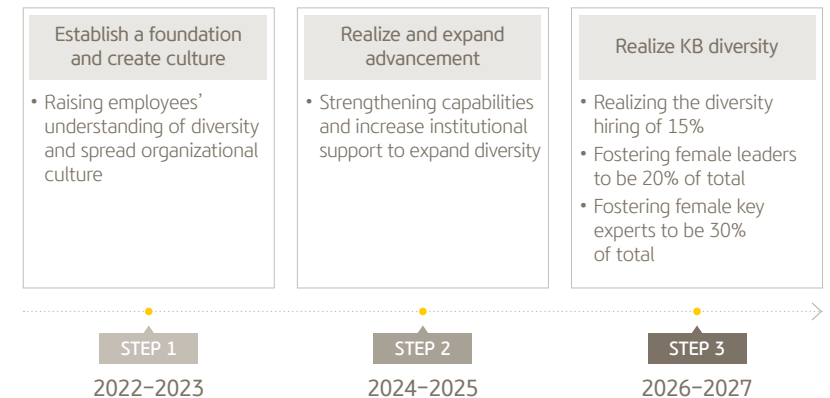
#### KB Diversity 2027 Targets



<sup>1)</sup> Management and deputy branch managers  
<sup>2)</sup> HQ team leaders and heads of corporate finance team

We established a diversity roadmap that consists of a total three steps for phased and systematic implementation, and are executing detailed tasks for each step.

#### Diversity roadmap



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# DEI and Human Resources Management

## Diversity Indicators and Targets

KB Financial Group developed 14 diversity indicators, with a focus on recruitment, gender, and capability, to achieve the KB Diversity 2027 strategy according to the diversity roadmap. Of these indicators, we chose seven key indicators, which was followed by the establishment of goals to be accomplished by 2027, and we are now making system improvements through periodic monitoring.

### Diversity status by 7 key indexes

Index	Category	2022	2023
Diversity hiring	Ratio of diversity hiring	12.3%	13.0%

Index	Category	As of 2023 year-end	As of the end of Jan. 2024 <sup>1)</sup>
Gender diversity	Ratio of female executives	8.7%	9.2%
	Ratio of female deputy branch managers	17.8%	18.9%
	Ratio of HQ female team leaders	16.8%	18.4%
	Ratio of HQ female team members	46.6%	47.1%
Capability diversity <sup>2)</sup>	Ratio of female heads of corporate finance team	15.2%	19.1%
	Ratio of female members of corporate finance team	55.9%	56.3%

\* Based on major subsidiaries which account for 91.3% of all employees (KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance)

<sup>1)</sup> Reflecting the results of personnel reshuffling conducted in January 2024 (diversity hiring is as of 2023)

<sup>2)</sup> Based on KB Kookmin Bank

### KB Diversity 2027 targets

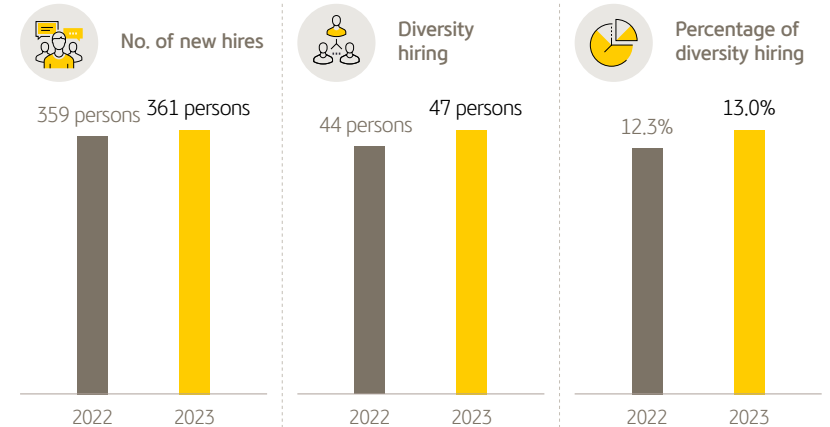
Diversity hiring	Gender diversity				Capability diversity	
	Female executives	Female deputy branch managers	HQ female team leaders	HQ female team members	Female heads of corporate finance team	Female members of corporate finance team
15%	20%	20%	30%	40%	30%	50%

## Activities to Enhance Diversity

### Diversity Hiring

KB Financial Group chooses talents in diverse areas who will lead the financial paradigm shift. In particular, we abide by the blind hiring principle when hiring new employees, thus providing fair and transparent employment opportunities. To hire talents with digital capabilities and expertise, KB Kookmin Bank hires new employees through frequent recruitment by job, including IT, global IB, and job experts. The Bank carries out year-round recruitment of professional job experts to recruit excellent talents with job experience. To secure competitive talents in areas that are future growth engines, including digital technology, data, and IT, KB Kookmin Card defined the capabilities needed for each key job, based on which it assesses and evaluates applicant capabilities.

### KB Financial Group's diversity hiring



\* Based on major subsidiaries which account for 91.3% of all employees (KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance)

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# DEI and Human Resources Management

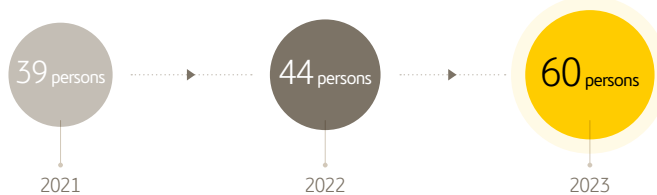
KB Financial Group provides talents in diverse classes with opportunities to fully demonstrate their capabilities. We are increasing employment opportunities for various classes by applying preferential additional points when hiring the disabled and by adopting the special employment system for veterans and specialized high school students. Furthermore, KB Financial Group is increasing hiring of the disabled through the “Bravo, Beaver” project. Bravo, Beaver is an equity investment-type standard workplace for the disabled that is run by “BEAR.BETTER.,” a social enterprise. By making equity investments, KB Financial Group is contributing to the creation of jobs for the disabled. In addition, major subsidiaries of KB Financial Group periodically purchase goods produced by Bravo, Beaver and donate them to welfare facilities.

## “Bravo, Beaver” Project Process Implemented by of KB Kookmin Bank, KB Securities, and KB Capital



To increase recruitment of disabled persons, KB Kookmin Bank collaborates with the “Consulting Center for Korea Employment Agency for Persons with Disabilities” to identify duties for disabled employees and provides tailored training in partnership with the Training Center. In 2023, it hired 31 persons with disability as part-time employees in its efforts for diversity hiring. In particular, KB Kookmin Bank introduced the “ESG Shared Growth” special recruitment in 2021, through which it hires the disabled, people from global families, North Korean defectors, recipients of basic livelihood security, specialized high school students, and veterans.

## KB Kookmin Bank’s ESG Shared Growth special recruitment

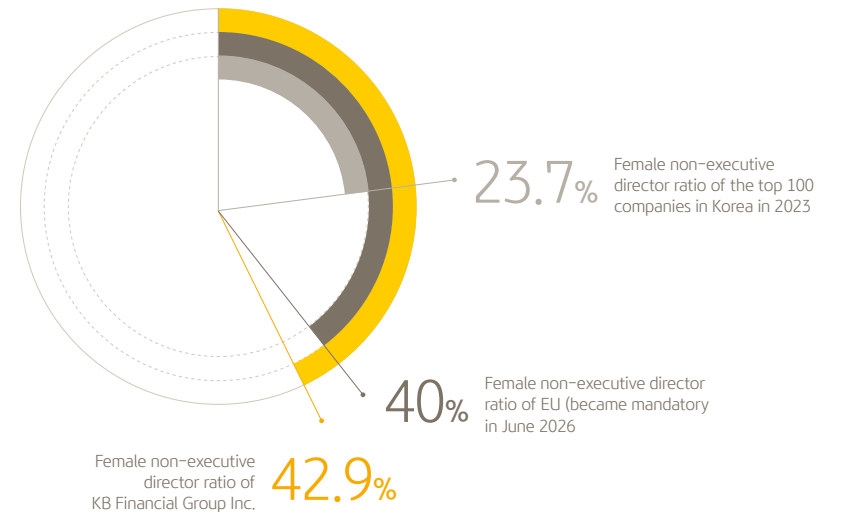


In addition, we mainly hire local personnel for most of the employees at overseas subsidiaries. At KB PRASAC Bank, which is KB Kookmin Bank’s subsidiary in Cambodia, local employees accounted for 99.8% of total employees as of the end of 2023. At the KB Bank in Indonesia, local employees accounted for 99.1% of total employees. Local employees take up around 99.1% of employees working in KB Financial Group’s overall overseas network, including local subsidiaries and branches, reflecting our strict localization strategy. By operating a top management-fostering program and other such programs for local employees in countries where we have a presence, we plan to steadily increase the percentage of local employees among high-level managers and top management.

## Gender and Capability Diversity

KB Financial Group is taking the lead in establishing exemplary governance by securing the BOD’s gender diversity. It became the first financial company in 2020 to appoint two female non-executive directors, which was followed by the appointment of one more female non-executive director in March 2023, and thus became the first financial holding company in Korea to have three female non-executive directors. In March 2024, a female non-executive director was appointed as the BOD chairperson. We plan to continually expand the BOD’s gender diversity so that the perspectives of various stakeholders are reflected in management decision-making.

## Female non-executive director ratio of KB Financial Group Inc.



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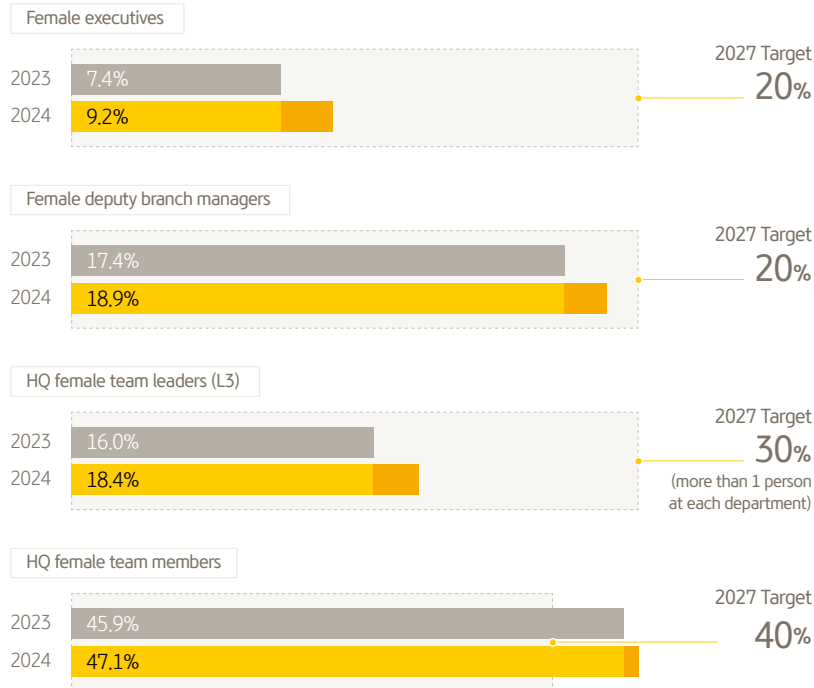
# DEI and Human Resources Management

Each subsidiary of KB Financial Group operates a diversity principle to provide both genders with fair opportunities. We plan to increase the ratio of female employees and managers by 2027 by strengthening female talent capabilities and enhance diversity.

KB Financial Group’s female talent ratio indicated a continuous upward trend from 2021 through 2023. To achieve our 2027 gender diversity target, KB Financial Group maintains target figures (ratio of female executives: 20%, ratio of female deputy branch managers: 20%, ratio of HQ female team leaders: 30%, ratio of HQ female team members: 40%) at the Group level and will make steady improvements and expansion.

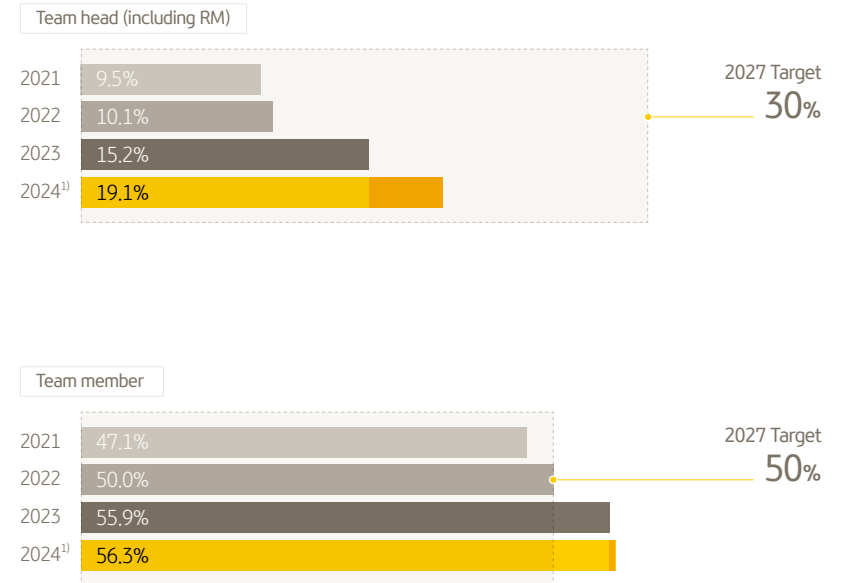
KB Kookmin Bank actively assigns female talents to key departments, thus contributing to diversification of work capabilities. In order to diversify the roles of female employees, it set a goal for the percentage of female employees in charge of corporate finance (at least 30% of RM/corporate finance team head and at least 50% of corporate finance team members are mandatory) to diversify female employees’ duties, which are now concentrated in branch PB and retail customer-related work.

Status and targets for female talent management principles of KB Financial Group (Reflecting the results of personnel reshuffling conducted in January of each year)



\* Based on major subsidiaries which account for 91.3% of all employees (KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance)

Status and targets for female talent in corporate finance at KB Kookmin Bank



<sup>1)</sup> Reflecting the results of personnel reshuffling conducted in January 2024 (diversity hiring is as of 2023)

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# DEI and Human Resources Management

## Institutional Support

### Systems to Support Work-Life Balance

KB Financial Group is establishing systems that enable talents with diverse backgrounds to grow together. By operating diverse systems that strike the right balance between work and family life, we help employees enhance their work engagement in a flexible work environment that is suitable for each individual's circumstances.

#### Systems to support work-life balance

Category	System	Details	
Child birth	Before and after maternity leave	• Support 6 months of paid leave before/after childbirth (legally required 90 days)	
	Spouse maternity leave	• Support a maximum 10 days of paid leave	
	Parental leave	• 1 year of paid parental leave <sup>1)</sup> per child guaranteed for both men and women	
Child care	Conditional rehire system for employees who resigned after childcare leave <sup>2)</sup>	• An employee who used up parental leave is rehired as an experienced employee after three years	
	Reduce work hours	Pregnancy	• Employees who registered their pregnancy can reduce work hours by as much as two hours a day
		Childcare	• Employees who are eligible to take a parental leave can work four or six hours a day
	Family care, etc.	Entry into elementary school	• Parents of children entering elementary school can come to work at 10 am for a month in March
		Family care, etc.	• Work four hours a day to care for family, recover health, prepare for retirement, etc.
	Family care, etc.	Flexible work arrangements	• Work-from-home, time difference commuting system, selective working hours system, etc.
		Support childcare expenses and provide subsidy	• Support educational expenses for preschool children to attend kindergarten, educational institute, etc. and school expenses for children • Provide a subsidy to pay for living expenses to employees with a disabled child
		Operation of workplace childcare centers and breastfeeding rooms	• KB Kookmin Bank, KB Insurance, KB Kookmin Card, and others operate workplace childcare centers • Operate breastfeeding rooms
	Family care, etc.	Family care leave	• Support as long as 1 year for such reasons as a family member's illness, accident, old age, etc.
		Family care break	• Provide a maximum 10-day paid leave for such reasons as a family member's illness, child-raising, etc.
Leave and break for fertility treatment		• Paid leave of up to 1 year for treatment, including artificial insemination/IVF treatment (annual leave of 3 to 5 days provide)	

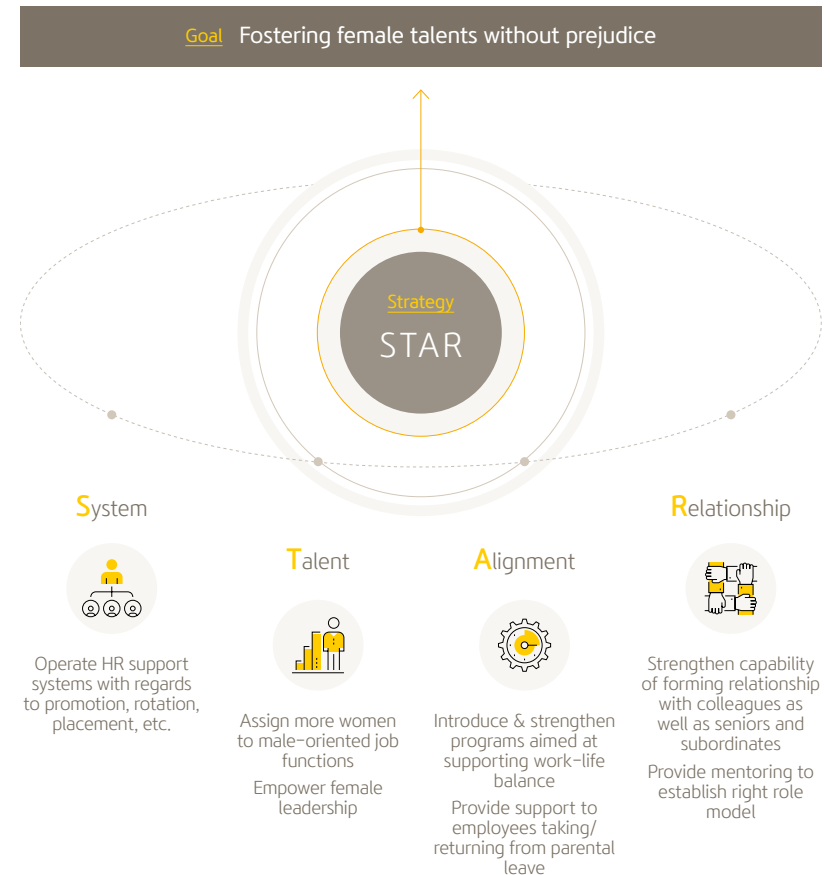
<sup>1)</sup> For employees with children under the age of 9 or in the third grade of elementary school or below. Women can take up to 2 years of childcare leave (including 6 months of maternity leave), and men can take up to 1 year and 6 months of childcare leave.

<sup>2)</sup> Became the first in the industry to adopt the conditional rehire system for employees who resigned after childcare leave in December 2023. The same job function and salary class as before retirement are applied when rehired.

### Capability-Building Program for Female Talent

KB Financial Group set in place the Womans Empowerment (WE) STAR system to cultivate female talents and leaders. With the goal of "fostering talents without prejudice," WE STAR is built on four areas of System, Talent, Alignment, and Relationship.

#### WE STAR System



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# DEI and Human Resources Management

In line with the WE STAR system, KB Financial Group runs customized programs by job function to strengthen the capabilities of female talents by subsidiary. Through the KB Women of Excellence (WE) program, KB Kookmin Bank presents female leadership role models and strengthens female talents' capabilities through group coaching and individual tasks. It created the Beyond WE Workshop to share outstanding cases of female leaders and provide networking opportunities among female leaders for employees who want to take part in the workshop from among employees who completed the KB WE program. In 2023, a total of 51 employees completed training, with 26 KB WE program participants and 25 Beyond WE Workshop participants. A cumulative total of 188 female leaders completed the KB WE program.

In addition, KB Financial Group operates the WE STAR Mentoring Program across the Group so that female talents can establish right role models and build stronger relationships while working. This program matches executives and newly appointed deputy branch managers as mentors and mentees for sharing required leadership capability and know-how. In 2023, 54 male/female executives of the Group served as mentors for 52 newly appointed female deputy branch managers and carried out a training program aimed at establishing right female leader role models and strengthening relationship capabilities.

In September 2019, KB Financial Group joined the Women's Empowerment Principles (WEPs), which is a joint initiative of the UNGC and UN Women that calls for gender equality and strengthened competitiveness of women. By supporting WEPs, we are contributing to the full establishment of a gender equality culture in the Group and strengthening of the capabilities of female talent. As a result of such continued efforts to disseminate the culture of gender equality, KB Financial Group was included in the Gender-Equality Index (GEI), announced by Bloomberg, a global financial information organization, for five consecutive years. KB Life Insurance supports various Women in Innovation (WIN) programs, including the next-generation female leader conference, Saturday Matinee, and one-on-one female executive mentoring for systematic fostering of female leaders. In 2023, it was chosen as one of the Top 10 outstanding gender equality and diversity companies at the WIN Award.

Women empowerment programs by subsidiary

	Junior (Staff – Assistant manager)	Manager – Team leader	Leader (Department head –)
KB Kookmin Bank	Give preference to women when selecting corporate loan review specialist (formerly preliminary credit analyst)		KB Women of Excellence, leadership course for women Beyond WE Workshop
KB Securities	Mentoring program for entry-level female staff	Course for prospective female leaders	Leadership course for female deputy branch managers
	Course for highly competent junior female employees	Value-up course for female team leaders	
KB Insurance	KB Dream Campus	KB Womans Empowerment (WE) Campus	Coaching course for newly appointed department heads
KB Kookmin Card	KB Leadership Course (KLC) WE:She female leadership course		Leadership course for newly appointed deputy branch managers Female executive one-on-one coaching course
KB Life Insurance		Women in INnovation (WIN) next-generation leader conference	Women in INnovation (WIN) Saturday Matinee

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**INVESTOR-FOCUSED**

- Enterprise Risk Management
- Climate Change Strategy
- Win-Win Financing
- Protection of Financial Consumers
- Digital Innovation and Technology
- Information Security
- DEI and Human Resources Management**
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# DEI and Human Resources Management

## Disseminating a Culture of DEI

KB Financial Group shares the values of DEI within the organization through diverse communication channels. In addition, we regularly examine and improve our corporate culture to make KB more horizontal organization.

## Diagnosis of the Group's Organizational Culture

KB Financial Group's Group Culture & HRD Center conducts an organizational culture diagnosis, targeting all employees, every year. Diagnosis items consist of key indicators and related indicators. The level of awareness on the value of diversity within the Group is diagnosed to analyze the correlation between indicators, through which improvement measures are derived.

KB Kookmin Card shared awareness on diversity/inclusion/openness through an organizational culture diagnosis, and is carrying out a wide array of organizational culture improvement activities to promote awareness. In particular, it established the Talk Frankly Committee in June 2023 and is collecting employee opinions on improving the organizational culture. It held the Committee three times by the end of 2023, and the opinions derived at each meeting were reflected in promotional programs, bringing about positive changes among employees.

## Expanding Horizontal Communication

KB Financial Group is establishing a horizontal corporate culture by facilitating communication among employees. We hold townhall meetings between the CEO and employees for free communication, while opening anonymous chatting rooms and providing simultaneous interpretation services for overseas employees, thus strengthening communication within the Group.

KB Data Systems is operating a corporate blog and YouTube and in-house communication channel "DaITSo" to diversify internal and external communication channels. In addition, it holds book clubs, book support programs, and cultural events to which authors are invited to promote an in-house book-reading culture, resulting in its acquisition of 2023 Outstanding Workplace of Reading Management certification.

## Communication channels with the CEO and top management by subsidiary

Subsidiary	Program	Details
KB Kookmin Bank	KB Communication Day	Share communication materials every Wednesday to strengthen direct communication between the management and employees
	KB Communication Center	Employee communication channel that allows employees to make suggestions
	Townhall Meeting by Business Group	Meeting between the management and employees to strengthen communication within headquarter departments
KB Securities	The CEO is Coming	The CEO makes visits to encourage employees and listen to their suggestions
	Sotonghassi-o (Communicating with the CEO)	Regular issuance of infographics content to improve the corporate culture
	Yong Kkaebi Salon	Arena of free communication among millennial and Gen Z (junior) employees
	Idea Board, Reverse Mentoring	Junior employees' suggestion of ideas and monitoring of change management for corporate culture improvements
	Our Connection Day	Program that facilitates in-house exchange with employees in other sectors
KB Insurance	CEO Message "The Way We Walk Together"	Issue an essay that reflects the CEO's thoughts and determination on various subjects
	CEO On-site Meeting	The CEO makes onsite visits to listen to employees' suggestions and to communicate with them
	Let's Meet	Facilitate communication among employees working in a region
KB Kookmin Card	Know X How (Know-how)	A bi-directional communication program for a mutual respect culture policy
	Coffee with Leaders	Communication channel between top management and employees
KB Asset Management	Creating a Better KBAM Committee	Collect employee suggestions and make improvements
	Communication Month	Hold a meeting by job function and CEO Townhall Meeting
KB Savings Bank	Year-End Workshop "Cheer-up & New Start"	The CEO and employees share future direction and KB Savings Bank's Code of Conduct is declared



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# DEI and Human Resources Management

## In-house PR Activities

KB Financial Group operates in-house channels to form a consensus among employees on diversity and to internalize the value of diversity.

### PR channels related to employee diversity

	Group webzine	Series of contents and in-depth article covering topic on diversity
	Newsletter	Spread the value of diversity through card news, etc.
	In-house broadcast	Produce a new program starring employees who represent diversity
	Group portal	Operate bulletin board on topic of diversity

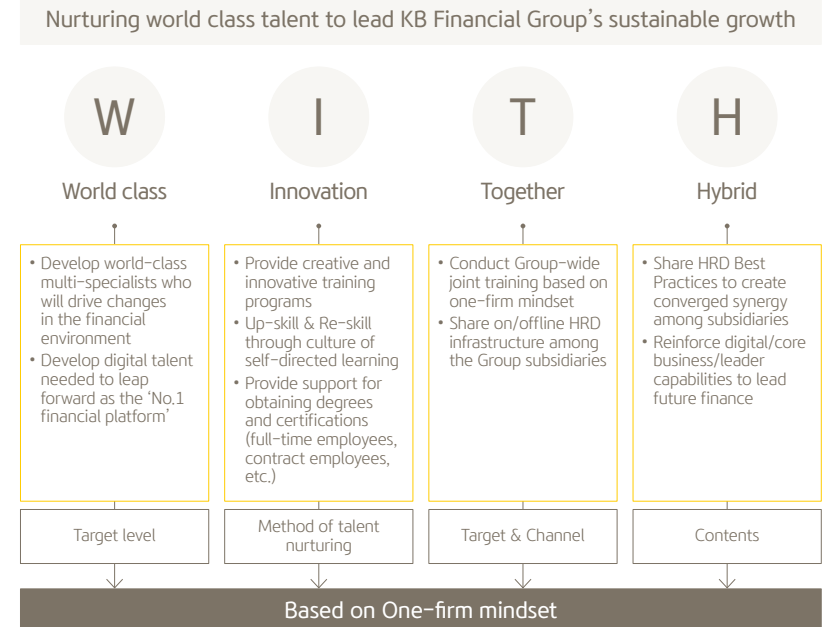
## Employee Competency-Building

A sustainable company recognizes employees as key drivers of growth and helps employees grow together with the company. KB Financial Group helps each individual employee’s full demonstration of his or her capabilities through a variety of talent-fostering programs and a horizontal organizational culture. Moreover, we provide a pleasant, safe working environment as a way to maximize work efficiency and productivity.

### HRD Strategy W.I.T.H

To nurture world-class talents who will drive sustainable growth, KB Financial Group is implementing “W.I.T.H,” a human resources development (HRD) strategy, by reflecting the changing environment and the organization’s tasks. Through the W.I.T.H program, KB Financial Group seeks to contribute to individual growth and corporate value creation by strengthening the competencies of human resources.

### W.I.T.H – KB Financial Group’s HRD strategy (diversity hiring is as of 2022)



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# DEI and Human Resources Management

## Customized Training by Position

KB Financial Group implements customized training by position in order to help our employees, from newly hired staff to the Group CEO, build capabilities relevant to their positions. KB Kookmin Bank is establishing the “Value-up Training Chain” to internalize organizational mission, vision, and core values by position and by term as well as the KB Spirit among all employees. Value-up training was provided to 2,196 employees, including new deputy branch managers, in 2023 to strengthen their organizational management and leadership capabilities and support effective branch operations, through which employee productivity was improved, leading to an increase in operating profit from KRW 4,328.9 billion the previous year to KRW 4,428.5 billion. In addition, the Jump-up Course was provided to 727 Heads of Regional Head Office, General Managers, and department heads at headquarters in 2023 with the goal of setting the right leadership direction and strengthening field communication.

### KB Kookmin Bank’s value-up training chain

Target	No. of trainees (persons)	Content
Newly appointed deputy branch heads	150	Provide support to help employees understand their new roles as a leader and adapt to the roles at an early stage
Preliminary branch managers	826	Develop organizational management and leadership capabilities that are needed to perform roles as branch managers
Promotion candidates		Develop organizational management and leadership skills needed to perform second-highest-level positions
Integrated new appointment	725	Integration of the new appointment course and preliminary promotion course, which were previously mandatory courses per position
Employees who did not complete training	495	Remind course for employees who did not complete leadership training for more than a certain period
Total	2,196	

KB Financial Group provides the “onboarding program,” an integrated work and emotional support program, so that new employees can adapt to the organization at an early stage. In 2023, a joint training was provided to 178 newly hired employees and 88 employees who were assigned to another Group subsidiary through our talents exchange program. KB Kookmin Bank operates a common course aimed at strengthening capabilities as people working in the financial industry, marketer-nurturing course, and Universal Banker (UB) course as training courses for new employees, and also offers the New Z Program designed for continuous self-development as well as development of various capabilities.

KB Financial Group provides leadership training programs for management that are specialized for different target groups, thereby enhancing employees’ management and leadership skills.

### KB Financial Group’s leadership training programs for management

Program name	Target	Training content
FGC (Future Group CEO Course)	Group CEO candidates	Provide expert advice per area to strengthening leadership and CEO skills
EMC (Existing Management Course)	Incumbent executives	Operate top management course in association with universities to establish an external personnel network and strengthen management skills
NMC (New Management Course)	New executives	Dialogue with the Group CEO, special lectures given by outside experts on leadership/digital technology, etc.
FMC (Future Management Course)	Prospective executives	Special lectures on MBA and business insight, leadership skill diagnosis, etc.

## Job-Specific Training

KB Financial Group helps its employees develop job expertise by providing trainings customized to each job type.

### Business Talent Development

KB Financial Group is providing Group-wide joint training to strengthen job expertise in core businesses, including IB, capital market, and risk. We also carried out a “program to foster specialist candidates for accounting at KB Financial Group Inc.” to strengthen practical accounting skills needed in the financial industry. The program was participated in by 100 persons in 2023. The program is run in a way that it delivers actual effects, such as a test after the end of the program.

KB Securities provides various programs to strengthen PB capabilities as well as competencies for each of the key businesses. It offers such training programs as the Online Asset Management Academy, New PB Nurturing and Pre-PB Program, WM Monthly Program, and WM Knowledge Seminar to PBs and conducts a monthly test to measure training performance.

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# DEI and Human Resources Management

## Global Talent Development

KB Financial Group is committed to fostering global talent by conducting job evaluations for local employees and reflecting the results in the annual performance evaluations.

KB Kookmin Bank provides the KB Global Employee-Nurturing Training to expand the global network and strengthen global capabilities. It offers seven training programs, including a culture-understanding and language skill-improving program, business management and localization capability-building program, and practical work-centered job training program. A total of 221 persons completed the programs in 2023.

KB Daehan Specialized Bank (KDSB), Kookmin Card's subsidiary in Cambodia, runs a degree and certificate support program for all employees to foster local talents and develop their capabilities. Locally hired employees are provided with fund support to pay college tuition and earn professional certificates that are related to compliance/anti-money laundering/risk.

## Digital Talent Development

KB Financial Group is executing digital transformation through concentrated fostering of internal talent from the "fostering (Reskill & Upskill)" perspective. We implement a digital competency diagnosis program that is based on KB Techmap, targeting all subsidiaries, to internally nurture IT experts. In addition, we run various customized programs to strengthen digital capabilities, such as the KB Digital Literacy Program, KB Data Analysis Academy, and Soongsil University Digital Finance Innovation Course.

As a result of focusing on fostering internal digital talent, the number of employees who participated in digital training programs rose from 4,399 in 2022 to 12,536 in 2023. In addition, operating income rose by around KRW 99.6 billion over 2022 by improving employee productivity and reducing costs through digital capability-building.

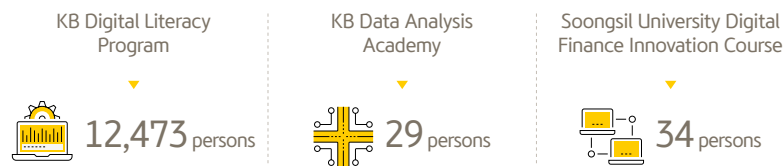
KB Kookmin Bank runs the KB ACE Academy to foster experts for digital job transition in line with the AI era. The training course consists of nine areas in three fields - strengthening of job competitiveness, ICT innovation, and key growth businesses - and supports learning by step according to the difficulty. A total of 26,679 persons participated in the training in nine areas by 2023, and the employees who completed the training are separately managed as prospective human resources. It also runs digital talent-fostering programs, including the DIGI Campus program which is aimed at developing internal employees into developers, the "Junior Project Operator (PO) Fostering Course and Master PO Fostering Course aimed at raising agile methodology understanding, and Boot Camp offered to new employees of business platforms to foster agile developers.

## Self-directed Competency Building

KB Financial Group operates a degree and certificate assistance program for employees, including full-time and temporary employees, to support employees' self-directed competency development. We provide scholarship for employees getting into regular universities or graduate schools, and we also support the costs of acquiring certificates.

KB Kookmin Bank supports its employees to develop their job expertise through certification programs such as a certified fund investment advisor, certified derivatives investment advisor, certified foreign exchange specialist (Type I & II), and certified credit analyst. The Bank also provides support courses for obtaining the ADsP (associate data scientist) and SQLD (SQL developer) certifications. After the programs come to an end, it identifies how many of the employees obtained a certificate to examine training effectiveness. In 2023, a total of 382 employees obtained the ADsP and SQLD certificates.

Completion status of digital competency enhancement programs of KB Financial Group in 2023



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# DEI and Human Resources Management

Furthermore, it is operating the HRD Cloud, a micro-learning platform, through which we provide job training video content in a PC and mobile environment. In 2023, the Bank produced 3,281 new contents, and a daily average of 1,700 people accessed the platform and enjoyed self-directed learning. In addition, it provided subscription to Fast Campus and Udemy websites that offer programming and data science-related job training to general employees and ICT employees. In 2023, KB Kookmin Bank provided a six-month Fast Campus subscription to 293 employees and an annual Udemy subscription to 80 employees.

To enhance employee participation in self-directed learning and employees' spirit of taking on challenges for self-development, KB Savings Bank reflects employee preferences and provides financial support for certificate learning and acquisition in the Group's key competency areas. In 2023, it expanded the scope of support to include accounting and data analysis-related certificates (CFA, SQLD, ADsP, etc.) in addition to credit analysis and financial investment analysis-related certificates.

## Collaborative Training with External Institutions

KB Financial Group collaborates with external institutions to provide diverse training opportunities to its employees. Through the KB Seoul National University Finance Academy, we are supporting the fostering of middle management level experts, and a total 35 persons completed the course in 2023. In addition, we offer the KB Aalto University EMBA Course to foster key next-generation talent by training them on the latest management trends and professional financial knowledge. A total of 27 persons completed the course in 2023. We are also fostering talents in the field of business management and AI in connection with MBA programs at major universities, including the KAIST "Digital Finance MBA," Korea University "Finance MBA," Yonsei University "Finance MBA," and Sungkyunkwan University "SKK AI MBA," in addition to collaborating with external institutions to support the acquisition of professional knowledge, such as IB, capital market, and digital/IT, and establishment of a diverse personnel network.

## Fair Evaluation and Compensation

KB Financial Group has a fair, objective evaluation system in place to ensure that employees' performance is properly assessed and compensated. Employees' individual evaluation consists of four assessments - individual assessment, bottom up leadership assessment, peer review, and agile performance management. We carry out nurturing-type evaluation to improve employees' performance/capability/collaboration skills. In addition, we operate "rating-type relative assessment," "discussion-type assessment," and "assessment result confirmation system."

### Assessment system

Individual Assessment		
Performance Assessment	Capacity Assessment	
<ul style="list-style-type: none"> <li>Evaluate the level of achievement compared to the target that is based on management by objective (MBO)</li> <li>Set a team-level performance goal per employee and reflect results in the individual assessment according to the goal achievement level</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate the level of key capabilities of the individual to perform position-relevant tasks, including teamwork, innovation and expertise, and customer management skills</li> </ul>	
Bottom-up Leadership Assessment	Peer Review	Agile Performance Management
<ul style="list-style-type: none"> <li>Multifaceted evaluation aimed at improving the capacity and leadership of managers</li> </ul>	<ul style="list-style-type: none"> <li>Multifaceted evaluation to assess and enhance teamwork and communication skills</li> </ul>	<ul style="list-style-type: none"> <li>Operate an interview/coaching process between the appraiser and the appraisee to fully establish the nurturing-type assessment system</li> <li>Evaluation that reflects regular coaching and feedback (agile conversations) in work execution activity details</li> </ul>

Individual assessment is divided into performance evaluation, which assesses the level of achievement against the target through management by objective (MBO), and capacity evaluation, which assesses the level of key vocational capabilities of the individual. The performance evaluation and capacity evaluation are conducted twice a year in the first and second halves of the year. Performance assessment evaluates the level of achievement compared to the team-level performance target (PG cooperation level, internal control contribution level, etc.), while the capacity assessment evaluates the level of key capabilities, such as customer management skills, teamwork (company-wide mindset, customer-oriented, direct/operate the organization), innovation, and expertise. The bottom-up leadership assessment is carried out as a multifaceted assessment to facilitate managers' capability level and sound leadership improvements, and assessment details are used as materials to make leadership improvements. Peer review is a multifaceted assessment conducted between peers as a tool to assess teamwork and communication skills. The evaluated employee can review multifaceted assessment results through a confirmation system, such as checking descriptive evaluation content and one's own status compared to the average on ethical mindset items.

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# DEI and Human Resources Management

## Individual assessment process



To fully establish a fair and right evaluation culture, KB Financial Group provides appraiser training through an outside expert training company in line with the timing of assessments in the first/second half of every year. Training is provided in a practical exercise-centered group coaching method on matters that an appraiser must pay attention to in each assessment process, resulting in fairness and objectivity of assessments. We continue to improve appraiser capabilities through repetitive and focused training that is in line with the timing of assessments every year. In addition, we established performance compensation standards per subsidiary so that employees' performance appropriately leads to compensation, thereby operating a fair performance compensation system.

### Process for fair assessment of KB Kookmin Bank

Category	Main details
Rating-type relative assessment	<ul style="list-style-type: none"> <li>Operate a flexible relative assessment in which at least 90% of the assessed can receive a middle rating (good) or higher rating<sup>1)</sup></li> </ul>
Discussion-type assessment	<ul style="list-style-type: none"> <li>Operate the Branch and Department Assessment Council: When a team member is assessed, branch and department managers operate a council with the team head (level)</li> <li>Operate the regional headquarters and HQ personnel evaluation committees: Carry out a final adjustment assessment on a comprehensive rating that was reached through a branch- and department-level assessment</li> </ul>
Self-check of assessment result	<ul style="list-style-type: none"> <li>Provide a comprehensive rating that was finalized through the regional headquarters and HQ personnel evaluation committees (limited to employees who want to participate)</li> <li>Right to request for an explanation on assessment result: An employee may request for an explanation on the grounds of the assessment result. The branch and department manager explains the reason for the rating, such as the Personnel Evaluation Committee's discussion process</li> </ul>

<sup>1)</sup> Excellent: 10% level, Outstanding: 25% level, Good: 55% level, Effort required + improvement required: 10% level

## Improving Organizational Culture

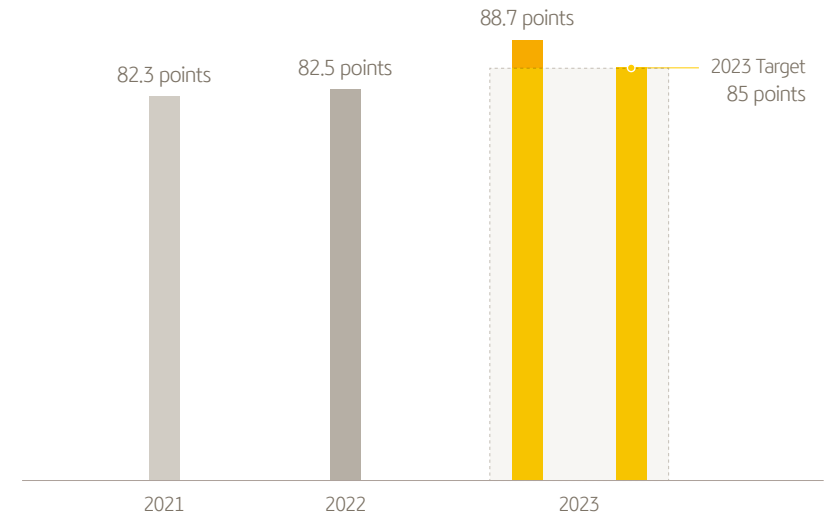
### Improving Working Environment

KB Financial Group is improving its working environment systematically and practically so that employees can better engage in their business activities, and is using diverse methods to create a horizontal, creative organizational culture.

### Evaluating Employee Engagement

KB Financial Group evaluates employee engagement every year based on factors we deem to have a high correlation with employee engagement, such as job satisfaction level, sense of purpose towards work, and sense of happiness and stress from work life. We assess employee engagement on a scale of seven points regarding the following five evaluation elements - work-life balance, learning and innovation (capacity building), employee welfare, teamwork, and work engagement. In 2023, 100% of employees participated in the employee engagement evaluation, where the evaluation results for each element are converted into a 100-point scale. The evaluation score was 88.7 points, indicating a high level of satisfaction in organizational culture, grievance handling and mitigation, and learning and innovation. In contrast, a relatively low satisfaction level was indicated for employee engagement and balance between personal and work life.

### Employee engagement evaluation results of KB Financial Group



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# DEI and Human Resources Management

## Various Types of Working Schemes

KB Financial Group has a flexible working system in place to support employees' efficient work according to individual circumstances. We operate various programs to comply with statutory working hours and guarantee rest time. We implement the PC-OFF system, in which PCs turn off after 6pm, to comply with the 52-hour workweek system. To encourage employees to go on vacation and take a break, we have the half-day (4 hours) leave and half-half day (2 hours) leave at the Group level.

