



ESG VALUE & IMPACT

2022 KB Financial Group Sustainability Report



ABOUT THIS REPORT

Overview

The annual Sustainability Report was first published by KB Kookmin Bank in 2009 and has been released by KB Financial Group since 2011 after being expanded to the Group level. The 2022 Sustainability Report aims at sharing KB Financial Group’s 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 sustainable management activities and performance during the period of January 1–December 31, 2022. Due to the timeliness and significance of information, some items include data from the first half of 2023. Data for the last three years from 2020 to 2022 (some environmental data is for four years from 2019 to 2022) was provided to measure yearly changes in quantitative performance.

Reporting Scope

This report covers the sustainable management activities, including environmental, social, and governance performance, of KB Financial Group Inc., KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance*, KB Asset Management, KB Capital, KB Real Estate Trust, KB Savings Bank, KB Investment, KB Data Systems, and KB Credit Information, with the reporting scope including headquarters, all branches in Korea, the Gimpo IT Center, etc.

* On January 1, 2023 KB Life Insurance was launched through the merger of Prudential Life Insurance and KB Life Insurance

Reporting Standard and Assurance

This report aligns with the Global Reporting Initiative (GRI) Standards 2021, which are the international standards for sustainability reporting. The detailed reporting methodology can be viewed on pages 172–176. This report was verified by KPMG Samjong Accounting Corp., an independent external verification organization, to ensure its credibility and quality improvement. KPMG’s assurance statement can be viewed on pages 189–190.

Contact Information

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Awards and Recognition

Included in
DJSI World Index
7 consecutive years¹⁾

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

MSCI ESG Ratings
AAA Ratings¹⁾
* First and only among
domestic financial companies



KCGS ESG Evaluation
A+ across all ESG sectors for
3 consecutive years¹⁾

* Received the Grand Award at
the Outstanding ESG Company
category



Included in **FTSE4Good
Index**
13 consecutive years²⁾



FTSE4Good

**CDP Carbon Management
Sector Honors Award**
6 consecutive years¹⁾



Included in **Bloomberg
Gender–Equality Index**
5 consecutive years²⁾



¹⁾ As of 2022

²⁾ As of 2023

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Interactive PDF

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CEO Message

I deeply thank customers and shareholders for their unwavering trust and support, and everyone who is growing and developing together with KB Financial Group.



Going Forward, KB Financial Group will continue to exchange positive influence with stakeholders and realize “Financial services delivering change” for the happiness of customers and a better world.



Chairman & CEO, KB Financial Group
Yoon Jong Kyoo



The end of the COVID-19 pandemic, which seemed to never end, is in sight, enabling us to return to our daily lives. However, a crisis like COVID-19 will return in the near future. We should therefore realize the vulnerability of human life and Earth through the crisis we have experienced, and then move towards a better future.

We are now transitioning from shareholder capitalism to stakeholder capitalism, from exclusive growth to inclusive growth, and from a high-carbon to low-carbon society, and the keyword that opens the door to this transition is “sustainable growth.” In pursuing sustainable growth, it is important for a company to achieve internal growth by realizing the value of co-existence and win-win. The ground hardens after rain. Likewise, the solid internal growth will serve as a foundation to prepare for a future that will come after the crisis.

For internal corporate growth as well as internal growth of our society, KB Financial Group will fulfill its social responsibilities based on trust with an aim to lead sustainable change of society by exploring ways to resolve pending environmental and social issues, such as climate change and income gap. In addition, we will strive to create a social culture where diverse thoughts are acknowledged based on respect and consideration for others.

ESG management is now a matter of future survival and a task that we must encounter for future generations. KB Financial Group will also build a foundation of co-existence by developing a deeper understanding of stakeholders who have formed ties with us, and jointly look for win-win measures that can bring about society’s sustainable change on the back of stronger relations of trust.

Our 12th Sustainability Report provides details on our efforts and outcomes of ESG management activities that we carried out throughout the past year. In particular, this year’s report discloses for the first time the “KB Social Value & Impact” that contributes to overall environment and society. KB Financial Group will make continuous efforts to create greater social value through financial activities, the core of our business

Moving forward, we will realize “Financial services delivering change” for customers’ happiness and a better world, while also exchanging positive influence with stakeholders. I thank all of you stakeholders again for your trust and support for KB Financial Group.

Thank you.

KBFG at a Glance

KB Financial Group is a comprehensive financial group with the largest customer base and network in Korea, with 12 major subsidiaries equipped with a domestic network of 1,354 branches and global network of 697 branches in 14 countries. Based on a balanced business portfolio between banking-non-banking sectors, all subsidiaries are continually strengthening their business competitiveness and carrying out leading business activities. In 2022, KB Life Insurance was launched through the merger of Prudential Life Insurance and KB Life Insurance, thus developing greater market competitiveness. KB Financial Group provides distinctive products and services to customers based on the strength of capital, expansive network, and business know-how and risk management capabilities that were developed over many years, and makes continued efforts to become the “most beloved No. 1 financial platform” to its customers.

KB Financial Group will continue to provide distinctive products and services, and make utmost efforts to become a trusted, lifelong financial partner to our customers. Based on the mission, “Financial services delivering change,” KB Financial Group will practice ESG management and fully establish itself as a leading financial group that receives recognition from customers.



ESG Management Strategy

Based on the mission, “Financial services delivering change,” KB Financial Group is implementing distinctive ESG management. For the sustainable growth of our society and future generations, we seek to fulfill social roles and responsibilities as a leading ESG management company.

ESG has become a company’s essential strategy rather than a choice, and various stakeholders are paying close attention to ESG management of companies. KB Financial Group has adopted ESG leadership as a core value of the Group’s management strategies, based on which it is creating sustainable social value for the prosperity of customers, local communities, and future generations.

To create a better world and happier life for our customers, we are actively responding to climate change through “KB Net Zero S.T.A.R.,” which is the Group’s carbon neutrality strategy, and are implementing “KB Green Wave 2030,” our ESG finance expansion strategy, at the Group-wide level. In addition, we established “KB Diversity 2027,” a mid- to long-term strategy that aims at expanding social class and gender diversity by 2027, and are expanding the value of diversity and inclusiveness.

KB Financial Group will enhance the value of all stakeholders so that the entire world can develop in a better direction and do its best to have a positive influence on society through ESG management.

Mission

Strategic Goal

Strategic Directions



2022 KB ESG Highlights

KB Net Zero S.T.A.R.

Reduction of internal carbon emissions¹⁾



3,480 tCO₂eq

KB ESG Financing

Balance of Group ESG products, investments, and loans¹⁾



KRW 32.2 trillion

Social Value & Impact

Social value of KB Financial Group's ESG activities¹⁾



KRW 3,548.5 billion

ESG Leadership

No. of female non-executive directors



3 persons

(First for a financial holding company in Korea)

Reduction of corporate finance portfolio WACI¹⁾



2.7%

Amount of ESG bonds issued¹⁾



KRW 13.8 trillion
(cumulative figure)

Beneficiaries of KB Dream Wave 2030¹⁾



31,138 persons

MSCI ESG Ratings for 2022



AAA Grade

(first and only financial company in Korea)

Reduction of the use of disposable cups at internal cafés through an eco-friendly campaign



480 thousand +
(for the year 2022 by KB Kookmin Bank and KB Kookmin Card)

Balance of KB Green Wave Loans for Outstanding ESG Companies¹⁾



KRW 755.3 billion

Support for the establishment and expansion of 1,648 after-school care classes and 617 affiliated kindergartens



2,265 classes
(cumulative for five years from 2018 to 2022)

Chosen for the GFANZ Asia Pacific Network Advisory Board



GFANZ APAC AB
(May 2022)

¹⁾ As of December 2022

SPECIAL REPORT

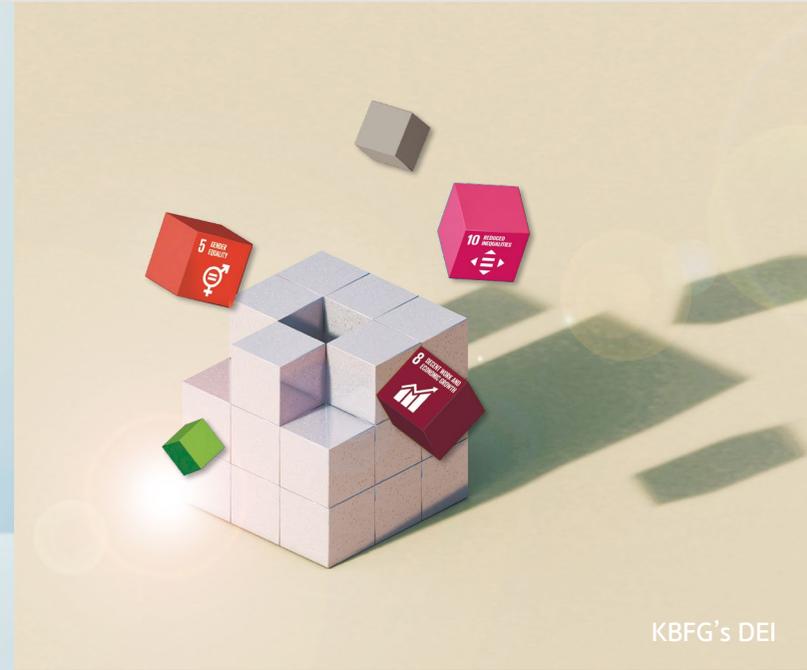
Making ESG Real

What does a sustainable future look like?
What roles should finance play for a better future?

KB Financial Group looks for the answer in ESG. This Special Report contains our major achievements as we give concrete shape to ESG by measuring and managing social value created by finance that changes the world, while also internalizing ESG by implanting environmentally and socially responsible management and disseminating good governance.



KB Social Value & Impact



KBFG's DEI



Sustainable Finance



TCFD Report

KB Social Value & Impact

ESG management is emerging as global agenda by going beyond a topic of corporate management. As discussions on the mandatory ESG disclosure takes concrete shape, ESG is now entering an institutionalization stage. KB Financial Group's ESG has also passed through the adoption phase and entered the internalization phase, leading to a greater need for objective measurement and proper management of the social value and impact that KB Financial Group creates.

In response, we established a system that can quantitatively measure the value that we contribute to the overall environment and society (KB social value), thus laying a foundation to manage and improve our ESG management in a more systematical manner. Going forward, we will make our utmost efforts to realize greater value and impact by accurately measuring, systematically managing, and preemptively improving the social value we create.



Amid the spread of stakeholder capitalism, there is growing social demand for companies' sustainability management, leading to a need for social value creation and management.

KB Financial Group is evaluating and monitoring its annual sustainability management performance by quantifying positive social and environmental impact (social value) of its corporate activities in a monetary unit. This has enabled us to distribute limited resources to highly-effective activities to create more social value and set detailed improvement goals to manage and improve social value creation more systematically.

To this end, we measured the social contributions we made through key financial products and services in a more systematic manner, in addition to social contribution activities and programs. We will develop a clear understanding of the impact a financial institution has on overall society and environment through the financial business' fundamental products and services and make continued efforts to create more social value.

Furthermore, we will measure social value that was created by corporate activities and transparently disclose the results to various stakeholders, thereby sharing and actively communicating our efforts and commitment towards social value creation.

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• Outline of KB Social Value & Impact

- Introduction
- Basic Principles
- Classification System

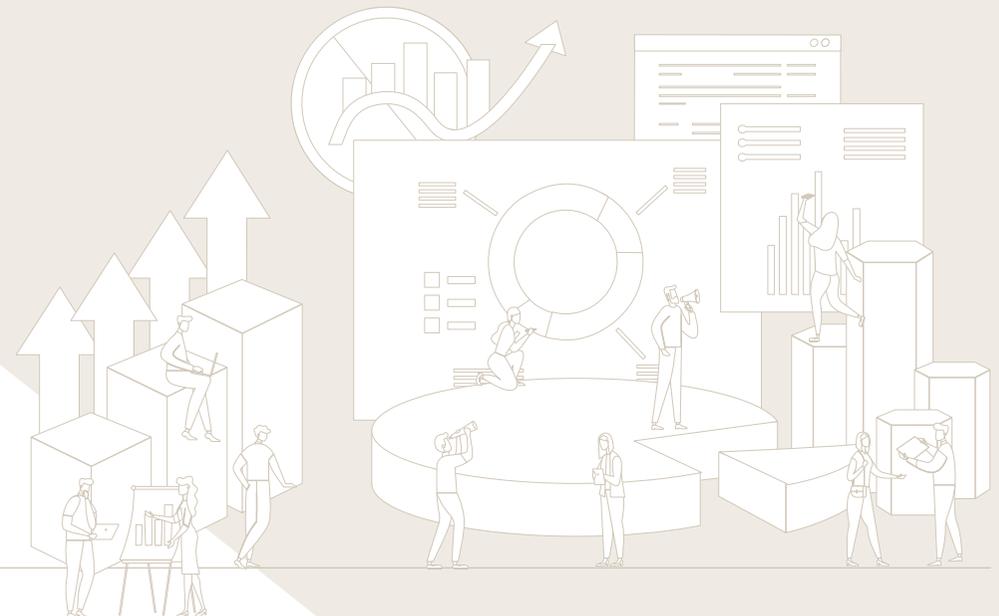
• Detailed Methodology by Area

- Financial Areas
- Non-financial Areas

• Outcomes of KB Social Value & Impact in 2022

- 2022 Performance Summary
- Environmental Performance
- Social Performance

• Next Steps



Outline of KB Social Value & Impact

Introduction

“KB Social Value & Impact” refers to calculating the value created in the process of solving various social issues and risks as a result of corporate activities of KB Financial Group¹⁾ in a single monetary amount by year.

KB Financial Group established its unique social value measurement system by referring to global measurement methods, including the Value Balancing Alliance (VBA), Impact Management Project (IMP), and Social Return on Investment (SROI), and major measurement cases in Korea and abroad.

Input and output from KB Financial Group’s corporate activities are mainly reflected in financial value (financial statements) from the internal performance perspective, while the activities’ outcome and impact are interpreted from the external performance perspective and reflected in social value measurement. Input and output are therefore excluded from the scope of social value measurement as a principle, and are used only as basic factors for external performance measurement in extremely exceptional cases.

Performance Subject to Social Value Measurement of KB’s Corporate Activities



¹⁾ KB Financial Group, 12 subsidiaries, and KB Foundation

Outline of KB Social Value & Impact

Basic Principles

KB Financial Group established the following five major basic principles and measures social value in accordance with criteria that observe the principles. The five major principles of KB social value measurement serve as criteria for practical, detailed judgments in measuring social value, rather than being theoretical concepts of formality. Based on these principles, we form a more reasonable and consistent KB social value measurement system.



Outline of KB Social Value & Impact

Classification System

KB Financial Group measures and manages social value based on the following subclassification system, in its efforts to shape a better world. To this end, we are implementing environmental management toward carbon neutrality and internalizing responsible management for customers, employees, and local communities.

	 Environment	 Social Responsibility	 Governance and Others
Financial area	<p>Green energy finance</p> <ul style="list-style-type: none"> Producing new & renewable energy Enhancing energy efficiency Using eco-friendly transportation and transport <p>Green finance</p> <ul style="list-style-type: none"> Prevention and management of pollution Sustainable water resource management 	<p>Inclusive finance</p> <ul style="list-style-type: none"> Inclusive loans for the underprivileged Inclusive deposits for the underprivileged <p>Other social contribution finance</p> <ul style="list-style-type: none"> Support for public rental housing development Support for basic social services and infrastructure Job creation and small companies & microcredit 	<p>(Shareholder) Dividend</p> <p>(Government) Tax</p>
Non-financial area	<p>Eco-friendly contributions</p> <ul style="list-style-type: none"> Eco-friendly campaigns and improvement activities Enhancing energy efficiency Preserving biodiversity 	<p>Responsibility towards customers</p> <ul style="list-style-type: none"> Information security and financial consumer protection Enhancing inclusive financial accessibility <p>Responsibility towards local community</p> <p>Responsibility towards employees</p> <ul style="list-style-type: none"> Build employee competencies Support employees' balance between work and family life 	<p>Negative contribution factors (-)</p> <ul style="list-style-type: none"> Greenhouse gas emissions Water and paper consumption Wastes (landfill)



Detailed Methodology by Area

Financial Areas

Measurement Scope and Items

In the financial area, the measurement scope is basically “ESG financial products” chosen by the “Group ESG Financial Product Council.” In accordance with the five major principles of KB social value performance measurement, we measured items for which we did not receive compensation through interest income or fee income from financial products. When measuring the long-term indirect performance of individual financial products, we used estimates from the previous investment decision-making phase, rather than making estimations based on subjective judgments, for future expected benefits.

Composition details of major financial products included in KB social value performance measurement for 2022 are as follows.

Environmental Area

Green finance	12 products, including the Myeonggye Gyeongju Waste Landfill Development Project PF Loan, KB Green Wave 1.5°C Deposit, and KB Clear Sky Installment Savings Plan
Green energy finance	33 products, including the Energy Use Rationalization Fund, Solaseado Solar Power Generation Project, Yeongam Solar Power Generation Project, and Installment Loan for Eco-friendly Vehicles

Social Area

Inclusive finance	7 products, including the KB Kookmin Happiness Installment Savings Plan, KB Youth Hope Installment Savings Plan, KB New Hope Spore II, and KB Sunshine Loan
Public rental housing development support finance	14 products, including the Seongnae-dong Station District New Youth Housing Construction Project, and Balsan Station District New Youth Housing Construction Project
Job creation and small companies & microcredit support finance	11 products, including the Occupational Accident Prevention Facility Fund and Secondary Financial Support Loan for Micro Businesses
Basic social services and infrastructure support finance	2 products, which are the Medical Institution Emergency Support Fund and Town Gas-Supplying Pipe Construction Project Fund

Measurement Factors and Types

KB Financial Group’s social value related to ESG financial products mainly consists of two factors – interest benefits for customers and long-term/indirect impact on overall society and the environment. Of the ESG financial product, “interest benefits for customers” refer to more interest income that customers receive as a result of preferential interest rates for deposit and installing savings products, in case of deposits. In case of loan products, they refer to interest discount benefits of loan products. In other words, we measure the value of preferential or discount interest that results from customers’ subscription to installment savings (deposit products) or receipt of loans (loan products) with regards to ESG financial product.

“Long-term/indirect impact on overall society and the environment” is created mainly from large-scale project financing investments. We categorized this factor into the housing support area, waste treatment facility area, eco-friendly vehicle area, and new & renewable energy area, and defined them into four types, after which we chose a measurement method in consideration of the distinct characteristics of each type.

Social Value Measurement Factors and Types of Financial Products

Measurement Factor	Measurement Type	Anticipated Effect
Direct customer-related performance	Deposit and installment savings products	Preferential interest
	Loan products such as loans and investments	Interest rate discount
Long-term & indirect performance concerning overall society	Investment in public rental housing development	Reduced housing expenses
	Investment in waste treatment facilities	Pollution prevention and management
	Installment loan for eco-friendly vehicles	GHG reduction
Investment in new and renewable energy		



Detailed Methodology by Area

Example of measuring the long-term & indirect value of the public rental housing development investment type

The following shows how we measure long-term and indirect social value that is created by KB Financial Group’s investment in public rental housing development. Public rental housing development has the effect of easing the housing expense burden of the underprivileged based on rent that is more affordable than the average market price during the mandatory rental period. The value of profits gained from rent that is affordable than the average market price during the mandatory rental period is calculated as a total social value amount. This amount is the total social value for the entire rental period. As such, we reflect KB Financial Group’s level of contribution and carry out proportional division based on the period subject to performance distribution (loan period or mandatory rental period) to measure the social value created by KB Financial Group for a year.



[Step 1] Measure the long-term social value over many years for overall society

Total social value amount for the entire period
 = Social value of reducing housing costs for 10 years
 = Σ (market-rate housing rentals of surroundings - market-rate housing rentals of this project) X no. of households

* For the surrounding market price, the estimation (quantitative data) made at the time of investment (loan) decision-making or business feasibility evaluation is applied, rather than a separate estimation that is made for the purpose of social value measurement

[Step 2] Distribution of KB’s contribution for the year

Amount distributed to the year from the KB’s contribution to social value
 = Total amount of social value for the entire period X KB’s contribution²⁾ ÷ period subject to performance distribution

²⁾ KB’s contribution: Investment amount by KB ÷ Total project costs

* Measured only for products with a clear KB contribution level and period subject to performance distribution (loan period) (principle of objective measurability)



Detailed Methodology by Area

Example of measuring the long-term & indirect value of the waste treatment facility investment type

The following shows how we measure long-term and indirect social value that is created by KB Financial Group’s investment in a waste treatment facility. We calculate the total social value amount of the waste treatment facility by applying the unit cost of waste treatment to the sum of the amount of landfill waste during the corresponding facility’s operation period. This amount is the total social value for the entire operation period. As such, we reflect KB Financial Group’s level of contribution and carry out proportional division based on the period subject to performance distribution (loan period) to measure the social value created by KB Financial Group for a year.



Measurement results based on major assumptions (Example)

Step 1 Total amount of external performance for the entire period: KRW 20 billion (amount of landfill waste X unit cost of waste treatment)

Step 2 $KRW\ 20\ \text{billion} \times KB's\ \text{contribution of } 40\% \div \text{loan period (4 years)} = KRW\ 2\ \text{billion per annum}$

 Total project cost: KRW 100 billion

[Step 1] Measure the long-term social value over many years for overall society

Total social value amount for the entire period
 = Social value of waste landfill for 10 years
 = Σ (amount of landfill waste)¹⁾ X unit cost of waste treatment

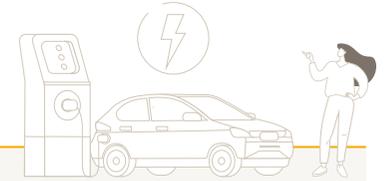
¹⁾ For the amount of landfill waste, the estimation (quantitative data) made at the time of investment (loan) decision-making or business feasibility evaluation is applied, rather than a separate estimation that is made for the purpose of social value measurement

[Step 2] Distribution of KB’s contribution for the year

Amount distributed to the year from the KB’s contribution to social value
 = Total amount of social value for the entire period X KB’s contribution²⁾ ÷ period subject to performance distribution

²⁾ KB’s contribution: Investment amount by KB ÷ Total project costs
 * Measured only for products with a clear KB contribution level and period subject to performance distribution (loan period) (principle of objective measurability)

Detailed Methodology by Area



Example of measuring the long-term & indirect value of the eco-friendly vehicle installment loan type

Of the financial products sold by KB Kookmin Bank, KB Kookmin Card, and KB Capital, the social value of general loan and installment finance products for purchasing an eco-friendly vehicle is calculated as a monetary amount as follows. We calculate the “total social value created based on annual carbon emissions reduction” by applying carbon’s social costs to carbon emissions that were reduced annually by using an eco-friendly vehicle instead of an internal combustion engine vehicle. We reflect KB Financial Group’s contribution level in the “total social value created based on annual carbon emissions reduction” to more objectively measure KB Financial Group’s social value that was generated by eco-friendly vehicle products.

$$\text{Social value created by KB Financial Group} = \Sigma (\text{amount of carbon emissions reduction} \times \text{carbon's social cost} \times \text{KB's contribution})$$

Step 1

Step 2

[Step 1] Measure the social value of the amount of carbon emissions reduction

Total amount of social value
 = Monetary value of the amount of GHG emissions reduced when an eco-friendly vehicle is used
 = $\Sigma \{(\text{average carbon emissions per mileage of an internal combustion engine vehicle} - \text{average carbon emissions per mileage of an eco-friendly vehicle}) \times \text{annual mileage} \times \text{carbon's social costs}\}$

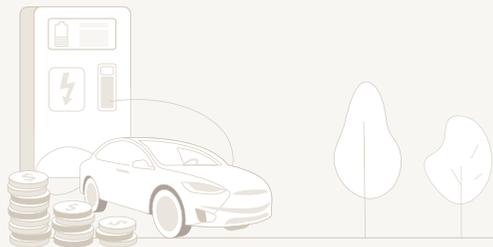
* Data of a statistics organization was used for average carbon emissions by vehicle type
 • Average carbon emissions of internal combustion engine vehicles: 156.5g/km
 • Average carbon emissions of electric and hydrogen vehicles: 0
 ** Carbon's social cost: KRW 116,003/kgCO₂

[Step 2] Distribution of KB's contribution for the year

Distribution amount of KB's contribution
 = Total amount of social value X KB's contribution¹⁾

¹⁾ KB's contribution: Loan balance of KB ÷ vehicle sales
 • Loan balance: At the time of measurement (end of 2022)
 • Vehicle sales price: At the time of loan and installment execution

* Measured only for products with a clear KB contribution level (excluded lease and rental in accordance with the principle of objective measurability)



Detailed Methodology by Area

Non-financial Areas

Measurement Scope and Items

Of KB Financial Group’s social value measurement target, the non-financial area is in line with the sustainability management concept, and it consists of business activities that create social value and social contribution programs. We measure social value only in cases where the input cost can be directly and objectively traced for activities and programs. In accordance with our five major principles of social value performance measurement, we minimize subjective judgments and estimations. For some cases where the measurement result does not exist in monetary value, such as the effects of reducing carbon emissions, we apply a proxy set forth by a reliable organization.

The activities in environmental and social areas that were included in the KB social value performance measurement for 2022 are as follows.

Environmental Area

Eco-friendly campaigns and improvement activities	28 activities, including paperless and use of reusable cups
Preserving biodiversity	15 activities, including the K-Bee Project and plogging campaign
Enhancing energy efficiency	8 activities, including conversion of business vehicles to eco-friendly vehicles and energy saving at company buildings

Social Area

Information security and financial consumer protection	11 activities, including prevention of voice phishing, misselling prevention, and debt adjustment system
Enhancing inclusive financial accessibility	22 activities, including fee exemption for the underprivileged and increased financial accessibility for the elderly, the disabled, and foreigners
Responsibility towards employees	18 activities, including workplace childcare centers and win-win support for suppliers
Responsibility towards local community	130 activities, including KB Dream Wave 2030, KB Good Job Program, social enterprise support, and year-end donation

Measurement Factors and Types

The social value of KB Financial Group’s activities is mainly measured based on two factors – “input cost” and “indirect effects on overall society.” The effect of reducing social costs borne by the state or society through KB Financial Group’s input of costs in ESG activities is deemed as social value. As such, the cost of resources inputted for each program and activity is measured as social value.

For “indirect effects on overall society,” we use a method of monetizing long-term, indirect changes brought about to society and the environment by KB Financial Group’s corporate activities. Money that is used to make social contributions and carry out economic activities makes secondary contributions to local economies. For this reason, a multiplier is multiplied to input cost to measure complex socio-economic impact. In addition, we apply a method that converts a quantitative figure that arises from the outcome of activities to a monetary amount. For example, in case of converting business vehicles to eco-friendly vehicles or establishing solar power generation facilities at business sites, we apply carbon’s social cost (proxy) to reduced GHG emissions to measure indirect effects in monetary value.

