



**ESG** Environment  
Social Responsibility  
Corporate Governance

# Value & Impact

2020 KB Financial Group Sustainability Report

# About This Report

## Overview

The annual Sustainability Report, which has been published by KB Kookmin Bank since 2009, began to be published also at the Group level in 2011. This 2020 Sustainability Report is aimed at sharing our ESG performance and activities with our stakeholders in a transparent manner and highlighting ways to create greater ESG value.

## Reporting Period

This report presents our ESG performance and activities during the period of January 1–December 31, 2020. Information from the first half of 2021 was also used in some cases based on its timeliness and significance. Data for the last three years from 2018 to 2020(some environmental data is four year from 2017 to 2020) was provided to measure yearly changes in quantitative performance.

## Scope

This report covers the ESG activities of our holding company and its 13 subsidiaries and provides information in relation to the ESG performance of all our headquarters and branches.

## Reporting Standard and Assurance

This report aligns with the Global Reporting Initiative(GRI) Standards: Core Option, which are global standards for sustainability reporting. The detailed reporting standards can be viewed on pages 100~103. This report was verified by the Korea Sustainability Investing Forum(Kosif), an independent external verification organization, to ensure its credibility and quality improvement. Kosif’s assurance statement can be viewed on pages 112~113.

## Contact Information

For any inquiries, please contact our ESG Strategy Department.  
tel: +82 2 2073 7822

## Awards and recognition

<p>Member of <b>Dow Jones Sustainability Indices</b> <small>Powered by the S&amp;P Global CSA</small></p>				
<p>Included in DJSI World Index <b>5 consecutive years</b></p>	<p>Selected as the best ESG company by Korea Corporate Governance Service <b>A+ across all ESG sectors</b></p>	<p>Garnered Carbon Management Sector Honors Award in the finance sector of CDP <b>4 consecutive years</b></p>	<p>Included in Bloomberg Gender Equality Index <b>3 consecutive years</b></p>	<p>Included in FTSE4Good index <b>11 consecutive years</b></p>

# Contents

---

## Introduction

- 04 CEO’s Message
- 05 CEO Briefing
- 08 KBFG at a Glance
- 09 2020 Performance Snapshot

---

## ESG Focus

- 11 ESG Strategy
- 12 2020 ESG Scorecard
- 15 Combating Climate Change
- 16 Supporting Customers through COVID-19
- 17 Protecting Our Customers’ Rights and Interests
- 18 Achieving Customer-Centric Digital Innovation
- 19 Fostering Female Talents

---

## Material Issues

- 21 Supporting Our Customers
- 28 Valuing Our Employees
- 36 Serving Our Communities
- 47 Managing Climate Change
- 63 Running a Responsible Business

---

## Governance

- 70 Governance

---

## ESG Data Pack

- 78 Customers
- 79 Employees
- 84 Community
- 87 Environment
- 90 Financials

---

## Appendix

- 98 Materiality Assessment
- 99 Stakeholder Engagement
- 100 GRI Index
- 104 SASB Index
- 111 TCFD Index
- 112 Third-party Assurance Statement

### Navigating the Report

This is an interactive PDF designed to enhance your experience. Use the following icons to navigate the report.



Home



Previous page



Next page



View video

# CEO's Message



Our mission is “financial service delivering changes for happier life and better world”. We will remain committed to tackling the critical challenges that affect our day-to-day lives as both a responsible corporate citizen and financial institution, with a view to realizing the happiness of our customers and building a better world.

Dear Stakeholders,

We find ourselves in the midst of a prolonged period of unprecedented change and uncertainty. I would like to extend my deepest gratitude to all our shareholders, customers, and local communities for supporting us in navigating the challenges we face during these difficult times.

The global crisis caused by the COVID-19 pandemic has raised fundamental questions about the way we live and do business, and moving past the pandemic, we are now seeing a trend towards a universal, global agenda encompassing transboundary issues such as climate change, human rights, and inequality – issues that transcend any particular country, region, or social group. The realization that “the only alternative to co-existence is co-destruction” is now driving countries, corporations, and citizens to think and behave differently.

The business environment is also changing. Companies cannot grow without customers, and cannot coexist without local communities. The recent ESG headwinds buffeting corporations are a signal that greater responsibility and more proactive action must be taken to respond to the unprecedented issues facing humanity.

Our mission is “financial service delivering changes for happier life and better world”. We will remain committed to tackling the critical challenges that affect our day-to-day lives as both a responsible corporate citizen and financial institution, with a view to realizing the happiness of our customers and building a better world. Of course, we cannot solve every issue by ourselves. However, we believe that by cooperating hand in hand with our stakeholders, we will be able to take one step closer to the future we all desire.

This Sustainability Report, the tenth such report published by KBFG, presents the results of our ESG-related efforts over the past year. It reflects our passion to contribute to making this world a better place to live, and our determination to continue taking greater strides forward in our sustainability journey.

I would like to once again thank you all for your continued support and encouragement.

**Yoon Jong Kyoo**  
Chairman & CEO  
KB Financial Group Inc.

# CEO Briefing. 01

## ESG Finance

“  
We will continue to expand the range of ESG products, investments, and loans.  
”

We established the mid-to-long-term goal of achieving ₩50tn in ESG products, investments, and loans by 2030 and have strived to expand their range. In 2020, we recorded ₩22.95tn in ESG products, investments, and loans. We plan to continuously elevate Green Leadership to new heights to ensure an eco-conscious financial ecosystem. We will increase our investments and loans in terms of new and renewable energy, come up with products that actively engage customers to accelerate achievement of the Paris Agreement Goals, and thereby catalyze greater change in the industry.



₩22.95tn

Total scale of ESG products, investments, and loans in 2020



₩50tn

ESG products, investments, and loans target by 2030

# CEO Briefing. 02

## Securing Diversity

“  
We will ensure a diverse and inclusive culture.  
”

We focus our resources on ensuring a diverse and inclusive corporate culture. We have two female non-executive directors in the board, thereby contributing to gender equality and diversity in the workplace. We are operating a wide range of programs to foster female talents and expertise, and strengthen their leadership capacity. Women's Empowerment(WE) STAR, our Group-level initiative, supports the cultivation of female talents in four areas of System, Talent, Alignment, and Relationship. Various subsidiary-level programs, from the Value-Up course for female team heads to Dream Campus, an in-house female leadership training academy, and Healing Academy for those on parental leave, are also in operation to reinforce competence of female employees. In recognition of such efforts, we were included in the Bloomberg Gender Equality Index in 2021 for the third consecutive year. We are determined to continually build an diverse and inclusive workplace that inspires both women and men to perform their best.



**2** female directors

Female non-executive directors  
(a first for the the financial industry)



**WE STAR**

Initiative to  
cultivate female talents



**3** consecutive years

Included in the Bloomberg  
Gender Equality Index

# CEO Briefing. 03

## ESG Management

“  
We will push the boundaries of  
ESG management.  
”

We are taking the lead in ESG management based on our mission of “financial service delivering changes for happier life and better world”. We have established the three directions of advancing our climate change strategy(environment), reinforcing responsible management practices(social), and promoting transparent governance(governance) and have pushed ahead with diverse tasks of focus for each sector.

We are the first in the industry to have established an ESG Committee within the Board of Directors to ensure the implementation and promotion of ESG management. The ESG Committee encompasses all non-executive directors as well as all executive and non-standing directors to reflect the perspectives of outside stakeholders and drive substantive progress from within. The ESG Committee is the highest decision-making body concerning ESG matters, establishing relevant Group-level strategies and policies and monitoring their implementation. We will ensure that our ESG strategies are consistently executed at all our subsidiaries and thereby rise as a leader of ESG management within our industry.



### ESG Committee

Industry's first



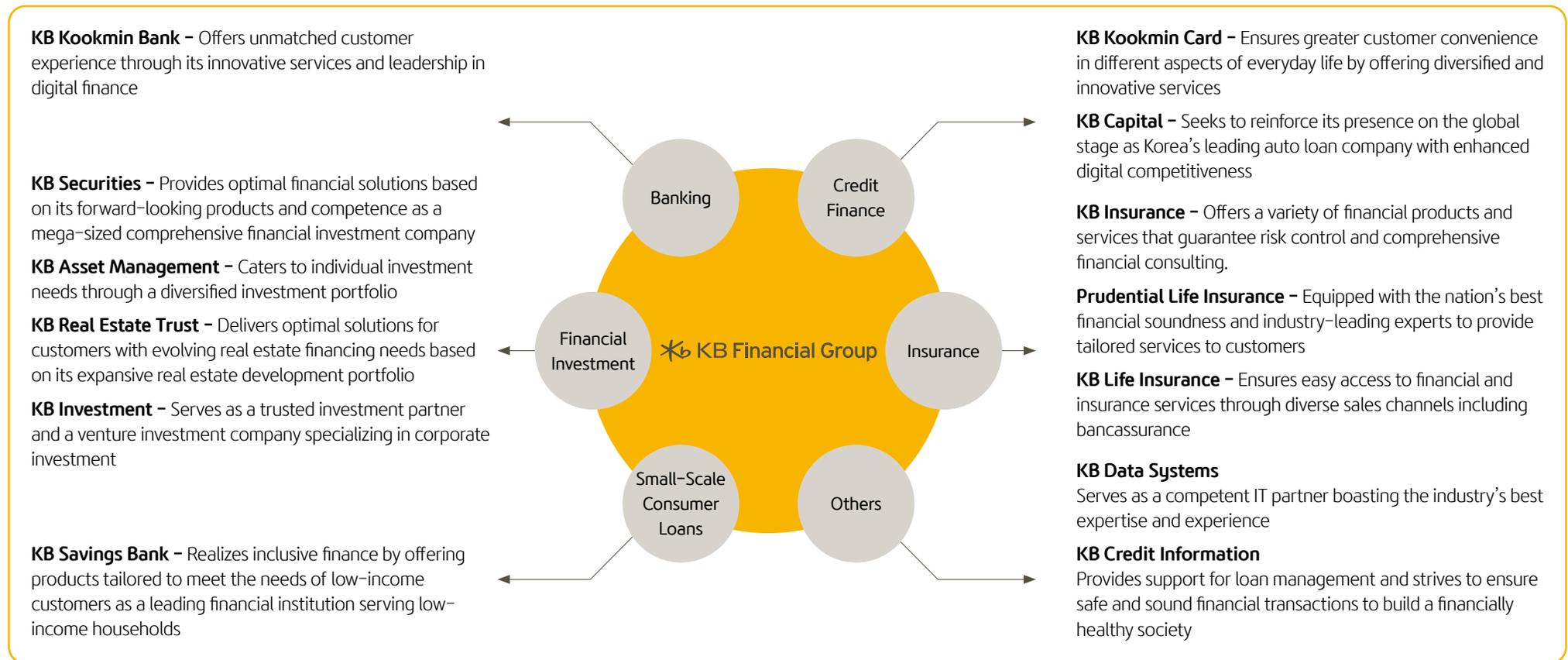
### #1 for 3 consecutive years

Ranking first among financial institutions for Outstanding Governance selected by Korea Corporate Governance Service

# KBFG at a Glance

We are touted as Korea's leading financial group equipped with the nation's largest customer base and network of branches. We offer comprehensive financial services that cater to the diversifying needs of individual customers through our expansive network of 1,570 domestic branches and 827 overseas network in 13 countries operated by our 13 subsidiaries. We never stand idle in taking action to reinforce our foothold as a reliable lifelong financial partner unmatched in strength of capital, expansive network, expertise, and risk management capacity.

Driven by our unwavering commitment to serving our customers and staying faithful to our mission statement "financial service delivering changes for happier life and better world, we continue to pursue innovation and take on new challenges. We strive to rise as the most trusted top-tier financial group by achieving ceaseless innovation based on efficient decision-making and timely execution and by providing differentiated products and services.



# 2020 Performance Snapshot



## Customers

Customers

**35.52** m

Monthly active users of  
KB Star Banking app.

**8.04** m

NCSI

#**1 14** times



## Employees

Average training hours  
per employee

**98** hours

Female talents  
development strategy

**WE STAR**

KB Kookmin Bank and  
KB Life Insurance touted as

**Family-  
friendly  
companies**



## Community

Investment in social  
contribution activities

₩**207.3** bn

Inclusive Finance

₩**5.54** tn

Matched with jobs through  
the KB Good Job (cumulative)

**18,650** people



## Environment

ESG products,  
investments, and loans

₩**22.95** tn

First in the industry

**Anti-coal  
Financing**

Declaration of  
carbon neutrality strategy

**NET ZERO  
S.T.A.R.**



## Financials

Net profit

₩**3.5** tn

Dividend

₩**689.7** bn

Credit ratings

**A1** Moody's

**A** S&P

# ESG Focus

---

- ▶ ESG Strategy
- ▶ 2020 ESG Scorecard
- ▶ Combating Climate Change
- ▶ Supporting Customers through COVID-19
- ▶ Protecting Our Customers' Rights and Interests
- ▶ Achieving Customer-Centric Digital Innovation
- ▶ Fostering Female Talents

# ESG Strategy

We established the “KB GREEN WAVE 2030<sup>1</sup>” as a strategic goal to integrate ESG factors into conducting our business and further build stakeholder trust. We aim to pursue carbon neutrality based on KB Net Zero S.T.A.R., our mid-to-long-term carbon neutrality strategy. We will reduce our internal emissions by 42% by 2030 to achieve carbon neutrality by 2040 and reduce our asset portfolio’s emissions by 33% by 2030 to become carbon neutral by 2050.

<sup>1</sup> We changed the name of our mid-to-long-term ESG management roadmap from KB Green Way 2030 to KB Green Wave 2030 to ensure consistency in our communication with our internal and external stakeholders.

Mission

**Financial Service Delivering Changes**  
Happier Life & Better World

Strategic Goal

Create sustainable value and enhance customer trust by promoting responsible management for environment and society and disseminating healthy corporate governance

Strategic Directions

Focus Areas

**NET ZERO S.T.A.R.**

**Carbon Neutrality**  
Internal emissions by 2040  
Asset portfolio’s emissions by 2050

**KB GREEN WAVE 2030**

**₩50 tn**

ESG products, investments, and loans

## Environment

### Advancing Climate Change Strategy



- Setting and Managing Carbon Emissions Target
- Managing Environmental Risks
- Increasing Green Investments and Loans
- Leading the Way in Green Finance Ecosystems

## Social Responsibility

### Internalizing Responsible Management for Society



- Expanding Social Contribution
- Promoting Shared Growth and Mutual Prosperity
- Respecting Human Rights and Diversity
- Expanding Financial Inclusion

## corporate Governance

### Spreading the Culture of Transparent Governance



- Enhancing Transparency in Governance
- Strengthening the Stewardship Code
- Expanding Investments in Excellent Governance
- Building a Comprehensive Evaluation System

# 2020 ESG Scorecard

Strategic direction	Goal	Our Performance	SDGs
 <p><b>Environment</b> Advancing Climate Change Strategy</p>	<b>Achieving carbon neutrality</b> – Internal emissions by 2040 – Asset portfolio’s emissions by 2050	<ul style="list-style-type: none"> <li>Emissions<sup>1</sup> <ul style="list-style-type: none"> <li>Internal emissions(Scope 1+2): 139,888tCO<sub>2</sub>eq</li> <li>Asset portfolio’s emissions(Scope 3): 26,761,188tCO<sub>2</sub>eq(As of 2019)</li> </ul> </li> <li>Consumption of renewable energy: 471,128kWh</li> <li>KB Green Wave, and Go Green Campaign engaging both employees and customers</li> </ul>	 
	<b>Establishing environmental and social risk management principles and enhancing environmental management systems</b>	<ul style="list-style-type: none"> <li>Implemented coal-fired power plant exclusion policy through the pledge to move beyond coal for the first time among domestic financial groups</li> <li>Introduced the environmental and social risk management system in relation to large-scale project financing by joining the Equator Principles</li> <li>Advanced the ESG investment process</li> </ul>	 
	<b>Securing green leadership by expanding eco-friendly investments and loans</b>	<ul style="list-style-type: none"> <li>Reached ₩22.95tn ESG products, investments, and loans<sup>2</sup> <ul style="list-style-type: none"> <li>ESG products: ₩6.01tn</li> <li>ESG investments: ₩3.90tn</li> <li>ESG loans: ₩13.03tn</li> </ul> </li> </ul>	 
	<b>Building leadership through global initiative activities in the field of environment</b>	<ul style="list-style-type: none"> <li>Participated in the incubation group for NZBA establishment and performed related tasks</li> <li>Joined NZBA as its founding member</li> <li>Participated in the working group for the development of EU Taxonomy<sup>3</sup>-based guidelines for different products</li> <li>Joined SBTi<sup>4</sup> and PCAF<sup>5</sup> to establish and verify carbon emission reduction targets</li> </ul>	 

1 GHG emissions

- Scope 1: Direct GHG emissions from sources that are owned or controlled by the company
- Scope 2: Indirect GHG emissions from the purchased electricity consumed by the company
- Scope 3: Indirect emissions as a result of the activities of the company, but from sources not owned or controlled by the company

2 The sum may not equal the total due to rounding off

3 EU Taxonomy: Eco-friendly economic activity classification standards aimed at promoting sustainable finance

4 SBTi: Offering methods to set science-based carbon emissions reduction targets

5 PCAF: Offering methods to measure GHG emissions of financial institutions’ investments and loans

Strategic direction	Goal	Our Performance	SDGs
 <p data-bbox="212 687 331 727">Social</p> <p data-bbox="168 756 380 914">Internalizing Responsible Management for Society</p>	<p>Promoting social contribution to create value for future generations</p>	<ul style="list-style-type: none"> <li>Beneficiaries of the 「Youth Mentor, KB!」: 8,691</li> <li>All-Day Childcare Classes: 894 schools 1,446 classrooms</li> </ul>	   
	<p>Promoting shared growth through the expansion of social value creation</p>	<ul style="list-style-type: none"> <li>18,650 people matched with jobs through the KB Good Job</li> <li>Provided 10,050 cases of consulting services to the self-employed and prospective startups that are facing difficulties in business management</li> <li>Provided support to medium and small business owners and the underprivileged who are heavily impacted by COVID-19</li> </ul>	
	<p>Respecting human rights and diversity of stakeholders</p>	<ul style="list-style-type: none"> <li>Included in Bloomberg GEI for three consecutive years(2019~2021)</li> <li>Launched WE STAR, female talents development strategy</li> <li>4,882 employees returned to work after childcare leave</li> </ul>	  
	<p>Providing financially vulnerable classes with stable financial services</p>	<ul style="list-style-type: none"> <li>Provided loan products for low-credit and low-income people worth ₩2.27tn such as “KB New Hope Spore” and “KB Sunshine Loan”</li> <li>Provided saving products for low-credit and low-income people worth ₩3.27tn such as “KB Kookmin Property Formation Savings”</li> </ul>	

Strategic direction	Goal	Our Performance	SDGs
 <p data-bbox="163 671 383 707"><b>Governance</b></p> <p data-bbox="136 740 409 850">Spreading the Culture of Transparent Governance</p>	<p>Spreading the culture of healthy governance</p>	<ul style="list-style-type: none"> <li>Selected as the best financial company in corporate governance by the KCGS for three consecutive years(2018~2020)</li> <li>Published annual sustainability reports based on GRI, SASB, and TCFD</li> </ul>	
	<p>Increasing the value of investee companies through active execution of the Stewardship Code</p>	<ul style="list-style-type: none"> <li>Established the standards for exercising proxy voting related to ESG to reinforce the evaluation and monitoring of investee companies' ESG implementation status</li> <li>Conveyed our views through proxy voting 1,136 times for 185 domestic companies</li> </ul>	
	<p>Creating greater value through our products and investments regarding outstanding companies in a sustainable manner</p>	<ul style="list-style-type: none"> <li>Achieved 29.18% accumulated rate of return from the KB Shareholder Value Focus Fund(As of the end of 2020)</li> </ul>	
	<p>Building a comprehensive ESG management evaluation system</p>	<ul style="list-style-type: none"> <li>KB Kookmin Bank concluded an MOU with Korea Corporate Governance Service to foster outstanding ESG corporations</li> </ul>	

# 01 ESG Focus

NET  
ZERO  
S.T.A.R. 

KB  
GREEN  
WAVE  
2030 

## Combating Climate Change

### Striving to Build a Cleaner, Healthier World

Since last year, we have engaged in a long-term project to expand our range of ESG products, investments, and loans to ₩50tn over the next decade. This project well reflects our corporate philosophy focused on pursuing the greater value of environmental conservation than short-term profits. As an extension of our philosophy, we declared the pledge “to move beyond coal” participated in by all our subsidiaries for the first time in the industry. Coal-fired power plants are responsible for 30% and 11% of the nation’s total CO<sub>2</sub> emissions and total fine dust emissions, respectively. They are pointed out as one of the biggest culprits of climate change. We decided to fully stop financing new projects involving the construction of coal-fired power plants globally and reduce our exposures in existing coal-related projects. We are also planning to increase our investments and loans for low-carbon and new and renewable energy sources.

### Making Continued Progress towards a Greener Future

To more actively implement the Paris Agreement, which pursues efforts to limit the rise in global average temperature to below 1.5°C, we joined global initiatives including Science-Based Targets initiative(SBTi) and Partnership for Carbon Accounting Financials(PCAF). We disclosed our asset portfolio’s emissions which were calculated using PCAF methodology for the first time in the domestic financial industry and released KB Net Zero S.T.A.R., our mid-to-long-term carbon neutrality promotion strategy. KB Net Zero S.T.A.R. reflects our commitment to support the cultivation of eco-friendly companies to accelerate the transformation into the low-carbon economy and align our strategies with the Paris Agreement to restore the environment. We will help accelerate the transition into the low-carbon economy by offering eco-friendly green financial services that prioritize environmental protection. We will remain committed to advancing co-prosperity of corporations, consumers, and our planet.

### Declaration of carbon neutrality



Industry’s first to declare the pledge by all subsidiaries

**to move beyond coal**

# 02

## ESG Focus

### Supporting Customers Through COVID-19

In order to help resolve the COVID-19 crisis and implement comprehensive support measures on the Group level for those affected by the impact of COVID-19, we established the Emergency Management Committee consisting of our subsidiary CEOs and the Group's executive management. Through this Committee, we are striving to build an immediate crisis response system and provide much needed support for customers and communities we serve. We offer financial aid for SMEs and micro businesses suffering aggravating sales due to COVID-19, while also engaging in non-financial support such as the provision of relief goods and kits and telecommunications service discounts.

"Sharing Passion, Growing Hope" is KB Kookmin Bank's campaign aimed at instilling hope in the midst of the COVID-19 crisis. The Bank provided financial aid for micro businesses and infection control kits and quarantine supplies for socially vulnerable groups.

We will remain dedicated to helping the government, communities, and people safely through the COVID-19 crisis.

#### Serving Society through Financial Services

##### Financial Support

###### Financial Support for the Public

###### Corporations and Micro Businesses

- ₩19,388tn for new loans and loan repayment deferrals (in cumulative sum as of the end of May 2021)
- Credit card payment deferrals for micro businesses

###### Customers

- Insurance premium payment deferrals by six months
- Interest payment deferrals for insurance policy loans

###### Expanding Support through ESG Bonds

- KB Kookmin Bank issuing social bonds worth ₩400bn to finance those affected by COVID-19
- KB Kookmin Bank issuing sustainability bonds worth \$500m to finance those affected by COVID-19
- KB Kookmin Card issuing ESG bonds worth ₩250bn to support micro franchises affected by COVID-19

#### Actively Reaching Out to Communities

##### Community Outreach Programs

###### Support for Micro Businesses

- Providing rent relief to tenants operating in our business premises
- Providing Onnuri Gift Certificates to our employees to help boost the local economy
- Conducting "Help Flower Farms Relay Campaign"

###### Support for Socially Vulnerable Groups

- Providing masks and infection control supplies
- Providing free courier service for drugs and medications to 12,000 low-income households
- Providing discount for Liiv M telecommunications fees and 800 unlimited data USIM chips



# 03

## ESG Focus

### Protecting Customers' Rights and Interests

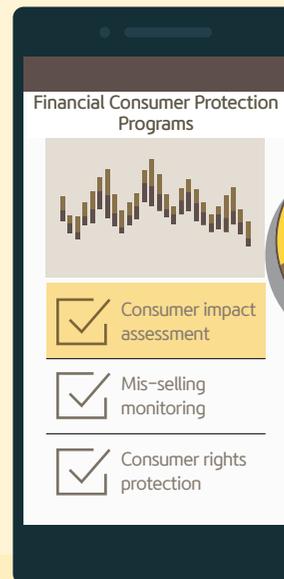
We operate our business based on our core corporate value of “customer-centric management”. We strive to enhance and effectively implement consumer rights and interests protection programs.

In this context, KB Kookmin Bank established the Advisory Committee on Reinforcing Consumer Rights and Interests in 2020 to step up its efforts to protect financial consumers. The Committee conducts consumer impact assessment and preliminary review to improve consumer protection systems and procedures and develop new products and services desired by consumers. The Committee's advice and review results are actively reflected in the Bank's consumer protection policy.

KB Securities thoroughly renovated its internal control and consumer protection organization to prevent the recurrence of problems incurred by the recent private equity fund redemption suspension. It also significantly improved its internal consumer protection system in relation to the product sale process.

#### KB Securities' Consumer Protection Activities

- Established the **Consumer Protection Division** and appointed the CCO(Chief Customer Officer) dedicated to consumer protection supervision
- Established the **Financial Consumer Protection Committee** above the Financial Consumer Protection Council
- Established the **WM Product Working-Level Council** within the WM Product Committee to assess product risk and consumer impact
- Performed the monitoring of mis-selling and established the Advanced Monitoring System(AMS)
- Made it mandatory to perform consumer impact assessment for financially vulnerable consumers
- Included more consumer protection-related items in KPIs for branch assessment
- Provided training on the protection of financial consumer's rights and interests and the prevention of potential damage



# 04 ESG Focus

## Achieving Customer-Centric Digital Innovation

Our digital innovation is driven by our customers.

While our technological progress is also important, we continue to invest in digital innovation to provide greater benefits and value to our customers. We will take the lead in developing advanced services based on our technologies to ensure customer convenience.

KB Kookmin Bank and KB Kookmin Card obtaining full-scale

**MyData business operator authorization**



MyData

- KB Kookmin Bank and KB Kookmin Card obtaining full-scale MyData business operator authorization in January 2021
- KB Kookmin Bank managing personalized asset and expense targets and offering specialized services through the combination of its data analysis capacity and asset management expertise based on MyData
- KB Kookmin Card offering optimized financial product solutions through MyData-based Liiv Mate 3.0 linked to over 130 financial institutions

KB Mobile Authentication Certificate subscribers

**7.96<sub>m</sub>**



KB Mobile Authentication Certificate

- Exceeding 7.96m subscribers in cumulative sum with the release of the first banking authentication certificate issued by a domestic financial group(As of May 2021)
- Selected as the industry's only pilot electronic signature business operator for the public sector

Monthly active users of KB Star Banking exceeding

**8.04<sub>m</sub>**



Digital Platform

- KB Star Banking app exceeding the 8.04m mark in MAU through customer-centric UI/UX enhancement and digital quality control reinforcement(As of December 2020)

**KB Pay,**  
a mobile financial service



Digital Payment

- Launched KB Pay with payment convenience and expandability notably enhanced and with membership features(remittance, currency exchange, etc.) added

KB Insurance's comprehensive  
**Digital healthcare service**



Healthcare Service

- KB Insurance attaining authorization for data use consultation and data set sale for the first time in the industry
- Planning to provide digital healthcare services based on health data

# 05 ESG Focus

## Fostering Female Talents

As the nation’s first financial holding company to have two female non-executive directors in the board, we remain at the forefront of promoting gender equality. We remain committed to building a fair and just society where all workers, regardless of gender, are given equal opportunities to make most of their abilities.

We are also reinforcing our foothold as an official advocate of WEPs by practicing gender equality through providing training for and actively recruiting female talents. Our WE STAR program, built on the four major areas of “System”, “Talent”, “Alignment”, and “Relationship”, is designed to systematically foster female talents. KB Kookmin Bank and KB Securities signed the Gender Balance Inclusive Growth Partnership with the Ministry of Gender Equality and Family to promote a fair society and growth potential of the economy. Through this partnership, initiatives such as workplace gender discrimination prevention, female manager cultivation, and work-life balance support for female employees are being implemented and we are seeing progress. In recognition of such efforts and outcomes, we were included in the Bloomberg Gender–Equality Index in 2021 for the third consecutive year. We will continue to focus our resources on rooting out discrimination and achieving a fair world.