### KB Financial Group's flexible working system

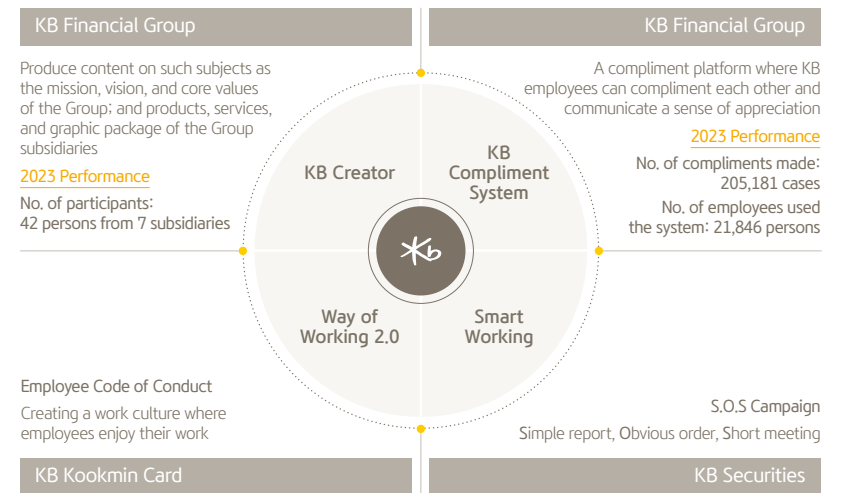
System	Details
Staggered working hours	Employees who need to adjust their start and finish times due to the nature of the work or childcare can choose when they work within the fixed working hours throughout the day
Flexible working hours	Flexible work schedules for departments with regular work-intensive periods
Substitute holidays	If an employee worked on a specific holiday, the employee can take a day off from a regular working day to substitute the holiday
Selective working hours	Employees can determine their own working hours within the scope of total working hours for a month
Work from home	Performing part or all of the working hours at home or other designated locations
Part-time work	Response to temporary workload increases by hiring part-time workers

## Establishment of an Efficient Work Environment

KB Financial Group is expanding the application of robotic process automation (RPA, office automation software) to establish an environment where employees can concentrate on key work by freeing themselves of simple, repetitive work. KB Kookmin Bank is working on applying RPA to various business areas, such as holding contests and spreading best practices on ways of using automated work. In addition, it is working on RPA advancement to raise convenience in using RPA based on employee feedback. Furthermore, it provides training programs to spread Personal Bot, which allows employees to identify work that should be automated during the work process and carry out development.

In addition, to provide an autonomous and creative work environment to employees, KB Financial Group operates Digital Office Centers in the metropolitan area and digital offices in regional groups across the nation. The digital office has the same office environment as a regular office and is equipped with a video conference room and a rest area. It can be used flexibly according to diverse situations, including remote working, half-day leave, business trip, and working outside the workplace.

## Organizational culture where employees enjoy their work





MATERIAL TOPICS

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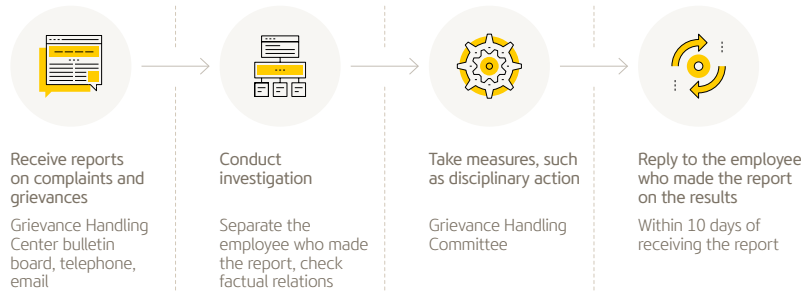
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# DEI and Human Resources Management

## Employee Grievance Handling Grievance Handling System

KB Financial Group operates the Grievance Handling Center to boost employees' morale and improve their work satisfaction levels. Employees report their complaints and grievances related to human rights, etc. through various channels, including the Grievance Handling Center bulletin board, telephone, and e-mail. To check factual relations of a received grievance report, we hold discussions with the relevant department and a counseling session with the individual and then make a reply on the results within 10 days. We guarantee strict confidentiality of the reported matter and implement victim protection measures, such as preventing any personnel management-related disadvantages. The Grievance Handling Center will, if necessary, deploy a practical employee protection system, such as making personnel changes, through consultation with the relevant department.

### Grievance handling process



KB Financial Group takes active measures to protect customer service employees. A special complaint team is formed as a separate organization to take exclusive charge of systematic, field-centered response and support starting from the early stage. We established protective measure standards for customer service employees to put into place a customer service employee protection process. In the event of a grievance of a customer service employee, we provide support for counseling and treatment in connection with an outside psychological counseling company. Please refer to p.198 of this report for information on the number of grievance reports received and handled in relation to employee human rights.

KB Kookmin Card operates grievance handling channels for overseas employees. KB Daehan Specialized Bank (KDSB) in Cambodia created C-Wise Whistle, a grievance handling channel for local employees. KB FMF, which is a subsidiary in Indonesia, operates the I-Wise Whistle to handle employee grievances together with the labor-management council. KB J Capital in Thailand also resolves employee grievances through an internal whistleblowing system (T-Wise Whistle).

## Prevention of Sexual Harassment, Workplace Harassment, and Discrimination

KB Financial Group enacted the “Declaration on Preventing Sexual Harassment in the Workplace, Workplace Harassment, and Discrimination” to protect employees from workplace bullying and discrimination and to build a sound work environment, while also operating various report channels. Moreover, internal standards have been established and implemented so that reports are received through a grievance counselor in the event of discrimination or harassment and appropriate corrective measures can be taken. In addition, to prevent discrimination and harassment in advance, training on prevention of workplace harassment and compulsory training on sexual harassment prevention are provided at least once a year for all employees.

KB Kookmin Card provides online training on preventing sexual harassment, improving perception towards the disabled, and preventing workplace harassment once a year to all employees (including dispatched employees), and holds a self-assessment (assessment on the level of understanding) after training. In addition, it provides collective training on prevention of sexual harassment at the workplace and harassment to internal compliance officers at each department and branch, and also distributed the “workplace harassment prevention/response manual” to all departments and branches, thereby strengthening employees’ sense of respect for human rights.



## Healthy Labor-Management Relations

### Labor-Management Communication Channels

KB Financial Group has been building a rational and sound labor-management relationship through continuous communication between the company and its employees. Before implementing a major operational change that can impact employees, such as an M&A, organizational restructuring, and restructuring, a prior notice is sent to employees at least 9–25 weeks in advance to provide time for active communication by both labor and management.

Major subsidiaries, including KB Kookmin Bank, KB Securities, KB Insurance, and KB Kookmin Card, operate a labor union or labor-management council, and their labor and management actively communicate using diverse channels, including the Hanmaeum Council and labor-management meetings. For smooth communication between labor and management, KB Kookmin Bank frequently holds meetings between the CEO and chairperson and arenas of communication between working-level employees. In addition, it has built cooperative labor-management relations through diverse labor-management collaboration programs. In 2023, labor and management jointly carried out Jeju Olle Trail volunteering activities four times a year, and plan to hold a joint labor-management temple stay program twice a year starting in 2024.



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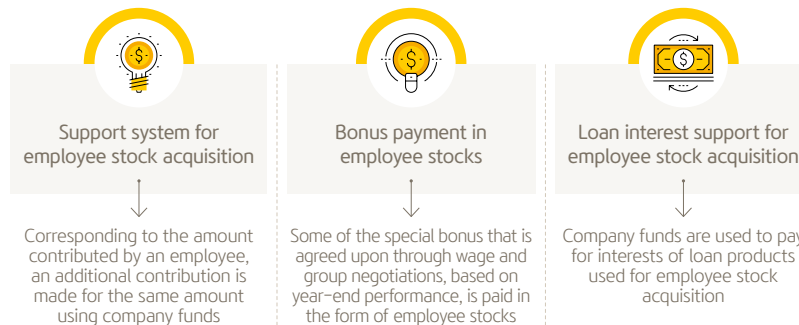
KB Kookmin Card has been running a “Drawing Harmony Together with Labor and Management” program since 2018, building a constructive labor-management relation. It is facilitating steady labor-management communication through the quarterly labor-management council and frequent meetings. As a result, it received the Presidential Award at various government awards ceremonies on labor-management relations that were organized by the Ministry of Employment and Labor for five years from 2019 to 2023 and receiving other internal and external recognitions for exemplary labor-management relations.

In addition, KB Life Insurance shares and communicates, in a timely manner, the status of negotiations through the Negotiation Alert channel. It plans to irregularly inform employees of basic common sense related to labor and management, and build healthy labor-management relations.

## Employee Stock Ownership Plan (ESOP)

Through the Employee Stock Ownership Plan (ESOP), KB Financial Group supports its employees to form property and have a stronger sense of ownership and enhances labor-management cooperation. All workers, including full-time/temporary workers, directly employed by the subsidiaries, except for registered executives, can join the ESOP. Employees can purchase employee stocks with their own funds through monthly payroll deductions and can receive income deduction benefits of up to KRW 4 million per year. In addition, corresponding to the amount contributed by an employee, major subsidiaries make an additional contribution using their own funds.

### ESOP system



## Employee Lifecycle Management

### Refresh Support for Long-term Workers

KB Financial Group operates a self-development leave program for long-term employees so that they can enjoy a healthy work life by striking balance between work and personal life. The self-development leave is for employees who worked continuously for ten years or longer. We provide a paid leave of as long as two years for purely self-development purposes, such as earning a master's degree, and a paid leave of six months to a year for the purpose of recharging oneself both mentally and physically.

### Lifetime Planning for Employees

KB Financial Group established and operates a retiree supporting system so that employees can plan their post-retirement future.

### Lifetime planning for employees by subsidiary

Subsidiary	Details
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Providing reemployment support services for career review and career planning for those nearing retirement and voluntary retirees (Life Design II, Career Change School II)</li> <li>• Providing support for improving work concentration and future planning for employees aged 50 and above</li> <li>• Operating the Life Planning Training program for those subject to the wage peak system</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Providing vocational ability development training for employees aged 45 or more</li> <li>• Providing re-employment support services to retired employees, including life and career planning education<sup>1)</sup></li> <li>• Supporting retiree clubs</li> </ul>
KB Data Systems	<ul style="list-style-type: none"> <li>• Providing a financial management education program to employees aged 52 or more who want to take the program, which includes a career examination and future planning</li> </ul>

<sup>1)</sup> Legally mandatory training participated by 50% of all employees expected to retire in 2023

MATERIAL TOPICS

INVESTOR-FOCUSED

- Enterprise Risk Management
- Climate Change Strategy
- Win-Win Financing
- Protection of Financial Consumers
- Digital Innovation and Technology

- Information Security
- DEI and Human Resources Management

→ Ethics and Compliance

- Sustainable Finance

# Ethics and Compliance

KB Financial Group has adopted ethical and compliance management as the fundamental principles of responsible management, based on which we aim to comply with legal obligations and fulfill our ethical and social responsibilities to grow together with various stakeholders. To this end, we established an ethical and compliance management system as well as criteria for appropriate value judgment and principles of action that all employees should observe, and recommend voluntary implementation by employees. We will further solidify our relationship of trust with stakeholders by practicing ethical management that strictly complies with the basics and principles and by complying with fair trade practices.

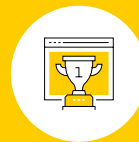


## KEY PERFORMANCE



### RBA

Strengthened the risk-based approach (RBA) for the monitoring system to improve the money laundering risk evaluation model (KB Kookmin Bank)



### Outstanding

Earned an "outstanding" grade in an anti-money laundering system execution evaluation conducted by Korea Financial Intelligence Unit (KoFIU) (KB Kookmin Bank)



### ISO 37301

Received the ISO 37301 certification, an international standard for compliance management systems (KB Kookmin Card)

MATERIAL TOPICS

INVESTOR-FOCUSED

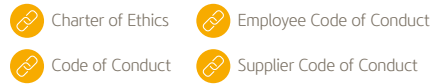
- Enterprise Risk Management
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# Ethics and Compliance

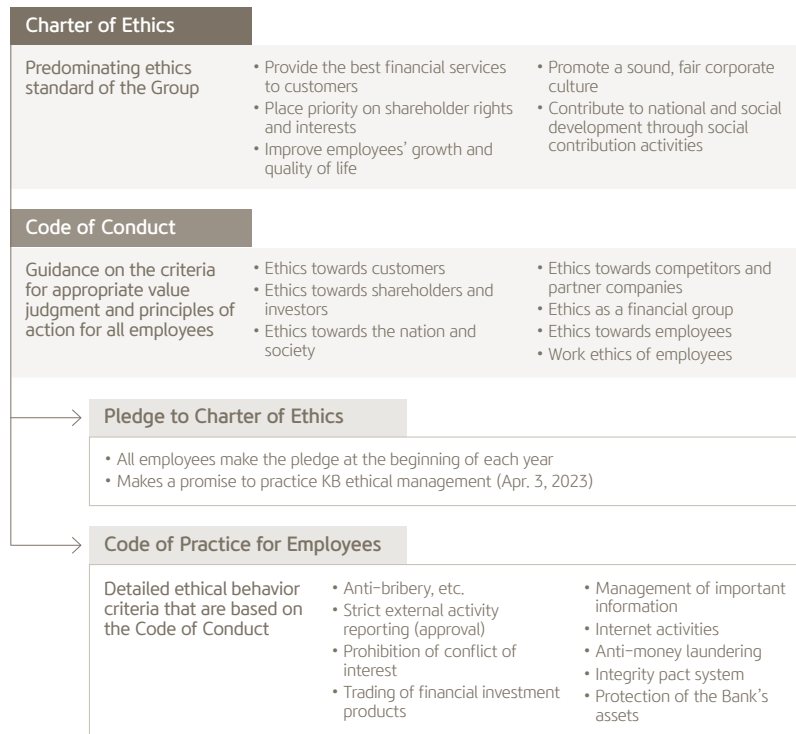
## Ethical Management and Compliance System

### Ethical Management Framework

KB Financial Group established in 2010 and operates the KB Financial Group Charter of Ethics, the predominating ethics standard, at the Group level so that all employees can adopt ethical value as the top-priority standard and actively practice it. We also established the Code of Conduct, Code of Practice for Employees, and the Supplier Code of Conduct and recommend employees and suppliers to practice actual ethics standards.



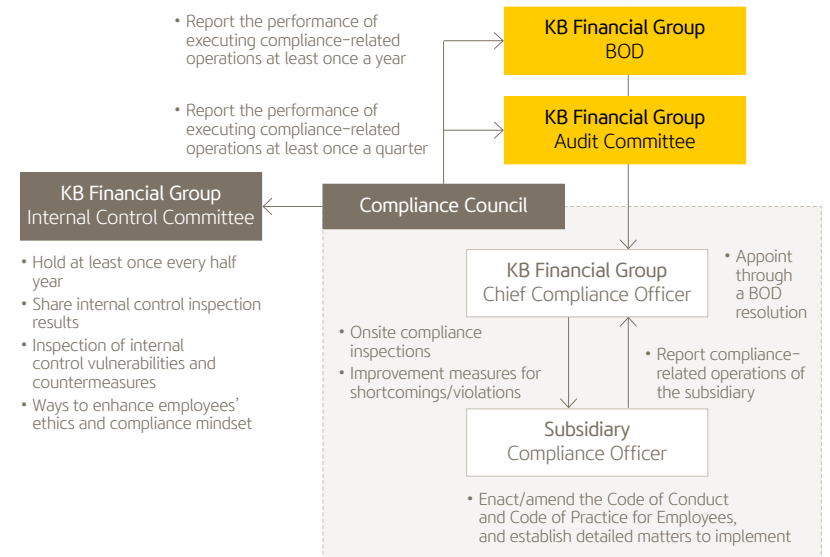
### KB Financial Group's ethics standard system and key contents



### Internal Control System

KB Financial Group has in place the Group-level internal control system with the Group Chief Compliance Officer at the center for the purpose of stabilizing a sound internal control culture. The Chief Compliance Officer is appointed via board resolution and in charge of the Group's internal control-related operations. Compliance Officers of the subsidiaries have the responsibility and duty to report the status of compliance-related operations of their respective company and internal trading across the Group to the Chief Compliance Officer. The Chief Compliance Officer conducts on-site compliance inspections on subsidiaries and carries out improvement measures for shortcomings/violations. In addition, we regularly operate the Compliance Council, which consists of the Chief Compliance Officer and subsidiaries' Compliance Officers, for efficient internal control.

### KB Financial Group's internal control organizational system



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# Ethics and Compliance

KB Financial Group established/operates the Compliance Support System to prevent violations such as unsound business activities and enable effective monitoring. The Compliance Support System creates materials that fall under specific requirements from among the same-day or previous-day transactions as daily inspection materials and provides them to the internal compliance employee at each department and branch, and is implemented in a way that allows internal inspection of internal control vulnerabilities through inspection item and incomplete work checklists, etc. Through the “checklist based on internal control operation standards, including overseas subsidiaries,” we examine management work compliance matters. In addition, we examine the state of branch compliance, conduct on-site monitoring, perform daily inspections of internal audits, and examine cases of restrictions placed by the Financial Supervisory Service, thereby preventing financial incidents.

In addition, we implement an “ordered leave system” for employees in charge of high-risk work, and perform a special inspection on employees subject to an ordered leave. The Group’s internal control activity results are regularly reported to the Internal Control Committee, Audit Committee, and the BOD. We also conduct audits on a regular basis to identify the effectiveness of internal control system operations through external supervising organizations, including the Financial Supervisory Service.

## Practicing Ethical Management

### Enhancing the Ethics and Compliance Mindset

KB Financial Group requires all executives and employees including part-time workers and contract workers to take the Ethics Pledge and ethical management training every year as a means to internalize ethical management. All employees fill out the “Employee Work Ethics Pledge” at the beginning of every year as a commitment to comply with the basic philosophy of ethical management and practice work ethics. In addition, KB Financial Group created video clips on ethical management that reflect the organizational culture and shares them through “KB W.I.T.H.,” which is our training platform. These are used to have all employees hold self-assessments after the completion of ethics training, thereby raising employees’ learning effects. In addition, we have diverse ethical management-practicing programs in place that reflect subsidiaries’ characteristics. We operate the employee reward system for compliance in which we reward outstanding employees who contributed to the spread of the culture of practicing ethical management, thereby encouraging all employees to practice ethical management. In particular, KB Kookmin Card received the ISO 37301 certification, an international standard on compliance management system, thus receiving recognition for strengthening the organization’s ethical management through diverse ethical management-practicing programs.

### KB Financial Group’s ethical management/compliance implementation programs

Category	Program	Content
Training program	Online ethics training	Tailored training by position on ethics and compliance provided to all employees
	Executive ethics training	Training on compliance provided to holding company executives (including anti-money laundering training)
	KB ethical sales training	Ethical sales and ethics/compliance training is mandatory when providing collective training to deputy branch managers (regional office head), new hires, newly promoted employees, etc.
	Financial fraud prevention training	Provide training content every month to all employees
	Knowledge-e Program	Provide content and training on ethics and compliance to enrolled employees
	Ethical management video	Provide ethical management videos through a training platform around the clock
Practice program	Pledge to Practice the Code of Conduct	All employees make a pledge to practice ethical management
	Promise to Practice Ethical Management	All employees declare and promise to practice ethical management
	Compliance Check	Conduct a self-check on ethical management every week for all employees
	Self-evaluation on financial incident prevention measures	Created a self-evaluation for employee compliance with work ethics and prevention of incidents
	Self-evaluation on affiliated department or branch	Voluntary diagnosis program on the status of practicing ethics by the affiliated department or branch

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# Ethics and Compliance

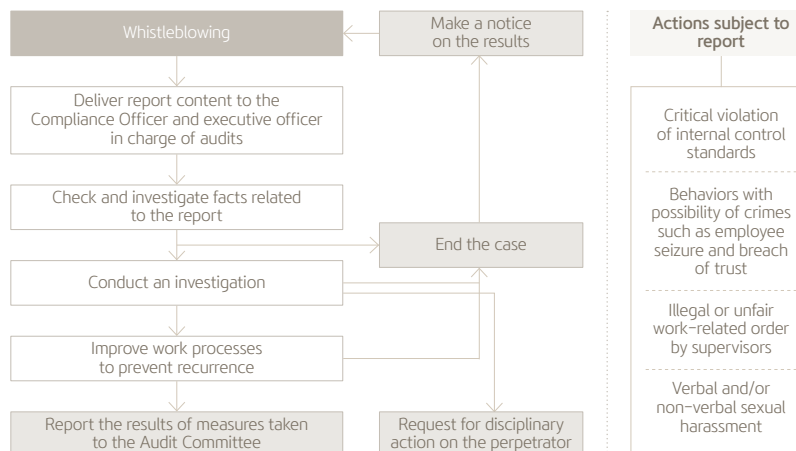
## Whistle-blowing Policy

KB Financial Group established the “Group Upright Whistle-blowing Program Operating Guidelines” to effectively operate its internal control system and also operates the “KB Financial Group Whistleblower Protection Policy.” We overhauled relevant policies by examining guidelines on improving whistle-blowing policy that are included in the “Ways to Innovate Internal Control of Domestic Banks” that was announced by the Financial Supervisory Service. KB Financial Group specifies in the policy what to report and how to make a report as well as whistleblower protection and confidentiality-related matters to prevent internal control standard violations and block relevant incidents from spreading once they occur. In particular, the policy prohibits any unfair treatment against the whistleblower including disadvantage or discrimination at work by guaranteeing his or her anonymity. Whistleblowers can make reports through diverse means, including the “KB Financial Group Helpline” website or direct telephone line to an employee in charge with the caller ID blocked, email, fax, and regular mail. A person who has no stake in the reported matter fairly and independently investigates facts related to the reported matter.

To raise effectiveness of the whistle-blowing system, we regularly provide employee training on whistleblowing. When a report on a violation is acknowledged as contributing to the prevention of the Group losses, we provide incentives such as a commendation and reward.

 KB Financial Group Whistleblower Protection Policy

### Proper whistle-blowing handling process



## Anti-Corruption/Bribery Policy

KB Financial Group enacted and operates the “KB Financial Group Anti-Corruption/ Bribery Policy” that applies to all executives and employees including part-time and contract workers and the employees of the suppliers. The Anti-Corruption/Bribery Policy is founded upon the Code of Practice for Employees, Supplier Code of Conduct, Contribution Policy, and the Internal Control Policy. Through the policy, we are strictly prohibiting the receipt of bribery and entertainment that are beyond the scope accepted based on social norm in relation to company work. In particular, KB Kookmin Card and KB Savings Bank received the ISO 37001 certification, an international standard on anti-bribery management system, based on the results of identifying and evaluating anti-bribery risks, thereby strengthening ethical management.

 KB Financial Group Anti-Corruption and Bribery Policy

### Anti-corruption and bribery policy

Policy	Details
Prohibition of Conflict of Interest	<ul style="list-style-type: none"> <li>• Placing the company’s interest before personal interest</li> <li>• Prohibition on seeking profits or immoral act for pursuit of personal interest</li> <li>• Prohibition on seeking profit or compensation for an employee him/herself or for a third party through an illegal and unlawful method</li> </ul>
Fair Operations	<ul style="list-style-type: none"> <li>• Prohibition on investment using status at work or internal information</li> <li>• Prohibition on unfair trade and return of short-swing profit</li> <li>• Awareness of fair trade-related laws and regulations; and prohibition on unfair trade</li> <li>• Promotion on fair competition</li> </ul>
Prohibition of Accepting Bribery and Entertainment	<ul style="list-style-type: none"> <li>• Prohibition on providing or showing an intention of providing gift, entertainment, and benefit</li> <li>• Prohibition on receiving gifts from stakeholders</li> </ul>
Integrity Pact	<ul style="list-style-type: none"> <li>• Supplier selection based on trustworthiness and integrity</li> <li>• Prohibition on using a superior position to force trade conditions, pass the costs onto suppliers, and exercise influence unfairly</li> <li>• Prohibition on preferential treatment to suppliers related to themselves or their relatives</li> <li>• Prohibition on receiving or requesting inappropriate profit such as gift or entertainment from suppliers</li> </ul>
Contributions	<ul style="list-style-type: none"> <li>• Application of Contributions Policy (including major criteria such as who is eligible or not eligible for contributions, and relevant process)</li> <li>• Prohibition on contributions to politicians and political groups</li> </ul>

\* No cases caused by anti-trust/anti-competitive behavior and no judgment or case under litigation in connection with anti-competitive practices, corruption and bribery in the past three years.

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# Ethics and Compliance

## Prevention and Management of Ethical Management Violation

KB Financial Group analyzes the cause of employees' ethical management violations and monitors major tasks to strengthen prevention and follow-up management. If we discover a violation of internal control standards, such as a violation of behavioral standards, we request the Audit Department to conduct an independent investigation, if necessary, and take strict measures that correspond to the violation. In particular, if an employee violates behavioral standards, disciplinary action is taken based on the severity of the action, and illegal/unfair actions are reflected in the respective employee's performance assessment. We are raising employees' awareness and establishing a responsible ethics culture by utilizing actual ethical management violation incidents in the compliance training.

## Implementation of Stewardship Code

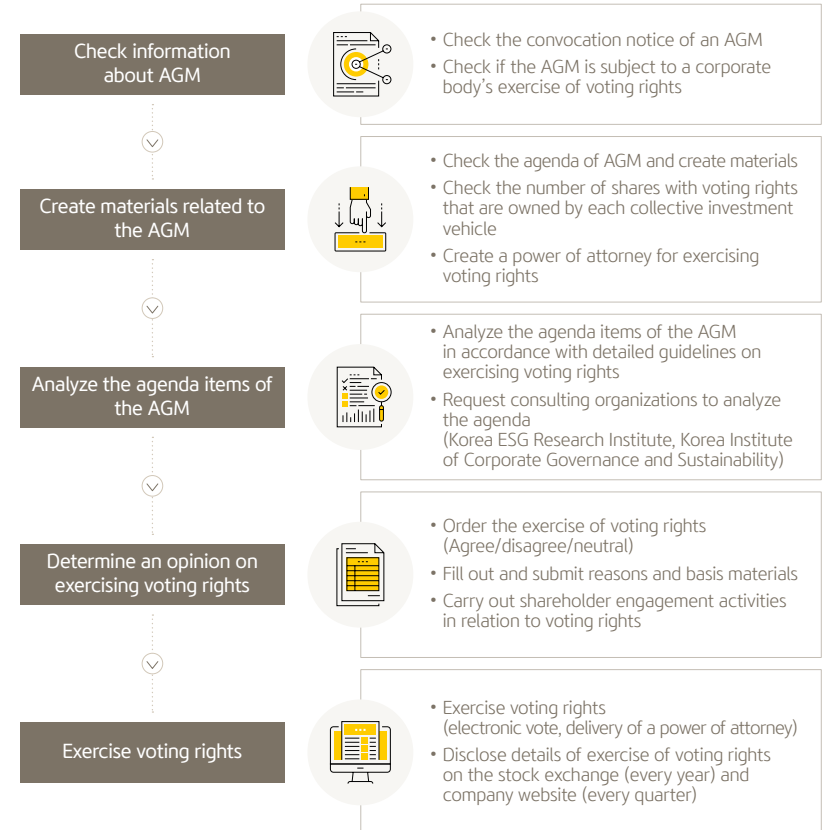
KB Financial Group was the first Korean financial group to introduce the Stewardship Code. Six of our subsidiaries (KB Kookmin Bank, KB Securities, KB Insurance, KB Life Insurance, KB Asset Management, and KB Investment) have adopted the Stewardship Code. We report on the progress of the Group's Stewardship Code to the board every year. Each subsidiary specifies the accountability principles of the trustee, policy and guideline on exercise of voting rights and the internal regulations on its website, together with a transparent disclosure of how the voting rights were exercised. Also, we proactively fulfilled the duty as the trustee by, for instance, publishing public letters and answering undisclosed questions.

For actual implementation of the Stewardship Code, KB Asset Management enacted the "Responsible Investment Principles" and the "Trustee Accountability Instructions" to consider ESG factors in investment decisions and strengthen implementation of responsible activities by the trustee. In addition, it published the "Trustee's Responsible Activity Report" to transparently communicate with stakeholders regarding the status of implementing the Stewardship Code, exercised voting rights, and shareholder engagement activities.

 Responsible Investment Principles of KB Asset Management

 2023 Trustee's Responsible Activity Report of KB Asset Management

## Process for exercising voting rights





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# Ethics and Compliance

## Anti-Money Laundering Policy

### Anti-Money Laundering System

The Financial Action Task Force (FATF)'s Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations are becoming stricter as financial transactions become digitalized and money laundering crime becomes more advanced/intelligent across the globe. KB Financial Group enacted the "KB Financial Group Management Guideline on AML" and the "AML Operational Policy," based on which it manages AML in a systematic manner. The AML Operational Policy incorporates the recommendations made by the FATF and the Act on Reporting and Using Specified Financial Transaction Information and stipulates the requirements for operations related to AML and prohibition of financing for terrorism. The Management Guideline on AML is used by the Group to manage/supervise the subsidiaries' internal control-related policies including AML.

KB Financial Group's level of compliance with the regulations including the monitoring procedures of anti-money-laundering system is externally evaluated by the Korea Financial Intelligence Unit (KoFIU) semiannually. KB Financial Group's Audit Department conducts an independent audit at least once a year to monitor the appropriateness and effectiveness of AML work and reports the audit results to the BOD.

### AML Training Programs

KB Financial Group regularly provides AML training to all employees, thereby raising employee awareness of AML and strengthening relevant work capabilities.

### AML training programs

Subsidiary	Details
Commonly for KB Financial Group	<ul style="list-style-type: none"> <li>• Customized AML training per position that is provided to all employees at least once a year</li> <li>• Know Your Employee System<sup>1)</sup></li> </ul>
KB Financial Group Inc.	<ul style="list-style-type: none"> <li>• "AML training course" for executives</li> </ul>
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Publish the AML Newsletter and share it with all subsidiaries</li> <li>• Key AML training that the BOD and management should know</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>• AML training to branch employees and training to compliance managers</li> <li>• Video training in relation to FATF to heads and compliance managers of overseas subsidiaries</li> <li>• Outside institution training provided to employees in charge of AML on enhancement of STR quality, key AML personnel, and practical skills of AML/CFT inspection personnel</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>• AML training organized by the Korea Banking Institute for the compliance support part and audit part</li> <li>• Annual 6-hour AML training for the BOD</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Operate an additional KPI point system in the AML operations area and awards outstanding departments and branches</li> </ul>
KB Asset Management	<ul style="list-style-type: none"> <li>• Employees in Compliance Headquarters acquire a "key AML personnel" certificate and receive training</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>• Adopted a key AML personnel (basic) course held by the Korea Banking Institute as an essential course for employee promotions</li> <li>• AML expert training organized by Sungkyunkwan University provided to employees</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>• Operate an additional KPI point system in the AML operations area and awards outstanding departments and branches</li> <li>• Employees in Compliance Headquarters acquire a "key AML personnel" certificate and receive training</li> </ul>

<sup>1)</sup> System of performing regular identity checks when new employees are hired and during employees' employment so that employees are not used for money laundering



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# Ethics and Compliance

## AML Activities and Outcomes

KB Kookmin Bank strengthened its risk-based monitoring system by improving the risk evaluation model that identifies the high money laundering risk group, and centralized monitoring of suspicious transactions that occur through non-face-to-face channels to headquarters, thereby enhancing suspicious transaction-identifying capabilities and monitoring effectiveness. In particular, it strengthened blocking of illegal transactions by actively executing enhanced due diligence (EDD), which verifies the purpose of a transaction and source of funds for customers who are suspected of money laundering. Overseas branches established the “New Global AML System” and are continually verifying the system for system stabilization. KB Kookmin Bank earned an “outstanding” grade in an AML system execution evaluation held by KoFIU in 2023, receiving recognition for its activities to strengthen the AML system and stably manage relevant risks and the outcomes.

KB Kookmin Card adopted the Dow Jones Factiva Data, which is a watch list that is globally used, in September 2023 through advancement of its “watch list filtering (WLF)” system for new and existing customers in an effort to actively respond to changes in the ALM-related regulation environment in Korea and abroad. In addition, by developing and applying the registration process of Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) within KB Pay app, we have improved AML-related internal systems for smooth execution of CDD required by laws.

KB Asset Management improved its money laundering risk assessment checklist for new financial products and services, and provides a “watch list” at the beginning of every month to overseas subsidiaries and offices. It assigns experts who earned key AML personnel qualifications to Compliance Headquarters to strictly monitor money laundering risks, and establishes effective response and preventive measures that cover the overall organization.

### Key AML activities

Activity	Details
Customer Due Diligence (CDD)	A system for verifying and validating the identity of customers, actual owners, transaction purposes, and sources of funds to ensure that financial transactions or services are not used for money laundering or other illegal activities
Enhanced Due Diligence (EDD)	A system which implements a customer due diligence process for high-risk-group customers. In case of corporate contracts, a special inspection is performed on actual owners for all cases.
Currency Transaction Report (CTR)	When there is a cash transaction that is more than a certain amount (KRW 10 million in one business day), a report is made to KoFIU on the identity of the person who made the transaction, transaction date and time, amount, etc.
Suspicious Transaction Report (STR)	To report to the Commissioner of KoFIU, without delay, if there is reasonable ground to judge that the received asset used for financial transaction is suspected to be illegal or that the transaction counterpart is laundering money
Risk Based Approach (RBA)	Process of evaluating the level of risk of money laundering and terrorism financing that is inherent in financial transactions, and establishing an appropriate management system

in an anti-money laundering system execution evaluation conducted by KoFIU (KB Kookmin Bank)

**Outstanding** grade received



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# Ethics and Compliance

## Implementing Fair Trade

### Establishing a Fair Trade Culture

KB Financial Group has adopted competitive bidding as a principle to establish fair trade relations with suppliers. In addition, the entire process that ranges from making a public notice on a bid to signing a contract is transparently handled through the purchase system. We have established and operate the Code of Conduct and Code of Practice for Employees as unfair trade-related policies and comply with fair trade in relation to competitors and trade counterparts. When signing contracts with the suppliers, we include Integrity Pact articles in the contract or ask the counterpart to submit the Integrity Pledge based on the Integrity Pact system. Violations of the Pact or the Pledge would result in such measures as loss of qualification in the tender. The Integrity Pact prevents such acts as forcing certain trade conditions on the counterpart, passing on the costs, and exercising unfair influence. KB Financial Group creates a compliance report every month for a self-inspection and monitoring of Integrity Pact execution, and is strengthening contract work transparency by operating a channel for reporting corruption in relation to signing a contract.

In addition, KB Financial Group makes it mandatory to create a win-win cooperation confidentiality contract when a contract is signed pursuant to the Financial Investment Services and Capital Markets Act in relation to employees' investments, thus preventing internal personnel's use of undisclosed information that is stipulated in laws.

### Compliance Program

By operating the "compliance program," KB Financial Group is establishing a monitoring system for voluntary compliance with fair trade-related laws and restrictions on employees who violate relevant laws. A Compliance Officer appointed by the BOD performs compliance manager roles of the compliance program. The Compliance Officer distributes a manual on laws related to fair trade so that employees do not violate laws when they handle work.

Based on the compliance program, KB Financial Group is establishing a monitoring process to manage unfair trade or unfair competition-related risks. We select major monitoring items to prevent unfair conduct, implement mitigation/improvement measures, and review the rate of change in major monitoring items, thus managing the effectiveness of measures. In 2023, major monitoring items related to unfair conduct and unfair competition were chosen as inspection of unsound sales activities, non-compliance with relevant regulations, including advertisements, and examination of appropriateness of accepting the right to demand an interest rate reduction.

Furthermore, we periodically provide unfair trade prevention training to all employees. KB Financial Group Inc. conducts unfair trade prevention training semiannually in relation to important information, such as the company's earnings announcement, to employees in charge of disclosures. KB Kookmin Bank provides unfair trade prevention training semiannually to employees in charge of counseling/recommending deposit, loan, and card products.

KB Financial Group also operates other various systems to prevent unfair trade. We set in place the "transaction suspension period" that prohibits KB stock trading by relevant employees for a certain period before and after the announcement of earnings results, and the "short-term trading profit return system" which requires the return of profits generated within six months from the time of KB stock purchase/sale to the company.

### Establishing a Culture of Win-Win with Suppliers

KB Financial Group strives to guarantee work conditions for supplier employees and to establish an efficient work environment. In addition, by operating regular communication channels with suppliers, we survey satisfaction levels of supplier employees, listen to their suggestions, and implement improvement activities, thereby building a win-win culture.

#### Supplier win-win activities by subsidiary

Subsidiary	Content
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Define "integrity pact" compliance in internal rules and prohibit all unfair conduct that harms free competition</li> <li>• Hold field briefing sessions for facility construction suppliers</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>• Hold a semi-annual meeting with outsourced IT companies</li> <li>• Provide gift certificates to subcontracted workers on the anniversary of its founding and during a Family Month event</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>• Hold a monthly meeting with receipt/audit companies, hold a semi-annual meeting with field investigation companies</li> <li>• Maintain transparency in the service supplier bidding process (prohibition of participation restriction, provision of blind PT opportunities, etc.)</li> <li>• Established a fair process for reviewing proposals (the company making the proposal is not indicated, stakeholder evaluations are excluded, Compliance and Audit Department employees are in attendance, etc.)</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Run a mutual respect campaign (unified how we refer to suppliers in the work space as "partner companies")</li> <li>• Improve the work environment without making a distinction between employees and suppliers (rest lounge, use of meeting rooms, provision of personal office supplies, etc.)</li> <li>• Have established the "no visit/no paper" contract process (89% of all contracts signed in 2023)</li> </ul>

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# Sustainable Finance

Financial institutions facilitate sustainable development through such financial activities as investments and loans that consider ESG value. KB Financial Group strives to grow in economically, socially, and environmentally right way over the long term by expanding sustainable finance. To this end, we first strengthened our ESG financial product management system; second, systematically operate relevant financial products at the Group level; and third, established the “KB Green Wave 2030” strategy that aims at KRW 50 trillion in the size of ESG products, investments, and loans by 2030 and are expanding ESG finance. In addition, we continue to issue ESG bonds to support eco-friendly projects and social value creation projects, thus spreading the value of win-win through ESG finance.



KEY PERFORMANCE



**KRW 4.2 trillion ↑**

Amount of ESG products increased from KRW 32.2 trillion in 2022 to KRW 36.4 trillion year-on-year



**Model Standard on ESG Investment**

Established the “Blind Fund ESG Investment Standard”



**KRW 110 billion**

KB Securities co-organized the issuance of sustainability-linked bonds

MATERIAL TOPICS

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# Sustainable Finance

## Sustainable Finance Framework

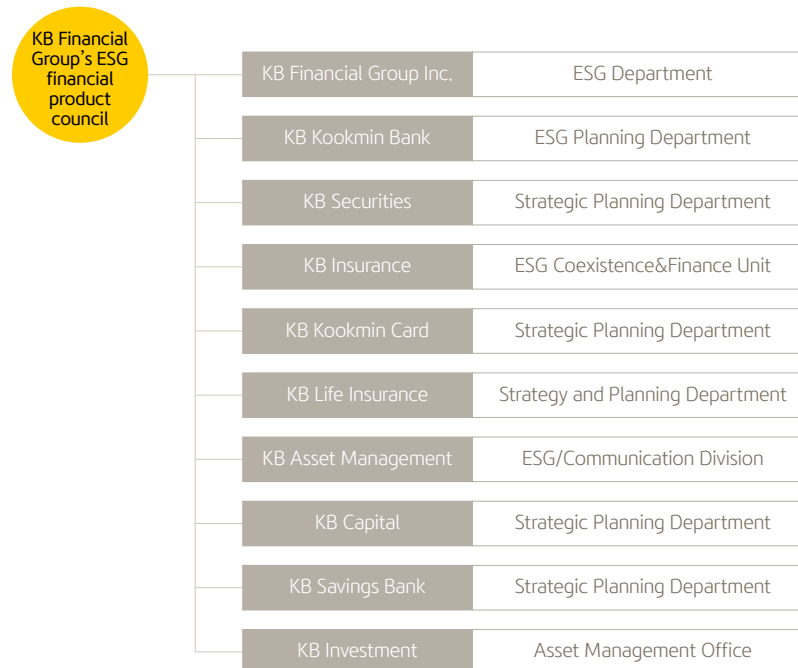
KB Financial Group established the Sustainable Finance Framework to contribute to sustainable environmental, social, and economic development through the Group’s financial activities, and discloses the framework on its website.

### Management System of ESG Financial Products

#### ESG Financial Product Governance

KB Financial Group established the Group ESG Financial Product Council to integrate the existing ESG financial product selection and management system at the Group level. The Group ESG Financial Product Council consists of 10 departments in the subsidiary ESG area.

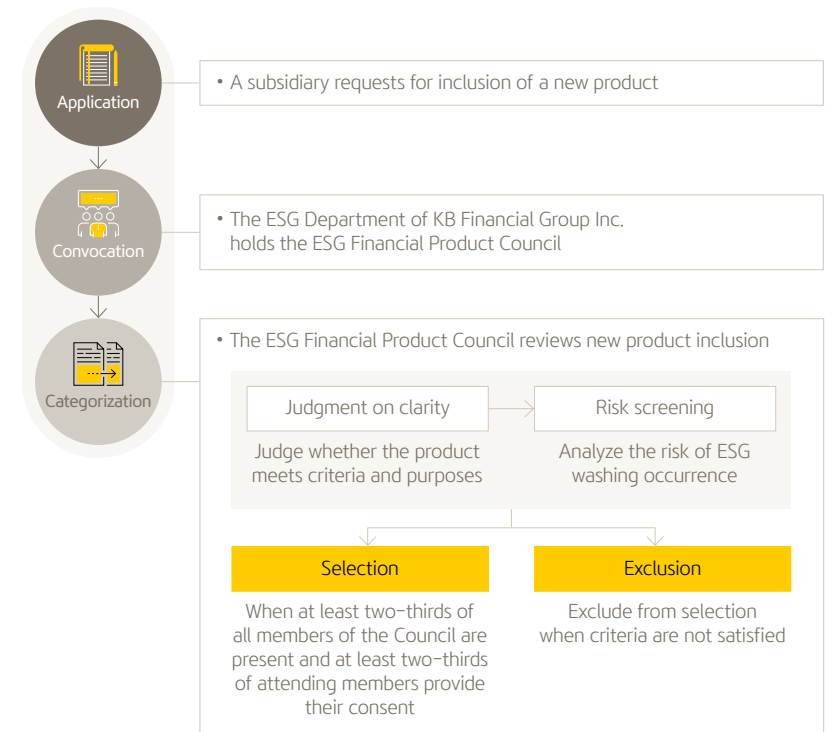
Organizational chart of KB Financial Group’s ESG financial product council



### Selection Process of ESG Financial Products

KB Financial Group established its “ESG financial product selection process” and holds the Group ESG Financial Product Council every quarter to choose ESG financial products.

ESG financial product selection process



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# Sustainable Finance

## Classification of ESG Financial Products

KB Financial Group divides ESG financial products into environment, social responsibility, and governance areas and integrated ESG financial products that combine the three areas according to the purpose and target.