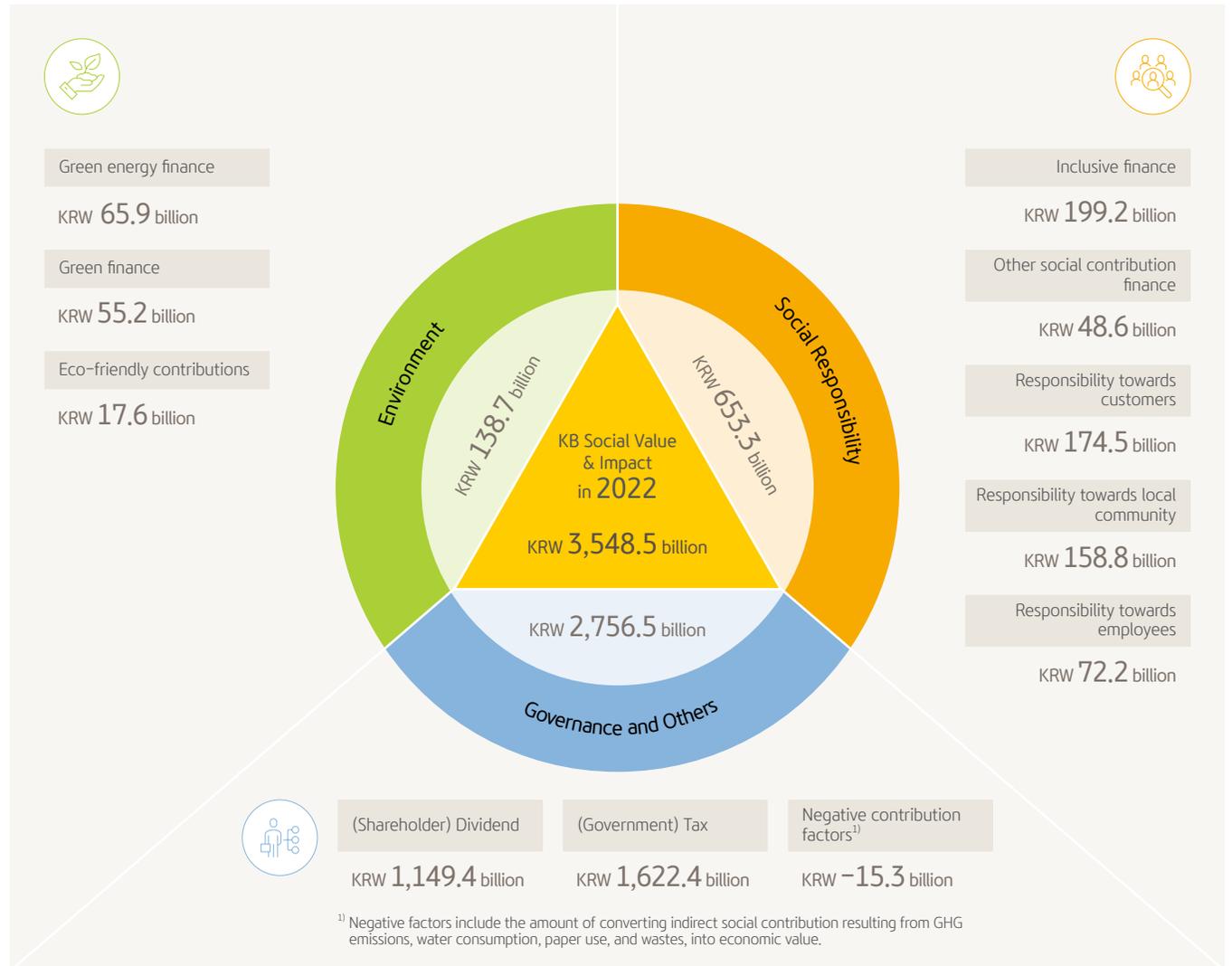
Social Value Measurement Factors and Measurement Example of Non-Financial Activities

Measurement factors	Example	
Input cost	Local community (foundation, association) donations, workplace childcare center operation costs, etc.	
	Means of living	Hiring of the socially vulnerable, costs of job-providing programs, etc.
	Health	Medical expense support for the underprivileged, response to infectious disease, etc.
	Education	Child and youth education, economic education, etc.
	Indirect effects in overall society	Dwelling and shelters
Local community development and others		Infrastructure support for the underprivileged, restoration of areas damaged from disasters, etc.
Local environment		Eco-friendly campaigns, including plogging and restoration of ecosystem
Reduction of carbon emissions		Effects from converting to eco-friendly vehicles, paper and plastic use reduction effects, etc.

Outcomes of KB Social Value & Impact in 2022

2022 Performance Summary

KB Financial Group created social value of around KRW 3,548.5 billion in 2022. The “environmental area” consists of green energy finance, green finance, and eco-friendly contributions, while the “social area” comprises inclusive finance, other social contribution finance, responsibility towards customers, responsibility towards local community, and responsibility towards employees. The “governance and other areas” consists of economic value provided to shareholders (dividend), economic value provided to the government (tax), and negative factors on society.



¹⁾ Negative factors include the amount of converting indirect social contribution resulting from GHG emissions, water consumption, paper use, and wastes, into economic value.

* The measurement results are estimations that were derived based on certain assumptions and premises in accordance with the KB Social Value & Impact measurement system. This information is affected by complex factors, such as changes in government policy and market circumstances and results of research on social costs. Adjustments and remedies can be made if the premises change.

Outcomes of KB Social Value & Impact in 2022

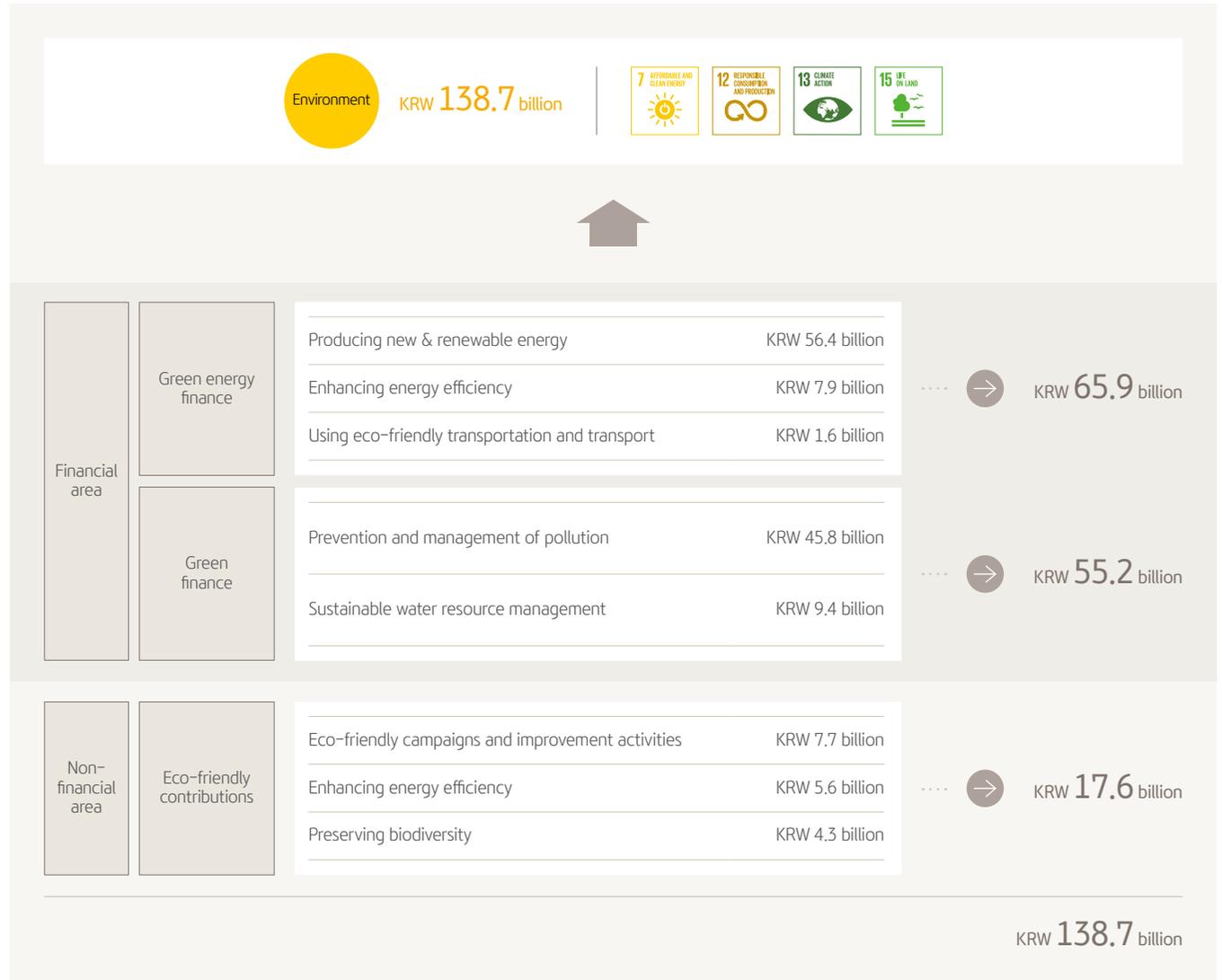
Environmental Performance

In accordance with the target of “KB Green Wave 2030,” KB Financial Group will increase the size of products, investments, and loans in the environmental area to KRW 25 trillion by 2030, and achieve net-zero for operational emissions by 2040 and financed emissions by 2050.

Guided by this mid- to long-term roadmap, we are contributing to the reduction of GHG emissions by expanding green finance, including diverse new & renewable energy PF investments such as photovoltaic and wind power as well as waste landfill development PF loan. In addition to providing customer loan products for eco-friendly vehicles, we are converting our business vehicles to eco-friendly vehicles, thereby implementing eco-friendly management both internally and externally. Through eco-friendly campaigns, such as the K-Bee Project and forest creation project, we are contributing to protecting biodiversity and the environment of local communities in diverse areas. Furthermore, we recognize the importance of systematically managing environmental information which is why we measure the Group’s major GHG emissions and manage them in an integrated way.



2022 Environmental Performance Details



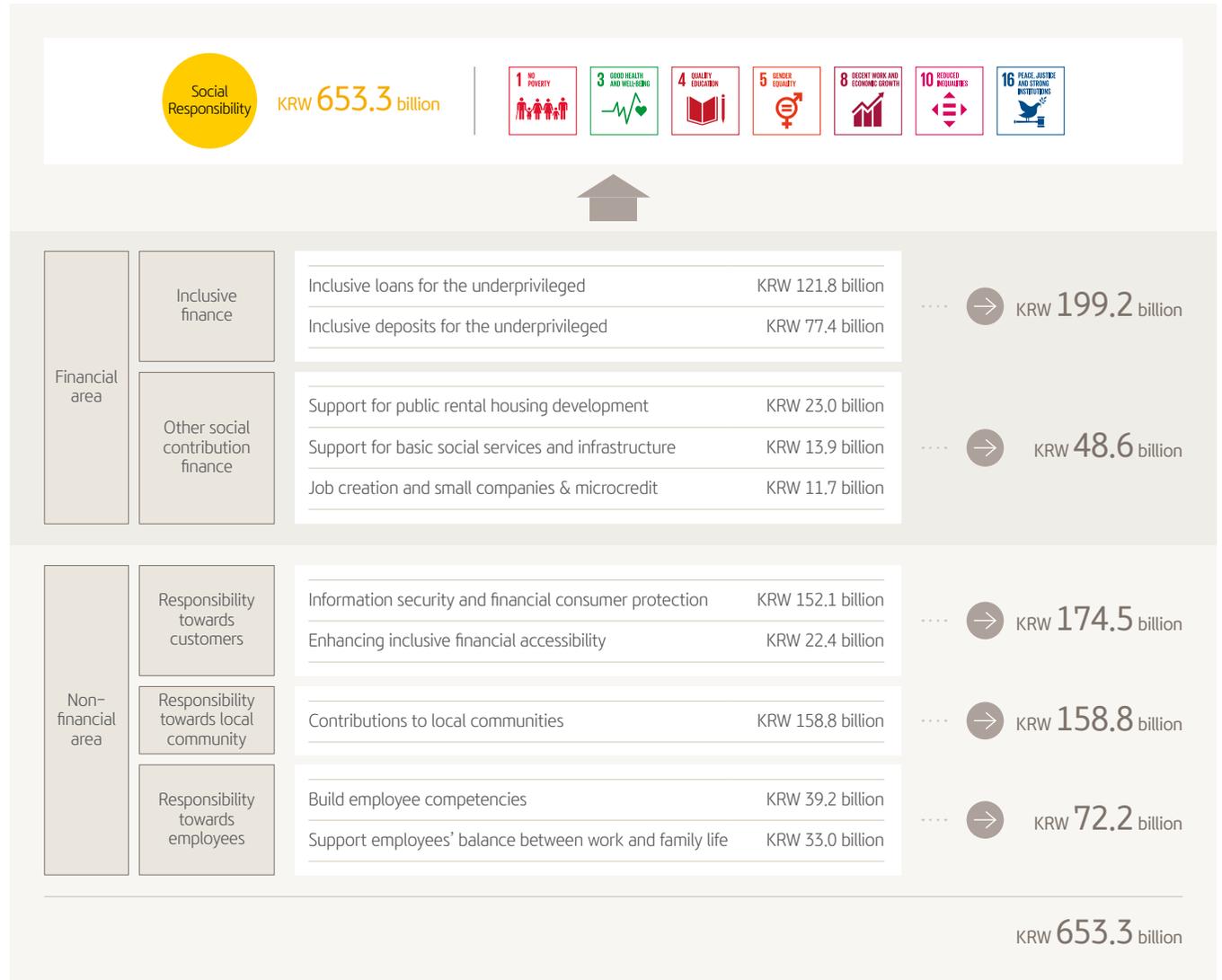
Outcomes of KB Social Value & Impact in 2022

Social Performance

Based on the mission, “Financial service delivering changes,” KB Financial Group is implementing ESG management for customers, employees, and local communities. Recognizing customer-centric management as a core value, we are increasing accessibility so that customers can conveniently handle financial transactions, in addition to establishing a systematic consumer protection system that enables customers to feel at ease when they handle transactions with KB Financial Group. We provide loan and deposit products, such as the KB Kookmin Happiness Installment Savings Plan, KB New Hope Spore II, and KB Sunshine Loan, to the financially underprivileged and working class, while also offering fee and premium discount services as part of our efforts to help them become financially independent. In addition, we establish a work environment where all employees, including supplier employees, can focus on their work in an environment that is physically and psychologically safe, and continually make institutional improvements. We also provide consulting to strengthen the business capabilities of SMEs and micro businesses; run youth education programs in such diverse areas as learning, career, and economy, through KB Dream Wave 2030; and deliver donations in the event of a disaster in Korea and abroad. Through such social contribution activities, we are realizing the value of sharing with our neighbors.



2022 Social Performance Details



Next Steps

The measurement of “KB Social Value & Impact” marks the beginning of management and improvement.

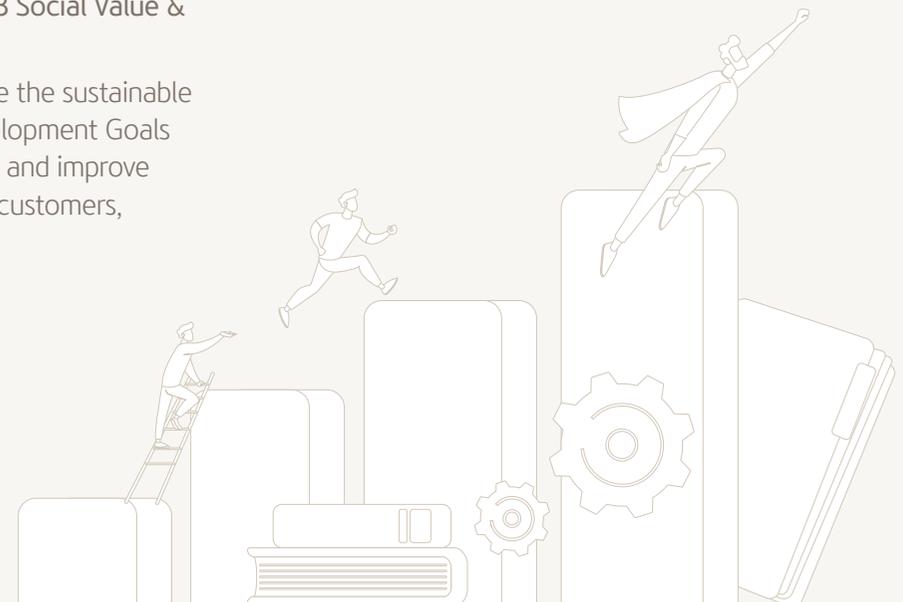
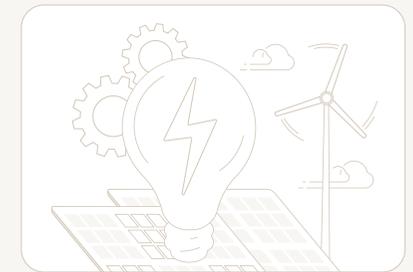
By establishing the “KB Social Value & Impact” measurement system, we laid a foundation to manage and improve social value more systematically. Based on this system, we will establish detailed goals to create greater social value every year based on consistent principles and criteria. In addition, we will establish a mid- to long-term roadmap to achieve and systematically manage the goals and advance the KB Social Value & Impact measurement system.

KB Financial Group is expanding its ESG actions in the direction of respecting social and environmental value and embracing everyone through finance.

Through financial products and services, our major business activities, we will provide inclusive finance to the socially underprivileged and raise the environmental value for future generations. In addition, we will protect customer information and financial consumers’ rights and interests by establishing a strict security system that is in line with the sharply-changing digital environment. Furthermore, by building diverse, detailed systems and financial infrastructure, we will enhance accessibility of the financially underprivileged and raise customer convenience.

We will promote sustainable growth of the company and society through the measurement of “KB Social Value & Impact” and take the lead for happier life & better world.

Guided by its mission of “Financial service delivering changes,” KB Financial Group seeks to promote the sustainable growth of the company and society and contribute to the achievement of the UN Sustainable Development Goals (SDGs). With the first measurement of “KB Social Value & Impact” as the beginning, we will manage and improve social value in a systematic manner, and thus fulfill our social responsibilities towards shareholders, customers, employees, suppliers, and local communities.



KBFG's DEI

As ESG management becomes a company's sustainable survival strategy, diversity and inclusion are emerging as important values in corporate management. Based on the mission, "Financial service delivering changes," KB Financial Group is building a corporate culture that respects the various views of employees that can change the world in a better direction and encourages inclusion and where everyone can receive recognition fairly. In addition, we are taking the lead in realizing inclusive finance where nobody is excluded by expanding the arena of diversity, equity, and inclusion (DEI) value creation to outside the Group, and striving to grow together with all stakeholders.

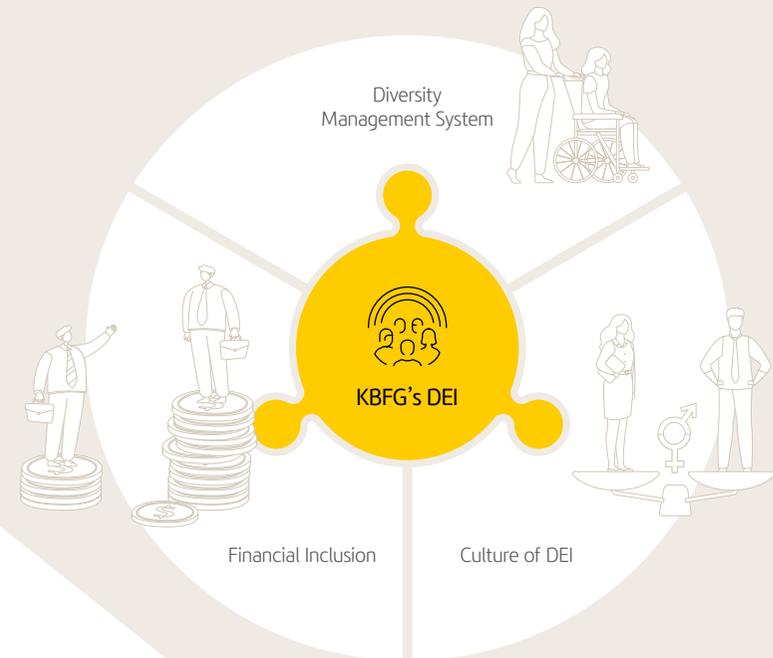


KB Financial Group recognizes that the reduced birthrate is a serious social issue that threatens the country’s economic growth and corporate sustainability. In particular, women’s career disruption, lack of infant care support, and burden over education costs have been identified as causes of lower birthrates. Against this backdrop, we strive to fulfill our corporate social responsibilities to resolve the issue of low birth.

To this end, we established a diversity goal and continually monitor diversity performance according to a phased roadmap. Moreover, we are spreading DEI values by operating various systems and programs to establish a DEI culture within the company. Moreover, we are strengthening financial inclusion so that financially vulnerable customers can experience better financial products and services.

Going forward, we will continue to respect diversity to build a culture where all employees can demonstrate their capabilities and practice sustainability management through activities that embrace various classes.

KB Financial Group’s Diversity, Equity, and Inclusion



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 - Activities to Enhance Diversity
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 - Female Talent Capability-Building Program
 - Improving the Organizational Culture
- **Reinforcing Financial Inclusion**
 - KB Miso Microcredit
 - Products and Services for Financial Inclusion
 - Increasing Financial Accessibility
 - Support for the Financially Marginalized

Establishing Diversity Management System

KB Diversity 2027

In June 2022, KB Financial Group’s ESG Committee established “KB Diversity 2027,” a mid- to long-term diversity strategy, to systematically manage areas of diversity within the Group. Based on this strategy, we plan to secure the Group’s sustainable competitiveness by expanding class and gender diversity by 2027. In addition, we established a diversity roadmap that consists of a total three steps to achieve our mid- to long-term diversity goal. Through phased implementation of the roadmap, we seek to realize the goals of KB Diversity 2027 – embracing diverse classes and realizing gender equality.

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

KB Financial Group’s Female Non-executive Director Ratio



¹⁾ Source: “Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures” of the European Commission

²⁾ Source: “Analysis of the status of non-executive directors of top 100 companies in Korea as of 2022” of Unico Search

KB Diversity 2027 – Mid- to Long-term Diversity Implementation Strategy



Diversity Roadmap



Establishing Diversity Management System

Diversity Indicators and Targets

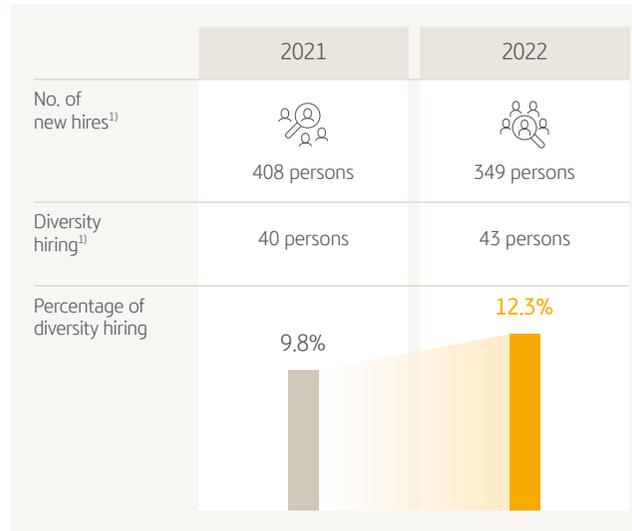
KB Financial Group developed 14 diversity indicators to achieve the “KB Diversity 2027” strategy. Of these indicators, we chose seven key indicators, which was followed by the establishment of goals to be accomplished by 2027, and we are now managing their status.

Activities to Enhance Diversity

Diversity Hiring

KB Financial Group operates a practical policy that can embrace various classes, thus providing opportunities for diverse talent to demonstrate their capabilities. KB Kookmin Bank is increasing employment opportunities for various classes by applying preferential additional points when hiring the disabled and by adopting the special employment system for veterans. In particular, KB Kookmin Bank introduced the “ESG Shared Growth” special recruitment in 2021, through which it hires the disabled, people from global families, North Korean defectors, recipients of basic livelihood security, and veterans.

KB Kookmin Bank’s Diversity Hiring



¹⁾ KB Kookmin Bank, KB Securities, KB Insurance, and KB Kookmin Card

KB Kookmin Bank hired 34 persons with disability in its efforts for diversity hiring. In addition, the Bank collaborates with the “Consulting Center for Employment of the Disabled” to identify duties for disabled employees and provides tailored training in partnership with the Customized Training Center. Furthermore, KB Financial Group is increasing hiring of the disabled through the Bravo, Beaver project. Bravo, Beaver is an equity investment-type standard workplace for the disabled that is run by BEAR.BETTER., a social enterprise. By making equity investments, KB Financial Group is contributing to the creation of jobs for the disabled.

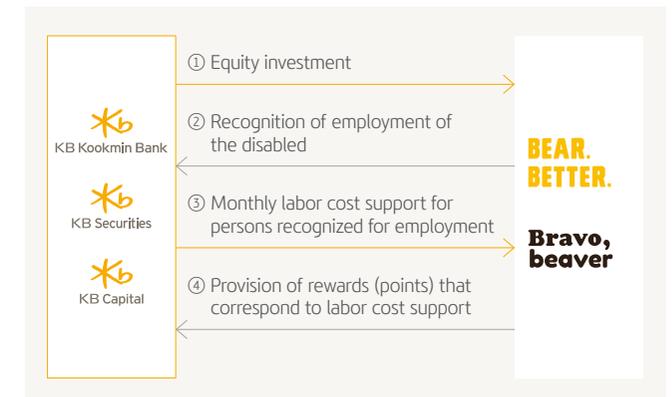
7 Execution Targets

Category	Indicator	2021	February 2023 ¹⁾	Target for 2027
Diversity hiring	Ratio of diversity hiring	9.8%	12.3%	Over 15%
	Ratio of female executives	6.6%	7.4%	Over 20%
Gender diversity	Ratio of female deputy branch managers	16.0%	17.4%	Over 20%
	Ratio of HQ female team leaders	11.0%	16.0%	Over 30%
	Ratio of HQ female team members	45.5%	45.9%	Over 40%
Capability diversity	Ratio of female heads of corporate finance team	9.5%	13.9%	Over 30%
	Ratio of female members of corporate finance team	47.1%	53.5%	Over 50%

* Based on top 4 subsidiaries which account for 89% of all employees (KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card)

¹⁾ Reflecting the results of personnel reshuffling conducted in January 2023 (diversity hiring is as of 2022)

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



Establishing Diversity Management System

In addition, KB Financial Group hires locals with priority when hiring employees at overseas subsidiaries, thus expanding diversity. In hiring new employees in 2022, KB Finansia Multi Finance (FMF), which is KB Kookmin Card's subsidiary in Indonesia, chose locals for all employee positions, including the CEO, and plans to operate a management-nurturing program for local personnel.

Gender and Capability Diversity

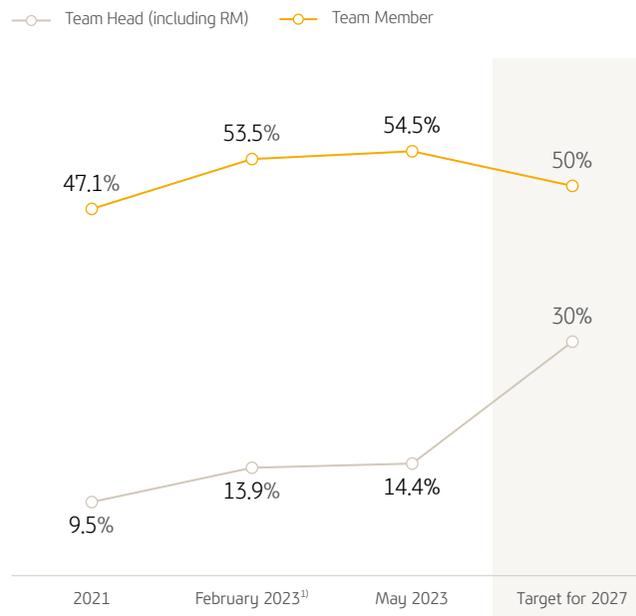
Each subsidiary of KB Financial Group applies diversity principles to provide all employees fair opportunities regardless of their gender. KB Kookmin Bank nurtures female managers in accordance with its female talent operation principle (deputy branch manager: 20%, L3 HQ team head: 30%, HQ team member: 40%), and strives to appoint female team heads and team members to key roles. In addition, it set a goal for the percentage of female employees in charge of corporate finance to diversify female employees' duties, which are now concentrated in branch PB and retail customer-related work.

Percentage of Local Hiring by KB FMF in 2022 (Unit: Persons)

Category	No. of new hires		Percentage of local hiring
	Total	Local hiring	
Management	3	3	100%
Employee ¹⁾	8,258	8,258	100%
Total	8,261	8,261	100%

¹⁾ Scope of employees: Including full-time and temporary employees (excluding outsourced personnel, including subcontracted and dispatched personnel)

Percentage of Female Employees in Corporate Finance at KB Kookmin Bank's Branches



¹⁾ Reflecting the results of personnel reshuffling conducted in January 2023 (diversity hiring is as of 2022)



Disseminating a Culture of DEI

Institutional Support

KB Financial Group is establishing systems that enable talent with diverse backgrounds to grow together. We also help our employees enhance their work engagement and performance by operating highly effective systems to strike the right balance between work and family life.

Female Talent Capability-Building Program

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

In line with the WE STAR System, KB Financial Group runs customized programs by job function to strengthen the capabilities of female talents by subsidiary. Through the “KB Women of Excellence (WE)” program, KB Kookmin Bank presents female leadership role models and strengthens female talents’ capabilities through group coaching and individual tasks. In 2022, one regional office head and 45 deputy branch managers completed the training. A cumulative number of 137 employees completed the “KB WE” program as of 2022.