Included in the Bloomberg Gender–Equality Index

**3** consecutive years (2019–2021)



# Material Issues

---

- ▶ Supporting Our Customers
- ▶ Valuing Our Employees
- ▶ Serving Our Communities
- ▶ Managing Climate Change
- ▶ Running a Responsible Business

# Supporting Our Customers

Financial services are rapidly evolving powered by the advancement of Big Data and AI. As the low-growth, low-interest rate era continues, it is essential to identify the changing trends of the market and offer products and services that meet customers' expectations to achieve sustainable progress. We prioritize customer-centric management and strive to enhance customer satisfaction. We focus on reinforcing accessibility of our services and creating greater value for our customers through continued innovation in response to the rapidly changing digital environment. We are also developing and operating Group-level consumer protection and privacy systems to ensure the safety and comfort of our customers.

# 01

## Digital Innovation that Opens Up New Customer Experiences

# 2.35<sub>m</sub>

KB Bio Certification subscribers

### Platform Organization Realignment to Accelerate Digital Innovation

KB Kookmin Bank realigned its organization to the drastic extent to accelerate digital innovation. A total of 25 platform units, which are a combination of business units and technology units, were newly established within the 8 business groups. The existing digital, information technology, and data units were integrated into these platform units from a consumer-centric perspective. Digital projects, which used to be conducted separately by individual units in charge, will now be pushed ahead with in an integrated manner for a great leap forward as a top-tier financial platform company.

### KB Bio Certification

KB Bio Certification(Easy Banking) allows users to engage in over-the-counter and ATM transactions without the need to present any bank card or passbook and handle financial affairs without an identification card. KB Kookmin Bank established infrastructure for this service at every counter of its branches for the first time in the financial industry. The Bank remains at the forefront of this service with the number of KB Bio Certification subscribers standing at 2.35m as of the end of December 2020. The Bank plans to further enhance the service's convenience and safety.

### KB Mobile Authentication

KB Mobile Authentication Certificate was developed by KB Kookmin Bank's exclusive technology to replace the public authentication certificate. It is the banking industry's leading certificate that can be also used on public websites such as National Tax Service's Hometax, Government 24, and e-People. KB Kookmin Bank was selected as the banking industry's only pilot digital signature business operator for the public sector in December 2020 by the Ministry of the Interior and Safety after releasing KB Mobile Authentication Certificate. KB Mobile Authentication Certificate has no expiration date, and thus users do not have to go through the hassle of renewing their certificates regularly. It also ensures the convenience of digitally marginalized groups by enabling the continued use of the certificate with a single issuance.

### KB Pay

KB Kookmin Card released KB Pay in 2020, which is a comprehensive financial platform equipped with diverse services(remittance, currency exchange, etc.) and membership functions for enhanced payment convenience and expandability compared to existing app cards. With KB Pay, users can register and utilize 8 payment types(credit card, debit card, bank account, gift certificate, points, etc.) via a single smartphone app. It also features diverse payment solutions from magnetic secure transmission to QR code, barcode, and near-field communication to ensure the convenience and universality equal to a plastic credit card for offline use. In order to effectively respond to the fast changing market conditions, the app was enhanced to run twice as fast and offer the cloud-based payment system and Token Service Provider.





KB Kookmin Bank's digital self-service banking outlet

### Digital Self-Service Outlet

KB Kookmin Bank launched Digital Self-Service Outlet, a digitally enhanced form of automated banking outlet. It is equipped with New Digital ATMs that boast innovative design elements, Smart Teller Machines (STMs) that enable customers to smartly handle more diversified tasks on their own, and large-scale digital signage. The smart manager provides support for digitally-challenged customers. The transaction pages of our digital devices are designed based on the findings from user pattern and experience analysis to ensure easy and seamless access and unmatched user experience for all.

### KB Mobile Branch

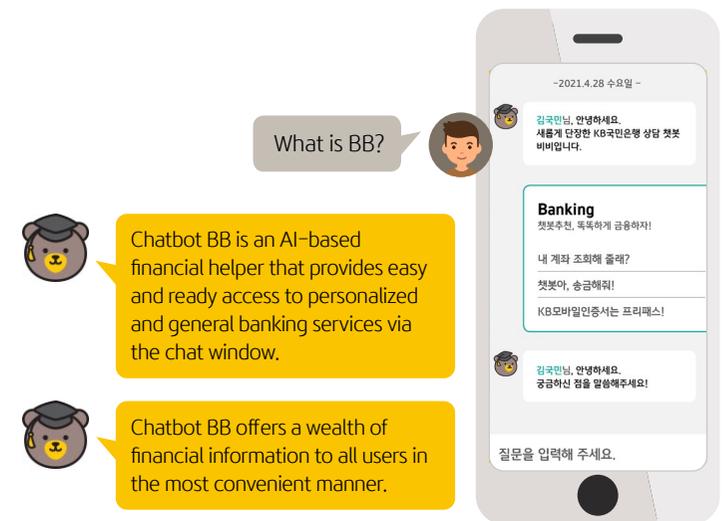
KB Kookmin Bank released KB Mobile Branch, which enables users to access financial services without the need to install a separate app or accredited authentication certificate. KB Mobile Branch offers a wide range of services including savings, installment savings, household loans, and credit cards. The Bank plans to further expand the range of products and services available on KB Mobile Branch. KB Mobile Branch successfully improved customer convenience by reducing the wait time and offering various digital services.

### Liiv M, Hybrid of Financial and Telecommunications Services

KB Kookmin Bank released Liiv M, the financial industry's first integration of financial and telecommunications services. The Bank continues to showcase innovative services to improve customer convenience and provide greater benefits. Its many pioneering and standard-setting services include "The More Installment Savings" that offers a preferential interest rate to users of Liiv M's telecommunications services; "Telecommunications Fee Guarantee Insurance" that guarantees telecommunications fees when users suffer disability from diseases or accidents, etc.; "Phishing Insurance" that compensates financial losses due to voice phishing; and "Voice Phishing Prevention Service" that restricts cash withdrawal from ATMs while on the phone.

### Advanced Chatbot Service

KB Kookmin Bank employs an AI-based, state-of-the-art financial chatbot service BB to provide personalized services. BB recommends products most suited for each customer based on his/her history of purchasing financial products, currently held financial products, and search history and ensures greater customer convenience.



# 02

## Strengthening Information Security for Safe Transactions

### Information Security System

We have taken anticipatory and preemptive actions against cyber security threats to protect our customers' information. In 2020, we established the mid-to-long-term information security strategy with the aim of minimizing security threats resulting from the emergence of new technologies and changing regulations and thereby reinforcing customer trust. The results of monthly security inspections and improvement plans are reported to the CEO, and corresponding measures are devised on the Group level. We operate the Group-level Information Security Department in charge of information security projects and on-site inspections of our subsidiaries as an extension of our efforts to step up our information security capacity. To ensure an independent and sound operation of the cyber security system, major subsidiaries such as KB Kookmin Bank, KB Securities, KB Insurance, and KB Kookmin Card, as well as holding company, has both the CIO(Chief Information Officer) and the CISO(Chief Information Security Officer) in place, each assigned with responsibilities separate and apart from the other.

### Privacy Protection

In the event of customer information leakage, we strive to prevent losses and damages from further worsening by taking prompt countermeasures following our manual on privacy breach response. In the event that any leakage of customer information is identified at department or branch level, it is promptly reported to Information Security Department, and it organizes a response team to take necessary measures such as dealing with the incident and reporting it to the regulatory authorities. Anyone who breaches privacy policy is subject to disciplinary actions. KB Kookmin Bank operates Integrated Personal Information Security Management System to prevent leakage and misuse of customer information. We did not experience any breaches of data, information security or other cybersecurity incidents from 2018 to 2020. In addition, we measure security breaches on IT infrastructure incidents and no fines or penalties were paid in 2020.

### Cyber Security Reinforcement

We perform vulnerability inspections of our website, apps, and major work systems through mock hacking both regularly and frequently. In particular, we are conducting various vulnerability checks and mock hacking to respond to external infringement incidents such as electronic financial infrastructure vulnerability analysis assessment (once a year), a public website vulnerability check and mock hacking (twice a year), employee email simulation training (once a quarter), and malicious mail response training (twice a year). We take immediate action and conduct ex post review for vulnerable points identified.

### Information Security and Privacy Certification

KB Kookmin Bank attained ISO27001(information security) in 2009, followed by ISO20000(IT service operation) and BS25999(business continuity management) in 2011. KB Kookmin Bank is the first domestic commercial bank to have attained the abovementioned three international certifications. From 2013 to 2020, KBFG, KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Life Insurance all attained ISMS(domestic information security management certification). In 2017, KB Securities earned ISO27001, and KB Kookmin Card obtained PCI DSS(credit card data protection).

### Information Security Awareness Training

Pursuant to relevant laws, we offer online training on information security for our employees on a half-yearly basis using content supplied by the Financial Security Institute. All our employees are required to fulfill the yearly minimum hour requirement(3 hours for executives, 6 hours for employees, 9 hours for IT staff members, 12 hours for information security staff members, and 6 hours for the CISOs).

# 03

## Customer-Centric Management Enhancing Customer Value

### Remaining Attentive to Customers' Voices

We prioritize customer-centric management and strive to achieve customer-oriented financial service innovation. To this end, we collect our customers' opinions through satisfaction level surveys and diverse communication channels, which are reflected in our activities and decisions to create greater consumer value. KB Kookmin Bank established the Mobile Customer Experience Survey System, which selects and notifies survey participants through a fully automated process. Based on relevant findings, the Customer Experience Management program is implemented to promptly identify customer pain points incurred during face-to-face and contact-free experiences and check the responses of users of individual services. The Customer Experience Case Survey, newly launched in the second half of 2020, collects the voices of actual users of specific products and services to assess their satisfaction level and achieve substantive improvement.

### Customer Satisfaction Enhancement

KB Kookmin Bank ranked first on National Customer Satisfaction Index 14 times for the first time among commercial banks. This is the outcome of the Bank's unyielding endeavor to prioritize customers' happiness in every activity and achieve innovation in its products, services, and processes to build a customer-centric bank. KB Kookmin Bank regularly conducts the CSI survey concerning its branches and reflects the findings in its customers service policy. It maintains an average of at least 95 points each year in the survey (96.25 in 2017, 95.87 in 2018, and 95.62 in 2019). The Bank forwent the survey in 2020 to minimize face-to-face contact and help curb the spread of the COVID-19 pandemic but has continued to conduct surveys on improvement points of its overall services.

#1 for 14 times

Ranked first on the NCSI



### Reflecting Customers' Suggestions

We newly launched the Customers' Suggestions program to reflect our customers' needs and comments in our operation. It is a step forward from the existing system that collects their complaints and notifies the results. Customers are encouraged to freely make suggestions for any area from products to services, policy improvements, and new projects. Submitted ideas are thoroughly reviewed and reflected in our product and service improvement activities, etc.

### Customer Communication Channels

Classification	Channel	Activities
KB Kookmin Bank	KB Kookmin Fansumers	Listening to customer opinions and improving products and services using Survey, activity tasks, FGI(Focus Group Interviews)
	KB Campus Star	Planning, producing, and promoting digital contents and proposing ideas for consumers in their 20s
	KB Golden Life Customer Advisory Panel	Delivering opinions on products and services as well as complaints about financial transactions to make improvements for individual needs of senior customers
KB Insurance	KB Hope Supporters	Performing inspections of services at direct points of contact with customers and collecting customers' opinions on a regular basis / Reflecting the findings in management
KB Kookmin Card	The Easy Talker	Identifying the true needs on the frontiers identified through regular meetings, tasks, and FGIs for new products and services
KB Securities	KB star Messenger	Selection of activity tasks such as newly launched products and services, reflection of customer opinions, and improvement of consumer-oriented services

## 04

## Financial Consumer Protection

**AI-Based Counseling System for Financial Consumer Protection**

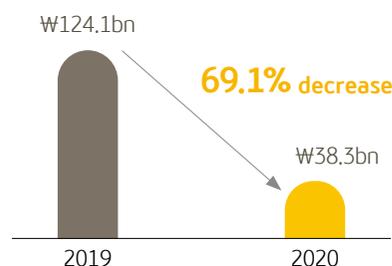
KB Kookmin Bank established the AI-based financial counseling system for financial consumer protection. This system ensures that employees provide an accurate description and comply with the legally required sales procedures when selling products. This system utilizes text-to-speech(TTS) and speech-to-text(STT) technologies to recommend products suited for each customer's investment preferences and voice-records each employee's product description to monitor possible misselling. AI analyzes the details of counseling in real time to examine the possibility of misselling and delivers the findings to the employee. This feature was introduced for the first time in the banking industry.

**Voice Phishing Prevention**

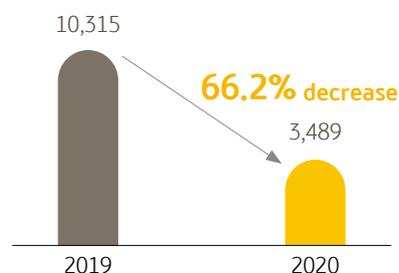
We strive to protect our customers from voice phishing through diverse measures. KB Kookmin Bank established a comprehensive voice phishing prevention system centering on the new monitoring system, which analyzes the customer's transaction patterns and flow of funds in real time to detect any signs of voice phishing. The Bank also offers regular education on voice phishing cases and response measures for all employees as well as rewards and assessment incentives for those branches and employees demonstrating notable efforts for voice phishing prevention. As a result, the amount of financial losses and the number of incidents in relation to voice phishing went down by 69.1% and 66.2%, respectively, compared to the previous year.

**Outcomes of Voice Phishing Prevention Efforts**

Amount of damage



Number of incidents

**Risk Management for Customers' Assets in Trusts and Funds**

KB Kookmin Bank assigned risk management for its customers' assets(trusts, funds, etc.) to the dedicated unit to reinforce its risk management competence. It also established a decision-making council as an extension of its asset risk management policy to more aggressively manage customer asset risk. The newly established customer asset risk management deliberation committee and council deal with risk management policies and procedures for different types of customers' assets. KB Kookmin Bank will continue to prioritize consumer protection and establish optimal infrastructure to reinforce customer trust.

**Fair Advertising Policy**

We prohibit unfair, deceptive, and misleading advertising. We are equipped with stringent standards to ensure fair advertising and consumer protection and also require our subsidiaries to check and screen(both in advance and ex post) any phrases in advertisements, promotional materials, and product/service descriptions, which may mislead consumers. Each subsidiary designates a unit, staff members, and managers dedicated to the unfair information specification and advertising prevention policy. The Compliance Officer reviews the appropriateness of product and service advertisements, while the consumer protection unit monitors whether any implementation, alteration, or suspension of advertising and marketing complies with our consumer protection requirements and whether necessary measures have been taken.

**Debt Collection Policy**

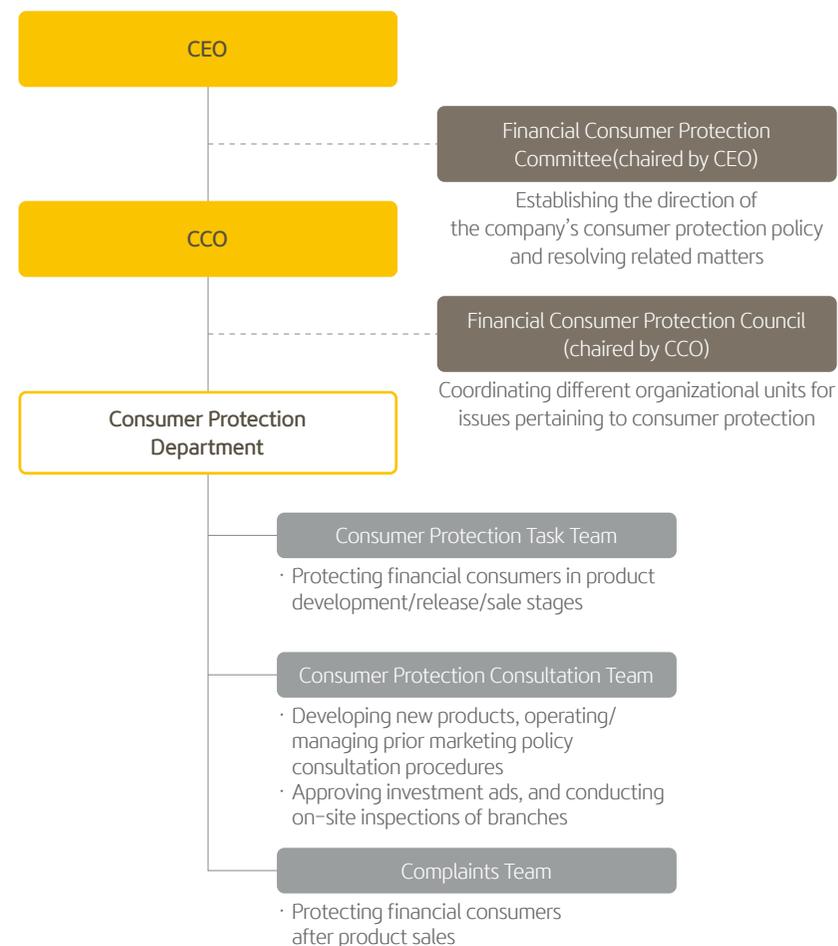
KB Kookmin Bank operates the debt collection policy to protect debtors and ensure fair debt collection activities. Debt collection is performed by establishing the debt collection procedures based on this policy in compliance with relevant laws and guidelines. The targets and loan status of each debtor are identified through the loan management system. Follow-up management developments are also registered on the loan management system to ensure consistency. To root out the possibility of unfair and illegitimate debt collection practices, the Bank has an internal control system in place, provides half-yearly training on compliance with laws and internal regulations to employees in charge, and digitally post the results of training.

### Misselling Prevention

KB Securities set up the Consumer Protection Division directly reporting to the CEO, appointed the CCO dedicated to consumer protection, and established the Financial Consumer Protection Committee chaired by the CEO as an overarching body for the existing Financial Consumer Protection Council chaired by the CCO. The WM Product Working-Level Council was established within the WM Product Committee in charge of deliberating and resolving matters related to the release of WM products to perform product risk and consumer impact assessment using the checklist and thereby reinforce the internal control monitoring procedures for each sales step. The ex post management system was also enhanced by operating the misselling monitoring system and Advanced Monitoring System(AMS). To fulfill its corporate social responsibility, KB Securities conducted asset due diligence through the accounting firm and the joint response team consisting of banks that sold LIME funds following the freezing of redemptions by LIME Asset Management in October 2019. As fund redemption suspension and dispute settlement for investment principal compensation are expected to continue for an extended period of time, KB Securities decided to come up with a preemptive principal loss compensation plan. In August 2020, it paid back up to 40% to investors. Also, for the first time among financial companies, it accepted the Financial Dispute Settlement Committee's decision even before the confirmation of the losses from the funds in January 2021 and has strived to compensate investors in a preemptive and proactive manner ever since. All KB Securities employees are determined to remain faithful to the basics and imprint the sense of responsibility as a financial specialist on their minds to protect consumers and rise as the most trusted securities company.

Visit [KB Securities' financial consumer information portal](#) for its protection measures for financial consumers.

### Organization of Consumer Protection Units at KB Securities



# Valuing Our Employees

Sustainable corporations recognize employees as the key prime mover of their growth and thus inspire them to fully demonstrate their capacity and achieve advancement. They pursue a corporate culture centered on respect for diversity and work-life balance. We offer various programs for our employees to achieve professional development in their fields. We also strive to enhance work efficiency and productivity by focusing on building a horizontal corporate culture open to improvement and ensuring work-life balance.

# 01

## Fostering the Best Financial Specialist Who Changes the World

### Talent Development Strategy

We update our talent fostering strategies in line with fast changing external and internal environments and internal challenges. In 2020, we provided support for one firm mindset internalization, on-demand training, self-led learning reinforcement, personalized competence building, and competence transformation for securing talented people that are a perfect fit for KB under the goal of “fostering world-class leaders of finance that brings positive change to the world”. In particular, we operate the Community of Professionals(CoP), through which employees of different areas gather together for learning, discussions, and research, and stage the CoP Festival to encourage self-led learning. We also offer W.I.T.H., the Group-level HRD platform, as a full-scale mobile learning system and operate the Group training institute(Hapjeong-dong and Daechi-dong) for self-led learning of employees’ study groups. KB Kookmin Bank’s KB ACE Academy is aimed at fostering specialists in areas expected to drive our future growth. It consists of the three sectors of “upgrading strengths(asset management and corporate finance)”, “ICT innovation(DT planning and development)”, and “core growth businesses(IB, capital market, risk management, and global advancement)” and also offers the MBA course as the highest stage for ICT innovation and key growth businesses to nurture top-tier specialists. KB Securities operates the Talent Pipeline Development Program to define and project position-specific skills and capabilities required of leaders and help develop them in advance. The company ensures fairness throughout the entire selection process by building and updating the pool of executive management candidates and the pool of specialist candidates for each business area through close monitoring.

### Training Programs in Collaboration with External Institutes

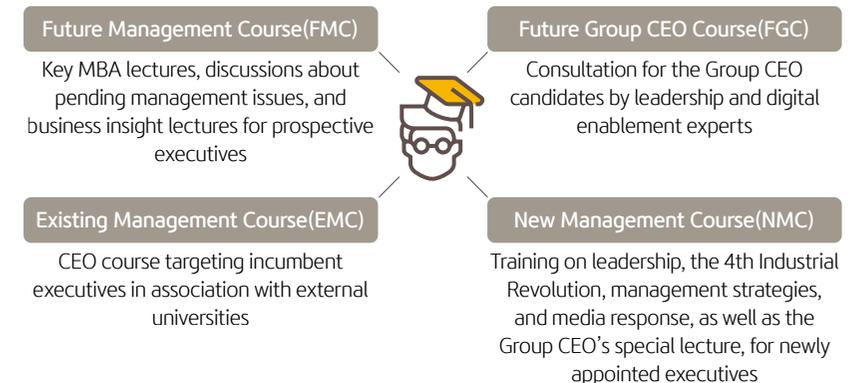
We offer a series of training programs in collaboration with external institutes. KB-Seoul National University Financial Academy is operated jointly with Seoul National University to foster professionals of the middle manager level Group-wide. We also provide opportunities to experience online courses from prestigious overseas universities through a learning platform exclusive for our employees in association with Coursera of the US, the world’s largest self-led

learning platform. We operate the Aalto University EMBA course in association with Seoul Business School aSSIST University and Aalto University of Finland. Aalto University EMBA is the nation’s only MBA program to have been accredited by the world’s most reputed three business school accreditation institutions. It fosters next-generation specialists through education centered on the latest business trends and financial knowledge.

### Training Programs for Core Jobs



### Leadership Training Program for Executive Leaders



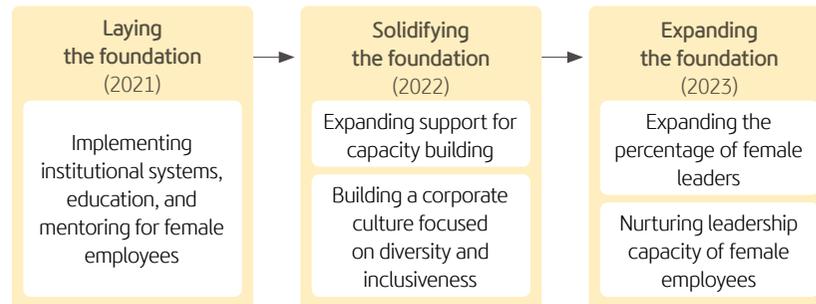
### Female Talents Cultivation

We offer diverse programs to cultivate female talents and continue to increase the percentage of female employees to reinforce a diverse corporate culture. As of the end of 2020, the current status in relation to our female employees at our subsidiaries including KB Kookmin Bank is as follows.

#### Ratio of Female Employees to Total Employees for Each Position<sup>1</sup>

Executives	All managers <sup>2</sup>	Junior managers <sup>3</sup>	Managers in revenue-generating units <sup>4</sup>	STEM <sup>5</sup> -related managers
7.3%	32.1%	44.1%	41.2%	28%

#### Female Talents Cultivation Roadmap



- 1 KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and Prudential Life Insurance
- 2 Section Chief~Executives
- 3 Section Chief and Senior Manager
- 4 Branches and corporate finance-related units
- 5 STEM(Science, Technology, Engineering, Math): Digital systems, data, IT, etc.

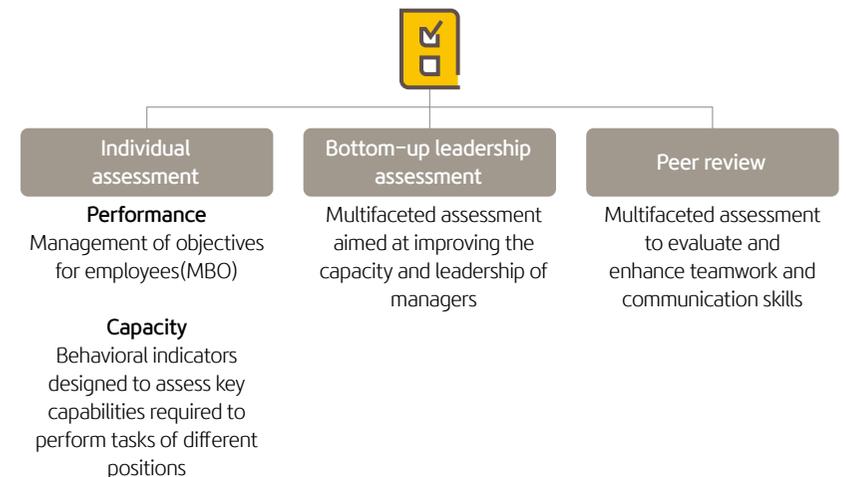
#### KB Reading Club

KB Reading Club is a Wednesday morning study session for our employees gathered to expand their knowledge base and inspire one another to make personal and professional advancement. KB Reading Club was created based on our CEO's philosophy that employees must be encouraged to "learn, share, and develop knowledge" for us to drive innovation as the first mover of the financial industry. As it is currently held online, it can be accessed by a greater number of people from all subsidiaries and branches nationwide.

### Transparent and Fair Assessment Systems

We operate a range of assessment systems to improve our employees' performance and ensure their capacity building. Each individual employee's performance is assessed using the MBO(Management By Objective) method to gauge his/her progress in reaching preset objectives. Through capacity building assessment, we examine whether our employees are equipped with key capabilities to perform tasks required of each position and help them better manage their capacity. In addition to subordinate assessment by superiors, subordinates also assess superiors for their capacity as managers. The assessment results are used as feedback to further improve their leadership. Peer review is conducted to assess and promote teamwork and communication. These multifaceted assessment systems help us evaluate our employees in a fair and objective manner. To reinforce the foundation for fair and motivating assessment, we offer regular learning on assessment and operate a permanent counseling and coaching system to facilitate communication between assessors and assessees. We pursue a performance-based corporate culture through transparent and fair assessment, while ensuring personnel appointment based on capabilities and providing differentiated rewards based on performance.

#### Assessment Systems



# 02

## Healthy and Safe Workplace

### Employee Healthcare

We focus on meeting our employees' healthcare needs through diverse healthcare programs. We provide comprehensive physical examination service for our employees and their spouses every year, while also striving to improve their health conditions through the operation of smoking cessation and blood pressure/weight/blood sugar management programs. We offer psychological counseling in association with external counseling centers to help our employees manage stress from both personal and career lives. We have subscribed to a group accident insurance policy and provide medical benefits to better protect our employees and their spouses against unexpected accidents and disease and enhance their wellness.

### Protection against the COVID-19 Pandemic

We distributed the code of conduct for our employees for the prevention of the COVID-19 pandemic. We provide facial masks and hand sanitizers and installed thermal imaging cameras, contact-free body temperature measuring devices, and partitions at the headquarters and branches. We stringently follow the government's infection control guidelines to help prevent the transmission of the virus. Measures to minimize contact, such as video conferences, flexible work arrangements, and remote working, have been implemented Group-wide. We also implemented the flu vaccination plan for all our employees to better respond to COVID-19 as flu shares many common symptoms with the pandemic.

### Worksite Health Index

In 2020, KB Kookmin Bank joined forces with Seoul National University College of Medicine to assess Worksite Health Index and objectively assess its employee healthcare program. Through this diagnosis, the Bank's employee healthcare structure, process, performance, and impact on employee performance were analyzed and evaluated. The Bank is pushing ahead with system enhancement to ensure better physical and psychological healthcare for employees based on the findings.



KB Kookmin Bank's new head office

### Safe and Sound Working Environment

We concentrate on protecting our employees from natural disasters, accidents, fire, terrorism, and infection by offering a safe working environment. Our Business Continuity Plans (BCP) ensure that our systems are protected and return to operation in the event of a disaster and the ensuing service disruption. We also conduct mock training and evacuation training every year. KB Kookmin Bank is evaluated to have successfully improved the working conditions of employees through the renovation of its existing head office and the addition of a new head office building. Thanks to the construction of the new building, its organizational units, which used to be scattered across different locations, were brought together, and this contributed to work efficiency and employee satisfaction.