### Classification of ESG financial products

부문	Item	Major purpose
Environment	1. Use key technologies of net zero	Hydrogen reduction steelmaking, innovative items of the Green New Deal, carbon capture, etc.
	2. Produce renewable energy	Photovoltaic power generation, wind power generation, hydroelectric power generation, etc.
	3. Enhance energy efficiency	Eco-friendly fuel cells, energy management, etc.
	4. Use green transportation and transport	Means of transportation and transportation systems that reduce carbon emissions, etc.
	5. Expand green buildings	Green buildings and remodeling, etc.
	6. Use natural resources and land	Sustainable agriculture and livestock industry, smart farms, etc.
	7. Sustainable water resource management	Wastewater treatment, sewage and wastewater recycling, etc.
	8. Establish a circular economy	Collect and recycle waste resources, collect waste energy, etc.
	9. Prevent and control pollution	Odor prevention/purification facilities, reduction of fine dust, etc.
	10. Preserve biodiversity	Ecosystem restoration project, ocean waste removal, etc.
Social Responsibility	11. Create jobs	Job stability, facilitation of employment, etc.
	12. Enhance accessibility of basic social services	Health and medical treatment, education, vocational training, finance, etc.
	13. Support SMEs and microfinance	Support SMEs, micro businesses, social enterprises, etc.
	14. Housing support for the vulnerable and low-income class	Public housing, low-income class housing rental, etc.
	15. Socio-economic development and human rights advancement	Provide small-scale consumer loans for the low-income class, etc.
	16. Accessible basic infrastructure	Drinking water, sanitation, water/sewage facilities, public transportation, etc.
	17. Sustainable food expansion	Establish an agricultural and livestock product management system, improve the distribution structure, etc.
	18. Establish sustainable cities	Supply SOC in relation to urban regeneration, improve the environment, etc.
Governance	19. Enhance shareholder value	Shareholder letters, shareholder suggestions, and other shareholder engagement activities, etc.
	20. Improve governance	Institutional improvements, establishment of guidelines, etc.
Integrated ESG	ESG financial products that include all areas of environment, social responsibility, and governance	

## Environmental and Social Risk Management Framework (ESRM)

KB Financial Group established the Environmental and Social Risk Management Framework (ESRM) to manage risks that financial activities have on the environment and society based on consistent standards, and based on ESRM, we established the Environmental/Social Risk Policy Framework. We restrict and monitor risk factors, such as restricting businesses and corporate financial activities that have high environmental and social risks and prohibiting the provision of funds that are used in a way that is against social interests or manipulates the law. Furthermore, we categorize risk management areas into areas for “exclusion,” “attention on climate change,” and “support for green industries” and systematically manage the environmental and social impact of the Group’s business activities. Subsidiaries of KB Financial Group applied the Group ESRM to internal rules and guidelines, thus laying the foundation to consider environmental and social risks when reviewing businesses related to loans and investments.

## The Equator Principles

KB Kookmin Bank adopted the Equator Principles in February 2021 to establish ESRM and also fulfill its responsibilities. A relevant department conducts a risk analysis based on the Equator Principles or ESG framework when carrying out large-scale project financing (PF), and determines a grade in consideration of potential risks. The Bank established “The Equator Principles Operating Guidelines” to implement and apply the Equator Principles, thus securing objectivity of its determination on environmental/social risk grade, in addition to designating an Equator Principles expert as an internal employee in charge to preemptively manage environmental/social risks. “Independent, third-party monitoring” was specified in the Equator Principles Operating Guidelines, and an independent outside expert regularly monitors compliance with the Equator Principles.

Projects that KB Kookmin Bank financially supported by applying the Equator Principles process in 2023 include 18 project finance (PF) cases and one project-related corporate loans (PRCL) case, with zero cases of project finance advisory service (FA) and refinancing and acquisition financing. All 19 cases satisfied the Equator Principles requirements. In terms of the environmental and social risk grade, 13 cases have a B grade and six cases have a C grade. In addition, KB Kookmin Bank is publishing the Report on Equator Principles Implementation every year in accordance with the “information disclosure and transparency” principle. The report received certification from the Equator Principles Association, and is disclosed on KB Kookmin Bank’s website and the Association’s website every year.

 2023 Report on Equator Principles Implementation of KB Kookmin Bank

\* No. of projects reviewed in 2023: 303 cases (Percentage of reviewed projects among total projects: 100%), No. of projects completed financial close in 2023: 292 cases, No. of rejected projects: 0, 11 cases completed financial close in 2024.

MATERIAL TOPICS

INVESTOR-FOCUSED

- Enterprise Risk Management
- Climate Change Strategy
- Win-Win Financing
- Protection of Financial Consumers
- Digital Innovation and Technology
- Information Security
- DEI and Human Resources Management
- Ethics and Compliance

→ Sustainable Finance

# Sustainable Finance

## Procedure of the Equator Principles



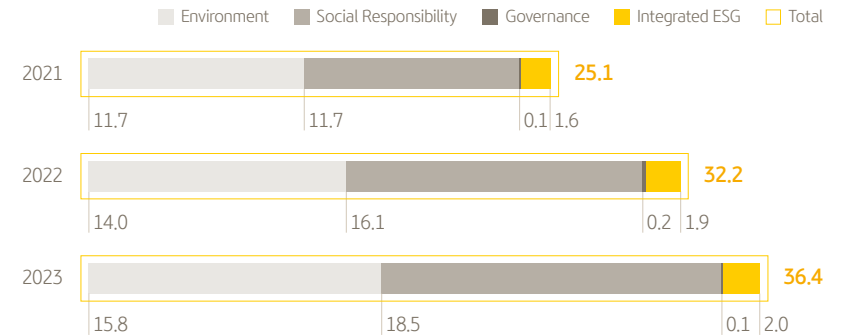
## Management of ESG Financial Product Targets

### KB Green Wave 2030

KB Financial Group established the “KB Green Wave 2030” strategy with the goal of expanding ESG finance and plans to increase the size of ESG products, investments, and loans to KRW 50 trillion (KRW 25 trillion in the environmental area) by 2030. As of the end of December 2023, KB Financial Group’s size of ESG products, investments, and loans totals KRW 36.4 trillion. The size of our ESG financial products grows every year in environment, social responsibility, governance and integrated ESG areas.

### ESG financial product size

(Unit: KRW trillion)



\* Based on balance

### Statement on Exiting Coal Financing

To preemptively respond to the climate change crisis and take the lead in implementing environmental and social responsibilities as a leading ESG group, KB Financial Group became the first financial group in Korea in 2020 to declare “Exiting Coal Financing,” which puts an end to new investments in coal-fired power plant construction. Accordingly, we fully suspended the financing of new projects and purchasing of bonds related to coal-fired power plant construction at home and abroad. We are actively discovering new business investment opportunities that consider eco-friendly factors and are increasing investments in private environmental investment projects and eco-friendly ships and automobiles, thereby continually expanding investments and loans related to renewable energy.



MATERIAL TOPICS

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- Sustainable Finance

# Sustainable Finance

## ESG Financial Products

### ESG Products

#### Specialized Products for Eco-friendly Vehicles

KB Financial Group offers various products and services to facilitate the dissemination of eco-friendly vehicles. KB Kookmin Bank provides additional credit and preferential interest rates to customers purchasing eco-friendly vehicles such as EVs through “KB Magic Car Credit Loans.” KB Insurance sells eco-friendly vehicle insurance products and provides various advantageous services in relation to EVs. KB Kookmin Card is holding an event in which cashback benefits are provided according to card usage when a customer charges an EV at a target merchant by using the “KB Kookmin Green Card (credit/debit).”

KB Capital launched a new financial service product for electric vehicle battery, resulting in reduced consumer burden over initial entry costs. A connection was made to the “KB Chachacha” application’s “My Garage Service” and “Sell My Car Service,” enabling customer use of vehicle management services, such as a battery performance diagnosis, even after purchasing a vehicle. In this way, it is supporting the facilitation of electric vehicle sales. KB Capital also has an alliance with “Polestar,” a premium EV-specializing brand in Sweden, as its exclusive financial partner (captive), and offers low-interest-rate financial programs to customers who purchase eco-friendly EVs. In this way, we are operating various tailored financing products to promote the dissemination of eco-friendly vehicles.



### ESG Investment

#### ESG Investment Process

KB Financial Group established the “Blind Fund ESG Investment Standard” that responds to changes in the global business environment, through which it is raising sustainable investment earnings rates and strengthening ESG investments in indirect investment areas. LP subsidiaries that invest in funds reflect the “integrated ESG capability evaluation” score when evaluating funds to invest in, leading to the facilitation of ESG fund investments. GP subsidiaries that manage funds created the “integrated ESG capability checklist” to consider ESG factors during asset management.

KB Asset Management established the “KB ESG Model Portfolio” to strengthen ESG-based investment management, and reflects ESG factors in the overall investment process. In addition, it uses the “KB - ESG Scoring” system that combines KB Asset Management’s own evaluation and an outside ESG evaluation organization’s grade to carry out screening of investment targets, and is strengthening ESG-based investments through ESG evaluation and diagnosis.

#### KB - ESG Scoring evaluation factors

##### Internal evaluation by the Stock Research Office

Proportion of eco-friendly products and whether there is a mid- to long-term eco-friendly business plan

Proportion of fixed-term employees, proportion of female workers, social contribution expenditures, and other quantitative factors

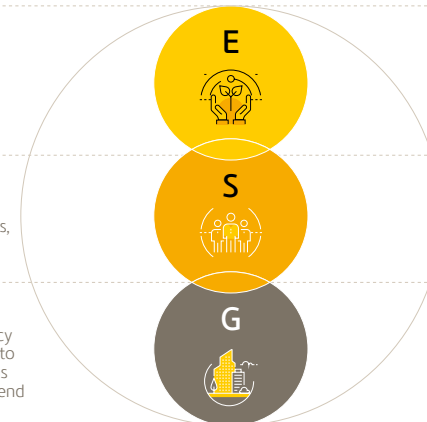
Whether improvements were made to the shareholder return policy that can be connected to financial factors, such as an increase in the dividend payout ratio

##### Grade given by an outside ESG evaluation organization

Environmental management system/ activities, climate change strategy, etc.

Human rights management and diversity, product and service liability, supply chain management, etc.

Shareholders, BOD, audit system, governance risk, etc.





**MATERIAL TOPICS**

**INVESTOR-FOCUSED**

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- **Sustainable Finance**

# Sustainable Finance

## ESG Investment Performance

KB Financial Group is continually increasing eco-friendly investments in environment-related private investment projects, renewable energy projects, water treatment facilities, fuel cell projects, and eco-friendly vessels/vehicles, etc. When we carry out large-scale project financing, we perform an evaluation on compliance with the Equator Principles and ESG framework. In particular, we focus on investments in eco-friendly projects that are aimed at renewable power generation and establishment of low-carbon facilities.

### Refinancing for the Rookery South Energy Recovery Facility in the UK (May 2023)

KB Financial Group takes part in GBP 60 million of a total GBP 482.3 million aimed at participation in loan refinancing and supports the “Rookery South Energy Recovery Facility” project. This project invests in the Rookery South Energy Recovery Facility in the UK that produces electric power through heat that is generated during waste treatment and incineration based on a waste supply contract with a waste-collecting company. The facility is an energy from waste (EFW) power plant with an annual waste treatment capacity of 585,000 tons. Its electric power production capacity is 65 MW, and it practices resource-saving and sustainability by turning domestic waste into fuel.

### Refinancing for the Wampu Hydroelectric Power Generation Project in Indonesia (July 2023)

Refinancing for the Wampu hydroelectric power generation project in Indonesia is an investment in a 45 MW hydroelectric power plant located in Wampu River, North Sumatra, Indonesia. Construction commenced in July 2012 and was completed at the end of April 2016. The power plant is under normal operation and produces renewable energy. KB Financial Group is contributing to reduced carbon emissions by participating in USD 60 million of the total USD 77 million in refinancing senior loan commitment amount.

Gimcheon Wind Power Generation Project (November 2023) The Gimcheon Wind Power Generation Project involves building and operating a 26 MW wind farm in Neungchi-ri, Eomo-myeon, Gimcheon City, North Gyeongsang Province. Total project size is KRW 107.2 billion. KB Financial Group participates in the project as a lender, thus contributing to renewable power generation.

ECPV Blind Fund Investment (March 2023) ECPV is a blind fund amounting to USD 4 billion that invests in power generation/energy infrastructure sector assets in North America and the UK. It invests in photovoltaic power plant projects, energy storage facilities, and waste collection businesses. KB Kookmin Bank participated in the investment with commitment limit of USD 50 million, thus contributing to the achievement of KB Financial Group’s ESG targets in line with ESG-centered energy industry changes.

## ESG Loans

### ESG Loan Review Criteria

KB Kookmin Bank includes in the Corporate Loan Guidelines an article specifying that the level at which ESG is practiced be reflected in the credit rating and loan review processes. When a company has growth potential and competitiveness by practicing ethical management, including eco-friendly management, socially responsible management, and governance, we can raise the credit rating. In case a company lacks in the areas, we can decrease the credit rating. Furthermore, the Bank has been managing an “ESG checklist” for real estate PF and SOC loans. It examines an “operational risk checklist” for listed companies that are subject to approval from a head office screening council or higher-level organization, and reflects the results in loan decision-making. In addition, it reflects environmental risk management standards in the Industry Risk Management Guidelines to choose climate risk industries and consider environmental and social risks in the loan review process.

### ESG Loan Performance

KB Green Wave Loans for Outstanding ESG Companies “KB Green Wave Loans for Outstanding ESG Companies” is a product that offers benefits of preferential interest rate and loan limit to companies that fulfill ESG evaluation criteria chosen by KB Kookmin Bank and internal credit rating requirements. It is the result of benchmarking globally advanced banks’ sustainability-linked loans, and provides financial support to outstanding ESG management companies.

KB Kookmin Bank continues to advance the evaluation criteria for the KB Green Wave Loans for Outstanding ESG Companies. Loan qualifications were expanded in accordance with an ESG-related MOU signed with the Korea Chamber of Commerce and Industry and an MOU signed with SK Group. In addition, the Bank included outstanding companies in hiring released prisoners that are certified by the Ministry of Justice as a loan target. “Companies that produce products and services with KS certification,” which is a technology standard certification, was previously included in loan application qualifications, but was removed since it is not an eco-friendliness/ESG certification, resulting in strengthened ESG evaluation standards.



MATERIAL TOPICS

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- Sustainable Finance

# Sustainable Finance

## ESG evaluation criteria of KB Green Wave

Category	Major Evaluation Criteria
ESG (Integrated)	<ul style="list-style-type: none"> <li>• A company chosen and recommended by an organization that signed an MOU with KB Kookmin Bank</li> <li>• A company with an ESG-4 grade (ESG overall) or higher grade of the KB ESG Self-Assessment Tool<sup>1)</sup></li> <li>• A company with an ESG performance confirmation certificate issued by the Korea Chamber of Commerce and Industry</li> <li>• A company with a recommendation letter for excellent ESG partners from SK Group</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• A company with a BBB or higher environmental evaluation grade of the Korea Environmental Industry &amp; Technology Institute's green management company financial support system (enVinance)</li> <li>• A company operating in the standard industry classification code that is set forth in the KB Kookmin Bank environmental industry classification guideline</li> <li>• A company that has a certification, including that related to eco-friendly products, services, management, and business sites</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Social enterprise</li> <li>• A company that purchased at least KRW 1 million worth of products/services produced by social enterprises during the past year</li> <li>• A job-creating company</li> <li>• A company that has a human rights/safety and health-related certification</li> <li>• Ministry of Justice company excellence award for ex-offender employment</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• A company that held four or more BOD meetings during the past year</li> <li>• A company that participates in Comply or Explain (CoE) for corporate governance disclosure</li> <li>• A company that holds AGM, provides dividends, and has an audit committee or full-time auditor</li> </ul>

<sup>1)</sup> The service allows corporate clients to independently assess their ESG level. For more details, please refer to p. 76 of this report.



**Private Investment Project to Reuse Treated Sewage Water in Yeosu City (May 2023)** KB Kookmin Bank is supporting the private investment project to reuse treated sewage water in Yeosu City by executing KRW 8 billion in an investment financing facility loan to be used as construction funds and KRW 5.4 billion indirect investment through a fund. This project involves reproducing water by being supplied with treated sewage water from the Yeosu public sewage treatment facility that treats domestic sewage of Yeosu City, and supplying water for industrial use for 20 years to occupants of the Yeosu Industrial Complex. It is a domestic sewage treatment and recycling project. It is in line with facilitation of the installation of water-reusing facilities, such as treated sewage/wastewater water-reusing facilities, which was one of the goals of enacting the Act on Promotion and Support of Water Reuse of the Ministry of Environment. It is also in line with the “goal of increasing reuse of treated sewage water for industrial water,” which is one of the “vision and goals of the 2nd master plan on water reuse (2021-2030).”

**Chilgok Eco Park Fuel Cell Power Generation Project (October 2023)** The Chilgok Eco Park Fuel Cell Power Generation Project involves building and running a 19.8 MW power plant on a site in the 3rd Gumi National Industrial Complex. KB Kookmin Bank executed a total of KRW 35 billion in facility fund and operating fund loans for the project, thus contributing to the expansion of renewable power generation and the realization of a net zero society through fuel cell power generation.

**Project to Build a Charging Station for Selling Liquid Hydrogen of Hyosung Hydrogen (July 2023)** Hyosung Hydrogen is a company that runs a hydrogen-selling business. Linde Hydrogen Energy stores hydrogen that was produced through Hyosung Chemical in liquid hydrogen form and then supplies it to vehicle owners, and Hyosung Hydrogen sells this for transport and industrial use. This project is subject to subsidy support of the “hydrogen vehicle dissemination and hydrogen charging station installation project” that the Ministry of Environment is carrying out based on the Clean Air Conservation Act and Subsidiary Management Act. KB Kookmin Bank executed KRW 23 billion in investment financing facility loan, thus contributing to the development of global eco-friendly industries in line with the global trend of carbon neutrality.

**MATERIAL TOPICS**

**INVESTOR-FOCUSED**

- Enterprise Risk Management
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# Sustainable Finance

## ESG Bonds

### ESG Bond Management System

KB Financial Group is practicing socially responsible investments by issuing green, social, and sustainability bonds based on an ESG bond management system. KB Financial Group’s ESG bond management system is designed to comply with the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, which are international standards enacted by the International Capital Market Association. In addition, by considering changes in the business environment and potential risks and by complying with the “basic loan code and model standards,” we strictly restrict loans and investments in funds that are used for illegal activities, such as drugs and weaponry and unsound companies that go against development of the national economy and public interests.

The “green bond management system” established by KB Kookmin Bank was created in line with the K-Taxonomy Guidelines of the Ministry of Environment and the Green Bond Guidelines of the Ministry of Environment and Financial Services Commission. KB Kookmin Bank plans to use funds financed according to the green bond management system through direct investments/loans for projects that have a positive impact on the environment. If any changes are made to the K-Taxonomy, they will be reflected in a timely manner for updates.

### Use of Funds Financed through ESG Bonds

All funds financed through ESG bonds issued by KB Financial Group are used for eco-friendly or social projects. We established and run the Sustainable Finance Operation Committee to evaluate, select, and perform follow-up management of projects subject to fund distribution.

### Composition of the KB Sustainable Finance Operation Committee

KB Sustainable Finance Operation Committee		
Treasury Department		Financial Planning Department
Retail Credit Department(P)	Corporate Growth Supporting Department	Corporate Product Department
Investment Banking Department	Infrastructure Finance Department	ESG Planning Department
General Affairs Department	Global Initiative Department	ESG Department (KB Financial Group Inc.)

### Project Selection, Evaluation, and Fund Management Process

	<b>1. Choose a project</b>	<ul style="list-style-type: none"> <li>• Check if internal loan review criteria are met</li> <li>• Check if it is in line with environmental improvement goals and K-Taxonomy</li> </ul>
	<b>2. Review the project</b>	<ul style="list-style-type: none"> <li>• The Sustainable Finance Operation Committee reviews if it is an eligible project</li> <li>• Choose an environmental and social project that is in line with the green bond management system</li> <li>• Analyze environmental and social impact (in case of the green area, consider acknowledgment criteria and metrics per green economic activity)</li> </ul>
	<b>3. Distribute funds</b>	<ul style="list-style-type: none"> <li>• Check if the eligible project complies with the sustainable finance management system and give approval</li> </ul>
	<b>4. Monitor fund management</b>	<ul style="list-style-type: none"> <li>• Track the distribution and usage details of funds that were financed through “green finance register”<sup>1)</sup> management</li> <li>• Review projects that are subject to fund support exclusion through negative screening<sup>2)</sup></li> </ul>
	<b>5. Make a follow-up report</b>	<ul style="list-style-type: none"> <li>• Issue the Sustainable Finance Report on eligible asset distribution once a year </li> </ul>

<sup>1)</sup> Register that has general information on green bonds, including the bond identification number, transaction date (issuance date), principal, and maturity

<sup>2)</sup> Exclude projects related to exploitation of child labor, weapons, alcohol, tobacco, and fossil fuels from fund support

### Project categorization

Environmental (green) project areas	Social project areas
<ul style="list-style-type: none"> <li>• Renewable energy</li> <li>• Improving energy efficiency</li> <li>• Preventing and controlling environmental pollution</li> <li>• Sustainable resource and land management</li> <li>• Eco-friendly means of transport</li> <li>• Sustainable water resource and wastewater management</li> <li>• Adapting to climate change</li> <li>• Products, technologies, and processes related to eco-friendliness and circular economy</li> <li>• Green buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Basic infrastructure</li> <li>• Basic services</li> <li>• Finance to supply housing to the vulnerable and low-income groups</li> <li>• Finance for housing tenants for the vulnerable and low-income groups</li> <li>• Finance for the low-income class and vulnerable groups</li> <li>• Creating jobs</li> <li>• Supporting SMEs</li> <li>• Supporting startups and ventures</li> <li>• Supporting social enterprises</li> </ul>

MATERIAL TOPICS

INVESTOR-FOCUSED

- Enterprise Risk Management
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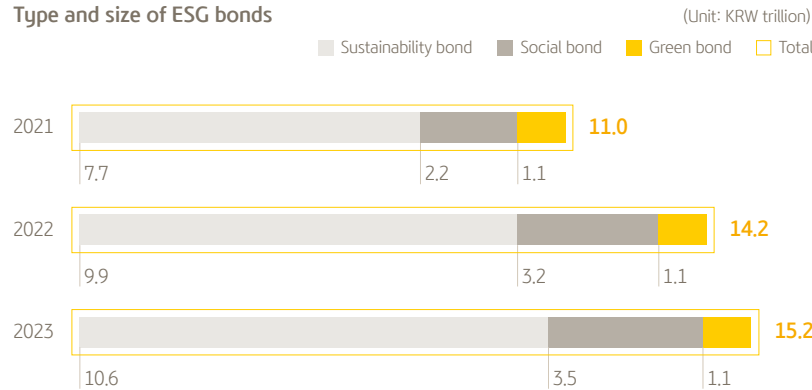
→ Sustainable Finance

# Sustainable Finance

## ESG Bond Issuance Performance

KB Financial Group issues ESG bonds to support eco-friendly projects and projects that consider social value based on an ESG bond management system and green bond management system. As of the end of December 2023, KB Financial Group's cumulative ESG bond issuance amount totals KRW 15.2 trillion.

### Type and size of ESG bonds



\* Foreign currency-denominated bonds are converted to KRW using the exchange rate as of the end of December of the current year.

In 2023, KB Kookmin Bank issued ESG bonds in foreign currency amounting to EUR 15 million, and published the KB Sustainable Finance Report that includes details on use of ESG bond issuance funds and received certification from an external certification organization. KB Securities became the first in Korea to organize the issuance of KRW 110 billion in KRW-denominated sustainability-linked bonds (SLBs) that are linked to eco-friendliness performance goals. KB Insurance received ST1, the highest grade, in an ESG certification evaluation (regular evaluation) for the KRW 286 billion worth of sustainability bond it issued earlier.

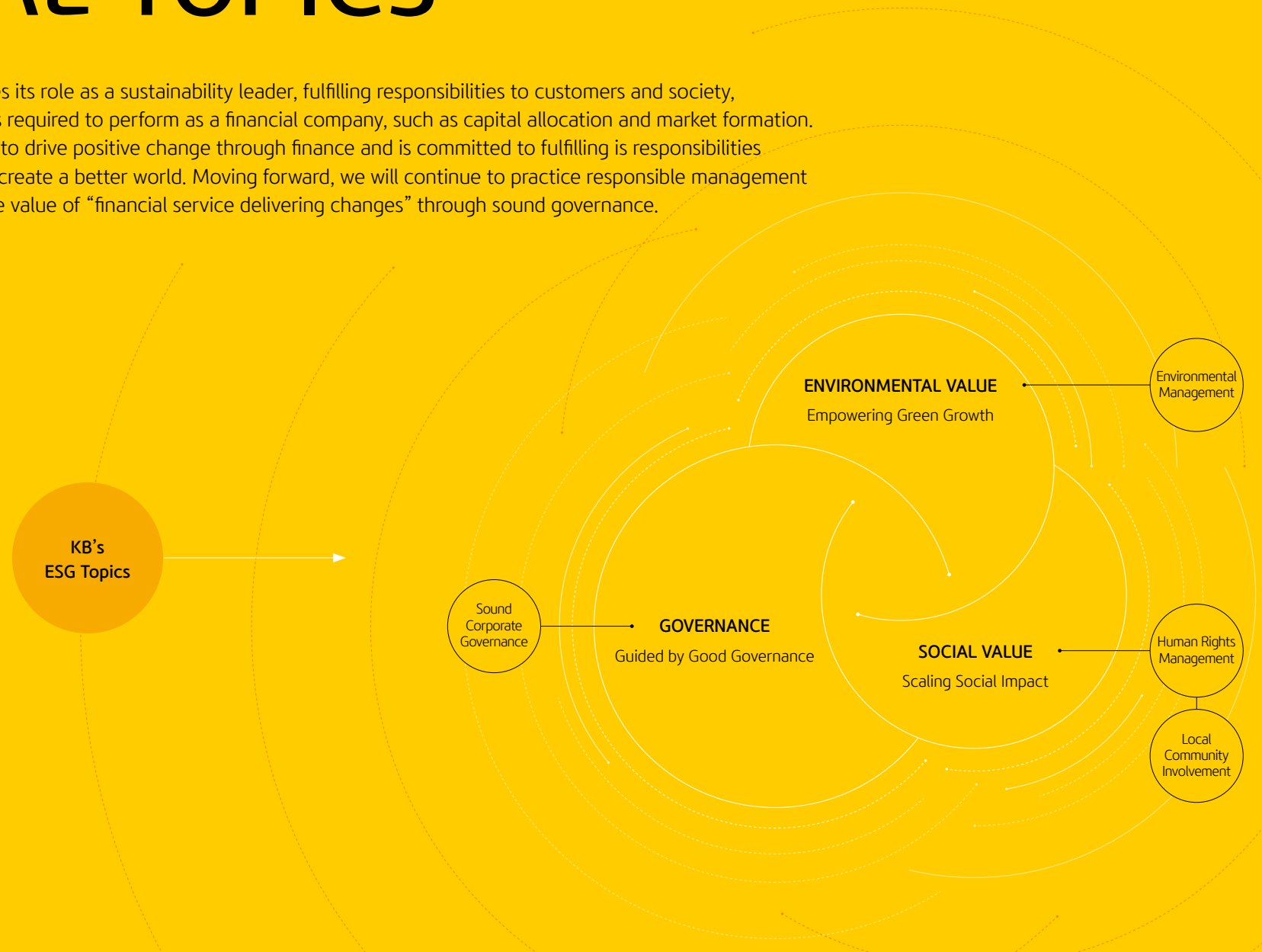
KB Kookmin Card issued social bonds amounting to KRW 330 billion to shorten the payment cycle for the card payment amount for small- to mid-sized merchants that experienced difficulties due to COVID-19, while KB Capital issued KRW 600 billion worth of sustainability bonds.



**PART II**

# GENERAL TOPICS

KB Financial Group deeply recognizes its role as a sustainability leader, fulfilling responsibilities to customers and society, in addition to the essential functions required to perform as a financial company, such as capital allocation and market formation. KB Financial Group therefore strives to drive positive change through finance and is committed to fulfilling its responsibilities towards the natural environment to create a better world. Moving forward, we will continue to practice responsible management for local communities and realize the value of “financial service delivering changes” through sound governance.





# ENVIRONMENTAL MANAGEMENT

## AT A GLANCE

Climate change is resulting in more frequent extreme weather events across the globe with greater intensity. Climate change and other environmental issues may have a negative impact that might be difficult to recover from on the financial market and our overall lives. To actively respond to climate/environmental risks, KB Financial Group established an environmental management system across the company, and implements eco-friendly strategies that minimize environmental costs and enhance the value of resources in overall management activities.



## KEY PERFORMANCE

International standard on environmental management system

# ISO 14001 Certification

(KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Capital)



Installation of solar power generation facilities to use new and renewable energy

# 1,912,947 kWh

(Sum of KB Kookmin Bank, KB Securities, and KB Insurance)



Conversion rate of corporate fleets to eco-friendly vehicles

# 78.6%

(As of the end of 2023, KB Financial Group)



## UN SDGs



# Environmental Management

## Environmental Management System

### Establishment of the Environmental Management System

KB Financial Group has set in place the “ESG Division,” an organization exclusively in charge of ESG, under the Group’s Chief Strategy Officer (CSO), as a governance structure for responding to environmental issues. Also, each subsidiary’s business characteristics were reflected to form responsible teams and ESG Committees. A team in the ESG Division that is exclusively in charge of environmental management has a total four members, and handles such tasks as managing the Group’s asset carbon emissions (financed emissions), managing eco-friendly initiatives, supporting the Group’s environmental management activities, and supporting biodiversity activities.

KB Kookmin Bank became the first in the financial industry in 2010 to receive “ISO 14001” certification, which is an international standard on environmental management systems, and maintains the system through a renewal audit. In 2021, KB Kookmin Bank newly acquired “ISO 50001” certification, an international standard on energy management systems. KB Securities, KB Insurance, KB Kookmin Card, and KB Capital are maintaining ISO 14001 certification, based on which they operate an environmental management system that satisfies international standards.

### Disclosure of Eco-friendly Activities

To preemptively respond to increasing demand for environmental information disclosure, KB Financial Group created diverse information disclosure channels and communicates with outside stakeholders. KB Kookmin Bank has been publishing the “KB Green Wave Report” since 2020 for transparent disclosure of information on its environmental performance. The “2023 KB Green Wave Report” that was published in 2024 provides details on environmental management activities, such as expanding ESG products/ investments/loans and establishing a net-zero foundation. In addition, KB Kookmin Bank adopted the “Equator Principles” in February 2021 and systematically manages the environmental/social risks of large-scale Project Financing (PF). To transparently disclose the status of implementation of the Equator Principles, KB Kookmin Bank is publishing the “Report on Equator Principles Implementation.”

KB Securities has been regularly publishing the ESG Report since 2016 to transparently disclose ESG management activities, including environmental management activities, and changed it to its Annual Report starting in 2021 to strengthen stakeholder communication.



### Participation in Environmental Initiatives

As an ESG finance leader and member of society, KB Financial Group takes active part in global activities aimed at addressing environmental issues. As a leading example, it joined the “United Nations Global Compact (UNGC),” the world’s largest voluntary corporate initiative that calls for corporate social responsibility.

## Principles for Responsible Banking (PRB)



KB Financial Group was chosen as the Core Group of the Principles for Responsible Banking (PRB) along with around 30 global financial institutions in March 2023 and has been taking part in establishing a mid- to long-term operation plan for the next 5-10 years and guidance for global signatories.

## Net-Zero Banking Alliance (NZBA)



KB Financial Group joined NZBA, a global bank alliance that was formed for financial institutions’ transition to net zero. We are participating in the implementation track to build guidelines on transition finance, based on which it is striving to develop and provide financial products that can help customers’ implementation of net zero. Transition finance refers to funds to support companies’ achievement of goals to transition to a net-zero society. In addition, we are contributing to the creation of the annual NZBA Progress Report published by NZBA.

## Glasgow Financial Alliance for Net-Zero (GFANZ)



KB Financial Group is participating in GFANZ, a global alliance aimed at using finance to achieve net-zero emissions and overcome the climate crisis. As a financial coalition aimed at zero carbon emissions by 2050, GFANZ was established to promote net-zero economies and overcome the climate crisis through finance. In May 2022, GFANZ created the “GFANZ Asia-Pacific,” with its operation headquarters located in Singapore, in consideration of the Asia-Pacific’s importance in executing net zero, and formed an Advisory Board. KB Financial Group has been a member of the Advisory Board of the Asia-Pacific since June 2022, and manages/supervises strategic directions for net-zero implementation of Asia-Pacific member companies, setting of goals, and priorities.



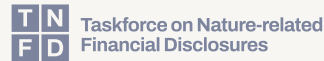
# Environmental Management

## Renewable Electricity 100% (RE100)

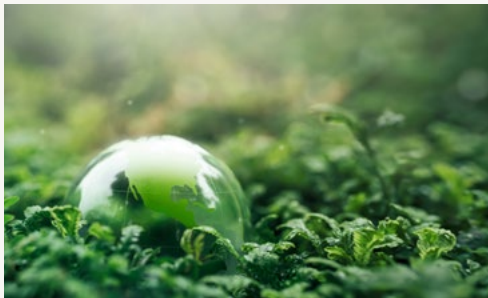
**RE100**

KB Financial Group became the first financial group in Korea to join RE100. RE100 is a global campaign that shifts all electricity used at business sites to renewable energy sources. KB Financial Group plans to shift 100% of used electricity to renewable energy sources by 2040. To this end, we built solar power generation facilities and are examining the use of the power purchase agreement (PPA) and the renewable energy certificate (REC).

## Taskforce on Nature-related Financial Disclosures (TNFD)



In April 2022, KB Financial Group joined TNFD, a global council aimed at protecting and restoring the natural ecosystem. In accordance with the TNFD framework, we recognize the potential negative impacts of our activities on biodiversity loss and ecosystem degradation, and thus we are continuously striving to prevent these effects.



## Environmental Management Activities

### Installation of New and Renewable Power Generation Facilities

KB Financial Group operates new and renewable power generation facilities at the educational institutions and major business sites to contribute to the reduction of GHG emissions. KB Kookmin Bank added six solar power generation facilities in 2023, making the total 37 solar power generation facilities as of December 2023. The new head office building is using diverse alternative energy sources, including photovoltaic, geothermal heat, and fuel cell. KB Securities and KB Insurance also have a solar power generation facility at the training institute or head office. KB Financial Group will continually increase new and renewable power generation facilities to raise energy self-reliance.

### KB Financial Group's renewable energy generation

Subsidiary	Renewable energy produced in 2023 <sup>1)</sup>	GHG reduction effects
KB Kookmin Bank	1,595,152kWh	732.8tCO <sub>2</sub> eq
KB Securities	86,788kWh	39.9tCO <sub>2</sub> eq
KB Insurance	231,007kWh	106.1tCO <sub>2</sub> eq

<sup>1)</sup> Based on power produced in 2023



Solar power generation facility at the KB Insurance training institute

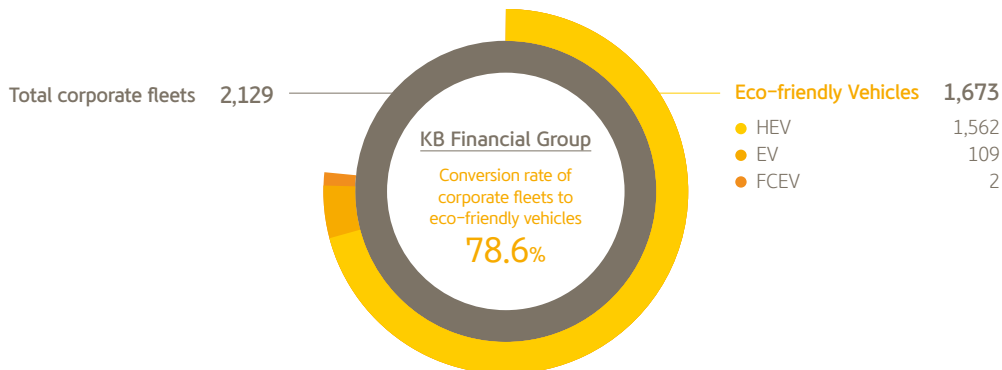
# Environmental Management

## Conversion of Corporate Vehicle Fleets to Eco-friendly Vehicles

KB Financial Group is converting corporate fleets to eco-friendly vehicles to reduce carbon emissions from vehicles. KB Kookmin Bank takes part in the “K-EV100 (commitment by Korean companies to convert 100% to zero-emission vehicles)” project that was organized by the Ministry of Environment, and plans to convert all corporate fleets to electric vehicles (EVs) and fuel cell electric vehicles (FCEVs) in a phased manner by 2030. To this end, we additionally adopted 54 EVs in 2023 and outperformed our 2023 target of 45 vehicles by recording 120%. As of the end of 2023, we have 93 EVs and two FCEVs. Major subsidiaries of KB Financial Group are taking part in the process of converting corporate fleets whose rental contract expired to eco-friendly vehicles, including hybrid electric vehicles (HEVs) and EVs.

### Eco-friendly vehicles owned by each subsidiary of KB Financial Group

Subsidiary	Eco-friendly Vehicles				Total corporate fleets	Conversion rate of corporate fleets to eco-friendly vehicles
	HEV	EV	FCEV	Total		
KB Kookmin Bank	1,194	93	2	1,289	1,565	82.4%
KB Securities	86	11	-	97	138	70.3%
KB Kookmin Card	128	3	-	131	155	84.5%
KB Life Insurance	51	2	-	53	64	82.8%
KB Capital	40	-	-	40	55	72.7%
KB Real Estate Trust	31	-	-	31	40	77.5%
KB Savings Bank	17	-	-	17	23	73.9%
Others	15	-	-	15	89	16.9%



### “K-EV100” mid- to long-term roadmap of KB Kookmin Bank



### KB Green Wave

KB Financial Group is carrying out the “KB Green Wave,” a campaign to practice environmental management, so as to spread the culture of eco-friendliness throughout overall society, beginning with voluntary participation by employees. Based on the “Green Tomorrow, Together” slogan, the KB Green Wave is run with a focus on three key tasks – “Less Paper, Save Energy, and No Plastic” – and involves eco-friendly activities for future generations. In 2023, we added the “Care Us” key task based on the motto, “Healthy members of society create a healthy earth, and a healthy earth creates healthy members of society.” Care Us is an eco-friendly activity with a more expanded concept that promotes the health of individuals and the earth, such as enabling inner healing through social contribution activities and spreading a healthy leisure culture by expanding environmental protection activities such as plogging.

### KB Kookmin Bank’s “KB Green Wave Campaign”

Theme of activity	Major activities
Less Paper	Reduce paper bankbooks, DM, and copy paper
No Plastic	Purchase eco-friendly goods, reduce use of single-use products, and launch eco-friendly products
Save Energy	Reduce energy consumption, reduce food waste, and use renewable energy
Care Us	Care for my mind, healthy physical management, participation in social contribution activities

# Environmental Management

## Less Paper

Major subsidiaries of KB Financial Group are minimizing impact on global warming by reducing carbon emissions during the process of removing and processing trees by reducing paper use.

### KB Green Wave – Less Paper



Subsidiary	Activity name	Main details
KB Kookmin Bank	Carbon neutrality point system	<ul style="list-style-type: none"> <li>Signed an MOU with the Ministry of Environment and is providing KRW 100-worth of points per case to customers who use electronic receipts</li> </ul>
KB Kookmin Card	Eco-friendly statement	<ul style="list-style-type: none"> <li>The total number of eco-friendly statement members reached 8.81 million (75.0%) in 2023, indicating a year-on-year rise of 1.15 million. Accordingly, we reduced 5.84 million regular mail statements (29.2 million pieces of paper) and 163.52 tCO<sub>2</sub>eq in carbon emissions.</li> </ul>
	Electronic contract system	<ul style="list-style-type: none"> <li>Reduced paper use by around 20,000 pieces a year by establishing and operating the electronic contract system</li> </ul>
KB Capital	Transition to smart order	<ul style="list-style-type: none"> <li>Switched orders made at the in-house café, “DADA Café,” to smart orders via a mobile device</li> </ul>
	Reduction of copy paper use	<ul style="list-style-type: none"> <li>Achieved a 10% reduction in copy paper use from 1,734 boxes to 1,556 boxes in 2023 by strengthening order-placement conditions and monitoring use</li> </ul>

## No Plastic

Major subsidiaries of KB Financial Group are contributing to the reduction of waste discharge and carbon neutrality through eco-friendly activities, such as plastic card reduction activities.

### KB Green Wave – No Plastic



Subsidiary	Activity name	Main details
KB Kookmin Bank	“Nephron,” a recycled resource-collecting robot	<ul style="list-style-type: none"> <li>Installed “Nephron” in the rest area at the head office building and new building</li> <li>Collected around 4,200 cans/PET bottles in 2023</li> </ul>
	Use reusable cups	<ul style="list-style-type: none"> <li>All disposable cups at in-house cafes were replaced with reusable cups, leading to reduction of 0.4 million disposable cups used in 2023</li> </ul>
KB Kookmin Card	“Nephron,” a recycled resource-collecting robot	<ul style="list-style-type: none"> <li>Signed an ESG agreement with the Jongno-gu Office on a “Smart AI Separate Collector Project”</li> <li>Installed “Nephron” in the company lobby and Jongno-gu Office</li> <li>Collected around 122,700 cans/PET bottles in 2023 (carbon emission reduction effect of 13.6 tCO<sub>2</sub>eq)</li> </ul>
	Use reusable cups	<ul style="list-style-type: none"> <li>All disposable cups at the in-house café, “DADA Café,” were replaced with reusable cups, resulting in a reduction of a daily average of 1,143 and an annual average of 280 thousand disposable cups in 2023</li> </ul>
	KB Pay	<ul style="list-style-type: none"> <li>Strengthened the offline payment service (reduced use of physical cards)</li> <li>The offline payment amount indicated a year-on-year increase of 160% in 2023</li> </ul>

## Save Energy

KB Financial Group seeks to protect the environment by engaging in such activities as reducing energy consumption, reducing food waste, and using renewable energy. Major subsidiaries of KB Financial Group are reducing carbon emissions and resource consumption by saving energy, and reducing the waste of resources and preventing environmental pollution through environmental waste reduction activities.