Systems to Support Work-Life Balance

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

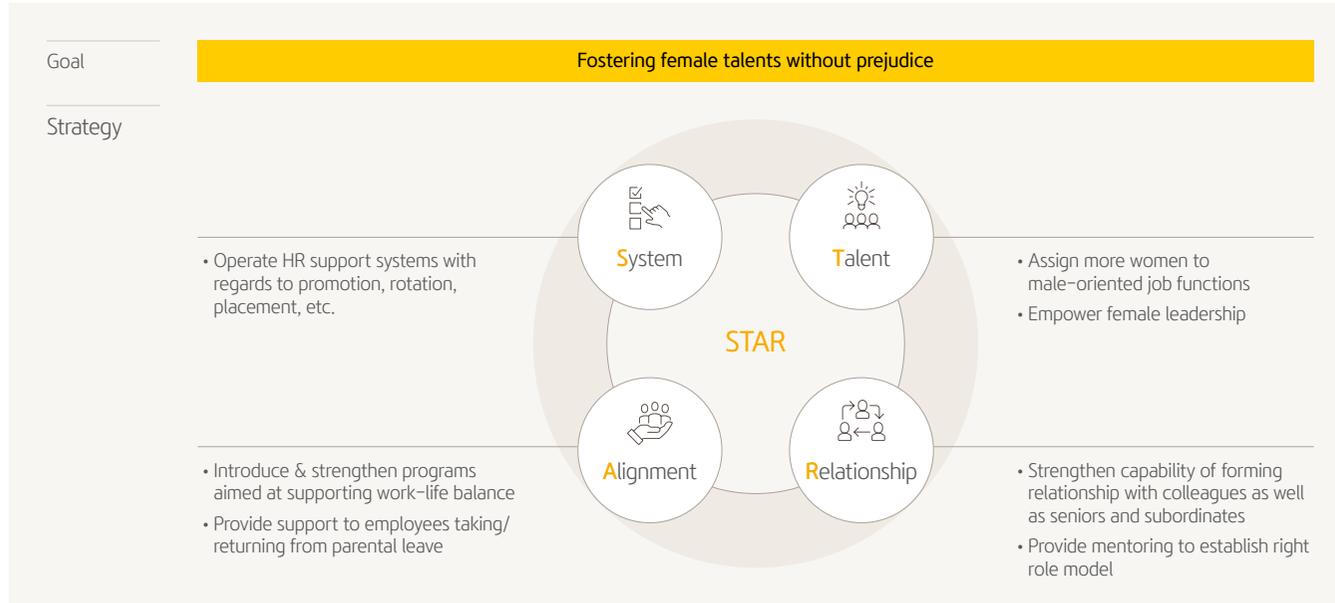
In addition, KB Financial Group operates the “WE STAR Mentoring Program” across the Group so that female talents can establish right role models and build stronger relationships while working. This program matches executives and newly appointed deputy branch managers as mentors and mentees for transferring required leadership capability and know-how. In 2022, 58 newly appointed deputy branch managers and 62 male/female executives of the Group took part in the program.

As a result of such continued efforts to enhance capabilities of female talents and disseminate the culture of gender equality, KB Financial Group was included in the Gender-Equality Index (GEI), announced by Bloomberg, a global financial information organization, for five consecutive years.

¹⁾ Target: Employees with child under 9 years old (or 3rd grade at elementary school) / Support: A maximum of two years for female employees (including six months of maternity leave) and a maximum of one year and six months for male employees

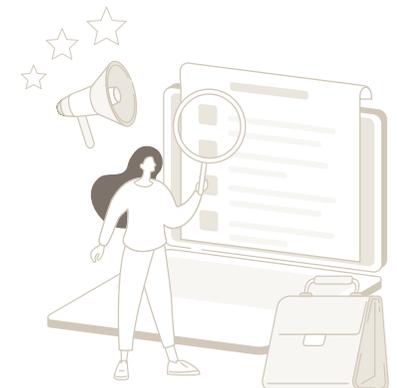
Disseminating a Culture of DEI

WE STAR System



Women Empowerment Program by Subsidiary

Subsidiary	Junior (Staff – Assistant manager)	Manager – Team leader	Leader (Department head –)
KB Kookmin Bank	<ul style="list-style-type: none"> Give preference to women when selecting corporate loan review specialist (formerly preliminary credit analyst) 		<ul style="list-style-type: none"> KB Women of Excellence, leadership course for women
KB Securities	<ul style="list-style-type: none"> Mentoring program for entry-level female staff Course for highly competent junior female employees 	<ul style="list-style-type: none"> Course for prospective female leaders Value-up course for female team leaders 	<ul style="list-style-type: none"> Leadership course for female deputy branch managers
KB Insurance	<ul style="list-style-type: none"> KB Dream Campus 	<ul style="list-style-type: none"> KB Womans Empowerment (WE) Campus 	<ul style="list-style-type: none"> Coaching course for newly appointed department heads
KB Kookmin Card	<ul style="list-style-type: none"> KB Leadership Course (KLC) Woman Way for female leadership 		<ul style="list-style-type: none"> Leadership course for newly appointed deputy branch managers Female executive one-on-one coaching course
KB Life Insurance		<ul style="list-style-type: none"> Women in INnovation (WIN) next-generation leader conference 	<ul style="list-style-type: none"> WIN Saturday Matinee



Disseminating a Culture of DEI

Improving the Organizational Culture

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

Expanding Horizontal Communication

KB Financial Group is establishing a horizontal corporate culture by facilitating communication among employees. We had a total six CEO Townhall Meetings in 2022. We increased communication within the Group through video and YouTube live streaming and simultaneous interpretation services for overseas employees. We also provided arenas of communication seven times in 2022, including the “Yoondabang,” a contactless communication channel with the CEO that reflects the non-face-to-face trend caused by COVID-19.



Communication Channels with the Top Management

Program	Details	Subsidiary
KB Communication Day	Share communication materials every Wednesday to strengthen direct communication between the management and employees	
KB Communication Center	Operate an employee communication channel that allows employees to make suggestions	KB Kookmin Bank
Townhall Meeting by Business Group	Meeting between the management and employees to strengthen communication within headquarter departments	
The CEO is Coming	The CEO makes visits to encourage employees and listen to their suggestions	
Sotonghassi-o (Communicating with the CEO)	Regular issuance of infographics content to improve the corporate culture	
Reverse Mentoring	Nurture leaders and promote communication between generations to enhance mutual understanding	KB Securities
Idea Board	Junior employees' suggestion of ideas and monitoring of change management for corporate culture improvements	
KB Lunch-day	Run a program aimed at facilitating exchange with employees of other sectors	
CEO Message “The Way We Walk Together”	Issue an essay that reflects the CEO’s thoughts and determination on various subjects	KB Insurance
CEO On-site Meeting	The CEO makes onsite visits to listen to employees’ suggestions and to communicate with them	
Know X How (Know-how)	Run a bi-directional communication program for a mutual respect culture policy	KB Kookmin Card
Creating a Better KBAM Committee	Collect employee suggestions and make improvements	
Communication Month	Hold a meeting by job function and CEO Townhall Meeting	KB Asset Management
Year-End Workshop “Cheer-up & New Start”	The CEO and employees share future direction and KB Savings Bank’s Code of Conduct is declared	KB Savings Bank



CEO Townhall Meeting



CEO Meeting with the Group Junior Board

Disseminating a Culture of DEI

Practicing DEI Values

KB Compliment System

KB Financial Group established the “KB Compliment System” to spread a positive culture where employees compliment each other. Through the compliment platform that enables employees to compliment each other and communicate their appreciation, employees deliver compliment points (KBcoin) to others they want to compliment along with a message of encouragement and appreciation on the Compliment Day.

KB Financial Group Inc. runs the “Let’s Compliment” campaign and choose a Compliment King and Professional Compliment Maker as part of our efforts to fully establish a culture of making compliments.

Use of Compliment Platform in 2022



KB Creator

KB Financial Group launched the “KB Creator” project for all employees to facilitate Group communication. A KB Creator is an in-house creator who leads the spread of an open, creative corporate culture. Employees chosen as KB Creators use their ideas and talent to produce content that is useful to employees and actively take part in communication activities aimed at improving the corporate culture. In 2022, 53 employees served as KB Creators at a total seven subsidiaries. They created a total 28 content on diverse subjects, including agile, compliance, ESG, employee stock ownership system, and digital.

Diagnosis of the Group’s Organizational Culture

KB Financial Group’s Group Culture & HRD Center conducts an organizational culture diagnosis, targeting all employees, to assess the employee awareness on the value of diversity within the Group and derive improvement tasks. In 2022, a total of 192 improvement tasks were implemented based on the results of an organizational culture diagnosis conducted in 2021.

In-house PR Activities

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

PR channels related to employee diversity



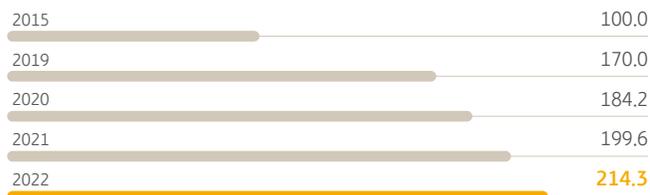
Reinforcing Financial Inclusion

KB Miso Microcredit

Through the KB Miso Microcredit Foundation, KB Financial Group provides products to the financially marginalized. The KB Miso Microcredit Foundation 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 because they have no collateral or their credit and income levels are relatively low, thereby supporting a foundation for their independence. In addition, it provides business establishment and operating funds and facility improvement funds at low interest rates that are needed for establishing and operating businesses to the financially marginalized and operates low-interest-rate loan programs, including the Successful Employment Loan, Emergency Livelihood Fund Loan, Educational Expense Support Loan, and Underprivileged Independence Fund. The Foundation became the first in the banking industry in 2015 to achieve KRW 100 billion in support funds. As of the end of December 2022, it handled a total 18,890 loan cases amounting to KRW 214.3 billion. Since its opening in 2009, the Foundation has grown to have eight branches across the country, including Western Seoul, Dobong in Seoul, Southern Gyeonggi, Incheon, Daejeon, Daegu, Busan, and Honam, thereby raising accessibility.

In addition, the Foundation provides customer-tailored business and financial consulting to the financially marginalized and engages in follow-up management activities, including training and consulting, to help micro businesses become self-sufficient. In addition, in connection with the Regional Credit Guarantee Foundation, the KB Miso Microcredit Foundation provides liquidity to customers whose credit scores improved through Miso Microcredit.

Size of Loan by KB Miso Microcredit Foundation (Unit: KRW billion)



* Based on cumulative figures

Products and Services for Financial Inclusion

KB Financial Group provides products and services aimed at financial inclusion to support the financially marginalized. We prevent seizures so that basic livelihood benefits as well as pension and insurance benefits can be used for living expenses and provide various checking account products that offer bank transaction fee exemption benefits, thus helping the financially marginalized live a stable life.

We provide savings account products designed to help people build assets and a sizable sum of fund to child heads of households, North Korean defectors, youths, and the low-income class that have difficulty accessing financial services. We also offer various loan products, including for daily life stability funds and housing security deposit funds, to the financially marginalized with low-income and low-credit who find it difficult to use legitimate financial institutions as well as persons of national merit. We provide loan products that exempt an early repayment fee to youth startup companies, small business owners, and small companies.

Financial Products and Services for the Financially Vulnerable

(Unit: Persons, No. of accounts)

	Products and services	Targeted clients	No. of customers	No. of accounts
Checking account	KB Happiness Keeper Bank Account, KB Love Sharing Installment Bank Account, KB Kookmin Hope Keeper Bank Account, and 5 others	Low-income class, the elderly, women, the disabled, immigrant workers, micro businesses, individuals in rural or hard to reach areas, etc.	122,379	122,785
Savings account	KB Love Sharing Installment Savings Plan, KB Miso Dream Installment Savings Plan, KB Good Nuri Installment Savings Plan, KB Youth Hope Installment Savings Plan, and 2 others	Low-income class, youths, individuals in rural or hard to reach areas, etc.	1,023,585	1,023,589
Loan	KB New Hope Spore II, KB Sunshine Loan, KB Small Business STORY Loan, KB Youth Dream Loan, Employment Environment Improvement Fund Loan, and 9 others	Low-income class, micro businesses, youths, the disabled, individuals in rural or hard to reach areas, etc.	300,003	356,798

* As of December 31, 2022

Reinforcing Financial Inclusion

Persons with Disability and Senior Customers

KB Financial Group provides various services designed to enhance customer accessibility so that persons with disability and senior customers do not experience difficulties in using digital financial services. KB Kookmin Bank operates moving branches to resolve the financial marginalization of senior customers as digitalization gains speed. At moving branches, senior customers can use such financial services as depositing and withdrawing cash, reissuing bank passbooks, and receiving pension. In addition, the Bank established three “joint branches between banks” to resolve the branch shortage issue in some regions. An alliance was formed with Emart No Brand and Emart24 Convenience Store, based on which KB Kookmin Bank created two unmanned digital branches and operates intelligent ATMs and video counseling-only windows, thereby increasing financial accessibility and customer convenience.

In addition, KB Kookmin Bank expanded convenience facilities for persons with disability at 110 branches. It set up movable ramps, help bells for the disabled, and signs on entry locations at 54 branches, and it established and/or repaired convenience facilities, including braille blocks, entry ramps, and handrails, at 56 branches.

Services for Persons with Disability and Senior Customers

Target	Service details	Subsidiary
Elderly	<ul style="list-style-type: none"> Created the “simple mode” in KB Star Banking for senior customers Providing speaking slowly services of major counseling menus for senior customers aged 65 or more Expanded video counseling services using smartphones and adopted the counseling system of AI-based Call-bot 	KB Kookmin Bank, KB Kookmin Card
Disabled	<ul style="list-style-type: none"> Increased ARS-applied apps for the hearing-impaired Providing the “video sign language counseling service over the Internet” and visual ARS for the hearing-impaired Adopted the “relay call service” for people with hearing disabilities who have difficulties in using sign language Providing voice recognition ARS for the visually-impaired 	KB Kookmin Bank, KB Kookmin Card

Expanding Convenience Facilities for Persons with Disability

(Unit: Branches)

Category	Ramps & signs on entry locations	Installation of ramps	Movable ramps & help bells for the disabled	Help bells for the disabled	In the front	Created	Relocated	Regional base branches	Total
No. of branches	35	1	11	7	29	4	20	3	110



KB Senior Lounge

Reinforcing Financial Inclusion

Low-income Customers

KB Savings Bank launched “kiwibank,” an online and mobile financial service, in 2020 and helped low-income class customers easily access financial services. Through kiwibank, mobile users can use account opening, money transfer, subscription to deposit or installment savings product, loan application, and other financial services 24/7 without difficulty, through improved user speed over the existing mobile banking apps. Through kiwibank, customers can easily subscribe to products designed for the financially vulnerable, including Sunshine Loan, Sah-it-dol II Loan, and KB Good Nuri Installment Savings Plan. In this way, KB Savings Bank is improving accessibility of financially vulnerable groups.

Foreign Customers

KB Financial Group provides various financial services for convenience of foreign customers. KB Kookmin Bank supports nine languages – English, Chinese, Japanese, Cambodian language, Vietnamese, Thai, Burmese, Russian, Mongolian – in KB Star Banking, a non-face-to-face channel. We provide English, Japanese, and Chinese services on Internet banking for increased digital accessibility of foreign customers. We operate a foreigner-only remittance center that can be used on weekends, resulting in increased convenience for foreign customers who find it difficult to visit a bank during weekday business hours. We also operate eight FX and remittance centers in areas where many foreign workers reside and support smooth communication of foreign customers by hiring employees who are native speakers.



Support for the Financially Marginalized

Financial Support for the Marginalized

In April 2022, KB Kookmin Card became the first card company to launch a non-face-to-face “Guarantee for a Refund of *Jeonse* Deposit” service based on an alliance with the Korea Housing & Urban Guarantee Corporation. As instability in the real estate lease market increases, KB Kookmin Card developed this service to resolve the security deposit return issue that the financially vulnerable may encounter and to improve their financial accessibility. The company plans to add a menu for applying to the security deposit return guarantee service to the KB-Pay card app and mobile web so that customers can more conveniently use the service.

Education for the Marginalized

As the shift to a digital era gains speed, financial service convenience has increased but there is also rising inconvenience for senior customers who are unable to adapt to sharply-changing technologies. KB Financial Group operates education programs to help the elderly with non-face-to-face financial service use and to prevent financial fraud. KB Kookmin Bank provided education a total 100 times for three hours each to around 2,000 seniors in collaboration with the Office of Education, Senior 50 Plus Foundation, libraries, welfare centers, and lifelong learning centers. Education subjects included use of mobile banking, integrated management of account information, and prevention of financial fraud. The Bank also provided educational videos to help raise participants’ understanding.

In addition, KB Kookmin Bank holds the “financial fraud prevention play” for seniors, who are vulnerable to financial fraud, in its efforts to prevent voice phishing. In 2022, it sponsored the play on eight occasions to deliver a message on preventing financial fraud and also provided an information pamphlet. KB Insurance offered the Financial Inclusion & Literacy program to 135 college students at Universitas Widya Kartika, located in Surabaya, Indonesia, in October 2022, through which lectures were held on financial literacy and inclusive finance.

Financial support for the financially marginalized

• KB Kookmin Bank



Expanding preferential interest rates for vulnerable borrowers

- An annual 1.0%p reduction in the new interest rate for small-scale consumer loan products that target low-income workers and small business owners
- * Target products: KB New Hope Spore II, KB “Sah-it-dol” Middle Interest Rate Loan, KB Happy Dream Loan II, KB Stepping Stone Loan
- Applied an annual 0.3%p in preferential interest rate to mortgage for vulnerable borrowers, including the disabled, recipients of basic livelihood security, and North Korean defectors



Guarantee fee support for Guarantee for a Refund of *Jeonse* Deposit

- Fee support for debtor’s refund guarantee of KRW 300 million or less *Jeonse* deposit for metropolitan areas and KRW 200 million or less for other areas



Created a loan principal reduction program



Early repayment fee exemption for borrowers with a CB 5 or lower rating

• KB Kookmin Card



Supporting daily life recovery from COVID-19

- Provide daily life recovery support funds in Gwangju and Chuncheon



Providing support funds to parents of elementary, middle, and high school students in low-income class

- Provide special learning support funds to recipients of education benefits
- Plan to implement voucher project to support recipients of education benefits



Providing support funds to youths

- Provide support funds to cover transportation expenses to youths in Seoul

Sustainable Finance

Economic and social volatility is sharply rising owing to a complex crisis that the global community faces, including the unprecedented COVID-19 pandemic, climate crisis, and greater uncertainties in the global economy, which may act as a factor that threatens financial stability. Amid strengthening regulations on sustainable finance, such as the EU Taxonomy taking concrete shape and sustainability disclosure regulations undergoing improvements, financial institutions need to implement transition finance that consider sustainability.

As a mediator of circulation of funds, KB Financial Group is actively supporting businesses and projects that meet ESG standards, thereby contributing to sustainable growth of the Korean economy and development of local communities through finance.



Financial institutions can contribute to carbon reduction and social stability through investments, loans, and other financial activities that take ESG into consideration. KB Financial Group therefore seeks to fulfill corporate social responsibilities by expanding sustainable finance. To this end, we created the “Group ESG Financial Product Council” to strengthen the ESG financial products management system and enable integrated management of ESG financial product-related operations at the Group level, and are systematically managing financial products. In addition, we are continually expanding products in different areas, including environment, social responsibility, governance, and integrated ESG, with the goal of achieving KRW 50 trillion in the size of ESG products, investments, and loans by 2030 based on the “KB Green Wave 2030” strategy. Furthermore, we launch products that enable customers to directly carry out eco-friendly activities and take active part in ESG-related project investments.

In addition, based on an ESG bond management system and green bond management system certified by an external organization, KB Financial Group is expanding the issuance of ESG bonds. In October 2020, we became the first financial holding company in Korea to issue an ESG bond in Korean won, which was followed by the issuance of green bond in May 2021 to support eco-friendly projects and social value creation projects. Going forward, we will continue reflect goals of the ESG management strategy in diverse financial products and services. In particular, we will further expand ESG bond issuance to take the lead in spreading the value of ESG through finance.

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 - Issuance of ESG Bonds
 - Management of ESG Bonds

KB Financial Group’s Sustainable Finance Milestones

2020	2021	2022
<p>May Announced “KB Green Wave 2030”¹⁾</p> <p>Sep. KB Financial Group disclosed the ESG bond management system, declared coal finance phase out</p>	<p>Feb. KB Kookmin Bank joined the Equator Principles</p> <p>Oct. Established the Group’s Environmental and Social Risk Management (ESRM) policy framework</p>	<p>Mar. Created the “Group ESG Financial Product Council”</p> <p>Apr. Released the “KB Net Zero S.T.A.R. Financial Products” package</p> <p>Jun. Enacted “The Equator Principles Operating Guidelines”</p>

¹⁾ Changed name from “KB Green Way 2030” to “KB Green Wave 2030” in 2021

Sustainable Finance Framework

Management System of ESG Financial Products

Group ESG Financial Product Council

KB Financial Group established the “Group ESG Financial Product Council” to integrate the existing ESG financial product selection and management system at the Group level. The Group ESG Financial Product Council consists of the ESG Operation Part and the ESG Product Part, and is participated in by 10 relevant departments.

Organizational Chart of KB Financial Group’s ESG Financial Product Council



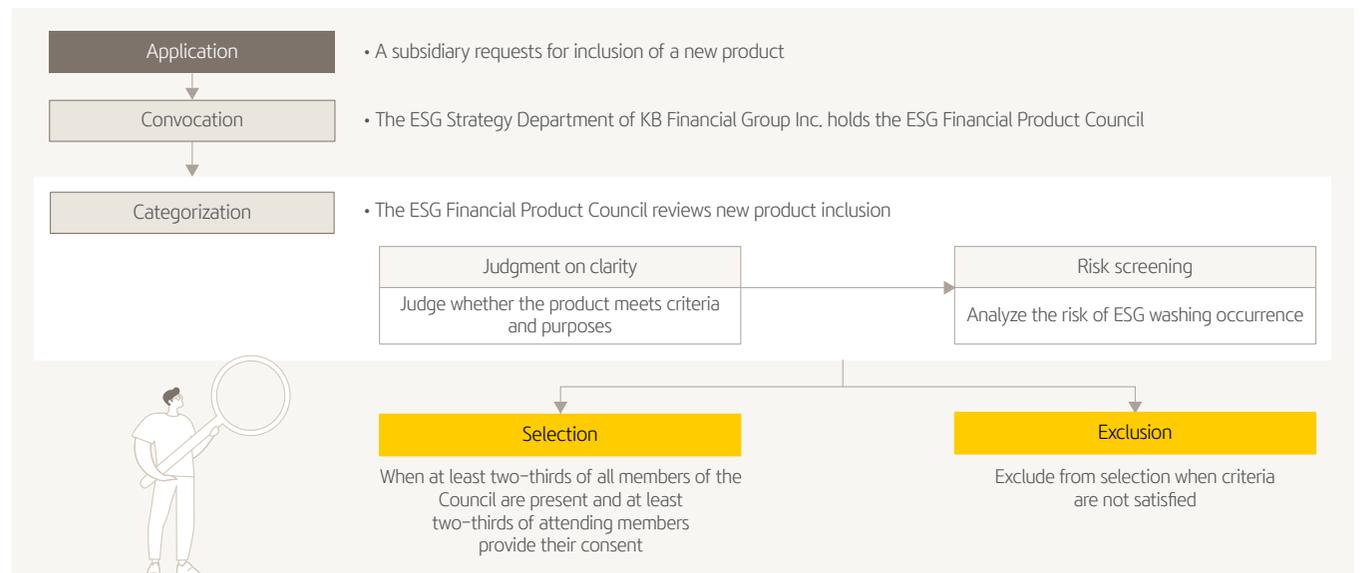
Selection and Classification Process of ESG Financial Products

KB Financial Group established its own “ESG financial product selection process” and holds the “ESG Financial Product Council” every quarter to choose ESG financial products. First, we check clarity on whether each product meets ESG criteria and purposes. Second, we review whether there is an ESG washing issue risk. Afterwards, members of the ESG Financial Product Council carry out discussions for final selection of ESG financial products.

ESG Evaluation Process and Checklist

KB Kookmin Bank includes in the “Corporate Loan Guidelines” an article specifying that the level at which ESG is practiced be reflected in the credit rating and loan review processes and is implementing it. When a company has growth potential and competitiveness by practicing ethical management, including eco-friendly management, socially responsible management, and governance, we can raise the credit rating. In case a company lacks in the areas, we can decrease the credit rating. Furthermore, the Bank has been managing an ESG checklist for real estate PF and SOC loans since September 2020. Starting in April 2022, it regularly examines operational risks once a year for listed companies that are subject to approval from a head office screening council or higher-level organization, and evaluates them in five grades according to operational risk management levels. Additional information on reviews and management of investments and loans that reflect ESG are available on page 68 of the TCFD Report.

ESG Financial Product Selection Process



Sustainable Finance Framework

Goal Management of ESG Financial Products

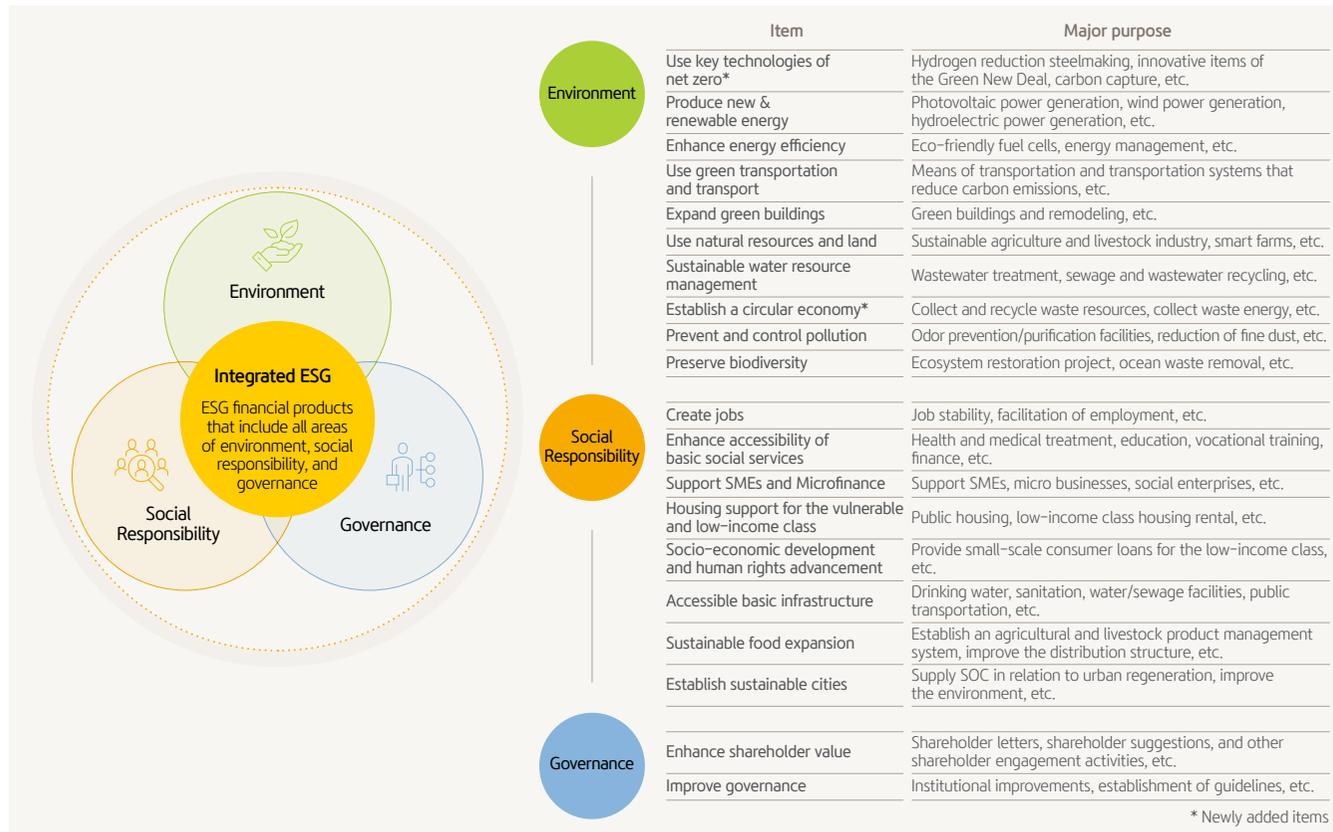
ESG Financial Products

KB Financial Group manages ESG financial products, by classifying Environment, Social Responsibility, Corporate Governance, and ESG Integrated financial products based on their purpose and target.

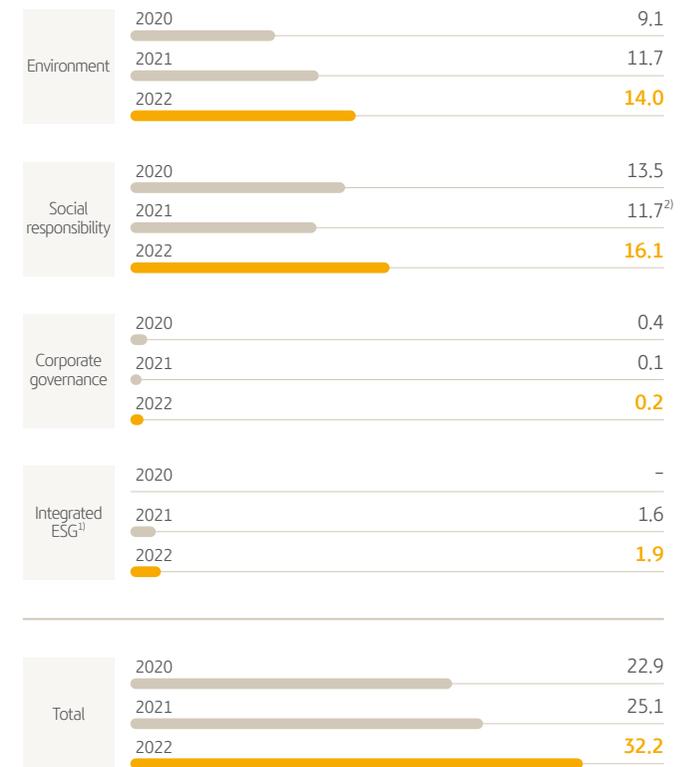
KB Green Wave 2030

KB Financial Group established the “KB Green Wave 2030” strategy, with a goal of reinforcing ESG finance, and plan to expand ESG products, investments, and loans to KRW 50 trillion (KRW 25 trillion for the environment area) by 2030. As of the end of December 2022, KB Financial Group’s ESG products, investments, and loans amounted to KRW 32.2 trillion. The size of ESG financial products is increasing every year in the environment, social responsibility, and corporate governance as well as integrated ESG areas.