# 03

## Work and Life Balance

### Work–Life Balance Support

We operate a range of programs to help enhance employee engagement and work–life balance. First, to comply with the 52-hour workweek requirement, we shut down all computers after work hours. We offer flexible work arrangements to ensure greater latitude for our employees in choosing their work schedules most suited for their needs, from flex-time work to flexible working hour and telecommuting. We also encourage our employees to exercise their right to rest by providing a wide spectrum of leave options including four-hour leave and two-hour leave.

### KB Digital Office

To provide more motivating and creative working conditions, we operate the Digital Office within each regional headquarters. The Digital Office, which is equipped with office spaces, video conference rooms, and lounges, are used to improve productivity of those working remotely. Employees can also handle the remainder of their tasks at the nearest Digital Office at the end of a business trip or while on outside duty without returning to their workplace. KB Kookmin Bank is operating the Digital Office at various locations(307 seats in total) in Seoul and the metropolitan area and plans to expand it throughout the future.

### Prudential Life Insurance Smart Office

Prudential Life Insurance introduced the smart office system across all the office spaces at its head office for the first time in the insurance industry to promote a creative corporate culture and improve employee engagement. The smart office system transformed the office into a forward-looking and efficient working environment suited for the digital and contact-free era. Prudential Life Insurance employees can select their desks for the day via the kiosk by the office entrance or mobile device based on their schedules. The office spaces are designed with a focus on facilitating communication and cooperation between different organizational units. The conference room booking system has also been launched to allow employees to book a conference room via diverse devices at any time anywhere, while a wide range of IT solutions ensure maximum convenience at workplace.



Prudential Life Insurance Smart Office

## Recognized as Family- friendly companies

KB Kookmin Bank and  
KB Life Insurance



### Family-friendly Company Certification

We strive to build a family-friendly corporate culture to help employees maintain healthy work-life balance. KB Kookmin Bank and KB Life Insurance obtained family-friendly company certification in recognition of such efforts. Family-friendly company certification are awarded by the Ministry of Gender Equality and Family to companies with best practices concerning child birth and childcare support, flexible work arrangements, etc.

### Workplace Childcare Centers

KB Kookmin Bank, KB Insurance, and KB Kookmin Card are operating workplace childcare centers for employees with young children to stay reassured while at work. Workplace childcare centers provide safe and professional care for infants and young children to ease the childcare burden of employees.



KB workplace childcare center in Yeouido

### Family-Friendly and Maternity Protection Programs

We offer a variety of benefits in relation to childbirth and childcare to help working parents maintain a balance between their work lives and family lives.

- 110 workdays of maternity leave (longer than the legally required 90 workdays)
- 2 years of childcare leave per child for all working parents (both male and female) with a child aged 9 or below or in the 3rd grade or below (paid leave for 1 year)
- Reduced work hours for pregnant employees, new parents, and parents with children starting school
- Family care and fertility treatment leave
- Aid for educational expenses of preschool children, living expenses of children with disabilities, and school expenses of all children
- Newsletters sent to help employees on parental leave stay connected to their workplace and continue to build capacity

## 04

Corporate Culture  
of Respect  
and Consideration

e-Town Hall Meeting with the CEO

25 times

e-Town Hall Meeting  
with the CEO**Dynamic and Horizontal Corporate Culture**

We strive to build and promote an employee-centric, dynamic, and horizontal corporate culture. To facilitate free and casual communication between the CEO and employees, we have held an e-town hall meeting with the CEO entitled “Talks to Change the World.” In 2020, 25 sessions were held, engaging employees to share their insightful ideas. We also frequently stage small-scale events to boost communication between the CEO and female employees as well as the junior board while operating e-Communication Live and e-Work-Life-Balance Academy, both of which are designed to instill pride as members of KBFG.

**Employee Engagement**

We focus on creating a better working environment for our employees. To this end, we assess employee engagement each year based on the elements deemed to be highly relevant with working conditions. This engagement assessment measures work-life balance, learning and innovation (capacity building), employee welfare, organizational culture, teamwork, and employee satisfaction about work engagement on the scale of seven. The result of assessment of each item was converted to the 100 point grading scale, and the final score was 80.2. We obtained notably high scores in work engagement, teamwork, and learning and innovation. We plan to utilize this assessment as feedback and continually strive to improve motivation and engagement for our employees.

80.2 points

Employee engagement  
(80.6 for male employees and 79.5 for female employees)

**Grievance Settlement**

We have an advanced grievance settlement program in place to provide practical solutions for difficulties that our employees may face at workplace. Grievances and concerns can be submitted through various channels from the Grievances Center bulletin to telephone and email. We then look into each case with the relevant organizational unit, continue to closely communicate with the aggrieved employees, and try to address their concerns properly and rapidly. The aggrieved employees can seek protection against possible adverse actions through the Grievances Center, and we offer substantive solutions such as personnel reshuffling in association with the relevant unit if deemed necessary.

**Anti-discrimination and Anti-harassment**

We strive to protect our employees from discrimination and harassment and build a sound working environment. To prevent workplace harassment and sexual harassment, we provide mandatory trainings for all employees at least once a year. We operate channels for reporting related incidents and take necessary measures to protect victims (maintaining victims' confidentiality, preventing any possible disadvantages regarding organizational reshuffling, etc.). We are also operating the guidelines on the corrective measures and recurrence prevention of workplace harassment.

**Sound Labor-management Relations**

We are building labor-management relations aimed at advancing co-prosperity through close communication between our employees and the company. Each subsidiary reaches out to and reinforces mutual trust with employees through diverse channels including the labor-management council and conference. KB Kookmin Card is evaluated to have demonstrated impressive results in labor-management relations by recording zero labor-management dispute for the last three years. Its joint campaign brand "Harmony Created Together by Labor and Management" launched in 2018 is the leading example of close labor-management interaction. In 2020, in recognition of its constructive labor-management relations, KB Kookmin Card received the Government Prize for Labor Day presented by the Ministry of Employment and Labor, and the head of the Employee Satisfaction Department and the CEO won the Presidential Citation in the Government Prize for Contributions to Sound Labor-Management Culture.

**Employee Stock Ownership Plan (ESOP)**

We operate the Employee Stock Ownership Plan (ESOP) to share profits with our employees and improve labor-management cooperation. All KBFG employees, other than registered directors, are eligible to join the ESOP. Employees can purchase shares through the method of wage deduction on a monthly basis and receive income tax deduction to the extent of ₩4m per year. Currently, over 27,000 employees of the holding company and our 13 subsidiaries have joined ESOP.

**Lifetime Planning for Employees**

We make sure that our employees continue to capitalize on their capabilities and shape a productive future after retirement. KB Kookmin Bank is operating the Life Design program and Career Pathway Changing School for employees aged 50 and above. It also offers a distant training course for employees aged 40 and above as well as a training course for designing life after retirement open to all employees.

# Serving Our Communities

As the social impact of corporations continues to grow, interests in and demand for their fulfillment of social responsibility are also increasing. The financial industry is no exception. Financial institutions are required to practice inclusive finance and play their role as a responsible corporate member of society to ensure sustainability. We are offering financial services and products designed to help SMEs, micro businesses, low-income households, and socially vulnerable groups. We engage in a variety of community outreach activities to bring positive change to the communities we serve.

# 01

## Inclusive Finance that Creates a World Where We Live Together

₩184.2<sub>bn</sub>

Total amount of microcredit

### Microcredit

KB Kookmin Bank engages in the microcredit business, which provides self-support funds without the need for security and guarantee for those marginalized from the services of legitimate financial institutions due to their low credit rating and income level. KB Miso Microcredit Foundation has expanded its branches to 8 locations since its inception in 2009; surpassed the ₩100bn mark in microcredit in 2015 for the first time in the banking industry; and handled 16,048 loans worth ₩184.2bn as of 2020. KB Microcredit Foundation will continue to respond to the national policy implemented by Korea Inclusive Finance Agency by actively supporting financially marginalized micro businesses and delivering liquidity for customers whose credit scores have been raised through credit rehabilitation consulting in connection with the regional Credit Guarantee Foundation. It plans to continually offer education and consulting service following the provision of funds to contribute to customers' economic independence.

### Financial Inclusiveness through kiwibank

Kiwibank released by KB Savings Bank is a financial platform that allows users to access financial services(contact-free account opening, money transfers, savings plan subscription, loans, etc.) all year round based on improved speed and accessibility compared to existing mobile banking apps. Products designed for financially vulnerable groups, from Sunshine Loan to Saitdol 2 Loan and Good Nuri Installment Savings, are also offered through kiwibank to ensure greater accessibility.



### Improving Access to Financial Services for Socially Vulnerable Groups

We are providing diverse services to help financially vulnerable groups more easily adapt to and access the rapidly evolving financial service environment. In particular, KB Kookmin Bank operates KB Hope Finance Plaza and KB Hope Finance Clinic, making online and offline access to banking service easier for vulnerable groups. KB Hope Finance Plaza provides counseling service on microfinance and we run KB Hope Finance Clinic website as well to provide online counseling on microfinance for those who cannot visit banks due to lack of time and geographical distance.

Our services include personalized counseling and educational programs for senior customers and braille guidebooks, voice guidance, and wheelchair-friendly facilities for customers with disabilities. We also expanded the language selection for mobile banking to reinforce accessibility of non-Korean customers. As many as 8 foreign remittance centers are in operation for non-Korean customers who cannot visit offline banks during business hours. We offer financial products designed to cater to the needs of socially vulnerable groups and fulfill our corporate social responsibility. Pre-registered users of KB Kookmin Bank's online banking service, who are classified as the socially disadvantaged group, the second-lowest income bracket as defined in the National Basic Living Security Act, and members of a single-parent household are exempt from external transfer fees. KB Kookmin Bank handles loans and savings for low-income workers, people with disabilities, victims of natural disasters, single-parent and global families, and others with limited access to financial services. The detailed status of the Bank's financial products for socially vulnerable groups can be found on Pages 93~94 of this Report.

# 35%

Telecommunications fee discount for socially vulnerable groups

### Improving Digital Financial Literacy

KB Kookmin Bank ensures easy access to digital finance for socially vulnerable groups through Liiv M, an integration of financial and telecommunications services. A discount of up to 35% for the basic telecommunications fee is provided to socially vulnerable groups through the Discount for Sharing program, while free telecommunications service for four months and the latest mobile phones are given. In order to more effectively serve customers, the Bank expanded Liiv M managers for online counseling to 134.

### Improving Digital Accessibility of Senior Citizens

KB Kookmin Bank conducted digital finance training for senior citizens to improve their digital familiarity and accessibility for contact-free services and to help them avoid financial scams in the midst of rapid population ageing and the accelerating transition to contact-free banking. The Bank created an educational booklet for digitally struggling senior citizens, which is entitled “Why Go to the Bank? When You Can Access It Smartly!”, and offered sessions on how to use mobile apps, how to use the Bank’s mobile banking service, and how to avoid financial scams.



“Why Go to the Bank? When You Can Access It Smartly!” – educational booklet for senior citizens

### Liiv KB Cambodia

KB Kookmin Bank released the e-wallet-centered digital platform Liiv KB Cambodia in 2016 for financially underprivileged Cambodian customers with limited access to banking services. The cumulative total of Liiv KB’s registered customers reached 120,000 in 2020.

Liiv KB Cambodia contributes to enhancing financial inclusiveness of Cambodia through banking services such as e-Wallet-based transfers, account-based overseas remittance, and the matching of new loan/savings customers with branches. It is evolving into a digital platform optimized for both unbanked(without a bank account) and banked customers, featuring both e-wallet and banking services. KB Kookmin Bank is taking steps to apply this successful global digital platform to other Southeast Asian nations.

# 02

## Win-win Support for SMEs and Micro Businesses

# 10,050

SOHO consulting provided

# 2,050

KB Wise Consulting provided

### KB SOHO Consulting for Micro Businesses

KB Kookmin Bank opened the KB SOHO Consulting Center to provide free management consulting service to micro businesses and prospective entrepreneurs and help reinforce their competitiveness. In addition to the KB SOHO Consulting Hub located at the Bank's head office in Yeouido, Seoul, there are currently 12 locations nationwide, through which 10,050 cases have been handled as of the end of 2020 in cumulative sum (concerning startup procedures, business district analysis, financial and management issues, and connection with relevant government agencies). The Center has been focusing on risk management-centered supportive consulting since 2020 to help micro businesses affected by COVID-19 regain their sales. KB SOHO Mentoring School was also transformed into "KB SOHO Mentoring School on the Move" to identify and cater to the needs of micro businesses on the front lines.

### KB Wise Consulting for Continued Growth of SMEs

KB Kookmin Bank offers KB Wise Consulting, personalized consulting service for SMEs offered by a team of experts including accountants and tax accountants. Since 2020, it has been offering Consulting on the Move, through which the needs of SMEs affected by COVID-19 are identified at the headquarters level and consulting tailored accordingly is provided, to ensure prompt, timely service. The Bank also collaborates with our other subsidiaries to improve the quality of consulting (e.g., one-stop consulting system) and offer comprehensive solutions for both financial and non-financial needs.

### KB bridge

KB Kookmin Bank is taking the lead in diversifying consulting channels and establishing contact-free sales channels to remain prepared for the post-COVID-19 era. The "KB bridge" app, a contact-free policy fund recommendation platform released in 2019, enables a greater number of customers to apply for policy funds and management consulting service of the KB SOHO Consulting Center in a contact-free manner. A total of 3,196 cases were handled through KB bridge in 2020 alone. The Bank plans to further expand this service to benefit more SMEs and micro businesses.

### Participation in the Local Currency Project of Jeju-do

KB Kookmin Card provides support for micro businesses and the local economy through its participation in the local currency project. In November 2020, KB Kookmin Tamnaneunjeon Cheque Card used in conjunction with Jeju-do's local currency was released. The local government of Jeju-do offers an incentive of up to 10% for the used amount.

# 03

## New Growth Opportunities, Innovative Finance

### Uncovering and Fostering Innovative Startups

We seek to help innovative startups grow into global unicorns and achieve co-prosperity with them. Through the KB Innovation Hub Center, we select KB Starters, startups with technologies that enable innovative services, and offer partnerships with and investments by our subsidiaries to ensure continued growth in a systematic manner. The Hub Center provides spaces exclusive for KB Starters as well as consulting from accounting, legal, and patent specialists and financial support suited for each growth stage. As of the end of 2020, 111 startups were selected as KB Starters, and 174 partnerships were formed with our subsidiaries, through which ₩52.3bn was invested(CVC Fund, etc.). The Hub Center boasts most notable partnership and investment performance among fintech labs. We plan to increase our investments to ₩70bn in cumulative total by the end of this year.

KB Innovation  
**HUB**

Status of startup cultivation

₩52.3 bn

Cumulative investment

174

# of cumulative partnerships

111

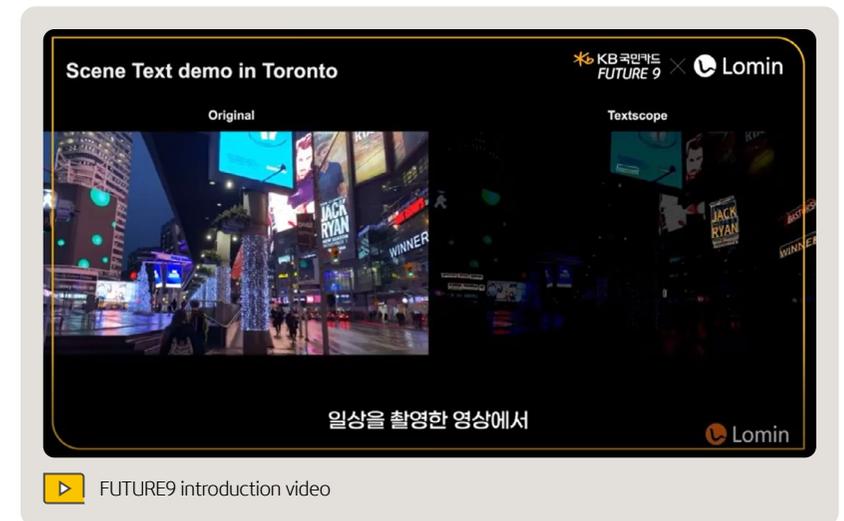
# of KB Starters startups



KB Innovation HUB

### FUTURE9 – Open Innovation Program for Startups

KB Kookmin Card has been operating FUTURE9, an open innovation program for fostering promising startups, since 2017. During its 4th session in 2020, a consortium consisting of government agencies, public institutions, investment firms, and accelerators was formed for joint marketing and cooperation with selected innovative startups. Among 672 applicants, 11 startups were screened, each of which was matched with the organization of the highest relevance with its business scope. KB Kookmin Card also created a FUTURE9-related fund and invested ₩600m into the Smart Shinsegae Signet Investment Association worth ₩50bn.



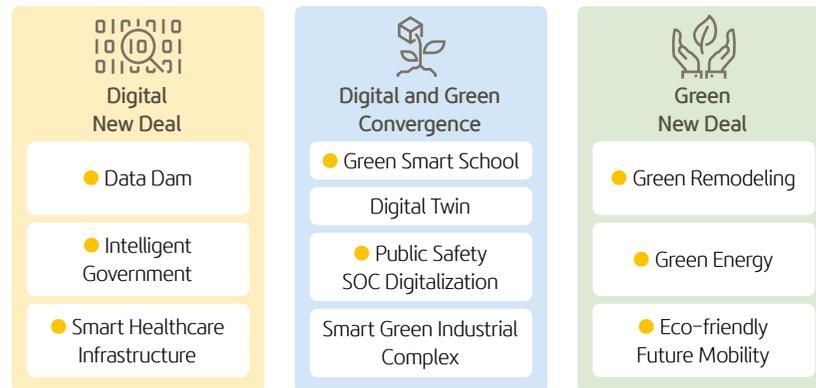
**₩10<sub>tn</sub>**

Target amount for supporting the Korean New Deal projects

**Support for the Korean New Deal**

We are determined to exert our best efforts and fulfill our role as a financial institution to help the Korean New Deal turn into a success. The KB New Deal and Innovative Finance Council selected eight tasks of strategic importance in relation to Green New Deal and Digital New Deal(Data Dam, Intelligent Government, Smart Healthcare Infrastructure, Green Smart School, Public Safety SOC Digitalization, Green Remodeling, Green Energy, Eco-friendly Future Mobility) out of the ten representative tasks of the Korean New Deal. Approximately ₩10tn will be financed by 2025.

**Korean New Deal Projects**

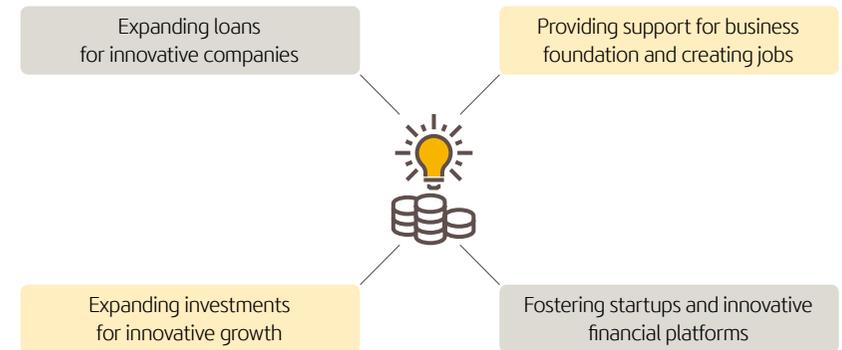


● KBFG's focus areas

**Support for Innovative Finance**

We are pushing ahead with the provision of ₩66tn for innovative finance by 2023 under the leadership of the KB New Deal and Innovative Finance Council consisting of the CEO and executive management of major subsidiaries. As of the end of 2020, the scale of “technology finance” stood at ₩8.3tn, exceeding the original net target of ₩6.8tn. We also fulfilled the yearly goal of loans and investments for innovative companies earlier than planned. We will continue to strive to accomplish the four major tasks of innovative finance(expanding loans for innovative companies, expanding investments for innovative growth, providing support for business foundation and creating jobs, and fostering startups and innovative financial platforms).

**Four Major Tasks of Innovative Finance**



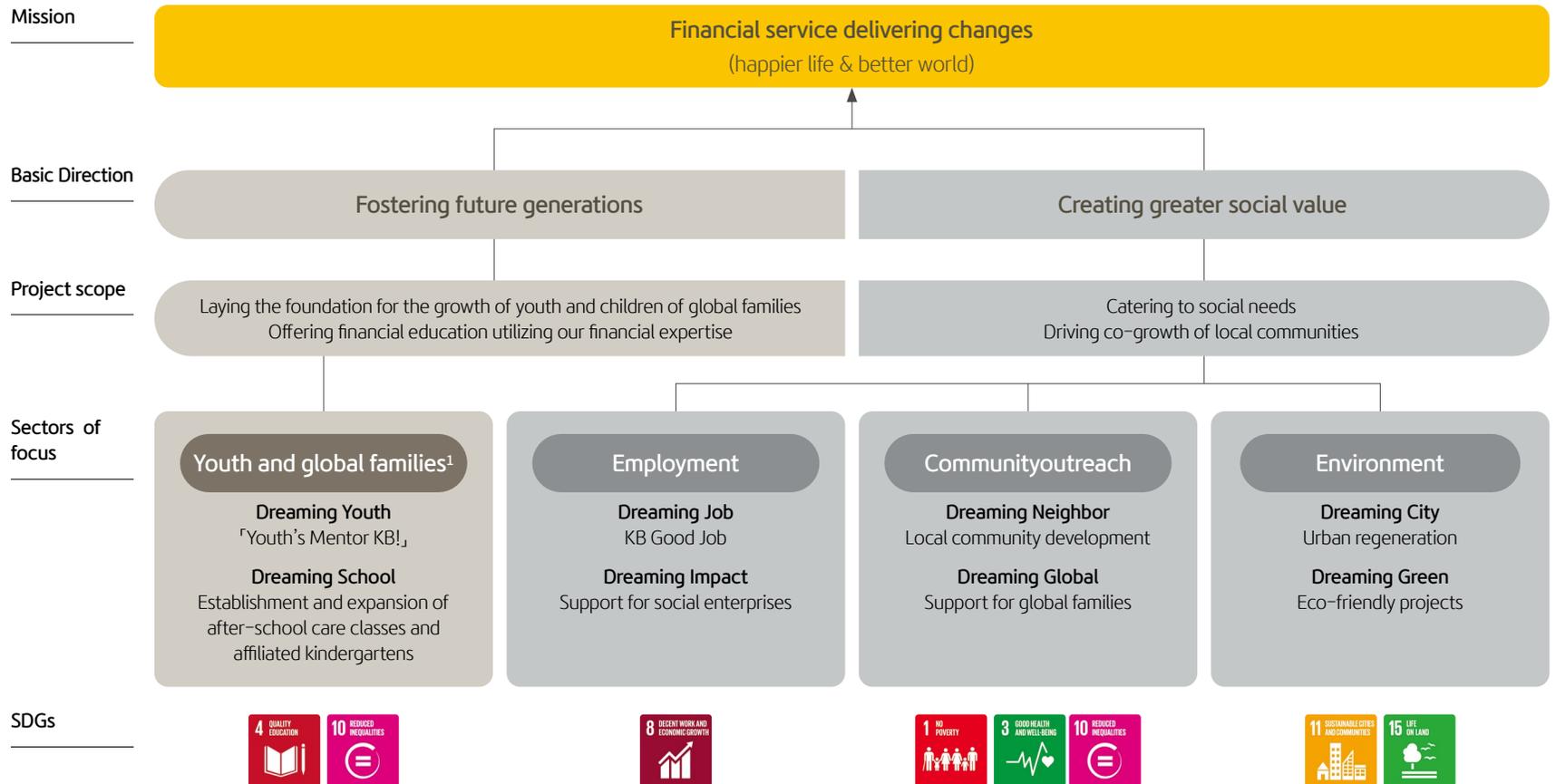
# 04

## Social Contribution that Makes Customers Happy and a Better World

### Community Outreach Policy

Our community outreach policy is structured around our mission statement “financial service delivering changes for happier life and better world”, aiming at nurturing future generations and creating greater social value. We focus on expanding fair learning and hands-on experience opportunities for youth to develop dreams and envision a brighter future, while also engaging in diverse projects to create jobs, advance co-prosperity of communities in which we operate, and ensure environmental conservation.

### Community Outreach Programs



1 We replaced the term “multicultural families” with “global families” to expand our perspectives and promote diversity.

**894**  
schools

**1,446**  
classrooms

All-day childcare classes for elementary school students and affiliated kindergartens

### All-Day Childcare Classes

The set of diverse actions taken to resolve a void in child and youth care is one of the demonstrations of our dedication to enriching the lives of future generations. In 2018, we concluded an MOU worth ₩75bn with the Ministry of Education to finance the establishment and expansion of after-school childcare classes for elementary school students and national and public kindergartens attached to elementary schools. A total of 1,446 classrooms at 894 schools were in operation with our support as of December 2020. We aim to increase the number of classrooms to 2,500 by 2022 to benefit over 50,000 children.

### Support for Global Families

We focus on helping global families better blend into local communities and achieve economic independence by financing the operation of Korean language classes and vocational training courses. KB Kookmin Card has operated KB Kookmin Card Korean Language School for Children of Global Families aimed at improving economic independence and sociocultural communication of global families. This project is contributing to removing the language barrier of youth from global families and young North Korean defectors and helping them gain a better understanding of Korean society and culture.



Korean Language School for Children of Global Families



Digital mentoring

### Mentoring for Youth

「Youth's Mentor KB!」 is KB Kookmin Bank's community outreach campaign to help young students improve their ability to learn and envision a brighter future. It consists of Learning Mentoring for providing learning opportunities for youth from low-income and global families with a greater barrier to learning, Career Pathway Mentoring for helping youth explore different career options and make informed decisions, and Digital Mentoring for nurturing youth into creative professionals. In 2020, this campaign was operated in a contact-free manner due to the COVID-19 situation and provided tailored learning programs to over 9,000 students. We have also been creating group tutoring classrooms for youth from underprivileged families since 2012, and a total of 900 group tutoring classrooms are in operation as of the end of 2020.



Financial Education Experience Center(KB Star\*D)

# 1.57m people

benefiting from our financial education

## Financial Literacy Education

The KB Foundation was established in 2011 based on the commitment of all our subsidiaries. The Foundation has been offering a variety of programs over the past decade to help the public attain practical information and make responsible financial decisions. Some of its programs include on-site education at schools, military units, and cultural facilities, invited lectures, and the economic learning camp by our group of expert lecturers. In addition, the Financial Education Experience Center(KB Star\*D) was established on the basement floor of KB Kookmin Bank's head office building in response to growing contact-free needs in the midst of the COVID-19 situation. KB Kookmin Bank's KB STAR Financial Class offers financial education on the move for youth of low-income households and global families and financially marginalized groups, while striving to reaching out to students in rural communities and remote areas, who are often deprived of financial learning opportunities, using advanced methods such as ICT technologies and "reading buses". The Foundation's programs benefited over 126,000 people in 2020 alone, and the cumulative sum of beneficiaries as of the end of 2020 reached 1.57m.



## Online Financial Education for Youth

KB Kookmin Card provides online financial education through its YouTube channel for youth to grow into responsible members of our society and achieve financial health. In 2020, the focus was placed on reaching out to more young students in a contact-free manner via study books and YouTube, while distributing financial learning content about credit transactions and healthy credit card use for middle and high school students via SNS channels. KB Kookmin Card plans to continually develop content that helps youth and financially underprivileged groups more easily improve their financial literacy.

# 18,650

people matched with jobs  
through the KB Good Job Fair

# ₩5.3bn

financed for employment  
through KB Good Job

## Job Creation

We have strived to set standards as a responsible financial institution by operating KB Good Job and contributing to the creation of quality jobs over the past decade. Since 2011, we have provided information on recruitment and employers via the KB Good Job website and organized the annual KB Good Job Fair, the ground for matching outstanding SMEs and companies with job seekers. The KB Good Job Fair is the nation's largest job fair, which has been participated in by 3,610 employers and 568,100 job seekers since its inception and taken firm root as a leading brand name in the industry. It was held online in a contact-free manner in 2020 for social distancing due to the COVID-19 pandemic. As such, the number of participating employers could be increased to over 300 from about 200, while offering a wider range of programs (employment consulting, video interviews, etc.) via the fair's website and mobile app, thus winning greater satisfaction of job seekers and employers nationwide.

Employment grants are provided to those companies that recruit job seekers through the KB Good Job Fair and maintain their employment for a preset period of time to encourage recruitment and ensure job security.

A total of ₩5.3bn was provided to 1,860 companies for 8,590 employees in cumulative total as of the end of 2020.

KB Kookmin Bank matched 18,650 job seekers with employers through KB Good Job in cumulative total as of the end of 2020. Among them, 15,058 landed jobs through the KB Good Job Fair, testifying to the Bank's substantive contributions to employment.