### KB Green Wave – Save Energy



Subsidiary	Activity name	Main details
KB Kookmin Bank	Participate in energy trading	<ul style="list-style-type: none"> <li>Participate in the electricity demand resource trade market</li> <li>Reduced electric energy use by 2,784 kWh</li> </ul>
KB Kookmin Card	Integrated control solution for chilling and heating units	<ul style="list-style-type: none"> <li>Efficient operation of chilling and heating units</li> <li>Reduced electric power consumption at headquarters by 7.4% from 2022</li> </ul>
KB Life Insurance	Energy consumption reduction activities	<ul style="list-style-type: none"> <li>Managing lights and chilling and heating units through a central management system</li> <li>Achieved a 1.5% reduction from the average electric power consumed in the previous three years</li> </ul>
KB Real Estate Trust	“KB Green Office”	<ul style="list-style-type: none"> <li>Achieved a 10% reduction in electric power consumption from 2022</li> </ul>

## Carbon Management Solution for MEs and SMEs

KB Kookmin Bank opened the “KB Carbon Management System” in 2024 to support MEs and SMEs that are experiencing difficulties in managing carbon emissions. The KB Carbon Management System is an online platform that calculates/manages GHG emissions based on energy consumption of MEs and SMEs, and enables easy and convenient calculation and management of carbon emissions that occur during a company’s production and management activities.

KB Kookmin Bank provides this service to its ME and SME clients that have subscribed to corporate online banking free of charge. The service allows companies to more efficiently calculate and manage carbon emissions and realize systematic carbon emissions management in accordance with standard guidelines in Korea and abroad. The KB Carbon Management System can be used to set a reduction target at the company-wide level or by business site, monitor the performance, and engage in effective integrated management of internal carbon emissions as well as carbon emissions of subsidiaries and partner companies in the inter-company carbon information disclosure process.



# Environmental Management

## Eco-friendliness Education

KB Financial Group provides ESG education to all employees to raise their awareness of eco-friendliness. Education on practicing ESG is provided to all employees. In-depth, customized training is provided to employees in charge of ESG, such as responding to climate change and establishing a disclosure system. Leading example is ESG expert education of KB Kookmin Bank, offered to a total of 40 RMs at the Large Corporate Finance Center to strengthen corporate finance employees' skills in performing ESG-connected tasks. The education program included such content as environmental/social issues and status of each industry, including oil refining and petrochemicals, as well as impact and outlook for each industry in relation to major ESG regulation and policy changes.

### KB Kookmin Bank's ESG expert education

Category	STEP 1 Strengthen basic competencies	STEP 2 Professional competencies I	STEP 3 Professional competencies II
Education provided to	All RMs at KB Kookmin Bank's Large Company Finance Center (Total 40 persons)		
Organized by	KB Kookmin Bank's ESG expert-fostering course	NICE Investors Service (outsourced)	KB Securities' Corporate Analysis Department
Date	May-June 2023 (8 times)	July 27-November 30, 2023 (7 times)	October 5-November 30, 2023 (3 times)
Purpose	Identify major industries' ESG-related characteristics and the impact caused by ESG issues Enhance large company RMs' ESG-related customer service skills by examining the ESG finance usage status		
Content	Environment, labor and human rights, ethics, and safety and health-related risks and ESG diagnosis cases, etc.	Environmental/social issues and status per industry, including oil refining and petrochemical industries, and outlook on the impact by industry in relation to major ESG regulation/policy changes	In-depth analysis focusing on three major ESG-related industries (steel, oil refining and chemicals, utility)

### Lecture content of Step 2 & Step 3 sessions

No.	Major content	
1	Each industry's environmental/social-related major characteristics and ESG finance	
2	Each industry's major environmental/social issues and status (1) - Oil refining, petrochemical, steel	
3	Each industry's major environmental/social issues and status (2) - Semiconductor, electronic, cement, paper manufacturing	
STEP 2	4	Each industry's major environmental/social issues and status (3) - Distribution, food, clothing, air/marine/land transport
	5	Each industry's major environmental/social issues and status (4) - Construction, shipbuilding, power generation
	6	Each industry's major environmental/social issues and status (5) - Automobiles, automotive parts, finance
	7	ESG disclosure system and major ESG issues, etc.
	STEP 3	1
2		In-depth analysis focusing on three major ESG-related industries (steel, oil refining and chemicals, utility) (2)
3		In-depth analysis focusing on three major ESG-related industries (steel, oil refining and chemicals, utility) (3)

## External Environmental Campaigns

KB Financial Group shares the value of eco-friendliness with customers and employees, and actively participates in external environmental events to form a consensus on environmental issues. To this end, we participated in the lights-off event that was held on Earth Day (April 22) in 2023. We turned off the lights in office buildings of major subsidiaries and held a lights-off ceremony participation event for customers. In addition, we carry out diverse campaigns that connect eco-friendly activities with donations.

### KB Financial Group's external environmental campaigns

Subsidiary	Activity	Major details	Date
KB Kookmin Bank	Green Month, Plogging Together	Collect wastes and clean the surrounding environment in Seoul, Busan, Cheongju, and Gwangju	Apr. 2023 (Seoul) May 2023 (Busan) Jun. 2023 (Cheongju) Oct. 2023 (Gwangju)
KB Securities	Kkaebi Securities Change Our Life (Season 2: Haeundae)	Eco-friendly plogging in which Millennials & Gen Z in the Busan region and employees participated	Jul. 2023
	"Green consumption week" event organized by the Ministry of Environment	Provided incentives to customers for purchasing an environmental mark certification product with the "green card"	Jun. 2023
KB Kookmin Card	WE:SH DREAM	Practice a low-carbon daily life and provide medical expense support to low-income children with cancer through the employee hope walking donation campaign	Mar. 2023
	Lighting Children Campaign	Employees and customers assemble photovoltaic lanterns together and donate them to overseas energy-poor countries	Jun. 2023
KB Asset Management	Let's Go and Recycle Waste Supplementary Batteries! Let's Go and Help Underprivileged Children!	Held a waste battery recycling campaign targeting citizens, and raised matching grant funds as much as the number of donated waste batteries to hold "KB Homes," an environmental improvement project for child welfare institutions	Aug. 2023



KB Kookmin Bank, "Green Month, Plogging Together"



KB Kookmin Card, "Green Card"

# Environmental Management

## Preserving Biodiversity

### Managing Biodiversity

KB Financial Group minimizes the environmental impact of Group activities and carries out activities that contribute to restoring the ecosystem.

### Activities to Preserve Biodiversity

KB Financial Group carries out diverse activities to spread awareness of natural preservation and protect biodiversity. KB Financial Group became the first financial institution in Korea to join the “Business N Biodiversity Platform (BNBP)” initiative in 2020 and is taking the lead in preserving biodiversity through such initiatives as the “K-Bee Project,” “KB Sea Forest Project,” and “Forestation Project.”

### K-Bee Project

Amid spreading awareness of the importance of biodiversity all across the globe, KB Financial Group commenced the “K-Bee Project,” aimed at increasing the number of bees, in May 2022. Designated as a nationally-protected species, honeybees are important insects that pollinate 70% of the top 100 food crops, but the number of bees is rapidly dropping due to environmental issues. Even colonies are collapsing. In response, KB Financial Group created an urban bee farm (Urban Bee Farm No. 1) on the rooftop of KB Kookmin Bank’s Head Office Building and built “bee hotels” for wild bees in Seoul Botanical Garden. We also planted and nursed the saplings of 100 thousand honey trees that flower at different times in Hongcheon County, Gangwon Province such as tulip trees, Oriental raisin trees, and false acacias. We also plan to create a second honey tree forest by planting around 45 thousand honey trees in Uljin, North Gyeongsang Province, which is an area that was considerably damaged by a large forest fire in 2022. Honey plants and trees provide food to honey bees. By building honey tree forests, we are taking the lead in restoring honey bees’ ecosystem.



Bee experience event at the Urban Bee Farm No. 2 in Seoul Forest



Urban Bee Farm No. 3 installed at the Seodaemun-gu Office

In May 2023, we held a honeybee experience event at the K-Bee urban bee farm (Urban Bee Farm No. 2) in Seoul Forest and honeybee gardens in celebration of World Bee Day. In particular, children at the KB Guui Daycare Center and figure skating athletes Jun Hwan Cha and Haein Lee, who are sponsored by KB Financial Group, took part in the honeybee ecological experience education and honeybee garden-cultivating activity, resulting in a high level of interest in the “K-Bee Project.” Following the Seoul Forest K-Bee Urban Bee Farm No. 2, we established Urban Bee Farm No. 3 on the rooftop of the Seodaemun-gu Office building, and will continue ecosystem preservation activities.

### Major activities of the K-Bee Project in 2023





# Environmental Management

## KB Sea Forest Project

KB Financial Group carries out the “KB Sea Forest Project” to secure biodiversity and preserve the ocean environment. The KB Sea Forest Project creates a sea grass forest in ocean waters where sea desertification is taking place and collects ocean wastes. Sea grass is a marine plant that lives in shallow ocean waters. In addition to absorbing carbon, purifying the ocean environment, and preventing red tide, it provides places for ocean life to spawn and live, making it essential for the ocean ecosystem. However, its beds are rapidly decreasing due to coast reclamation and development as well as water pollution, leading to the emerging need to restore sea grass forests.

KB Kookmin Bank restored an ocean forest (sea grass forest) near Eunpo coast in Gain-ri, Changseon-myeon, Namhae County, South Gyeongsang Province. We are consecutively building a forest through sowing of seeds following sea grass transplantation in 2022. We completed restoration of 0.75 ha in 2023 to make the cumulative total 1 ha of sea grass forest restoration by 2023. In 2024, we are expanding the project by discussing the selection of a second location. In 2023, KB Financial Group signed an MOU with the Ministry of Oceans and Fisheries to expand external collaboration of the KB Sea Forest Project.



KB Financial Group, “KB Sea Forest Project”



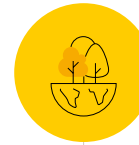
KB Securities, “Kkaebi Green Road”

## Forestation Project

KB Financial Group operates forestation projects to resolve environmental issues, including fine dust in Korea and abroad, and preserve biodiversity. Each subsidiary carries out various forestation projects and actively takes part in eco-friendly activities for net zero.

### KB Financial Group’s forestation projects

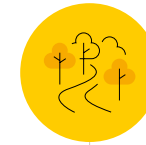
KB Kookmin Bank



“KB Kookmin Clear Sky Forestation,” a project aimed at building forests in Mongolia

Creating forests with windbreak trees/fruit trees to prevent desertification in Mongolia and reduce fine dust (110 thousand trees from 2018 to 2023)

KB Securities



Kkaebi Green Growth Road (Season 2: Mt. Cheonwang camping site)

Planted trees on a public camping site that is used by residents (around 3,400 trees in 2023)

KB Kookmin Card



Donate air-purifying trees and protect endangered plants

Donated endangered air-purifying trees that employees took care of for a month to child daycare centers in Seoul and the metropolitan area (7,000 trees from 2019 to 2023 including 2,000 trees in 2023)



# HUMAN RIGHTS MANAGEMENT

## AT A GLANCE

Respect for human rights is a social responsibility and ethical obligation that must be upheld in corporate management. When a company strives to protect human rights, it can build cooperative relations based on trust, which in turn leads to the company’s sustainable competitiveness in the long term. KB Financial Group respects and protects the dignity and value of various stakeholders surrounding KB. To internalize human rights management, we investigate human rights violation factors of all stakeholders, including employees, and prevent risks, while establishing a management system to carry out human rights-friendly management activities.



## KEY PERFORMANCE

International standard for health and safety management system

# ISO 45001

Obtained

(KB Kookmin Bank: June 2023)  
(KB Securities: March 2024)



Number of male employees who used childcare leave increased 34% YoY

# 34%↑

(KB Financial Group)



## UN SDGs





# Human Rights Management

## Human Rights Management System

### Human Rights Policy

In 2016, KB Financial Group declared that it would strive to protect and promote the human rights of all stakeholders, including customers, employees, shareholders and investors, suppliers, and local communities, and disclosed its human rights policy. Our human rights policy reflects international standards and guidelines related to human rights/labor, including the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and ILO Constitution. In 2021, we joined the “United Nations Global Compact (UNGC),” the world’s largest voluntary corporate initiative that calls for corporate social responsibility, and are reflecting domestic and overseas human rights standards and domestic human rights-related laws in human rights policy to be in line with the ten UNGC principles in relation to human rights/labor/environment/anti-corruption.



In addition, KB Financial Group established “KB Diversity 2027,” a mid- to long-term goal to “embrace diverse socio-economic backgrounds” and “realize gender equality,” to practice human rights management. We established a phased diversity roadmap and defined detailed diversity goals for each phase. We are increasing employment opportunities for various classes and offering fair opportunities to both genders to strengthen their competencies. Please refer to p.114 of this report for details on “KB Diversity 2027.”

### Managing Human Rights Issues

KB Financial Group manages the Group’s human rights issues according to the human rights issue management process specified in the human rights policy. In particular, we continually monitor the possibility of human rights risks that are inherent in our business operations, carry out improvement activities for each risk, and disclose the results.

#### Human rights issue management process



### Human Rights Education

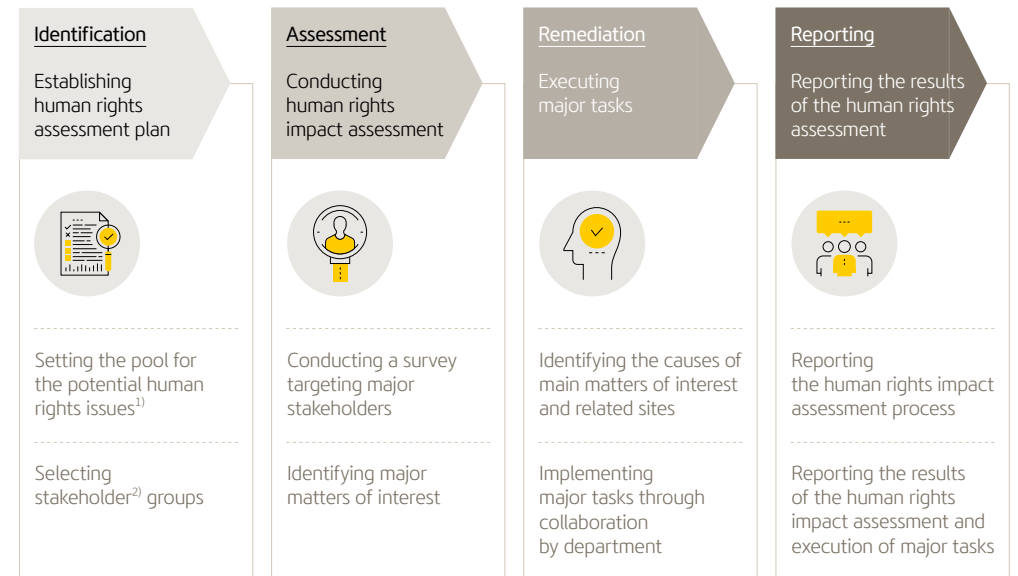
KB Financial Group provides human rights education to all employees every year. Human rights education includes sexual harassment prevention, improvement of perception toward the disabled, and prevention of workplace harassment. In 2023, training was focused on preventing workplace harassment and respecting human rights. In particular, KB Kookmin Card performed a self-evaluation (evaluation on the level of understanding) after the human rights education, and provided collective training to internal control supervisors of all departments and branches. It also distributed the “Manual on Preventing/Responding to Workplace Harassment” to all departments and branches in Korea, thus strengthening employees’ respect for human rights.

## Human Rights Impact Assessment

### Conducting Human Rights Impact Assessment

KB Financial Group regularly conducts a human rights impact assessment to examine human rights risks and choose major tasks to ease risks. The human rights impact assessment is carried out at all business sites to identify and prevent human rights risks that could arise from employees and business partners. We also take into account all stakeholders that established and are maintaining business relationships with KB Financial Group, including companies subject to acquisition/merger. Based on the analysis results of the human rights impact assessment, we chose and implemented tasks through discussions among departments in areas that needed improvement. Analysis results of human rights impact assessment are used to monitor the effectiveness before/after task execution.

#### Human rights impact assessment process



<sup>1)</sup> Forced labor, child labor, discrimination, human trafficking, equal remuneration, freedom of association and collective bargaining

<sup>2)</sup> Employees, women, children, local community residents (indigenous people), migrant workers, emotional workers (third-party contract-based workers), local community, and customers

# Human Rights Management

## Results of Human Rights Impact Assessment

Stakeholder	Potential issues and main issues identified (vulnerable groups)	Details of remediation actions taken	
Employees	Prohibition of discrimination in relation to employment Capability-building support (career-interrupted female employees)	Focused improvements/reinforcements for 2023-2024	<ul style="list-style-type: none"> <li>Implementing "KB Diversity 2027," a mid-to long-term goal for the Group diversity</li> <li>Establishing a plan to increase the proportion of women in the Group by 2027 (20% female leaders, 30% female core experts)</li> <li>Reducing risk of women taking a career break by extending paid maternity leave</li> <li>Operating a "course for employees who returned" that helps employees who returned to work after childcare leave to adjust to work</li> </ul>
			<ul style="list-style-type: none"> <li>Providing support for competency development of female employees</li> <li>Establishing and operating "WE STAR" system</li> <li>"WE STAR" mentoring program, "KB WE" female leadership course, junior female talent training, etc.</li> </ul>
			<ul style="list-style-type: none"> <li>Expanding family-friendly and maternity protection systems</li> <li>Implementing the reducing working hours during childrearing and elementary school enrollment period</li> <li>Implementing a "childcare retirement system on the condition of re-employment" that acknowledges work experience and allows one to return to work</li> </ul>
			<ul style="list-style-type: none"> <li>Establishing a system to promote women's rights</li> <li>Joining "Women's Empowerment Principles (WEPIs)"</li> <li>Enactment of the "KB Financial Group Statement on Human Rights" and "Statement on the Prevention of Workplace Sexual Harassment, Non-Sexual Harassment, and Discrimination"</li> </ul>
	Prohibition of forced labor Prevention of mandatory overtime work (employees)		<ul style="list-style-type: none"> <li>Establishing a process to comply with statutory working hours</li> <li>Operating a "PC On/Off" system to ensure on-time commuting and lunch time</li> <li>Expanding flexible working systems such as telecommuting, staggered commuting, selective working hours, flexible working hours, and holiday alternatives</li> </ul>
		Focused improvements/reinforcements for 2023-2024	<ul style="list-style-type: none"> <li>Establishing safety and health management system</li> <li>Establishment of "safety and health policy," "basic plan on occupational safety and health management," and "occupational safety and health management regulations"</li> <li>KB Kookmin Bank received health and safety management system (ISO 45001) certification in 2023</li> <li>KB Securities received health and safety management system (ISO 45001) certification in 2024</li> </ul>
	Occupational health and safety Physical/psychological health management (employees)	Focused improvements/reinforcements for 2023-2024	<ul style="list-style-type: none"> <li>Employee physical health management</li> <li>Outsourcing the operation of the fitness center to a professional company to strengthen expertise in employee health management</li> <li>Providing group accident insurance, medical expenses, and KRW 200,000 worth of health care welfare points per person</li> </ul>
			<ul style="list-style-type: none"> <li>Employee mental health checkup</li> <li>Conducting employee mental health checkups and providing counseling to employees who were found to require counseling after the checkups through referrals made to psychological counseling centers</li> <li>Implementing the Employee Assistance Program (EAP), such as the psychological counseling program "KB Hearim"</li> </ul>
		Focused improvements/reinforcements for 2023-2024	<ul style="list-style-type: none"> <li>Implementing workplace environment improvement projects</li> <li>Implementing working environment improvement measures to prevent safety accidents caused by old workplaces and to improve the work environment</li> </ul>
			<ul style="list-style-type: none"> <li>Emotional labor protection system</li> <li>KB Securities operates the "Customer Service Employee Protection Committee"</li> <li>KB Insurance has established and operates the "Standards on Customer Service Worker Protection Measures"</li> <li>KB Kookmin Card operates a job base pay system for employees in charge of complaints and commends employees with an outstanding performance in financial consumer protection and handling of complaints</li> <li>KB Savings Bank has established "Guidelines on Customer Service Protection" and provided training</li> </ul>
Customers	Customers' human rights protection Reinforcing privacy protection (financial consumers) Ensuring accessibility of financial products and services (financial vulnerable consumers)	Focused improvements/reinforcements for 2023-2024	<ul style="list-style-type: none"> <li>Establish a management system for information protection</li> <li>KB Kookmin Bank received APEC CBPR (global personal information protection management system) certification in 2023</li> <li>KB Capital received ISMS-P (information protection and personal information protection management system) certification in 2023</li> </ul>
		Focused improvements/reinforcements for 2023-2024	<ul style="list-style-type: none"> <li>Strengthening financial consumer protection</li> <li>Establishing a financial consumer protection governance structure that is independent from the development and sales of financial products</li> <li>KB Securities enacted "Internal Control Guidelines for Financial Consumer Protection"</li> <li>KB Kookmin Card established the "automated TM mis-selling monitoring system" using AI</li> <li>KB Savings Bank established "Fraud Detection System (FDS) Work Handling Standards"</li> </ul>
		<ul style="list-style-type: none"> <li>Increasing financial accessibility for the financially vulnerable</li> <li>Improving ATMs for seniors/persons with disabilities, producing and distributing separate service manuals</li> <li>Operating special branches for immigrant workers' accessibility and hiring native speakers</li> <li>Developing an app specialized for customers in Cambodia and improving services specialized for customers in Indonesia</li> </ul>	
Suppliers	Responsible supply chain management Protection of workers engaging in emotional labor (emotional workers)	<ul style="list-style-type: none"> <li>Running programs to support the mental stability of emotional workers in accordance with the emotional labor protection system</li> <li>Operating programs to support mental stability of call center staff and a customer service bulletin board</li> <li>Operating a complaint consultative group twice a month (share complaint cases and response measures)</li> </ul>	
Local communities	Guarantee of environmental rights Removal of environmental risk concerning places of business (local community)		<ul style="list-style-type: none"> <li>Strengthening environmental impact assessment for project financing</li> <li>Specifying obligations in relation to environment-related laws, regulations, and authorization in the loan agreement for project financing</li> <li>Conducting environmental/social risk assessments on those subject to joining and applying the Equator Principles</li> </ul>
			<ul style="list-style-type: none"> <li>Establishing the environmental and social risk management system (ESRM)</li> <li>Managing industrial areas by categorizing them into areas for exclusion, areas for attention on climate change, and areas for support for green industries</li> </ul>

\* Implemented remediation actions for sites of operations (30.8%) where risks have been identified (ratio reduced compared to the results of the previous human rights impact assessment)

# Human Rights Management

## Health and Safety Management

### Health and Safety Management System

#### Health and Safety Management Governance

Each subsidiary of KB Financial Group has the BOD or top management as the top decision-making body for health and safety policy in line with relevant laws. They established the “Occupational Health and Safety Committee,” which is an organization dedicated to health and safety management, and appointed a health and safety management supervisor. In addition, they operate various channels to collect employee opinions on health and safety.

#### Establishment of a Health and Safety Management Plan

KB Financial Group publicly announced the “Group Goals and Management Guideline for Occupational Health/Safety” that is applied to all stakeholders, including all employees, customers, suppliers, and partner companies. Each subsidiary establishes a “basic plan on occupational health and safety management” every year and reports it to the BOD. Aiming to establish a safe work environment to protect the lives of all employees, contract workers, and customers, the basic plan on occupational health and safety management stipulates the role of the health and safety management organization and the elimination of hazards/risks identified through risk assessments as well as the establishment/implementation of improvement measures. In particular, to actively collect opinions from workers while establishing a health and safety management plan, it is stipulated in the “Occupational Health and Safety Management Regulations” that prior discussions be held with labor unions through the Occupational Health and Safety Committee.



#### Basic plan on occupational health and safety management of major subsidiaries

Subsidiary	Relevant laws and regulations	Major details of the plan
KB Kookmin Bank	Health and Safety Management Plan Occupational Health and Safety Management Regulations	<ul style="list-style-type: none"> <li>Establish a health and safety management policy and goal</li> <li>Actively collect employee opinions when establishing a health and safety management plan</li> <li>Appoint a health and safety management supervisor and establish a health and safety management system</li> <li>Hold the Occupational Health and Safety Committee and joint health and safety inspection once a quarter, perform a site inspection once a week</li> </ul>
KB Insurance	Health and Safety Management Standards	<ul style="list-style-type: none"> <li>Establish the “Health and Safety Management Standards”</li> <li>Appoint a health and safety management supervisor and establish a health and safety management system</li> <li>Hold the Occupational Health and Safety Committee once a quarter and Health and Safety Council once a month</li> </ul>
KB Kookmin Card	Occupational Safety and Health Act, Serious Accidents Punishment Act	<ul style="list-style-type: none"> <li>Establish a health and safety goal and management policy and establish a health and safety management system pursuant to the Enforcement Decree of the Occupational Safety and Health Act</li> <li>Establish the basic plan on occupational health and safety management to include the previous year’s health and safety management performance and the plan for the corresponding year</li> <li>The Management Support Group Head concurrently holds the health and safety management supervisor (manage our company’s employees) and Health and Safety Directing Supervisor (manage contract workers) positions</li> </ul>

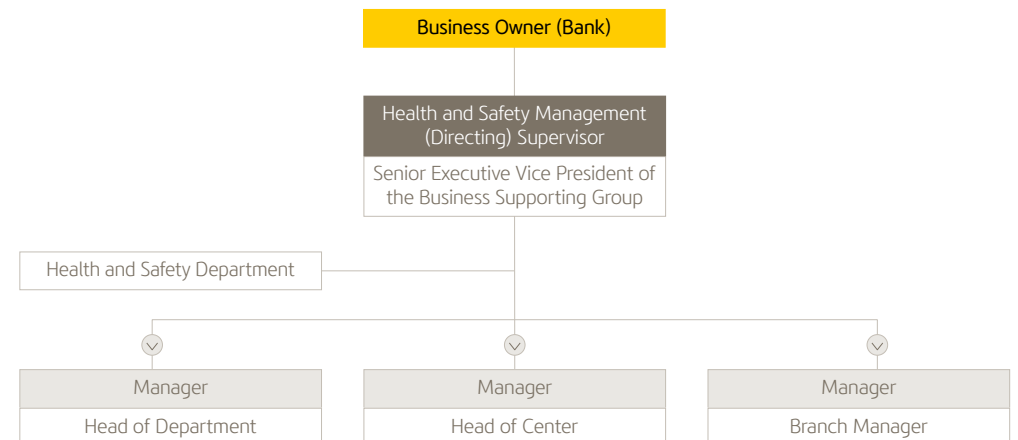
#### Establishment of Health and Safety Targets and Monitoring

Based on the Group Goals and Management Guidelines for Occupational Health and Safety, KB Financial Group establishes a health and safety goal and priority for each subsidiary and evaluates achievement levels every year. Major subsidiaries, including KB Kookmin Bank, establish health and safety goals, including the number of accidents and occupational accident rate, and monitor year-on-year changes. As a result of establishing an advanced health and safety management system through continued target management and monitoring, KB Kookmin Bank received ISO 45001 certification, an international standard for occupational health and safety management system, in June 2023, thus proving that it has a systematic work environment that can prevent worker injury and disease. In addition, KB Securities newly acquired ISO 45001 certification in March 2024. By having the ISO 45001 certification, KB Kookmin Bank and KB Securities establish health and safety targets and establish/operate mitigation measures for relevant risks.



ISO 45001 certification for occupational health and safety management systems of KB Kookmin Bank and KB Securities

#### KB Kookmin Bank’s health and safety management organization



# Human Rights Management

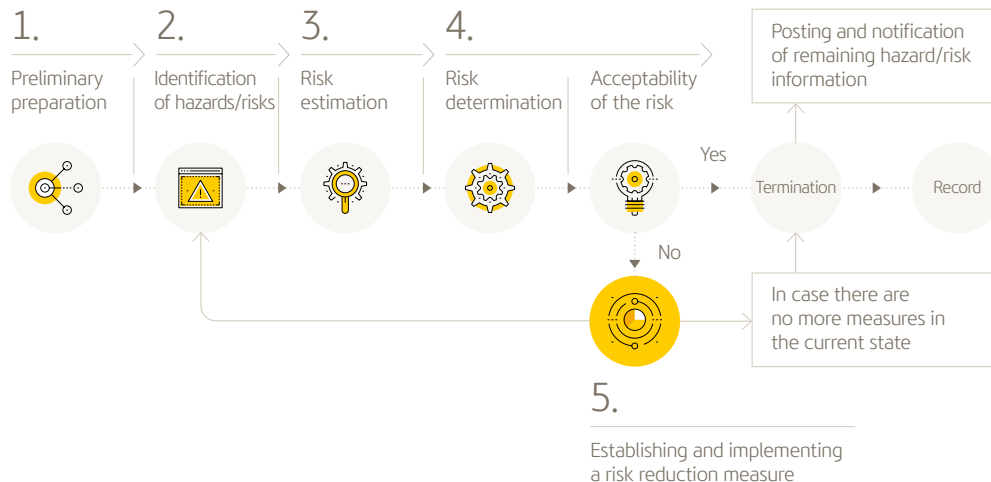
## Health and Safety Risk Management

### Health and Safety Risk Assessment

KB Financial Group conducts health and safety risk assessments to identify hazards and risks in the workplace in accordance with the basic plan on occupational health and safety management. This assessment is carried out by the Head of the Health and Safety Department based on the risk assessment manual to confirm hazards/risks from workplace characteristics and to make improvements. We provide training before a risk assessment to share assessment details and the importance with employees, and also hold the Occupational Health and Safety Committee once a quarter for labor and management to jointly identify hazards/risks. For risk assessments, the employee in charge and a health and safety expert jointly conduct an onsite due diligence of the business site.

In case of factors for which “risk allowance is not possible” that are derived as a result of a risk assessment that is conducted every year, we establish risk mitigation measures, including improvement plans/measures. To evaluate the effectiveness of measures after implementing the risk mitigation measures, we have a monitoring process in place that checks whether there was a decrease in the factors for which “risk allowance is not possible.” The results, including whether risk mitigation measures were implemented, are reported to the supervisor of health and safety management once a year. In 2023, we conducted environmental improvement projects for old business sites to address hazards/risks that were discovered through a risk assessment and expanded employee health promotion programs. In addition, priority was placed on ensuring safety first in the process of carrying out the environmental improvement projects, resulting in “zero” safety accidents. As an outcome of these efforts, KB Kookmin Bank’s number of occupational accidents has been lower than the average accident rate in the banking industry for the last three years.

### Risk assessment manual



### Serious Industrial Accident Response System

Major subsidiaries, including KB Kookmin Bank, have established a response system for serious industrial accidents to create a working environment in which all of our employees, suppliers, and contract workers can work safe and sound. KB Financial Group’s major subsidiaries established a “Response Manual for Serious Industrial Accidents” to take countermeasures such as immediately suspending work when an accident occurs and removing risk factors, as well as protective measures for victims of serious industrial accidents. If a serious accident occurs, the manager of the relevant work will promptly notify the Safety Management Department of the accident in accordance with the manual. The Safety Management Department will then report the accident to the health and safety management supervisor, take necessary measures to deal with the accident, and form the “Serious Accident Rapid Response Task Force (TF)” chaired by the health and safety management supervisor. The “Serious Accident Rapid Response TF” will conduct investigations into the details and progress of the accident according to the investigation procedure specified in the “Occupational Health and Safety Management Regulations,” and take relevant measures.

### Serious industrial accident response activities by subsidiary

Subsidiary	Main activity
KB Kookmin Bank	<ul style="list-style-type: none"> <li>According to the “KB Kookmin Bank Serious Accident Response Manual” (established in July 2022), it forms a serious accident response system organization (Situation Management Team, Emergency Aid Team, Restoration Support Team) beforehand for each department and branch, and provides regular education and training semiannually</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>Examines fulfillment of obligations that are set forth in the Serious Accidents Punishment Act semiannually</li> <li>Prepares for a serious industrial accident by purchasing a serious corporate accident liability insurance policy</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Formed an internal fire brigade (hose team, transfer team, evacuation team) per department and branch and performed practical emergency drills</li> </ul>

### Establishment of the Business Continuity Plan

KB Financial Group established a business continuity plan (BCP) and carries out semi-annual mock trainings and emergency evacuation drills to recover core businesses in case business activities are suspended due to various accidents and disasters. Before establishing the BCP, KB Kookmin Bank conducted a business impact analysis (BIA), which is a process of defining unit businesses that should be carried out by departments in case of business stoppage owing to an accident or disaster. Through BIA, KB Kookmin Bank identified the qualitative/quantitative impact that can be caused by business stoppage and considers resources needed for recovery to determine recovery priority of unit businesses and recovery time objective (RTO). The Bank also conducted mock trainings to review the possibility of returning to business from distributed workplaces such as alternative workplaces, and strengthened the crisis response management system at overseas branches as well.

KB Kookmin Card operates a BCP that is aimed at maintaining business continuity in case of local disaster situations, such as a fire, flood, and earthquake. It overhauls and updates each department’s unit businesses, RTO, and other basic materials once a year, and has different alternative workplaces per RTO for stable BCP operation. In addition, it performs a mock training once a year for effective execution of the BCP.

# Human Rights Management

## Employee Health and Safety Management

### Employee Physical Health Management

KB Financial Group launched “O-Care,” a non-financial healthcare platform, so that employees can manage their health in a way that is appropriate for their respective circumstances. We also provide points worth KRW 200 thousand per person so that employees can receive health management services or purchase health management products through the platform. Furthermore, as we have a group accident insurance policy and support medical expenses, we help employees prepare themselves for any unexpected accidents or diseases. We also operate the Health Strategy Center that is dedicated to health/medical care.

Major subsidiaries of KB Financial Group systematically manage employee health by running a nurse’s office and fitness center. They also provide health checkups to employees and their families every year to ensure health promotion and disease prevention.

### Employee Psychological Health Management

KB Financial Group provides “KB Hearim,” a psychological counseling program linked to psychological counseling centers and hospitals, and the “Employee Assistance Program (EAP),” which is a psychological counseling service in the “O-Care” platform. Through connection with professional psychological counseling centers, EAP helps employees resolve various issues together with a professional counselor, such as issues related to work, family and life.







In 2023, KB Securities provided psychological counseling services to employees, offering 90 employees with a total of 382 sessions and KRW 35.88 million. KB Kookmin Card provides six counseling sessions a year per employee through EAP.

### Emotional Worker Protection

KB Financial Group operates various programs that are aimed at protecting customer-facing employees to ensure their protection. First, we categorized consumers’ problematic behaviors according to the customer service manual and service process, and operate the automatic response service (ARS) to prohibit abusive language aimed at protecting customer-facing employees from consumers’ problematic behaviors. Furthermore, we provide counseling and various healing programs to manage the stress of customer-facing employees.

KB Kookmin Card pays employees in charge of complaints with an additional “job base pay,” and provides additional HR points to employees with an outstanding performance in relation to financial consumer protection and operates various reward systems, such as providing a commendation or overseas training. In addition, it provides the “headquarter department commendation” that assigns additional points in an HR evaluation to at least one employee a year and also operates a system of assigning an employee who worked for three or more years to a department he/she hopes to work in.

## KB Financial Group’s customer-facing employee protection program

 <p>KB Kookmin Bank</p>	<ul style="list-style-type: none"> <li>• Distribute “employee protection guidelines” for customer service employees and provide regular training on preventing health/hazards using the employee protection guidelines</li> <li>• Operate the Grievance Handling Center to handle customer-facing employees’ grievances and difficulties</li> <li>• Operate a psychological counseling center and providing psychological stability content for recovery of victims. If needed, the workers can visit a medical institution and relevant costs are covered.</li> </ul>
 <p>KB Securities</p>	<ul style="list-style-type: none"> <li>• Operating its own Customer Service Employee Protection Committee</li> </ul>
 <p>KB Insurance</p>	<ul style="list-style-type: none"> <li>• Installed CCTVs to protect customer service workers in the field</li> <li>• Has established and operate the Standards on Customer Service Worker Protection Measures</li> <li>• When there is a customer service employee grievance, a connection is made to an external psychological counseling company (EZNwellness) to receive counseling treatment</li> </ul>
 <p>KB Kookmin Card</p>	<ul style="list-style-type: none"> <li>• Operate a call center employee service process for problematic behavior customers                             <ol style="list-style-type: none"> <li>① When a problematic behavior occurs, issue a warning in front of the customer</li> <li>② Transition to ARS comments and register</li> <li>③ Provide information on legal proceedings</li> <li>④ End the session and send a text</li> </ol> </li> <li>• Prohibition of verbal abuse towards customer service representatives applied to ARS</li> <li>• Operates a worker psychological counseling support program (EAP)</li> </ul>
 <p>KB Life Insurance</p>	<ul style="list-style-type: none"> <li>• Amended the customer service employee protection manual and provided training</li> <li>• Provide psychological treatment and healing programs (HUGMOM Counseling, EZN wellness)</li> <li>• Operated the occupational health and safety management system in 2023</li> </ul>
 <p>KB Savings Bank</p>	<ul style="list-style-type: none"> <li>• Established “Guidelines on Customer Service Protection” and provided training</li> </ul>

# Human Rights Management

## Health and Safety Training

KB Financial Group provides training for all employees to enhance employees' awareness on health and safety and reduce related incidents. The health and safety management supervisor must complete job training regarding occupational health and safety laws and health and safety measures. In particular, we provide special training to workers who handle harmful or dangerous work and encourage them to establish a safe work environment.

In 2023, KB Kookmin Bank's health and safety management supervisor completed job training on occupational health and safety-related laws and supervisor duties and roles, while 850 managers at branches and headquarter departments completed risk evaluation training to reduce harmful/risk factors at worksites. In addition, the Bank is providing education/training on the "Serious Accident Response Manual" to all employees semiannually to prepare for serious accidents or pressing danger. In addition, health and safety training is included in executive management meetings and general manager training courses.

KB Kookmin Card chose "CPR and Automated External Defibrillator (AED) usage method" as the training subject for "Security Diagnosis Day" in 2023, shared information on emergency measures and AED use, and provided training to all employees. In addition, a professional CPR lecturer team from the Kangbuk Samsung Hospital provided emergency situation response expert-fostering training to employees in charge of safety management at headquarter departments, resulting in improved emergency response capabilities across the organization.

## Supply Chain Health and Safety Management Activities

When signing contracts with service providers and contractors, KB Financial Group includes whether the other party has the ability and technology to prevent incidents to secure workers' health and safety as major contract terms and has standards and processes in place to conduct a relevant evaluation.

### Supply chain health and safety management activities by subsidiary

Subsidiary	Major activities
KB Kookmin Bank	<ul style="list-style-type: none"> <li>Specifies the qualifications of subcontractors regarding health and safety in its work manual</li> <li>Performs site inspections and runs relevant consultative groups so that contract-based workers are not exposed to industrial accidents</li> <li>In case of facility construction companies, the Bank holds field briefing sessions on important construction to raise understanding of the construction and secure safety</li> </ul>
KB Insurance KB Life Insurance KB Real Estate Trust	<ul style="list-style-type: none"> <li>Conducts a worksite patrol inspection on a weekly basis, holds a "health and safety council" meeting on a monthly basis, and performs a joint safety inspection every quarter</li> <li>Carries out occupational accident prevention activities for customer-facing employees</li> </ul>
KB Asset Management	<ul style="list-style-type: none"> <li>Created/operates a health and safety management manual and procedure</li> <li>Holds health and safety briefing sessions at business sites targeted for investment, including real estate and REITs</li> <li>Inspects the safety establishment status of infrastructure investment business sites and makes a report to top management</li> </ul>



# LOCAL COMMUNITY INVOLVEMENT

## AT A GLANCE

KB Financial Group recognizes its responsibilities as a member of society, and established “fostering future generations” and “creating greater social value” as its basic direction of social contributions. In addition, we chose four key areas and focus on creating sustainable social value. We actively carry out social contribution activities that leverage local community characteristics, and implement customized programs that can fundamentally resolve social issues at home and abroad. We regularly measure and evaluate the contribution of our social contribution projects to ensure that these activities do not end as one-time events but actual bring positive effects to the local community.



## KEY PERFORMANCE

Commitment amount according to the care system MOU signed with the Ministry of Education

KRW **125** billion

(For 10 years from 2018 to 2027, with KRW 85 billion provided by 2023)



No. of persons who successfully found a job through the KB Good Job Program

**35,232** persons

(Cumulative performance since 2011)



Donations for disaster relief support

KRW **1.66** billion

(Including KRW 1.36 billion in donations made as a matching grant in 2023 and KRW 300 million of Gangneung wildfire recovery donation)



## UN SDGs



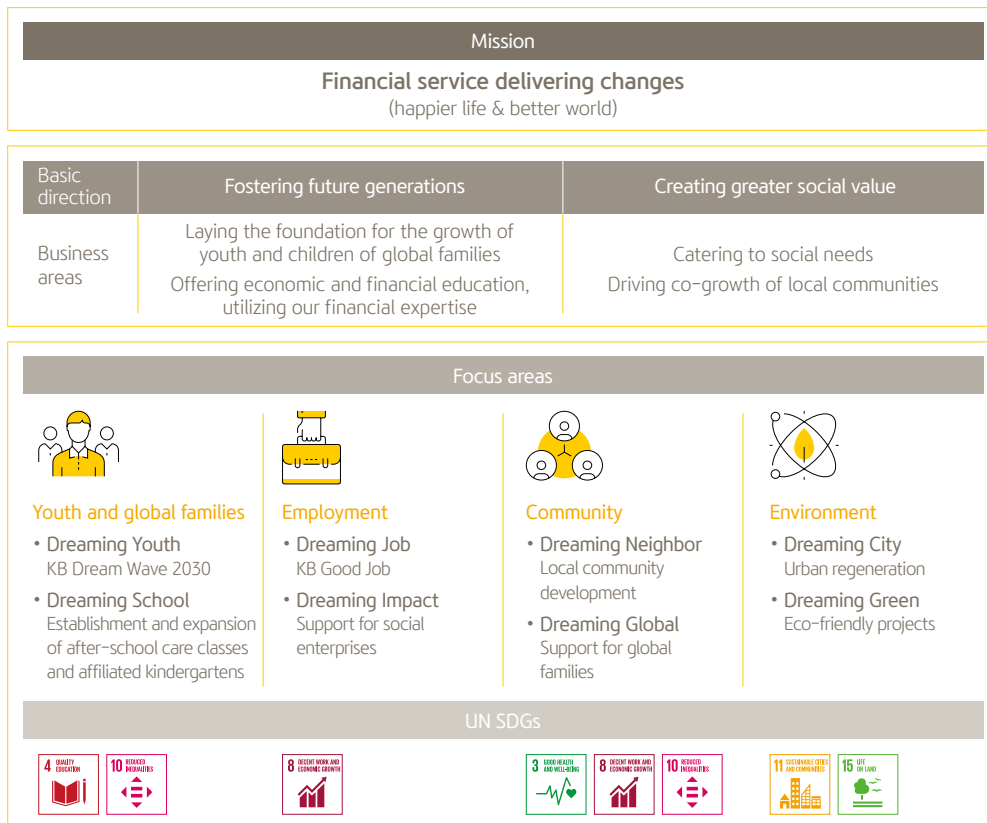


# Local Community Involvement

## Social Contribution Strategies

Based on KB Financial Group’s mission statement, “financial service delivering changes,” the Group established/operates social contribution strategies with youth/global families, employment, community, and environment as key areas. We are carrying out support activities so that the future generation can grow in a safe environment and move toward their dreams, such as various education support and mentoring programs as well as care system-establishing projects for children/teenagers and job creation projects for youths. In addition, we provide disaster relief support in Korea/abroad and residential and daily life support to the underprivileged, and actively engage in other social contribution activities to achieve win-win with local communities.