ESG Financial Products



Size of ESG Products from 2020 to 2022 (Unit: KRW trillion, based on balance)



¹⁾ The “Integrated ESG” category was added in 2021

²⁾ In the Social Responsibility, some products have been excluded due to changes in the classification criteria of ESG financial products which has brought a slight drop in figures in 2021 compared to 2020

ESG Financial Products

ESG Products

KB Green Wave 1.5°C Financial Product

KB Financial Group released “KB Green Wave 1.5°C Financial Product” in 2021 to encourage customers to adopt green practices. As the Group-level green financial package, following the “KB Clear Sky Financial Product” and “KB Clear Ocean Financial Product”, it includes KB Kookmin Bank’s “KB Green Wave 1.5°C Deposit” and “KB Green Wave 1.5°C Charitable Trust” and KB Kookmin Card’s “KB Green Wave 1.5°C Card.” Benefits such as prime rates are offered to customers who practice eco-friendly activities, such as non-issuance of paper passbooks, and funds are created for climate change response and carbon emission reduction activities in connection to the products through which we donate funds to projects for creating school forests and establishing EV charging stations.

KB Net Zero S.T.A.R. Financial Product

The “KB Net Zero S.T.A.R. Financial Product” package consists of a charitable trust as well as two ETFs and six funds related to carbon neutrality. The charitable trust donates 10% of the contribution customers pay the bank when subscribing to the product in the customer’s name with the bank also matching the donation. ETFs and funds are also designed to share the same structure as the charitable trust. Donations raised through these products are used to support eco-friendly programs, including the creation of ocean forest, school forest, and classroom forest. We plan to expand the development of customer participation-based ESG financial products to reduce carbon emissions and counter climate change.

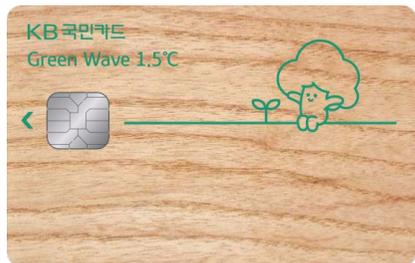
Specialized Product for Green Vehicles

KB Financial Group offers various products and services to facilitate the dissemination of green vehicles. KB Kookmin Bank provides additional credit and preferential interest rates to customers purchasing green vehicles such as EVs through “KB Magic Car Credit Loans.” In addition, it is holding an event in which cashback benefits are provided according to card usage when a customer charges an EV at a target merchant by using the KB Kookmin Green Card (credit/check). KB Insurance sells eco-friendly vehicle insurance products and provides various advantageous services in relation to EVs. KB Capital has an alliance with Polestar, a premium EV-specializing brand in Sweden, as its exclusive financial partner. KB Financial Group is operating various tailored financing products to promote the dissemination of eco-friendly vehicles.

ESG Investments

Increasing Eco-friendly Investments

KB Financial Group is continually expanding investments in eco-themed private projects, new and renewable energy sectors, and eco-friendly vessels and vehicles. In case of large-scale project financing, we examine compliance with the Equator Principles and ESG framework. In particular, we invest in and provide financial support for eco-friendly projects aimed at building new & renewable energy power generation and low-carbon facilities.



ESG Financial Products

Cases of Eco-friendly Investment Projects

Gubbaberget Wind Power Generation Project in Sweden

The Gubbaberget offshore wind power generation project in Sweden is to construct and operate a 74.4 MW offshore wind power plant in Gavleborg County in central Sweden. Out of the total project costs of EUR 982 million, KB Kookmin Bank jointly arranged EUR 42 million and is committed to investing EUR 9 million. TUV SUD analysis results indicate that Gavleborg County has the conditions for stable production and supply of power with an average wind speed of 7.4 m/s. The turbine used for the power generation facility has 32% more annual power generation than other turbines, and has applied a fault detection system and anti-icing technologies that prevent ice from accumulating on the turbine blades, thereby enabling optimal operation of the power generation facility even in Northern Europe's severe cold and heavy snow. The construction period of the wind power generation facility was from July 2021 to May 2023, and the facility will be run from May 2023 to July 2053. This facility does not emit GHG and can create alternative energy sources in case of depletion of fossil energy.

Wondong Wind Power Generation Project

The Wondong Wind Power Generation Project aims to construct and operate a 37.6 MW wind power plant in Wondong-myeon, Yangsan City, South Gyeongsang Province. KB Kookmin Bank collected wind condition analysis data for around 35 months prior to the project launch and also conducted an ESG risk assessment that included an environmental impact assessment and local community impact levels. It was found that there was a low possibility of complaints being raised with a wind power plant, in addition to GHG emissions reduction effects. The power plant commenced commercial operation in July 2022. Of the total investment amount of KRW 115.3 billion, KB Kookmin Bank arranged KRW 98 billion and is committed to investing KRW 32 billion. The entire amount of electric power produced at the power plant is sold through the Korea Power Exchange. The Renewable Energy Certificate (REC) that the government issues in accordance with the Renewable Portfolio Standard is sold to a power producer. The power plant's annual power generation is expected to be 90,910 MWh/year when assuming a facility usage rate of 27.6%.

Solar Power Generation Project in Jido-eup, Sinan

The solar power generation project in Jido-eup, Sinan is a project constructing and operating a 150 MW solar power generation facility in Jido-eup, Sinan-gun, South Jeolla Province. Of total investments of KRW 319.6 billion, KB Kookmin Bank arranged KRW 274.8 billion and committed to invest KRW 60 billion. The solar power generation system consists of a solar cell that converts solar energy to electric energy and a system connection area that is used to convert produced electric power from direct current to alternating current to be in line with demand and for transmission of produced electric power to a power conditioning system. Construction was completed in December 2021 for the power generation facility, which consists of 70 individual 3 MW or less power plants. The facility is planned to be operated from January 2022 to December 2041. The entire amount of electric power produced at the power plant is sold through the Korea Power Exchange. The government-issued REC in accordance with the Renewable Portfolio Standard is being sold to a public power generation company.

CIB Platform

KB Financial Group uses the Corporate & Investment Banking (CIB) platform to form ESG funds. We set an ESG investment and financing goal for CIB to reach KRW 100 trillion in handled amount and KRW 25 trillion in balance by 2030. KB Financial Group handled a total of 12.5 trillion in ESG projects in 2022 through joint investments and collaboration with subsidiaries. As of the end of December 2022, the ESG investment balance stood at KRW 5.8 trillion, of which KRW 3.4 trillion in handled amount and KRW 2.9 trillion in balance was achieved by KB Kookmin Bank through active participation in a new & renewable energy project, youth housing project, and eco-friendly battery project. Going forward, KB Financial Group will continue to take active part in ESG investment through the CIB platform.



ESG Financial Products

ESG Loans

KB Green Wave Loans for Outstanding ESG Companies

KB Kookmin Bank offers benefits of preferential interest rate and loan limit to companies that fulfill ESG evaluation criteria through the “KB Green Wave Loans for Outstanding ESG Companies” in its efforts to help loan lenders implement ESG management. If the evaluation criteria are not met, preferential benefits are not provided.

Moreover, the Bank improved the assessment criteria for the “KB Green Wave Loans for Outstanding ESG companies” to expand loan qualifications for pilot adoption of K-Taxonomy in August. In September, it changed the ESG evaluation criteria to exclude high carbon-emitting industries from its environmental industry classification guideline to prevent greenwashing. As of December 2022, the balance of “KB Green Wave Loans for Outstanding ESG companies” stood at KRW 755.3 billion.



ESG Evaluation Criteria

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

ESG Bonds

Issuance of ESG Bonds

ESG Bond Management System

KB Financial Group is practicing socially responsible investments by issuing green, social, and sustainability bonds based on an ESG bond management system. KB Financial Group's ESG bond management system is designed to comply with the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, which are international standards enacted by the International Capital Market Association. The green bond management system established by KB Kookmin Bank was created in line with the "K-Taxonomy Guidelines" of the Ministry of Environment and the "Green Bond Guidelines" of the Ministry of Environment and Financial Services Commission. KB Kookmin Bank issues bonds according to the green bond management system. Funds financed through green bonds are used through direct investments and loans for projects that have a positive impact on the environment.

 Green Bond Management System

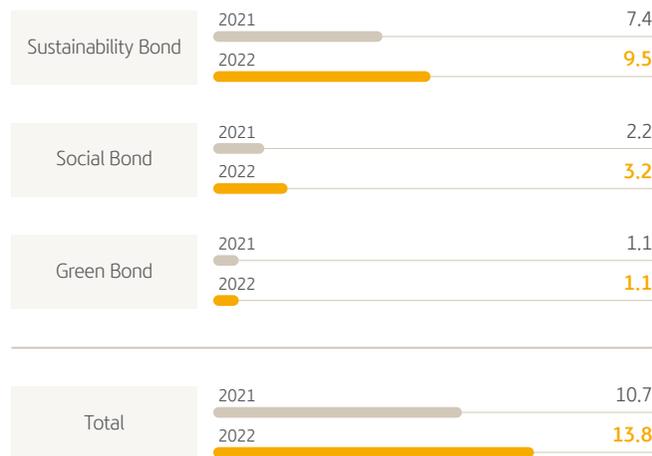
ESG Bond Issuance Performance

KB Financial Group issues ESG bonds based on an ESG bond management system and green bond management system to support eco-friendly projects and projects that consider social value. As of current, KB Financial Group Inc. has issued KRW-denominated ESG bonds worth KRW 610 billion. In detail, we became the first financial holding company in Korea to issue KRW-denominated ESG bond worth KRW 500 billion in October 2020 and issued green bond amounting to KRW 110 billion in May 2021.

Each subsidiary also issues sustainability, social, and green bonds. As of the end of December 2022, KB Financial Group's cumulative ESG bond issuance amount is KRW 13.8 trillion.

Type and Size of KB Financial Group's ESG Bond¹⁾

(Unit: KRW trillion, cumulative)

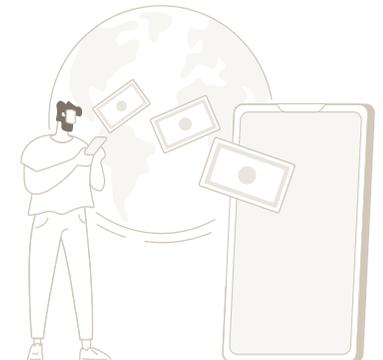


¹⁾ Bonds in foreign currencies were converted to KRW by applying the exchange rate at the end of December of the corresponding year

In 2022, KB Kookmin Bank issued ESG bonds in foreign currencies, including USD 700 million worth and EUR 500 million worth of ESG bonds. KB Securities formed a dedicated taskforce to issue sustainability-linked bonds (SLBs), held a relevant seminar, and underwent active business proposals. KB Insurance issued KRW 286 billion worth of sustainability bond and received ST1, the highest grade, in an ESG certification evaluation. In addition, KB Capital issued KRW 290 billion worth of sustainability bond in 2022, and plans to issue KRW 300 billion worth of ESG bond to support the financially underprivileged and provide financial support for eco-friendly vehicles. Moving forward, KB Financial Group plans to expand ESG bond issuance as a way to fulfill its corporate social responsibilities and lead ESG management.

ESG Bond Issuance of KB Financial Group Inc. (Unit: KRW billion)

Time of issuance	Category	Maturity	Issuance amount	Issuance interest rate
October 2020	Hybrid capital securities	5 years (Call option)	435	3.00%
		10 years (Call option)	65	3.28%
May 2021	Hybrid capital securities	10 years (Call option)	110	3.60%



ESG Bonds

Management of ESG Bonds

Use of Funds Financed through ESG Bonds

All funds financed through ESG bonds issued by KB Financial Group are used for eco-friendly or social projects defined by the green bond management system. In addition, we exclude projects related to exploitation of child labor, weapons, alcohol, tobacco, and fossil fuels from fund support targets through negative screening, thereby preventing use of funds that are financed through ESG bonds for projects that have a negative impact on the environment and society.

Project Evaluation and Management

To distribute funds financed through ESG bonds to appropriate projects, there is a need for a process that systematically evaluates and selects projects. KB Financial Group selects projects that are in line with environmental improvement goals and K-Taxonomy, and sorts out projects that satisfy internal loan review criteria.

Afterwards, KB Kookmin Bank's KB Sustainable Finance Operation Committee evaluates what impact the chosen project has on environmental and social improvements. In case of the green area, we consider the acknowledgement criteria and index per green economic activity to check if a project falls under an eco-friendly or social project defined in the green bond management system.

If the project satisfies the green bond management system's criteria, the KB Sustainable Finance Operation Committee makes a final selection of the project as a project that can receive fund distribution. In addition, the KB Sustainable Finance Operation Committee reviews fund details and project suitability every year. It reviews the need to re-distribute funds, such as loan repayment, and makes decisions related to fund distribution, such as whether to invest funds in other projects, recover funds, and make new investments.

Project Categorization

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

KB Sustainable Finance Operation Committee of KB Kookmin Bank



* The Sustainable Finance Operation Committee consists of the heads of the departments specified above

Project Evaluation and Management Process



TCFD Report

The Earth is humankind’s home and our responsibility to protect with care for future generations. In order to protect the one and only Earth, we must tackle climate change, which requires the transition to a low-carbon economy. KB Financial Group is taking the lead in building a sustainable net-zero society by quickly responding to climate change that humankind faces. We will take our role and responsibility as a global leading financial group and faithfully implement our strategy on climate change to turn the risks into opportunities.



Climate change may have a negative impact on the financial market’s stability and a company’s financial soundness. In particular, a financial institution that conducts business with various companies is exposed to extensive risks and this is why it needs to preemptively respond to climate-related risks.

In response, KB Financial Group established “KB Net Zero S.T.A.R.” – a science-based mid- to long-term net zero implementation strategy. We also became the first financial institution in Asia and the first company in Korea to receive Science-based Target Initiative (SBTi) approval, attesting that we are implementing effective climate action. Moreover, we are exploring creative, innovative climate change-countering solutions and striving to lead an eco-friendly financial ecosystem by establishing major climate change response strategies, including “KB Green Wave 2030” and “Risk Management.”

The journey to net-zero cannot be travelled alone. All members, including the government, companies, and civic society, must recognize how serious the climate crisis is and gather their strengths. In particular, companies need to thoroughly analyze and manage climate change risks and opportunities and disclose relevant performance to stakeholders, thereby forming a consensus to overcome the climate change crisis.

We have therefore identified risk factors that result from climate change, and analyze whether these factors are reflected in the climate change response governance, management strategies, and risk management. In addition, we set mid- to long-term goals in relation to climate change and transparently disclose implementation outcomes to actively communicate with stakeholders.

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- BOD Level
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- Subsidiary Level

• **Strategy**

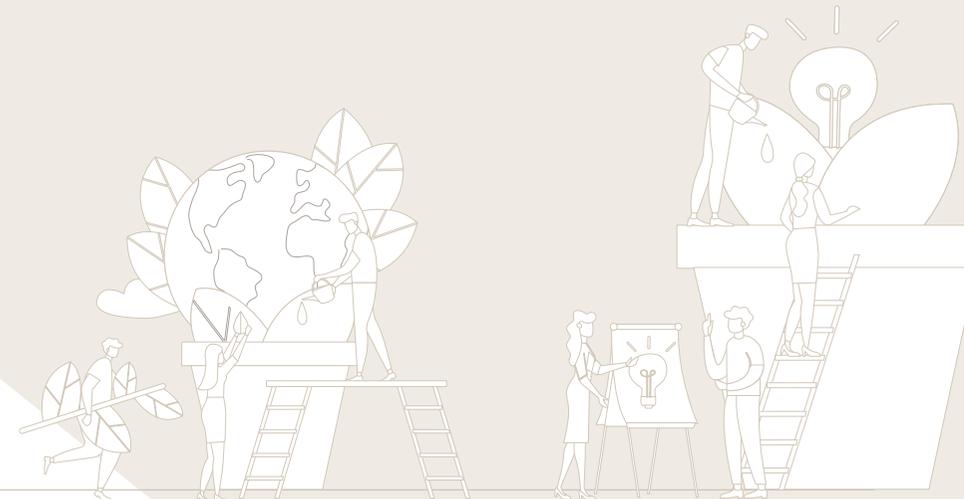
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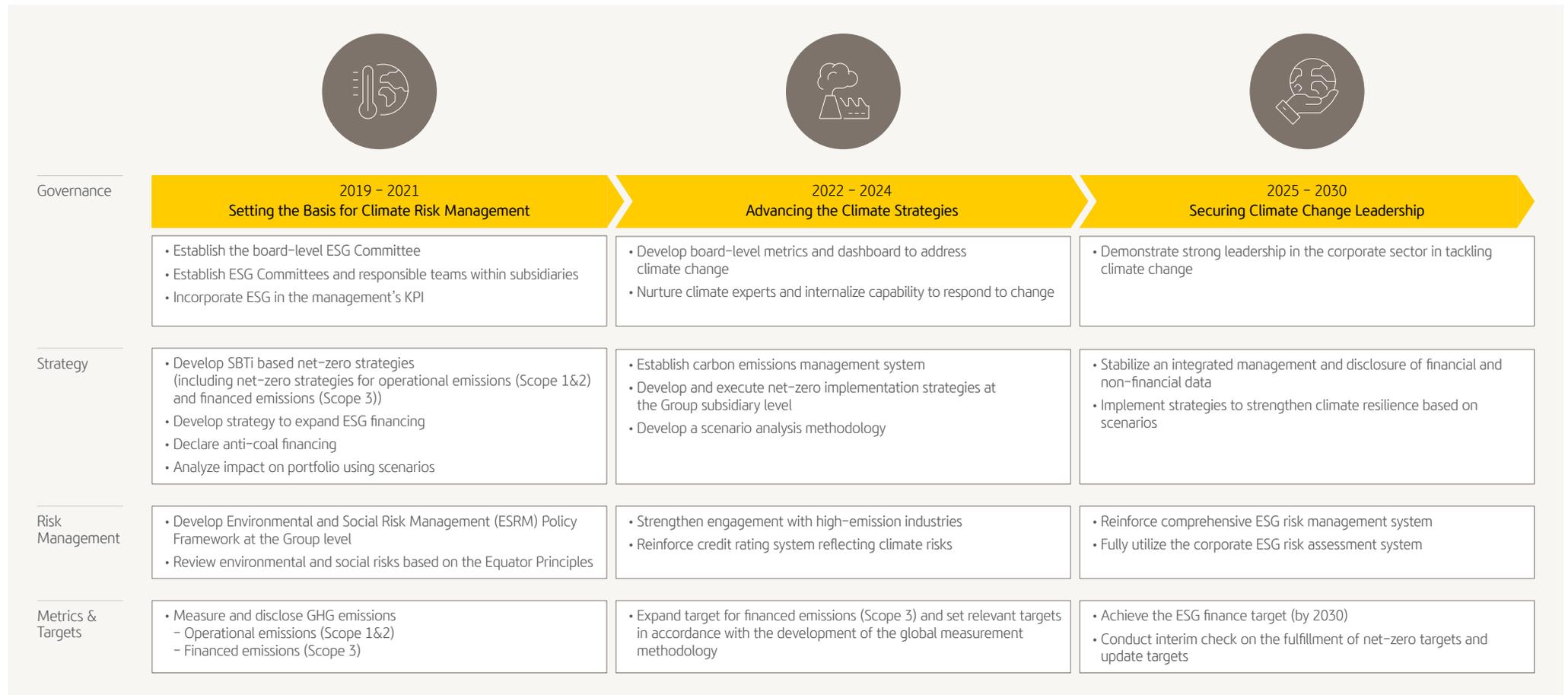
KB's TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) was established following the request from the G20 finance ministers and central bank governors to the Financial Stability Board (FSB) to examine the impact of climate change issues on the financial industry.

KB Financial Group became a supporter of TCFD in 2018 and has been faithfully disclosing its climate change response activities in accordance with the TCFD recommendations. In addition, we became the first financial institution in Korea to publish a separate TCFD report in 2021 amid stronger investor and stakeholder demand for information disclosure, and thus strengthened stakeholder communication about climate change response.

KB Financial Group aims to introduce more detailed climate change response strategies and delineate the impact of climate change on our Group through the TCFD report.

Roadmap for the Advancement of the Climate Change Strategy



Governance

A company can make the right decisions and effectively respond to issues based on systematic governance.

In particular, to promptly respond to internal and external environment changes that result from climate change, each party that constitutes governance should carry out in-depth discussions and decision-making based on expertise, and should be able to accurately understand how climate change risks and opportunities impact the company and reflect these factors in management activities in an integrated way. This will allow a company to overcome risks that result from climate change and actively take on challenges to seize new opportunities.

KB Financial Group has therefore established a systematic governance and is effectively responding to climate change issues.

Our governance structure for climate change response is composed of the Board, the Group management, and subsidiaries. The responsibilities and roles of the Board and management are clearly defined to ensure effective response to climate change. Each party within the governance structure engages in seamless communication to understand the impact of climate change-related risks and opportunities on our business model and reflect the impact in business strategies and financial planning. In addition, climate change response strategies are comprehensively reflected in Group risk management for Group-level responses to climate change issues.



Governance

Climate Change Response Governance

To respond to climate change issues, KB Financial Group operates the ESG Committee, Audit Committee, and Risk Management Committee, with the Board at the center as the Group’s top decision-making body. With the Group CEO at the center, the Group CSO and executive in charge of ESG manage the Group’s climate change response strategy area, while the Group CRO analyzes the risks that climate change causes to KB Financial Group and establishes management strategies. Each subsidiary has an ESG Committee and ESG-dedicated team, thus taking part in responding to climate change.

BOD Level

To respond to climate change, KB Financial Group has a decision-making system in place, with the Board at the center. The Board establishes Group-level climate change response strategies and goals, and reviews and manages the activities of committees under the Board that were formed to implement the strategies and goals.

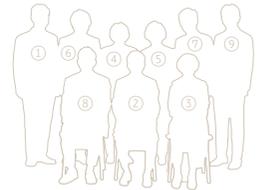
KB Financial Group provides training that raises Board members’ awareness of ESG and strengthens their relevant capabilities to increase expertise when making decisions that concern climate change response. Topics including climate change-related global trends, supervisory and regulatory trends, directions of response within the financial industry, and changes in the disclosure system are being covered in special lectures from outside experts. KB Research provides quarterly research reports on ESG trends at home and abroad, including climate change, to the Board. In 2022, we provided an overview of the Group’s ESG strategies and implementation status to newly-appointed non-executive directors and training on overall ESG. Furthermore, we provided ESG training that included climate change issues, such as sustainability reporting standard response strategies, to all non-executive directors, thus helping the Board make the right decisions.

ESG Committee

KB Financial Group became the first in the financial industry to create an ESG Committee in 2020. The ESG Committee is the only committee within the BOD to have all directors as its members, including non-executive directors and executive director. In this way, ESG management leads to actual practice through harmony between the Board and executive management. In particular, the ESG Committee identifies risks and opportunities related to the Group’s climate change response and regularly manages and supervises major tasks and execution matters for KB Financial Group’s climate change response. Main content includes the implementation status of ESG tasks, operation status of ESG products, investments, and loans, as well as the status of ESG global initiative activities.

* Members of ESG Committee

- ① Gyu taeg Oh, Non-Executive Director (Chairperson)
- ② Kyung Ho Kim, Non-Executive Director
- ③ Seon Joo Kwon, Non-Executive Director
- ④ Wha Joon Cho, Non-Executive Director
- ⑤ Jung Sung Yeo, Non-Executive Director
- ⑥ Jae hong Choi, Non-Executive Director
- ⑦ Sung Yong Kim, Non-Executive Director
- ⑧ Jong Kyoo Yoon, Chief Executive Officer
- ⑨ Jae Keun Lee, Non-Standing Director



Key Resolutions by and Reporting to the ESG Committee (climate-related)

Category		Resolutions and Reports
1 st meeting in 2022	Report	<ul style="list-style-type: none"> • ESG execution performance in the first half of 2022 and implementation direction (plan) for the second half of the year
2 nd meeting in 2022	Report	<ul style="list-style-type: none"> • Group’s major ESG execution plans for 2023 - Execution status of the net zero target - Status of ESG financial products - Global initiative activities
1 st meeting in 2023	Report	<ul style="list-style-type: none"> • ESG execution performance in the first half of 2023 and implementation direction (plan) for the second half of the year - Execution status of the net zero target - Status of ESG financial products - Global initiative activities - 2023 ESG materiality assessment results



Governance

Audit Committee

The Audit Committee examines and evaluates the internal control system and work execution processes to enhance shareholder, investor, and customer value. It supervises appropriateness of the performance of duties from an objective, fair perspective so that directors and management can make reasonable management judgments. In particular, the Audit Committee plans to examine appropriateness of establishment of a company-wide response system in consideration of changes in the ESG management environment, and to audit whether the process in which ESG-related issues are reflected in ESG management activities is reasonably executed. KB Financial Group has secured appropriateness and reliability of ESG issue response activities, including ESG training for Audit Committee members.

Risk Management Committee

The Risk Management Committee is a managing and supervising organization that consists of directors. It deliberates major risks that the company faces, including climate change issues, and establishes a relevant response system. To analyze climate change's impact on the Group, KB Financial Group conducted a climate change stress test and reported the results to the Risk Management Committee in April 2023.

Group Management Level

The management of the Group is in charge of executing climate change response strategies. For actual implementation of climate change response strategies, KB Financial Group includes ESG metrics in KPIs for the executive management. By incorporating indicators related to the Group's climate change response strategies, such as reduction of carbon emissions and expansion of ESG financial products, in KPIs, we are strengthening the management's responsibility.

The Group CEO

The Group CEO is responsible for the continuous review of the climate change strategy activities. In addition, the CEO participates in the ESG Committee as a member to achieve harmony between the Committee's supervision and the management's implementation.

Group Chief Strategy Officer (CSO) and Executive in Charge of ESG

The Group CSO and executive in charge of ESG establish climate change strategies as well as KB Financial Group's net zero strategies and implementation plan. To implement the strategies, the Group CSO and executive in charge of ESG spread relevant agenda within the Group, thus encouraging employees to actively take part in ESG activities that cover climate change.

Group Chief Risk Officer (CRO)

The Group CRO reflects ESG risks including climate change risks in the risk management system and manages them. In particular, the Group CRO strives to lay a stable management foundation by preemptively managing direct/indirect/potential risks stemming from environmental and social impact.

Subsidiary Level

KB Financial Group's subsidiaries operate ESG Committees and responsible teams to faithfully implement climate change response strategies. Each subsidiary's climate change response activities are managed to be in line with the Group's ESG strategy direction and are regularly shared at the company-wide level.

ESG Committees

KB Financial Group established ESG Committees that oversee ESG issues to promote each subsidiary's ESG management. Each subsidiary's ESG Committee voluntarily makes a Board report once a year on the major status of ESG issues including climate change.

ESG-dedicated Teams

KB Financial Group and each subsidiary have formed ESG teams, based on which we are enhancing working-level ESG capabilities. The teams carry out ESG activities, including those related to climate change, by taking each subsidiary's unique characteristics into consideration and share them through the one-firm strategy meeting. Each ESG team supports the tasks of the Board and ESG Committee, thereby implementing ESG management.

Strategy

Climate change includes various risk factors. In particular, financial institutions, which have business relations with many companies, are exposed to countless risks which can threaten the stability of finance.

However, climate-related risks can provide new growth opportunities when strategic responses are taken towards the climate change. Many companies are already attempting a shift to eco-friendly businesses which is becoming an opportunity for financial institutions to create new markets and businesses.

KB Financial Group thoroughly analyzes and strategically responds to climate change-related risks and opportunities, and strives to create new business opportunities.

To this end, we first identified climate change risks and opportunities that the company faces in accordance with the TCFD recommendations. In addition, by analyzing climate change scenarios, we identified the actual impact of transition and physical risks on the company's management activities. Based on this, KB Financial Group establishes and implements strategies for climate change response, thereby developing new growth drivers and promoting sustainable growth.