2020 KB Good Job Online Fair for Outstanding Companies

## Social Financial Ecosystem

The KB Social Investment Fund contributes to fostering a financial ecosystem in which social enterprises can thrive and prosper. The Fund is worth ₩100bn in total and aligns with the UN SDGs. It invests in social enterprises that can effect far-reaching change to society and environment. It also finances social ventures expected to bring a significant social impact to fulfill both corporate social responsibility and improve its financial performance. The Fund invested ₩26.5bn in 22 companies as of 2020.

KB Investment has been investing in innovative social venture companies, which seeks to contribute to the resolution of social issues using their financial outcomes, through the KB Social Impact Investment Association worth ₩15bn formed in 2019. The KB Social Impact Investment Association has invested a total of ₩6.5bn in social venture companies so far. ₩4.5bn among this total was invested in 2020 alone.

The KB Financial Campus SING (Social Innovation Startup New Guru) project was first launched by KB Kookmin Bank in 2019 to help socially innovative startups reinforce their standing. Startups with at least three years' history and in pursuit of creating greater social value are selected and given financial education and mentoring over the course of ten weeks. This project was experienced by 31 companies as of the end of 2020, and KB Kookmin Bank continues to drive the growth of social enterprises.

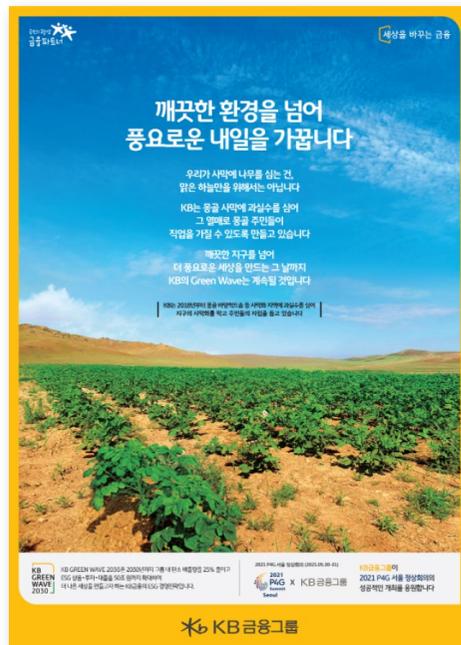
# 50,000

trees planted to create forests and combat desertification in Mongolia

## Tree Planting for Our Planet

KB Kookmin Bank has staged the KB Kookmin's Clear Sky and Forests project aimed at resolving fine dust pollution and environmental issues in Korea and abroad. Since 2018, 26,000 trees have been planted to form windbreak forests in Mongolia's desertified areas, which are the major culprit of fine dust as well as 24,000 fruit trees to lay the foundation for the economic independence of local communities. In 2021, the Bank created Liiv Garden within Gwangneung National Arboretum to contribute to keeping the environment clean for future generations.

In 2020, KB Kookmin Card joined forces with Seoul Metropolitan City and created Tree Saving Challenge Forest by planting 2,500 trees to curb fine dust pollution. It also donated 1,000 air purifying plants to childcare facilities. KB Kookmin Card plans to create "a forest as a classroom" with 1,200 air purifying trees and plants as an extension of its fight against climate change in 2021.



KB Kookmin Bank's  
Clear Sky and Forests project

## Reaching Out to Global Communities

We donated ₩200m through Bukopin KB Bank (KB Kookmin Bank's subsidiary) and KB Finansia Multi Finance (KB Kookmin Card's subsidiary) to support the reconstruction of areas hit by an earthquake, which occurred in Sulawesi, Indonesia, in January 2021, and provide critical aid to earthquake victims. We will continue to fulfill our role as a responsible corporate member of the Indonesian community.

KB Daehan Specialized Bank, KB Kookmin Card's branch in Cambodia, published and donated books for financial learning for local youth. It also published a children's story for financial education in Khmer and donated the books to elementary schools in Kampong Thom.

## Community Outreach

In recognition of its contributions to the advancement of the local community and its economy, KB Insurance was selected as a Company Recognized for Community Outreach Excellence in November 2020 for the second consecutive year. This program, jointly operated by the Ministry of Health and Welfare and Korea National Council on Social Welfare, was initiated in 2019 to acknowledge the achievements of companies and institutions that strive to reach out to and enhance the wellness of local communities.

# Managing Climate Change

The growing severity of climate change is shedding light on the need for standardized climate change-related financial information disclosure. The Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to disclose climate change-related financial information. TCFD released the recommendations and guidelines through its information disclosure framework that can be easily applied by institutions offering information for financial disclosures and can be internationally recognized. In line with this move, companies around the globe are aggressively responding to risks and opportunities brought forth by climate change. We recognize the role required of the financial industry to curb climate change and have managed our impact on climate change through related governance and strategies, risk management, and indicator and goal establishment with the credo “It has to be measured to be managed.” We are stepping up our fight against climate change by reducing carbon emissions in our operations and expanding the spectrum of eco-friendly financial products and services at the same time.

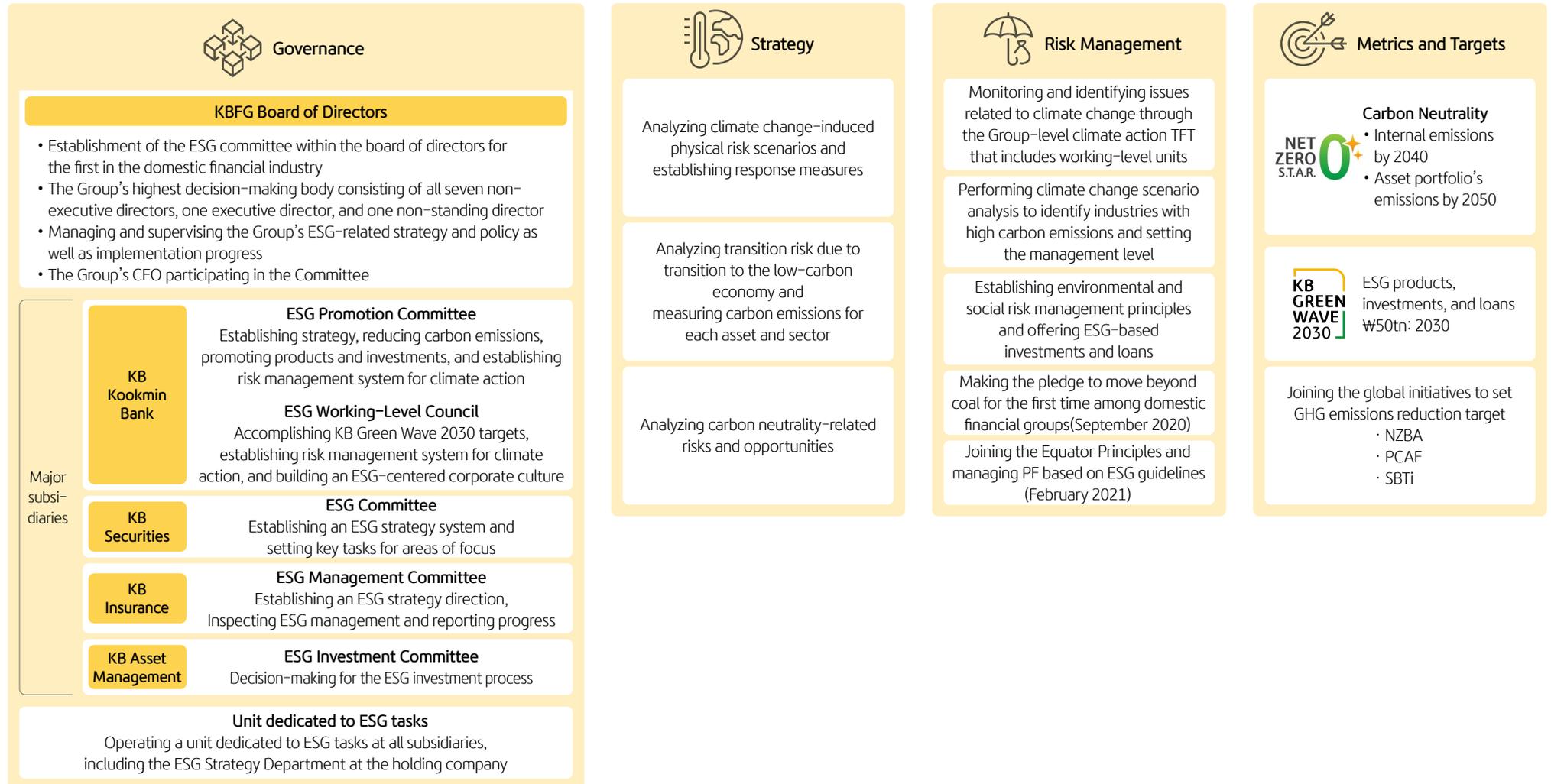
# 01

## TCFD Report

### Implementation Status of the TCFD Recommendations

To preemptively respond to climate change crises, we are focusing on the implementation of the TCFD recommendations from governance to strategy, risk management, and metrics and target setting. To this end, we established a mid-to-long-term roadmap and climate change risk management system.

We selected detailed implementation tasks and classified them into short-term, mid-term, and long-term tasks in accordance with their significance. We also set the carbon neutrality target and ESG finance expansion target based on thoroughgoing analysis results and are making multifaceted efforts to reach this goal.



# 02

## Climate Change Risk Analysis

S&P Global Market Intelligence

ECO&PARTNERS 2°C

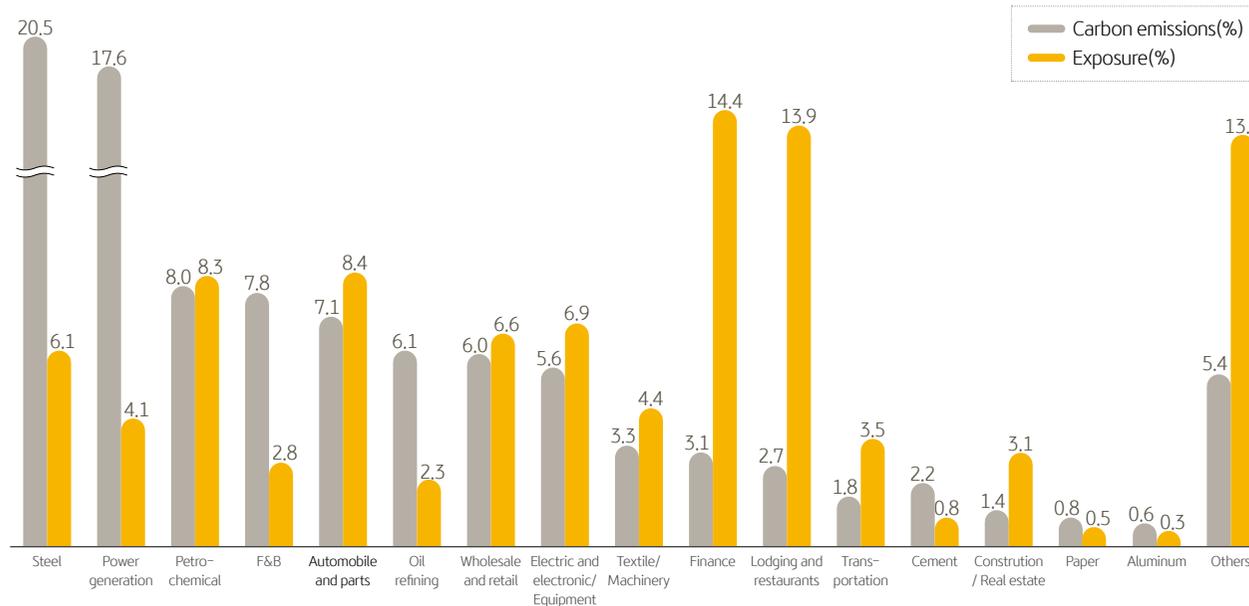
### Climate Change Transition Risk Management

The New Climatic Regime has dawned with the enactment of the Paris Agreement in 2021. The participating nations are required to submit and take action for their GHG emissions reduction targets to combat climate change. The Korean government also submitted the Nationally Determined Contributions(NDC) to the UN and made the declaration to reach net-zero by 2050. The government’s environmental regulations will continue to tighten, inevitably leading to the increase in environmental costs of corporations(carbon credits, etc.). High-carbon industries are likely to experience a rise in manufacturing costs and aggravated profitability due to increasing carbon emissions management costs. The plummet in their asset value may harm the soundness of financial institutions as a result of reduction in collateral value and the insolvency of debtors. Financial risk incurred in the process of the transition to the low-carbon economy in response to climate change is referred to as transition risk. In order to better manage and minimize adverse financial impact

from climate change, we are analyzing our asset portfolio’s risks and exposures by asset class including loans, corporate bonds and equity and reflect the findings in our decision-making process of executing investments and loans. To more effectively respond to the impact of industries with higher carbon risk, we designated power generation and energy industries with high GHG emissions as “sectors of focused management” and other high carbon emissions industries as “sectors of caution” and “sectors of attention” based on their carbon emissions and reduction effort. To ensure objective and credible climate risk analysis, we collaborated with S&P Global Market Intelligence and ECO&PARTNERS 2°C, climate risk assessment agencies, to analyze our asset portfolio’s exposures. We are the first in the local financial sector to use PCAF methodologies measuring and assessing carbon emissions by asset class and sector. We are seeking diverse measures to respond to transition risk by identifying each industry’s financial impact and reflecting the findings in loan screening and credit assessment.

### Carbon Emissions and Exposures by Sector

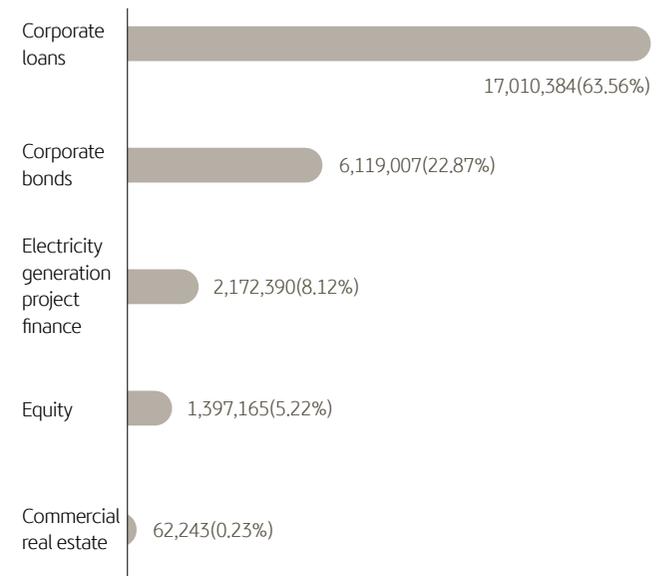
The combined total of carbon emissions of the steel, power generation, petrochemical, and oil refining sectors amounting to 52% of total carbon emissions



### Carbon Emissions by Asset Class<sup>1</sup>

Unit: tCO<sub>2</sub>eq(%)

Carbon emissions from corporate loans accounted for 64% of the total



<sup>1</sup> Refer to page 87 of this Report for more details

**Climate Change Physical Risk<sup>1</sup> Management**

Due to climate change for the past decade, extreme values in relation to climate(annual average temperature, annual precipitation, daily precipitation, etc.) are drastically changing, and the frequency of abnormal weather events is increasing. According to the Global Assessment Report of the United Nations Office for Disaster Risk Reduction(UNDRR), the number of natural disasters during the period of 2000–2019 stood at 7,348, which resulted in the economic loss of ₩2,970tn. The number of natural disasters and the consequent economic loss rose by 74.5% and 82.2%, respectively, compared to the period of 1980–1999. In 2020, Korea experienced the longest rainy season with localized heavy rain in its history, which lead to deaths, property damage, and infrastructure damage. Many other countries also suffered

damage due to extreme weather events such as wildfires in California and Australia.

Physical risk induced by climate change incurs the loss of business opportunities and profits due to workplace operation suspension and damage and depreciation of tangible assets such as business property, factories, and machine equipment. As such, we simulated mid-to-long-term climate change risk exposure of our loan portfolio. According to the simulation based on RCP<sup>2</sup>, climate change and natural disasters were found to exert a significant impact on our loan portfolio. We plan to establish and implement mid-to-long-term climate change strategies to address climate change-induced physical risk and minimize its repercussions.

**Physical Risk Simulation**



1 Physical risk: Risk of physical damage inflicted on the real sector due to climate change spreading to the financial sector through transactions  
 2 RCP(Representative Concentration Pathways): Multiple scenarios adopted by Intergovernmental Panel on Climate Change(IPCC) based on projected climate-related changes that may result from GHG reduction policies and actions. Among the scenarios, RCP4.5 and RCP8.5 were used for this simulation.  
 3 Sources: Korea Meteorological Administration’s climate information portal, flood risk mapping information system, and landslide information system

# 03

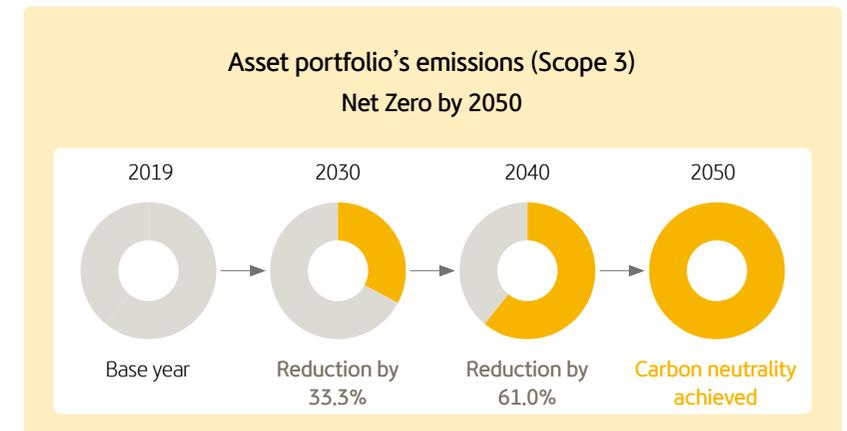
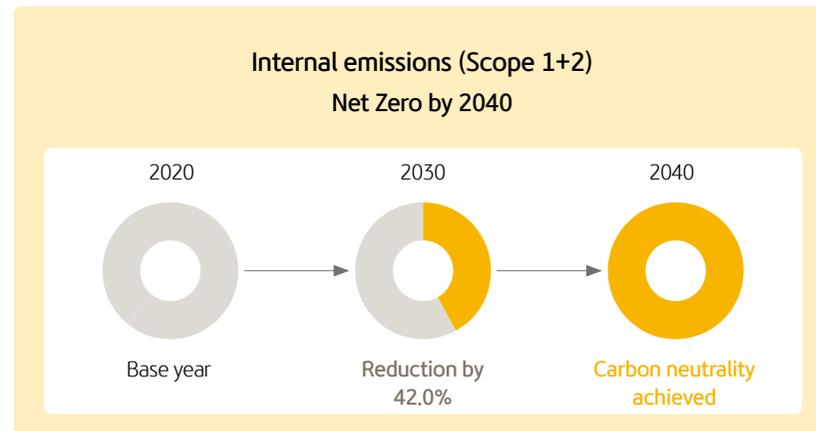
## Group-wide Carbon Neutrality Strategy



The outbreak of COVID-19 in 2020 highlighted the need for humanity to more aggressively combat climate change and resulted in reinforcing each country's initiative and international cooperation. An increasing number of major countries and corporations is joining in the declaration to pursue carbon neutrality to protect the planet and humanity from the impacts of climate change. The Korean government also announced the 2050 Carbon Neutrality Promotion Strategy in December 2020 and plans to upwardly adjust the nationally determined contributions (NDCs) during the second half of 2021. Carbon neutrality has emerged as the most urgent mission for the international community to combat climate change. The financial industry is also actively adopting plans for net zero. Advanced countries in Europe, etc., are making the Task Force on Climate-Related Financial Disclosures (TCFD) mandatory, and many financial institutions are joining global initiatives for carbon neutrality such as the Net-Zero Banking Alliance (NZBA). Although the amount of direct GHG emissions from financial institutions is not quite substantial, they are continuously expanding their role in financing and driving the transition into a low-carbon economy.

In 2020, we set the goal to reduce our internal carbon emissions by 25% by 2030 compared to 2017 as an extension of KB Green Wave 2030. But we upgraded our target by developing KB Net Zero S.T.A.R., our mid-to-long-term carbon neutrality strategy, in line with the national and global efforts to advance the achievement of carbon neutrality and take the lead in the transition to a low-carbon economy. KB Net Zero S.T.A.R. encompasses our asset portfolio's carbon neutrality targets as well as our internal carbon emissions targets. These targets were established based on the methods of Partnership for Carbon Accounting Financials (PCAF), and the Science Based Targets initiative (SBTi), initiatives that provide global standards for measuring GHG emissions for financial institutions. We aim to reduce our internal carbon emissions by 42% by 2030 compared to 2020 to achieve carbon neutrality by 2040 and decrease our asset portfolio's emissions by 33.3% by 2030 compared to 2019 to achieve carbon neutrality by 2050. We plan to push ahead with the reinforcement of asset portfolio management, the expansion of green finance and investments, the reduction of internal carbon emissions, and the participation in RE100 to advance carbon neutrality.

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



1 Carbon neutrality: Achieving net zero carbon emissions by offsetting emissions by carbon reduction activities

# 04

## ESG Risk Management for the Environment and Society

### ESG-Based Investment and Loan Management

We perform ESG-based assessment of all candidate companies for our investments and loans. KB Kookmin Bank's Corporate Loan Guidelines specify that ESG practices of individual companies (eco-friendly management through eco-friendly product manufacturing, environmental certification, etc.; socially responsible management through hiring of people with disabilities; and ethical management through governance, etc.) shall be reflected in credit rating adjustment and loan review. The Bank also has realigned its ESG assessment guidelines for credit assessment to build ESG risk management system and is managing ESG activity assessment results of individual companies based on ESG checklist in corporate credit assessment system. KB Asset Management operates the ESG Investment Committee chaired by its CEO to align all its investments with ESG. KB Asset Management's ESG investment process consists of the four pillars of ESG integration, ESG monitoring, ESG research, and ESG voting right to ensure the reflection of ESG elements across the entire investment stages.

#### KB Asset Management's ESG Investment Process

##### ESG Integration

- Universe selection and management
- Managing ESG data
- Assessing ESG internally
- Establishing and assessing ESG Model Portfolio

##### ESG Monitoring

- Identifying ESG issues
- Building a database of ESG issues
- Deciding whether to adjust the universe

##### ESG Research

- Global ESG trend research
- Domestic policy research

##### Exercising the Voting Right

- Internal research in relation to the voting right
- Collecting the opinions of the advisory body

### Restricting Investments in and Loans to Companies with ESG Risk

We are restricting investments in and loans to industries and companies likely to incur environmental and social risk, while also prohibiting financing activities that harm the public interest, illegal acts, and evasion of law throughout the entire investment and loan process.

#### Industries and Activities Excluded from Investment

Industries	Activities
Unsound game product manufacturing and leasing	Illegal distribution of weaponry
Speculative business management and operation	Narcotics
Facilities providing entertainment and alcoholic beverages	Smuggling
Dance hall operation	Pornography and prostitution
	Other acts deemed to be related to violations and evasion of law



KB Kookmin Bank joined in  
February 2021

### Project Financing Management Based on ESG

KB Kookmin Bank joined the Equator Principles in February 2021 to establish an environmental and social risk management system and fulfill related responsibilities. The Equator Principles is a risk management framework voluntarily adopted by global financial institutions to exclude those projects likely to incur environmental destruction or human rights violation from financial support. KB Kookmin Bank set up an internal process to implement the Equator Principles, through which potential environmental and social risk and impact are assessed before engaging in large-scale development projects. The Bank has designated a manager in charge of the Equator Principles in the relevant departments, has been offering environmental and social risk management capacity building training based on case studies, and disclosed its implementation status transparently by publishing the annual Equator Principles implementation report. KB Kookmin Bank aims to remain at the forefront of climate change mitigation and ESG management based on the strict compliance with the Equator Principles.

### Environmental and Social Assessment Procedures based on the Equator Principles



1 Number of projects/deals reviewed: 20 cases  
Number of projects/deals reviewed as percentage of total projects/deals: 100%  
Number of projects/deals having reached financial close: 20 cases  
Number of projects/deals declined: 0 case

### Project Financing Case Study

We perform ESG framework-based risk analysis<sup>1</sup> for project financing and we ensure compliance with the ESG framework through internal experts and independent, third-party experts.

#### ■ Case Study 1. Yeongam Solar Power Generation Project

The Yeongam Solar Power Plant in Yeongam-gun, Jeollanam-do has power generation equipment(PV) of 94MW and the energy storage system of 251MWh and boasts annual electricity production of 110,238MWh. Out of its total investment amount of ₩337bn, KB Kookmin Bank arranged ₩303bn and committed to invest ₩73bn. ESG risk assessment was performed prior to the project launch to accurately measure social and environmental risks. This project is expected bring positive change through GHG emissions reduction and job creation for local communities.

#### ■ Case Study 2. Wondong Wind Power Generation Project

The Wondong Wind Power Generation Plant in Wondong-myeon, Yangsan-si, Gyeongsangnam-do is an eco-friendly renewable energy project expected to produce around 100,463MWh of electricity per year and generate the GHG emissions reduction effect worth 42,596tCO<sub>2</sub>. Out of the total investment amount of ₩115.3bn, KB Kookmin Bank arranged ₩98bn and committed to invest ₩32bn. Wind condition analysis data for the last 35 months was collected prior to the project launch, which testified to the sufficient wind velocity required for stable power production and supply. ESG risk assessment was performed to measure its overall impact on the environment(natural environment, air, GHGs, soil, radio interference, etc.) and on local communities.

#### ■ Case Study 3. Solaseado Solar Power Generation Project

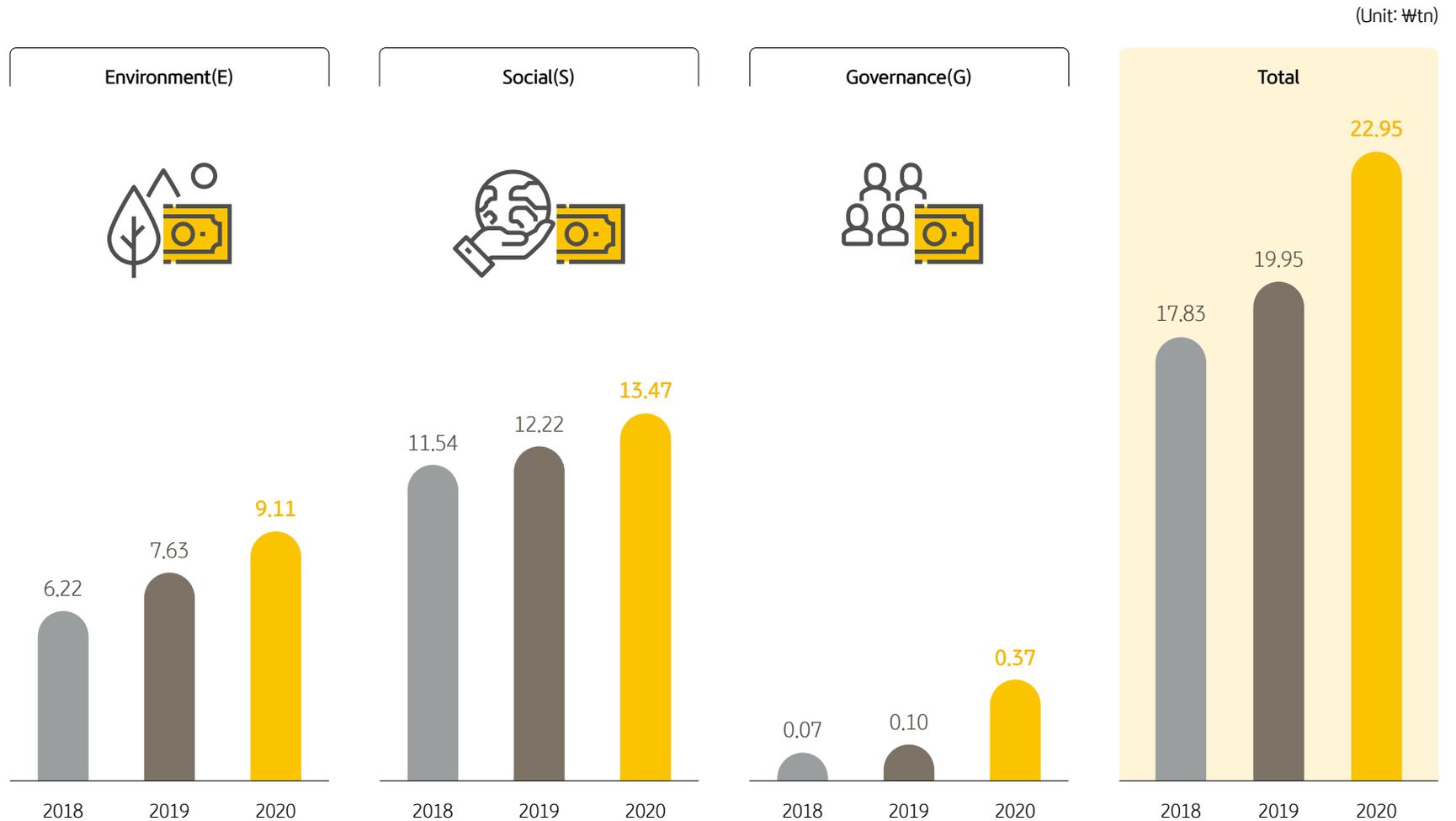
The Solaseado Solar Power Plant in Haenam-gun, Jeollanam-do is the nation's largest solar power generation project boasting power generation equipment(PV) of 98.37MW and the energy storage system of 306.27MWh. Out of the total investment amount of ₩334bn, KB Kookmin Bank arranged ₩326bn and committed to invest ₩104bn. Haenam, the location of Solaseado, is noted to have optimal conditions for a solar power plant thanks to its abundance of solar radiation. Part of the project expenses is funded by local residents' investments as an extension of our effort to share related profits with them. Prior to the project launch, the Bank performed ESG risk assessment to measure its environmental and social impact.