### KB Financial Group’s social contribution system

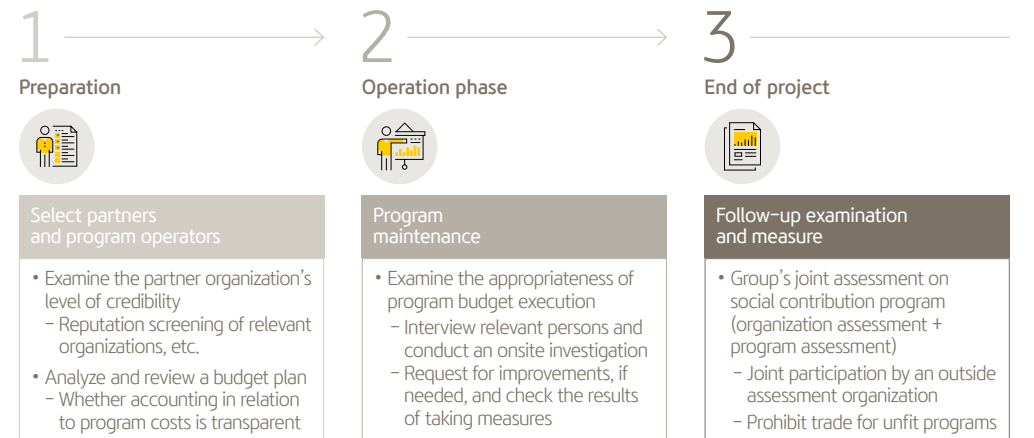


KB Financial Group established a social contribution system by setting mid- to long-term social contribution goals and evaluates the performance and effectiveness of leading social contribution activities. By carrying out diverse social contribution activities through 2023, we contributed to local community growth. Starting in 2024, we will advance social contribution project areas that are specialized for each subsidiary’s business area and expand social contribution activities that are participated in by employees and customers to internalize the local community win-win culture and implement sustainable social contribution projects. Our mid- to long-term plan is to execute social contribution projects, aligned with ESG management implementation strategies, to generate sustainable social value and realize economic value.

## Assessment of Social Contribution Projects

To implement fair and efficient social contribution projects, we established the “Group social contribution project assessment system” and conduct an assessment on leading social contribution projects of the Group and subsidiaries. As a leading example, KB Kookmin Bank makes an external audit mandatory for NGOs performing projects to enhance social contribution project transparency. Furthermore, subsidiaries and outside evaluation organizations jointly conduct quantitative/qualitative assessments on a social contribution program’s non-financial value, including its sustainability and social value and brand value created by the program, thereby verifying the project’s appropriateness and effectiveness.

### The Group social contribution project assessment system



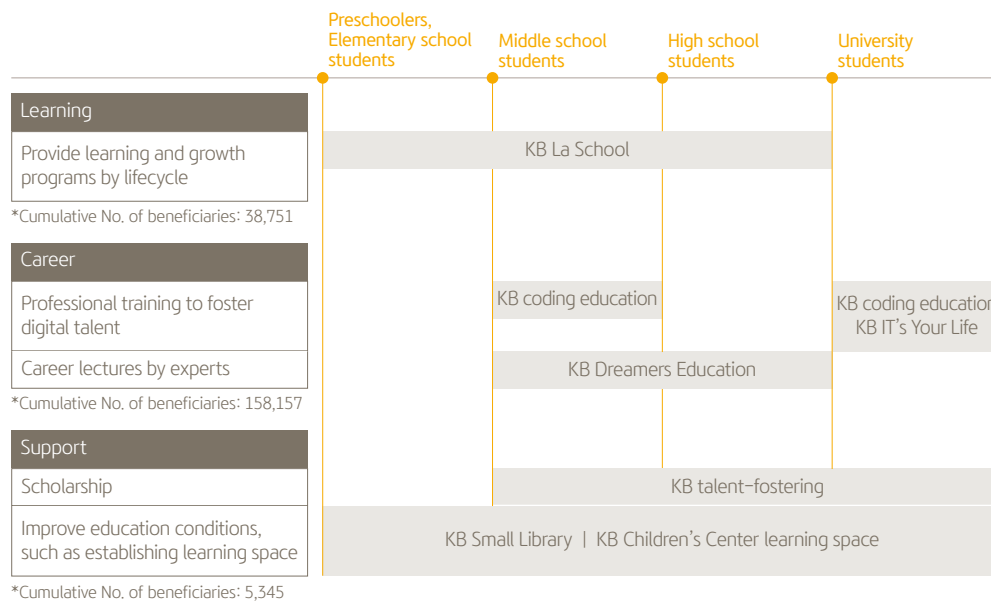
# Local Community Involvement

## Social Contribution Activities

### KB Dream Wave 2030

KB Kookmin Bank’s flagship social contribution project, “KB Dream Wave 2030,” provides various customized programs according to every growth stage from preschoolers to university students, with a focus on the three areas of learning/career/support, so that talent who will lead the future generation can discover their potential and realize their dream. Through “KB Dream Wave 2030,” we supported around 200 thousand students through 2023 and plan to provide growth opportunities to 300 thousand students by 2030.

#### Program by area of KB Dream Wave 2030



#### KB Dream Wave 2030 outcome



\* Cumulative basis

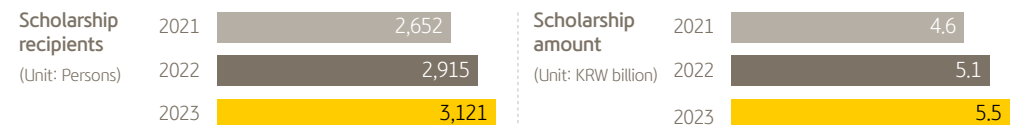
### Economic and Financial Education

KB Financial Group established the “KB Foundation” in May 2011 to open the door to a warm future of win-win with citizens. The KB Foundation launched a group of expert lecturers and has been offering a variety of financial literacy education programs to citizens ranging from youths to seniors to help people form good financial habits based on economic knowledge necessary in real life.

#### KB Foundation’s financial and economic education

<b>Visiting education</b> (KB Star Economic Class)	<ul style="list-style-type: none"> <li>Flagship economic education program of KB Financial Group</li> <li>Lecturers with economic education expertise provide onsite education at various locations ranging from elementary/middle/high schools to regional children’s centers and military bases</li> </ul>
<b>Invited education</b> (Economic/financial education experience center KB Star*D)	<ul style="list-style-type: none"> <li>This education program invites parents and their children to jointly receive education on fundamental economic/financial theories and experience</li> <li>Field trip at KB Kookmin Bank’s head office building, and operation of an experience center for special economic/financial lectures and production of relevant content</li> </ul>
<b>Financial literacy education for the underprivileged</b> (Economic/financial camp)	<ul style="list-style-type: none"> <li>Camp program for the financially vulnerable and global family children</li> </ul>
<b>POLARIS education</b>	<ul style="list-style-type: none"> <li>Undergraduate financial literacy education volunteer group that provides financial literacy education to children and youths around the nation</li> </ul>
<b>Online financial literacy education</b>	<ul style="list-style-type: none"> <li>Produce and distribute diverse financial education content using ICT (remote image) and YouTube</li> </ul>

#### KB Foundation performance



\* Cumulative basis

# Local Community Involvement

KB Financial Group provides “1 Company, 1 School Financial Education” to foster future financial talent. The 1 Company, 1 School Financial Education is a program that establishes partnerships with elementary/middle/high schools around the nation and provides diverse financial education to help students develop sound financial life habits. KB Kookmin Bank formed partnerships with 811 elementary/middle/high schools across the nation and provided financial education across 553 occasions to around 20 thousand beneficiaries as of the end of 2023.

KB Life Insurance established the “KB Life Foundation” in 2006 and carries out various social contribution programs. The “KB Life Economy Class” is an economic education program in which KB Life Insurance and KB Life Partners employees directly participate as volunteers. Children and youths learn difficult economic concepts in an easy, fun way through board games. In 2023, KB Life Insurance received the “Financial Supervisory Service Award” for the “Dream Up Economy Up Board Game,” a customized financial education program for students, in the “Outstanding Financial Education Program” category at the 18th Finance Contest hosted by the Financial Supervisory Service in 2023.

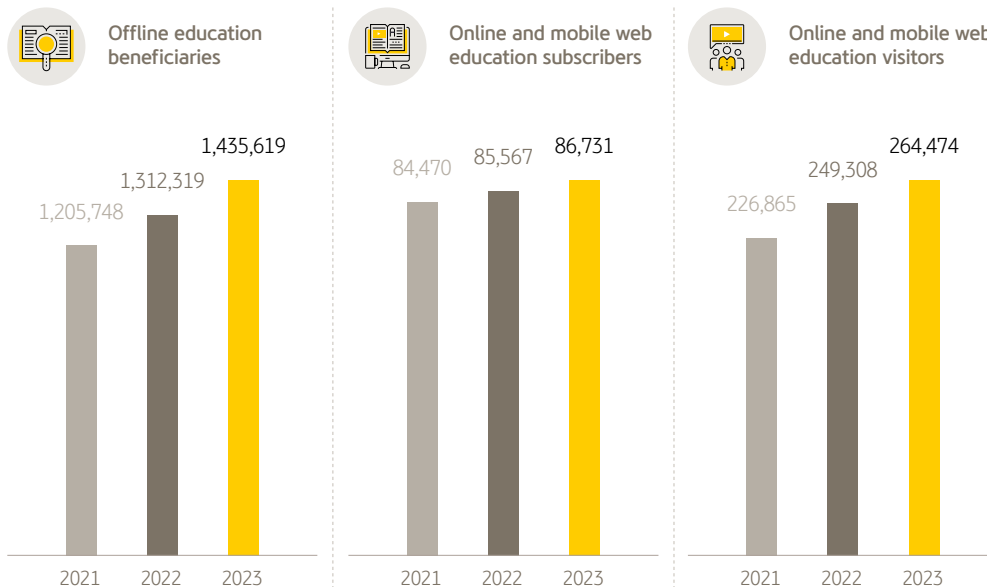
## Care System and Cultural/Educational Environment Improvements

KB Financial Group is carrying out care system establishment projects in collaboration with the Ministry of Education to overcome the low birthrate issue caused by such factors as women’s career disruption and burden of infant care. In particular, we execute the “all-day childcare program” to address the gap in care provided for children and youths and to reduce parents’ child care burden.

KB Financial Group has been signing an MOU with the Ministry of Education since 2018 and invested a total KRW 75 billion over five years to create a total 2,265 classes, including 1,648 childcare classrooms in elementary schools and 617 public kindergartens. The cumulative number of benefited children totals around 45 thousand. In addition, KB Financial Group signed an MOU with the Ministry of Education that provides a total KRW 50 billion over five years from 2023 to 2027 for Neulbom School and the development of the all-day childcare system. Based on the MOU, we are providing support for the expansion of Neulbom School that comprehensively provide a stable care environment and various afterschool programs to elementary school students and creation of “hub-type all-day care centers.”

### Performance of KB Financial Group’s economic and financial education

(Unit: Persons)



\* Cumulative basis

### Cultural/educational environment improvement activities by subsidiary

Subsidiary	Activity details
KB Kookmin Bank (KB Small Library)	<ul style="list-style-type: none"> <li>Establishing libraries in culturally alienated regions</li> <li>Providing support for old library remodeling and electronic library services</li> <li>Providing “Visiting Book Bus” and various reading culture programs</li> </ul>
KB Securities (Rainbow Class)	<ul style="list-style-type: none"> <li>Completed construction of 22 locations in Korea and 12 locations overseas since 2009</li> <li>Improving and repairing learning space, establishing a library, and donating books</li> <li>Establishing playgrounds at elementary schools and improving the play culture</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Donating backpacks to prospective elementary school students from low-income families</li> <li>Donating air-purifying plants to child daycare centers</li> <li>Providing art education to disabled youths and supporting athletes (professional art education/exhibition, sports activities funds such as equipment/training)</li> </ul>
KB Life Insurance	<ul style="list-style-type: none"> <li>Providing college entrance scholarship support for children of families with financial difficulties among life insurance beneficiaries</li> <li>Providing afterschool learning/cultural/emotional education programs for children/youths at local children’s centers</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>Employee mural-painting volunteering for the “SOS Children’s Village” and facility environment improvements</li> <li>Providing daily necessities to improve the facilities and environment of protection organizations</li> </ul>



KB Kookmin Bank, KB Small Library



KB Insurance Stars Volleyball Club, talent donation through the Neulbom School program

# Local Community Involvement

## Helping Global Families Settle Down

KB Financial Group provides various programs that help global families stably adapt to life in Korea and settle down in society, while reducing the cultural gap of global families where diverse cultures co-exist.

### Global family support activities by subsidiary

Subsidiary	Activity details
KB Kookmin Bank	<ul style="list-style-type: none"> <li>• Providing education programs that are jointly participated in by parents and children of global families in collaboration with the Korea Association of Family Center</li> <li>• Providing an early settlement program for North Korean defectors</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>• Operating the “KB Kookmin Card Korean Language School,” which is a Korean language education program for children from multicultural/North Korean defector families</li> <li>• Visiting youths of global families to provide financial education</li> </ul>
KB Savings Bank	<ul style="list-style-type: none"> <li>• Providing a bilingual education program for children from global families and holds speech contests as well</li> <li>• Providing employment support and married couple education to global families in the community</li> </ul>

## Job Creation

### KB Good Job Program

To resolve youth unemployment and create many quality jobs, KB Financial Group operates the “KB Good Job” program. Since its launch in 2011, the program has been implementing various job creation support activities through the KB Good Job website, including an online recruiting service, employment consulting, on/offline job fairs, and employment/recruitment information.

**KB Good Job Fair** KB Financial Group holds the “KB Good Job Fair,” which is the largest job information-sharing arena in Korea, thus providing opportunities for encounters between job seekers and outstanding SMEs/micro businesses and contributing to the actual resolution of the youth unemployment issue. In addition, we operate the “KB Good Job Preferential Interest Rate Program” and “KB Good Job Employment Grants” system for companies participating in the KB Good Job Fair.

The KB Good Job Preferential Interest Rate Program is a system that provides preferential interest rates to companies participating in the KB Good Job Fair when they apply for new loans from KB Kookmin Bank. As of the end of 2023, the cumulative amount supported by KB is approximately KRW 1,170.3 billion. In addition, we operate the KB Good Job Employment Grants system to help SMEs/micro businesses reduce their financial cost and personnel expense burden and secure employment stability. The system provides employment support funds to companies that hired regular employees through the KB Good Job Fair.



KB Kookmin Card Korean Language School for Children of Global Family



KB Good Job Fair

### Outcome of KB Good Job Fair

No. of times held

24 times

Cumulative no. of visitors

Around  
1,182,600 persons

Cumulative no. of recruitment companies that participated

5,347 companies

### Payment of KB Good Job Employment Grants

Job seekers subject to employment grant payment

11,993 persons

Companies that received employment grants

2,463 companies

Employment grants that were provided through the job fair

KRW 8.7 billion

\* As of the end of Dec. 2023

# Local Community Involvement

**Job Search Programs of KB Good Job** KB Financial Group provides various tailored job search programs for specialized high school students, undergraduate students, and (prospective) discharged soldiers to strengthen the job capabilities of young job seekers and to enhance their employment rate. The programs consist of the “KB Good Job Academy” that is connected with the KB Good Job Fair and the “KB Good Job School” that provides a job camp as well as job consulting and matching for six months for specialized high school students.



\* Cumulative basis

## Employment/Startup Support for Young People Preparing for Self-reliance

Major subsidiaries of KB Financial Group set support for young people preparing for self-reliance as a key social contribution program in 2023 and are supporting the youths become independent. Young people preparing for self-reliance are youths who were under the protection of a child care institution, co-living home, or foster home but are no longer under care because they turned 18 or for some other reason. To establish a stable foundation for independence, KB Financial Group provides education that strengthens youths’ self-supporting capabilities and financial activity experiences, thus helping youths settle down as members of society.

### Employment/startup support activities for young people preparing for self-reliance by subsidiary

Subsidiary	Activity details	No. of beneficiaries
KB Kookmin Bank (KB Dream Wave 2030)	<ul style="list-style-type: none"> <li>Provide expert training in five areas – real estate, economy, law, career, and self-supporting</li> <li>Form a network through group activity programs</li> <li>Provide support funds for independence and a notebook</li> <li>Provide personal psychological counseling support</li> </ul>	100 persons
KB Securities	<ul style="list-style-type: none"> <li>Held donation-raising events (“Come out Happiness (Ttuk-ttak)! Kkaebi Securities Bazaar” and “Come out, Happiness (Ttuk-ttak)! Daily Café”)</li> <li>Supported a remodeling project for 25 residence halls for youths preparing to become self-supporting</li> <li>Provided education in global and digital fields and carried out regular mentoring activities (“Self-Reliance, come out (Ttuk-ttak)! Kkaebi Securities Youth Support Program”)</li> </ul>	10 persons
KB Insurance (Run Run Challenge)	<ul style="list-style-type: none"> <li>Provided customized competency-building and professional technology training</li> <li>Provided comprehensive support, such as funds to support livelihood and psychological counseling</li> </ul>	44 persons
KB Capital	<ul style="list-style-type: none"> <li>Program that provides technology training and support in relation to language certificates and qualifying exams (“A Foundation of Hope”)</li> <li>Provided customized education in a preferred area</li> </ul>	46 persons

\* Cumulative basis



KB Securities, financial education for young people preparing for self-reliance



KB Insurance, Run Run Challenge

## Outcome of job search programs of KB Good Job

\* As of the end of Dec 2023



### KB Good Job Academy

**2,569** persons completed  
(Held 14 times since 2013)

### KB Good Job School

**1,669** persons completed  
(Held 16 times since 2016)



KB Good Job Academy



# Local Community Involvement

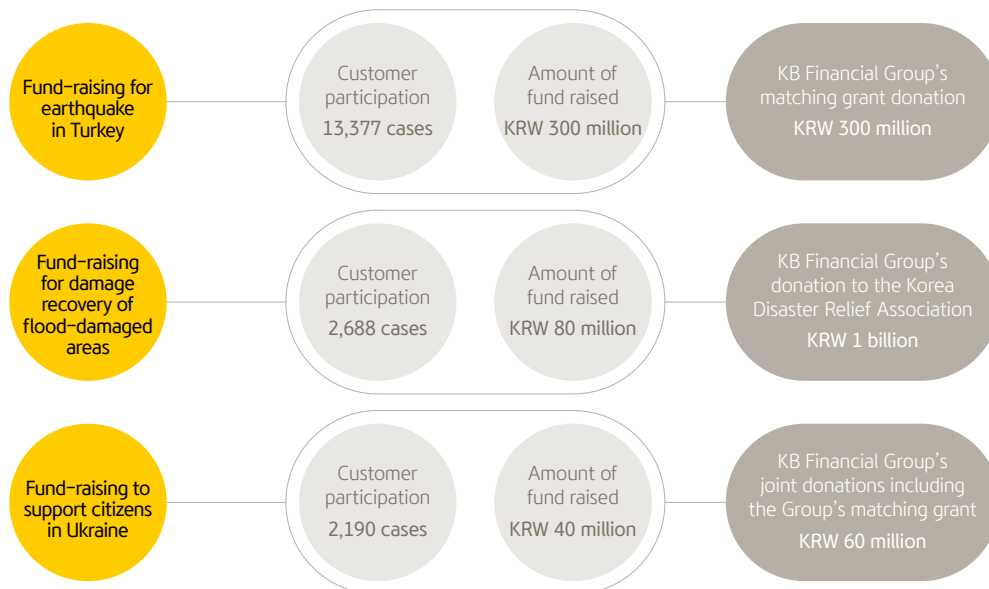
## Co-prosperity with Local Communities

### Disaster Relief Support

KB Financial Group actively carries out support activities so that people and local communities that lost their livelihood or are suffering from natural disasters, etc. can recover from damages. In addition, we hold “customer participation-based fund-raising campaigns” so that KB Financial Group customers can quickly and conveniently donate damage recovery funds. The customer participation-based fund-raising campaigns are systematically operated according to an internal process that was prepared beforehand through major subsidiaries’ digital platforms.

Donations are categorized into direct customer donations made through KB Kookmin Bank’s “Star Banking,” KB Securities’ “M-able (MTS)” and “HTS,” and KB Kookmin Card’s “KB Pay” and website, and participatory donations, such as clicking on “Like” or writing a “Comment.” We operate a “matching grant” in which KB Financial Group donates the same amount that is donated by customers. In 2023, KB Financial Group delivered donations for recovery from earthquake damages in Turkey, recovery of areas damaged from localized heavy rain, and relief for refugees and displaced persons in Ukraine, and provided emergency relief kits, shelters, tents for refugees, food trucks, and laundry trucks to damaged areas. In addition, KB Financial Group donated KRW 300 million for recovery from the wildfire damage in Gangneung, Gangwon Province.

### KB Financial Group’s customer participation-based fund-raising



### Support for the Underprivileged

KB Financial Group provides residential and daily life support to the underprivileged who need a helping hand. Employees take part in various social contribution activities that are run at each subsidiary to practice the spirit of sharing.

KB Insurance carries out a wide array of activities for win-win development with the local community, including the “KB Shelter of Hope House-building Project” for children/youths, employment/startup support for youths making preparations to become self-supporting, sensory integration therapy center support program for children with a developmental disability, stable body and mind room support program for fire/safety/traffic-related firefighters in connection with the insurance business, and a safety support program for seniors collecting waste paper. In recognition for its exemplary execution of social contribution activities, KB Insurance earned “LEVEL 5,” which is the highest grade, in the “2023 Local Community Contribution Recognition System” evaluation that was jointly organized by the Ministry of Health and Welfare and Korea National Council on Social Welfare, and was chosen as a “local community contribution recognition company” for five straight years.

### Activities to support the underprivileged by subsidiary

Subsidiary	Activity details
KB Securities	<ul style="list-style-type: none"> <li>Providing support to cover total wedding expenses to underprivileged couples (“Han River Outdoor Wedding”)</li> <li>Providing comprehensive medical services to seniors in medically alienated regions who find it difficult to visit a hospital (“Happiness, come out (Ttuk-ttak)! Rural Medical Volunteer Service”)</li> <li>Providing daily necessities to alienated neighbors in the local community on national holidays every year (“KB Box Filled with Love”)</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>Providing education to underprivileged children on fire and disaster prevention (“Disaster Safety Campaign”)</li> <li>Providing mobile medical vehicles for abandoned animals at private shelters in isolated regions</li> <li>Providing items for raising children and for children’s learning development for infants of single parents (“365 Baby Care Kit,” “365 Kids Kit”)</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Providing financial and emotional support to seniors living alone across the nation (“Connecting the Hearts of Seniors Living Alone”)</li> <li>Providing digital education and re-employment opportunities to career-interrupted women (“Digital Talent-Fostering Program”)</li> </ul>
KB Life Insurance	<ul style="list-style-type: none"> <li>Produced content and held a campaign to improve people’s perceptions towards hematopoietic stem cell donation, raised funds, and provided surgery funds to children with incurable disease (College Student Supporters “Hematopoietic Friends,” “Hematopoietic Working On Life” Campaign)</li> <li>Planted trees to create the Nouel Park Forest, created Hickman pouches for blood cancer patients, etc. (“KB Life Volunteer Day”)</li> </ul>
KB Asset Management	<ul style="list-style-type: none"> <li>Donated goods for basic livelihood recipients aged no less than 65 and low-income seniors (“KB Happiness Dream”)</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>Providing eco-friendly feminine products to low-income female youths</li> <li>Providing eco-friendly daily necessity kits to low-income independence patriots and their descendants</li> <li>Providing test preparation items to test-takers from low-income families (“Kit for National College Entrance Exam”)</li> <li>Purchasing KB diagnosed used vehicles that were verified by “KB ChaChaCha” and making donations to social services (“Vehicles for Hope”)</li> </ul>



# Local Community Involvement

## Global Social Contributions

To develop overseas local communities and expand the value of win-win, KB Financial Group is expanding the range of its social contribution activities to all parts of the world. We are especially actively conducting social contribution activities in Indonesia and Cambodia, where many of our subsidiaries have a presence. We will continue to engage in diverse social contribution activities in countries we mainly advanced into to maintain win-win partnerships with the respective local communities.

### Global social contribution activities by subsidiary

Subsidiary	Activity details
KB Kookmin Bank	<ul style="list-style-type: none"> <li>Completed construction of the “KB Multicultural Library” for youths and local residents in Bekasi Regency, Indonesia</li> <li>Provided support for remodeling of the Human Resource Development Center in Cambodia and IT education to undergraduates</li> <li>Provided surgery support for children with heart disease in Cambodia and provided goods to underprivileged children</li> </ul>
KB Securities	<ul style="list-style-type: none"> <li>Provided support for educational infrastructure and facility improvements at schools in Indonesia and Vietnam</li> <li>Delivered funds to cover treatment expenses for underprivileged children in Vietnam</li> <li>Provided scholarships to outstanding students at a national university in Vietnam</li> </ul>
KB Insurance	<ul style="list-style-type: none"> <li>Provided two-wheeled vehicle safety helmets to underprivileged children/youths in Indonesia</li> <li>Produced safety helmets through collaboration with a local company in Indonesia, thus vitalizing the local economy</li> </ul>
KB Kookmin Card	<ul style="list-style-type: none"> <li>Provided photovoltaic lanterns, reading desks, and school supplies to children/youths from low-income families in Thailand, Indonesia, and Cambodia</li> <li>KB Daehan Specialized Bank (KDSB) in Cambodia opened a mobile library and built an agriculture training center</li> </ul>
KB Life Insurance	<ul style="list-style-type: none"> <li>Improved the environment and repaired facilities at the Oddar Meanchey Elementary School in Cambodia and provided an education program (“KB Life Overseas Volunteer Group”)</li> </ul>
KB Capital	<ul style="list-style-type: none"> <li>Established road safety facilities and held a safety education campaign for children/youths in Indonesia</li> <li>Provided support to establish a computer classroom at a school for the gifted for the minority in Laos</li> </ul>



KB Kookmin Bank, KB Multicultural Library



KB Kookmin Card, support for education infrastructure in Cambodia



KB Life Insurance, KB Life overseas volunteer group



# SOUND CORPORATE GOVERNANCE

## AT A GLANCE

Corporate governance in ESG management is the foundation for creating ESG value. Corporate governance with transparency, fairness, and efficiency provides direction for responsible corporate behavior, and under a robust governance structure, companies can respond stably to various risks and seize opportunities, thereby achieving sustainable growth. KB Financial Group strives to protect diverse stakeholders and raise corporate value through sound, stable governance. We operate a BOD that maintains a constructive relationship of checks and balances with management, and also established an institutional foundation to practically implement ESG management by reflecting ESG-related items in the management's key performance index.



## KEY PERFORMANCE

Percentage of female non-executive directors among non-executive directors

# 42.9%

(The first domestic financial holding company to have 3 female non-executive directors)

Appointed a female non-executive director as the BOD chairperson for the first time since our founding

# First

(As of the end of March 2024)



Received an A+ rating at the governance assessment category in the KCGS ESG evaluation for 6 consecutive years

# A+

(As of 2023)



Achieved a shareholder return rate of 37.7% by repurchasing treasury shares worth KRW 571.7 billion

# 37.7%

(As of 2023)



## UN SDGs



# Sound Corporate Governance

## Enhancing Governance Soundness

In order to achieve the corporate governance target of “enhancing corporate value and realizing shareholder value,” KB Financial Group ensures independence of the board, protects shareholders’ rights, enhances transparency in management, and efficiently operates the audit organization. In addition, we frequently examine governance principles and policies and improve them, thereby responding to changes preemptively and actively in the business environment and market.

### Governance Principles

#### BOD Independence and Transparency

KB Financial Group’s board of directors (BOD) has established various systems to ensure that non-executive directors can maintain a constructive relationship with the management, acting as a check and balance, thereby strengthening the independence of its corporate governance. According to the Article of Incorporation, non-executive directors constitute the majority of the board. The chairman of the board, who is not the CEO, is elected among the non-executive directors.

With the exclusion of the Subsidiary CEO Nomination Committee and ESG Committee, all board level committees consist only of non-executive directors, thus ensuring independence in committee operations. To ensure non-executive director independence, directors’ authority and obligations are specified in the BOD Regulations. We also operate the Board of Directors Secretariat as a support organization to independently handle matters instructed by the BOD. We also have other various systems in place that enable non-executive directors to perform independent roles, such as the executive compensation liability insurance. When appointing a non-executive director, we strictly segregate the parties executing the steps of the appointment process to result in strengthened independence and fairness in the non-executive director recommendation process. All non-executive directors meet the requirements stipulated in relevant laws, including the Act on Corporate Governance of Financial Companies. Whether they satisfy director independence criteria is disclosed in the Business Report.

KB Financial Group transparently discloses governance-related operational standards, procedures, and outcomes on its company website and provides such information to various stakeholders, leading to enhanced governance transparency. We disclose all governance-related matters, such as the annual activity details of the BOD and committees, through the “Annual Governance and Remuneration Report” on the company and Korea Federation of Banks websites no later than 20 days before the annual general meeting (AGM) every year.

Furthermore, we publish major matters related to governance on our company website, such as BOD-related regulations, including the Article of Incorporation, BOD Regulations, and Internal Governance Standard, AGM results, executive appointment and dismissal, non-executive director candidate recommendation details, and chairman candidate recommendation details, so that stakeholders can access the information whenever needed. In addition, we report the results of evaluating BOD and committee activities to the AGM and take other measures to transparently disclose governance-related information.

### BOD Expertise and Diversity

For diversity in non-executive director expertise, KB Financial Group manages a candidate group for each of seven professional areas – finance, business administration, financial/risk management/economic, accounting, law/regulation, digital/IT, and ESG/consumer protection. As of the end of March 2024, the BOD consists of non-executive directors with a high level of expertise in different areas in a balanced way. This satisfies the requirements on professional areas that are set forth in the requirements of non-executive directors as prescribed in the Act on Corporate Governance of Financial Companies.

We do not limit our board membership based on the candidate’s gender, age, education, nationality, cultural background, race, ethnicity, etc. so that the board does not represent the interest of a specific group, thereby securing BOD diversity. KB Financial Group is the first financial holding company in Korea to have three female non-executive directors in office, and appointed a female non-executive director as the BOD chairperson in March 2024. By securing gender diversity of BOD members, we are taking the lead in establishing exemplary governance, such as reflecting diverse stakeholder perspectives in management decision-making.

#### Board Skills Matrix

Category	Seon Joo Kwon	Wha Joon Cho	Gyu Taeg Oh	Jung Sung Yeo	Jae Hong Choi	Myong Hwal Lee	Sung Yong Kim
Finance	● <sup>1)</sup>	● <sup>1)</sup>	●			●	
Business Administration	●	●					
Financial/Risk Management/Economic	●	●	● <sup>1)</sup>			● <sup>1)</sup>	●
Accounting		●	●				
Law/Regulation							● <sup>1)</sup>
Digital/IT					● <sup>1)</sup>		
ESG/Consumer Protection			●	● <sup>1)</sup>			●

\* As of the end of March 2024 <sup>1)</sup> Main expertise

#### Non-Executive Director Candidates by Field

(Unit: Persons)

Category	Finance	Business Administration	Financial/Risk Management/Economic	Accounting	Law/Regulation	Digital/IT	ESG/Consumer Protection	Total
No. of candidates	14	17	24	15	17	15	14	116

\* As of the end of December 2023

# Sound Corporate Governance

## Composition of the BOD

### BOD Members

KB Financial Group's Article of Incorporation specifies that the number of directors be no more than 30 persons, and that the non-executive directors account for a majority of all directors and be no less than five persons. This system was established to have the BOD faithfully fulfill its fundamental functions in accordance with the principle of checks and balances. As of the end of March 2024, KB Financial Group's BOD consisted of a total nine directors, including seven non-executive directors, one executive director, and one non-standing director. Non-executive directors account for 78%. The CEO of KB Financial Group serves as the executive director on behalf of the executive management, and the CEO of KB Kookmin Bank serves as the non-standing director on behalf of subsidiaries.

KB Financial Group composes the BOD with directors who have expertise in diverse fields so that they combine mutual expertise as much as possible and address shortcomings to efficiently resolve various tasks and challenges that the company faces.

### Board Composition

Name	Category	Tenure start date	Field of expertise	Career	Gender
Seon Joo Kwon (BOD Chairperson)	Non-Executive Director	Mar. 20, 2020	Finance, Business Administration, Financial/Risk Management/Economic	(Current) The Head of Women Corporate Directors, Korea (Former) CEO, IBK Industrial Bank of Korea	Female
Wha Joon Cho	Non-Executive Director	Mar. 24, 2023	Finance, Business Administration, Financial/Risk Management/Economic, Accounting	(Former) Auditor, Mercedes-Benz Financial Services Korea	Female
Gyu Taeg Oh	Non-Executive Director	Mar. 20, 2020	Finance, Financial/Risk Management/Economic, ESG/Consumer Protection	(Former) Professor, Business Administration, Chung-Ang University	Male
Jung Sung Yeo	Non-Executive Director	Mar. 24, 2023	ESG/Consumer Protection	(Current) Professor, Department of Consumer Science, Seoul National University	Female
Jae Hong Choi	Non-Executive Director	Mar. 25, 2022	Digital/IT	(Current) Professor, Start-up College, Gachon University	Male
Myong Hwal Lee	Non-Executive Director	Mar. 22, 2024	Finance, Financial/Risk Management/Economic	(Current) Senior Research Fellow, Korea Institute of Finance	Male
Sung Yong Kim	Non-Executive Director	Mar. 24, 2023	Financial/Risk Management/Economic, Law/Regulation, ESG/Consumer Protection	(Current) Professor, Law School, SungKyunkwan University	Male
Jong Hee Yang	Executive Director	Nov. 21, 2023	Finance, Business Administration, Accounting	(Current) Chairman & CEO, KB Financial Group	Male
Jae Keun Lee	Non-Standing Director	Mar. 25, 2022	Finance, Business Administration	(Current) President & CEO, KB Kookmin Bank	Male

\* As of the end of March (The average tenure of directors is 1.7 years as of the end of March)

\*\* On November 21, 2023, Chairman Yoon Jong Kyoo resigned upon the expiration of his term, and Yang Jong Hee was newly appointed as Chairman. Non-Executive Director Kim Kyung Ho was serving as a director but resigned upon the expiration of his term on March 23, 2024.

## Composition of Board Level Committees

We formed and operate eight board level committees under the BOD. The board level committees are entrusted with and handle some BOD functions that are stipulated in laws and Article of Incorporation, such as monitoring and providing advice on important matters.

### Sub-committee under the BOD

Sub-committee	Function	Chairperson
Risk Management Committee	<ul style="list-style-type: none"> <li>Develop risk management strategy and decide on risk appetite</li> <li>Review risk level and management status</li> <li>Approve application of risk management system, methodology, and areas of improvement</li> <li>Establishment and approval of risk management policies and procedure</li> </ul>	Non-executive Director Sung Yong Kim
Evaluation and Compensation Committee	<ul style="list-style-type: none"> <li>Develop evaluation/compensation schemes and policies; and make relevant decisions</li> </ul>	Non-executive Director Jung Sung Yeo
Non-Executive Director Nominating Committee	<ul style="list-style-type: none"> <li>Develop, check, and enhance non-executive director appointment principles</li> <li>Manage non-executive director candidate pool in a constant manner</li> <li>Recommend non-executive director candidates</li> </ul>	Non-executive Director Gyu Taeg Oh
Audit Committee Member Nominating Committee	<ul style="list-style-type: none"> <li>Recommend Audit Committee member candidates</li> <li>Validate qualifications of Audit Committee member candidates</li> </ul>	Non-permanent organization
Audit Committee	<ul style="list-style-type: none"> <li>Manage overall audit processes</li> </ul>	Non-executive Director Wha Joon Cho
CEO Nominating Committee	<ul style="list-style-type: none"> <li>Develop and make changes to chairman succession plan</li> <li>Manage chairman succession pipeline in a constant manner (half-year)</li> <li>Conduct management succession process</li> </ul>	Non-executive Director Jae Hong Choi
Subsidiary CEO Nominating Committee	<ul style="list-style-type: none"> <li>Develop and make changes to subsidiary CEO succession plan</li> <li>Review and select candidates for subsidiary CEO</li> <li>Conduct management succession process of subsidiaries</li> </ul>	Executive Director Jong Hee Yang
ESG Committee	<ul style="list-style-type: none"> <li>Develop the Group ESG strategy and policy</li> <li>Manage and supervise the Group ESG progress</li> <li>Review and manage ESG-related issues that are material to the Group</li> </ul>	Non-executive Director Myong Hwal Lee

\* As of the end of Marh 2024

# Sound Corporate Governance

## Director Appointment

### Non-executive Director Appointment Process

KB Financial Group established and operates various systems to implement its core principles for appointing non-executive directors which are “shareholder representation, expertise, and diversity.” We strictly segregate the parties executing the steps, including recommending and developing a non-executive director candidate pool, evaluating the non-executive director candidate pool, and choosing and recommending a final non-executive director candidate. A multi-faceted, objective process is used for candidate recommendation.

**Recommending and Developing a Non-executive Director Candidate Pool** KB Financial Group’s Non-executive Director Nomination Committee consists only of four non-executive directors and no executives for enhanced operational independence, fairness, and objectivity. The Committee receives preliminary candidate recommendations from external agencies and shareholders, deliberates preliminary candidates’ qualifications and skills, and includes them in the non-executive director candidate pool. For expertise and diversity of BOD composition, we manage the candidate pool by segmenting it into seven areas – finance, business administration, financial/risk management/economic, accounting, law/regulation, digital/IT, and ESG/consumer protection.

**Evaluating the Non-executive Director Candidate Pool** In the evaluation step, nomination advisory group members who represent diverse fields, including finance, governance, and law, perform an objective, independent evaluation in consideration of the new non-executive director recommendation field, and then develop a shortlist. An outside specialist organization checks the reputation of the candidates in the shortlist.

**Choosing and Recommending a Final Non-executive Director Candidate** The Non-executive Director Nomination Committee comprehensively considers the outcomes of an evaluation performed by nomination advisory group members and a reputation check by an outside specialist organization and then chooses a final candidate after in-depth discussions and a vote. It reviews whether new and reappointed non-executive director candidates satisfy non-executive director qualifications that are stipulated in relevant laws, including the Act on Corporate Governance of Financial Companies, and then recommends them at the AGM.

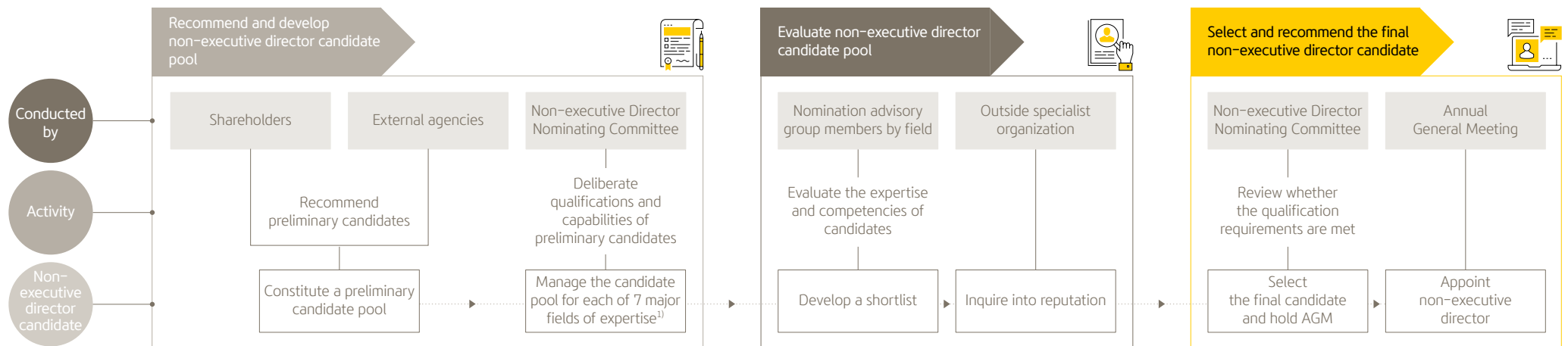
### Prohibition of Holding Concurrent Offices for Non-executive Directors

According to Article 8, Paragraph 3, Subparagraph 4 of the Enforcement Decree of the Act on Corporate Governance of Financial Companies, a non-executive director cannot hold non-executive director or non-standing director or non-standing auditor positions at another company concurrently and cannot hold concurrent director/executive manager/auditor positions at two or more companies other than KB Financial Group Inc. All non-executive directors of KB Financial Group’s BOD comply with this law.

### Term of Office of Directors

The term of office of non-executive directors is two years. The term of office is one year in case of serving consecutive terms. A non-executive director cannot be in office in excess of five years. The term of office of the executive director is three years pursuant to the Article of Incorporation, and the executive director can serve consecutive terms. A decision can be made at the AGM as long as it does not exceed three years.

### Non-executive director appointment process



<sup>1)</sup> 7 Areas of expertise: Finance, Business Administration, Financial/Risk Management/Economic, Accounting, Law/Regulation, Digital/IT, ESG/Consumer Protection

# Sound Corporate Governance

## BOD Operation and Assessment

### Activities of the BOD

The BOD consists of regular and ad-hoc meetings, both of which are convened by the chairperson. The BOD provides the meeting materials of the board and the committees no later than seven days prior to the meeting date to all the directors so that they could sufficiently review the materials in advance.

KB Financial Group is listed in the New York Stock Exchange and meets the attendance rate requirement of 75% for each individual director in accordance with the Institutional Shareholder Services (ISS) guidelines. A total of 15 meetings were held in 2023 and the average BOD meeting attendance rate was 100% based on incumbent directors as of the end of 2023. KB Financial Group regularly holds a non-executive director meeting at least five times a year that is attended only by non-executive directors, separately from the BOD, to provide non-executive directors with a management supervision support function.

### BOD Assessment and Report Process

KB Financial Group evaluates the BOD at the beginning of each year based on the previous year's BOD activities to examine if the roles and responsibilities assigned to the BOD were appropriately performed. The evaluation consists of 20 questions in four categories, which are composition and efficiency of the board, function and role of the board, responsibility of the board, and protection of shareholder rights and shareholder relations. All directors take part in the assessment every year in the form of a self-assessment. The result of the evaluation is used to provide feedback to improve the efficiency of the board and is reported to the board and the ordinary regular meeting of shareholders. In addition, we disclose key content and results of a board assessment in the Annual Governance and Remuneration Report.