Risk Analysis on Climate Change¹⁾

KB Financial Group categorizes risks caused by climate change into transition risks and physical risks in accordance with the TCFD recommendations. Transition risks are risks that arise from the shift towards a low-carbon economy such as policy and legal/technology/market/reputational risks. Physical risks refer to those caused by the physical impact of climate change and can be divided into acute and chronic risks depending on the duration in which a risk factor has an influence. We identified the potential financial impacts of each risk as well as the risks' influence on the financial industry and established a climate change response system.

	Category	Potential impact on finance	Impact on the financial industry	
Transition Risk	Policy and Legal Risk	<ul style="list-style-type: none"> Strengthening of carbon regulations, such as the emissions trading scheme, and increase in emission prices Introduction of new environmental disclosure standards and strengthening of disclosure duties Increase in environment-related lawsuits Enforcement of the Inflation Reduction Act (IRA) in the US The EU's adoption of the Carbon Border Adjustment Mechanism (CBAM) 	<ul style="list-style-type: none"> Increase in operating expense following the rise of greenhouse gas emissions permit prices Increase in financial burden due to unsecured emissions permits and exceeding the cap Decline in industrial competitiveness and the value of tangible assets due to regulations against high-carbon businesses Confusion caused by the mismatch between the existing and new disclosure standards Increase in costs from environment-related lawsuits Exclusion from subsidies and tax deductions when requirements are not met with the enforcement of IRA Increased burden over costs from additional carbon emissions with the adoption of EU CBAM 	<ul style="list-style-type: none"> Increased financial burden stemming from compliance with environmental regulations, including purchasing of emissions permits Deterioration of reliability and profitability of supply chain and asset portfolio when partner companies or businesses within the Group's asset portfolio fail to secure emissions permits, exceed the cap, or face environmental litigation claims Limitations in customer and investor communication due to disclosure standard mismatch Increased costs from converting to eco-friendly factors, including electric vehicles and alternative energy Increased regulations on the financial industry with the adoption of IRA and greater demand for compliance Costs incurred from climate change-related risk assessments and establishment of response strategies in case of adoption of EU CBAM
	Technology Risk	<ul style="list-style-type: none"> Transition to green and low carbon technologies Improvement of energy efficiency and increase of technology investments to cut emissions Possibility of investment failure in new technologies 	<ul style="list-style-type: none"> Increase in costs related to the research, development, and adoption of new technologies Increase in financial risks due to failures in new technology investment Amortization and early disposal of existing assets 	<ul style="list-style-type: none"> Profitability changes of loan borrowers and investment companies following the adoption of new technologies Deterioration of reliability and profitability of supply chain and asset portfolio when partner companies, loan borrowers, and investment companies avoid the adoption of green and low-carbon technologies
	Market Risk	<ul style="list-style-type: none"> Changes in consumer behavior Shifts in demand and supply for raw materials, products, and services Increase in uncertainty due to changes in market conditions 	<ul style="list-style-type: none"> Decrease in the demand for high-carbon products Fluctuations in production costs following the changes in raw material prices and waste treatment costs Changes in value due to asset revaluation 	<ul style="list-style-type: none"> Increase in the necessity to develop green products and services, and build an eco-friendly asset portfolio Decline in demand and operating profits if a product or service is found to have an adverse environmental impact Deterioration of investor trust and withdrawal of investment if eco-friendly management is not implemented
	Reputational Risk	<ul style="list-style-type: none"> Changes in customer and investor preference Increase in negative feedback from stakeholders 	<ul style="list-style-type: none"> Increase in costs from changes in strategies for the shift to eco-friendliness Deterioration of reputation due to a failure to disclose eco-friendly information and carry out climate change response activities 	<ul style="list-style-type: none"> Deterioration of reputation upon the rise of ESG washing issues Deterioration of reputation when negative environmental issues arise amongst partner companies and businesses within the Group's asset portfolio
Physical Risk	Acute Risk	<ul style="list-style-type: none"> Increased frequency and severity of extreme weather events such as typhoons, floods, and wildfire 	<ul style="list-style-type: none"> Production suspension and fall in operating profits due to increased damage to business sites and supply chain Increase in costs to restore business sites damaged from climate change 	<ul style="list-style-type: none"> Increase in nearby customers' inconvenience if a physical risk causes damage to financial institutions' branches Restrictions on the use of online customer services in the event of computer network damage
	Chronic Risk	<ul style="list-style-type: none"> Long-term shifts in climate patterns that may cause sea-level rise, average temperature increase, or chronic heatwaves 		<ul style="list-style-type: none"> Increase in financial burden following the early disposal of existing assets and devaluation of asset portfolios

¹⁾ Risk analysis on climate change included the company's business operations as well as upstream and downstream activities

Strategy

Opportunity Analysis on Climate Change

Climate change is a crisis to companies but also a strategic opportunity to create new business areas. Many companies have recently been shifting from traditional carbon-intensive businesses to renewable energy and eco-friendly business-centered businesses to respond to climate change. To identify the impact that the industrial paradigm shift caused by climate change has on the financial industry, KB Financial Group classified opportunities into resource efficiency, energy resources, products and services, markets, and resilience according to the TCFD recommendations, and analyze the potential financial impact and impact of opportunity factors on the financial industry and reflect them in its management activities.

Category	Potential financial impact	Impact on the financial industry	
Resource Efficiency	<ul style="list-style-type: none"> • Increase in energy and water resources efficiency • Improvement in recycling and waste management systems • Increase in the use of green transportation • Expansion of green construction 	<ul style="list-style-type: none"> • Operating cost reduction following the increase in energy efficiency • Cost reduction and profit increase following productivity increase • Increase in resource efficiency and reduction in costs through a circular economy, including recycling and waste management 	<ul style="list-style-type: none"> • Increase in demands for financing from corporate clients that seek to increase resource efficiency • Preemptive securement of clients in need of financing through industrial monitoring and asset portfolio diversification
Energy Resources	<ul style="list-style-type: none"> • Increase in the use of green (low-carbon and renewable energy) energy sources • Expansion of green and low-carbon technologies • Participation in the carbon market 	<ul style="list-style-type: none"> • Decrease in emissions permit or carbon tax-related financial risks following the reduction of greenhouse gas emissions • Increase in profitability following the reduction of long-term operating costs • Demand generation following the enhancement of corporate image 	<ul style="list-style-type: none"> • Increase in demands for financing from corporate clients that seek to adopt renewable energy sources • Expansion of investment for large-scale projects related to eco-friendliness
Products and Services	<ul style="list-style-type: none"> • Increase in customer preference for green products • Development of green products and increase in technology application • Expansion of green businesses 	<ul style="list-style-type: none"> • Increase in the demand for green products and services, and sales expansion • Establishment of a foundation for sustainable growth based on green business expansion 	<ul style="list-style-type: none"> • Expansion of the scale of green products, investments, and loans • Strengthen competitiveness by developing green financial solutions
Markets	<ul style="list-style-type: none"> • Entry into new markets related to climate change response • Diversification of business portfolio 	<ul style="list-style-type: none"> • Expansion of revenue streams following entry into new markets • Establishment of a foundation for sustainable growth based on business portfolio diversification 	<ul style="list-style-type: none"> • New market entry by discovering green products and services • Advancement of profit structure by building a green asset portfolio
Resilience	<ul style="list-style-type: none"> • Expansion of renewable energy and enhancement of energy efficiency • Discovery of green alternative resources and resource diversification 	<ul style="list-style-type: none"> • Securing stability in fixed assets and supply chain based on enhanced resilience • Enhancement of corporate image and increase in product demand • Increase in market value following positive evaluations from stakeholders and increase in the inflow of investment 	<ul style="list-style-type: none"> • Increase in the reliability of supply chain and asset portfolio • Business portfolio diversification and establishment of a foundation for sustainable growth



Strategy

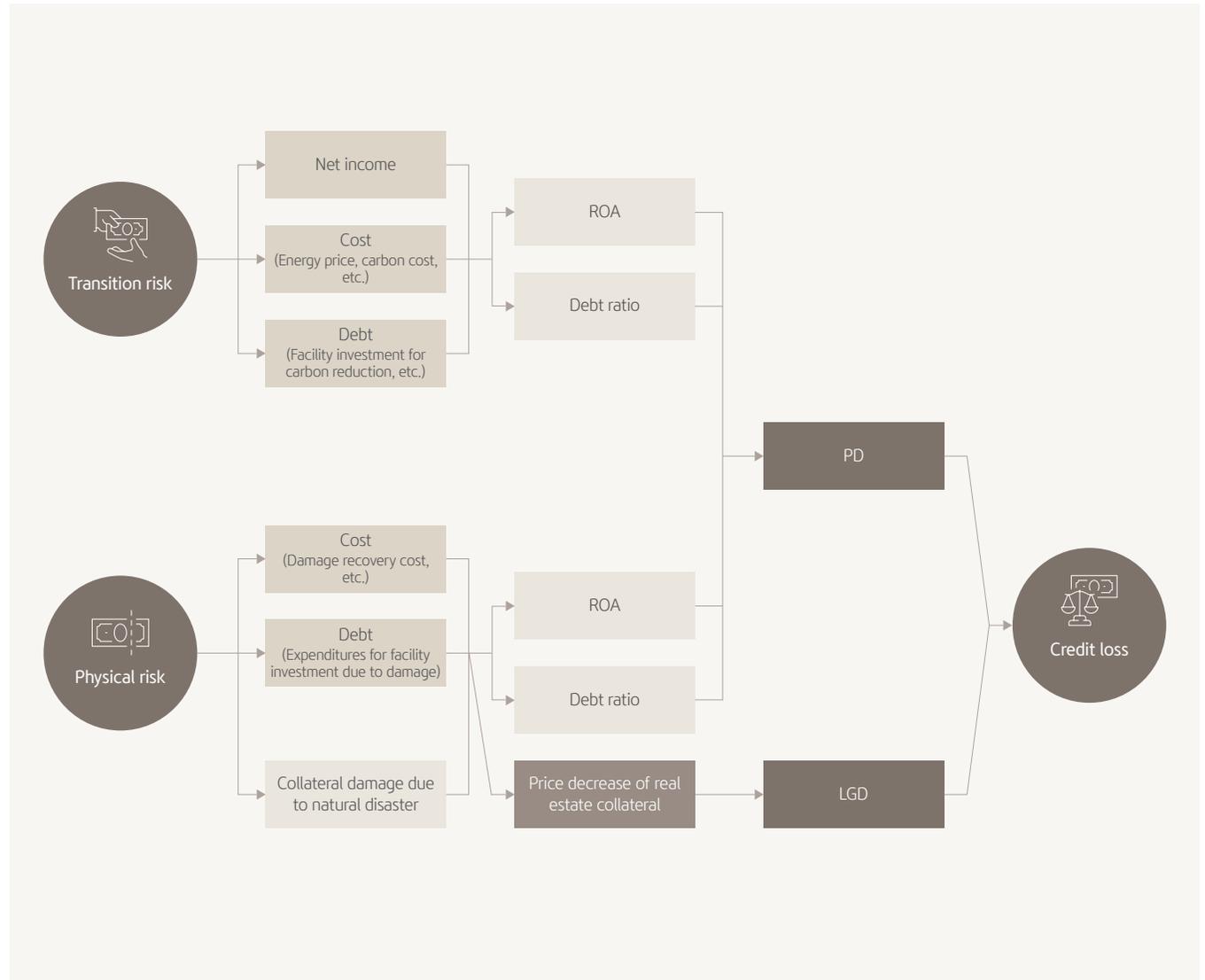
Scenario Analysis on Climate-related Risks

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

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

Through the climate change stress test, we analyzed the physical risks that climate change causes to KB and the transition risks that arise in the process of transitioning to low carbon. We also evaluated climate risk’s impact on KB Financial Group, including KB Kookmin Bank loan borrowers’ default risk and decrease in collateral value.

Main Process of the Climate Change Stress Test Methodology



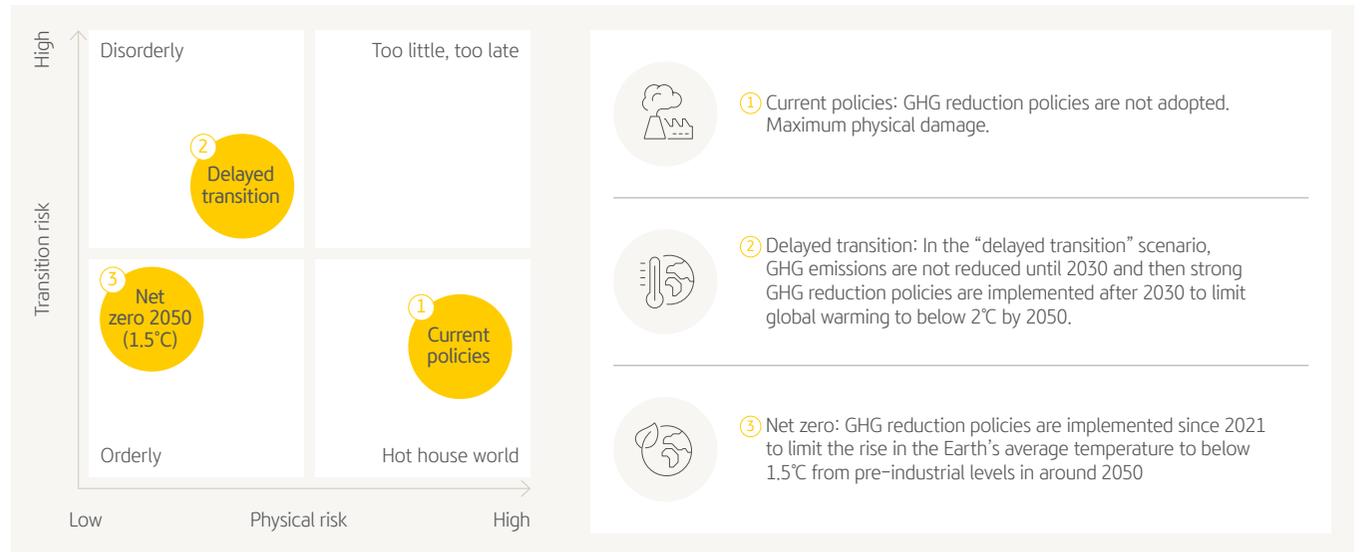
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NGFS Climate Scenarios

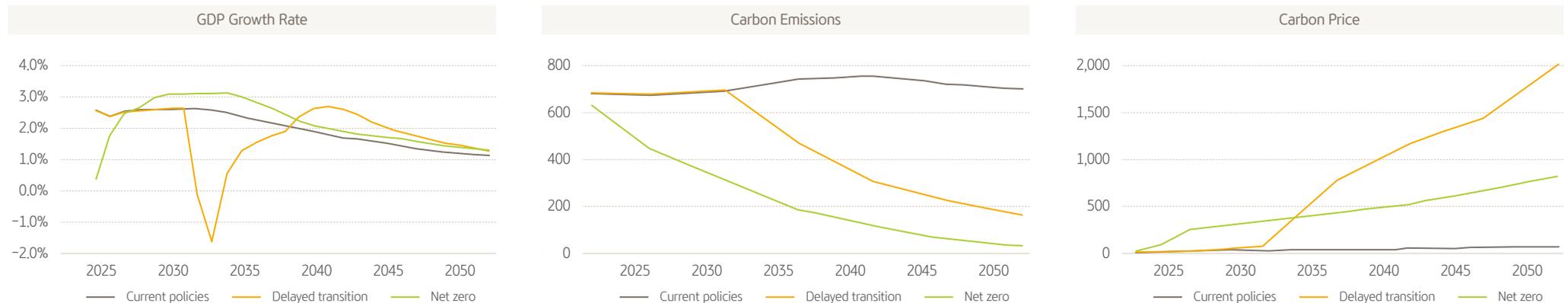
The climate change stress test was conducted after making a categorization into three situations - ① Current policies, ② Delayed transition, ③ Net zero - in accordance with the climate change crisis situation scenarios presented by NGFS¹⁾.

The GDP growth rate is high in the early phase of the current policies scenario but becomes low over the long term. In the delayed transition scenario, low-carbon policies are rapidly implemented starting in 2030 to result in minus growth. Carbon emissions are expected to remain at the current level in the current policies scenario, steadily go down after 2030 in the delayed transition scenario, and sharply decrease from 677 million tons in 2021 to 27 million tons in 2050 in the net zero scenario. Furthermore, it was assumed²⁾ that carbon emissions prices will be the highest in the delayed transition scenario and the lowest in the current policies scenario, in which current policies are maintained.

NGFS Climate Scenarios



Estimated GDP Growth Rate, Carbon Emissions, and Carbon Price by Scenario



¹⁾ Network of Central Banks and Supervisors for Greening the Financial System. A global council created by each country's central bank and supervising organization to discuss climate change and environment-related financial risk management supervision standards.

²⁾ In case of companies that did not disclose carbon emissions, estimations were made using a regression equation. Each country's carbon price was not reflected.

Strategy

Climate Change Stress Test Methodology

KB Financial Group conducted a climate change stress test as follows to analyze the impact of climate change on KB Financial Group.

In addition, we categorized climate risks into material damages (physical risks) caused by climate change (rise in the Earth’s average temperature, etc.) and negative impact (transition risks), including a rise in costs from the implementation of carbon reduction policies, and analyzed climate risks’ impact on the real economy and KB Financial Group’s asset portfolio.

Outline of the Climate Change Stress Test

Category	Key description
Analysis target	<ul style="list-style-type: none"> Estimate credit loss impact, targeting corporate borrowers that have carbon emissions data or corporate borrowers that have financial information based on which carbon emissions can be estimated Impact from performing a stress test for each individual company <p>* Borrowers subject to analysis: ① Borrowers with carbon emissions data, ② In case of borrowers that do not have carbon emissions data, estimations are made based on a regression equation, using sales data of companies that have carbon emissions data and industry information</p>
Analysis criteria	<ul style="list-style-type: none"> Conducted an impact analysis for the next 30 years (until 2050) based on assets as of the end of 2021
Scenarios	<ul style="list-style-type: none"> Transition risk scenario: Macroeconomic and carbon emissions/price scenario <ul style="list-style-type: none"> 3 scenarios presented by NGFS – current policies, delayed transition, and net zero 2050 Physical risk scenario <ul style="list-style-type: none"> Estimated the amount of damage by region by using the Korean Meteorological Administration’s precipitation information and typhoon and flooding damage statistics and regional precipitation information of the Ministry of the Interior and Safety’s “Annual Disasters” <p>*Estimated the amount of damage by region by using environmental variables (highest temperature, typhoon and flooding damage amount distribution, etc.) of 16 metropolitan cities and provinces every 5 years through 2050</p>

Category	Key description
Physical risk	<ul style="list-style-type: none"> Rise in average temperatures, meteorological disasters, and other such shock trigger a specific region’s productivity change, property loss, etc., leading to such ripple effects as increased credit risk of a borrower that suffered damages and a drop in asset value (collateral value)
Transition risk	<ul style="list-style-type: none"> The impact that GHG reduction, development of low-carbon technologies, etc. in the process of transitioning to a low-carbon economy has on the company and real economy In case a financial institution has significant exposure to companies with considerable carbon emissions, this results in a financial institution risk

Transition Risk Scenario Analysis

Analysis Outline

Carbon regulations on overall industries are becoming stricter all across the globe due to climate change. As a result, there is increasing risk, such as companies’ carbon cost burden to transition to a low-carbon economy. We conducted a scenario analysis to analyze the impact that transition risks stemming from strengthened carbon regulations have on the overall financial industry and KB Financial Group’s asset portfolio.

Analysis of KB Financial Group’s Asset Status

To identify the impact of stronger carbon regulations on each industrial sector in the asset portfolio and KB Financial Group, we compared exposure and carbon emissions of each industrial¹⁾ sector and analyzed carbon intensity. The analysis scope is the corporate finance portfolio, including corporate lending, corporate bonds, and stocks.

Major Business of Each Industrial Sector

Category	Description
Consumer discretionary	Automobiles (including the parts industry), construction, consumer durables (home appliances, fashion accessories, apparel, etc.), consumer services (hotels, leisure facilities, education, etc.), department stores, etc.
Consumer staples	Production and sales of food and beverages, production and sales of personal items, supermarkets, etc.
Materials	Steel, aluminum, copper, other metals, chemicals, fertilizer, specialty chemicals, building materials, paper, etc.
Utilities	Electricity generation (including hydroelectric, combined heat, and renewable energy power generation), power trading, etc.

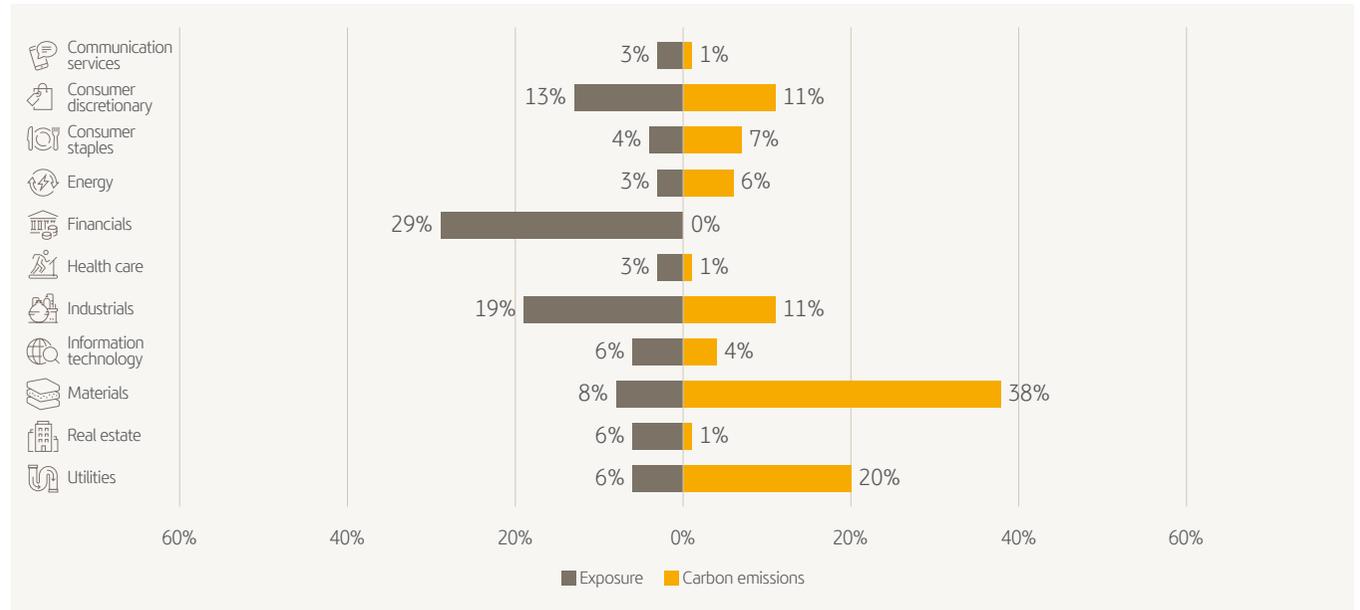
¹⁾ Industrial sector categorization followed the Global Industry Classification Standard (GICS)

Strategy

The industrial sectors with high exposure (Value of Holdings, VOH) in the asset portfolio were finance (29%); general sectors such as capital goods, commercial service, and transportation (19%); and consumer discretionary (13%). Materials (38%), utilities (20%), consumer discretionary (11%), and general sectors (11%) were the industrial sectors that had a high share of carbon emissions in our asset portfolio. This means that the share of carbon emissions in industrial sectors with high exposure is not high in absolute terms and that both the share of exposure and carbon emissions should be taken into account when managing financed emissions. KB Financial Group is therefore building a response system that considers both indicators to manage transition risks in our asset portfolio.

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

Exposure and Carbon Emissions Ratio



Carbon Intensity of Each Industrial Sector and Asset Portfolio (C/R intensity)¹⁾

(Unit: tCO₂eq/KRW million)

Category	Industrial Sector											
	Financials	Health care	Communication services	Real estate	Industrials	Information technology	Consumer discretionary	Consumer staples	Energy	Materials	Utilities	
Portfolio	Total	0.05	0.09	0.10	0.18	0.23	0.23	0.26	0.46	0.61	1.27	2.12
	Lending	0.04	0.09	0.09	0.17	0.22	0.23	0.26	0.49	0.60	1.31	1.54
	Bonds	0.03	0.10	0.11	0.19	0.26	0.22	0.25	0.37	0.62	1.12	2.23
	Stocks	0.04	0.16	0.07	0.09	0.24	0.26	0.32	0.26	0.78	1.08	1.87



¹⁾ Carbon intensity against sales

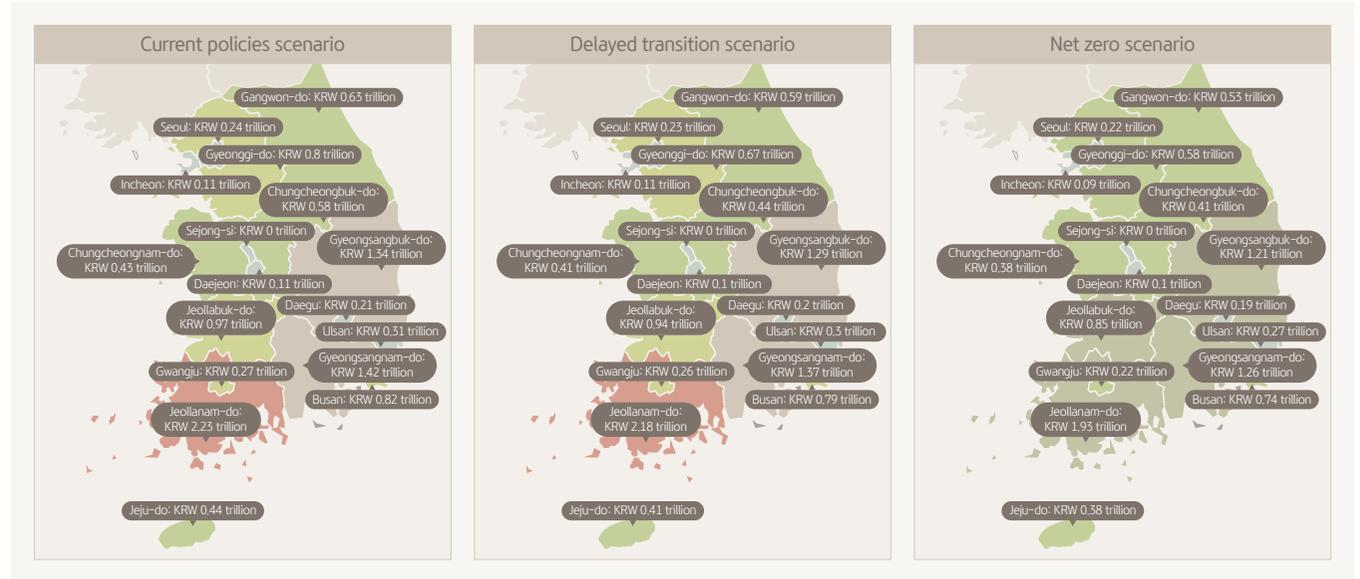
Strategy

Scenario Analysis on Physical Risk

Analysis Outline

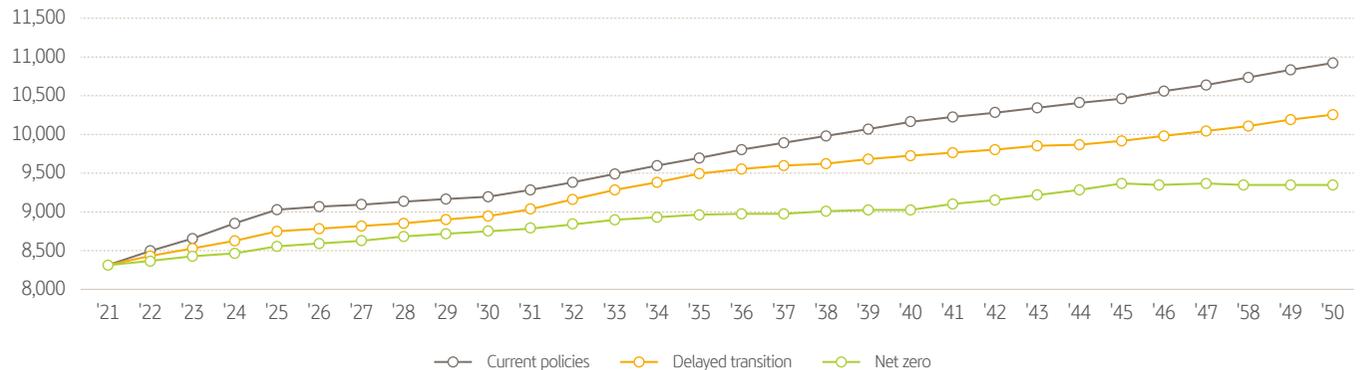
In August 2021, the Intergovernmental Panel on Climate Change (IPCC) made a forecast that unusual climate events, such as heat waves, cold waves, and large wildfires, would frequently occur if global warming continues at the current trend. In fact, we've experienced unusual, unrepresented climate events in the past ten years, and they are becoming more frequent and severe. By conducting a scenario analysis on physical risk, KB Financial Group forecast the scale of damages caused by typhoons and flooding and identified potential impact of climate change on our asset portfolio.