# 05

## A Big Wave to Sustainable Growth, ESG Finance

We established the goal to reach ₩50tn in ESG products, investments, and loans by 2030 and have continued to expand their range to accomplish sustainable finance. In 2020, the total scale of ESG products, investments, and loans stood at ₩22.95tn.

### ESG Products, Investments, and Loans





Customer-Engaging Eco-Friendly Products

### Customer-engaging Eco-friendly Products

We offer a wide range of eco-friendly products that engage customers to contribute to resolving environmental issues. KB Kookmin Bank released KB Clear Sky in 2019 followed by KB Clear Ocean Package in June 2020. This package, consisting of KB Clear Ocean Installment Savings and KB Clear Ocean Charitable Trust, is designed to highlight the importance of preserving the marine ecosystems and help keep the ocean clean. KB Clear Ocean Installment Savings provides a preferential interest rate to those subscribers who agree to join in the reduction of marine litter and to forgo the paper passbook. The Bank is also creating a fund of up to ₩100m, with ₩5,000 per account, for donation. Through KB Clear Ocean Charitable Trust, a fund of up to ₩200m is being created for donation in the matching grant method. Every 10% of the fee paid by each customer at the time of subscription is donated to the fund under the customer's name, which is then matched by the Bank. KB Clear Ocean Package has received fervent response and succeeded in raising ₩300m in just six months from its release, which was donated to World Wildlife Foundation to be used to collect marine litter and clean the marine environment.

### Products Designed to Promote Wider Use of Electric Vehicles

We offer a variety of financial products designed to promote the dispersion of EVs. KB Insurance showcased an insurance product that offers insurance premium discounts to EV owners. In 2020, KB Kookmin Bank released KB Magic Car Credit Loans, which provides loans to purchase an EV or to redeem existing loans in relation to an EV as well as providing a preferential interest rate for hybrid and electronic vehicle buyers. KB Kookmin Card also continues to expand its services for EV buyers as evidenced by the release of the Tesla-exclusive low interest rate product and cashback event. KB Capital offers products such as Tesla lease to promote the spread of EVs.

#### KB Kookmin EVO Titanium Card

KB Kookmin Card released KB Kookmin EVO Titanium Card in 2020, which is made with certified eco-friendly materials, to reduce the use of plastic. This card provides discounts when charging electronic and hydrogen vehicles and using an eco-friendly card member store. Customers and the card company are donating accumulated points to Green Fund together.

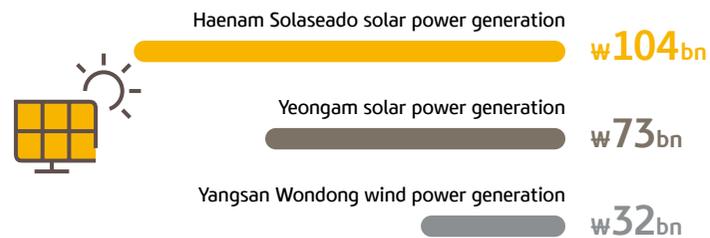


KB Kookmin EVO Titanium Card

### Eco-friendly Investments

We are continually expanding our investments in environment-themed private projects, new and renewable energy sectors, and eco-friendly vessels and vehicles. We are also actively serving as a financial adviser and syndicated loan arranger for solar power, wind power, fuel cell, and other new and renewable energy projects.

#### Investments in the new and renewable energy sector in 2020



### Eco-friendly Loans

We are expanding support for eco-friendly industries in line with the nation's low-carbon green-growth policy. KB Green Growth Loans, which is one of KB Kookmin Bank's most well-known eco-friendly loan products, and KB Preferential Loans for Solar Power Generation Businesses recorded ₩758.1bn and ₩113.7bn, respectively, as of the end of 2020.

### Yeongam Solar Power Generation

KB Kookmin Bank engages in the Yeongam solar power generation project, through which a solar power plant (PV 94MW) and energy-storage system (ESS 251MWh) have been constructed and operated. It is designed to produce and supply power efficiently in connection with the existing wind power complex. The average solar power production per year stands at 110,238MWh, which creates the effect of reducing petroleum consumption by 23,701 tons and GHG emissions by 46,741tCO<sub>2</sub>, thereby contributing to curbing global warming.



Yeongam solar power generation project site

### Issuance of ESG Bonds

We are issuing a wide range of ESG bonds with the aim of providing financial aid for projects that serve eco-friendly purposes and create greater social value. Since the issuance of sustainability bonds worth \$300m by KB Kookmin Bank in 2018 for the first time among domestic banks, we have continued to showcase a variety of sustainability, social and green bonds. In 2020, we issued sustainability bonds worth ₩500bn for the first time among financial holding companies as well as global sustainability bonds worth \$500m, for the first time in the financial industry, aimed at supporting companies hit by the impact of the COVID-19 pandemic. KB Securities, KB Kookmin Card, and KB Capital are also issuing sustainability bonds and green bonds and expanding their positive impact on the environment and society.



<sup>1</sup> From 2018 to end of May 2021

<sup>2</sup> Korean won currency bonds: ₩3.05tn; foreign currency bonds: \$3.55bn and €500m (foreign currency bonds are converted to KRW based on the exchange rate of the end of May 2021)

<sup>3</sup> Deloitte: KBFG, KB Kookmin Bank, KB Securities, KB Kookmin Card, KB Capital  
Sustainalytics: KB Kookmin Bank

### ESG Bond Management System

In order to expand our positive impact on the environment and society and remain faithful to our long-term strategy and vision, we are operating the sustainable finance management system in relation to ESG bond issuance and the ex post management of related funds. This system is designed to comply with the Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles established by ICMA and attained a [second-party opinion](#) from an outside institution<sup>3</sup>. ESG bonds issued by the Group are allocated to projects that align with our sustainable finance management system. The KB Sustainable Finance Operation Committee assesses each project's appropriateness and social and environmental impact, ensuring transparent ex post management.

#### ESG Project Assessment and Management Process



### Taking the Lead in the ESG Bond Market

KB Securities is taking the lead in the ESG bond market as evidenced by its role as the arranger of Korea Hydro & Nuclear Power's social bond worth ₩300bn issued by a non-financial company for the first time in 2019. As the scale of ESG bond issuance continues to grow in proportion with the increasing interest of investors and the market in environmental and social responsibility, KB Securities will work harder to fulfill its role as a link between companies and the capital market through the supply of ESG bonds.

# 06

## ESG Management Framework, the Foundation for ESG Execution

### ESG Governance

We established the ESG Committee within the Board of Directors in March 2020, for the first time among domestic financial institutions. This is the only subcommittee within the Board of Directors to encompass all members of the Board from the non-executive directors to the executive and non-standing directors, thereby contributing to notably stepping up our ESG management capacity. The ESG Committee is the Group's highest decision-making body in terms of ESG in charge of establishing relevant strategies and policies and monitoring their implementation. The Committee was convened three times throughout 2020 and resolved the Group's ESG strategic direction and the pledge to move beyond coal. Many subsidiary-level committees have also been set up to accelerate our ESG management progress. KB Kookmin Bank established the ESG Promotion Committee in 2020 to promote carbon emissions reduction, eco-friendly product releases and investments, and systematic risk management. KB Securities established the ESG Committee within the Board of Directors in December 2020, for the first time among securities companies.

### Reinforcing ESG Management

We incorporated ESG metrics in KPIs for the executive management to highlight the importance of ESG management in line with the industry's trend to place premium on ESG and ensure substantive progress in ESG-related tasks. Key metrics include carbon emissions reduction and ESG-related financial product expansion and are directly connected to executive remuneration. We strive to realize sustainable finance through performance-based ESG management.

### Enhancing ESG Engagement

We are taking active measures to incorporate ESG factors into our engagement with our stakeholders from customers to investors and employees. KB Research and KB Securities Research Center regularly publish ESG reports on climate action, ESG finance, and ESG-related policies and trends. ESG seminars for employees, customers, and relevant institutions are also staged on a regular basis to help disperse knowledge and information about ESG management.

### Fostering Outstanding ESG Companies

KB Kookmin Bank concluded an MOU with Korea Corporate Governance Service to foster outstanding ESG companies. The Bank plans to establish assessment indicators for environment, society, and governance to select outstanding companies and reflect the results in preferential services for corporate customers and sustainable loan products in the future. In 2021, the Bank concluded an MOU with Korea Environmental Industry & Technology Institute with the aim of further promoting green finance and released KB Green Wave Loans for Outstanding ESG Companies in connection with enVinance, a financial support system for green companies. This product was created by benchmarking sustainable loan products of advanced multinational banks and provides preferential benefits to those companies that fulfill ESG assessment criteria and internal credit rating requirements set forth by KB Kookmin Bank. The Bank will continue to expand loans for outstanding ESG companies to effect positive change of corporations and shape a brighter future for all.

### Holding the ESG Global Conference

We held a global conference under the theme "2020 ESG Global Summit: The Road to Resilient Economy and Sustainable Finance" in November 2020, in association with the Institute for Global Economics. Representatives from internationally renowned institutions such as Blackstone, MSCI, and BlackRock and prominent scholars were present at the conference to discuss ways to drive sustainable growth through ESG in the post-COVID-19 era and its implications.



2020 ESG Global Summit

# 07

## Initiative Activities to Address Climate Change at a Global Level

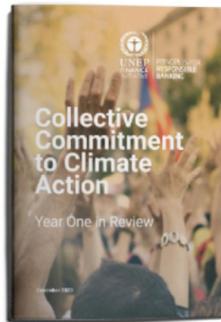
We are playing an instrumental role in major global initiatives to share in the international community's efforts to combat climate change and reinforce our status as a leading financial institution.

### Principles for Responsible Banking (PRB)

The Principles for Responsible Banking (PRB) are an international framework of UNEP FI defining the banking industry's roles and responsibilities to achieve the Paris Agreement and SDGs. Since joining the initiative as a signatory bank in September 2019, we have faithfully disclosed our performance in relation to the implementation of PRB via our website([KBFG's PRB Self-Assessment Report](#)).

### Collective Commitment to Climate Action (CCCA)

The Collective Commitment to Climate Action (CCCA) is an initiative aimed at helping banks faithfully follow PRB and jointly engage in climate action based on the Paris Agreement. In September 2019, we joined the initiative as the only Korea-based financial institution. We also took part in the publication of "[Collective Commitment to Climate Action, Year One in Review](#)" in December 2020, a joint report of the participating financial institutions for sharing the performance concerning support for transition into the low-carbon economy as well as their future plans.



CCCA a joint report

### Net-Zero Banking Alliance (NZBA)

[NZBA](#) is a leadership group of global banks with the aim of bringing global GHG emissions to net-zero by 2050. We participated in the Incubation Group for the establishment of NZBA in March 2021, contributing to the selection of implementation tasks and the drafting of the declaration, and, in April 2021, joined NZBA as its founding member. As one of the founding member of NZBA, we will set our GHG emissions reduction targets based on the initiative's guidelines and share the results transparently.

### EU Taxonomy

EU Taxonomy offers classification criteria for eco-friendly economic activities aimed at promoting sustainable finance. UNEP FI and the Banking Union of the EU created a working group of 26 global banks in September 2019, to establish EU Taxonomy and performed case studies to apply EU Taxonomy to financial products of banks. We were the only non-EU institution included in the working group. Our performance was covered in the [EU Taxonomy report](#) published in January 2021, and we presented suggestions concerning the development of an eco-friendly economic activity classification system for the financial industry accordingly. We are currently a member of the EU Taxonomy Phase II working group aimed at developing the guidelines for different products based on EU Taxonomy, taking the initiative in establishing an ESG system in the global financial market.



EU Taxonomy report

## Our Membership in Global Initiatives

We have joined diverse global initiatives to better incorporate ESG factors into our operation.

We strive to rapidly identify and resolve related issues by faithfully fulfilling these global initiatives.

Initiatives	Details	When we joined
	<b>UN Global Compact</b> The world's largest voluntarily formed private initiative for promoting sustainable management and the implementation of the ten principles in relation to human rights, labor conditions, environment, and anti-corruption	April 2009
	<b>UNEP Financial Initiative (UNEP FI)</b> A global initiative participated in by over 300 leading financial institutions and the only international partnership between UNEP and international financial sectors	August 2018
	<b>UN Principles for Responsible Banking (PRB)</b> A global initiative that defines the role and responsibility of the financial industry in ensuring the implementation of the Paris Agreement and SDGs and paving paths towards a sustainable future,	September 2019
	<b>Carbon Disclosure Project (CDP)</b> A global environmental initiative that helps corporations disclose their climate change response information and mitigate their climate change risk	July 2009
	<b>Task Force on Climate-Related Financial Disclosures (TCFD)</b> An initiative that recommends corporations to incorporate climate change risk into their financial information	October 2018
	<b>Equator Principles (EP)</b> Voluntary agreement by financial companies to stop funding projects worth \$10m or more when they are likely to incur environmental destruction or violations of the human rights of local residents	February 2021
	<b>Partnership for Carbon Accounting Financials (PCAF)</b> 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	April 2021
	<b>Science Based Targets initiative (SBTi)</b> 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	April 2021
	<b>Net Zero Bank Alliance (NZBA)</b> A leadership group of global banks with the aim of bringing global GHG emissions to net-zero by 2050	April 2021
	<b>Women's Empowerment Principles (WEPs)</b> A joint initiative undertaken by UN Women and UN Global Compact for women's empowerment	September 2019
	<b>Corporate Renewable Energy initiative (CoREi)</b> An initiative designed to help corporations voluntarily pledge to move into renewable energy and establish and implement renewable energy-related targets	June 2020
	<b>Biz N Biodiversity Platform</b> An initiative to help corporations recognize their global and social responsibility for biodiversity preservation and utilization, ensure biodiversity across all areas of activities from purchase to production, distribution, and assessment, and thereby driving action towards sustainability	May 2020

## 08

Driving  
KB GREEN WAVE581<sup>units</sup>  
hybrid vehicles**Carbon Emissions Reduction**

We have set a goal of reducing internal carbon emissions by 42% by 2030 and achieving carbon neutrality by 2040. We are taking diverse measures to achieve this goal, minimize our carbon footprint in every operations activity, and ensure efficient energy use. All our subsidiaries are pursuing carbon emissions reduction by saving electricity, promoting the use of eco-friendly products, reducing the use of copying paper, and expanding EVs for corporate vehicles. KB Kookmin Bank engages in a variety of energy saving activities to improve its electricity system, including the replacement of all lighting fixtures at its branches with LED lighting. A total of ₩8.5bn has been invested in lighting replacement for branch environment improvement over the past four years, successfully reducing 2,833 tons in GHG emissions.

**Expansion of Eco-friendly Vehicles**

We promote the use of eco-friendly vehicles for carbon emissions reduction. Existing fossil fuel vehicles are being replaced with EVs and hybrid vehicles upon their expiration, and EV charging facilities are being installed at our head office building. In April 2020, KB Kookmin Bank joined the “Transition into Korean Non-Polluting Vehicles 100(K-EV 100)” initiative led by the Ministry of Environment and proclaimed its pledge to replace all its corporate vehicles and rental vehicles with non-polluting EVs and hydrogen vehicles by 2030. As of April 2021, the number of hybrid vehicles operated by the Group stood at 581, and we plan to expand them continually. We are utilizing KB Kookmin Bank’s nationwide branch network to provide free EV charging services and contributing to the distribution of EVs. Our customers can charge their vehicles for free at charging stations installed at the Bank’s major branches. We plan to expand these stations based on our customers’ feedback.

**Environmental Management Certification Maintenance**

We are pushing ahead with eco-friendly management in compliance with ISO14001, the highest international standards for environmental management, in a systematic manner. Since attaining ISO14001 in 2010 for the first time in the industry, KB Kookmin Bank has successfully renewed and maintained certification. KB Securities, KB Insurance, KB Kookmin Card, and KB Capital have also attained and maintained ISO14001 with their global-standard environmental management systems. KB Kookmin Card provides additional points to suppliers candidates(for construction and general goods supply) equipped with eco-friendly certification(ISO14001, etc.) to encourage suppliers to adopt eco-conscious management practices. It also continues to expand the use of eco-friendly supplies such as Forest Stewardship Council(FSC)-certified paper for producing print materials.

**Publishing KB Green Report**

KB Kookmin Bank published [KB Green Report](#), which illustrates its ESG practices including climate action. KB Green Report transparently discloses the Bank’s performance in eco-friendly product expansion, climate change response, and eco-friendly community outreach programs. The Bank plans to actively communicate with outside stakeholders through the regular publication of the report.

**ESG Training for Employees**

We offer a range of training programs to engage all employees in ESG practices. KB Kookmin Bank produced a video material entitled “Mastering ESG in Just 5 Minutes” to enhance employees’ awareness on and support for ESG management. KB Insurance also produced a video material entitled “ESG Story”, which shares case studies of the company’s ESG practices.



KB Insurance’s “ESG Story”



#### KB GREEN WAVE

KB Kookmin Bank has staged “KB GREEN WAVE”, Go Green Campaign engaging both employees and customers. This campaign centers on the theme of “Less paper, No plastic, and Save energy”, encouraging all to reduce the use of paper passbooks and copying paper, energy and disposables. Costs saved through the campaign are donated to environmental organizations and projects for marginalized neighbors by the names of the Bank’s employees.

KB Kookmin Card’s all-year-round eco-friendly campaign for employees, “Green Easy Campaign for Everyday Life” promotes the paperless office, the use of personal tumblers, and the maintenance of environmentally conscious indoor temperatures. The company’s carbon emissions reduction efforts will continue throughout 2021 with the “1·1·1 Campaign”, which aims to encourage each individual employee to reduce one ton of GHG emissions throughout the year.

#### Nephron for Recycling

KB Kookmin Bank promotes consumers to take part in recycling through its AI-based recyclable waste collection machine Nephron. When PET bottles or cans are put into the machine, corresponding points are accumulated in the user’s account. For every point accumulated in a KB Kookmin Bank account through Nephron across the nation, the Bank has made a donation in proportion in the matching grant method. The Bank installed Nephron at seven schools in Seoul to improve students’ awareness on the importance of environmental conservation.



Recyclable waste collection campaign using Nephron

# Running a Responsible Business

Companies can create greater corporate value by efficiently managing risk, maintaining and enhancing their capacity to perform, and protecting their assets. They are required to fulfill ethical responsibilities as a corporate member of society, in addition to economic and legal responsibilities, and strive to comply with business ethics. We are equipped with a Group-wide risk management system and a well-organized response process. We identify and systematically manage environmental and social risks in advance in every business activity. We also make sure that our employees uphold ethical values as the foremost standard for all behaviors and to strictly adhere to them.

# 01

## Ethical Management to Become a Trusted Company

### Ethical Management System

The [KB Charter of Ethics](#), the uppermost ethical standards applied to all employees, was established in 2010. The Code of Conduct, Code of Practice for Employees and Supplier Code of Conduct were also established to clearly define and realize the highest level of ethical standards in every action and decision taken by employees and suppliers.

Code of Conduct	A set of rules, principles, and guidelines for ethical decisions and actions consistently applied to all employees Group-wide	<ul style="list-style-type: none"> <li>• Corruption and bribery, discrimination, and privacy</li> <li>• Conflict of interest and anti-competitive practices</li> <li>• Money laundering and insider trading</li> <li>• Environment and healthcare/safety</li> <li>• Whistleblowing</li> </ul>
Code of Practice for Employees	Specific guidance on actions in relation to how to comply with the KB Code of Ethics in handling day-to-day tasks designed based on each subsidiary's business scope	<ul style="list-style-type: none"> <li>• Conflict of interest</li> <li>• Investment in securities, etc.</li> <li>• Fair transactions</li> <li>• Important information management</li> <li>• Prohibition of accepting bribery and entertainment</li> <li>• External activities</li> <li>• Money laundering prohibition</li> </ul>
Supplier Code of Conduct	Ethical rules and guidelines to promote voluntary execution of suppliers	<ul style="list-style-type: none"> <li>• Respect for basic labor rights</li> <li>• Safety and healthcare</li> <li>• Environmental conservation</li> <li>• Adherence to market competition order and co-prosperity with suppliers</li> <li>• Compliance ethics of suppliers</li> </ul>

### Ethical Management Activities

All employees are required to take the oath of ethics and receive ethical management training to ensure their adherence to the KB Code of Conduct based on the KB Charter of Ethics. It is also mandatory for them to ensure compliance with Code of Practice for Employees in day-to-day tasks and immediately report any infringement. Inquiries in relation to its interpretation and application must be forwarded to and discussed with the relevant department in charge. Public officials, public institutions, etc., are defined in Chapter 6 "Prohibition of Accepting Bribery and Entertainment" of the Code of Practice for Employees pursuant to the Improper Solicitation and Graft Act, and detailed guidelines in relation to the provision of money and valuables have been specified and posted on the Regulation Bulletin for employees to readily refer to them whenever necessary. Each subsidiary works to create the environment that encourages employees to make ethical decisions for day-to-day tasks through the self-examination of compliance and the signing of the oath of ethics.

**Internal Control System**

We are equipped with an advanced compliance monitoring and reporting system to ensure robust internal control and ethical management. Our compliance monitoring programs include advance review of major tasks, the prevention of unfair financial investment product transactions, and the reinforcement of compliance checklist management and monitoring for each organizational unit. The Group-level compliance manager reports any violations detected to the compliance monitoring unit, and each subsidiary's compliance officer in charge of internal control supervision are obligated to submit the report on the subsidiary's compliance monitoring activities, etc., on a regular basis and notify any violations detected to the Group. Since 2016, the results of review of each subsidiary's internal control status have been reported to the Board of Directors annually pursuant to the Act on Corporate Governance of Financial Companies, while the Internal Control Committee, Compliance Monitoring Council, and Legal Affairs Council have been regularly held to share and address related issues in a timely manner.

**Whistleblowing**

We operate the whistleblowing system for our employees in order to ensure the effective operation of the internal control system, prevent the possible occurrence of financial accidents, and minimize the impact of accidents that have already occurred. We offer a wide range of whistleblowing channels, which include the hotline, email, website, and mobile app for external whistleblowers; the compliance officer hotline (personal mobile phone number, Viber, and Telegram); and the anonymous whistleblowing bulletin on the intranet line to maximize the system's effect and protect the identity and secure anonymity of each whistleblower.

**Prevention of Ethical Management Violations**

In order to prevent ethical management violations, we analyze the causes of past violations and monitor developments concerning major issues. We also make sure to take immediate actions whenever violations occur to instill ethical culture. Penalties for violating ethical requirements (from caution to dismissal) are determined based on the magnitude of the act pursuant to the internal control policies. Those subject to penalties are marked down in performance and promotion eligibility assessment, while violation cases are utilized as policies materials for compliance.

**1<sup>st</sup>**

Ranked first in the  
Comprehensive Assessment of  
Anti-Money Laundering

### Anti-Money Laundering Policy

We are striving to carry out substantive internal control measures differentiated for customers with varying risk factors and establish a money laundering risk assessment system from a Risk Based Approach(RBC) in compliance with the FATF Recommendations and the Act on Reporting and Use of Certain Financial Transaction Information. We categorize customers and transactions into the preset types differentiated based on money laundering risk levels and verify them stringently. We perform enhanced due diligence(EDD) for high-risk types. In 2020, we offered the Essential Anti-Money Laundering Training Course for the Group's executive management team to improve its interest in and capacity for anti-money laundering. We plan to expand and make this course available for the management teams of our subsidiaries as well. In 2020, KB Kookmin Bank developed the identification and reporting process for transactions with high money laundering risk using the AI-based suspicious transaction screening model. This process eases the burden of our branches to review and create suspicious transaction reports(STRs). It allows them to maintain a consistent quality of STRs and ensures that all suspicious transactions are reported without omission. The Bank established the system for automatically collecting and monitoring media reports and financial authorities' sanctions in relation to anti-money laundering(AML) using the robotic process automation(RPA) technology while ensuring preemptive risk management through the exclusively developed system for automatically collecting and providing basic data required to analyze corporate identification information and STRs for customer due diligence(CDD). The Bank also prevents and manages legal risks through the enhanced regular monitoring on the headquarters' level centered on high-risk transactions. The headquarters' regular monitoring of CDD is now being performed at drastically shortened intervals to ensure timeliness, with the items subject to monitoring further expanded for reinforced risk management. Based on such efforts for improvement, the Bank ranked first in the 2020 Comprehensive Assessment of Anti-Money Laundering of Financial Institutions organized by Korea Financial Intelligence Unit.

### Enhanced Stewardship Code Implementation

We are the first in the industry to have adopted the Stewardship Code, which is currently being applied to KB Kookmin Bank, KB Securities, KB Insurance, KB Asset Management, KB Life Insurance, and KB Investment. The Group's Stewardship Code implementation status is reported to the Board of Directors every year. In 2021, we established the standards for the exercise of proxy voting rights concerning environmental and social issues to expand the previously governance-centered stewardship responsibilities to span environmental and social factors and enhance the ESG assessment and implementation status monitoring. Each subsidiary specifies the Stewardship Code and its policy and guidelines on the exercise of proxy voting rights on its website to ensure transparency. In 2020, we conveyed our views through proxy voting 1,136 times for 185 domestic corporations and engaged in stewardship activities(sending public letters, confidential questions, etc.) as a responsible institutional investor in charge of our customers' assets.

### Fair Transactions and Co-prosperity with Suppliers

Based on our conflict of interest prevention policy, our employees are required to report to the head of their department or Compliance Officer if any of their stakeholders(including lineal family members, relatives, etc.) is involved in the contract process or in the department responsible for the contract process at a candidate supplier before determining suppliers of products and services. Integrity provisions must be included in the supplier contract, or the supplier must sign and submit an integrity oath to ensure transparency. Any violation of integrity-related provisions will be considered failure to meet bidder eligibility requirements. We listen to the voices of our suppliers through various communication channels and reflect them in our management to promote co-prosperity and reinforce their trust in us. We operate systems that enable regular discussions with our suppliers and resolve their grievances. We also ensure seamless communication with them at all times by capitalizing on a variety of channels.

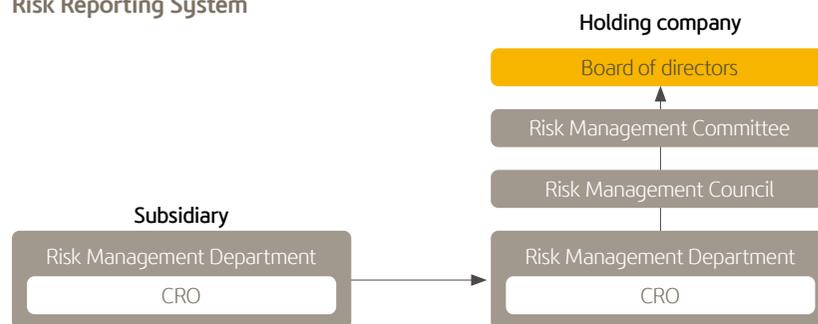
# 02

## Risk Management in Response to The Rapidly Changing Financial Environment

### Risk Governance

The Risk Management Committee, a subcommittee under the Board of Directors, establishes related policies, determines risk appetite, and sets risk limits, while also supervising risk management policies and system appropriateness, with authorities delegated by the board of directors. The Risk Management Council consisting of CROs at the holding company and each subsidiary discusses details required for the implementation of matters delegated by the Risk Management Committee, matters requested by the Business Management Committee, and risk management policies, monitors our risk management status, and takes necessary measures accordingly. The holding company's Risk Management Department regularly collects related data from our subsidiaries' risk management departments and CROs and submits reports on them to the Group CRO, Risk Management Council, Risk Management Committee, and Board of Directors to ensure systematic Group-wide risk management. The holding company's Auditing Department conducts an audit at least once a year on the appropriateness of tasks executed by our Group-level and subsidiary-level risk management departments to monitor our risk management performance and reports the findings at least once a year to the auditing executive officer, Auditing Committee, and Board of Directors.