 2023 Annual Governance and Remuneration Report

### Non-executive Director Assessment and Report Process



KB Financial Group evaluates the activities of each individual non-executive director every year, in addition to evaluating board and committee activities. The assessment of non-executive directors consists of an internal assessment and peer assessment by the members of the board, and has four pillars, which are loyalty, expertise, leadership, and contribution. The outcome of the assessment is used as reference by non-executive directors and also by the Non-executive Director Nominating Committee to decide whether to reappoint the non-executive directors. We disclose the outcome of the evaluation in the Annual Governance and Remuneration Report.

## Performance Evaluation and Compensation of the Management Evaluation and Compensation System

The executive management compensation program is approved by the Evaluation and Compensation Committee each year. To strengthen its independence and objectivity, the Evaluation and Compensation Committee consists only of non-executive directors (four members in total), excluding executive directors. The Committee performs an annual compensation evaluation independently from the executive management every year and verifies whether the executive management compensation system complies with laws. It assesses the evaluation and compensation system's design/operational appropriateness, management of compensation-related risks, and establishment of a compliance monitoring system, thereby confirming whether the compensation system of KB Financial Group and its subsidiaries appropriately complies with relevant external regulations and internal rules, including the Act on Corporate Governance of Financial Companies.

**Aligning Performance with Compensation** The compensation program for the executive management consists of base pay and incentive pay. Base pay is the fixed-amount payment that is made every month. Incentive pay (long-term/short-term incentive) is the variable payment of which the amount changes according to the performance evaluation of the executive. The amount of base pay and incentive pay is determined based on the scope of responsibility and control, and the level of compensation in the industry and within the Group. KB Financial Group has incentive pay account for more than 50% of the total compensation ceiling to operate an incentive-centered compensation system. By reflecting the outcomes that were derived through performance measurement metrics in the incentive payment rate, we are connecting performance measurement results with individual compensation.

**Financial and Non-Financial Performance Metrics** KB Financial Group reflects non-financial performance metrics associated with work, in addition to financial performance metrics, in the CEO and executive performance evaluation. Company-wide performance measurement metrics on the overall company are applied to the CEO. The performance of the executive manager is evaluated based on company-wide performance measurement metrics and non-financial performance metrics that are defined differently according to the respective roles. As for the executive responsible for risk management, compliance officer, and the executive responsible for audit, the performance metrics are irrelevant with the company's performance to ensure their independence.

<p><b>No. of BOD meetings held</b></p> <p><b>15</b></p> 	<p><b>Average BOD meeting attendance rate</b> (Based on incumbent directors as of the end of 2023)</p> <p><b>100%</b></p> <p>Minimum BOD attendance rate requirement: 75%</p> 
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### Company-wide performance measurement metrics

Financial performance metrics		Non-financial performance metrics
<p><b>Short-term performance metrics</b></p> <ul style="list-style-type: none"> <li>Profitability metrics (ROE, gross operating profit, non-banking sector profit)</li> <li>Soundness and risk management metrics (real NPL ratio, Tier 1 ratio, RORWA)</li> <li>Efficiency metrics (C/I ratio)</li> </ul>	<p><b>Long-term performance metrics</b></p> <ul style="list-style-type: none"> <li>Shareholder value metrics (relative total shareholder return, earnings per share)</li> <li>Asset quality metrics (actual delinquency rate, etc.)</li> <li>HC ROI</li> <li>Non-banking sector profit</li> </ul>	<p><b>Aligned with the performance in terms of implementation of mid- to long-term Group strategy and management plans</b></p> <ul style="list-style-type: none"> <li>Strengthening of core competitiveness</li> <li>Expansion of global/new growth engine</li> <li>Financial platform innovation</li> <li>Leadership in sustainable management, including soundness/ESG/internal control</li> <li>Development of open/creative organization</li> </ul>



# Sound Corporate Governance

**Criteria for Incentive Deferral, Adjustment, and Clawback** Incentives of management are divided into short-term incentives (based on annual assessment) and long-term incentives (based on cumulative assessment spanning multiple years) according to the period of performance evaluation. In accordance with the minimum deferral rate (40%) of incentives stipulated in the Enforcement Decree of the Act on Corporate Governance of Financial Companies, 40-60% of the total incentive pay calculated is converted to restricted stocks and paid over three or more years. In the case of the CEO, the deferral rate is higher than other executives at 60% and the longest period subject to performance evaluation and payment deferral period applied to incentives are longer than other executives.

Deferred payment of the incentives is made by calculating and applying the fair value that reflects business performance at each deferral base point. Incentives are designed to be adjusted downwards if KB Financial Group's stock price falls so that the company's long-term performance remains aligned with personal compensation even after the period that is subject to evaluation. In addition, compensation is adjusted to claw back performance compensation in cases of unethical acts, legal violations, loss occurrence, etc.

## CEO Compensation

As of the end of December 2023, total CEO compensation is KRW 1,555 million. Deferred short-term incentive of 2,512 shares and deferred long-term incentive of 4,372 shares were provided to the CEO as performance-linked stocks, of which the actual payment amount will be fixed later reflecting the fair market value on the respective base dates for payment. 18,516 shares of performance-linked stocks were provided additionally as long-term incentive, and the actual number of granted shares will be fixed later according to the result of a long-term performance evaluation from November 2023 to November 2026.

## Ratio of CEO's annual total compensation against employees

(Unit: KRW million)

Total CEO compensation <sup>1)</sup>	Employee compensation		Ratio
	Category	Amount	
1,555	Median value of employee compensation	156	9.97
	Average value of employee compensation	191	8.14

<sup>1)</sup> Total compensation of the incumbent CEO as of the end of December 2023 (Compensation as the CEO: KRW 89 million, compensation as the vice chairman: KRW 1,466 million)

## Stock Ownership of the CEO and Executive Management

Korea's domestic law restricts an individual investor's bank stock ownership to 4% to guarantee a financial institution's role of pursuing public interests. Accordingly, KB Financial Group does not have stock ownership requirements for the CEO and executive management. The executive management of KB Financial Group owns the Group's stocks for the purposes of responsible management and shareholder value enhancement. As of December 31, 2023, the total number of shares issued by KB Financial Group was 403,511,072 shares with the stock ownership of 24,847,247 shares.

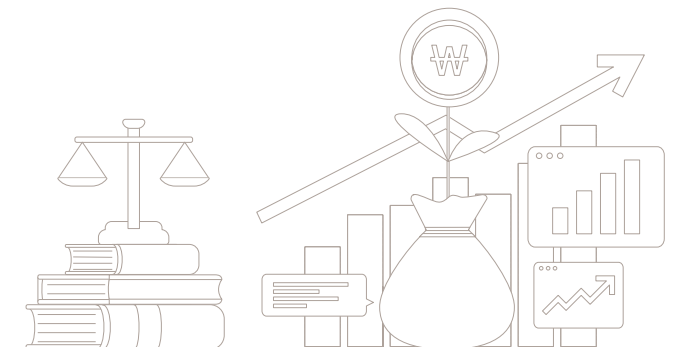
## Stock Ownership of the CEO and Executive Management in 2023

Position	Name	No. of shares owned	Multiple of base salary
CEO	Jong Hee Yang <sup>1)</sup>	914	0.10
Others	Dong Hwan Han <sup>2)</sup>	1,100	0.23

\* As of the end of December 2023

<sup>1)</sup> The total value of the CEO's voting shares stands at KRW 49 million and the CEO's base salary is KRW 500 million based on the closing price (KRW 54,100) on December 29, 2023

<sup>2)</sup> Incumbent executives as of December 31, 2023, among those disclosed in the Business Report for remuneration



# Sound Corporate Governance

## Realizing Shareholder Value

### Shareholder Return Policy

Based on strong fundamentals and the financial industry’s top-level capital strength, KB Financial Group is implementing a more advanced shareholder return policy. We have been providing quarterly dividends since 2022 in consideration of the need for consistent, predictable shareholder return and the dividend trend of global advanced financial institutions. We evenly pay by quarter the quarterly dividends, excluding year-end dividend. The total dividend amount that is paid as quarterly dividends is determined to be around 50% of the annual expected dividend amount. To enhance the shareholder return rate, we use diverse methods in addition to dividends, such as repurchasing/retirement of treasury stocks, within the scope of maintaining strong capital adequacy.

KB Financial Group repurchased treasury shares worth KRW 571.7 billion and raised the shareholder return rate to 37.7% in 2023, thus actively implementing its shareholder return policy to realize shareholder value. We will execute a consistent dividend policy, such as implementing even quarterly dividends, while repurchasing/retiring treasury shares to enhance shareholder value and continually expand shareholder return, including the dividend payout ratio.

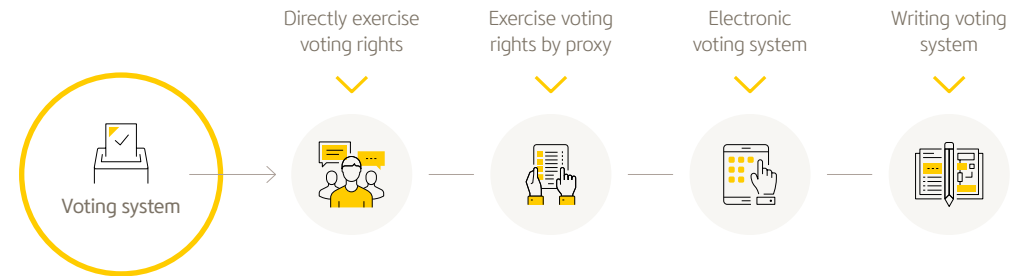
### Support for Shareholders’ Exercise of Voting Rights

KB Financial Group is establishing various support measures to increase shareholder participation in the exercise of voting rights and to raise convenience in exercising rights. A convocation notice is sent no later than two weeks prior to the day an AGM is convened so that shareholders have time to identify, in advance, the company’s management status and sufficiently review major agenda items, the Business Report, and Audit Report. In addition, we inform shareholders of various ways to exercise voting rights to encourage shareholder participation. For shareholders who are not able to attend a general shareholders’ meeting, we provide online live broadcasting of AGM.

### Shareholder Return Ratio

	2021	2022	2023
Cash dividend	KRW 1,145.5 billion	KRW 1,149.4 billion	KRW 1,173.9 billion
Dividend payout ratio	26.0%	26.2%	25.3%
Repurchasing of treasury stocks	-	-	KRW 571.7 billion
Shareholder return ratio	26%	26.2%	37.7%

### Ways to exercise voting rights at AGM



### Shareholders’ Voting Rights and

(Unit: Shares)

Indicator	No. of shares issued	Percentage
Stock types and voting rights <sup>1)</sup>	Preferred stocks	-
	Common stocks - with voting rights	378,663,825
	Common stocks - treasury stocks	24,847,247
	Total	403,511,072

<sup>1)</sup> Based on one voting right per share pursuant to the Commercial Act, we do not offer a dual class right based on our Articles of Incorporation.

Indicator	No. of shares owned	Percentage
Shareholders with Over 5% Ownership <sup>2)</sup>	National Pension Service	33,473,917
	JP Morgan Chase Bank <sup>3)</sup>	24,923,235
	BlackRock Fund Advisors <sup>4)</sup>	25,050,939

<sup>2)</sup> As of December 31, 2023, KB Financial Group does not hold golden shares for the government.

<sup>3)</sup> JP Morgan Chase Bank is a DR depository and voting rights are granted to DR owners.

<sup>4)</sup> No. of shares and the ownership percentage of BlackRock Fund Advisors are based on the Disclosure of Large Equity Ownership disclosed on March 10, 2021

\* As of the end of Decembre 2023

# Sound Corporate Governance

## ESG Management System

### ESG Management Organization Structure

KB Financial Group became the first financial institution in Korea to establish the ESG Committee within the board and established a dedicated organization system to faithfully implement ESG management. The ESG Committee is the top decision-making body regarding the Group's ESG and consists of all directors of KB Financial Group. The chairperson convenes a meeting once semi-annually to establish the Group's ESG strategies and policies, while managing/supervising execution of ESG tasks.

In the first half of 2023, the ESG Committee examined the ESG implementation task execution status and established the ESG implementation direction for the second half of the year. In the second half of the year, it reported the issuance of the Group's 2022 Sustainability Report and examined the ESG implementation task execution status, and also established the ESG implementation direction for 2024. In addition, the ESG Committee sets the annual contribution limit and discusses other ESG management-related matters that are recognized as needed by the BOD and committees. In addition, we operate an ESG Committee and dedicated ESG team at each subsidiary to support ESG management.

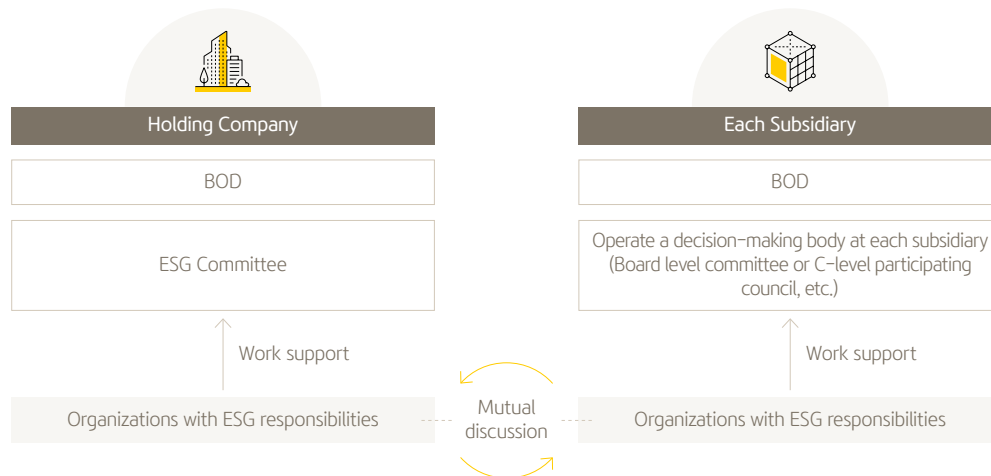
KB Kookmin Bank established the "ESG Promotion Committee" for efficient execution of ESG-related tasks and holds a meeting once a quarter. The ESG Promotion Committee is participated in by the President & CEO of KB Kookmin Bank and eight Group representatives. It is expanding areas of key ESG tasks, while spreading the ESG culture across the bank and strengthening the ability to practice ESG.

### ESG Management Performance Evaluation and Compensation

We have incorporated ESG metrics in KPIs for the executive management, thus establishing an institutional foundation for actual implementation of ESG management. Key metrics include the Group's carbon emissions reduction performance, ESG financial product performance, and net zero financing-related investment and support.

Each subsidiary has set its own ESG performance evaluation criteria in accordance with the Group's strategy and implements ESG management. KB Kookmin Card has been reflecting ESG metrics in management KPI since 2022, and expanded the scope to all departments' KPI in 2023 to establish an evaluation and compensation system aligned with its ESG response strategy.

ESG implementation organization chart



# ESG Data Pack

**Financials** | Environment | Customer | Employees | Community

## Financial Performance<sup>1)</sup>

(Consolidated basis)

Indicator	Unit	2021	2022	2023
Total assets	KRW trillion	664	689	716
Operating revenue	KRW trillion	59	83	78
Net income (based on equity attributable to shareholders of the parent company)	KRW trillion	4.4	4.1	4.6

<sup>1)</sup> Based on consolidated data of all subsidiaries including KB Financial Group Inc.

## Credit Ratings

Indicator	Unit	2021	2022	2023
KB Financial Group, Inc.	Moody's Rating	A1	A1	A1
	Standard & Poor's Rating	A	A	A
KB Kookmin Bank	Moody's Rating	Aa3	Aa3	Aa3
	Standard & Poor's Rating	A+	A+	A+
	Fitch Rating	A	A	A
KB Securities	Moody's Rating	A3	A3	A3
	Standard & Poor's Rating	A-	A-	A-
KB Kookmin Card	Moody's Rating	A2	A2	A2
KB Capital	Moody's Rating	A3	A3	A3
KB Insurance	A.M.Best Rating	A	A	A

## Distribution of Economic Value<sup>1)</sup>

Indicator	Unit	2021	2022	2023
Customer	Interest on deposits KRW 100 million	22,186	46,374	100,528
Shareholders and investors	Dividend KRW 100 million	8,533	11,494	11,739
Employees	Pay and benefits KRW 100 million	46,351	41,570	40,142
Community	Total social contributions <sup>2)</sup> KRW 100 million	1,896	2,251	3,208
Government	Corporate tax KRW 100 million	16,972	15,183	16,070
<b>Total</b>	<b>KRW 100 million</b>	<b>95,938</b>	<b>116,872</b>	<b>171,687</b>

<sup>1)</sup> Based on consolidated data of KB Financial Group

<sup>2)</sup> Based on the sum of charitable contributions, social contribution-type program amount, and monetary value of employee volunteering since 2022

# ESG Data Pack

[Financials](#) | Environment | Customer | Employees | Community

## Tax Information<sup>1)</sup>

Indicator	Unit	Operating revenue	Operating income	Income before tax	Accrued income tax	Income tax <sup>2)</sup>	Taxes and dues by region
Korea	KRW 100 million	731,397.9	62,534.0	63,066.5	1,049.1	15,630.4	97.26%
China	KRW 100 million	3,032.5	425.8	422.1	10.7	57.9	0.36%
U.S.	KRW 100 million	5,150.6	(1,115.4)	(1,114.5)	10.0	188.3	1.17%
Vietnam	KRW 100 million	1,417.0	440.0	437.0	27.0	111.0	0.69%
U.K.	KRW 100 million	2,817.0	308.0	309.0	0.0	32.0	0.20%
New Zealand	KRW 100 million	511.0	74.0	75.0	0.0	30.0	0.19%
Cambodia	KRW 100 million	543.0	268.0	67.0	0.0	14.0	0.09%
Cambodia (PRASAC)	KRW 100 million	15,593.3	1,444.6	1,457.7	271.7	301.2	1.87%
Japan	KRW 100 million	466.0	83.0	84.0	10.0	34.0	0.21%
Laos	KRW 100 million	189.6	23.7	32.4	0.9	2.9	0.02%
Singapore	KRW 100 million	1,298.5	26.2	26.2	7.0	34.0	0.21%
Indonesia	KRW 100 million	8,128.8	(1,573.7)	(3,099.9)	17.0	(553.6)	-3.44%
Hong Kong	KRW 100 million	4,533.0	688.0	690.0	50.0	175.0	1.09%
India	KRW 100 million	354.0	(18.0)	(18.0)	0.0	3.0	0.02%
Myanmar	KRW 100 million	128.0	38.0	38.0	0.0	0.0	0.00%
Others	KRW 100 million	842.0	707.0	(768.0)	0.0	10.0	0.06%
<b>Total<sup>3)</sup></b>	<b>KRW 100 million</b>	<b>776,402.2</b>	<b>64,353.2</b>	<b>61,704.5</b>	<b>1,453.4</b>	<b>16,070.1</b>	<b>100.00%</b>

<sup>1)</sup> As of 2023

<sup>2)</sup> On an accrual basis of K-IFRS

<sup>3)</sup> Some figures may not sum to 100%, because of rounding

## BIS Leverage Ratio

Indicator	Unit	2021	2022	2023
(Basel III) Tier 1 capital	KRW 100 million	423,054	450,320	493,903
(Basel III) Total exposure	KRW 100 million	6,931,317	7,453,341	7,439,596
(Basel III) Leverage ratio	%	6.10	6.04	6.64

## Net Defined Benefit Liabilities

Indicator	Unit	2021	2022	2023
Current value of net defined benefit liabilities	KRW 100 million	25,725	22,153	23,630
Fair value of plan assets	KRW 100 million	24,471	26,085	26,552
Net defined benefit liabilities (assets)	KRW 100 million	1,254	(3,932)	(2,922)

# ESG Data Pack

**Financials** | Environment | Customer | Employees | Community

## Inclusive Finance - Loans

Indicator	Amount (KRW 100 million)			No. of customers	No. of accounts
	2021	2022	2023	2023	2023
KB Miso Microfinance	274	276	260	2,689	4,200
KB New Hope Spore II	12,281	11,512	11,653	132,893	147,594
KB Sunshine Loan	2,968	4,450	4,350	69,837	69,973
KB Sunshine Loan Bank	12	52	61	560	572
KB Sunshine Loan 15	130	615	868	8,796	9,794
KB Sunshine Loan 17	528	262	113	3,309	3,785
KB College Student and Youth Sunshine Loan	110	66	37	2,068	2,601
KB Change Dream Loan	103	36	6	305	307
KB Happy Dream Loan II	11	9	12	556	573
KB Stepping Stone Loan	3	2	2	21	22
Assistance for People with Disabilities Loan	52	45	42	447	454
KB Safety Net Loan	26	20	14	167	167
KB Safety Net Loan II	13	15	8	123	123
KB Kookmin Hope Loan	24	14	482	2,431	2,493
<b>Total</b>	<b>16,535</b>	<b>17,374</b>	<b>17,908</b>	<b>224,202</b>	<b>242,658</b>

## Inclusive Finance - Deposits

Indicator	Amount (KRW 100 million)			No. of customers	No. of accounts
	2021	2022	2023	2023	2023
<b>Savings account</b>					
KB Miso Dream Installment Savings Plan	2	4	8	569	569
KB Kookmin Property Formation Savings	21,849	11,693	1,972	41,629	42,215
KB Kookmin Fixed Rate Property Formation Savings	2,962	1,274	611	2,837	2,945
KB Good Nuri Installment Savings Plan	101	8	2	101	103
KB Kookmin Happiness Installment Savings Plan	1,512	709	329	17,215	17,215
KB Love Sharing Installment Savings Plan	9	6	4	392	392
KB Youth Hope Savings	-	41,185	75,697	766,069	766,069
KB Youth Leap Account <sup>1)</sup>	-	-	3,258	124,551	124,551
Health Installment Savings Plan – Golden Life <sup>1)</sup>	-	-	50	8,014	8,014
<b>Checking account</b>					
KB Happiness Keeper Bank Account	231	260	294	57,464	57,878
KB Kookmin Hope Keeper Bank Account	101	95	100	12,500	12,500
KB Patriotic War Veterans Keeper Assurance Bank Account	50	53	56	4,682	4,682
KB National Pension Assurance Bank Account	815	922	1,029	52,080	52,080
KB Kookmin Government Employee Pension Lifetime Assurance Bank Account	65	61	66	3,031	3,031
KB Teachers Pension Lifetime Assurance Bank Account	32	31	33	1,405	1,405
KB Military Pension Lifetime Assurance Bank Account	7	8	10	791	791
KB Love Sharing Installment Bank Account	65	67	113	108	138
<b>Total</b>	<b>27,801</b>	<b>56,376</b>	<b>83,632</b>	<b>1,093,438</b>	<b>1,094,578</b>

<sup>1)</sup> Newly added in 2023



# ESG Data Pack

[Financials](#) | Environment | Customer | Employees | Community

## Corporate/ Investment Finance<sup>1)</sup>

Based on total outstanding amount

ESG Project	Category	Unit	2023	Product description
ESG loans	Green loans	KRW 100 million	29,750	Type of loan provided for financing projects that contribute to environmental performance, such as preventing and managing pollution, enhancing energy efficiency, and producing renewable energy
	Social loans	KRW 100 million	17,828	Type of loan provided for financing projects that contribute to social performance, such as raising basic social service accessibility, creating jobs, providing housing support for the working class, and providing basic infrastructure
	Sustainability loans	KRW 100 million	175	Type of loan that is provided for financing projects that contribute to SDGs performance other than green and social loans
	Subtotal	KRW 100 million	47,753	
	Sustainability-linked loans (SLL)	KRW 100 million	8,611	Loan for which loan interest rates are connected depending on the degree of the borrowing company's ESG management goal implementation
	Total <sup>2)</sup>	KRW 100 million	56,364	
Total amount of corporate loans		KRW 100 million	952,659	
Ratio of ESG loans		%	5.9	

<sup>1)</sup> Loans for corporates

<sup>2)</sup> Some figures may not sum to 100%, because of rounding

## Retail Finance

Based on total outstanding amount

ESG Project	Category	Unit	2023	Product description
ESG loans	Sustainability loans (including secured loans)	KRW 100 million	37,120	Retail credit loans to support sustainable activities such as socio-economic development and human rights enhancement, housing support for low-income households, and the use of eco-friendly transportation; or mortgage products with specified environmental conditions
Total retail loans and secured loans		KRW 100 million	1,770,576	
Ratio of ESG loans		%	2.1	

## SME Finance<sup>1)</sup>

Based on total outstanding amount

ESG Project	Category	Unit	2023	Product description
ESG loans	Sustainability loans for SMEs	KRW 100 million	41,638	Credit loans provided to SMEs that incorporate sustainability factors such as SME support, pollution prevention and management, and improved access to basic social services; or mortgage products for commercial real estate
Total amount of SME loans		KRW 100 million	953,687	
Ratio of ESG loans		%	4.4	

<sup>1)</sup> Loans for SOHO business

# ESG Data Pack

[Financials](#)
[Environment](#)
[Customer](#)
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[Community](#)

## Investment Banking and Brokerage

ESG Project	Category	Unit	2023	Product description
ESG bond underwriting and asset-backed securities	Fixed income underwriting – Green bonds	KRW 100 million	10,221	Type of bond that uses the issuance amount for financing only businesses and companies or sustainable projects that create green value
	Fixed income underwriting – Social bonds	KRW 100 million	8,963	Type of bond that uses the issuance amount for financing only businesses and companies or sustainable projects that create social value
	Fixed income underwriting – Sustainability bonds	KRW 100 million	4,570	Type of bond that uses the issuance amount for financing only businesses and companies or sustainable projects that create sustainable value, such as contributing to the achievement of the UN SDGs
	Subtotal	KRW 100 million	23,754	
	Fixed income underwriting – Sustainability-linked bonds	KRW 100 million	1,100	A sustainability-linked bond (SLB) and a type of bond product of which financial and structural characteristics depend on whether the issuer achieves the predefined ESG goals
	Sustainable securitization	KRW 100 million	-	Securities product that is used to finance projects or assets for which underlying assets are deemed as sustainable (green mortgage, energy efficiency loan, etc.) or securities transaction profits have a positive impact
	Total	KRW 100 million	24,854	
Total amount of fixed income underwritten and securitization issued		KRW 100 million	352,006	
Ratio of ESG fixed income underwritten and securitization issued		%	7.1	

## Asset Management and Custody

ESG Project	Category	Unit	2023	Product description
AUM of sustainable investment products developed/managed by KB	ESG integrated investment	KRW 100 million	3,085	Product that invests in a company that is deemed to achieve sustainable growth upon reflecting ESG factors in the credit analysis process or that has a high ESG evaluation rating
	Positive screening (Best in Class)	KRW 100 million	2,317	Product that invests in a company with a relatively outstanding ESG performance compared to the comparative group in the same industry
	Thematic investment	KRW 100 million	30,413	Product that invests in loans and stocks of BTL business operators pursuant to the Private Investment Act for specific environmental areas (photovoltaic power plants, etc.)
	Impact investing	KRW 100 million	5,179	Product that invests in loans and stocks of BTL business operators pursuant to the Private Investment Act to enhance basic social service accessibility (sewer business, school, etc.)
	Others	KRW 100 million	947	Product that invests in a company with high shareholder value or whose shareholder value is expected to increase by evaluating excellence of its shareholder policy or commitment to improving the policy based on experience and know-how on shareholder policy improvement
	Total	KRW 100 million	41,941	
Total AUM		KRW 100 million	1,322,564	
Ratio of sustainable AUM against total AUM		%	3.2	

# ESG Data Pack

 Financials **Environment** Customer Employees Community

## Operational GHG Emissions (Scope 1 & Scope 2)

Indicator		Unit	2020	2021	2022	2023
GHG emissions <sup>1)</sup>	Scope 1	tCO <sub>2</sub> eq	17,861	15,649	13,993	23,325
	Scope 2	tCO <sub>2</sub> eq	122,027	116,818	114,994	132,121
	<b>Total GHG emissions</b>	<b>tCO<sub>2</sub>eq</b>	<b>139,888</b>	<b>132,467</b>	<b>128,987</b>	<b>155,446</b>
Emissions intensity	Operating revenue <sup>2)</sup>	KRW billion	55,680	58,917	83,325	77,640
	Intensity	tCO <sub>2</sub> eq/KRW billion	2.51	2.25	1.55	2.00

<sup>1)</sup> 2020-2022: KB Financial Group and its subsidiaries (domestic business sites)

2023: KB Financial Group and its subsidiaries (including domestic and overseas business sites and each subsidiary's subordinate companies)

<sup>2)</sup> Based on the Group operating revenue, the operating revenue after 2022 was calculated by applying K-IFRS No. 1117 "Insurance Contracts"

# ESG Data Pack

Financials **Environment** Customer Employees Community

## External GHG Emissions (Scope 3)<sup>1)</sup>

Category <sup>2)</sup>		Emissions item	Unit	2020	2021	2022	2023 <sup>4)</sup>	
Upstream	Category 1	Purchased goods and services	Paper consumption, water use, bankbook/card purchase	tCO <sub>2</sub> eq	2,570	2,388	2,027	4,990
	Category 2	Capital goods	Purchase of desktop, laptop, monitor, and multi-functioning printer	tCO <sub>2</sub> eq	654	416	406	7,284
	Category 4 <sup>3)</sup>	Upstream transportation and distribution	Cash delivery	tCO <sub>2</sub> eq	-	-	-	205
	Category 5	Waste generated in operations	Waste to landfill and recyclable waste	tCO <sub>2</sub> eq	662	817	641	2,457
	Category 6	Business travel	Business travel distance	tCO <sub>2</sub> eq	313	634	3,339	4,251
	Category 7 <sup>3)</sup>	Employee commuting	Commuting distance	tCO <sub>2</sub> eq	-	-	-	19,383
Subtotal <sup>5)</sup>			tCO <sub>2</sub> eq	4,199	4,255	6,413	38,569	
Downstream	Category 11	Use of sold products	Internet/mobile banking	tCO <sub>2</sub> eq	14,412	20,947	6,908	23,539
	Category 12	End-of-life treatment of sold products	Account closure, card cancellation	tCO <sub>2</sub> eq	185	149	148	99
	Category 13	Downstream leased assets	Building lease, car rental/lease	tCO <sub>2</sub> eq	-	5,471	1,754	617,196
Subtotal <sup>5)</sup>			tCO <sub>2</sub> eq	14,597	26,567	8,810	640,833	
Total			tCO <sub>2</sub> eq	18,796	30,822	15,223	679,402	

<sup>1)</sup> 2020-2022: KB Financial Group and its subsidiaries (domestic business sites)  
 2023: KB Financial Group and its subsidiaries (including domestic and overseas business sites and each subsidiary's subordinate companies)

<sup>2)</sup> Chose items related to financial companies among 15 categories of Scope 3

<sup>3)</sup> Data newly tallied since 2023

<sup>4)</sup> Expanded the calculation target scope and advanced the calculation method starting in 2023

\* Major unique factors

- Category 2: Increase from replacing computer equipment that was used for a long time
- Category 5, 11: Expanded the calculation target scope
- Category 13: Newly calculated emissions from the "car rental/lease business"

<sup>5)</sup> There is a difference in the sum from rounding off.

# ESG Data Pack

Financials **Environment** Customer Employees Community

## Financed Emissions by PCAF Asset Class

Financed Emissions (Scope 3)<sup>1)</sup>

Asset Type	Data Score <sup>2)</sup>	Exposures by asset class (KRW trillion)	Financed emissions (tCO <sub>2</sub> e <sub>q</sub> )	Target coverage	
Corporate/ Investment Finance	Corporate loans	3.83	74.5	30,004,806	70.75%
	Listed equity	3.59	2.3	455,046	Listed companies: 100%
	Corporate bonds	3.52	40.5	12,725,910	Listed companies:: 100%
Others	Electricity generation Project Finance	3.00	1.9	2,688,479	Power generation: 100%
	Commercial real estate	1.21	6.5	85,472	Gross floor areas: 76.33%
	Mortgage loans	3.00	50.0	417,302	Total of mortgage loans for real estate purchased for residence
	Auto loans	2.98	6.7	465,133	Total auto loans (excluding lease and rentals)
	Government bonds (net emissions) <sup>3)</sup>	1.00	12.7	2,379,113	100.00%
	Government bonds (total emissions) <sup>3)</sup>	1.00		2,524,842	100.00%
<b>Total<sup>4)</sup></b>		<b>195.1</b>	<b>49,221,262</b>		

<sup>1)</sup> Based on 2022

• Carbon emissions of our asset portfolio were calculated based on the methodology of PCAF.

• Only those assets for which current carbon emissions data could be attained were included in the calculation.

• We meet portfolio target requirement of each asset class of Science-Based Targets initiative (SBTi).

• There was a year-on-year increase in financed emissions owing to expansion of the calculation scope of the corporate finance portfolio and inclusion of new asset groups.

<sup>2)</sup> Data Score: A score from 1 to 5 is given based on the data quality as defined by PCAF with data credibility being higher the closer the score is to 1

<sup>3)</sup> Newly measured metrics in 2023, calculated net emissions and total emissions according to PCAF standards (the financed emissions of government bonds that are included in the total are based on net emissions)

<sup>4)</sup> There is a difference in the exposure and emissions total due to rounding off.

# ESG Data Pack

Financials **Environment** Customer Employees Community

## Financed Emissions of Each Financial Activity and Asset Group based on ISSB Disclosure Standards<sup>1)</sup>

### Financed Emissions (Scope 3) – Commercial Bank

(Unit: KRW 100 million, tCO<sub>2</sub>e<sub>q</sub>)

Asset Type	GICS (Global Industry Classification Standard)	Exposure		Financed Emissions			
		Amount	Ratio	Scope 1	Scope 2	Scope 3	Total <sup>2)</sup>
Corporate loans	Energy	20,247	2.9%	690,290	88,985	676,776	1,456,051
	Materials	129,125	18.7%	4,772,778	1,318,299	4,528,485	10,619,562
	Industrials	134,870	19.6%	1,133,741	327,678	3,126,537	4,587,955
	Consumer discretionary	149,837	21.7%	472,622	494,548	3,556,291	4,523,461
	Consumer staples	50,642	7.3%	310,818	156,733	2,150,226	2,617,778
	Health care	39,780	5.8%	100,695	67,127	461,653	629,475
	Financials	40,904	5.9%	161,457	47,990	255,413	464,860
	Information technology	58,399	8.5%	219,607	418,942	987,394	1,625,942
	Communication service	7,318	1.1%	7,808	7,748	44,196	59,752
	Utilities	9,687	1.4%	1,452,630	10,013	137,891	1,600,534
	Real estate	48,435	7.0%	43,801	47,254	155,993	247,048
Listed equity	Energy	-	0.0%	-	-	-	-
	Materials	450	3.1%	26,887	11,535	11,303	49,725
	Industrials	1,759	12.2%	5,916	2,057	13,628	21,601
	Consumer discretionary	456	3.2%	1,396	2,681	6,247	10,324
	Consumer staples	150	1.0%	213	189	1,682	2,084
	Health care	358	2.5%	210	126	1,097	1,433
	Financials	8,334	57.9%	36	571	1,667	2,274
	Information technology	2,237	15.5%	620	680	4,411	5,712
	Communication service	104	0.7%	990	304	2,899	4,194
	Utilities	393	2.7%	264,515	-	18,160	282,675
	Real estate	149	1.0%	253	195	1,304	1,753

<sup>1)</sup> Categorized only for corporate loans, listed equity, and corporate bonds <sup>2)</sup> There is a difference in the sum from rounding off.



# ESG Data Pack

Financials **Environment** Customer Employees Community

## Financed Emissions of Each Financial Activity and Asset Group based on ISSB Disclosure Standards

### Financed Emissions (Scope 3) – Commercial Bank

(Unit: KRW 100 million, tCO<sub>2</sub>eq)

Asset Type	GICS (Global Industry Classification Standard)	Exposure		Financed Emissions			
		Amount	Ratio	Scope 1	Scope 2	Scope 3	Total
Corporate bonds	Energy	7,549	2.9%	267,860	33,490	471,492	772,842
	Materials	9,090	3.5%	475,868	83,212	401,277	960,357
	Industrials	96,031	37.4%	940,410	58,244	385,302	1,383,956
	Consumer discretionary	6,663	2.6%	7,583	22,530	154,923	185,036
	Consumer staples	2,588	1.0%	18,823	15,548	77,288	111,659
	Health care	606	0.2%	824	1,758	8,230	10,813
	Financials	97,209	37.8%	451,014	18,469	148,061	617,544
	Information technology	8,288	3.2%	101,820	40,851	113,090	255,762
	Communication service	7,477	2.9%	848	46,879	20,569	68,296
	Utilities	19,771	7.7%	3,832,786	21,479	98,080	3,952,346
	Real estate	1,762	0.7%	707	3,532	6,932	11,172

# ESG Data Pack

Financials **Environment** Customer Employees Community

## Financed Emissions of Each Financial Activity and Asset Group based on ISSB Disclosure Standards

### Financed Emissions (Scope 3) – Commercial Bank

(Unit: KRW 100 million, tCO<sub>2</sub>eq)

Asset Type	GICS (Global Industry Classification Standard)	Exposure						Financed emissions (Based on undrawn amount)			
		Based on undrawn amount		Based on drawn amount		Based on total commitment amount		Scope 1	Scope 2	Scope 3	Total
		Amount	Ratio	Amount	Ratio	Amount	Ratio				
Undrawn loan commitments	Energy	14,650	11.3%	4,010	7.9%	18,660	10.3%	533,302	72,436	1,027,061	1,632,799
	Materials	14,575	11.2%	8,399	16.6%	22,974	12.7%	1,068,161	247,620	617,897	1,933,678
	Industrials	17,216	13.2%	7,697	15.2%	24,914	13.8%	280,304	39,921	319,373	639,599
	Consumer discretionary	16,299	12.5%	7,284	14.4%	23,583	13.1%	34,975	48,767	429,470	513,212
	Consumer staples	11,533	8.9%	4,265	8.4%	15,799	8.7%	56,926	46,706	467,763	571,395
	Health care	4,561	3.5%	2,967	5.9%	7,528	4.2%	5,568	8,388	43,278	57,235
	Financials	29,696	22.9%	6,586	13.0%	36,282	20.1%	35,317	33,290	58,122	126,730
	Information technology	8,277	6.4%	6,321	12.5%	14,598	8.1%	75,395	44,494	127,886	247,776
	Communication service	8,914	6.9%	392	0.8%	9,306	5.2%	1,499	32,931	24,467	58,897
	Utilities	2,519	1.9%	1,870	3.7%	4,389	2.4%	522,337	5,392	43,755	571,484
	Real estate	1,718	1.3%	877	1.7%	2,596	1.4%	1,573	2,685	9,998	14,256

# ESG Data Pack

 Financials **Environment** Customer Employees Community

## Financed Emissions of Each Financial Activity and Asset Group based on ISSB Disclosure Standards

### Financed Emissions (Scope 3) – Insurance

 (Unit: KRW 100 million, tCO<sub>2</sub>e)

Asset Type	GICS (Global Industry Classification Standard)	Exposure		Financed Emissions			
		Amount	Ratio	Scope 1	Scope 2	Scope 3	Total
Corporate loans	Energy	-	0.0%	-	-	-	-
	Materials	321	1.3%	27,428	7,058	5,360	39,846
	Industrials	7,169	29.4%	4,539	2,820	17,389	24,748
	Consumer discretionary	622	2.6%	135	66	441	642
	Consumer staples	-	0.0%	-	-	-	-
	Health care	1,937	7.9%	1,483	1,028	6,327	8,838
	Financials	5,516	22.6%	4,108	449	10,610	15,167
	Information technology	-	0.0%	-	-	-	-
	Communication service	-	0.0%	-	-	-	-
	Utilities	4,774	19.6%	478,280	1,072	29,676	509,028
	Real estate	4,043	16.6%	2,136	1,815	9,685	13,635
Listed equity	Energy	5	0.4%	322	35	334	691
	Materials	88	6.4%	2,503	717	1,619	4,838
	Industrials	119	8.7%	1,489	115	793	2,398
	Consumer discretionary	48	3.5%	56	144	1,065	1,265
	Consumer staples	24	1.7%	95	78	476	648
	Health care	351	25.5%	142	235	1,670	2,047
	Financials	541	39.4%	9,666	628	2,284	12,579
	Information technology	162	11.8%	271	506	868	1,645
	Communication service	9	0.6%	1	42	25	67
	Utilities	6	0.4%	1,074	11	13	1,098
	Real estate	23	1.6%	7	21	42	70

# ESG Data Pack

Financials **Environment** Customer Employees Community

## Financed Emissions of Each Financial Activity and Asset Group based on ISSB Disclosure Standards

### Financed Emissions (Scope 3) – Insurance

(Unit: KRW 100 million, tCO<sub>2</sub>e<sub>q</sub>)

Asset Type	GICS (Global Industry Classification Standard)	Exposure		Financed Emissions			
		Amount	Ratio	Scope 1	Scope 2	Scope 3	Total
Corporate bonds	Energy	4,575	4.1%	176,480	21,867	309,065	507,412
	Materials	5,218	4.6%	102,418	34,935	172,358	309,711
	Industrials	36,806	32.6%	220,959	25,484	178,036	424,480
	Consumer discretionary	4,764	4.2%	10,895	10,857	115,812	137,564
	Consumer staples	2,330	2.1%	11,714	9,294	67,452	88,460
	Health care	351	0.3%	173	322	1,981	2,477
	Financials	39,294	34.8%	11,089	7,745	63,344	82,177
	Information technology	4,063	3.6%	15,277	19,303	44,040	78,620
	Communication service	3,307	2.9%	273	19,714	9,606	29,593
	Utilities	11,364	10.1%	2,011,342	9,754	81,753	2,102,849
	Real estate	679	0.6%	312	1,899	1,845	4,056

# ESG Data Pack

Financials **Environment** Customer Employees Community

## Energy Consumption

Indicator	Unit	2020	2021	2022	2023
Energy consumption <sup>1)</sup>	TJ	2,880	2,727	2,656	2,907
Energy consumption (intensity) <sup>2)</sup>	TJ/ KRW billion	0.05	0.05	0.03	0.04
New and renewable energy consumption	kWh	471,128	1,048,753	1,369,638	1,912,947
New and renewable energy consumption (intensity) <sup>2)</sup>	kWh/ KRW billion	8.46	17.80	16.44	24.64

<sup>1)</sup> • Expanded the calculation scope (inclusion of subsidiaries' overseas business sites) and advanced the calculation method starting in 2023  
 • For 2020-2022 data, the previous MWh unit-based disclosed data was changed to the TJ unit and disclosed accordingly

<sup>2)</sup> Based on the Group operating revenue

## Water Withdrawal<sup>1)</sup>

Indicator	Unit	2020	2021	2022	2023
Water consumption	m <sup>3</sup>	278,135	410,807	644,518	1,791,750

<sup>1)</sup> Expanded the calculation scope (inclusion of subsidiaries' overseas business sites) and advanced the calculation method starting in 2023

## Waste<sup>1)</sup>

Indicator	Unit	2020	2021	2022	2023
Landfill	ton	1,948	2,402	1,886	6,289
Recycle	ton	-	-	115	1,171

<sup>1)</sup> Expanded the calculation scope (inclusion of subsidiaries' overseas business sites) and advanced the calculation method starting in 2023

## Eco-friendly Vehicle

Indicator	Unit	2020	2021	2022	2023	
Eco-friendly Vehicle	Electric	Vehicles	26	32	56	109
	Hydrogen	Vehicles	-	2	2	2
	Hybrid	Vehicles	66	716	1,144	1,562
	Total	Vehicles	92	750	1,202	1,673
Total number of vehicles owned	Vehicles	2,048	2,049	2,076	2,129	
Rate of conversion to eco-friendly vehicles	%	4.5	36.6	57.9	78.6	

# ESG Data Pack

 Financials | Environment | **Customer** | Employees | Community

## Achievement in Customer Satisfaction

Indicator		Unit	2021	2022	2023	
KB Kookmin Bank	NCSI <sup>1)</sup>	Rank	1	1	1	
		Points	80	80	79	
KB Securities	NCSI <sup>1)</sup>	Rank	2	2	2	
		KCSI	Rank	3	6	4
			Rank	5	3	4
KB Insurance	NCSI <sup>1)</sup>	Rank	2	3	3	
		KCSI(Long-term Insurance)	Rank	3	3	3
			Rank	3	3	2
		KS-SQI(Long-term Insurance)	Rank	3	3	3
			Rank	3	2	2
KB Kookmin Card	NCSI <sup>1)</sup>	Rank	1	1	1	
		KCSI(Credit Card)	Rank	3	3	3
			Rank	1	1	1
		KS-SQI(Credit Card)	Rank	3	3	3
			Rank	1	1	1

<sup>1)</sup> NCSI (National Customer Satisfaction Index): Comprehensively evaluate the overall product/service satisfaction level, satisfaction against expectation, and satisfaction against quality of ideal product/service

## Level of Customer Satisfaction

Indicator		Unit	2021	2022	2023
KB Kookmin Bank	Mobile survey on customer experience	Points	90.0	89.4	90.3
KB Securities	KBSI index	Points	91.1	91.2	93.2
KB Insurance	Customer survey (Long-term insurance)	Points	79.0	78.1	77.0
	Customer survey (Car insurance)	Points	78.8	79.0	77.9
KB Kookmin Card	Customer satisfaction survey	Points	81.0	80.0	79.0

## Customers Using Online Banking Services<sup>1)</sup>

Indicator		Unit	2021	2022	2023
Customers subscribing for online banking services		%	81.3	83.9	86.2
Active users of online banking services		%	41.4	44.4	46.1
Actual users of KB Star Banking app (MAU)		10,000 persons	884	1,106	1,206

<sup>1)</sup> Based on KB Kookmin Bank

## Customer Accessibility<sup>1)</sup>

Indicator		Unit	2021	2022	2023
Universal counters		Machines	797	782	723
ATMs with zoom-in screen features for visually impaired		Machines	5,131	4,532	4,305
Braille and audio guidance ATMs		Machines	5,175	4,559	4,329
Wheelchair accessible ATMs		Machines	5,175	4,559	4,329
ATMs with biometric authentication (Easy Banking)		Machines	3,762	3,636	3,576

<sup>1)</sup> Based on KB Kookmin Bank

# ESG Data Pack

Financials | Environment | **Customer** | Employees | Community

## Customer Complaints

Indicator	Unit	2021	2022	2023
Total number of customer complaints received <sup>1)</sup>	Cases	6,994	9,066 <sup>2)</sup>	7,976
Number of received complaints that were handled	Cases	6,994	9,066	7,976
Rate of completion of complaint-handling	%	100	100	100
Number of complaints received through the Financial Supervisory Service	Cases	4,968	6,261	4,919

<sup>1)</sup> KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Savings Bank: Based on the number disclosed by the Korea Federation of Banks, Korea Financial Investment Association, General Insurance Association of Korea, the Credit Finance Association, Korea Life Insurance Association, and Korea Federation of Savings Banks

<sup>2)</sup> The number of complaints increased from enhanced convenience in filing complaints (improvement to the Internet access path, reinforced personnel in charge of telephone complaints, etc.) and a rise in loan interest rates, etc.