Damage Simulation by Scenario



National Damage Due to Typhoon and Flood by Scenario

(Unit: KRW billion)



Strategy

Physical Risk Analysis on KB Kookmin Bank's Real Estate Collateral Loans

In addition to the stress test that applied NGFS scenarios, KB Kookmin Bank used RCP scenario analysis (RCP 2.6, 4.5, 8.5) to identify climate change's physical risk (impact and scale) to asset portfolio. The RCP scenario is an analysis method that predicts the level of regional risks based on GHG concentration. The Bank calculated the "climate risk exposure" of 250 cities and counties nationwide and analyzed climate risk exposure for its real estate collateral assets and the damage size of collateral loans.

First of all, the Bank calculated climate risk exposure (hazard map) by region from climate change for the next 10 years based on information on regional meteorological factors (annual precipitation, frequency of occurrence of flood damage in the past, landslide prediction information, etc.). The next step was overlapping of KB Kookmin Bank's real estate collateral loans with the climate risk exposure that was calculated per region to analyze the size of loans of which climate risk exposure increases with climate change. According to RCP scenario analysis, based on a scenario change (RCP 2.6 → RCP 4.5, RCP 4.5 → RCP 8.5), real estate collateral loans worth about KRW 7.9 trillion and KRW 25.3 trillion, respectively, are exposed to climate risk.

Lastly, KB Kookmin Bank analyzed the scale of damage to real estate collateral loans caused by climate change. If the average temperature rises by 3°C compared to pre-industrial levels, the scale of damage-expected collateral loans is forecast to be KRW 4.7 trillion - KRW 7.1 trillion.

As indicated above, KB Kookmin Bank identifies climate change's financial impact on asset portfolio through scenario analysis and reflects it in its management decision-making.

Methodologies to measure the climate risk exposure level of real estate mortgage loans

- ① Basic Assumption: Scenario II has a higher climate risk than Scenario I and moves from Scenario I to Scenario II
 - Scenario I (RCP 2.6) → Scenario II (RCP 4.5)
 - Scenario I (RCP 4.5) → Scenario II (RCP 8.5)
- ② Screening the sections for increasing climate risk exposure and maintaining high risk exposure
 - Increasing climate risk exposure:
 - section (Group A → Group B, C, Group B → Group C)
 - Maintaining high risk exposure: ● section (Group C → Group C)

Climate risk exposure	Climate change scenario II		
	Group A	Group B	Group C
Climate Change Scenario I	Group A	●	●
	Group B		●
	Group C		●

- Loans that maintain a high level of climate risk exposure
- Loans that maintain a high level of climate risk exposure

* 250 cities, counties, and districts across the country were classified as Group A to C based on their level of exposure to climate risk.

- Group A: Exposure to climate risk - less than 0.2
- Group B: Exposure to climate risk - 0.2 to less than 0.4
- Group C: Exposure to climate risk - 0.4 or more

Results of measuring the climate risk exposure level of real estate collateral loans in 2022

Loans subject to analysis	KRW 99.7 trillion	
	RCP 2.6 → 4.5	RCP 4.5 → 8.5
Exposure-increasing group	KRW 6.8 trillion	KRW 23.4 trillion
	Group A → Group B, C	KRW 4.7 trillion
	Group B → Group C	KRW 2.1 trillion
Maintaining high exposure	KRW 1.1 trillion	KRW 1.9 trillion
Loan estimated to have climate risk exposure	KRW 7.9 trillion	KRW 25.3 trillion

Strategy

Results of Climate Change Stress Test Analysis

KB Financial Group carried out an impact analysis on the next 30 years through 2050 based on assets as of the end of 2021. We estimated credit loss impact on 2,910 corporate borrowers that have carbon emissions data and 52,654 corporate borrowers for which carbon emissions can be estimated through corporate financial information (sales) and industry information although they do not have carbon emissions data, and conducted a stress test on individual companies.

Results of Estimating Probability of Default (PD)

We estimated the PD based on the transition risk scenario by using a regression equation that adopts companies' past PD as a dependent variable and GDP, profitability index, debt ratio, etc. as independent variables.

We estimated that PD will continue to rise through 2050 in the current policies scenario. In the delayed transition scenario, PD is similar to that of the current policies scenario up to 2029. However, starting in 2030, facility construction and carbon costs will increase due to strong enforcement of GHG reduction policies, leading to greater increases in PD. However, PD will go down again after 2033. In the net zero scenario, costs continue to arise as GHG reduction policies are enforced from the beginning, resulting in greater PD increases. However, we estimated that PD will steadily decrease afterwards.

Results of Estimating Loss Given Default (LGD)

When estimating LGD, we reflected the scale of damage by region that was estimated by using the Korean Meteorological Administration's precipitation information as well as typhoon and flooding damage statistics and regional precipitation information of the Ministry of the Interior and Safety's Annual Disasters. The scale of damage of each region is the result of estimations that were made by using the highest temperature, typhoon and flood damage amount distribution, and other environmental variables of 16 metropolitan cities and provinces every five years through 2050.

In case of typhoon and flood damage caused by physical risk, it is the highest at around KRW 11 trillion in the current policies scenario as of 2050 and the lowest at around KRW 9 trillion in the net zero scenario. This impacts an increase in the LGD ratio of each scenario. Results of analyzing the impact of decreased collateral value, resulting from physical risk impact, on LGD indicate that the collateral value decrease rate is around the mid to higher 2% range in 2050 in the current policies scenario. The collateral value decrease rate is not high. As such, we estimated that there is no significant impact on the LGD increase rate from the occurrence of physical risk.

In conclusion, we analyzed that the PD increase impact from transition risk is larger than the LGD increase impact from physical risk. This is because, due to the characteristics of the domestic industrial structure, the scale of credit loss resulting from an increase in facility investment costs for the transition to low carbon and carbon regulations of different countries is relatively large.

Results of Estimating Credit Loss Amount and BIS Ratio

Results of estimating the credit loss amount per scenario indicate that, in 2030, the credit loss amount is highest at KRW 875.8 billion in the delayed transition scenario, and in 2050, the credit loss amount is the highest at KRW 1,413.2 billion in the current policies scenario. We estimated the BIS capital adequacy ratio by reflecting the size of increase in the credit loss amount by scenario which indicated that the BIS capital adequacy ratio was 17.47% in the fourth quarter of 2021, which is the basis point, and decreased to 17.07% in the current policies scenario.

Future Plan

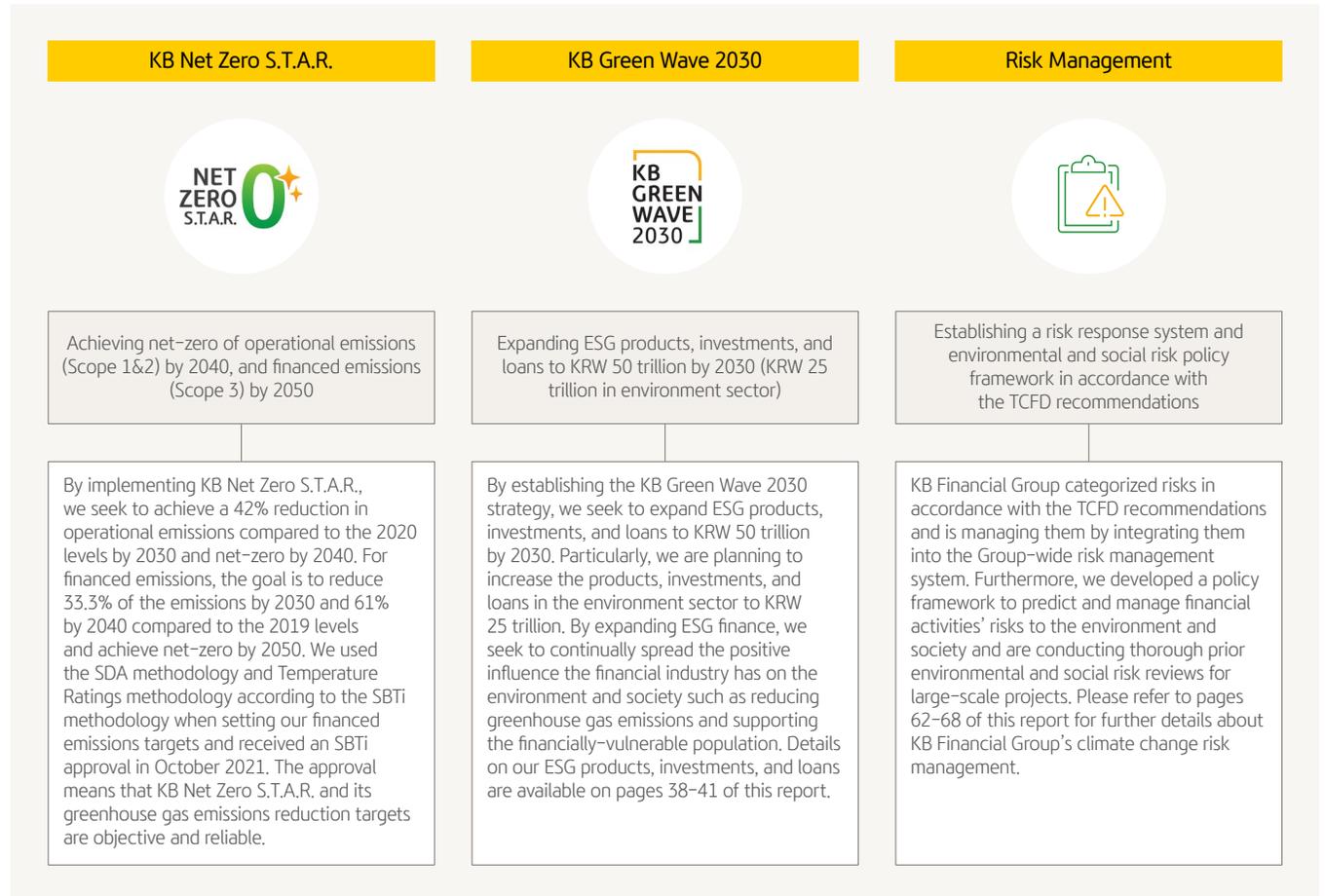
KB Financial Group internally developed a model for climate change stress test analysis and reports analysis results to the Risk Management Committee. A climate change stress test analyzes the climate change impact for 30 years from a long-term perspective. Because the results can be significantly different depending on the analysis model and scenario, it is important to continually improve the analysis methodology and stress scenario. To this end, we will provide support so that companies that do not have carbon emissions data can measure and disclose carbon emissions. In addition, we will advance the scenario application of each industry's carbon reduction device installation costs and each country's carbon price, while improving physical risk's estimation methodology to improve the analysis model.

Strategy

Establishment of Climate Change Response Strategy

KB Financial Group's Climate Change Response Strategy

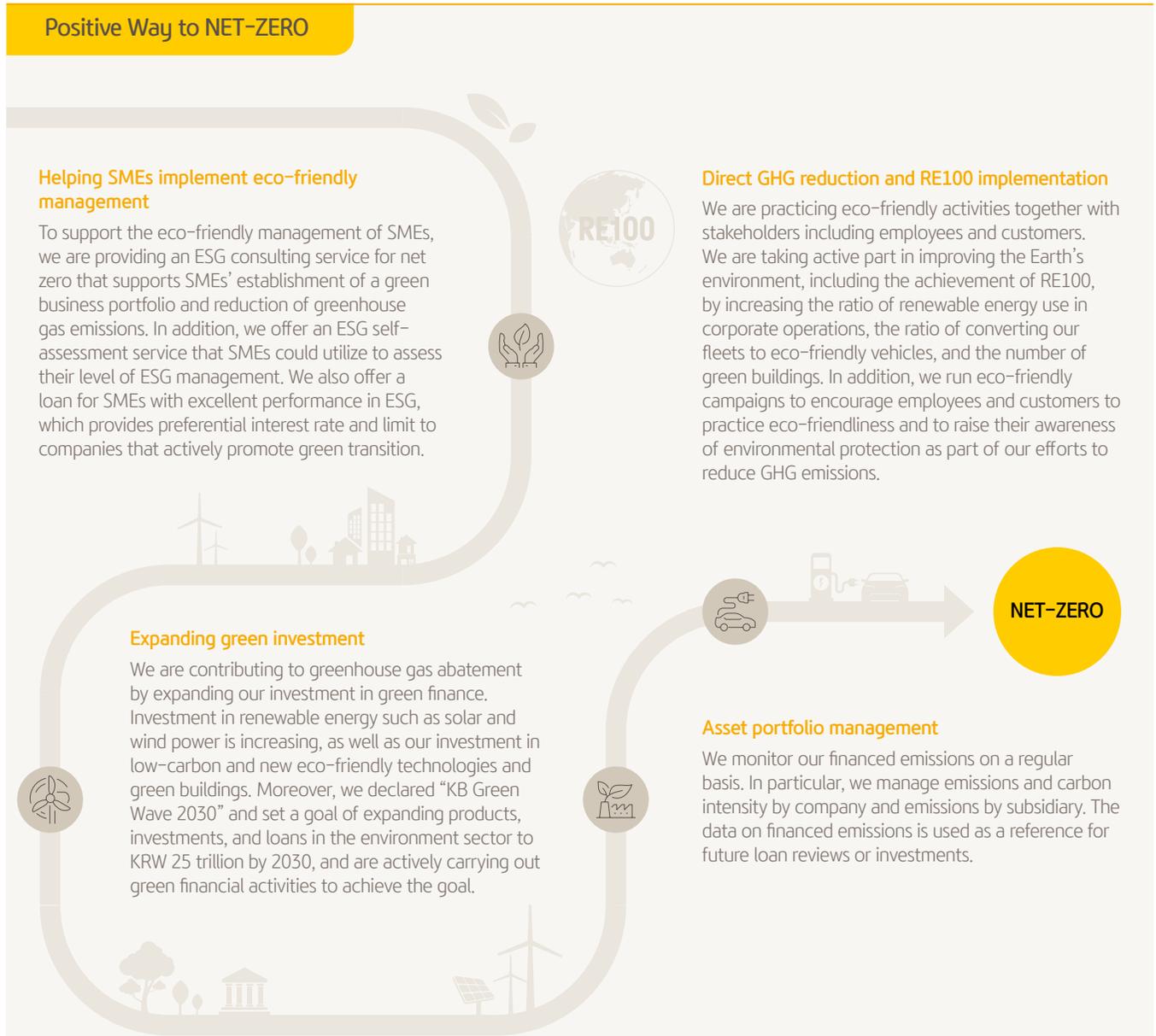
KB Financial Group established climate change response strategies by reviewing climate change risks and opportunities. We established and implement three major climate change response strategies, which are “KB Net Zero S.T.A.R.” for the Group’s net-zero implementation, “KB Green Wave 2030” for expansion of ESG finance, and “Risk Management” to respond to climate change risks.



Strategy

Pathway to Achieve Net-Zero

In accordance with our climate change response strategy, KB Net Zero S.T.A.R., we established and are implementing four initiatives to achieve net zero which are “support for the eco-friendly management of SMEs, expansion of investment in green finance, asset portfolio management, and direct GHG reduction and RE100 expansion.” We especially recognize the limitations of the negative method that rules out high-carbon industries or imposes cuts in greenhouse gas emissions and are focusing on the positive method that supports voluntary, positive movements to realize a net-zero society. Accordingly, we are seeking to transition to a net-zero society based on the positive method by increasing eco-friendly investments and actively supporting our clients’ transition to green business models and reduction of GHG emissions as well as continuing our own efforts to cut GHG emissions.



Strategy

Raising Stakeholder Awareness

KB Financial Group provides diverse education to raise stakeholder awareness of climate change issues. KB Kookmin Bank provided special lectures by experts to all employees on climate change issues and eco-friendly activities, and offers diverse ESG education content in relation to the environment. Details on environmental education for employees can be found on page 84 of this report.

In addition, KB Financial Group's KB Research and KB Securities Research Center continue to publish reports on ESG issues including climate change. KB Securities regularly hosts ESG forums and seminars for institutional investors and corporate clients. In 2022, we held the Net Zero Strategy Forum and invited instructors, including emission trading scheme design/ advisory experts and executives from professional consulting firms, to hold a panel discussion.

Climate-related Policy Communication

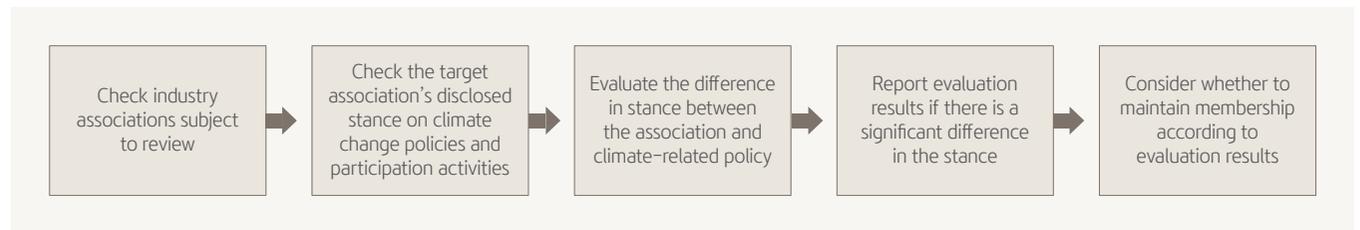
KB Financial Group supports the Paris Agreement and climate-related public policies, and thus provides support so that the goals can be accomplished. In 2022, we joined Net-Zero Insurance Alliance (NZIA), a global coalition of insurers and reinsurers, to achieve the net-zero targets based on the Glasgow Financial Alliance for Net-Zero (GFANZ) and Paris Agreement. We also attended a CEO meeting of the Net-Zero Banking Alliance (NZBA) and discussed the strategic direction of NZBA with global banks. In addition, KB Financial Group participated in GFANZ APAC Advisory Board and the Advisory Committee of the Presidential Commission on Carbon Neutrality and Green Growth to actively support climate-related policies in our efforts to achieve the goals.

Furthermore, KB Financial Group takes part in industry associations that impact public policies. The Korea Federation of Banks, which is a leading association, actively carries out relevant activities, such as encouraging citizens to live a green life in relation to climate change policy. In line with government policies, it provides active cooperation for the development of various eco-friendly industries that are presented by the roadmap to 2030 that was derived after the Paris Agreement.

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



Industry Association Review Process



Risk Management

Rapid changes in the management environment are bringing about more diverse risks for businesses.

KB Financial Group categorizes and manages key risks that affect the Group’s management with relevant teams for climate change response at the center, including the risk management team. Climate risks not only directly bear on the Group’s management activities but also trigger key risks, impacting the Group in various aspects. We recognize climate change risks as important risks that should be managed at the Group level. To manage climate change issues within the Group-wide risk management system, we analyzed and identified the relationship between climate change risks and the Group’s key risks following the TCFD recommendations.

Furthermore, KB Financial Group is pushing ahead with response activities by identifying the extent and duration of climate risks’ impact on businesses.

First of all, we are running an Environmental and Social Risk Management (ESRM) system after developing an environmental and social risk policy framework to thoroughly manage the environmental and social risks related to the economic activities of the recipients of our financial services. Each industry is managed by dividing it into Areas for Exclusion, Attention on Climate Change, and Support for Green Industries depending on inherent risks. In case of financing large-scale projects, we evaluate potential risks and impact according to the Equator Principles. We will continue to systematically implement risk management activities to minimize the negative impact of the Group’s management activities on the environment and society, thereby contributing to the shift to a low-carbon society.

Climate Risk Management System

KB Financial Group has set in place a climate risk management system, and systematically manage risks with a focus on measurement and disclosure of climate risk, establishment of net-zero targets, and stress test. In addition, we evaluate climate change’s vulnerabilities through a climate stress test and reflect the evaluation results in risk management. In this way, we are considering climate risk’s impact in the process of establishing and executing business strategies.

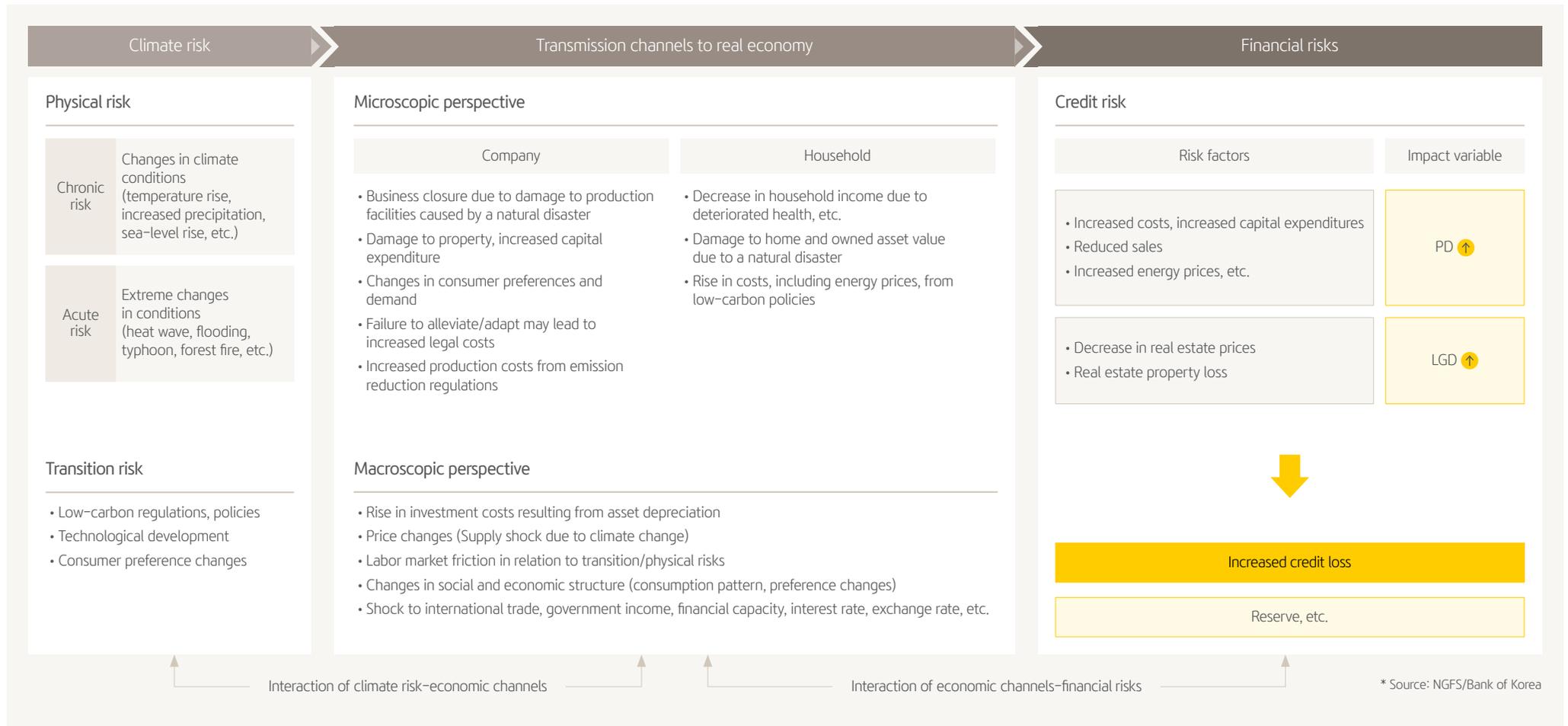
KB Financial Group’s Climate Risk Management System



Risk Management

KB Financial Group analyzes climate risks' impact on the real economy and financial systems by making a categorization into physical and transition risks, and considers such transmission channels to establish response measures for climate change risks.

Transmission Channels of Physical Risk and Transition Risk



Risk Management

Response to Climate Change Risk

KB Financial Group is reflecting the analysis results of climate change risks and opportunities in the overall business activities. In particular, in the process of pre-identifying climate change risks and responding to the risks, we identify climate change opportunities as well to adopt climate change as a turning point for new businesses and better growth, rather than making the conclusion that it is a crisis.

To analyze climate change risks and opportunities, we divided the impact and duration of each risk to understand the urgency of response as follows: high/medium/low for the impact on the Group and short-term/medium-term/long-term for the duration.

KB Financial Group manages climate change risks by taking into account quantitative factors related to climate change risks such as project scale, the number of customers, profit, and operating cost, as well as qualitative factors including customer satisfaction and reputation. In particular, we are responding thoroughly to each risk based on what we have identified as the potential financial impact of each risk and its influence on the financial industry.

Key Response Activities

Risk	Duration ¹⁾	Risk subject to transmission	
Transition Risk	Policy and legal risk	Short-term/Mid-term/Long-term	Credit, Market, Operational
	Technology risk	Short-term/Mid-term/Long-term	Credit
	Market risk	Short-term/Mid-term/Long-term	Credit, Operational
	Reputation risk	Short-term/Mid-term	Credit, Market
Physical Risk	Acute risk	Short-term/Mid-term	Credit, Market, Operational
	Chronic risk	Mid-term/Long-term	Credit, Operational

Category	Response activity
Transition Risk	Policy and legal risk <ul style="list-style-type: none"> Active implementation of “KB Net Zero S.T.A.R.,” the Group’s carbon neutrality implementation strategy to reduce GHG emissions Offering ESG consulting services to support greenhouse gas emissions reduction of businesses and financial benefits to businesses that achieved the reduction Strengthening the application of global disclosure standards within the climate change response framework Setting a limit on the investments in high carbon emitting businesses and minimizing climate risks through the declaration of anti-coal financing and ESRM framework Providing financial support for carbon reduction technologies and electric vehicle R&D in response to the enforcement of IRA in the US and adoption of the EU CBAM Managing and monitoring climate risks to minimize the possibility of lawsuits
	Technology risk <ul style="list-style-type: none"> Monitoring green technologies and research trends Reflecting the results of monitoring during products and services development and investment decision-making Expanding green technology-related investments Offering financial benefits to businesses that adopt green technologies
	Market risk <ul style="list-style-type: none"> Expanding green products and services Increasing green products, investments, and loans to reach KRW 25 trillion by 2030 Identifying ESG risks within products and services in advance following the categorization process of ESG financial products Securing customer and investor confidence by strengthening environmental management
Physical Risk	Reputational risk <ul style="list-style-type: none"> Disclosure of the climate change response status through TCFD report, CDP, and sustainability report Expanding external green communication Enhancing corporate image by practically implementing environmental management such as the practice of environmental management by executives and employees Operating waste resource collection systems and running environmental campaigns to transition to a circular economy
	Acute risk <ul style="list-style-type: none"> Developing climate response strategies according to the physical risk scenario analysis
	Chronic risk <ul style="list-style-type: none"> Establishing a response system for serious industrial accidents Establishing a business continuity plan (BCP) and conducting mock exercises and emergency evacuation drills

¹⁾ For the duration, short-term is 1 year, medium-term is 2-10 years, and long-term is over 10 years

Risk Management

Environmental & Social Risk Management

Environmental and Social Risk Policy Framework

KB Financial Group established the “Environmental and Social Risk Policy Framework” based on the Environmental and Social Risk Management Framework (ESRM) in 2021 to manage risks that financial activities have on the environment and society based on consistent standards.

Policy Framework and Rationale for Designating Areas for Attention Regarding Climate Change

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

The Environmental and Social Risk Policy Framework is composed of a “Policy Framework” that contains the background of the introduction of the Policy Framework, objectives and principles, information disclosure, and training and capability building for executives and employees, along with a document titled “Rationale for Designating Areas for Attention Regarding Climate Change” which provides the rationale for designating businesses and industries that adversely affect climate change.

ESRM Framework

KB Financial Group is rigorously managing climate change and environmental and social risks caused by financial activities through the Environmental and Social Risk Management (ESRM) Framework. ESRM is composed of management areas according to the inherent risks of each industry, a review of environmental and social risks for large-scale projects, and directions for establishing a framework for climate change risks.

We are restricting investments and loans to industries and companies with high environmental and social risks, and prohibiting the provision of funds that are used in a way that is against social interests or manipulates the law. In the Group’s overall business, we restrict and monitor risk factors in environmental and social aspects. Furthermore, we categorize risk management areas into areas for “exclusion”, “attention on climate change”, and “support for green industries” and systematically manage the environmental and social impact of the Group’s business activities.

Risk Management Areas According to ESRM

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

Risk Management

In 2022, major subsidiaries of KB Financial Group applied the Group ESRM to the respective company’s internal rules and guidelines. By doing so, they laid the foundation to preemptively identify environmental and social risk factors when reviewing businesses related to loans and investments.