### Risk Reporting System



### Risk Management System

Our risk management system focuses on improving our enterprise-wide risk transparency, preventing the risk transfer among our subsidiaries, and efficiently supporting our mid-to-long-term strategy and business decision-making

through preemptive response to the rapidly changing financial environment. It recognizes credit risk, market risk, operational risk, interest rate risk, insurance risk, liquidity risk, credit concentration risk, strategic risk, and reputational risk as major risks and thus measures and manages them as internal capital or VaR(value at risk) using statistical techniques.

### Risk Ombudsman

We elicit our employees' voluntary participation and interests in risk management and receive related feedback through the KB Protector system(risk ombudsman), etc. This system allows us to effectively highlight the importance of risk management Group-wide, receive reports on any incidents on the front lines that may pose risk well in advance, and thereby detect and redress risk factors in a preemptive manner. Reported content is delivered to the general managers of risk management department of each subsidiary in charge, who is required to take necessary measures and report the result to general managers of holding company's Risk Management Department.

### Risk Examination for New Products and Projects

Based on the risk impact of each new product or project, each subsidiary is required to perform the risk examination and gain prior approval of the Risk Management Council or the Risk Management Committee. The holding company's Risk Management Department reviews the new product or project of significance, which requires the deliberation of the Council and prior approval of the Committee, to control any implicit risk and ensure consistency in the Group-level asset management policy and risk management policy.

### Risk Management Training

In order to reinforce our risk management governance and capacity, we provide comprehensive orientation training on the Group-level risk management policy and methodology as well as our risk status to the Risk Management Committee members. Also, key Group-level risk management tasks and the current status is reported at least once a year. Each subsidiary's risk management department is responsible for establishing the annual training plan and offering education on risk management content and related issues targeting managers in charge and all employees.

# 03

## Human Rights Management Centered on People

### Human Rights Policy

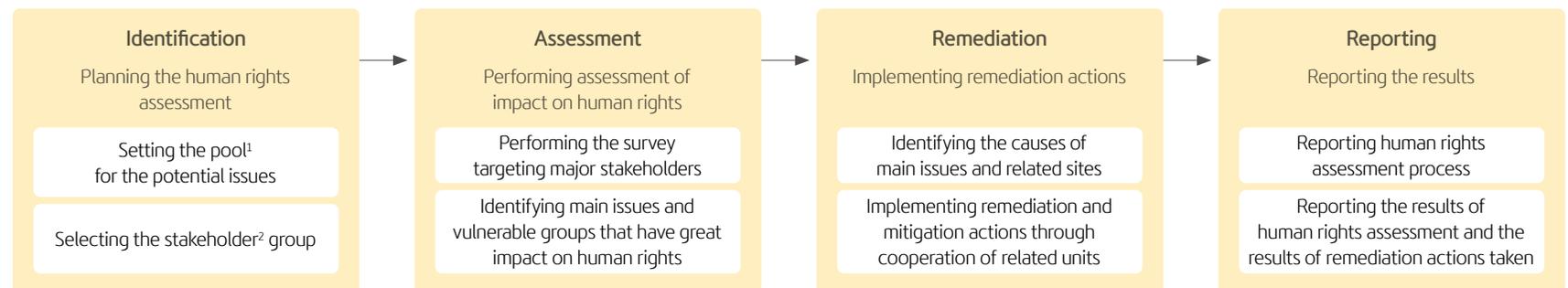
We aim to realize happiness of all our stakeholders including customers and build a better world by practicing human rights-friendly management and preventing all possible human rights violations in all our activities and decisions. In order to bring positive change to the world through our services and be recognized as the most trusted lifelong financial partner, we enacted the [Human Rights Policy](#) for the protection and promotion of human rights of customers, executives and employees, shareholders and investors, suppliers, and members of local communities we serve.

To ensure human rights-friendly management, we comply with international standards and guidelines concerning human rights and labor such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization Constitution. KB Financial Group Human Rights Policy applies to not only our subsidiaries but also joint ventures and suppliers. All our customers, suppliers, and stakeholders involved in any business interaction with the Group, as well as all KBFG employees, we will strive to follow this policy.

### Human Rights Assessment

We practice human rights-centered management based on our human rights policy, conduct inspections on the possibility of human rights risk and improvement activities, and disclose the results. We conduct a Group-wide assessment of human rights issues in order to identify potential human rights issues and take remediation actions. We conducted a human rights impact assessment with our entire operations, contractors and suppliers. We also consider all stakeholders who have business relationships with the Group such as acquisitions, mergers etc. In 2020, we established the pool of 20 human rights issues based on National Human Rights Commission of Korea's human rights management guidelines and identified relevant stakeholder groups. We identified 6 potential human rights issues, which significantly affect the Group, and sorted out 7 actual human rights issues, risks and vulnerable groups through interviews, internal analysis, and human rights survey. We came up with and implemented measures and tasks to mitigate the identified issues and risks with relevant departments. We will continue to regularly review identified human rights issues and concerns to develop and implement necessary mitigation measures.

### Our Human Rights Assessment Process



1 Forced labor, child labor, discrimination, human trafficking, equal remuneration, and freedom of association and collective bargaining

2 Employees, children, local communities(indigenous people), migrant workers, workers engaging in emotional labor(third-party contracted labor), and female workers when forming a pool of the potential issues

### Human Rights Assessment Results

Stakeholder	Potential issues and main issues identified(vulnerable groups)	Number of sites with mitigation plans	Details of remediation actions taken
Employees	<ul style="list-style-type: none"> <li>Prohibition of discrimination in relation to employment               <ul style="list-style-type: none"> <li>Support for training and development(career-interrupted female employees)</li> </ul> </li> </ul>	No. of sites with main issues identified: 4 No. and % of sites with remediation plan implemented: 4(100%)	<ul style="list-style-type: none"> <li>Support for capacity development of women on a career break               <ul style="list-style-type: none"> <li>WE STAR program launched</li> <li>Staging the healing academy and sending the monthly newsletter for employees on parental leave</li> <li>Expanding support for expenses related to self-led learning and certificate/license attaining for employees on parental leave</li> </ul> </li> <li>Setting up systems for promoting human rights of women               <ul style="list-style-type: none"> <li>Joining WEPs in September 2019</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Prohibition of forced labor               <ul style="list-style-type: none"> <li>Prevention of mandatory overtime work(employees)</li> </ul> </li> </ul>	No. of sites with main issues identified: 4 No. and % of sites with remediation plan implemented: 4(100%)	<ul style="list-style-type: none"> <li>Building the process to ensure compliance with statutory working hours               <ul style="list-style-type: none"> <li>Operation of the PC On/Off system, flexible working hour system(flex-time work)</li> </ul> </li> <li>Offering guidelines for innovating the working culture               <ul style="list-style-type: none"> <li>Guidelines for all employees - prevention of unnecessary stay on office and overtime work</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Occupational safety               <ul style="list-style-type: none"> <li>Physical/psychological health management(employees)</li> </ul> </li> </ul>	No. of sites with main issues identified: 2 No. and % of sites with remediation plan implemented: 2(100%)	<ul style="list-style-type: none"> <li>Providing employee health management programs and focused care for employees with abnormal conditions</li> <li>Offering psychological health checkup for employees               <ul style="list-style-type: none"> <li>Online counseling and psychological education(KB Hearim and special psychological support program)</li> <li>Healing program conducted in a green environment(KB Healing Camp)</li> <li>Stress control and psychological health management(KB Family Health Protection Service)</li> </ul> </li> <li>Completed Worksite Health Index assessment in November 2020</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Responsible supply chain management               <ul style="list-style-type: none"> <li>Protection of workers engaging in emotional labor(emotional workers)</li> </ul> </li> </ul>	No. of sites with main issues identified: 4 No. and % of sites with remediation plan implemented: 4(100%)	<ul style="list-style-type: none"> <li>Protection of workers engaging in emotional labor               <ul style="list-style-type: none"> <li>Reinforcing problematic consumer response procedures and extent(insults, threats, etc.)</li> <li>Operating the psychological stability support program for counselors</li> <li>Operating the complaint and inquiry discussion body twice a month(sharing cases and response measures)</li> <li>Allocating problematic complainers to other staff members when requested</li> <li>Operating a counseling bulletin to protect employees engaging in direct interactions with customers</li> </ul> </li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Guarantee of environmental rights               <ul style="list-style-type: none"> <li>Removal of environmental risk concerning places of business(local community)</li> </ul> </li> </ul>	No. of sites with main issues identified: 1 No. and % of sites with remediation plan implemented: 1(100%)	<ul style="list-style-type: none"> <li>Reinforced environmental impact assessment for project financing               <ul style="list-style-type: none"> <li>Specifying obligations in relation to environment-related laws, regulations, and authorization in the loan agreement for project financing</li> <li>Joining the Equator Principles in February 2021</li> </ul> </li> </ul>
Customers	<ul style="list-style-type: none"> <li>Consumers' human rights protection               <ul style="list-style-type: none"> <li>Reinforcing privacy protection(financial consumers)</li> <li>Ensuring accessibility of financial products and services(financial vulnerable consumers)</li> </ul> </li> </ul>	No. of sites with main issues identified: 4 No. and % of sites with remediation plan implemented: 4(100%)	<ul style="list-style-type: none"> <li>Inspection of IT security status and information protection compliance               <ul style="list-style-type: none"> <li>Performing the annual inspection of IT security status by an outside security expert</li> <li>Taking necessary measures for any improvement points detected through the inspection of IT security status and information protection compliance</li> </ul> </li> <li>Reinforced operation of ATMs for customers with disabilities               <ul style="list-style-type: none"> <li>Expanding ATMs for customers with disabilities(948 branches with automated counters)</li> </ul> </li> <li>Reinforced operation of 8 branches specialized in serving international customers               <ul style="list-style-type: none"> <li>Operating specialized branches and recruiting employees of different nationalities to enhance accessibility for migrant workers</li> </ul> </li> <li>One-company &amp; One-school financial education to provide financial training for future generations</li> </ul>

· We identified sites of own operations(46.15% of total assessed)and suppliers(30.77% of total assessed) where risks have been identified. Mitigation and remediation actions are implemented at 100%

# Governance

---

# 01

## Board of Directors

### Members of the Board of Directors

The KBFG Articles of Incorporation specifies that the number of non-executive directors should remain a majority of the entire Board of Directors and no less than five. This requirement is aimed at making sure that the Board of Directors stays true to its purpose based on the principle of checks and balances. As of March 2021, the Board of Directors consists of nine members including seven non-executive directors, one executive director, and one non-standing director. Jong kyoo Yoon, Chairman and CEO of KBFG, is serving as the executive director on behalf of the Group's executive management, and Yin Hur, CEO of KB Kookmin Bank, is serving as the non-standing director on behalf of our subsidiaries.

Category	Name	Gender	Nationality	Term of office	Area of expertise	Major career
Non-executive directors	Suk Ho Sonu	M	Korea	March 23, 2018–March 25, 2022	Financial/Risk Management, ESG/Consumer Protection	Professor, School of Business Administration, Hongik University
	Stuart B. Solomon	M	US	March 24, 2017–March 25, 2022	Finance, Business Administration	Chairman, MetLife
	Myung Hee Choi	F	Korea	March 23, 2018–March 25, 2022	Finance, Law/Regulation, ESG/Consumer Protection	Auditor, Korea Exchange Bank
	Kouwhan Jeong	M	Korea	March 23, 2018–March 25, 2022	Law/Regulation, ESG/Consumer Protection	President Attorney, NambuJeil Law and Notary Office
	Kyung Ho Kim	M	Korea	March 27, 2019–March 25, 2022	Financial/Risk Management, Accounting	Professor, School of Business Administration, Hongik University
	Seon Joo Kwon	F	Korea	March 20, 2020–March 19, 2022	Finance, Business Administration	CEO, Industrial Bank of Korea
	Gyutaeg Oh	M	Korea	March 20, 2020–March 19, 2022	Financial/Risk Management, Accounting, ESG/Consumer Protection	Professor, School of Business Administration, Chung Ang University
Executive director	Jong Kyoo Yoon	M	Korea	November 21, 2014–November, 20, 2023	Finance, Business Administration, Accounting	Chairman & CEO, KB Financial Group
Non-standing director	Yin Hur	M	Korea	November 20, 2017–AGM in March 2022	Finance, Business Administration	CEO, KB Kookmin Bank



Suk Ho Sonu  
(Chairman)



Stuart B. Solomon



Myung Hee Choi



Kouwhan Jeong



Kyung Ho Kim



Seon Joo Kwon



Gyutaeg Oh



Jong Kyoo Yoon



Yin Hur

## 8 subcommittee

under the Board of Directors

### Subcommittees under the Board of Directors

The Board of Directors operates a total of 8 subcommittees: the Risk Management Committee, Evaluation and Compensation Committee, Non-executive Director Candidate Nominating Committee, Audit Committee Member Nominating Committee(ad hoc), Audit Committee, CEO Nominating Committee, Subsidiaries' CEO Nominating Committee, and ESG Committee. These subcommittees carry out some of the Board's functions delegated pursuant to laws and the KBFG Articles of Incorporation. Each subcommittee consists of our directors equipped with expertise in the respective field. All subcommittees, except for the Subsidiaries' CEO Nominating Committee and ESG Committee, comprise of non-executive directors only.

Subcommittee	Function
Risk Management Committee	Building and determining policies and systems related to risk management
Evaluation and Compensation Committee	Building and determining policies and systems related to evaluation and compensation
Non-executive Director Candidate Nominating Committee	Managing and nominating non-executive directors
Audit Committee Member Nominating Committee	Nominating the Audit Committee member
Audit Committee	General management of audit works
CEO Nominating Committee	Establishing a plan for CEO succession and execution of succession procedures
Subsidiaries' CEO Nominating Committee	Establishing a plan for CEO succession in subsidiaries and execution of succession procedures
ESG Committee	Establishment of the Group's ESG strategy and policies

### Non-executive Director Selection Process

We make sure to comply with our principle of focusing on “shareholder representativeness, expertise, and diversity” when selecting non-executive directors. To this end, the Non-executive Director Candidate Nominating Committee is made up of four non-executive directors without any executive management. Each step in the process from “candidate pool formation” to “candidate pool assessment” and “candidate nomination” is operated separately with complete independence, and candidates are screened through multiphase, objective procedures.

- 1 Non-executive director candidate pool formation**

The Non-executive Director Candidate Nominating Committee receives recommendations from outside specialists and shareholders, reviews their qualifications, and forms a pool of candidates. We are the industry's first to have enabled all shareholders with a voting right to recommend a non-executive director candidate. Recommended candidates are categorized into seven areas of expertise(finance, business administration, financial/risk management, accounting, law/regulation, digital enablement/IT, and ESG/consumer protection) to ensure the Board's expertise and diversity.
- 2 Non-executive director candidate pool assessment**

The selection advisory group members, who are recognized for expertise in their involved fields from finance to governance and law, help screen candidates based on an objective and independent assessment. An outside specialist then runs a reputation check of each candidate. The Non-executive Director Candidate Nominating Committee reviews the results of the assessment and reputation check in a comprehensive manner and selects final candidates through in-depth discussions and voting.
- 3 Non-executive director candidate nomination**

Eligibility of new and reappointed non-executive director candidates pursuant to relevant laws(e.g., Act on Corporate Governance of Financial Companies) is reviewed, and qualifying candidates are recommended at the general shareholders' meeting. The Non-Executive Director Candidate Nominating Committee selects the final candidates through in-depth discussions and voting after comprehensively reviewing the objective evaluations of the selection advisory group members and reputation risk checks by outside specialists. We appoint Non-executive directors on a yearly basis. After the completion of the initial term of office for 2 years, reappointment is carried out annually.

## 02

## Board of Directors Policy

**Independence**

The Board of Directors focuses on preserving the independence of governance through various tools that enable non-executive directors to stay true to their purpose of checks and balances. Pursuant to the Articles of Incorporation, the number of non-executive directors is kept at a majority of the entire directors, and the role of CEO and chairman is split and the chairman of the Board is elected among non-executive directors by voting. All subcommittees, except for the Subsidiaries' CEO Nominating Committee and ESG Committee, comprise of only non-executive directors with the aim of ensuring the independence of each subcommittee's activities. Each step of the non-executive director selection process is carried out and managed separately with complete independence, thus keeping the objectivity and fairness in non-executive director nomination and appointment intact. All non-executive directors fulfill the eligibility requirements pursuant to relevant laws including the Act on Corporate Governance of Financial Companies, and their compliance with the legally specified eligibility requirements is prescribed in our quarterly business report. The authorities and duties of non-executive directors are mandated in the Board of Directors regulations, etc., to ensure their independence and the Board of Directors Secretariat supports non-executive directors by carrying out their decisions, etc. in an independent manner. A wide range of systems and policies, including the executive compensation liability insurance, are available to guarantee the independence of their activities.

**Transparency**

To reinforce governance transparency and objectivity, we disclose all our work standards, procedures, and outcomes via our website as mandated in our internal governance rules. The status, activities, and remuneration system of the Board of Directors and its subcommittees are transparently disclosed through the annual report on governance and the remuneration system.

**Expertise and Diversity**

We strive to ensure expertise and diversity of the Board of Directors to achieve sustainable growth, corporate value improvement, and the protection of our stakeholders' interest. To this end, we categorize non-executive director

candidates into the areas of expertise (finance, business administration, financial/risk management, accounting, law/regulation, digital enablement/IT, and ESG/consumer protection) to facilitate the selection of non-executive directors who fulfill eligibility requirements in relation to expertise specified in the Act on Corporate Governance of Financial Companies.

All non-executive directors fulfill eligibility requirements in relation to expertise specified in the Act on Corporate Governance of Financial Companies. As of the end of March 2021, we have two non-executive directors specializing in finance, two in financial/risk management, one in accounting, one in law/regulation, and one in ESG/consumer protection. There is no restriction on the gender, age, nationality, cultural background, race, etc., of candidates so as to ensure that the Board of Directors transcends all interests. As a result, two female non-executive directors have been appointed. We also have one non-Korean citizen non-executive director.

2 female

Non-executive directors

**Board Skills Matrix**

Category	Suk Ho Sonu	Stuart B. Solomon	Myung Hee Choi <sup>1</sup>	Kouwhan Jeong	Kyung Ho Kim	Seon Joo Kwon <sup>1</sup>	Gyutaeg Oh
Finance		●	●			●	
Business Administration		●				●	
Financial/Risk Management	●				●	●	●
Accounting					●		●
Law/Regulation			●	●			
Digital Enablement/IT							
ESG/Consumer Protection	●		●	●			●

1 Female non-executive director

# 03

## Board of Directors Operation

### Duties

The Board of Directors consists of regular and ad-hoc meetings, both of which are convened by the chairperson. A total of 20 meetings were held in 2020, and the average attendance rate recorded 100%, testifying to our fulfillment of responsible management. As a NYSE listed company, we are striving to meet the 75% attendance rate requirement for each individual director as guided by Institutional Shareholder Services(ISS). Meeting materials are to be delivered to each director at least seven days prior to the meeting date to allow for sufficient review. Non-executive directors-only meetings are also held to effectively keep the executive management in check, and support and advice of internal employees and outside experts are sought if deemed necessary. We also provide training on governance(roles of the Board of Directors and its members), the latest trends in the financial market, etc., to help them perform as an effective decision-making body.

### Prohibition of Holding Concurrent Offices

According to article 8, paragraph 3, subparagraph 4 of Enforcement Decree of the Act on Corporate Governance of Financial Companies, an independent non-executive director of listed bank holding company may not hold a position as an independent non-executive director, a non-standing director, or a non-standing auditor for other listed corporations, and may not hold a position as a director, an operating officer or an auditor for at least two corporations in addition to KB Financial Holding. All our non-executive directors are strictly complying with this legal requirement.

### Assessment of the Board of Directors and Non-executive Directors

The Board of Directors assessment is performed in four areas of “composition and efficiency”, “functions and roles”, “responsibilities”, and “shareholders’ right protection and shareholder relations” by the directors among themselves. Internal executive review and peer review are used to assess non-executive directors with faithfulness, expertise, leadership, and contribution as indicators. The results of the assessment of the Board of Directors are reported to the Board of Directors as feedback to ensure greater efficiency in its operation, as well as to the annual general shareholders’ meeting. The results of the assessment of non-executive directors are published in the annual corporate governance report to be taken into account for their future activities and to be used as reference materials by the Non-executive Director Candidate Nominating Committee for reappointment.

An independent assessment of board performance is carried out annually by the Korea Corporate Governance Service(KCGS)<sup>1</sup>. In 2020, we received the top rating of A+ for governance in recognition of our efforts to achieve transparent and sound governance.

# A+

Governance assessment rating  
by Korea Corporate Governance Service

<sup>1</sup> Korea Corporate Governance Service: An independent non-profit organization aimed at advancing the improvement of corporate governance and the capital market. This organization establishes governance norms and performs ESG assessment of Korea’s listed companies.

# 04

## Executive Performance Assessment and Compensation

### Compensation System

The executive management compensation program is approved by the Evaluation and Compensation Committee each year. The compensation program for the executive management consists of base pay and incentive pay. Base pay, which is paid on a monthly basis in a preset amount like an employee's monthly salary, is classified as a fixed compensation, while incentive pay(long-term and short-term), which varies based on the results of performance assessment, is classified as a variable compensation. Base pay and incentive pay are determined in accordance with the extent of responsibility and supervision of each individual and practices within the industry and the Group. In 2020, incentive pay accounted for over 50% of the compensation paid to our executive management.

### Executive Performance Metrics

The enterprise-wide performance metrics, both financial and non-financial, are applied to the CEO of the Group. Executives are assessed with the enterprise-wide performance metrics and the non-financial performance metrics personalized for different tasks. The financial metrics include profitability metrics(ROE, gross operating profit), soundness and risk management metrics(real NPL ratio, tier 1 capital ratio, RAROC), efficiency metrics(C/I ratio), and customer service metrics(number of customers involved in the Group's cross-activities), while shareholder value metrics(relative shareholder return, earnings per share) are used as long-term performance metrics. Non-financial metrics include performance in pushing ahead with tasks of strategic importance considering the Group's mid-to-long-term strategies and management plans. The ESG factors are incorporated into the performance metrics for the executive management to promote ESG management. Major indicators include carbon emissions reduction and ESG-related financial product expansion. We are making sure that our ESG strategies are implemented through these metrics.

### Criteria for Incentive Deferral, Adjustment, Clawback, and Payment Determination

Incentive pay is divided into short-term incentives(based on annual assessment) and long-term incentives(based on cumulative assessment spanning multiple years). However, regardless of this division, 40~60% of the total incentive pay determined through assessment(40% for the CEO) is paid in cash in a lump sum, and the remaining 60~40%(60% for the CEO) is converted into restricted stocks and paid in deferment over the period of 3 years or longer. For the CEO, the incentive pay deferral rate and the maximum performance period applied to incentive pay(the combination of the period subject to performance assessment and period of deferment) is set higher than the other members of the executive management. We are complying with the Enforcement Decree of the Act on Corporate Governance of Financial Companies by deferring the payment of at least 40% of incentive pay by 3 years or longer.

### Adjustment and Clawback Policies for Deferred Compensation or Paid Compensation

The deferred amount from among incentive pay is deferred for 3 years or longer. Our program is designed to adjust the amount when our corporate value is compromised and our stock price drops by applying the business performance-based fair market value at the time of payment. The fair market value is the arithmetic average of the closing prices weighted by the trading volumes for two months, one month, and one week reversely calculated from the base date, adapted from the stock purchase price calculation method specified in Article 176-7(Appraisal Rights of Shareholders) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act. Also, compensation is adjusted to claw performance compensation back in case of unethical acts, legal breach, loss occurrence, etc.

**CEO Compensation**

The total CEO compensation in 2020 stands at ₩2.657bn. Deferred short-term incentives of 11,090 shares and deferred long-term incentives of 28,134 shares are provided as long-term performance-linked shares. The actual amount of payment is determined afterwards by reflecting the fair market value on the date of payment. Furthermore, long-term performance-linked shares(22,712 shares a year) are additionally given as long-term incentives, and the actual number of shares to be provided is determined afterwards based on the results of the long-term performance assessment(Nov. 21, 2020~Nov. 20, 2023).

**Annual CEO and Employee Compensation Ratio**

Category	Amount(₩m)	Ratio(%)
Median value of employee compensation	134	19.83
Average value of employee compensation	155	17.14

\* The total amount of CEO compensation in 2020 stood at ₩2.657bn.

**Stock Ownership of the CEO and Executive Management**

Domestic laws limit an individual investor's stock ownership of a commercial bank to 4% to ensure financial institutions' role in pursuing public interest. As any policy in relation to the executive management's stock ownership itself clashes with domestic laws, we do not have any policy concerning the executive management's stock ownership. However, the executive management owns the Group's stocks for the purposes of responsible management and shareholder value enhancement.

**Stock Ownership of the CEO and Executive Management**

Position	Name	Shares(#)	Multiple of base salary
CEO	Jong Kyoo Yoon	21,000	2.03
	Gyeong Yeop Cho	1,500	0.26
Executives other than the CEO	Yeong Hyeok Cho	1,961	0.34
	Pil Gyu Lim	1,005	0.17
	Gi Hwan Kim	2,696	0.47

\* Based on the closing price(₩43,400) on December 30, 2020, the total value of the CEO's voting shares stands at ₩911.4m and the CEO's base salary is ₩450m.