## No. of Breaches of Customer Privacy and Losses of Customer Data

Indicator	Unit	2021	2022	2023
No. of breaches confirmed by external organizations <sup>1)</sup>	Cases	0	0	0
No. of breaches confirmed by regulatory organizations <sup>2)</sup>	Cases	0	0	0

<sup>1)</sup> External organizations: Organizations without auditing authority, such as the Korea Financial Investment Association, Korea Exchange, and National Human Rights Commission

<sup>2)</sup> Regulatory organizations: Financial Supervisory Service, KISA, Personal Information Protection Commission, Personal Information Dispute Mediation Committee, Cyber Investigation Department at the Supreme Prosecutors' Office, Cyber Investigation Bureau of the National Police Agency, etc.



# ESG Data Pack

 Financials | Environment | Customer | **Employees** | Community

## Employees<sup>1)</sup>

Indicator		Unit	2021	2022	2023
Gender	Total	Persons	27,933	27,832	26,959
	Male	Persons	14,359	13,945	13,277
	Female	Persons	13,574	13,887	13,682
Conditions of contract	Executives	Total	249	245	248
		Male	236	228	231
		Female	13	17	17
	Full time <sup>2)</sup>	Total	24,840	24,152	23,348
		Male	12,608	12,017	11,341
		Female	12,232	12,135	12,007
Temporary <sup>3)</sup>	Total	2,844	3,435	3,363	
	Male	1,515	1,700	1,705	
	Female	1,329	1,735	1,658	
Position <sup>4)</sup>	Manager to General Manager <sup>5)</sup>	Total	14,485	14,276	13,809
		General Manager <sup>5)</sup>	Total	-	2,726
	General Manager <sup>5)</sup>	Male	-	2,271	2,308
		Female	-	455	528
	Manager to Senior Manager	Total	-	11,550	10,973
		Male	-	7,064	6,443
	Associate to Assistant Manager	Female	-	4,486	4,530
		Total	13,199	13,311	12,902
	Associate to Assistant Manager	Male	4,292	4,382	4,295
		Female	8,907	8,929	8,607

Indicator		Unit	2021	2022	2023
Age	Under 30 years old	Total	2,624	2,520	2,177
		Male	925	871	720
		Female	1,699	1,649	1,457
	30s to 40s	Total	17,760	17,368	16,612
		Male	7,788	7,462	6,999
		Female	9,972	9,906	9,613
Over 50 years old	Total	7,549	7,944	8,170	
	Male	5,645	5,612	5,558	
	Female	1,904	2,332	2,612	
Nationality <sup>6)</sup>	Korea		27,875	27,781	26,907
	U.S.		8	11	15
	Canada		9	8	7
	China		7	6	6
	Others		34	26	24

<sup>1)</sup> Recalculation of 2021-2022 data due to changes in calculation standards

<sup>2)</sup> Including unlimited contract workers

<sup>3)</sup> Including part-timers

<sup>4)</sup> 2021: Manager to General Manager, From 2022: Manager to Senior Manager, General Manager

<sup>5)</sup> Excluding executives

<sup>6)</sup> • No. of personnel by nationality refers to employees with a foreign nationality who are working at a corporate body in Korea  
 • Management position ratio by nationality: Korea (99.86%), US (0.06%), Canada (0.05%), China (0.01%), Others (0.02%)

# ESG Data Pack

 Financials | Environment | Customer | **Employees** | Community

## Diversity

	Indicator	Unit	2021	2022	2023
Veterans <sup>1)</sup>	Total	Persons	1,264	1,184	1,111
	Male	Persons	759	697	639
	Female	Persons	505	487	472
Persons with disabilities <sup>2)</sup>	Total	Persons	353	385	395
	Male	Persons	266	275	271
	Female	Persons	87	110	124
High school graduates <sup>3)</sup>	Total	Persons	273	280	290
	Male	Persons	38	40	39
	Female	Persons	235	240	251

<sup>1)</sup> Veterans: Employees hired through the screening process that provides preferential benefits to veterans; the figures herein are the number of those in service as of the end of each year

<sup>2)</sup> Persons with disabilities: Based on a report on the employment status of persons with disabilities at the end of the year pursuant to the Act On The Employment Promotion And Vocational Rehabilitation Of Persons With Disabilities

<sup>3)</sup> High school graduates: Employees recruited through the screening process that provides preferential benefits to high school graduates; the figures herein are the number of those in service as of the end of each year

## Ratio of Female Employees

	Indicator	Unit	2021	2022	2023	Goal for 2027
Executives <sup>1)</sup>		%	6.6	7.4	8.7	20
All management positions (Manager to Executives) <sup>2)</sup>		%	33.6	36.2	36.1	-
Junior management positions (Manager and Senior Manager) <sup>2)</sup>		%	44.9	40.8	41.3	-
Management positions in revenue-generating departments (Corporate finance-related departments) <sup>3)</sup>		%	9.5	10.1	15.2	30
STEM-related positions <sup>4)</sup>		%	21.0	30.2	32.4	-

<sup>1)</sup> Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and Prudential Life Insurance (KB Life from 2023)

<sup>2)</sup> Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and Prudential Life Insurance for 2021-2022; and Based on KB Financial Group for 2023

<sup>3)</sup> Based on KB Kookmin Bank

<sup>4)</sup> • 2021: Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, Prudential Insurance, From 2022: Based on KB Financial Group  
• STEM: Science, Technology, Engineering, Mathematics

## Professional Position<sup>1)</sup>

	Indicator	Unit	2021	2022	2023
Total		Persons	-	-	5,700
Male		Persons	-	-	2,547
Female		Persons	-	-	3,153

<sup>1)</sup> Has been compiled since 2023 (Scope: CFA, Tax Accountant, AICPA, CPA, Lawyer, CFP, AFPK)

## New Hires<sup>1)</sup>

	Indicator	Unit	2021	2022	2023	
Gender	Total	Persons	1,170	1,143	867	
	Male	Persons	683	667	455	
	Female	Persons	487	476	412	
Age	Total	Persons	628	571	482	
	20s and younger	Male	Persons	307	271	205
		Female	Persons	321	300	277
	30s	Total	Persons	358	361	251
		Male	Persons	238	245	149
	40s	Female	Persons	120	116	102
Total		Persons	120	136	84	
50s and older	Male	Persons	89	88	61	
	Female	Persons	31	48	23	
	Total	Persons	64	75	50	
	Male	Persons	49	63	40	
	Female	Persons	15	12	10	

<sup>1)</sup> Recalculation of 2021-2022 data due to changes in calculation standards

# ESG Data Pack

 Financials | Environment | Customer | **Employees** | Community

## Employees Repositioned through Annual Personnel Reshuffling

Indicator		Unit	2021	2022	2023	
Gender	Total	Persons	7,747	7,600	7,252	
	Male	Persons	4,140	3,856	3,565	
	Female	Persons	3,607	3,744	3,687	
Executives	Total	Persons	45	41	34	
	Male	Persons	41	38	34	
	Female	Persons	4	3	-	
Position	Total	Persons	4,381	4,294	4,071	
	Manager to General Manager	Male	Persons	3,062	2,784	2,554
		Female	Persons	1,319	1,510	1,517
	Associate to Assistant Manager	Male	Persons	3,321	3,265	3,147
		Female	Persons	1,037	1,034	977
		Female	Persons	2,284	2,231	2,170

## Internal Hires<sup>1)</sup>

Indicator	Unit	2021	2022	2023
Internal hires	%	86.88	86.93	89.32

<sup>1)</sup> • Recalculation of the internal hiring ratio data for 2021-2022 due to changes in the criteria for calculating the number of new hires  
 • Calculation method: Employees repositioned through annual personnel reshuffling / (Number of new recruits + Employees repositioned through annual personnel reshuffling)

## Years of Continuous Service

Indicator	Unit	2021	2022	2023
Average for all employees	Years	14.6	15.4	15.8
Average for male employees	Years	16.1	16.9	17.3
Average for female employees	Years	12.8	13.5	14.5

## Total Turnover

Indicator		Unit	2022	2023
Total turnover rate <sup>1)</sup>		%	6.3	5.5
Gender	Male	%	8.5	7.2
	Female	%	4.0	4.0
Position	Executives	%	18.0	9.7
	Manager to General Manager	%	6.9	6.4
	Associate to Assistant Manager	%	5.4	4.5
Age	Under 30 years old	%	7.9	6.4
	30s-40s	%	3.6	2.7
	Over 50 years old	%	11.6	11.1

<sup>1)</sup> Calculation method: Number of employees who left / Total number of employees

## Voluntary Turnover<sup>1)</sup>

Indicator		Unit	2022	2023
Voluntary turnover rate <sup>2)</sup>		%	3.2	2.2
Gender	Male	%	4.3	2.5
	Female	%	2.0	2.0
Position	Executives	%	7.1	4.4
	Section Chief - General Manager	%	2.2	1.5
	Associate - Assistant Section Chief	%	4.1	2.9
Age	Under 30 years old	%	5.5	5.7
	30s-40s	%	3.0	2.2
	Over 50 years old	%	2.9	1.2

<sup>1)</sup> Voluntary turnover: Wanted to leave the company (excluding people who voluntarily retired, whose contract expired, laid off, etc.)

<sup>2)</sup> Calculation method: No. of voluntary turnover personnel / Total No. of employees

# ESG Data Pack

 Financials | Environment | Customer | **Employees** | Community

## Equal Pay<sup>1)</sup>

	Indicator	Unit	Female	Male	Ratio of female to male
Executives	Base salary	KRW million	171	171	100%
	Base salary + other cash incentives	KRW million	465	465	100%
Management positions	Base salary	KRW million	103	103	100%
	Base salary + other cash incentives	KRW million	135	135	100%
Non-management positions	Base salary	KRW million	68	68	100%

<sup>1)</sup> • Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card  
 • There is no difference in pay between male and female employees  
 • Calculation method: Average of each grade/level with majority

## Childcare Leaves

	Indicator	Unit	2021	2022	2023
Employees eligible for childcare leave <sup>1)</sup>	Total	Persons	7,186	6,588	6,175
	Male	Persons	3,234	2,953	2,828
	Female	Persons	3,952	3,635	3,347
Employees who used childcare leave <sup>2)</sup>	Total	Persons	874	974	962
	Male	Persons	98	137	183
	Female	Persons	776	837	779
Employees who returned to work after childcare leave	Total	Persons	476	483	470
	Male	Persons	61	68	85
	Female	Persons	415	415	385
No. of employees who have worked for more than 12 months after returning from parental leave	Total	Persons	617	445	390
	Male	Persons	51	54	50
	Female	Persons	566	391	340
Retention rate of employees who have worked for more than 12 months after returning from parental leave	Male	%	86.4	88.5	73.5
	Female	%	95.4	94.2	81.9

<sup>1)</sup> Employees with children aged 9 or younger, or in the 3rd grade or below in elementary school, as of December 31 of the relevant year, Recalculation of 2021–2022 data due to changes in calculation standards  
<sup>2)</sup> Employees who used one day or more of childcare leave in the corresponding year  
<sup>3)</sup> Employees who served for over 12 months in the corresponding year period (January 1–December 31) after returning from childcare leave the previous year  
<sup>4)</sup> No. of employees who have worked for more than 12 months after returning from parental leave / No. of employees who returned from parental leave in the previous year

# ESG Data Pack

 Financials | Environment | Customer | **Employees** | Community

## Labor Practices

Indicator	Unit	2021	2022	2023
Employees covered by labor union <sup>1)</sup>	%	93.3	84.9	85.6
Employee grievances resolved <sup>2)</sup>	Cases	154	148	133 <sup>3)</sup>

<sup>1)</sup> Recalculation of 2021–2022 data due to changes in calculation standards

- Based on companies that have a labor union within KB Financial Group (companies that do not have a labor union have a labor-management council)

<sup>2)</sup> Excluding received grievances that were voluntarily withdrawn by employees

- If cases of discrimination and harassment included: 6 cases in 2021, 12 cases in 2022, and 13 cases in 2023 (Based on KB Financial Group)

<sup>3)</sup> KB Kookmin Bank: 109 cases (more than around 90% was related to moving to a different work location),

- KB Securities: 3 cases, KB Insurance: 2 cases, KB Kookmin Card: 14 cases, KB Asset Management: 1 case, KB Capital: 2 cases, KB Data Systems: 2 cases

## Industrial Accidents

Indicator	Unit	2021	2022	2023
Absence due to industrial accidents	Days	204	94	241
Absentee rate	%	0.003	0.001	0.004

## Training<sup>1)</sup>

Indicator	Unit	2021	2022	2023
Average training expense per employee	KRW 10,000	90.0	118.8	121.9
Average training hours per employee	Hours	100.0	100.7	104.3
Gender <sup>2)</sup>	Male	86.1	90.0	89.8
	Female	114.6	111.5	118.4
Age <sup>2)</sup>	Under 30 years old	154.8	135.1	128.5
	30s–40s	103.9	107.8	110.7
	Over 50 years old	71.5	74.3	84.8

<sup>1)</sup> Recalculation of 2021–2022 data due to changes in calculation standards

<sup>2)</sup> Average training hours per employee

## Employee Education Performance

Indicator	Unit	2021	2022	2023
No. of persons who acquired a job-related certificate	Persons	7,070	6,972	6,976

## Ethical Management

Indicator	Unit	2021	2022	2023	
Average ethics training hours per employee	Hours	9.7	10.6	10.2	
Employees' violation of code of conduct <sup>1)</sup>	Receiving graft and entertainment	Cases	-	-	-
	Violation of important information management	Cases	1	3	2
	Conflict of interest	Cases	-	-	-
	Violation of anti-money laundering	Cases	1	-	-
	Investment in securities, etc.	Cases	1	-	-
	Violation of fair trade	Cases	-	-	-
	Violation of external activity policy	Cases	-	-	-
Actions taken on violations <sup>2)</sup>	Pay cut	Cases	-	-	-
	Reprimand	Cases	-	2	-
	Warning	Cases	-	-	1
Others	Cases	-	1	1	

<sup>1)</sup> Violations of the Employee Code of Conduct for Compliance in 2023

- Violation of a law that restricts the transmission of for-profit advertising information

<sup>2)</sup> We imposed sanctions on the violators based on our internal standards and reinforced our supervision and internal control system as well as employee training to prevent the recurrence of such violations.

# ESG Data Pack

Financials | Environment | Customer | **Employees** | Community

## Training on Anti-Corruption Policies and Procedures

Indicator	Unit	2021	2022	2023
No. of people who completed the training <sup>1)</sup>	Persons	29,099	31,524	28,221

<sup>1)</sup>Including the BOD members

## Anti-Trust/Anti-Competitive Behavior

Indicator	Unit	2021	2022	2023
Fine and settlement	KRW	0	0	0
Ratio against sales	%	0	0	0
No. of cases for which an investigation is in progress	Cases	0	0	0
No. of violations	Cases	0	0	0

## Corruption and Bribery

Indicator	Unit	2021	2022	2023
Fine and settlement	KRW	0	0	0
Ratio against sales	%	0	0	0
No. of cases for which an investigation is in progress	Cases	0	0	0
No. of violations	Cases	0	0	0
No. of cases where the relevant employee was fired or subject to disciplinary action	Cases	0	0	0
No. of cases where a contract with a business partner (partner company) came to an end or contract renewal was cancelled	Cases	0	0	0

## Information Security/Cybersecurity Breaches

Indicator	Unit	2021	2022	2023
No. of information security or cybersecurity breaches	Cases	0	0	0
Fine or penalty from information security or cybersecurity breaches	KRW	0	0	0
No. of customers affected by breaches	Persons	0	0	0

## IT Infrastructure Incident

Indicator	Unit	2021	2022	2023
No. of incidents	Cases	0	0	0
Fine	KRW	0	0	0

# ESG Data Pack

 Financials | Environment | Customer | Employees | **Community**

## Charitable Contributions and Volunteering Hours

Indicator	Unit	2021	2022	2023
Investment in social contributions <sup>1)</sup>	KRW 100 million	1,896	2,251	3,208 <sup>2)</sup>
Total employee volunteering hours	Hours	65,253	56,342	48,449
Monetary value of employee volunteering during daily working hours	KRW 100 million	22	21	16

\* Based on annual accruals

<sup>1)</sup> Based on the sum of charitable contributions, social contribution-type program amount, and monetary value of employee volunteering since 2022.

<sup>2)</sup> Not including KRW 261.7 billion in interest cashback for small business owners according to the banking sector's livelihood finance support plan

## Community Contributions for Youth<sup>1)</sup>

Indicator	Unit	2021	2022	2023		
		Cumulative	Cumulative	During the Year	Cumulative	
KB Dream Wave 2030 <sup>2)</sup>	Study mentoring	Persons	16,649	29,337	9,414	38,751
	Career mentoring	Persons	119,166	136,860	21,297	158,157
	Support projects	Persons	3,916	4,672	673	5,345
	Subtotal	Persons	139,731	170,869	31,384	202,253
KB Foundation scholarship	Contributions	KRW 100 million	231	331	120	451
	Beneficiaries	Persons	2,652	2,915	206	3,121
Building and expanding Childcare classrooms in elementary schools	Contributions	KRW 100 million	46	51	4	55
	Classrooms built	Classrooms	1,222	1,648	-	1,648
Building and expanding public kindergartens	Contributions	KRW 100 million	415	542	-	542
	Classrooms built	Classrooms	568	617	-	617
Hub-type all-day care center <sup>4)</sup>	Contributions	KRW 100 million	177	208	-	208
	Support center	Centers	-	-	-	7
	Contributions	KRW 100 million	-	-	-	100

Indicator	Unit	2021	2022	2023		
		Cumulative	Cumulative	During the Year	Cumulative	
Rainbow Classroom	Classrooms built	Classrooms	18	21	1	22
	Domestic Overseas	Classrooms	4	9	3	12
Support for disabled youths	Support for art education	Persons	117	141	24	165
	Support for athletes	Persons	158	204	43	247
	Support for children with developmental disabilities (sensory integration therapy)	Centers	10	18	5	23
Support for single-parent families	Support for childcare supplies	Persons	2,583	2,943	260	3,203
	Support for learning kits	Persons	641	901	260	1,161
Support for under-privileged families	Backpack support for incoming elementary students from low-income families	Persons	12,678	14,836	2,041	16,877
	Residential environment improvement support for underprivileged children	Household	47	50	2	52
	Support for exam supplies for college entrance exam students from low-income families <sup>4)</sup>	Persons	-	-	410	410
	KB Warm Helping Hand Lunch <sup>4)</sup>	Household	-	-	100	100
Others	Support for eco-friendly women's hygienic goods	Persons	300	500	450	950
	Kkaebi Securities Happy Christmas Camp <sup>3)</sup>	Persons	-	31	37	68
	Nurturing digital talent	Persons	542	1,157	537	1,694
	Support for medical expenses for pediatric cancer patients	Persons	19	24	5	29
	Employment/startup support for young people preparing for self-reliance	Persons	10	124	76	200
	WE:SH DREAM <sup>4) 5)</sup>	Persons	-	-	201	201

<sup>1)</sup> Accumulated from 2023, Recalculated based on the accumulated data from 2021 to 2022

<sup>2)</sup> Former "KB Youth Mentor!" Program

<sup>3)</sup> New program introduced in 2022

<sup>4)</sup> New program introduced in 2023

<sup>5)</sup> Employee walk donation campaign



# ESG Data Pack

 Financials | Environment | Customer | Employees | **Community**

## Support for Global Families<sup>1)</sup>

Indicator	Unit	2021	2022	2023	
		Cumulative	Cumulative	During the Year	Cumulative
Beneficiaries of KB Korean Language Class in Myanmar	Persons	3,871	4,491	635	5,126
Beneficiaries of the "KB Kookmin Card Korean Language School" for global families	Persons	895	1,095	200	1,295
Donation for low-income global families for <i>Chuseok</i> sharing <sup>2)</sup>	Household	-	400	200	600
Support for two-wheeled vehicle safety helmets in Indonesia <sup>2)</sup>	Persons	-	1,200	1,000	2,200
Support for early settlement of global families and North Korean refugees <sup>2)</sup>	Household	-	92	-	92
Support for global families to settle down in society <sup>3)</sup>	Persons	-	-	1,000	1,000

<sup>1)</sup> Accumulated from 2023, Recalculated based on the accumulated data from 2021 to 2022

<sup>2)</sup> New program introduced in 2022

<sup>3)</sup> New program introduced in 2023

## Financial Education<sup>1)</sup>

Indicator	Unit	2021	2022	2023	
		Cumulative	Cumulative	During the Year	Cumulative
Offline	Persons	1,205,748	1,312,319	123,300	1,435,619
Beneficiaries of financial education	No. of online, mobile web subscribers	84,470	85,567	1,164	86,731
	No. of online, mobile web visitors	226,865	249,308	15,166	264,474

<sup>1)</sup> Accumulated from 2023, Recalculated based on the accumulated data from 2021 to 2022

## Job Creation through KB GoodJob<sup>1)</sup>

Indicator	Unit	2021	2022	2023	
		Cumulative	Cumulative	During the Year	Cumulative
Individual members of KB GoodJob website	Persons	80,154	86,377	4,257	90,634
KB GoodJob School participants	Persons	918,100	1,136,100	46,500	1,182,600
People employed through KB GoodJob Fair	Persons	23,289	29,041	6,191	35,232

<sup>1)</sup> Accumulated from 2023, Recalculated based on the accumulated data from 2021 to 2022

## Consulting Services for SMEs and Small Businesses<sup>1)</sup>

Indicator	Unit	2021	2022	2023	
		Cumulative	Cumulative	During the Year	Cumulative
KB Wise Consulting services offered	Times	2,284	2,465	188	2,653
KB SOHO Business Incubating Consulting services offered	Times	16,205	24,311	13,494	37,805
ESG consulting service	Times	-	101	209	310
ESG self-assessment service	Times	-	852	5,798	6,650

<sup>1)</sup> Accumulated from 2023, Recalculated based on the accumulated data from 2021 to 2022

# ESG Data Pack

 Financials | Environment | Customer | Employees | **Community**

## Support for Fintech Startups

	Indicator	Unit	2021	2022	2023	
			Cumulative	Cumulative	During the Year	Cumulative
KB Starters	Startup partners	Companies	156	202	53	255
	Investment	KRW 100 million	1,062	1,418	525	1,943
FUTURE9	Startup partners	Companies	54	66	13	79
	Investment	KRW 100 million	26	36	20	56
Total	Startup partners	Companies	210	268	66	334
	Investment	KRW 100 million	1,088	1,454	545	1,999

## Expenses for Supporting Major Associations

	Indicator	Unit	2021	2022	2023
Membership fee	Korea Financial Investment Association	KRW 100 million	32.5	33.5	31.7
	Korea Federation of Banks	KRW 100 million	30.4	31.1	35.3
	General Insurance Association of Korea	KRW 100 million	29.7	30.9	37.0
	The Credit Finance Association	KRW 100 million	19.9	15.2	14.1
	Korea Life Insurance Association	KRW 100 million	9.2	11.0	10.7
	Korea Federation of Savings Banks	KRW 100 million	2.1	2.4	2.5
	Others	KRW 100 million	4.5	4.6	5.6
	<b>Total</b>	<b>KRW 100 million</b>	<b>128.3</b>	<b>128.8</b>	<b>136.9</b>
	Political donation <sup>1)</sup>	KRW 100 million	0	0	0

\* Based on annual accruals

<sup>1)</sup> Pursuant to Article 31 of the Political Funds Act, foreigners and corporations or groups both in Korea and abroad are prohibited from contributing political funds, and no one is allowed to contribute political funds with funds related to any corporations or groups in Korea and abroad. We stringently comply with these legal requirements and do not provide any political funds, election campaign funds, and funds for political lobbying based on "donation operation regulations". However, we sponsor politically neutral organizations for public interest, etc.

## Supply Chain Self-Assessment<sup>1)</sup>

	Indicator	Unit	2021	2022	2023	
			Cumulative	Cumulative	During the Year	Cumulative
	Business partners self-assessed for supply chain sustainability	Companies	908	1,037	120	1,157

<sup>1)</sup> • Accumulated from 2023, Recalculated based on the accumulated data from 2021 to 2022  
 • Based on KB Kookmin Bank

# APPENDIX

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- 209 SASB Index
- 227 Third-Party Assurance Statement
- 229 GHG Assurance Statement

# GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 2: General Disclosures 2021	2-1	Organizational details	5		
	2-2	Entities included in the organization's sustainability reporting	5		
	2-3	Reporting period, frequency and contact point	2		
	2-4	Restatements of information	194-198, 200-202		
	2-5	External assurance	227-231		
	2-6	Activities, value chain and other business relationships	5		
	2-7	Employees	194		
	2-8	Workers who are not employees	194		
	2-9	Governance structure and composition	172		
	2-10	Nomination and selection of the highest governance body	173		
	2-11	Chair of the highest governance body	172		
	2-12	Role of the highest governance body in overseeing the management of impacts	22, 33, 172, 177		
	2-13	Delegation of responsibility for managing impacts	22, 33, 172, 177		
	2-14	Role of the highest governance body in sustainability reporting	33, 177		
	2-15	Conflicts of interest	173		
	2-16	Communication of critical concerns	23, 174		
	2-17	Collective knowledge of the highest governance body	171		
	2-18	Evaluation of the performance of the highest governance body	174		
	2-19	Remuneration policies	174-175		
	2-20	Process to determine remuneration	174-175		
	2-21	Annual total compensation ratio	175		
	2-22	Statement on sustainable development strategy	4		
	2-23	Policy commitments	22, 36, 81, 107, 130, 148, 156, 158		
	2-24	Embedding policy commitments	29, 35, 82, 112, 131, 152, 156, 161		
	2-25	Processes to remediate negative impacts	24, 127, 156		

# GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	29, 132		
	2-27	Compliance with laws and regulations	132, 198		
	2-28	Membership associations	202		
	2-29	Approach to stakeholder engagement	13		
	2-30	Collective bargaining agreements	127-128, 198		

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 3: Material Topics 2021	3-1	Process to determine material topics	15-16		
	3-2	List of material topics	17-18		
	3-3	Management of material topics	19		

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	178		
	201-2	Financial implications and other risks and opportunities due to climate change	41-43, 53-56		
	201-3	Defined benefit plan obligations and other retirement plans	179		
	201-4	Financial assistance received from government		Non applicable	
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	194		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	73-77, 164-169		
	203-2	Significant indirect economic impacts	78-79, 164-169		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	130-133		
	205-2	Communication and training about anti-corruption policies and procedures	199		
	205-3	Confirmed incidents of corruption and actions taken	132, 199		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No lawsuit	
GRI 207: Tax 2019	207-4	Country-by-country reporting	179		

# GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 302: Energy 2016	302-1	Energy consumption within the organization	183		
	302-2	Energy consumption outside of the organization	184-190		
	302-3	Energy intensity	191		
	302-4	Reduction of energy consumption	61, 149, 151		
GRI: 303 Water and Effluents 2018	303-3	Water withdrawal	191		
	303-5	Water consumption	191		
GRI: 304 Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	153-154		
	304-2	Significant impacts of activities, products and services on biodiversity	153-154		
	304-3	Habitats protected or restored	153-154		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	153-154		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	183		
	305-2	Energy indirect (Scope 2) GHG emissions	183		
	305-3	Other indirect (Scope 3) GHG emissions	184-190		
	305-4	GHG emissions intensity	63-64, 183		
	305-5	Reduction of GHG emissions	61		
	305-6	Emissions of ozone-depleting substances (ODS)			Non applicable
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Non applicable
GRI: 306 Waste 2020	306-3	Waste generated	191		

# GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 401: Employment	401-1	Worker participation, consultation, and communication on occupational health and safety	195-196		
	401-2	Worker training on occupational health and safety	197		
	401-3	Promotion of worker health	197		
GRI 402: Labor Management relations	402-1	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	127		
GRI 403: Occupational Health & Safety 2018	403-1	Workers covered by an occupational health and safety management system	158		
	403-2	Work-related injuries	159		
	403-3	Work-related ill health	160		
	403-4	Average hours of training per year per employee	160-161		
	403-5	Programs for upgrading employee skills and transition assistance programs	161		
	403-6	Percentage of employees receiving regular performance and career development reviews	160		
	403-7	Diversity of governance bodies and employees	158-159		
	403-8	Ratio of basic salary and remuneration of women to men	158		
	403-9	Incidents of discrimination and corrective actions taken	198		
	403-10	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	198		
GRI 404: Training and Education	404-1	Operations and suppliers at significant risk for incidents of child labor	198		
	404-2	Programs for upgrading employee skills and transition assistance programs	118-119, 121-124		
	404-3	Percentage of employees receiving regular performance and career development reviews	124-125		
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	115-117, 171-172		
	405-2	Ratio of basic salary and remuneration of women to men	197		
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	198		
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		No such cases at our business sites and suppliers'	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor		No such cases at our business sites and suppliers'	



# GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		No such cases at our business sites and suppliers'	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	163-169		
	413-2	Operations with significant actual and potential negative impacts on local communities		No such business site	
GRI 415: Public Policy	415-1	Political contributions	202		
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	86-88		
	417-2	Incidents of non-compliance concerning product and service information and labeling		No violations	
	417-3	Incidents of non-compliance concerning marketing communications		No violations	
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	193, 199		

# SASB Index

## Multiple Sectors

Topic	Accounting Metric	Code	Response
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1 FN-CF-230a.1	No data breaches occurred in the report year.
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2 FN-CF-230a.3	When there is a threat to information assets, we analyze the frequency and impact to derive risk factors and establish protective measures. We conduct a risk assessment on information asset protection measures every year. Based on risk assessment results, we determine the appropriate risk level and identify risks targeted for management. In addition, for matters determined as being important, from among risk assessment results, we establish strengthened protective measures and manage risks. Relevant details can be found on pages 110 of this Report.
Business Ethics	Description of whistleblower policies and procedures	FN-CB-510a.2 FN-IB-510a.2 FN-AC-510a.2	Refer to page 132 of this report for details on our whistle-blowing system.
Systemic Risk Management	Domestic Systemically Important Banks (D-SIB) score and Domestic Systemically Important Financial Institutions (D-SIFI) score by the FSC	FN-CB-550a.1 FN-IB-550a.1	<p>In 2023, KB Financial Group Inc. was chosen as a financial systemically important bank holding company (D-SIB) and KB Kookmin Bank was chosen as a financial systemically important financial institution (D-SIFI).</p> <p>We submit related data every year upon the supervisory authorities' request for systemically important bank (G-SIB and D-SIB) selection and disclose relevant items. The Financial Stability Board (FSB) and domestic supervisory authorities evaluate/select and announce G-SIB and D-SIB, respectively, based on data submitted by financial institutions.</p> <p>D-SIB was first adopted in Korea in 2016. In December 2015, the Financial Services Commission (FSC) chose KB Financial Group as D-SIB after determining that the Group has a significant impact on Korea's financial system and economy. We have been chosen as D-SIB every year since then after a systemic importance evaluation. Accordingly, we add the regulatory 1%p to the minimum capital requirement, and keep capital at the level that exceeds the regulatory capital surcharge.</p>
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2 FN-IB-550a.2	<p>We perform the biannual Group-wide integrated crisis analysis to assess potential vulnerabilities concerning exceptional yet credible accidents. According to the need, we conduct an additional crisis analysis in case of sharp changes in the internal and external economic environment. We measure profit and loss, capital adequacy, and impact by risk type for each crisis scenario.</p> <p>A crisis analysis process consists of crisis scenario creation through potential risk factor analysis; major risk factor projection by risk type; projection of impact on major business indicators for each scenario; and scenario-specific capital adequacy assessment and response measure establishment. We reflect the results of crisis analysis in our risk management directions and business plans for the following year and mid- to long-term capital plans.</p>
Employee Diversity & Inclusion	Percentage of gender and diversity composition ratio for: (1) executive management, (2) nonexecutive management, (3) professionals, and (4) all other employees	FN-IB-330a.1 FN-AC-330a.1	Refer to pages 194-195 of this report for details on employee diversity.

# SASB Index

## Commercial Banks

Topic	Accounting Metric	Code	Response
Financial Inclusion and Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	<p>The number and amount of loan products for SME, small business owners, and local community development are as follows. (based on balance at the end of 2023)</p> <p>[KB Kookmin Bank]</p> <p>179,539 cases / KRW 4,869.1 billion</p>
	(1) Number and (2) amount of over due and bad loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	<p>The number and amount of past due loans aimed at developing SMEs, small business owners, and local communities are as follows (based on balance at the end of 2023)</p> <p>[KB Kookmin Bank]</p> <p>– Over due: 2,875 cases / KRW 43.3 billion</p> <p>– BAd: 3,512 cases / KRW 71.6 billion</p>
	Number of demand deposit accounts for financially vulnerable groups	FN-CB-240a.3	<p>We provide demand deposit products specifically for the financially vulnerable, including the KB Happiness Keeper Bank Account, KB Kookmin Hope Keeper Bank Account, and KB National Pension Assurance Bank Account. The number of fee-exempted demand deposit accounts that were provided to the financially vulnerable reached 132,505 as of the end of 2023.</p>
	Number of beneficiaries of financial education for financially vulnerable groups	FN-CB-240a.4	<p>To improve the financial capabilities of the financially vulnerable, we provide economic and financial education programs to seniors, young people preparing for self-reliance, global (multicultural) households, and North Korean refugees. As of the end of 2023, 2,200 seniors and 31,451 youths received economic and financial education. Refer to page 111 of this report for details on financial education provided to the financially vulnerable.</p> <p>KB has partnered with 811 elementary, middle, and high schools nationwide through the '1 Company, 1 School' financial education program and provided 553 financial education sessions to 19,971 beneficiaries in 2023.</p> <p>Refer to pages 164–165 of this report for details on financial education provided to the financially vulnerable.</p>
Incorporation of ESG Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	<p>KB Financial Group established the Environmental and Social Risk Management Framework (ESRM) in 2021, based on which we established the Environmental/Social Risk Policy Framework. We restrict and monitor risk factors, such as restricting business and corporate financial activities that have high environmental and social risks and prohibiting the provision of funds that are used in a way that is against social interests or manipulates the law.</p> <p>Furthermore, we categorize risk management areas into areas for “exclusion,” “attention on climate change,” and “support for green industries” and systematically manage the environmental and social impact of the Group’s business activities. Subsidiaries of KB Financial Group internalized the Group ESRM in internal rules and guidelines, thus laying the foundation to consider environmental/social risks when reviewing businesses in relation to loans and investments.</p> <p>During credit evaluations and loan reviews, KB Kookmin Bank uses an ESG checklist for domestic real estate PF or SOC loans that have a loan application amount of KRW 30 billion or more and are subject to environmental impact assessment to examine 20 items in the environmental and social responsibility areas. The number of projects that KB Kookmin Bank provided financial support for by applying the Equator Principles process in 2023 is 19 cases.</p> <p>Refer to page 139 of this report for relevant details.</p>

# SASB Index

## Commercial Banks

Topic	Accounting Metric	Code	Response
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-CB-410b.1	Refer to pages 61–64 and 183–190 of this report for relevant details.
	Gross exposure for each industry by asset class	FN-CB-410b.2	Refer to pages 63–64 and 185–190 of this report for relevant details.
	Percentage of gross exposure included in the financed emissions calculation	FN-CB-410b.3	Refer to pages 63–64 and 185–190 of this report for relevant details.
	Description of the methodology used to calculate financed emissions	FN-CB-410b.4	Refer to page 60 of this report for relevant details.
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	FN-CB-510a.1	KB Kookmin Bank paid a fine of KRW 36 million and a penalty of KRW 330 million for violating the Foreign Exchange Transactions Act and Banking Act. Please refer to the Business Report (matters related to restrictions, etc.) disclosed in the report year for relevant information.
Activity Metrics	Number and value of checking and savings accounts by segment: (1) personal customer, (2) SOHO, and (3) SME	FN-CB-000.A	<p>The number and value of checking accounts and savings accounts by personal customer, SOHO, and SME segment based on the balance at the end of 2023 are as follows:</p> <p>[KB Kookmin Bank]</p> <p>(1) Personal customer: 46,472,770 cases / KRW 80,963.5 billion      (2) SOHO: 2,216,579 cases / KRW 9,247.5 billion                      (3) SME: 1,115,360 cases / KRW 27,633.6 billion</p> <p>[KB Savings Bank]</p> <p>(1) Personal customer: 127,707 cases / KRW 161.2 billion      (2) SOHO: 420 cases / KRW 700 million                      (3) SME: 301 cases / KRW 6.6 billion</p>
	Number and value of loans by segment: (1) personal customer, (2) SOHO, (3) SME, and (4) large corporate	FN-CB-000.B	<p>The number and value of loans by personal customer, SOHO, SME, and large corporate segment based on the balance at the end of 2023 are as follows:</p> <p>[KB Kookmin Bank]</p> <p>(1) Personal customer: 3,480,603 cases / KRW 166,468.7 billion (excluding mortgage)                      (2) SOHO: 611,890 cases / KRW 89,021.2 billion (based on corporate loan in KRW)                      (3) SME: 713,441 cases / KRW 136,607.2 billion (based on corporate loan in KRW)                      (4) Large corporate: 4,290 cases / KRW 31,149.3 billion (based on corporate loan in KRW)</p> <p>[KB Savings Bank]</p> <p>(1) Personal customer: 177,304 cases / KRW 1,457.3 billion                      (2) SOHO: 2,236 cases / KRW 347.7 billion                      (3) SME: 244 cases / KRW 543.0 billion                      (4) Large corporate: 13 cases / KRW 34.0 billion                      (5) Others: 19 cases / KRW 24.6 billion (loan company, etc.)</p>

# SASB Index

## Mortgage Finance

Topic	Accounting Metric	Code	Response
	(1) Number and (2) value of residential mortgages of the following types: (a) combined fixed- and variable-rate, (b) mortgage loans with early payment penalty clauses, and (c) total	FN-MF-270a.1	<p>The number and value of residential mortgages that apply a combined fixed- and variable-rate and early payment penalty as of the end of 2023 are as follows:</p> <p>(a) Residential mortgages with a combined fixed- and variable-rate: 374,319 cases / KRW 36,096.3 billion                      (b) Residential mortgages with an early payment penalty clause: 900,230 cases / KRW 92,074 billion                      (c) Total residential mortgages: 940,485 cases / KRW 96,192.7 billion (excluding <i>Jeonse</i> loans)</p>
Lending Practices	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure	FN-MF-270a.2	<p>The number and value of residential mortgages that fall under the following items as of the end of 2023 are as follows:</p> <p>(a) Residential mortgage modifications: These are handled as new loans, and are not separately classified.                      (b) Foreclosures: 203 cases / KRW 13,125 million (debt collection amount)                      (c) Renunciation of security: 1 case / KRW 169 million (debt relief and security right renunciation application)</p>
	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	FN-MF-270a.3	<p>KB Kookmin Bank had a total 15 lawsuits in relation to customer communication in 2023, of which it lost one case that led to KRW 3.9 million in losses. A user (plaintiff) who subscribed to the Bank's DC retirement pension filed a lawsuit for payment of the retirement pension amount that the user contributed to the Bank. KB Kookmin Bank lost the lawsuit and accordingly paid the principal and interest specified in the ruling.</p>
	Description of remuneration structure of mortgage loan originators	FN-MF-270a.4	<p>KB Kookmin Bank does not operate a remuneration system that makes a payment to employees in charge of loans in connection to an individual's new loan-handling performance.</p>
	(1) Number, (2) value, and (3) weighted average loan-to-value ratio of mortgages issued to (a) minority and (b) all other borrowers	FN-MF-270b.1	<p>KB Kookmin Bank does not execute discriminatory financial products against minority borrowers in relation to residential mortgages. The total number, value, and weighted average loan-to-value (LTV) ratio of mortgages are as follows as of the end of 2023:</p> <p>(1) Total number of residential mortgages: 940,485 cases                      (2) Value of residential mortgages: KRW 96,192.7 billion                      (3) Weighted average LTV ratio: 44%</p>
Discriminatory Lending	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	FN-MF-270b.2	<p>There were no legal proceedings associated with discriminatory mortgage lending during the reporting year.</p>
	Description of policies and procedures to ensure non-discriminatory mortgage lending	FN-MF-270b.3	<p>KB Kookmin Bank strives to guarantee comparable, non-discriminatory residential mortgages in accordance with the Financial Supervisory Service's Regulations on Supervision of Protection of Financial Consumers and the relevant enforcement regulation. In accordance with the financial product comparison disclosure content and process that are specified in the Enforcement Regulation of the Regulations on Supervision of Protection of Financial Consumers, KB Kookmin Bank discloses residential mortgage-related information (housing type, repayment method, interest calculation method, interest rate section, average interest rate handled the previous month, etc.)</p>
	(1) Number and (2) value of mortgage loans in 100-year flood zones	FN-MF-450a.1	<p>Refer to pages 51-55 of this report for relevant details.</p>
Environmental Risk to Mortgaged Properties	(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	FN-MF-450a.2	<p>Refer to pages 51-55 of this report for relevant details.</p>
	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	FN-MF-450a.3	<p>Refer to pages 38-40 of this report for relevant details.</p>

# SASB Index

## Consumer Finance

Topic	Accounting Metric	Code	Response
Customer Privacy	Number of customers who have consented to the optional use of their personal information	FN-CF-220a.1	<p>We monitor personal information used for secondary purposes and there was no such case. The number of customers from which we received separate marketing consent to use information for marketing and sales activities, other than the mandatory/optional consent by product for financial transaction relations, etc. is 9,003,017 persons as of December 2023 in case of KB Kookmin Card.</p> <p>In processing optional consent information, KB Kookmin Card processes only minimum personal (credit) information within the scope of the purpose for which prior consent was received. However, it can process personal information without prior consent in case there is a special regulation in laws or if it is unavoidable in order to comply with legal obligations or in the event of an emergency situation, such as a disaster.</p> <p>KB Capital uses customers' optional personal information after receiving a consent form on optional personal credit information collection, usage, and provision. Article 5 (Consent on providing personal credit information) and Article 11 (Matters to observe in relation to providing personal credit information) of the Regulations on Credit Information Management and Protection stipulate matters on providing personal credit information to a third party. KB Capital also discloses matters related to providing personal credit information to third parties through the "Policy on Processing Personal Information" and "Credit Information Usage System" on its website. It also periodically reviews whether there are changes in personal credit information-related regulations and reflects changes, if any, in the "Policy on Processing Personal Information" and "Credit Information Usage System."</p>
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2	There were no legal proceedings associated with customer privacy during the reporting year.
Data Security	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	FN-CF-230a.2	<p>(1) Total losses from card-not-present (CNP) fraud are KRW 102 million.</p> <p>(2) Total losses from card-present and other fraud are KRW 819 million.</p>
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	FN-CF-270a.1	KB Kookmin Card has no performance remuneration system that is directly linked to the amount of products and services sold. It has bonus (performance-based variable pay, incentive, etc.) that is paid in connection with organizational performance and individual's evaluation results, irrespective of duty, and a Profit Sharing (PS) system that makes a payment to employees according to a predetermined distribution standard in case a certain level of management performance is achieved by the company.