ESRM Application Status of the Group Subsidiaries

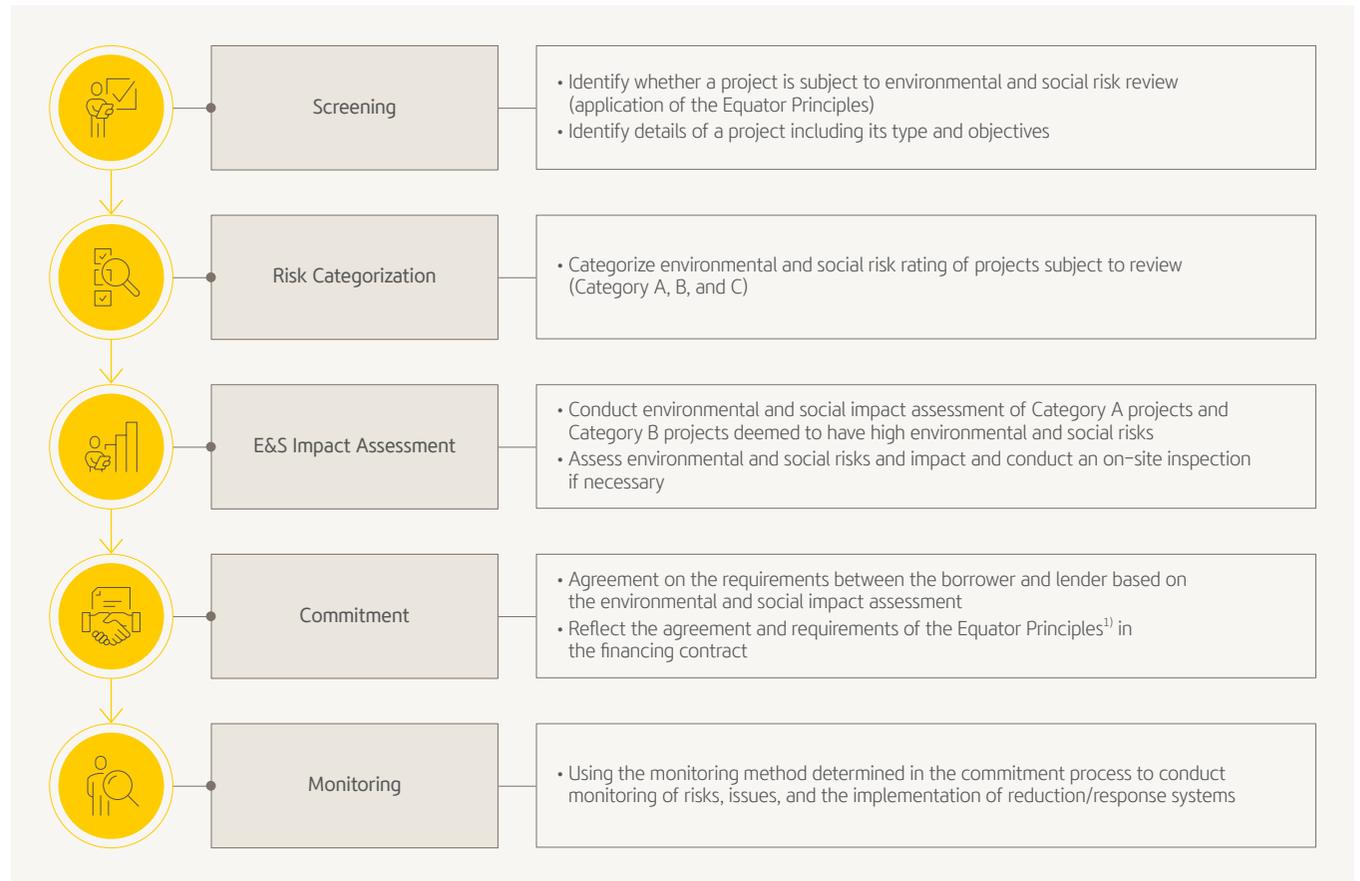
Subsidiary	ESRM-applied internal rules (guidelines, etc.)	Application details
KB Kookmin Bank	Industrial Risk Management Guidelines	Creation of an article on climate risk industry management standards and operation of a process (Defined areas for exclusion/attention/support, included corresponding industry classification and selection, asset management policy and procedure, etc.)
KB Securities	ESG Risk Evaluation Guidelines	Enacted KB Financial Group’s own ESG risk assessment guidelines
KB Insurance	Guideline on Asset Management (including ESG investment-related content)	Established a climate risk management system
KB Kookmin Card	General Loan Management Guidelines/Investment Guidelines	Reflected financial support exclusion areas
KB Life Insurance	ESG Investment Guidelines	Explained areas for “exclusion/areas for attention”
KB Asset Management	(Alternative Investment Area) Exposure Status of Areas of Caution and Dissemination of Precautions	Established a process-based portfolio in ESG investment funds
KB Capital	Total Exposure Management Guidelines	Set an investment limit for businesses in the “areas for attention”
KB Real Estate Trust	Prior Risk Deliberation Report	Reflected ESG management ratings of constructors in the “Constructor Qualifications Screening Criteria”
KB Savings Bank	Comprehensive Risk Management Guidelines	Established internal rules on limit management for the “areas for attention”, and exclusion for “areas for exclusion”
KB Investment	ESG Work Regulations	Conduct negative screening when making ESG investments

Environmental & Social Risk Review for Large-scale Projects

KB Financial Group regards, with importance, environmental and social impact in its investment activities, such as deciding on a loan after performing an environmental and social due diligence on large projects.

In addition, we established an environmental and social risk review process to reflect ESG factors in investments, and also review environmental and social risks of large-scale projects that are subject to application of the Equator Principles.

Environmental and Social Risk Review Process



¹⁾ Principle 8. Covenants from among the Equator Principles

Risk Management

Implementation of the Equator Principles

KB Kookmin Bank adopted the “Equator Principles” in February 2021 to establish an environmental and social risk management system and also fulfill its responsibilities. It conducts a risk analysis based on the Equator Principles or ESG framework when carrying out project financing, and monitors whether PF activities comply with the Equator Principles or ESG framework through an internal expert and independent third-party expert.

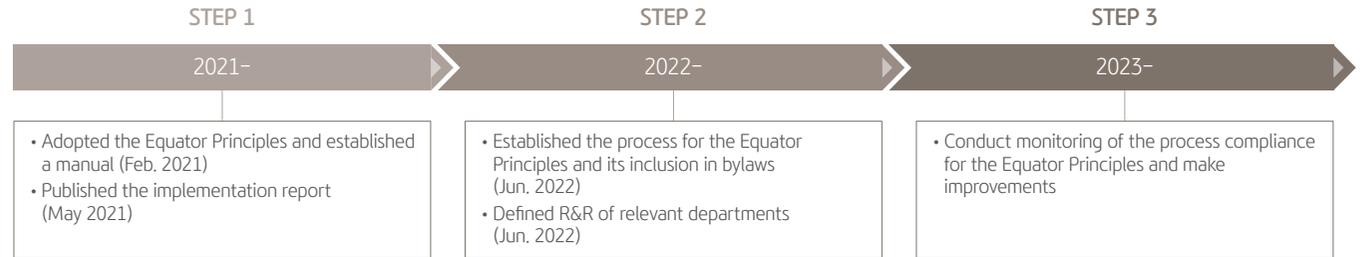
In June 2022, KB Kookmin Bank established “The Equator Principles Operating Guidelines,” thus securing objectivity of its determination on environmental/social risk grade, in addition to designating an Equator Principles expert as an internal employee in charge to preemptively manage environmental and social risks. Independent, third-party monitoring was specified in the Equator Principles process in “The Equator Principles Operating Guidelines,” and an external expert pool was formed for an independent consultant to regularly monitor compliance with the Equator Principles. Based on the Equator Principles process, relevant departments determine ratings in consideration of potential risks, focusing on high-risk businesses, including project finance (PF), project-related corporate loans (PRCL), and project-related refinance or acquisition finance. In 2022, among the projects¹⁾ handled by KB Kookmin Bank, there were five projects subject to application of the Equator Principles, and it was confirmed that all of the projects complied with the Equator Principles.

In May 2021, KB Kookmin Bank became the first commercial bank in Korea to publish the “2020 Report on Equator Principles Implementation” and is publishing a report every year in accordance with the “information disclosure and transparency” principle.

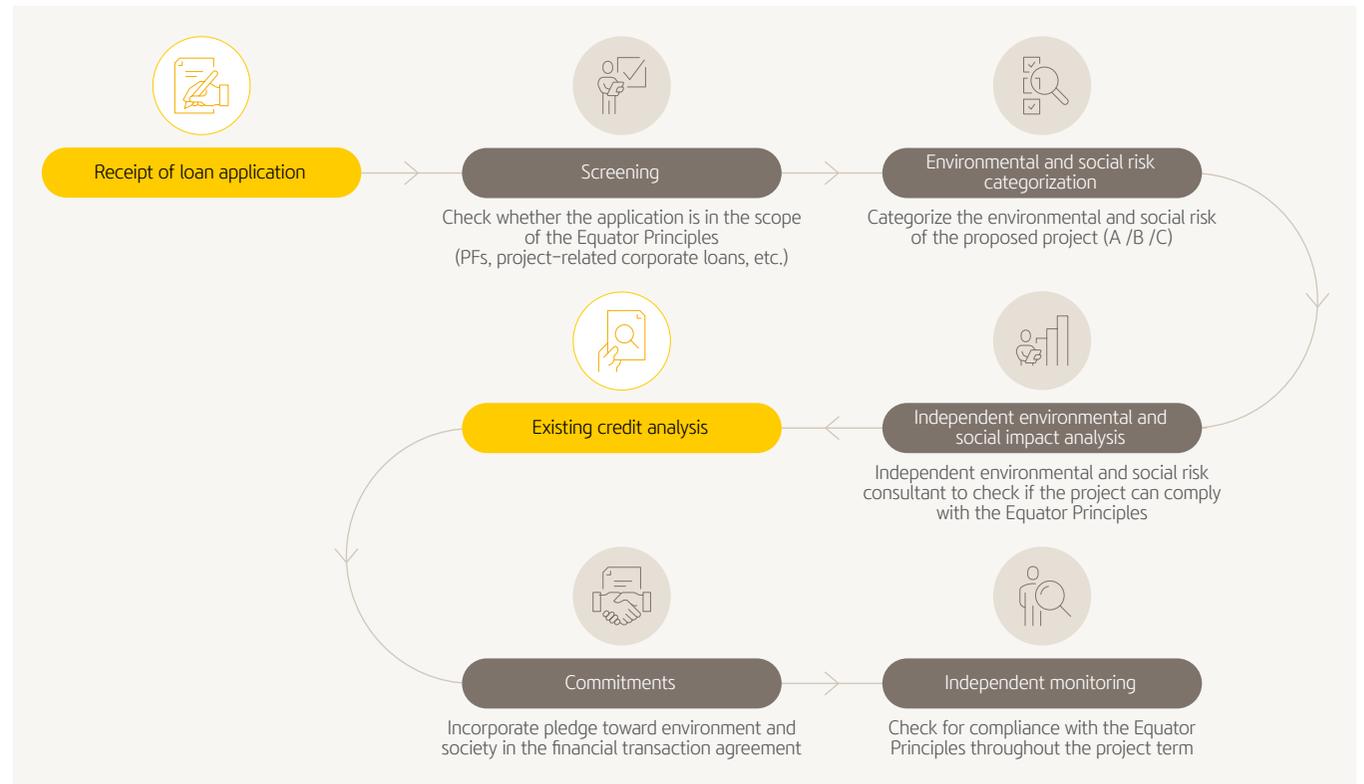
 2022 Report on Equator Principles Implementation of KB Kookmin Bank

¹⁾ No. of projects reviewed in 2022: 249 cases (Percentage of reviewed projects from among total projects: 100%), No. of projects completed financial close in 2022: 241 cases, No. of rejected projects: 0
* 8 projects were reviewed in 2022 followed by the financial close in 2023

Equator Principles Implementation Roadmap



Equator Principles Procedure



Risk Management

Climate Change Risk Management Activities

Review and Management of ESG-reflected Investments and Loans

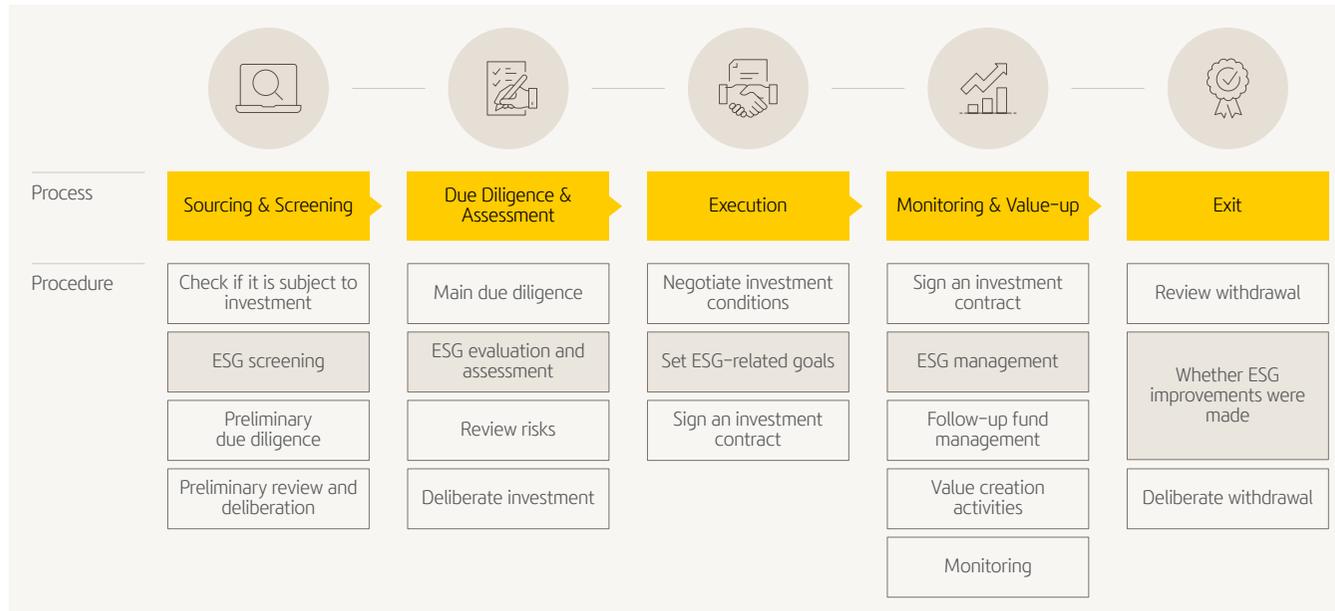
KB Financial Group manages ESG-related risks, including climate change risks, by applying ESG standards to investment/loan reviews. KB Kookmin Bank reflects ESG-related items in credit rating adjustments and loan reviews in accordance with the “Corporate Loan Guidelines.” In addition, the Bank informs customers that the credit rating and loan-related decisions could be affected by the ESG-related items when conducting investment or loan reviews. It also manages ESG activity assessment results of loans worth more than a certain amount, including those of large companies and externally audited companies, through an industrial credit rating system by checking an ESG checklist.

KB Investment established ESG investment policies to strengthen ESG-based investment management and reflects ESG elements in its overall investment process. In addition, it uses its internally developed ESG Materiality Framework and ESG Scoring Framework for thorough screening of companies subject to investment and is strengthening ESG-based investments through ESG evaluations and due diligence.

Declaration of Anti-coal Financing

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

ESG Investment Process of KB Investment



Climate-related Risk Training

KB Financial Group provides training to raise employee understanding of climate change-related risks. In July 2022, KB Kookmin Bank provided training on environmental and social risk reviews that consider the Equator Principles to loan officers. In August, we provided training on the content of the Equator Principles and operation process to the sales department.

Metrics & Targets

A company’s climate-related information includes non-financial factors and therefore is difficult to accurately measure unlike financial factors.

However, the management of measurable metrics is important to identifying climate change risks and opportunities. This is because what gets measured gets managed.

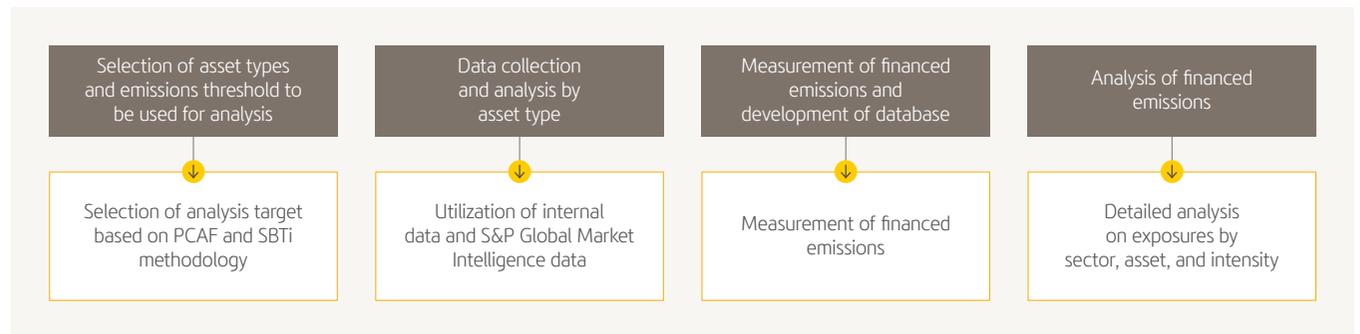
KB Financial Group will measure climate change risks and opportunities accurately, manage them properly, and disclose the outcome transparently, in its efforts to realize the transition to a net-zero society.

Financed Emissions (Scope 3) Measurement Process

KB Financial Group was the first financial institution in Korea to utilize the PCAF¹⁾ methodology to measure financed emissions. The PCAF methodology is a consistent and validated measurement standard for financial institutions to internally measure and report GHG emissions, and was established based on the GHG Protocol, a global accounting standard for greenhouse gas emissions.

In addition, we satisfied all the coverage requirements for each of the asset types—corporate financing, electricity generation PF, and commercial real estate—as requested by SBTi²⁾, a global initiative that enables companies to set science-based emissions reduction targets. In particular, we included automobile loan and personal mortgage loan in the scope of financed emissions measurement and expanded the 2021 corporate financing emissions measurement target from exposure of KRW 3 billion to KRW 2.5 billion. Even if the exposure is less than KRW 2.5 billion, companies subject to a carbon trade scheme and/or target management system as well as listed companies were included in the analysis scope.

Financed Emissions (Scope 3) Measurement Process



¹⁾ An initiative that develops a common methodology for evaluating and disclosing greenhouse gas emissions that are connected to financial companies’ loans and investments and presents a methodology to set science-based emissions reduction targets

²⁾ An initiative that provides general services (methodology development and advice) that are needed for companies to set GHG emissions reduction targets based on scientific scenarios to achieve the goals of the Paris Agreement and that is in charge of approving reduction targets

Metrics & Targets

Greenhouse Gas Emissions Target and Performance

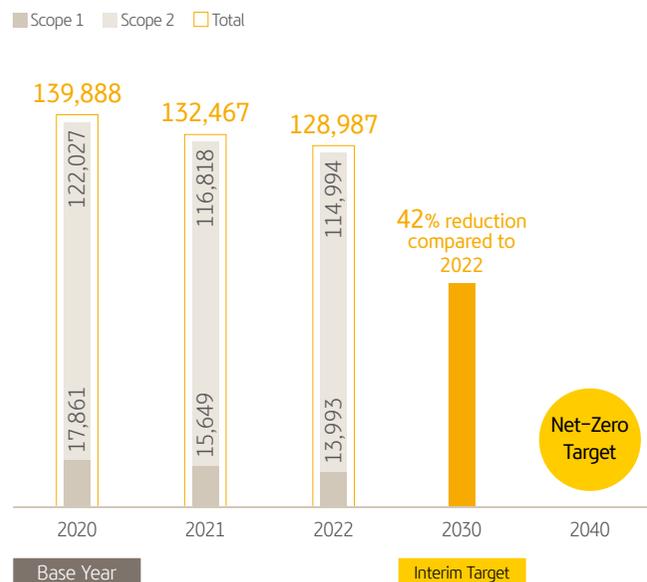
KB Financial Group utilized the emissions reduction target setting methodology proposed by the SBTi and UNEP FI Guidelines for Climate Target Setting for Banks to establish our net-zero targets, and our carbon reduction target was approved by the SBTi in October 2021. With the experience and knowledge we gained while establishing a science-based reduction target and obtaining approval, we will proactively support our corporate clients in setting a clear emissions reduction target aligned with the SBTi's standards and achieving net-zero by 2050.

Operational Emissions (Scope 1&2)

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

KB Financial Group's 2022 operational emissions (Scope 1&2) were 128,987 tCO₂eq, indicating a year-on-year decrease of around 3,480 tCO₂eq. This is attributable to active energy-saving programs, including increased self-installation of renewable energy facilities, increased conversion to electric vehicles, and enhanced energy efficiency. However, our operational emissions reduction amount in 2022 decreased from that of 2021, mainly attributable to increased use of work facilities, including the training center, with the adoption of "living with COVID-19." To achieve our reduction target for 2023, we are implementing active reduction plans, such as conducting more active energy-saving campaigns and increasing the supply of renewable energy. Our total energy consumption in 2022 was 313,730 MWh which is around 5,952 MWh less than our reduction target (319,682 MWh).

Operational Emissions (Scope 1&2) Targets and Progress (Unit: tCO₂eq)



Category	2020	2021	2022	YoY	
				Amount	Ratio
Scope 1	17,861	15,649	13,993	(1,656)	-10.6%
Scope 2	122,027	116,818	114,994	(1,824)	-1.6%
Total	139,888	132,467	128,987	(3,480)	-2.6%
Target for Scope 1&2 emissions	-	134,013	128,137	-	-
Reduction against target	(Base Year)	+1,546	-850	-	-

Total Energy Consumption Target and Progress (Unit: MWh)

Category	2020	2021	2022	YoY	
				Amount	Amount
Energy consumption	348,998	330,131	313,730	(16,401)	-5.0%
Energy consumption target	-	334,340	319,682	-	-
Reduction against target	(Base Year)	+4,209	+5,952	-	-

Metrics & Targets

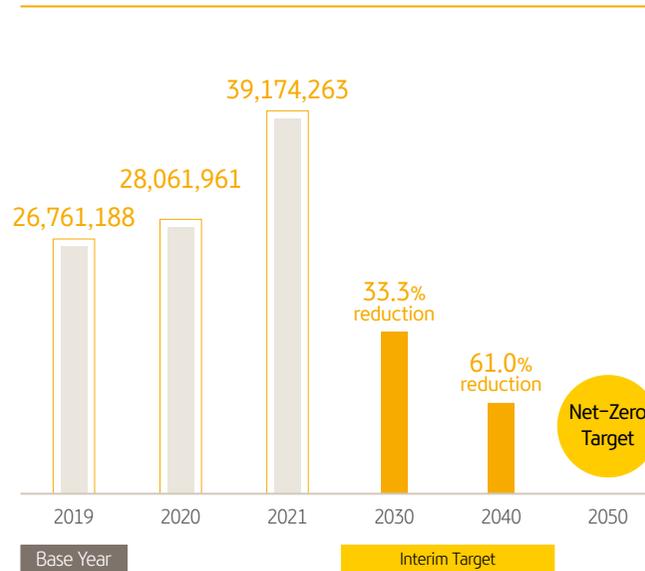
Financed Emissions

KB Financial Group set its financed emissions target based on the SBTi methodology. We applied the “Sector Decarbonization Approach (SDA)” to power generation PF, power generation, steel, cement, aluminum, paper & pulp, and commercial real estate industries, and applied the “Temperature Ratings” method to the corporate finance sector excluding the above.

In addition, we newly adopted the avoided emissions concept, which means the level of contribution made to avoid carbon that is emitted by “previous fossil fuel-based power plants” by investing in renewable energy power generation PF. As of the end of 2021, the exposure of the renewable energy power generation PF under management was KRW 498 billion. We calculated avoided emissions in accordance with the guidance for power generation PF of the PCAF Financed Emissions Standard to find that avoided emissions totaled around 150 thousand tons. When calculating avoided emissions, we applied the power generation amount per case of renewable energy power generation PF, each country’s avoided emissions coefficient, and KB allocation ratio.

KB Financial Group’s 2021 financed emissions stood at about 39.17 million tons, an increase of around 11.11 million tons from the 2020 emission. This rise is attributable to an increase in the measurement scope of corporate finance assets and the adoption of measurement for new asset groups. In case of corporate finance, measurement coverage was expanded from KRW 3 billion or more in loan and investment exposure to KRW 2.5 billion or more. In addition, we adopted measurement for new asset groups such as automobile loans and mortgage loans to ultimately lead to a rise in total emissions.

Financed Emissions Targets and Progress (Unit: tCO₂eq)



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

In KB Financial Group’s 2021 asset portfolio, carbon intensity decreased for corporate finance and commercial real estate, but increased in power generation project financing. The lower carbon intensity of corporate financial assets means that emissions per sales of companies that belong to KB Financial Group’s portfolio decreased or that the companies that constitute the portfolio improved to low-carbon companies. The decrease in carbon intensity of commercial real estate is assessed to result from lower energy consumption per unit area owing to the social distancing policy. The rise in carbon intensity of power generation project financing is from the impact of new operations of coal-fired power plants in Korea.

Financed Emissions Status (Unit: KRW trillion, tCO₂eq)

Category	2019			2020			2021		
	Exposure	Emissions	Intensity	Exposure	Emissions	Intensity	Exposure	Emissions	Intensity ¹⁾
Corporate finance	51.5	24,526,555	0.468	76.9	25,714,931	0.402	103.9	35,331,842	0.391
Power generation PF	1.2	2,172,390	0.441	1.3	2,310,499	0.439	1.5	2,887,589	0.452
Commercial real estate	2.1	62,243	0.09	2.7	36,531	0.052	5.1	65,629	0.046
Automobile loan ²⁾	-	-	-	-	-	-	6.8	521,308	0.159
Mortgage loan ²⁾	-	-	-	-	-	-	47.8	367,895	0.033
Total	54.8	26,761,188	-	80.9	28,061,961	-	165.1	39,174,263	-

¹⁾ • Weighted Average Carbon Intensity (WACI) was applied to corporate finance, while intensity per production unit (physical intensity) was applied to power generation PF and commercial real estate
 • Corporate finance: tCO₂eq/KRW million, power generation PF: tCO₂eq /MWh, commercial real estate/mortgage loan: tCO₂eq /m², automobile loan: kgCO₂eq /km

²⁾ New measurement items

Metrics & Targets

SBTi Methodology

In accordance with the SBTi methodology, we used the Sectoral Decarbonization Approach (SDA) and Temperature Ratings method when measuring financed emissions and setting targets.

Sectoral Decarbonization Approach

The Sectoral Decarbonization Approach (SDA) is an approach that sets industrial sector-specific reduction targets, considering that the speed at which each industrial sector reaches net-zero is different. The Approach uses carbon intensity as a key indicator in setting reduction targets, and best fits the financial sector since it is the only approach in which a sector (industrial area)-based portfolio assessment is possible amongst the SBTi methodology. KB Financial Group calculated the carbon intensity of our financed emissions, and based on this, set the target as follows: achieve a 33.3% reduction by 2030, 61% by 2040 compared to the 2019 levels, and net-zero by 2050. In addition, electricity generation, steel, cement, aluminum, paper & pulp, electricity generation PF, commercial real estate, and other industrial sector-specific targets and pathways were established.