# ESG Data Pack

---

- ▶ Customers
- ▶ Employees
- ▶ Community
- ▶ Environment
- ▶ Financials

## Customers

### Customer Satisfaction

			2018	2019	2020
KB Kookmin Bank	NCSI	rank	1	1	1
	NCSI	rank	2	2	2
	NCSI(Long-term Insurance)	rank	-	3	4
KB Insurance	NCSI(Car Insurance)	rank	-	4	4
	KS-SQI(Long-term Insurance)	rank	-	3	3
	KS-SQI(Car Insurance)	rank	-	4	3
KB Kookmin Card	NCSI	rank	3	3	3
	KCSI(Credit Card)	rank	3	3	3
	KCSI(Debit Card)	rank	1	1	1
	KS-SQI(Credit Card)	rank	3	3	3
	KS-SQI(Debit Card)	rank	1	1	1

### Customers Using Online Banking Services<sup>1</sup>

			2018	2019	2020
Customers subscribing for online banking services	%		74.8	76.5	79.0
Active users of online banking services	%		37.8	39.0	39.2
Actual users of KB Start Banking app	#m		6.53	7.14	8.04

### Customer Accessibility<sup>1</sup>

			2018	2019	2020
Universal counters	#		803	799	755
ATMs with zoom-in screen features for visually impaired	#		7,185	6,723	5,733
Braille and audio guidance ATMs	#		7,185	6,773	5,733
Wheelchair accessible ATMs	#		6,549	6,772	5,733
ATMs with biometric authentication(Easy Banking) <sup>2</sup>	#		-	3,750	3,906

<sup>1</sup> Based on KB Kookmin Bank data

<sup>2</sup> Bio Certification Service initiated in 2019 for the first time

## Employees

### Employees

			2018	2019	2020
Gender	Male	#	15,467	15,050	14,956
	Female	#	12,990	13,054	13,601
	Total	#	28,457	28,104	28,557
Conditions of contract	Executives	#	219	218	272
	Full time <sup>1</sup>	#	25,635	25,210	25,727
	Temporary	#	2,603	2,676	2,558
Position <sup>2</sup>	Section Chief~General Manager	#	14,445	14,230	15,266
	Associate~Assistant Section Chief	#	13,793	13,656	13,019
Nationality <sup>3</sup>	Korea	#	-	-	28,490
	U.S. <sup>4</sup>	#	-	-	13
	Canada <sup>4</sup>	#	-	-	12
	China <sup>4</sup>	#	-	-	11
	Others <sup>4</sup>	#	-	-	31
Age	<30 years	#	-	-	2,767
	30~49 years	#	-	-	18,533
	50+ years	#	-	-	7,257

### Diversity<sup>5</sup>

			2018	2019	2020
Children of veterans		#	662	1,332	1,321
Employees with disabilities		#	338	328	340
High school graduates <sup>6</sup>		#	298	277	299

1 Including unlimited contract workers

2 Excluding executives

3 Percentage of Korean nationals and foreigners in management positions: Korean nationals(99.84%), Canada(0.08%), U.S.(0.05%), China(0.02%), Others(0.02%)

4 Non-Korean employees at domestic corporations

5 2018: Based on KB Kookmin Bank, 2019~2020: Based on KB Financial Group

6 Calculation standards of different subsidiaries unified(high school graduates: employees recruited through the screening process providing preferential benefits to high school graduates; the figures herein are the number of those in service as of the end of each year)

			2017	2018	2019	2020	
<b>New Recruits</b>	<b>Gender</b>	Male	#	628	710	580	455
		Female	#	523	686	494	310
		Total	#	1,151	1,396	1,074	765
	<b>Age</b>	20s and younger	#	524	777	552	394
		30s	#	372	412	315	212
		40s	#	199	147	144	102
		50s and above	#	56	60	63	57
			2017	2018	2019	2020	
<b>Employees Repositioned through Annual Personnel Reshuffling</b>	<b>Gender</b>	Male	#	5,317	5,085	5,271	4,640
		Female	#	4,711	4,510	4,804	4,625
		Total	#	10,028	9,595	10,075	9,265
	<b>Position</b>	Executives	#	50	65	60	65
		Section Chief-General Manager (L2 and above)	#	5,218	4,704	5,076	4,609
		Associate-Assistant Section Chief	#	4,760	4,826	4,939	4,591
		Total	#	10,028	9,595	10,075	9,265
			2017	2018	2019	2020	
<b>Internal Hires<sup>1</sup></b>	Percentage of internal hires	%	89.7	87.3	90.37	92.37	

1 Calculation method: Employees repositioned through annual personnel reshuffling/(Number of new recruits+Employees repositioned through annual personnel reshuffling )

			2018	2019	2020	
<b>Turnover<sup>1</sup></b>	<b>Total turnover rate</b>		%	4.0	5.4	4.5
	<b>Voluntary turnover rate</b>		%	1.8	1.7	1.8
			2018	2019	2020	
<b>Total Turnover<sup>2</sup></b>	<b>Gender</b>	Male	%	-	-	6.9
		Female	%	-	-	1.7
	<b>Age</b>	<30 years	%	-	-	1.3
		30~49 years	%	-	-	1.2
		50+ years	%	-	-	11.2
	<b>Position</b>	Executives	%	-	-	13.6
		Section Chief~General Manager(L2 and above)	%	-	-	5.3
		Associate~Assistant Section Chief	%	-	-	3.1
				2018	2019	2020
<b>Voluntary Turnover<sup>2</sup></b>	<b>Gender</b>	Male	%	-	-	2.5
		Female	%	-	-	0.9
	<b>Age</b>	<30 years	%	-	-	1.3
		30~49 years	%	-	-	1.1
		50+ years	%	-	-	2.8
	<b>Position</b>	Executives	%	-	-	13.6
		Section Chief~General Manager(L2 and above)	%	-	-	0.8
		Associate~Assistant Section Chief	%	-	-	2.4

1 Based on KB Kookmin Bank data

2 Based on KB Kookmin Bank data, Data accumulated from 2020 onwards

			2018	2019	2020	
<b>Childcare Leave<sup>1</sup></b>	Employees eligible for childcare leave <sup>2</sup>	Male	#	-	3,277	3,394
		Female	#	-	4,239	4,152
		Total	#	-	7,516	7,546
	Employees who used childcare leave	Male	#	42	89	105
		Female	#	604	1,112	987
		Total	#	646	1,201	1,092
	Employees who returned to work after childcare leave	Male	#	35	67	120
		Female	#	711	2,440	4,762
		Total	#	746	2,507	4,882
	Employees who served for over 12 months after returning from childcare leave <sup>2</sup>	Male	#	-	35	116
		Female	#	-	2,059	4,473
		Total	#	-	2,094	4,589
			2018	2019	2020	
<b>Labor Practices<sup>3</sup></b>	Employees covered by labor union	%	82.3	81.6	80.8	
	Employee grievances resolved	#	109	84	90 <sup>4</sup>	
			2018	2019	2020	
<b>Industrial Accidents<sup>3</sup></b>	Absenteeism	days	49	35	147	
	Absentee rate	%	0.0011	0.0008	0.00321	

1 Employees with children aged 9 or younger or children in the third grade or younger, 2018: Based on KB Kookmin Bank, 2019~2020 Based on KB Financial Group

2 Data accumulated from 2019 onwards

3 Based on KB Kookmin Bank data

4 Including harassment cases(KBFG in 2020: 3 cases)

			2018	2019	2020		
<b>Training<sup>1</sup></b>	<b>Average training expense per employee</b>		₩10k	137	142	84	
	<b>Average training hours per employee</b>		hours	176	113	98	
	<b>Average training hours per employee - detail<sup>2</sup></b>	Gender	Male	hours	-	-	87.7
			Female	hours	-	-	110.3
		Age	<30 years	hours	-	-	134.9
			30~49 years	hours	-	-	101.7
50+ years			hours	-	-	73.7	
			2018	2019	2020		
<b>Ethical Management</b>	<b>Average ethics training hours per employee<sup>1</sup></b>		hours	8.3	9.7	9.3	
	<b>Employees' violation of code of conduct<sup>3</sup></b>	Conflict of interest		#	0	0	0
		Investment in securities, etc.		#	0	0	0
		Violation of fair trade		#	0	1	5
		Violation of important information management		#	0	4	4
		Receiving graft and entertainment		#	0	0	0
		Violation of external activity policy		#	0	0	0
		Violation of anti-money laundering		#	0	0	3
	<b>Actions taken on violations<sup>4</sup></b>	Pay cut		#	0	0	0
		Reprimand		#	0	0	1
		Warning		#	0	1	3
		Others		#	0	4	8

1 2018-2019: Based on KB Kookmin Bank data,  
2020: Based on KB Financial Group, Written/Digital Acknowledgment rate of code of conduct 100%

2 Data accumulated from 2020 onwards

3 Violations of the Employee Code of Conduct for Compliance(2020)

- Violations of fair trade: Violation of the obligation for filling out the required fields in basic documents(illegitimate underpayment of insurance benefits), unsound collective investment asset management in violation of the collective investment agreement
- Violations of important information management: Violation of the obligation to ensure the security of electronic financial transactions, violation of the obligation for security measures concerning the credit information system, final ruling of the Supreme Court of Korea for criminal proceedings concerning information theft, failure to delete and separately store personal credit information of customers who completed transactions
- Violations of anti-money laundering: Violation of the obligation to report transactions of large amounts of cash, violations of the obligation to come up with guidelines for the prevention of money laundering, etc.

4 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.

## Community

### Charitable Contributions and Volunteering Hours

		2018	2019	2020
Charitable contributions <sup>1</sup>	₩100m	1,304	1,031	1,136
Total employee volunteering hours <sup>2</sup>	hours	236,366	171,296	77,859
Average volunteering activity hours per employee	hours	8.4	6.0	2.7
Monetary value of employee volunteering during daily working hours	₩100m	50	38	27
Management overhead <sup>3</sup>	₩100m	28.3	30.2	29.2
Political contributions <sup>4</sup>	₩	-	-	-

### Community Contributions for Youth

			2018	2019	2020	
「Youth Mentor, KB!」	Beneficiaries	Study Mentoring	#	3,300	6,021	2,980 <sup>5</sup>
		Career Mentoring	#	8,165	9,005	231 <sup>6</sup>
		Digital Mentoring	#	1,100	3,194	5,480
		Beneficiaries	#	12,565	18,220	8,691
	Contributions	₩100m	40	62	74	
Building and expanding all-day elementary afterschool care classrooms	Schools supported	#	243	204	162	
	Classrooms built	#	369	320	290	
	Contributions	₩100m	128	100	96	
Building and expanding public kindergartens	Schools supported	#	55	129	101	
	Classrooms built	#	76	211	180	
	Contributions	₩100m	22	50	54	
KB Foundations scholarship	Beneficiaries	#	260	391	264	
	Contributions	₩100m	6	6	4.89	

1 Charitable contributions composition: Charitable donations(0.9%), Community investments(72%), Commercial initiatives(27.1%)

2 Decrease in face-to-face volunteer work hours of employees due to the COVID-19 pandemic

3 Costs associated with having in place a community affairs functions

4 In Korea, businesses are prohibited from making political contributions by the Political Funds Act. KB Financial Group prohibits political contributions to organizations based on our internal policy on charitable contributions

5 Change in the support method due to the conversion to the contact-free program

6 Number of beneficiaries reduced as volunteer activities were performed in a contact-free manner due to COVID-19 (900,000 views of the career path mentoring video not included).

		2018	2019	2020		
<b>Support for Global Families</b>	Employees who participated in KB Hopeful Voice Sharing	#	23	0 <sup>1</sup>		
	Beneficiaries of KB Korean Language Class in Myanmar	#	493	381		
	Beneficiaries of medical support for migrant workers	#	1,980	0 <sup>1</sup>		
<b>Financial Education</b>	Beneficiaries of financial education(offline)	#	137,509	73,031		
	Beneficiaries of financial education(online & mobile web)	#	52,496	53,813		
	<b>Total</b>	#	190,005	126,844		
<b>Job Creation through KB GoodJob</b>	Individual members of KB GoodJob website(cumulative)	#	59,092	73,390		
	KB GoodJob Academy participants	#	552	0 <sup>1</sup>		
	KB GoodJob School participants	#	208	228		
	People employed through KB GoodJob Fair(cumulative)	#	8,464	15,058		
<b>Consulting Services for SMEs and Small Businesses</b>	Consulting Services for SMEs and Small Businesses	KB Wise Consulting services offered	#	267	247	218
		KB SOHO Business Incubating Consulting services offered <sup>2</sup>	#	749	1,674	6,875
	Policy Fund Platform (KB bridge) <sup>3</sup>	Mobile app downloads(cumulative)	#	-	12,689	135,195
		Cases linked with SOHO consulting	#	-	-	3,196

1 Cancelled due to the COVID-19 situation

2 Increase in the number of cases due to the expansion of financial counseling in relation to the provision of policy funds for those affected by COVID-19

3 Launched in the second half of 2019

			2018	2019	2020	
<b>Support for Fintech Startups<sup>1</sup></b>	KB Starters	Startup partners	#	56	76	111
		Investment	₩100m	134.0	326.0	523.0
	FUTURE9	Startup partners	#	19	29	15
		Investment	₩100m	3.2	14.7	57.0
	Total	Startup partners	#	75	105	126
		Investment	₩100m	137.2	340.7	580.0

			2018	2019	2020	
<b>Expenses for Supporting Major Associations<sup>2</sup></b>	Korea Financial Investment Association		₩100m	33.0	33.5	34.0
	Korea Federation of Banks		₩100m	26.4	26.9	29.1
	General Insurance Association of Korea		₩100m	21.2	22.4	29.7
	The Credit Finance Association		₩100m	13.5	12.0	14.5
	Korea Life Insurance Association		₩100m	3.1	3.3	9.6 <sup>3</sup>
	Korea Federation of Savings Banks		₩100m	2.1	2.3	1.8
	Others		₩100m	3.0	3.9	3.4
	Total		₩100m	102.2	104.3	122.1

			2018	2019	2020	
<b>Supply Chain<sup>4</sup></b>	Business partners self-assessed for supply chain sustainability		#	141	135	139

1 Cumulative

2 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. However, we sponsor politically neutral organizations for public interest, etc.

3 Increased from 2020 onwards due to the inclusion of Prudential Life Insurance

4 Based on KB Kookmin Bank data

## Environment

### Operational GHG Emissions (Scope 1+2)

		2017	2018	2019	2020	
GHG emissions	Scope 1	tCO <sub>2</sub> eq	19,179	19,021	18,980	17,861
	Scope 2	tCO <sub>2</sub> eq	112,322	111,994	111,731	122,027 <sup>1</sup>
	Total GHG emissions	tCO <sub>2</sub> eq	131,501	131,015	130,711	139,888
Emissions intensity	Operating revenue <sup>2</sup>	₩bn	39,223	42,027	47,169	55,680
	Intensity	tCO <sub>2</sub> eq/₩bn	3.35	3.12	2.77	2.51

### Asset Portfolio's GHG Emissions<sup>3</sup> (Scope 3)

	Exposures by asset class (₩tn)	Financed emissions (tCO <sub>2</sub> eq)	Target coverage
Corporate loans	39.6	17,010,383	Fossil fuel companies: 98.9% Other companies: 100%
Corporate bonds	10.2	6,119,007	Listed companies: 100%
Litsed equity	1.9	1,397,165	Listed companies: 100%
Electricity generation Project Finance	2.3	2,172,390	Power generation: 100%
Commercial Real Estate	5.1	62,243	Gross floor areas: 78.4%
<b>Total</b>	<b>59.1</b>	<b>26,761,188</b>	

1 Causes of increase in emissions

- Increase in reporting scope due to acquisition of Prudential Life Insurance
- Temporary dual operations of large buildings until the move into newly constructed buildings such as new head office of KB Kookmin Bank and the Group's data center is completed

2 Based on the Group's operating revenue

3 As of 2019

Carbon emissions of our asset portfolio were calculated based on the methodology of PCAF. Only those assets, for which 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).

4 Corporate loans, corporate bonds, and listed equity refer to companies with total exposures of ₩3bn or more and companies subject to emissions regulations such as emissions trading scheme and target management system from among those with total exposures or less than ₩3bn

			2017	2018	2019	2020	
<b>Energy Consumption</b>	Energy consumption	MWh	240,932	240,227	239,663	<b>261,748</b>	
	New and renewable energy consumption	kWh	174,338	345,951	487,272	<b>471,128</b>	
			2017	2018	2019	2020	
<b>Water Consumption</b>	Water consumption	m <sup>3</sup>	277,454	277,999	273,723	<b>278,135</b>	
	GHG emissions	tCO <sub>2</sub> eq	183	183	181	<b>184</b>	
			2017	2018	2019	2020	
<b>Paper Consumption</b>	Paper consumption	ton	2,033	2,063	1,976	<b>1,847</b>	
	GHG emissions	tCO <sub>2</sub> eq	2,277	2,311	2,213	<b>2,069</b>	
			2017	2018	2019	2020	
<b>Waste</b>	Waste to landfill	ton	1,930	1,964	1,915	<b>1,948</b>	
	GHG emissions	tCO <sub>2</sub> eq	656	668	651	<b>662</b>	
			2017	2018	2019	2020	
<b>Business Travel<sup>1</sup></b>	Business travel	Air	km	10,549,840	11,259,618	12,714,701	<b>1,783,669</b>
		Train	km	3,044,580	2,892,919	2,085,149	<b>1,496,211</b>
		Bus	km	447,632	112,278	79,718	<b>8,342</b>
		Total	km	14,042,053	14,264,815	14,879,569	<b>3,288,222</b>
	GHG emissions	Air	tCO <sub>2</sub> eq	1,582	1,689	1,907	<b>268</b>
		Train	tCO <sub>2</sub> eq	91	87	63	<b>45</b>
		Bus	tCO <sub>2</sub> eq	12	3	2	<b>0.2</b>
		Total	tCO <sub>2</sub> eq	1,686	1,779	1,971	<b>313</b>

<sup>1</sup> The sum may not equal the total due to rounding off.

			2018	2019	2020	
<b>Capital Goods and Purchased Goods</b>	Desktop	#	1,725	4,335	9,833	
		tCO <sub>2</sub> eq	56	142	321	
	Laptop	#	220	492	2,376	
		tCO <sub>2</sub> eq	4	9	44	
	Monitor	#	3,290	13,809	5,509	
		tCO <sub>2</sub> eq	51	214	85	
	Multi-functioning printer	#	1,314	612	514	
		tCO <sub>2</sub> eq	521	243	204	
	<b>Purchased goods</b>	Bankbook	kg	285,826	246,812	214,124
			tCO <sub>2</sub> eq	320	276	240
Credit card		kg	68,294	56,171	57,567	
		tCO <sub>2</sub> eq	92	75	77	
			<b>2018</b>	<b>2019</b>	<b>2020</b>	
<b>Usage and Disposal of Goods Sold</b>	Usage of goods sold	E-banking	tCO <sub>2</sub> eq	7,633	9,976	14,412
		Accounts terminated	kg	75,949	70,944	62,327
<b>Disposal of goods sold</b>	Disposal of goods sold	Accounts terminated	tCO <sub>2</sub> eq	9	9	8
		Cards terminated	kg	57,519	29,360	26,001
			tCO <sub>2</sub> eq	135	69	61

## Financials

### Financial Performance<sup>1</sup>

		2018	2019	2020
Total assets	Wtn	480	519	611
Operating revenue	Wtn	42	47	56
Net income	Wtn	3.1	3.3	3.5

### Credit Ratings

		2018	2019	2020
KB Financial Holding	Moody's	-	A1	A1
	Standard & Poor's	-	A	A
KB Kookmin Bank	Moody's	Aa3	Aa3	Aa3
	Standard & Poor's	A+	A+	A+
	Fitch	A	A	A
KB Securities	Moody's	A3	A3	A3
	Standard & Poor's	A-	A-	A-
	Fitch	A-	A-	BBB+
KB Kookmin Card	Moody's	-	A2	A2
	Fitch	A-	A-	-
KB Capital	Moody's	-	-	A3
KB Insurance	A.M.Best	A	A	A

1 Based on consolidated data of all subsidiaries including the holding company

			2018	2019	2020	
<b>Distribution of Economic Value<sup>1</sup></b>	Customer	Interest on deposits	₩100m	30,417	34,811	29,168
	Shareholders and investors	Dividend	₩100m	7,597	8,611	6,897
	Employees	Pay and benefits	₩100m	38,744	39,553	43,432
	Community	Total social contributions	₩100m	2,288	2,000	2,073
	Government	Corporate tax	₩100m	12,396	12,208	12,594
	<b>Total</b>		₩100m	91,442	97,183	94,164

		Issued stocks(shares)	Percentage(%)
<b>Stock Types and Voting Rights<sup>2</sup></b>	Preferred stock	-	-
	Common stock – with voting rights	389,634,335	93.71
	Common stock – treasury stock	26,173,585	6.29
	<b>Total</b>	<b>415,807,920</b>	<b>100</b>

		Number of shares held	Ownership(%)
<b>Shareholders with Over 5% Ownership<sup>3</sup></b>	National Pension Service	41,287,280	9.93
	JP Morgan Chase Bank <sup>4</sup>	25,053,574	6.03
	BlackRock Fund Advisors	25,050,939	6.02

1 Based on consolidated data of all subsidiaries including the holding company

2 One voting right per share pursuant to the Commercial Act. We do not offer a dual class right based on our Articles of Incorporation. Pursuant to Article 29 of the Articles of Incorporation, only one voting right is given per share.

The total number of our issued stocks stands at 415,807,920 as of December 31, 2020, and the number of treasury stocks is 26,173,585.

3 As of April 2021, KBFG does not hold golden shares for the government

4 JP Morgan Chase Bank is a DR depository and voting rights are granted to DR owners

Tax Information <sup>1</sup>		W100m	Operating revenue	Operating income	Income tax accrued	Corporate tax <sup>2</sup>	Taxes and dues by region(%)
	Korea	W100m	543,021.7	43,943.0	7,204.6	12,173.3	96.66
	China	W100m	2,083.0	181.1	6.8	36.8	0.29
	U.S.	W100m	1,217.9	278.6	0.3	63.6	0.51
	Vietnam	W100m	500.2	167.2	12.2	36.5	0.29
	U.K.	W100m	393.3	49.3	1.5	20.6	0.16
	New Zealand	W100m	160.7	46.7	5.8	15.9	0.13
	Cambodia	W100m	5,825.4	1,567.1	330.4	310.7	2.47
	Japan	W100m	178.8	37.2	11.6	9.4	0.07
	Laos	W100m	113.8	72.5	0.4	4.4	0.03
	Singapore	W100m	0	0	0	0	0.00
	Indonesia	W100m	1,785.0	(606.3)	(9.0)	(128.2)	(1.02)
	Hong Kong	W100m	870.5	175.0	16.2	35.5	0.28
	India	W100m	78.0	3.0	0	0.3	0.00
	Myanmar	W100m	73.5	8.5	0	4.7	0.04
	others	W100m	500.0	237.0	69.0	10.0	0.08
	<b>Total</b>	W100m	556,801.8	46,159.9	7,649.8	12,593.5	100.00

BIS Leverage Ratio		W100m	2018	2019	2020
	(Basel III) Tier 1 capital	W100m	329,938	354,261	368,958
	(Basel III) Total exposure	W100m	5,056,032	5,494,772	6,178,303
	(Basel III) Leverage ratio	%	6.53	6.45	5.97

Net Defined Benefit Liabilities		W100m	2018	2019	2020
	Current value of net defined benefit liabilities	W100m	21,723	23,418	25,483
	Fair value of plan assets	W100m	19,100	(20,887)	(23,030)
	<b>Net defined benefit liabilities</b>	W100m	2,622	2,530	2,454

1 The sum may not equal the total due to rounding off

2 K-IFRS accrual basis

**Inclusive  
Finance –  
Loans**

		2018	2019	2020
KB Miso Microfinance <sup>1</sup>	₩100m	343	294	269
KB New Hope Spore II <sup>1</sup>	₩100m	11,115	11,740	12,170
KB Sunshine Loan	₩100m	2,079	2,101	2,024
KB Sunshine Loan 17	₩100m	–	441	789
KB College Student and Youth Sunshine Loan	₩100m	400	289	183
KB “Sah-it-dol” Middle Interest Rate Loan	₩100m	889	659	426
KB “Sah-it-dol II” Loan	₩100m	258	175	141
KB Change Dream Loan	₩100m	425	400	217
KB Happy Dream Loan II	₩100m	5	9	10
KB Stepping Stone Loan <sup>1</sup>	₩100m	3	5	6
Assistance for People with Disabilities Loan	₩100m	85	73	62
KB Safety Net Loan	₩100m	29	44	34
KB Vita Loan	₩100m	877	2,755	6,418
<b>Total</b>	₩100m	16,509	18,985	22,749

1 Data corrected due to the change of the calculation method

**Inclusive  
Finance –  
Deposits**

		2018	2019	2020
KB Miso Dream Installment Savings Plan	₩100m	9	4	2
KB Kookmin Property Formation Savings	₩100m	31,236	35,033	24,139
KB Kookmin Fixed Rate Property Formation Savings	₩100m	2,127	2,626	2,899
KB Good Nuri Installment Savings Plan <sup>1</sup>	₩100m	13	65	131
KB Kookmin Happiness Installment Savings Plan	₩100m	787	1,281	1,703
KB Love Sharing Installment Savings Plan	₩100m	388	133	15
KB Young Youth saving plan <sup>2</sup>	₩100m	6,412	3,779	2,809
KB Happiness Keeper Bank Account	₩100m	92	122	181
KB Kookmin Hope Keeper Bank Account	₩100m	70	79	90
KB Patriotic War Veterans Keeper Assurance Bank Account	₩100m	24	32	44
KB National Pension Assurance Bank Account	₩100m	295	396	589
KB Kookmin Government Employee Pension Lifetime Assurance Bank Account	₩100m	25	38	53
KB Teachers Pension Lifetime Assurance Bank Account	₩100m	17	22	26
KB Military Pension Lifetime Assurance Bank Account	₩100m	-	2	5
KB Love Sharing Installment Bank Account	₩100m	59	44	62
<b>Total</b>	₩100m	41,554	43,656	32,748

1 Data corrected due to the change of the calculation method

2 Balances of KB Junior Life Installment Savings and KB Young Youth Installment Savings combined as the former was changed to the latter after the completion of its sale in September 2018

**ESG Finance –  
Corporate/  
Investment  
Banking**

ESG business	Category		2020
Green credit, ESG loans	Prevention of environmental pollution	W100m	27,223
	Support for SMEs and microfinance	W100m	28,009
	Energy efficiency	W100m	11,064
	Multiple themes	W100m	17,316
	Subtotal	W100m	83,612
<b>Total amount of corporate loan products</b>		W100m	<b>1,356,859</b>
<b>Ratio of ESG loans</b>		%	<b>6.2</b>
ESG bond	Sustainability theme	W100m	45,571
	Green transportation	W100m	-
	Multiple themes	W100m	-
	Subtotal	W100m	45,571
<b>Total amount of bond issued</b>		W100m	<b>185,000</b>
<b>Ratio of ESG bonds</b>		%	<b>24.6</b>
Green and sustainable infrastructure financing	New and renewable energy	W100m	12,671
	Sustainable water and sewage management	W100m	2,737
	Housing support for the vulnerable and the working class	W100m	362
	Multiple themes	W100m	3,596
	Subtotal	W100m	19,366
<b>Total amount of PF investment</b>		W100m	<b>152,588</b>
<b>Ratio of ESG PF</b>		%	<b>12.7</b>

**ESG Finance –  
Asset  
Management**

ESG business	Category		2020
ESG asset management	New and renewable energy	W100m	12,657
	Sustainable water resource and sewage management	W100m	4,467
	Multiple themes	W100m	2,569
	Subtotal	W100m	19,693
<b>Total amount of asset management</b>		W100m	<b>450,264</b>
<b>Ratio of ESG investments</b>		%	<b>4.4</b>

**ESG Finance –  
Retail Banking**

ESG business	Category		2020
Green credit, ESG loans	Socioeconomic development and human rights advancement	W100m	46,352
	Green transportation	W100m	-
	Green building	W100m	382
	Multiple themes	W100m	-
	Subtotal	W100m	46,734
<b>Total amount of retail loans</b>		W100m	<b>1,639,795</b>
<b>Ratio of ESG loans</b>		%	<b>2.8</b>
ESG investment product	ESG integrated investment	W100m	3,710
	Theme investment	W100m	2,512
	Impact investment	W100m	12
	Others	W100m	53,827
	Subtotal	W100m	60,061
<b>Total amount of retail banking investment products</b>		W100m	<b>3,149,971</b>
<b>Ratio of ESG investment</b>		%	<b>1.9</b>

# Appendix

---

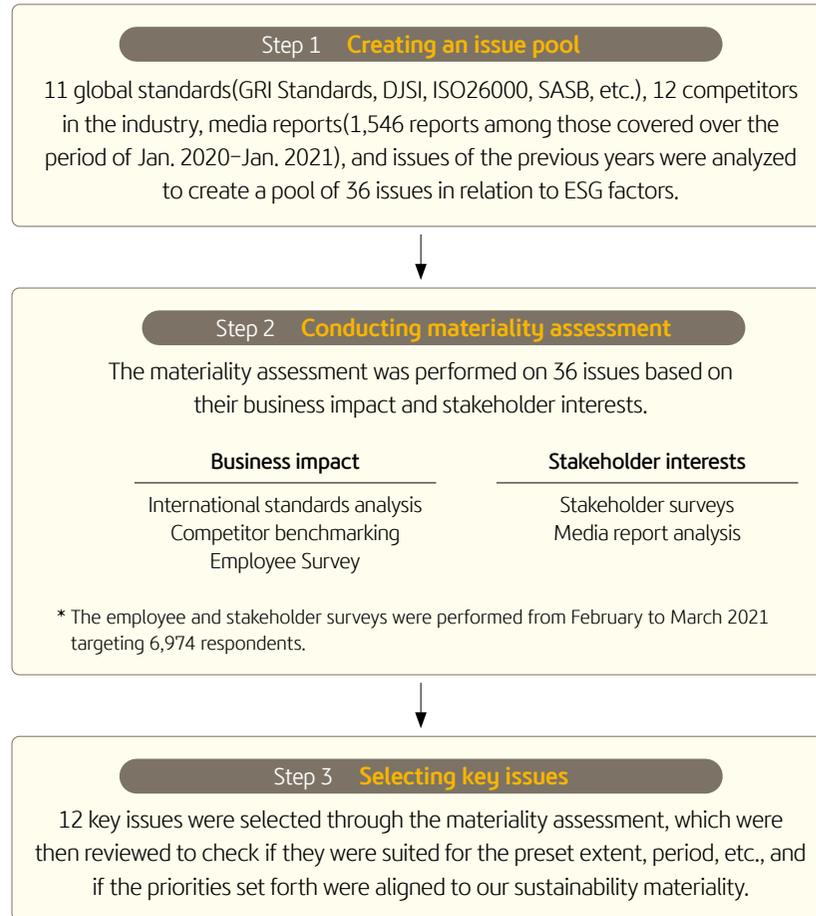
- ▶ Materiality Assessment
- ▶ Stakeholder Engagement
- ▶ GRI Index
- ▶ SASB Index
- ▶ TCFD Index
- ▶ Third-party Assurance Statement

# 01

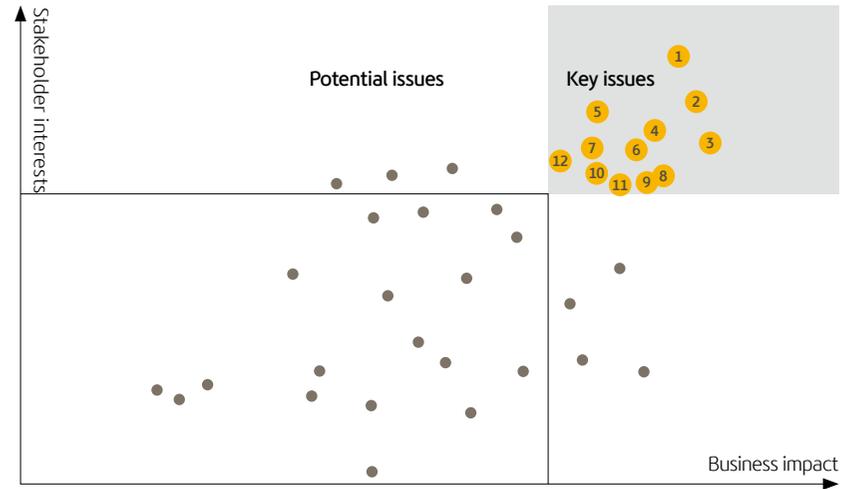
## Materiality Assessment

We conducted the materiality assessment to analyze the relevance between and importance of diverse ESG issues and our activities. A pool of 36 issues was sorted out by analyzing international standards, benchmarking our competitors in the industry, and studying media reports. Among the 36 issues, 12 were screened based on their business impact and stakeholder interests. This report is centered on these 12 issues to faithfully fulfill stakeholders' expectations.