# SASB Index

## Consumer Finance

Topic	Accounting Metric	Code	Response
	Average fee rate for applicants by product segment (1) Short-term card loan (cash advance service) (2) Card loan products (3) Payment revolving		<p>[KB Kookmin Bank]</p> <p>Average fee rate by product segment as of December 2023 is as follows:                      (1) Cash advance service: 18.15%                      (2) Card loan products: 14.32%                      (3) Payment revolving: 17.50%</p> <p>The credit and pre-paid card application customers' approval rate is undisclosed for management reasons in consideration of external impact, etc. in the case of disclosure.</p>
		FN-CF-270a.2	<p>[KB Capital]</p> <p>The average interest rate of credit loan products as of December 2023 is 14.35%.                      * It is the average interest rate for a month in December 2023.</p>
Selling Practices	Short-term and long-term strategies for managing credit and pre-paid portfolio performance		<p>KB Kookmin Card formed an organization dedicated to risk management to systematically manage credit risk. The organization oversees credit risk management. The Risk Management Group is in charge of credit risk economic capital measurement and limit management, portfolio monitoring, and credit evaluation model operation. It also sets and monitors target levels for major credit risk indexes, such as expected loss and economic capital, and the results are reported to the Risk Management Committee. The Risk Management Committee is the top decision-making body for risk management, and manages risks that arise from various transactions on behalf of the BOD, in addition to establishing/approving strategies and policies.</p> <p>In addition, KB Kookmin Card monitors various soundness management indexes, including the 1 month or longer overdue ratio and card normal payment rate, for credit risk management. It sets permitted levels for each index in its business plan and manages credit risk within the same range.</p>
	(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, and (5) average annual fees for pre-paid products	FN-CF-270a.3	<p>(1) We do not have different additional service fees according to credit scores. Due to management reasons, we do not disclose the average fee of charged additional services of credit cards. The reason for non-disclosure is as follows. (Reason: This matter is related to price policy and cannot be disclosed in consideration of the competition environment.)</p> <p>(2) The average APR of the cash advance service is 18.20%, and the average APR of card loan products is 14.30%. For management reasons, we do not disclose the average annual interest rate for each credit score section. (Reason: This matter is related to price policy and cannot be disclosed in consideration of the competition environment.)</p> <p>(3) For management reasons, we do not disclose this information. The reason for non-disclosure is as follows: (Reason: This matter is related to the customer status and distribution by asset and cannot be disclosed in consideration of the competition environment.)</p> <p>(4) For management reasons, we do not disclose this information. The reason for non-disclosure is as follows: (Reason: This matter is related to the customer status and distribution by asset and cannot be disclosed in consideration of the competition environment.)</p> <p>(5) We apply a merchant fee of 0.25%-1.5% according to the merchant size. We do not use credit scores to differentiate merchant fees for debit cards and pre-paid cards, and customers do not incur any fee.</p>



# SASB Index

## Consumer Finance

Topic	Accounting Metric	Code	Response
Selling Practices	(1) Number of customer complaints filed, (2) percentage with monetary or non-monetary relief	FN-CF-270a.4	<p>[KB Kookmin Bank]</p> <p>(1) No. of consumer complaints submitted through the FINES financial information exchange network: 1,023 cases (excluding self-mediated complaints)</p> <p>(2) Request was accepted or the complaint was withdrawn: Total 650 cases</p> <ul style="list-style-type: none"> <li>- Monetary relief: 59 cases (5.8%)</li> <li>- Non-monetary relief: 591 cases (57.8%)</li> </ul> <p>* Only for Financial Supervisory Service complaints, self-mediation or complaint withdrawal is regarded as a relief measure</p>
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5	There were no legal proceedings associated with selling and servicing of products during the reporting year
Activity Metrics	Number of unique consumers with an active (1) credit card account, (2) debit card account, and (3) pre-paid card account	FN-CF-000.A	<p>The number of consumers with an active account as of December 2023 is as follows:</p> <p>[KB Kookmin Card]</p> <p>(1) Credit card: 12,687,601 (Individual: 12,031,525 / Corporate: 656,076)</p> <p>(2) Debit card: 13,854,823 (Individual: 13,441,083 / Corporate: 413,740)</p> <p>(3) Pre-paid card: 38,112 (Limited to registered pre-paid card)</p> <p>[KB Capital]</p> <p>(1) Auto loan: 269,015 (New cars: 65,564, Used cars: 190,680, Commercial vehicles: 12,771)</p> <p>(2) Credit loan: 145,032</p>
	Number of (1) credit card account, (2) debit card account, and (3) pre-paid card account	FN-CF-000.B	<p>The number of active card accounts as of December 2023 is as follows:</p> <p>[KB Kookmin Card]</p> <p>(1) Credit card: 17,483,634 (Individual: 15,823,549 / Corporate: 1,660,085)</p> <p>(2) Debit card: 17,207,039 (Individual: 16,440,475 / Corporate: 766,564)</p> <p>(3) Pre-paid card: 95,321 (Limited to registered pre-paid card)</p>

# SASB Index

## Investment Banking & Brokerage

Topic	Accounting Metric	Code	Response
	Revenue from (1) underwriting, (2) advisory and (3) securitisation transactions incorporating integration of environmental, social and governance (ESG) factors, by industry	FN-IB-410a.1	In 2023, KB Securities was the representative organizer and acquirer of 49 ESG bonds (KRW 2,485.4 billion) and handled 1 acquisition finance (KRW 80.0 billion) and 2 M&A advisory projects (KRW 221.9 billion). We do not disclose the profit for management reasons.
	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	FN-IB-410a.2	<p>The number and value of investments and loans incorporating ESG factors are as follows:</p> <p>[KB Securities]</p> <p>(1) ESG investments: 165 cases / ESG loans: 9 cases                      (2) ESG investments: KRW 437.79 billion / ESG loans: KRW 395.06 billion</p> <p>[KB Investments]</p> <p>(1) ESG investments: 102 cases                      (2) ESG investments: KRW 292.4 billion</p>
Incorporation of ESG Factors in Investment Banking & Brokerage Activities	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	<p>KB Securities became the first securities firm in Korea in December 2020 to establish the ESG Committee within the BOD that consists of two non-executive directors and the CEO, and decided on the establishment of an ESG strategy system and implementation direction. The working-level ESG organization comprises the department in charge of ESG (Strategy Planning Department's ESG Strategy Team), Research Center (ESG Solution Team), and working-level ESG council, and operates a seamless collaborative system among organizations in charge of ESG. KB Securities is strengthening ESG research capabilities by publishing materials on ESG investment strategies, holding ESG Forums, and calculating ROESG (ROE + ESG) and disclosing scores.</p> <p>When underwriting and issuing ESG bonds, we obtain the ESG evaluation report and ESG bond management system from the issuer, submit them to an external review agency, review, and obtain certification. Furthermore, KB Securities amended the ESG Risk Review Guideline and is implementing ESG risk review-strengthening measures. Details are as follows:</p> <ul style="list-style-type: none"> <li>Amendment of the ESG Risk Review Guideline: Further elaborated review principles and standards in connection with the Group's ESRM implementation measures (review and evaluate environmental and social risks for corporate finance (PI) that exceeds KRW 100 billion or alternative investment (real estate PF) that exceeds KRW 50 billion while falling under the climate change attention area or interest area based on ESRM)</li> <li>Implementation of ESG risk review-strengthening measures: The department in charge of the transaction handles a management area categorization of an investment item based on the Group ESRM and conducts a prior review of environmental and social risks by using the evaluation materials of an external professional organization or our internal checklist for corporate finance that exceeds KRW 100 billion or alternative investment that exceeds KRW 50 billion / The department in charge of screening determines the environmental·social risk evaluation grade and reviews issues for corporate finance that exceeds KRW 100 billion or alternative investment that exceeds KRW 50 billion while falling under the climate change attention area or interest area</li> </ul> <p>Number of investments evaluated by the ESG evaluation model is as follows:</p> <p>[KB Securities]</p> <p>Corporate finance: 5 cases, Alternative investment: 17 cases</p> <p>[KB Investments]</p> <p>PE investment: 3 cases, Venture investment: 22 cases</p>

# SASB Index

## Investment Banking & Brokerage

Topic	Accounting Metric	Code	Response
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	FN-IB-510a.1	<p>[KB Securities]</p> <p>There were no legal proceedings associated with fraud, insider trading, antitrust during the reporting year.</p> <p>[KB Investments]</p> <p>There were no legal proceedings associated with fraud, insider trading, antitrust during the reporting year.</p>
	(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	FN-IB-510b.1	Among employees in charge of investment transactions who receive risk management remuneration, none was subject to an investment-related investigation, customer complaint, private civil litigation, or other regulatory proceedings.
Professional Integrity	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510b.2	There were no mediation and arbitration cases associated with professional integrity, including duty of care, during the reporting year.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	<p>[KB Securities]</p> <p>Regarding a suit for damages that was filed in relation to a TA insurance trade finance trust product, a reconciliation was reached in the trial and KRW 320 million was paid.</p> <p>[KB Investments]</p> <p>There were no legal proceedings associated with professional integrity, including duty of care, during the reporting year.</p>
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	<p>To strengthen compliance and ethics training effects, KB Securities carries out KB W.I.T.H training, self-check on compliance and ethics training day, expansion of face-to-face training, and self-assessment on ethics awareness. Furthermore, it strengthened Compliance Officer's caution-reminding measure standards to raise employees' attention to violations, and created a bulletin board on financial institution sanctions on the Compliance Support System. It also ordered Compliance Officers and employees working for a long time at the same department or branch to take a leave, and took other measures to strengthen internal control.</p> <p>The company also strengthened compliance activities that target the sales sector, such as distributing a compliance guideline on IB and creating and distributing a block trading/error trading compliance manual.</p>

# SASB Index

## Investment Banking & Brokerage

Topic	Accounting Metric	Code	Response
Employee Incentives & Risk-taking	Total bonus ratio of employees categorized as executives and employees in charge of financial investment business as determined by the Compensation Committee pursuant to the Act on Corporate Governance of Financial Companies and the ratio at which deferred bonus was applied	FN-IB-550b.1	Pursuant to the Act on Corporate Governance of Financial Companies, KB Securities makes a three-year deferred payment for 40–60% of the total remuneration amount so that it is connected to the company's long-term performance to executives and employees in charge of financial investment business as determined by the Compensation Committee. The deferred bonus system was adopted to reduce concerns over the side effect of priority placement on short-term performance by employees in charge of financial investment business if the bonus is paid all at once. In case of a loss or illegal conduct or increased risk during the deferred payment period, there is a regulation that adjusts the performance compensation for the deferred bonus. As of the end of 2023, employees in charge of financial investment business who receive deferred payments of long-term performance account for 17.8% of total employees.
	Ratio of bonus of employees categorized as executives and employees in charge of financial investment business as determined by the Compensation Committee in accordance with the Act on Corporate Governance of Financial Companies to which the remuneration reduction and clawback regulation is applied	FN-IB-550b.2	KB Securities regulates that if an employee is subject to an internal and Group audit, an external supervisory institution's inspection, an investigative agency's investigation, or civil/criminal suit, payment of all or some of the bonus can be deferred or clawed back.
	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550b.3	<p>Based on the Derivative Valuation Guideline, KB Securities examines whether derivative Level 3 classification was carried out appropriately. This Guideline specifies Level 3 assets and liabilities' fair value calculation, evaluation model control, model risk, authority and responsibilities of departments in charge of trade and supervision, and other matters.</p> <p>The Market Risk Department establishes evaluation standards and verifies the calculated prices. The Financial Engineering Department (department in charge of evaluation) confirms whether derivative Level 3 classification was carried out appropriately in accordance with level classification standards and sends the information to the department in charge of accounting. The department in charge of accounting checks Level 3 classification review details and finalizes the fair value level. The Market Risk Department reviews the derivative valuation system's accuracy and stability and approves it.</p> <p>When the fair value is evaluated through an internal evaluation model, the model and variables are examined and a report is made every year to the Risk Management Council. The department in charge of the transaction (department executing the product transaction) reviews whether it is possible to input information related to evaluation during a transaction, whether there is a pricing model, and whether market and estimation variables are calculated. The Market Risk Department manages, supervises, and verifies the trader's pricing based on "trading policy guidelines" and "asset management guidelines."</p>
Activity Metrics	Number and value of underwriting, advisory, and securitisation transactions * In case of syndicate transactions, only those that apply to our company were included	FN-IB-000.A	<p>The number and value of each transaction are as follows:</p> <ul style="list-style-type: none"> <li>• 450 corporate bond arrangement and acquisition / KRW 13,726.7 billion</li> <li>• 11 IPO arrangement and acquisitions / KRW 3,404.9 billion</li> <li>• 14 paid-in capital increase arrangement and acquisitions / KRW 1,194.2 billion</li> <li>• 3 ELB arrangement and acquisitions / KRW 80.0 billion</li> <li>• 10 acquisition financing arrangement / KRW 3,331.7 billion</li> <li>• 5 M&amp;A advisory / KRW 3,500 billion</li> </ul>
	Number and value of proprietary investments and loans by sector	FN-IB-000.B	This information is not disclosed due to management reasons.
	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	FN-IB-000.C	<p>The number and value of each transaction are as follows:</p> <ul style="list-style-type: none"> <li>• Derivatives: KRW 13,803.8 billion from 784,819 transactions (excluding those transactions assessed to be hedging activities)</li> <li>• ETF: KRW 21,676.4 billion from 4,114,108 transactions</li> <li>• ETN: KRW 1,740.0 billion from 359,290 transactions</li> <li>• ELW: KRW 900.0 billion from 914,397 transactions</li> </ul>

# SASB Index

## Asset Management & Custody Activities

Topic	Accounting Metric	Code	Response
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	FN-AC-270a.1	Among employees in charge of investment transactions who receive risk management remuneration, none was subject to an investment-related investigation, customer complaint, private civil litigation, or other regulatory proceedings.
	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	FN-AC-270a.2	In the reporting year, there were no legal proceedings related to unfair contracting due to incomplete information for new and returning clients in asset management.
	Description of approach to informing customers about products and services	FN-AC-270a.3	<p>To strengthen the protection of financial consumers, KB Asset Management has in place investor protection mechanism. When selling funds, investment propensity is categorized into 5 steps based on investor information &amp; propensity analysis. Based on the results from investor information analysis, the seller explains investor propensity and must make an investment recommendation that is suitable for investment propensity. In particular, we have a computer control system in place so that the seller recommends only products that are suitable for the investor's investment propensity grade and product risk grade. When making an investment recommendation, the seller explains details of the investment product, risk associated with the investment, structure &amp; characteristics of the product, fees, conditions of early repayment, matters regarding release/termination of contract, etc. in a way that ensures investor understanding.</p> <p>KB Asset Management creates an investment prospectus that is used as explanatory material when selling a fund and a simplified investment prospectus that must be provided to investors pursuant to the Financial Investment Services and Capital Markets Act, and legitimately registers and discloses them after an evaluation by the Financial Supervisory Service. It delivers these to sellers so that they are provided to investors. In addition, it discloses the investment prospectus/simplified investment prospectus of all of its funds that customers can subscribe to on its website.</p> <p>In addition, it regularly (every three months) provides an asset management report that includes the funds' management performance, management status, and manager comments to customers who subscribed to its funds. If there is a change in the content of the investment prospectus/simplified investment prospectus that was provided at the time of subscription, KB Asset Management informs customers of the changed content after going through a process that includes change registration with a supervising agency, and provides the new investment prospectus/simplified investment prospectus. KB Asset Management and seller websites disclose the final investment prospectus/simplified investment prospectus and the latest management report. As such, potential customers can view information on KB Asset Management funds anytime.</p> <p>KB Real Estate Trust makes a notice on its investment guide that the dividend rate, estimated earnings rate, etc. are not finalized and are subject to change according to conditions, such as market circumstances and management conditions, and that the investment guide has no legal binding power. In addition, it establishes response measures for various risks that are confirmed through a due diligence performed by a law firm and accounting firm as well as the business value of the respective investment product.</p>

# SASB Index

## Asset Management & Custody Activities

Topic	Accounting Metric	Code	Response
	Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing and (3) screening	FN-AC-410a.1	<p>The AUM of each of the following is as follows:</p> <ul style="list-style-type: none"> <li>(1) Integration of ESG issues: KRW 308.5 billion</li> <li>(2) Sustainability-themed investing: KRW 3,041.3 billion</li> <li>(3) Screening: KRW 231.7 billion</li> <li>(4) Impact investing and others: KRW 612.6 billion</li> </ul> <p>Refer to page 182 of this report for relevant details.</p>
Incorporation of ESG Factors in Investment Management & Advisory	Description of approach to incorporation of ESG factors in investment or wealth management processes and strategies	FN-AC-410a.2	<p>KB Asset Management operates an ESG investment process that considers ESG factors across overall investment. It established the “KB ESG Model Portfolio” through the “ESG integration process” and is actively incorporating “growth companies that make social and environmental improvements” in its portfolio through the “sustainability themed investing process.”</p> <p>KB Asset Management’s ESG Management Committee has the CEO as its chairperson and its members are each Management Division Head, compliance officer, and CRO. The Committee deliberates and decides on evaluating and reflecting ESG factors in the management process. In addition, it holds a regular ESG seminar every quarter to discuss ESG trends in Korea and abroad.</p> <p>In the investment decision-making process, it comprehensively considers financial factors as well as non-financial factors that can impact the investment target and results, including environmental, social, and governance factors, and makes investments. When managing fund of funds, it manages delegated funds in consideration of ESG analysis techniques, ESG evaluation methodologies, etc. of delegated management firms (American Century Investments, etc.). It continually manages its portfolio through ESG monitoring, and actively invests in companies that simultaneously improved non-financial ESG factors and financial factors by using its internal research capabilities.</p>
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	<p>KB Asset Management uses the following process for exercising voting rights:</p> <ul style="list-style-type: none"> <li>① Check information about annual general meeting (AGM)</li> <li>② Create AGM-related materials</li> <li>③ Analyze AGM agenda</li> <li>④ Determine opinion regarding exercising voting rights</li> <li>⑤ Exercise voting rights</li> </ul> <p>In addition, the shareholder engagement policy and procedure for an investee are based on the following process:</p> <ul style="list-style-type: none"> <li>① Request for a top management interview, send a shareholder letter, and make a public announcement</li> <li>② Reflect a suggestion</li> <li>③ Shareholder return/capital profit</li> <li>④ Increased shareholder profit</li> </ul> <p>When making investment decisions, KB Asset Management comprehensively considers both financial and non-financial factors. During communication with the investee company, we directly contact the IR department representatives and management. If direct contact is not possible, we proceed by sending shareholder letters.</p>

# SASB Index

## Asset Management & Custody Activities

Topic	Accounting Metric	Code	Response
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-AC-410b.1	Refer to pages 61–64 and 183–190 of this report for relevant details.
	Total amount of AUM included in the financed emissions disclosure	FN-AC-410b.2	Refer to page 64 of this report for relevant details.
	Percentage of total AUM included in the financed emissions calculation	FN-AC-410b.3	Refer to page 64 of this report for relevant details.
	Description of the methodology used to calculate financed emissions	FN-AC-410b.4	Refer to page 60 of this report for relevant details.
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	FN-AC-510a.1	There were no legal proceedings associated with fraud, insider trading, antitrust during the reporting year.
Activity Metrics	Total registered and total unregistered assets under management (AUM)	FN-AC-000.A	<p>There are no unregistered assets under management. As of the end of December, 2023, total registered assets are as follows:</p> <ul style="list-style-type: none"> <li>• Entrusted amount of KRW 67,949.6 billion + Contract amount of discretionary investment asset of KRW 64,306.8 billion = KRW 132,256.4 billion</li> <li>• Fund's net asset value of KRW 69,760.6 billion + Appraised value of discretionary investment asset of KRW 68,800.9 billion = KRW 138,561.5 billion</li> </ul>
	Total assets under custody and supervision	FN-AC-000.B	<p>As of the end of December, 2023, total assets under custody and supervision are as follows:</p> <ul style="list-style-type: none"> <li>• Entrusted amount + contract amount: KRW 132,256.4 billion</li> <li>• Net asset value + appraised value: KRW 138,561.5 billion</li> </ul>



# SASB Index

## Insurance

Topic	Accounting Metric	Code	Response
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	FN-IN-270a.1	<p>[KB Insurance]</p> <p>Targets of lawsuits and restrictions placed due to a shortcoming in delivering important information to customers (abide by the three major fundamentals) before signing an insurance product contract are a total 6 cases, resulting in around KRW 819 million in losses.</p> <p>[KB Life Insurance]</p> <p>There were no lawsuits or restrictions placed in relation to a shortcoming in delivering important information to customers (abide by the three major fundamentals) before signing an insurance product contract during the report year.</p>
	Complaints-to-claims ratio	FN-IN-270a.2	<p>The no. of conversion cases of complaints against 100 thousand contracts received based on disclosure standards during the report period is as follows:</p> <p>[KB Insurance] 35.59 cases</p> <p>[KB Life Insurance] 36.92 cases</p>
	Customer retention rate	FN-IN-270a.3	<p>Customer retention rate is as follows:</p> <p>[KB Insurance] 90.7%</p> <p>[KB Life Insurance] 78.1%</p>
	Description of approach to informing customers about products	FN-IN-270a.4	<p>KB Insurance delivers insurance product information to customers from before an insurance contract is signed to the end of the contract in accordance with the product manual, application form, and full sales monitoring process. The product manual includes all content that customers should know about insurance products, such as the product's suitability, business expenses and cancellation refunds, what is covered and not covered, insurance claims, and payment procedures. Insurance solicitors must inform customers of major content in the product manual. The product manual and purchase proposal are delivered to the contracting party in the insurance product application step, and other information is disclosed on the website.</p> <p>Insurance solicitors are obligated to place their handwritten signature on the application form regarding the fact that major content in the product manual is the same as content explained by the solicitor, and provide the form to the customer. The customer confirms this fact by placing his/her handwritten signature on the provided application form. After an insurance product contract is signed, full sales monitoring is performed to implement a process of checking whether the customer received sufficient explanations about the insurance product. Full sales monitoring takes place immediately after all insurance product applications, and is carried out according to the guidelines of the Financial Supervisory Service through mobile communication or telephone.</p>
Incorporation of ESG Factors in Investment Management	Description of approach to incorporation of ESG factors in investment management processes and strategies	FN-IN-410a.2	<p>KB Insurance applied KB Financial Group's ESRM and stopped new investments in areas for exclusion (coal mining and coal power generation-related investments). It separately imposes a ceiling and applies a debt limit for forestry and high carbon-emitting industries (oil refining, petrochemicals, steel, cement, aluminum) from among areas for attention. For blind fund investments, it applies the "integrated ESG capability checklist" provided by KB Financial Group and gives an additional five points for ESG items in fund evaluation items and reflects the corresponding converted scores during evaluations.</p> <p>KB Insurance sets an ESG financial product balance target by reflecting Group-level ESG financial product targets (cumulative handling amount of KRW 100 trillion, financial product balance of KRW 50 trillion in 2030). (financial product balance of KRW 4.4 trillion in 2030)</p>

# SASB Index

## Insurance

Topic	Accounting Metric	Code	Response
	Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	Annually for 2023, KB Insurance's net insurance premiums for assembly insurance and comprehensive machinery insurance for wind and solar power plants is around KRW 4 billion.
Policies Designed to Incentivise Responsible Behaviour	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	FN-IN-410b.2	<p>KB Insurance offers a variety of auto insurance products aimed at reducing GHG emissions and promoting safe driving, as follows:</p> <ul style="list-style-type: none"> <li>• Mileage discount advantage: Auto insurance premium discount based on mileage</li> <li>• Public transit discount advantage: Auto insurance premium discount based on public transit use</li> <li>• T Map safe driving discount advantage: Auto insurance premium discount based on T Map safe driving scores to elicit safe driving and compliance with traffic regulations</li> <li>• Step count discount rider: Encourage habit of walking by offering discounts to over 5,000 daily step counts for over 50 days within 90 days period</li> <li>• Connected car safe driving discount advantage: Insurance premium discount if the safe driving score is 70 points or higher for subscribers of the SsangYong, Hyundai, and Kia connected car service</li> <li>• Advantage for email: Premium discount of KRW 1,000 if insurance information materials are received in an electronic way</li> </ul> <p>Each product's discount advantage-related terms and conditions are available in the special terms and conditions within the basic terms and conditions, and are publicized through the company website.</p> <p>KB Life Insurance sells the "(Non-dividend) KB Kind Term Life Insurance II" product to encourage healthy activities. The insured can apply for a change to a category that the insured's health condition falls under during the insurance period, and the contracting party can pay the premium for the applied category from among Category 2 (non-smoking), Category 3 (healthy), and Category 4 (super healthy), after the application date.</p>
	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-IN-410c.1	Refer to pages 61-64 and 183-190 of this report for relevant details.
	Gross exposure for each industry by asset class	FN-IN-410c.2	Refer to pages 61-64 and 183-190 of this report for relevant details.
Financed Emissions	Percentage of gross exposure included in the financed emissions calculation	FN-IN-410c.3	Refer to pages 61-64 and 183-190 of this report for relevant details.
	Description of the methodology used to calculate financed emissions	FN-IN-410c.4	Refer to page 60 of this report for relevant details.

# SASB Index

## Insurance

Topic	Accounting Metric	Code	Response
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	<p>KB Insurance estimated maximum insurance product loss brought on by “cyclone,” which is a major climate-related natural disaster. Based on information such as insurance amount, address of the location, business type, number of buildings, and deductible amount of insurance policies effective as of the end of August 2023, we analyzed the amount of loss according to various cycles (50yrs, 100yrs, 200yrs, 250yrs) using natural disaster model analysis (Catastrophe Modeling Analysis) developed by agencies such as AIR and RMS. KB Insurance’s maximum insurance product loss brought on by typhoon is as follows:</p> <ul style="list-style-type: none"> <li>(1) 50-year cycle: Original amount of loss of KRW 245.1 billion, underlying retention of KRW 91.8 billion</li> <li>(2) 100-year cycle: Original amount of loss of KRW 323.4 billion, underlying retention of KRW 123.7 billion</li> <li>(3) 200-year cycle: Original amount of loss of KRW 420.4 billion, underlying retention of KRW 160.6 billion</li> <li>(4) 250-year cycle: Original amount of loss of KRW 434 billion, underlying retention of KRW 172.7 billion</li> </ul> <p>If KB Insurance’s disaster reinsurance is applied, underlying retention is restricted to the deductible of KRW 30 billion that is applied to the reinsurance.</p> <ul style="list-style-type: none"> <li>(1) 50-year cycle: Original amount of loss of KRW 245.1 billion, underlying retention of KRW 30 billion</li> <li>(2) 100-year cycle: Original amount of loss of KRW 323.4 billion, underlying retention of KRW 30 billion</li> <li>(3) 200-year cycle: Original amount of loss of KRW 420.4 billion, underlying retention of KRW 30 billion</li> <li>(4) 250-year cycle: Original amount of loss of KRW 434 billion, underlying retention of KRW 30 billion</li> </ul>

# SASB Index

## Insurance

Topic	Accounting Metric	Code	Response
Physical Risk Exposure	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)	FN-IN-450a.2	<p>KB Insurance is monitoring losses from a wildfire (in Gangneung, April), monsoon (June–August), cyclone (Khanun, August), and cold wave (December), which are natural disasters that occurred in 2023. The loss amount aggregated on December 31, 2023 based on original amount of loss before assumed reinsurance is as follows:</p> <p>① Wildfire: KRW 5.32 billion ② Monsoon: KRW 23.18 billion, ③ Cyclone: KRW 9.71 billion</p> <p>The loss amount aggregated on December 31, 2023 based on underlying retention that transferred risks to proportional reinsurance is as follows:</p> <p>① Wildfire: KRW 4.34 billion ② Monsoon: KRW 7.49 billion, ③ Cyclone: KRW 2.35 billion</p> <p>In 2023, there were large-scale natural disasters around the world, including the earthquake in Turkey, flood in New Zealand, and wildfire in Hawaii, and the resulting loss in the insurance industry is estimated to be USD 95 billion (around KRW 127 trillion). The occurrence of large natural disasters caused by climate change has become the New Normal, leading to a continued rise in demand for natural disaster insurance. Despite a sharp increase in reinsurance prices, reinsurance supply remains insufficient due to losses that were accumulated over the last ten years and a rise in base rates. In 2024, natural disaster insurance costs went up 5.4% over the previous year and increased by more than 40% from ten years earlier. This trend is also impacting reinsurance price increases in Korea, where natural disaster losses are relatively low. Insurance companies perform a natural disaster model analysis every year, and purchase reinsurance that secures usually a 250-year cycle maximum natural disaster loss based on the analysis results. If an insurance company incurs a loss due to a natural disaster incident that occurred during the contract period (usually 1 year), it covers the loss through the claim after deducting the contracted amount in accordance with the reinsurance contract.</p> <p>Natural disaster model analysis is used to estimate the maximum loss amount by performing a disaster simulation based on data on natural disasters that occurred over many years. However, large natural disasters that are different from previous disasters are occurring due to severe weather, resulting in an increase in secondary peril that was not modeled before as well as natural disaster uncertainty. There was actually a case where the amount exceeded the model's estimated loss. Discussions are continually held to strengthen predictability of modeling under extreme weather conditions. Local torrential rainfalls are frequently occurring in Korea which is being reflected in modeling reviews.</p>
	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	FN-IN-450a.3	<p>(1) In case of insurance products where environmental risks are applied to the underwriting process for individual insurance contracts, KB Insurance measures the risk exposure amount per region and per insurance type portfolio once a year for climate-related risks. It performs catastrophe modeling for the measured risk exposure amount to analyze the maximum estimated loss.</p> <p>(2) With the adoption of IFRS 17 in 2023, insurance companies' capital adequacy management was reorganized to K-ICS. As a result, catastrophe risk is included in major items when calculating the risk amount of general non-life insurance. As such, of the catastrophe risks that arise from individual insurance contracts, storm and flood damage-related risk amounts are tallied for quarterly measurement of company-wide environmental risks.</p> <p>In case of the general insurance business area, the risk exposure amount is measured per region and per insurance type once every year for climate-related risks of domestic original amount of loss and domestic assumed reinsurance. Catastrophe modeling is performed for the measured risk exposure amount to analyze maximum estimated loss.</p>

# SASB Index

## Insurance

Topic	Accounting Metric	Code	Response
	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	FN-IN-550a.1	As of December 31, 2023, exposure to each derivative instrument is as follows: (1) Total potential exposure to non-centrally cleared derivatives: KRW 5,092.3 billion (2) Total fair value of acceptable collateral posted with the Central Clearinghouse: KRW 0 (3) Total potential exposure to centrally cleared derivatives: KRW 0
	Total fair value of securities lending collateral assets	FN-IN-550a.2	As of the end of 2023, there were no securities lending collateral assets.
Systemic Risk Management	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	<p>KB Insurance adopted an operational risk management system that is connected to systemic non-insurance activities. It established and runs a system that has each relevant department carry out a primary operational risk inspection through the operational risk management system. It derives Key Risk Indicators (KRIs) based on Risk &amp; Control Self-Assessment (RCSA) and monitors targets of focused management. In the event of a loss case, it integrates and manages data. Through a scenario analysis that is performed afterwards, it derives a key risk profile and takes measures.</p> <p>KB Insurance sets a risk appetite, which is the endurable maximum level of risk to satisfy the demands of internal and external stakeholders, including supervisory organizations and top management, in relation to capital and liquidity, while achieving the company's stable growth and management goals. The risk appetite is set as the management level of solvency ratio by applying the goal of the management plan and crisis situation analysis, and is approved by the Risk Management Committee once a year. In accordance with the risk appetite target level, the total ceiling and the ceiling by risk type are set and operated within the scope of the total risk capital ceiling. Also, KB Insurance manages overall exposure limit to prevent risks from excessive credit risk exposure and asset concentration and to promote healthy asset operation. It also establishes country-specific credit limit to manage specific country-related risk exposure levels at appropriate levels.</p> <p>KB Life Insurance performs a crisis situation analysis to analyze sharp environmental changes' impact on the company and to preemptively respond to them, and also conducts a crisis situation analysis at least once a year according to the Financial Supervisory Service's scenario and its own scenario. It predicts the solvency ratio (Korea Insurance Capital Standard, K-ICS) based on the company's management plan on an annual basis to support the company's sustainable growth. By performing a crisis situation analysis based on several market scenarios, it is managing solvency ratio tolerability by step, and reports the result to the Risk Management Committee or approves it. It establishes and operates a business continuity plan (BCP) to safely manage customers' assets and financial information and provide stable services even in the event of a disaster or accident, and conducts mock training once a year for management and verification.</p>
Activity Metrics	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	<p>The number of policies for property and casualty insurance and life insurance is as follows. Reinsurance is not applicable.</p> <p>(1) Property and casualty insurance: 21,466,936 cases (2) Life insurance: 1,706,210 cases</p>

# Third-Party Assurance Statement

To readers of 2023 KB Financial Group Sustainability Report

## Introduction

Korea Management Registrar (KMR) was commissioned by KB Financial Group to conduct an independent assurance of its Sustainability Report 2023 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of KB Financial Group. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with KB Financial Group and issue an assurance statement.

## Scope and Standards

KB Financial Group described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal standards

- Topic specific standards
  - GRI 201: Economic Performance
  - GRI 203: Indirect Economic Impacts
  - GRI 205: Anti-corruption
  - GRI 206: Anti-competitive Behavior
  - GRI 305: Emissions
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education
  - GRI 405: Diversity and Equal Opportunity
  - GRI 406: Non-discrimination
  - GRI 413: Local Communities
  - GRI 417: Marketing and Labeling
  - GRI 418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of KB Financial Group’ partners, suppliers and any third parties.

## KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.
- the data and information reported in the ESG Data Pack (equal pay evaluation, absenteeism rates among employees and subcontractor employees).

# Third-Party Assurance Statement

## Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by KB Financial Group to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

## Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with KB Financial Group on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

## Inclusivity

KB Financial Group has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

## Materiality

KB Financial Group has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

## Responsiveness

KB Financial Group prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of KB Financial Group's actions.

## Impact

KB Financial Group identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

## Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

## Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 – Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with KB Financial Group and did not provide any services to KB Financial Group that could compromise the independence of our work.

May 2024 Seoul, Korea



SRV1000  
Sustainability Committee Assurance



AA1000  
Licensed Report  
000-129/V3-GWPCH

CEO *E J Hwang*



# GHG Assurance Statement

## KB Financial Group Inc.

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1,2) of KB Financial Group Inc. (hereinafter “the Company”) in 2023.

### SCOPE

Verification of places of business and emission facilities under the control of the company and its affiliated companies<sup>1)</sup>.

Note1) KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Asset Management, KB Capital, KB Real Estate Trust, KB Savings Bank, KB Investment, KB Data Systems, etc.

### STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National GHG Inventories
- Guidelines for Reporting and Certification of Emissions under the GHG Emissions Trading System
- Guidelines for greenhouse gas target management operation, etc.

### PROCEDURE

The assurance was conducted by the KMR based on a risk analysis approach and data evaluation. The data and factors applied to the calculation of GHG emissions were determined to be appropriate based on objective evidence.

- Interview with the person in charge of data and record management
- Reviewed data and record-keeping processes
- Reviewed sources and criteria for emission factors and parameters
- Reviewed additional evidence provided by the company

### INDEPENDEN

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

### LIMITATION

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

### OPINION

- The assurance opinion is based on our approach and the professional judgment of the assurance practitioner. Nothing has come to our attention that causes us to believe that we have not complied with all material aspects of the Assurance Standard.
- The assurance engagement was performed to satisfy a limited assurance level, and the assurance risk is higher than a reasonable assurance level.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “unmodified” opinion.
- Criticality: meets the criterion, which is less than 5%
- GHG (Scope 1 and 2) emissions and Energy consumption

※ Scope of verification : KB Financial Group and its affiliates.  
(including domestic and overseas business sites and subsidiaries of each affiliate)

GHG Emission (tCO <sub>2</sub> eq)			Energy Consumption(TJ)
Direct emission (Scope1)	Indirect emission (Scope2)	Total (Scope1+2)	
23,325	132,121	155,446	2,907

### RESULTS

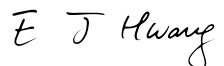
Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms, and is not responsible for other decisions, including investment decisions based on this verification statement.

※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

June 3rd, 2024

Authorized By



CEO Eun Ju Hwang



# GHG Assurance Statement

## KB Financial Group Inc.

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 3) of KB Financial Group Inc. (hereinafter “the Company”) in 2023.

### SCOPE

Verification of places of business and emission facilities under the control of the company and its affiliated companies<sup>(NOTE1)</sup>.

Note1) KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Asset Management, KB Capital, KB Real Estate Trust, KB Savings Bank, KB Investment, KB Data Systems, etc.

### STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories
- Guidelines for Reporting and Certification of Emissions under the GHG Emissions Trading System
- Guidelines for greenhouse gas target management operation, etc.
- WRI/WBCSD GHG Protocol
- Partnership for Carbon Accounting Financials(PCAF) – The Global GHG Accounting and Reporting Standard Part A(second edition)
- UK, GHG conversion factors full set–Business travel
- EPA, Emission Factors for Greenhouse Gas Inventories–Employee Commuting

### PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

### INDEPENDENCE

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

### LIMITATION

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

### OPINION

- The assurance opinion is based on our approach and the professional judgment of the assurance practitioner. Nothing has come to our attention that causes us to believe that we have not complied with all material aspects of the Assurance Standard.
- The assurance engagement was performed to satisfy a limited assurance level, and the assurance risk is higher than a reasonable assurance level.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “unmodified” opinion.
- Criticality: meets the criterion, which is less than 5%

※ Scope of verification: KB Financial Group and its affiliates (including domestic and overseas business sites and subsidiaries of each affiliate)

Category	Total (tCO <sub>2</sub> e)
Purchased goods and services	4,990
Capital goods	7,284
Upstream transportation and distribution	205
Waste generated in operations	2,457
Business Travel	4,251
Employee commuting	19,383
Use of sold products	23,539
End-of-life treatment of sold products	99
Downstream leased assets	617,196
Investment <sup>Note 2)</sup>	49,221,262

※ Note 2 : Verification including intensity by asset class with PCAF financial emissions by asset class calculated as of the end of 2022

# GHG Assurance Statement

## RESULTS

Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

- ※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms, and is not responsible for other decisions, including investment decisions based on this verification statement.
- ※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

June 3rd, 2024



Authorized By

A handwritten signature in black ink that reads 'E J Hwang'.

CEO Eun Ju Hwang

 KB Financial Group