### Materiality Assessment Process



### Materiality Assessment Results

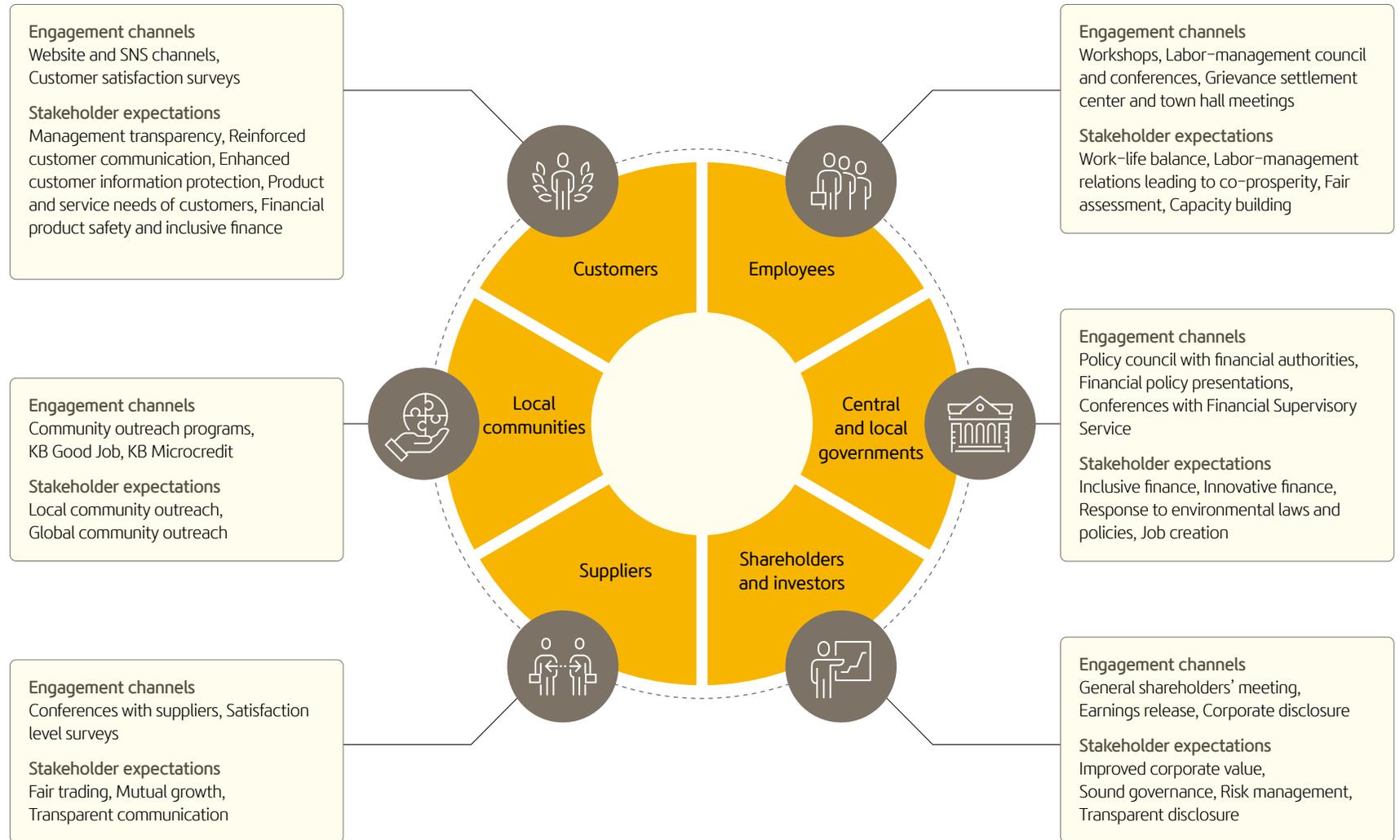


Category	Key issues
Customers/products	1 Improving accessibility and convenience
Customers/products	2 Reinforcing personal information protection
Executives and employees	3 Providing fair assessment and rewards
Executives and employees	4 Building a favorable corporate culture
Local communities	5 Enhancing inclusive finance
Local communities	6 Engaging in strategic community outreach programs
Customers/products	7 Developing environmentally and socially responsible ESG products and services
Environment	8 Building a climate change response system
Governance	9 Expanding ethical management activities
Management performance	10 Enhancing integrated financial and ESG risk management
Management performance	11 Achieving financial digitalization and innovation
Environment	12 Intensifying GHG emissions reduction management

# 02

## Stakeholder Engagement

Our stakeholders, who exert a significant impact on our activities, are categorized into customers, employees, the central and local governments, shareholders and investors, suppliers, and local communities. We focus on collecting their opinions through various internal and external engagement channels and reflecting them in our decision-making process.



# 03

## GRI Index

### GRI Standards Index(Core Option)

#### Universal Standards

Topic	Index	Description	Page	Remark
	102-1	Name of the organization	2	
	102-2	Activities, brands, products, and services	8	
	102-3	Location of headquarters	-	<a href="#">Business Report</a> page 24, <a href="#">Annual Report</a> page 178
	102-4	Location of operation	-	<a href="#">Business Report</a> page 7~18, <a href="#">Annual Report</a> page 178~180
	102-5	Ownership and legal form	-	<a href="#">Business Report</a> page 7~18, <a href="#">Annual Report</a> page 178~180
	102-6	Market served	-	<a href="#">Business Report</a> page 7~18, <a href="#">Annual Report</a> page 178~180
<b>Profile</b>	102-7	Scale of the organization	-	<a href="#">Business Report</a> page 7~18, <a href="#">Annual Report</a> page 178~180
	102-8	Information on employees and other workers	79~83	
	102-9	Supply chain	66	
	102-10	Significant changes to the organization and its supply chain	-	No critical changes
	102-11	Precautionary principle or approach	48~53, 67	
	102-12	External initiatives	59~60	
	102-13	Membership of associations	86	
<b>Strategy</b>	102-14	Statement from senior decision-maker	4	
<b>Ethics and Integrity</b>	102-16	Values, principles, standards, and norms of behavior	64~66	
	102-17	Mechanisms for advice and concerns about ethics	64~66	
	102-18	Governance structure	71~76	
	102-19	Delegating authority	72~74	
<b>Governance</b>	102-22	Composition of the highest governance body and its committees	72~73	
	102-23	Chair of the highest governance body	71	
	102-24	Nominating and selecting processes for the highest governance body	72	

Topic	Index	Description	Page	Remark
Governance	102-26	Role of highest governance body in setting purpose, values, and strategy	72~74	
	102-27	Collective knowledge of highest governance body	73	
	102-28	Evaluating the highest governance body's performance	75	
	102-29	Identifying and managing economic, environmental, and social impacts	58	
	102-31	Review of economic, environmental, and social topics	58	
Stakeholder Engagement	102-40	List of stakeholder groups	99	
	102-41	Collective bargaining agreements	82	
	102-42	Identifying and selecting stakeholders	99	
	102-43	Approach to stakeholder engagement	98	
	102-44	Key topics and concerns	98	
Report Profile	102-45	Entities included in the consolidated financial statements	-	<a href="#">Business Report</a> page 7~18, <a href="#">Annual Report</a> page 178~180
	102-46	Defining report content and the topic boundaries	2	
	102-47	List of material topics	98	
	102-48	Restatements of information	-	Stated separately as a footnote at the related content
	102-49	Changes in reporting	98	
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
	102-54	Reporting in accordance with the GRI Standards	2	
	102-55	GRI index	100~103	
	102-56	External assurance	112~113	
Management Approach	103-1	Explanation of the material topic and its boundary	21, 28, 36, 47, 63	
	103-2	The management approach and its components	21, 28, 36, 47, 63	
	103-3	Evaluation of the management approach	21, 28, 36, 47, 63	

## Economic Performance(GRI 200)

### Topic-specific Standards

Topic	Index	Description	Page	Remark
Economic Performance	201-1	Direct economic value generated and distributed	91	
	201-2	Financial implications and other risks and opportunities due to climate change	48~53	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	64~66, 83	
	205-3	Confirmed incidents of corruption and actions taken	64~66, 83	

## Environmental Performance(GRI 300)

### Topic-specific Standards

Topic	Index	Description	Page	Remark
Energy	302-1	Energy consumption within the organization	88	
Water	303-5	Water consumption	88	
Emissions	305-1	Direct(Scope 1) GHG emissions	87	
	305-2	Energy indirect(Scope 2) GHG emissions	87	
	305-3	Other indirect(Scope 3) GHG emissions	87~89	
	305-5	Reduction of GHG emissions	61~62	
Effluents and Waste	306-2	Waste by type and disposal method	88	
Business Travel	G4-EN15	Business travel by using corporate vehicles or transportation methods	88	

## Social Performance(GRI 400)

### Topic-specific Standards

Topic	Index	Description	Page	Remark
Employment	401-1	New employee hires and employee turnover	80~81	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31~33	
	401-3	Parental leave	33, 82	
Occupational Safety & Health	403-9	Work-related injuries	82	
Training and Education	404-1	Average hours of training per year per employee	83	
	404-2	Programs for upgrading employee skills and transition assistance programs	29~30	
	404-3	Percentage of employees receiving regular performance and career development reviews	30	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	71, 79	
	405-2	Ratio of basic salary and remuneration of women to men	-	No difference in base salary between male and female employees
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	68~69	
	412-2	Employee training on human rights policies or procedures	35, 68~69	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	42~46	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	24	Complaints from outside parties: 2 Complaints from regulatory bodies: 2
Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	83	
Product Portfolio	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose and impact	93~94	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose and impact	95~96	
Local Communities	FS14	Initiatives to improve access to financial services for disadvantaged people	37~38	

# 04

## SASB Index

We have been disclosing ESG information since 2019 based on Sustainability Accounting Standards Boards (SASB) Standards. The scope and level of disclosure has been further expanded this year compared to the previous year.

The following sectors, which form the core of our business portfolio, were selected for disclosure.

- Commercial Banks, Consumer Finance, Investment Banking & Brokerage, Asset Management & Custody Activities, Insurance

Among the metrics in relation to the above five sectors, those deemed to have the highest relevance with our business were selected and reported.

The metrics that overlap were marked separately as “multiple sectors”.

We will continue to enhance the scope and level of disclosure based on SASB Standards to provide quality ESG information to our investors and stakeholders.

### Multiple Sectors<sup>1</sup>

Topic	Accounting Metric	Code	Response
Data Security	Number of data breaches – Percentage involving personally identifiable information – Number of account holders affected	FN-CB-230a.1 FN-CF-230a.1	No data leak was detected in the report year.
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2 FN-CF-230a.3	We operate the mid-to-long-term information security policy as well as diverse internal systems for privacy protection. Refer to page 24 of this Report for more details.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1 FN-IB-510a.1	Refer to pages 186–187 of <a href="#">2020 Form 20-F</a> for disclosure of material legal proceedings.
	Description of whistleblower policies and procedures	FN-CB-510a.2 FN-IB-510a.2	Refer to page 65 of this Report for more details.
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group	FN-IB-330a.1 FN-AC-330a.1	Refer to page 79 of this Report for more details.

<sup>1</sup> Commercial Banks, Consumer Finance, Investment Banking & Brokerage, Asset Management & Custody Activities

## Multiple Sectors(continued)

Topic	Accounting Metric	Code	Response
<b>Systemic Risk Management</b>	Global Systemically Important Bank(G-SIB) score, by category	FN-CB-550a.1 FN-IB-550a.1	KBFG and KB Kookmin Bank was selected as D-SIB of 2021 in June 2020(KBFG: systemically important bank holding company / KB Kookmin Bank: systemically important bank). We submit related data every year upon the relevant authorities' request for G-SIB and D-SIB selection, and Financial Stability Board(FSB) and Financial Services Commission(FSC) select and announce G-SIB and D-SIB, respectively, based on the submitted data. FSC has been selecting D-SIB on a yearly basis since 2016 based on the recommendations of the Basel Committee on Banking Supervision and imposing the regulatory capital surcharge(additional capital surcharge of 1%p to the minimum capital requirement). We have been selected as D-SIB every year in recognition of our significant impact on Korea's financial system and economy. The Group has also been maintaining the BIS capital adequacy ratio at an appropriate level by keeping capital at the level that exceeds the regulatory capital surcharge. Refer to page 30 of <a href="#">2020 Form 20-F</a> for more details.
	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	We perform the biannual Group-wide integrated crisis analysis to assess potential vulnerabilities concerning exceptional yet credible accidents and measure profit and loss, capital adequacy, and impact by risk type for each crisis scenario. 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 perform additional crisis analysis in accordance with internal and external economic conditions.

## Commercial Banks

Topic	Accounting Metric	Code	Response
Financial Inclusion	Number and amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	We provide an array of inclusive financial services for financially vulnerable groups. Refer to page 93 of this Report for related loan products such as microcredit and Sunshine Loan.
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	We offer new loans, loan term extension, and principal and interest repayment deferrals for SMEs and microbusinesses affected by COVID-19. We also provide SOHO consultation for SOHO customers suffering from the impact of COVID-19. Refer to page 39 of this Report for more details.
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	We offer diverse inclusive financial products and services for financially vulnerable groups. Refer to pages 37~38 of this Report for more details. KB Kookmin Bank does not charge extra expenses for account opening and transactions..
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	We operate a range of financial education programs to help cultivate sound financial habits for the public. As of the end of 2020, the number of beneficiaries of our education programs reached 1.57m(cumulative). Refer to pages 44 and 85 of this Report for more details.
Incorporation of ESG factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410.a1	Refer to page 65 of <a href="#">Annual Report</a> for industry-specific credit offering.
	Description of approach to incorporation of environmental, social, and governance(ESG) factors in credit analysis	FN-CB-410.a.2	Our investments and loans are executed based on ESG principles. KB Kookmin Bank reflect the ESG practices of each company in its credit grade adjustment and loan review in compliance with its Corporate Loan Guidelines. The Bank joined the Equator Principles and conducts environmental and social risk assessment in conducting large-scale projects. Refer to page 53 of this Report for more details.
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	Refer to page 10 of <a href="#">2020 Business Results</a> for deposits in KRW.
	(1) Number and (2) value of loans by segment:(a) personal, (b) small business, and (c) corporate	FN-CB-000.B	Refer to page 10 of <a href="#">2020 Business Results</a> for loans in KRW for general households, SMEs, and SOHO customers.

## Consumer Finance

Topic	Accounting Metric	Code	Response
Customer Privacy	Number of account holders whose information is used for secondary purposes	FN-CF-220a.1	We monitor customer data used for secondary purposes, and there was no such case.
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2	Refer to pages 186~187 of <a href="#">2020 Form 20-F</a> for disclosure of material legal proceedings.
Data Security	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	FN-CF-230a.2	KB Kookmin Card operates the FDS system to prevent illicit use of customer information. The company has also developed the advanced FDS system built on AI model reflecting the latest illicit use pattern and reinforcing response to illicit use both online and offline. We do not disclose the loss amount as it is sensitive business information.
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	Remuneration for sales staff members(at our branches and regional headquarters) consists of base pay and performance-based variable pay. The rate of variable pay varies in accordance with the performance-based appraisal ratings.
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5	Refer to pages 186~187 of <a href="#">2020 Form 20-F</a> for disclosure of material legal proceedings.
Activity Metrics	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	FN-CF-000.A	<ul style="list-style-type: none"> <li>· Credit card: 11,136 thousand</li> <li>· Debit card: We do not disclose the number as it is sensitive business information.</li> </ul>
	Number of (1) credit card accounts and (2) pre-paid debit card accounts	FN-CF-000.B	<ul style="list-style-type: none"> <li>· Credit card: 15,074 thousand</li> <li>· Debit card: We do not disclose the number as it is sensitive business information.</li> </ul>

## Investment Banking & Brokerage

Topic	Accounting Metric	Code	Response
Incorporation of ESG factors in Investment Banking & Brokerage Activities	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance(ESG) factors, by industry	FN-IB-410a.2	Refer to page 95 of this Report for more details.
	Description of approach to incorporation of environmental, social, and governance(ESG) factors in investment banking and brokerage activities	FN-IB-410a.3	Our investments and loans are executed based on ESG principles. Refer to page 52 of this Report for more details.
Professional Integrity	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510b.2	No arbitration or mediation in relation to workplace ethics occurred in the report year.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	Refer to pages 186~187 of <a href="#">2020 Form 20-F</a> for disclosure of material legal proceedings.
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	We enacted the KB Charter of Ethics, which is the Group's uppermost ethical standards, to communicate our focus on ethical management. Code of Conduct, Code of Practice for Employees and Supplier Code of Conduct were also established to clearly define and realize the highest level of ethical standards in every action and decision taken by our employees and suppliers. All of our employees make the pledge to abide by our internal ethical standards every year. We also operate Compliance Day, the compliance self-assessment program, and the whistleblowing system to ensure ethical management. Refer to pages 64~65 of this Report for more details.
Activity Metrics	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	FN-IB-000.A	246 corporate bond acquisitions(₩12.5tn), 6 IPO acquisitions(₩362.5bn), 13 paid-in capital increase acquisitions(₩963.3bn), and 5 ELB acquisitions(₩170bn)
	(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	<ul style="list-style-type: none"> <li>· Stock: ₩26.5bn from 41,766 transactions</li> <li>· Derivatives: ₩16tn from 346,018 transactions (excluding those transactions assessed to be hedging activities)</li> <li>· ETN: ₩107.4bn from 9,607 transactions</li> <li>· ELW: ₩793.5bn from 597,147 transactions</li> <li>· ETF: ₩15tn from 1,474,831 transactions</li> </ul>

## Asset Management & Custody Activities

Topic	Accounting Metric	Code	Response
<b>Transparent Information &amp; Fair Advice for Customers</b>	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	Refer to pages 186~187 of <a href="#">2020 Form 20-F</a> for disclosure of material legal proceedings.
	Description of approach to informing customers about products and services	FN-AC-270a.3	We are equipped with a range of investor protection devices to reinforce financial consumer protection. When selling funds, we classify investors into one of the five groups based on their personal information and investment propensity. The seller is required to offer an explanation about the result of the investor information analysis, the investor's propensity, and its meaning and make recommendations accordingly. When making recommendations, the details and characteristics of the recommended product, risks entailed, commissions and fees to be paid by the investor, advanced redemption conditions, and contract cancellation and termination conditions must be explained in an easy-to-understand manner. Investors are guided to agree that they have been properly informed and has gained a full understanding of the product by signing, sealing, and recording. In particular, it is required to deliver a suitability report(specifying reasons for recommending the product, cautions, etc.) when selling derivative-embedded securities(ELF, DLF, etc.) to new investors, senior investors, and super senior investors to help them make informed decisions.
<b>Incorporation of ESG factors in Investment Management &amp; Advisory</b>	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance(ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	Refer to pages 95~96 of this Report for more details about our ESG-based investments.
	Description of approach to incorporation of environmental, social, and governance(ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	Our ESG investment process is designed to ensure the effective reflection of ESG factors in our investments. Refer to page 52 of this Report for more details.
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	We are the nation's first financial group to have adopted the Stewardship Code. Currently, it is being operated at our six subsidiaries of KB Kookmin Bank, KB Securities, KB Insurance, KB Asset Management, KB Life Insurance, and KB Investment. We are regularly inspecting companies in which we invest to enhance their mid-to-long-term value and thereby further increase the value of our investment assets. We also periodically report details of the exercise of voting rights and the performance of stewardship activities to our customers and beneficiaries. In 2020, we conveyed our views through proxy voting 1,136 times for 185 domestic companies and engaged in stewardship activities(sending public letters, confidential questions, etc.) as a responsible institutional investor in charge of our customers' assets. Refer to page 66 of this Report and <a href="#">KB Asset Management's website</a> for more details.
<b>Activity Metrics</b>	(1) Total registered and (2) total unregistered assets under management(AUM)	FN-AC-000.A	<ul style="list-style-type: none"> <li>· Entrusted amount: ₩45tn; net asset value: ₩47tn(as of December 31, 2020)</li> <li>· Contract amount of discretionary investment asset: ₩38tn; appraised value: ₩46tn(as of December 31, 2020)</li> </ul>
	Total assets under custody and supervision	FN-AC-000.B	<ul style="list-style-type: none"> <li>· Entrusted amount + contract amount: ₩83tn(as of December 31, 2020)</li> <li>· Net asset value + appraised value: ₩93tn(as of December 31, 2020)</li> </ul>

## Insurance

Topic	Accounting Metric	Code	Response
	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	Refer to pages 186~187 of <a href="#">2020 Form 20-F</a> for disclosure of material legal proceedings.
<b>Transparent Information &amp; Fair Advice for Customers</b>	Description of approach to informing customers about products	FN-IN-270a.4	We ensure that the terms and conditions of each product are explained in detail prior to contract conclusion to protect financial consumers. Our insurance agents are required to provide thorough guidance on all the provisions specified in the product description (product suitability, operating expenses and refund for cancellation, covered services, non-covered services, insurance claim and payment procedures, etc.). Each agent must sign the contract to prove that his/her explanation is consistent with the product description and deliver the contract to the customer, on which the customer must also sign to agree that the terms and conditions of the product have been clearly explained. After the completion of the signing, the insurance company checks once again whether the product's details have been properly explained. If the insurance company is deemed to have violated this obligation, the contract may be repealed within 3 months from the contract conclusion date.
<b>Policies Designed to Incentivize Responsible Behavior</b>	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	KB Insurance offers a variety of auto insurance products aimed at reducing GHG emissions and promoting safe driving. <ul style="list-style-type: none"> <li>· Mileage advantage: Auto insurance premium discount based on mileage</li> <li>· Public transit advantage: Auto insurance premium discount based on public transit use</li> <li>· T Map advantage: Auto insurance premium discount based on T Map safe driving scores to elicit safe driving and compliance with traffic regulations</li> <li>· Bicycle insurance in association with local governments: Insurance product designed to promote bicycle use for local residents in association with local governments</li> </ul>

# 05

## TCFD Index

TCFD Recommendations		page
<b>Governance</b>	a) Describe the board's oversight of climate-related risks and opportunities.	7, 58
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	58
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	49, 50
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	49, 50
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	49, 50, 51
<b>Risk Management</b>	a) Describe the organization's processes for identifying and assessing climate-related risks.	49, 50
	b) Describe the organization's processes for managing climate-related risks.	15, 52, 53
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	52, 58
<b>Metrics and Targets</b>	a) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	11, 12, 15, 51, 54
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	87
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5, 11, 12, 51, 54, 55, 56, 57

# 06

## Third-party Assurance Statement

### To Management and Stakeholders of KB Financial Group

Korean Sustainability Investing Forum(hereinafter “KoSIF”) was commissioned by KB Financial Group(hereinafter the “Company”) to provide an independent assurance statement for its “KB Financial Group Sustainability Report 2020(hereinafter the ”Report“”) and hereby presents the following third-party assurance statement.

### Responsibility and Independence

Other than providing the independent assurance statement, KoSIF does not hold any interest in the Company that may affect the independence and fairness of the verification. Although this assurance statement is written for the management and stakeholders of the Company, KoSIF expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this assurance statement.

### Assurance Criteria and Principles

This assurance statement is based on AA1000AS(2008), an internationally recognized standard on sustainability assurance. Detailed verification criteria are as follows.

Standard	Reported contents	Remark	
Universal Standard	Profile102-1~13 / Strategy 102-14 / Ethics and Integrity 102-16~17 / Governance 102-18~19, 102-22~24,102-26~29, 102-31 / Stakeholder Engagement 102-40~44 / Report Profile 102-45~56 / Management Approach 103-1~3		
Topic-specific Standards	Economy	Economic Performance 201-1~2 / Anti-corruption 205-2~3	
	Environment	Energy 302-1 / Water 303-5 / Emissions 305-1~3, 305-5 / Effluents and Waste 306-2	Overall indicators were verified by Type 2
	Social	Employment 401-1~3 / Occupational Safety & Health 403-9 / Training and Education 404-1~3 / Diversity and Equal Opportunity 405-1~2 / Human Rights Assessment 412-1~2 / Local Communities 413-1 / Customer Privacy 418-1 / Compliance 419-1	403-9, 405-1~2 were verified by Type 2

1. Core option of GRI Standard Guidelines.
2. The three accountability principles(Inclusivity, Materiality, Responsiveness) in AA1000AS(2008).
3. Type 1(Type 2 verification is applied to some performance indicators) Verification type and Moderate Level Warranty form.

### Assurance Process and Limitations

KoSIF carried out an initial review based on publicly available IR materials and supporting data obtained directly from the Company. Through an on-site visit to the headquarter of the Company, KoSIF verified the materiality assessment process and methods, engagement activities through stakeholder communication channels, and sustainability management strategy and goals adopted by the Company. Through the sampling process, KoSIF checked the coherence and supporting material for economic, social, and environmental data and relevant assertions made in the Report. A thorough review was conducted for some performance indicators by reviewing supporting documents and records. The on-site audit process involved an interview with a representative from the Company responsible for writing the Report. KoSIF confirmed that the financial data were appropriately retrieved from financial statements in the annual report listed in Data Analysis, Retrieval and Transfer System(DART). Data and information stretching outside the reporting boundary of the Company(suppliers, contractors, etc.) are not included in the verification scope. The result of the assurance may differ if the scope of the assessment changes.

### Assurance Result and Opinion

KoSIF confirmed that amendment requests after the initial review of the Report were reflected in the final version. As a result, nothing has come to KoSIF’s attention that causes KoSIF to believe the information and data provided were misplaced or misleading. KoSIF could also not find anything that may provide a basis that the Report was not prepared under the core option of GRI Standard Guidelines.

KoSIF’s opinion regarding the principles of AA1000AS(2008) is as follows:

- **Inclusivity**

The Company identifies customers, employees, central and local government, shareholders, investors, business partners, and local communities as its stakeholders. The Company has established communication channels for each stakeholder group and collects feedback, expectations, and opinions of the respective stakeholder groups. In addition, the Company reflects the interests and expectations of stakeholders through the annual survey for materiality assessment. As a result of checking the operation and performance of major communication channels for each stakeholder, and surveys, KoSIF could not find any evidence that important stakeholders were omitted from the process,

- **Materiality**

The Company conducted a materiality assessment to identify important issues related to sustainability management. Based on issue pool of 36 topics the Company created through international standard analysis(11 standards including GRI, ISO26000, DJSI, and SASB), benchmarking 12 industry peers, media analysis, and review of past issues, the Company selected 12 core issues(3 customer/product issues, 2 employee issues, 2 local community issues, 2 environmental issue, 1 governance issue, and 2 business performance issue) by reflecting interest level of stakeholders and business impacts. An annual survey has also been conducted to evaluate the level of stakeholder interest. KoSIF has reviewed the documents related to the materiality assessment process of the Company, and has found no evidence that material issues were omitted during the process.

- **Responsiveness**

The Company reports response activities and performance for 12 core issues identified as having a significant impact on stakeholders, as well as issues that are not included in the core issues but deemed important. KoSIF has not found any evidence that Company's activities and performance to important stakeholder issues were inappropriately reported.

## Recommendations

In anticipation that the Company will advance its sustainability management and respond on timely manner to current sustainability issues, and contribute to enhancing the sustainability of stakeholders, KoSIF recommends the following:

- As a representative domestic financial institution that leads ESG, KoSIF recommends that the Company establish and implement stricter ESG standards in investment, loan, and asset management activities.
- The Company is the first financial group in Korea to commit to coal phase-out and is a leader in climate finance with its activities in various international initiatives including TCFD(Task Force on Climate-related Financial Disclosures), CDP(Carbon Disclosure Project), CCCA(Collective Commitment to Climate Action), PCAF(Partnership for Carbon Accounting Financials), and the NZBA(Net Zero Bank Alliance). Considering the growing demand from the stakeholders as well as domestic and international climate regulations, KoSIF recommends that the Company further strengthen its response to climate-related risks and pursue carbon neutrality not only in the organization's operation but also in its portfolio management by setting targets and robust roadmaps to implement them.

June 7th, 2021

Korea Sustainability Investing Forum

Chairman **Kim, Young Ho**




 KB Financial Group