Temperature Ratings

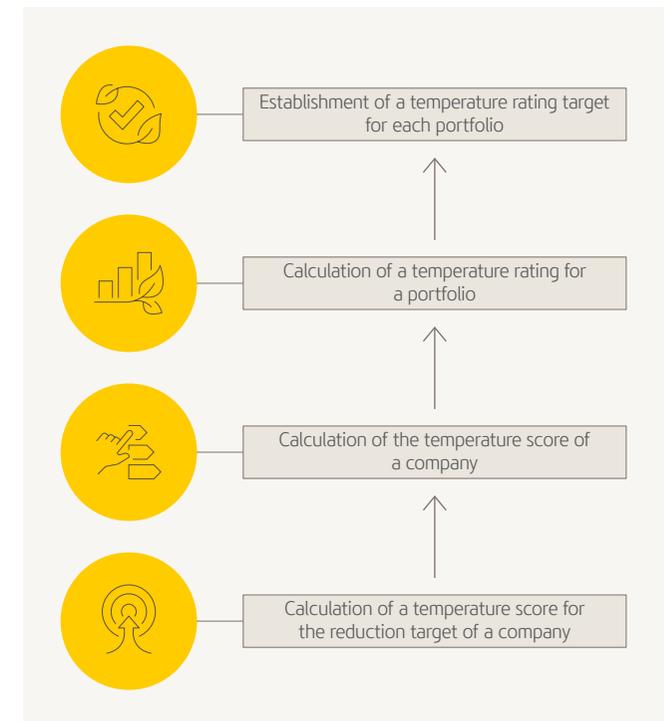
KB Financial Group used SBTi's Temperature Ratings Methodology to set targets for other sectors within corporate finance where the SDA methodology was not applied when setting reduction targets for financed emissions. The method converts companies' net-zero targets into a more intuitive temperature rating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

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

Target-Setting Based on the SDA

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

Target-setting Based on the Temperature Ratings Method



Metrics & Targets

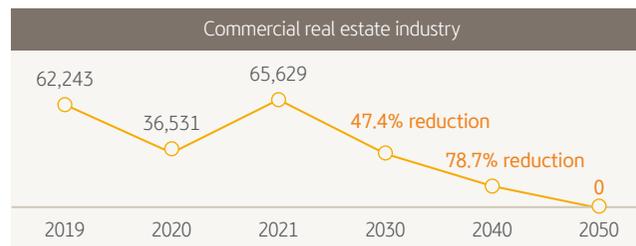
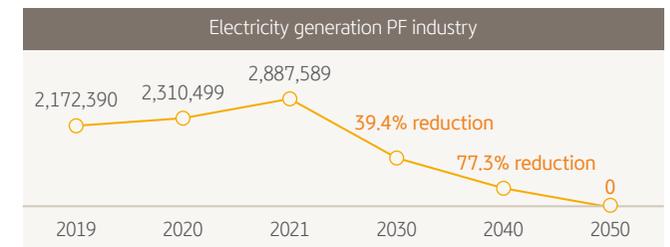
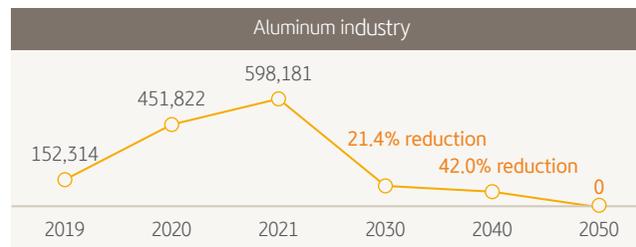
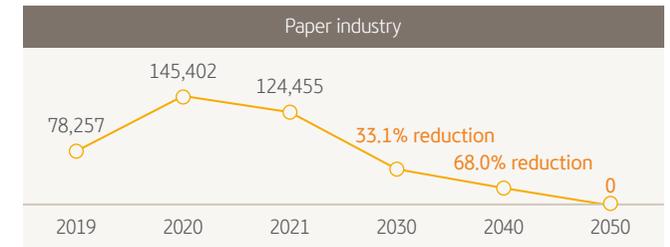
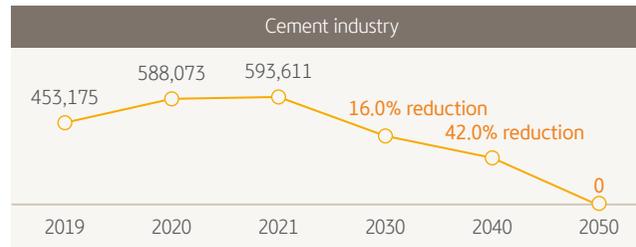
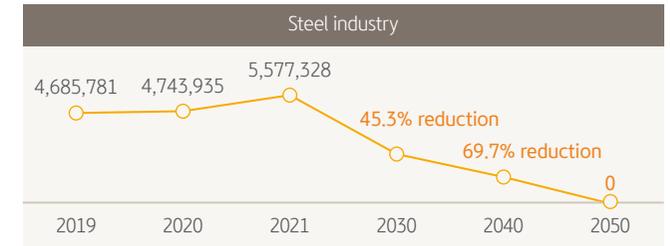
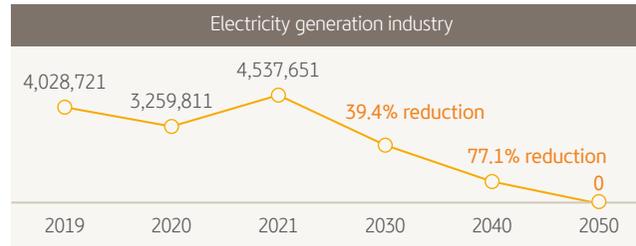
Reduction Target and Pathways of Financed Emissions

KB Financial Group established each industrial sectors' reduction targets according to SDA based on which it set pathways and manages financed emissions.

For financed emissions that do not apply SDA, we use the Temperature Ratings Methodology to set and manage reduction targets. In 2021, the temperature rating of our overall portfolio decreased from 2020, but temperature ratings rose in some portfolios. There are two main reasons: First, as a result of expanding the analysis target, there was an increase in the number of companies without a carbon emissions reduction target, from among the newly-included target companies. Second, there was an increase in emissions of some assets that belong to the loan and stock portfolio. We seek to achieve our financed emissions reduction target by actively strengthening engagement activities so that companies in our portfolio can establish carbon reduction targets.

Each Industrial Sector's Reduction Targets and Pathways based on the SDA

(Unit: tCO₂e)



Metrics & Targets

Each industrial sector's reduction targets and pathways based on the Temperature Ratings method



ESG REPORT

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ENVIRONMENTAL RESPONSIBILITY

EMPOWERING THE TRANSITION TO GREEN ECONOMY

In a report¹⁾ issued in 2020, the Bank for International Settlements (BIS) described the financial crisis that will be brought about by the climate crisis as the “green swan”. The green swan was derived from the “black swan”, an economic term that refers to uncertain risks. Although it is difficult to predict, green swan is a crisis that will take place due to the climate crisis and can have a negative impact that is difficult to recover from the overall financial market, going beyond threatening citizens’ daily lives. In response to the green swan events, which we cannot clearly see but is definitely approaching, KB Financial Group is fully aware of the impact that climate change and other environmental factors have on our lives as well as the overall financial market. We are therefore responding to global environmental issues in a preemptive manner by leveraging capabilities of finance. Going forward, we will implement environmental management with our stakeholders, transparently disclose related data, thereby taking the lead in green management.



¹⁾ Source: “The Green Swan: Central Banking and Financial Stability in the Age of Climate Change”

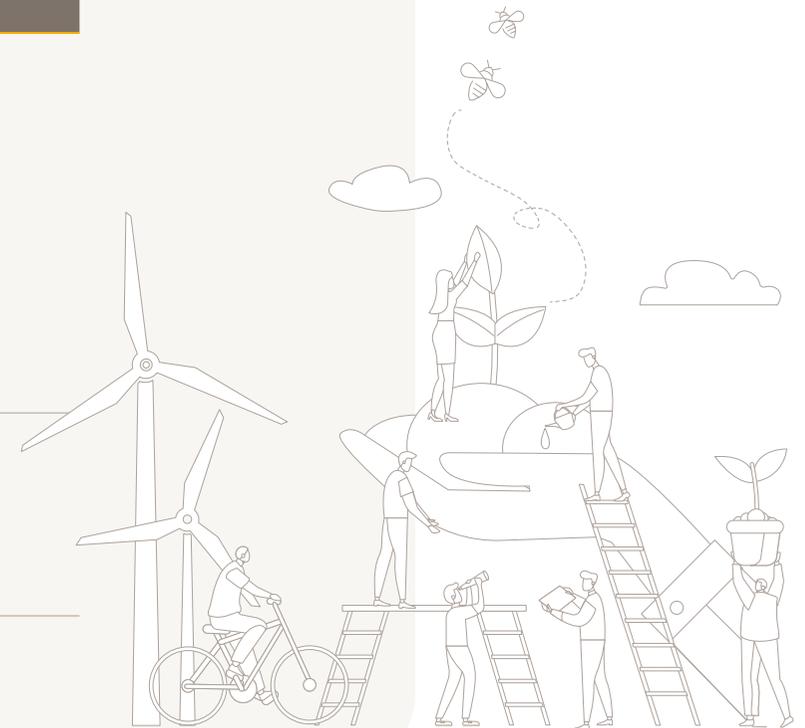
AT A GLANCE

The international community is demanding that finance take more active responses to the climate crisis. In addition, there are active discussions on sustainable finance activities that consider social responsibilities. Furthermore, there are expectations of financial institutions’ preemptive management and activities regarding climate and environmental risks.

In accordance with this demand, KB Financial Group publishes the TCFD Report that provides information on climate change-related strategies and activities, and is implementing strategies that raise the value of resources and minimize environmental costs in overall management activities, such as building solar power generation facilities and adopting an electronic settlement system that will replace paper documents. In addition, we are forming a consensus on eco-friendly value and leading change together with customers.

IN THIS SECTION

Reporting Topic	Key Performance & Achievements	Location
Environmental Management Activities	<ul style="list-style-type: none"> Major subsidiaries, including KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital, maintained the ISO 14001 certification Installed the solar power generation facilities to produce and use 1.37 million kWh of new and renewable energy per year Built the first “K-Bee Urban Bee Farm” that can house 120 thousand honey bees on the rooftop of KB Kookmin Bank’s Head Office Building Converted 57.9% of business vehicles to eco-friendly vehicles as of the end of 2022 Launched “KB Net Zero S.T.A.R. Charitable Trust” and carried out the “KB Net Zero S.T.A.R. Blue Carbon Sea Forestation” project 	78-81
Environmental Management Communication	<ul style="list-style-type: none"> KB Insurance became the first in the insurance industry in Korea to join the Net-Zero Insurance Alliance (NZIA) (June 2022) Reduced the use of disposable cup by 480 thousand per year by operating an in-house café that uses only reusable cups 	82-85



Environmental Management Activities

Advancement of the Environmental Management System

Environmental Management System

KB Financial Group is establishing an environmental management system that meets ISO 14001, an international standard on environmental management systems, for company-wide implementation of environmental management as a leading financial institution. KB Kookmin Bank became the first in the financial industry in 2010 to receive ISO 14001 certification and maintains the system through a renewal audit. In 2021, KB Kookmin Bank newly acquired ISO 50001 certification, an international standard on energy management systems. Major subsidiaries including KB Securities, KB Insurance, KB Kookmin Card, and KB Capital, are maintaining ISO 14001 certification, based on which they operate an environmental management system that satisfies international standards.

In addition, KB Financial Group has set in place the ESG Division, an organization exclusively in charge of ESG, under the Group's Chief Strategy Officer (CSO) as a governance structure for responding to environmental issues. Also, each subsidiary's business characteristics were reflected to form responsible teams and ESG Committees.

Environmental Management Activities

Installation of New and Renewable Power Generation Facilities

KB Financial Group operates new and renewable power generation facilities at the educational institutions and major business sites to contribute to the reduction of GHG emissions. KB Kookmin Bank added 12 solar power generation facilities in 2022, making the total 31 solar power generation facilities as of the end of the year. The new head office building is using diverse alternative energy sources, including photovoltaic, geothermal heat, and fuel cell. Major subsidiaries, including KB Securities and KB Insurance, also have a solar power generation facility at the training institute or head office. KB Financial Group will continually increase new and renewable power generation facilities to raise energy self-reliance.

Conversion of Business Vehicles to Eco-friendly Vehicles

KB Financial Group is converting business vehicles to eco-friendly vehicles as an effort to reduce carbon emissions from vehicles. KB Kookmin Bank took part in the "K-EV100 (commitment by Korean companies to convert 100% to zero-emission vehicles)" project that was organized by the Ministry of Environment and converted 57.9% of its business vehicles to eco-friendly vehicles by the end of 2022. It plans to convert all business purpose vehicles to zero-emission vehicles by 2030. To this end, it will adopt an additional 45 electric vehicles and 45 electric vehicle-charging facilities in 2023.

Replacement with Energy-saving Office Machines

KB Financial Group is replacing office machines with eco-friendly products that consume little energy to optimize energy use. KB Kookmin Card had purchased a total of 4,070 "zero PCs" from 2018 to the second half of 2021, and completed the replacement of its PCs at work with zero PCs in 2022. A zero PC consumes around 18.3% of the amount of electricity used by previous desktop PCs by applying a sleep mode program. When this is converted to total amount of usage, one-year use of Zero PCs has the effect of reducing around 153 tons of CO2 emissions, corresponding to the purification capability of 23,186 pine trees, compared to usage of desktop PCs. KB Financial Group will continue to reduce electric power use, thereby actively contributing to the establishment of a circular economy.

KB Financial Group's solar power generation

Subsidiary	Solar power produced in 2022	GHG reduction effects
KB Kookmin Bank	1,201,880kWh	548.8tCO ₂ eq
KB Securities ¹⁾	13,292kWh	6.1tCO ₂ eq
KB Insurance	154,466kWh	70.5tCO ₂ eq

¹⁾ Began to operate the facility in December 2022



Solar power generation facility at the KB Securities training institute

Environmental Management Activities

Raising Resource Usage Value

Reducing Paper Use

To realize a circular economy, KB Financial Group engages in diverse customer-related activities that are aimed at reducing paper use.

Activity	Major activity details and outcome
 Discontinued the issuance of paper passbooks	<ul style="list-style-type: none"> Discontinued the issuance of paper passbooks for new foreign currency deposits in 2022
 Adopted a paperless transaction system	<ul style="list-style-type: none"> Adopted a paperless one-stop transaction system through tablets
 Issued digital statements at ATMs	<ul style="list-style-type: none"> Added the “digital statement” issuance item on the statement of transaction Increased transactions for which a statement can be omitted
 Adopted digital business cards	<ul style="list-style-type: none"> Used as a new customer contact channel
 Expanded mobile electronic notices	<ul style="list-style-type: none"> KB Kookmin Bank implemented a partnered mobile electronic document service Reduced the amount of paper notes that were sent, digitalized coupons
 3Rs of paper provisions	<ul style="list-style-type: none"> Operate the 3R marketplace, aimed at encouraging employees to reduce, reuse, and recycle (3Rs) paper provisions; and collected waste provisions to produce recycling goods “Healthy Mind Kits”
 Expanded the electronic contract system	<ul style="list-style-type: none"> Executed the Group-wide expansion of the electronic contract system



KB Insurance's "Healthy Mind Kits"

Reducing the Use of Plastic Cards

KB Financial Group is taking part in the resolution of environmental pollution issues that are caused by waste plastics by reducing the use of plastic cards. KB Kookmin Card is strengthening the offline payment service of KB Pay, a mobile payment and digital wallet service, resulting in an environment that allows convenient use without a physical card. Backed by a rise in issuance and use of mobile cards, around 80 types of cards were released as mobile cards as of the end of December 2022. Eco-friendly materials are used in case physical cards need to be issued. Released in 2022, the “WE:SH Eco” card was the industry’s first to be produced using synthetic resin-recycled material that received Ministry of Environment certification. Use of card plate does not generate harmful substances. Also, there is no dioxin emission during incineration.



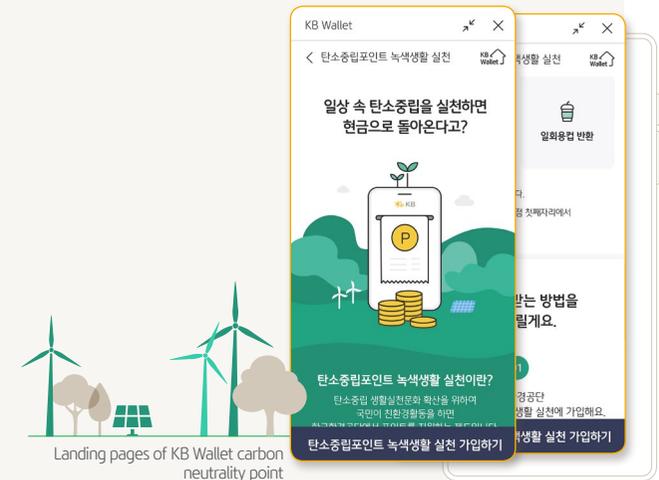
KB Kookmin Card launches a card that uses eco-friendly materials

KB ESG Story



Use the KB Wallet to earn carbon neutrality points

In 2022, KB Kookmin Bank became the first financial institution to sign an MOU on the “carbon neutrality point system” with the Ministry of Environment and is providing KRW 100-worth of points per case to customers who use electronic receipts. By using “KB Wallet”, a platform in digital wallet form, customers can be issued with purchase receipts and bank transaction receipts in the form of electronic receipts. They can receive carbon neutrality points for purchase receipts from card, cash, coupon, point, and mobile payment as well as for electronic receipts that they received at a KB Kookmin Bank branch.

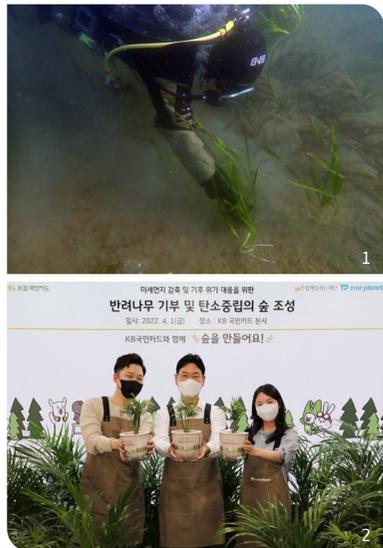


Landing pages of KB Wallet carbon neutrality point

Environmental Management Activities

Preserving Biodiversity

KB Financial Group carries out diverse activities to spread awareness of natural preservation and protect biodiversity. KB Kookmin Bank became the first financial institution in Korea to join the Biz N Biodiversity Platform (BNBP) initiative in 2020 and is taking the lead in preserving biodiversity through such initiatives as KB Sea Forestation Project and K-Bee Project.



1 Creating a sea grass forest through KB Sea Forestation Project
 2 Forestation project - Let's create forests with KB Kookmin Card

KB Sea Forestation Project

KB Financial Group carries out the “KB Sea Forestation Project” to secure biodiversity and preserve the ocean environment. The KB Ocean Forest Project creates a sea grass forest in ocean waters where sea desertification is taking place and cleans up the water and coasts such as by collecting ocean wastes. Sea grass is seaweed that performs various roles, including absorbing carbon, blocking water pollution sources, and providing places for ocean life to spawn and live. However, its beds are decreasing every year due to climate change, pollution of the ocean environment, and excessive fishing. To take action, KB Kookmin Bank released “KB Net Zero S.T.A.R. Charitable Trust” and used the linked donations to carry out the “KB Net Zero S.T.A.R. Blue Carbon Sea Forestation” project. In 2022, we transplanted sea grass that was collected from the coast near Namhae County, South Gyeongsang Province and created a sea grass forest, which was followed by quarterly monitoring.

In addition, KB Kookmin Bank is carrying out coastal purification activities to preserve the habitats of ocean life. In celebration of Environment Day, it held an eco-friendly exhibition called “Green Month, Green Maru” and raised donations according to the number of visitors to conduct a deposited waste collection project in Busan. At Gwangalli Beach in Busan, KB Kookmin Bank’s customers, employees, and their family members participated in plugging to collect wastes and clean up the environment.

In 2023, we signed an MOU with the Ministry of Oceans and Fisheries to smoothly operate and expand the KB Sea Forestation Project. Going forward, we will make continuous efforts to take active part in projects aimed at building a sustainable ocean ecosystem, thus striving to contribute to the preservation of biodiversity.

Forestation Project

KB Financial Group operates forestation projects to resolve environmental issues, including fine dust in Korea and abroad, and preserve biodiversity. Each subsidiary carries out various forestation projects and actively takes part in eco-friendly activities for net zero.

KB Financial Group’s forestation projects

Activity name	Organized by	Major activities in 2022
 KB Kookmin Clear Sky Forestation Project	KB Kookmin Bank	<ul style="list-style-type: none"> Planted trees in the desertification areas of Mongolia Planted 10,000 windbreak trees and 10,000 fruit trees “Eco Tree Campaign” tree-planting event of the Korea Military Academy in 2022
 Donation of Companion Trees and Creating a Net Zero Forest	KB Kookmin Card	<ul style="list-style-type: none"> Donated 2,000 companion trees for purifying indoor air that employees raised to around 40 child daycare centers Planted 2,000 air-purifying trees in a forest in Gangwon Province
 Creating a Carbon Offset Forest with Gangwon Forestry Exhibition 2023	KB Life Insurance	<ul style="list-style-type: none"> A tree-planting event held at the site designated as the main venue of the Gangwon Forestry Exhibition 2023 Planning to create the “KB Life Carbon Offset Forest” in the area of the Gangwon Forestry Exhibition 2023 and donate carbon credits (September)
 Creating an Indoor Forest	KB Savings Bank	<ul style="list-style-type: none"> Created an indoor forest, consisting of air-purifying plants, at 8 local childcare centers

Environmental Management Activities

K-Bee Project

Amid spreading awareness of the importance of biodiversity all across the globe, KB Financial Group commenced the “K-Bee Project,” aimed at increasing the number of bees, in May 2022. Honeybees are important insects that pollinate 70% of the top 100 food crops, but the number of bees is rapidly dropping due to environmental issues. Even colonies are collapsing.

In response, KB Financial Group created an urban bee farm on the rooftop of KB Kookmin Bank’s Head Office Building and built bee hotels for wild bees in Seoul Botanical Garden. We are also building a palace forest that consists of honey plants in the Changgyeong Palace area, and are planting and nursing the saplings of 100 thousand honey trees that flower at different times in Hongcheon County, Gangwon Province such as yellow poplars, Oriental raisin trees, and false acacias. Honey plants and trees provide food to honey bees. By building honey tree forests, we are taking the lead in restoring honey bees’ ecosystem.

In May 2023, we held a honeybee experience event at the urban bee farm in Seoul Forest and honeybee gardens in celebration of World Bee Day. In particular, children at the KB Guui Daycare Center and athletes Jun Hwan Cha and Haein Lee, who are sponsored by KB Financial Group, took part in the honeybee ecological experience education and honeybee garden-cultivating activity, resulting in a high level of interest in the K-Bee Project.

Major activities of the K-Bee Project in 2022

Project name	Activity details
 Honey Plant Forest	<ul style="list-style-type: none"> Creating a honey plant forest in a forest damage area in Hongcheon, Gangwon Province (planning to plant and nurse saplings of 100 thousand trees by 2024)
 K-Bee Urban Bee Farm	<ul style="list-style-type: none"> Built the first “K-Bee Urban Bee Farm” that can house 120 thousand honey bees on the rooftop of KB Kookmin Bank’s Head Office Building Provided experiential education on ecology, with a focus on the bee farm Planning to increase urban bee-raising by collaborating with local governments (Seodaemun-gu was designated as a honey tree region) Harvested honey was used to support low-income households
 Bee Hotel	<ul style="list-style-type: none"> Built “Bee Hotels” for wild bees in Seoul Botanical Garden and provided experiential education on ecology



Honey Plant Forest



Experiential evnets held at K-Bee Urban Bee Farm located in Seoul Forest Park



K-Bee Honey Bee Garden



K-Bee Urban Bee Farm

Environmental Management Communication

Building Global Environmental Leadership

Disclosure of Eco-friendly Activities

To preemptively respond to increasing demand for environmental information disclosure, KB Financial Group created diverse information disclosure channels and communicates with outside stakeholders, while demonstrating green leadership. KB Kookmin Bank has been publishing the “KB Green Wave Report” since 2020 for transparent disclosure of information on its environmental performance. The “KB Green Wave Report” provides details on environmental management activities, such as expanding eco-friendly financial products to counter climate change, establishing a net-zero foundation, managing environmental and social risks, and establishing eco-friendly partnerships.

 [KB Green Wave Report](#)

Participation in Environmental Initiatives

As an ESG finance leader and member of society, KB Financial Group takes active part in global activities, thereby expanding its global environmental leadership. In 2022, KB Securities joined the United Nations Global Compact (UNGC), the world’s largest voluntary corporate initiative that calls for corporate social responsibility. In 2022, KB Insurance became the first in the insurance industry in Korea to join the Net-Zero Insurance Alliance (NZIA) and is actively implementing various GHG reduction policies.

KB ESG Story

UN Conference of the Parties (COP)

KB Financial Group was invited to become a member of the COP26 Business Leaders Group, the COP26 Hub, by the UN and the UK government in May 2022. It was the only attendee of the first meeting from Korea. The COP26 Business Leaders Group is a business leader group participated in by top management from global eco-friendly companies. At the meeting, KB Financial Group shared information on climate change response cases, including investments in eco-friendly technologies and infrastructure as well as expansion of ESG consulting.



Net-Zero Banking Alliance (NZBA)

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

In addition, KB Financial Group is a member of the Steering Group, which is NZBA’s top decision-making body, as a representative of banks in the Asia-Pacific region. It attended the monthly “C-Level Meeting” in 2022 and discussed “financial institutions’ net-zero implementation measures”. KB Financial Group Chairman & CEO Jong Kyoo Yoon attended the annual Principal Meeting and shared his opinions on “roles of finance for the transition to net zero”. In addition, we are contributing to the creation of the annual NZBA Progress Report published by NZBA.

 [Net-Zero Banking Alliance Progress Report](#)



Environmental Management Communication

KB ESG Story



Renewable Electricity 100% (RE100)

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



RE100

Glasgow Financial Alliance for Net-Zero (GFANZ)

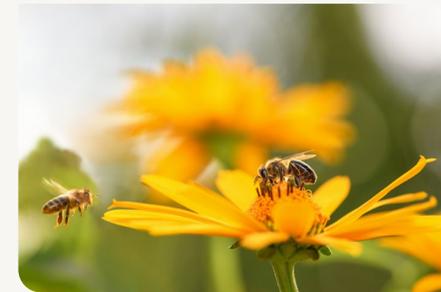
KB Financial Group is participating in GFANZ, a global alliance aimed at using finance to achieve net-zero emissions and overcome the climate crisis. As a financial coalition aimed at zero carbon emissions by 2050, GFANZ was established to promote net-zero economies and overcome the climate crisis through finance. KB Financial Group Chairman & CEO Jong Kyoo Yoon was chosen as a member of the Advisory Board (AB) of the Asia-Pacific in June 2022 and held the first AB meeting in November 2022. AB performs the role of promoting financial institution participation and sharing knowledge so that the Asia-Pacific region can shift to an eco-friendly economy.



GFANZ

Taskforce on Nature-related Financial Disclosures (TNFD)

In April 2022, KB Financial Group joined TNFD, a global council aimed at protecting and restoring the natural ecosystem. This marked the beginning of KB Financial Group's continued efforts to prevent any negative impact that the Group's activities may have on decrease of biodiversity and destruction of the ecosystem.



TNFD Taskforce on Nature-related Financial Disclosures

Environmental Management Communication

Sharing the Value of Eco-friendliness

Environmental Education

KB Financial Group provides ESG education to all employees to raise their awareness of eco-friendliness. Each subsidiary produces an internal video or collaborates with an outside organization for training, which consists of interesting, practical content. Education on practicing ESG is provided to all employees and helps form a consensus on the environment. In-depth, customized training is provided to employees in charge of ESG, such as responding to climate change and establishing a disclosure system.

KB Kookmin Bank's special lectures and live lectures by ESG experts in 2022

Date	Subject	Lecturer	No. of participants
May 30	Climate change and green finance	Tae-yong Jeong (Professor at Graduate School of International Studies of Yonsei University)	Around 20 persons
Jun. 10	Tyler Rasch Shares Ways to Overcome the Climate Crisis and Practice Net Zero	Tyler Rasch	Face-to-face: 20 persons Non-face-to-face: 857 persons
Jun. 24	ESG status in Korea and abroad and the role of finance	Seon-gyeong Lee (Head of Daishin ESG Center)	Around 120 persons
Sep. 23	Status of global responsible investment and important ESG issues	Jin-suk Choi (Head of Responsible Investment Department, Korea Investment Corporation)	Around 190 persons
Nov. 25	Recent issues related to sustainability reports	Hong-min Chun (Professor, Business Administration Department, Sungshin Women's University)	Around 130 persons

KB Green Wave

KB Financial Group is carrying out the “KB Green Wave”, a campaign to practice environmental management, so as to spread the culture of eco-friendliness throughout overall society, beginning with voluntary participation by employees. The KB Green Wave campaign is run with a focus on three key themes – Less Paper, No Plastic, and Save Energy. The money saved from the campaign is donated in the name of the employees to environmental groups and projects that support families with limited access to energy supply.

KB Financial Group's KB Green Wave campaign

Theme	Major activities
 Less Paper	<ul style="list-style-type: none"> Reduce paper bankbooks and copy paper
 No Plastic	<ul style="list-style-type: none"> Reduce use of single-use products Operate a waste resource collection system in connection with “Nephron” “Go Green” vacation culture policy
 Save Energy	<ul style="list-style-type: none"> Reward branches that demonstrated excellence in reducing electric power use Turn off all the lights and monitors at a specific time Offer low-carbon menus, including vegetable menus

Internal Environmental Campaigns

KB Financial Group is carrying out various activities in the daily work environment to raise energy efficiency and reduce use of single-use products. As part of these activities, KB Financial Group's in-house cafes are restricting use of disposable cups by providing reusable cups. KB Kookmin Bank has not been using disposable cups at its in-house cafes since 2022. KB Kookmin Card expanded the “DADA Café” that it previously operated only for take-outs and created a rest space, and is now taking part in use of reusable cups. Moreover, through internal broadcasting, homepage, and ESG newsletters, KB Financial Group informs employees of ESG trends and encourages their participation in internal environmental campaigns.

KB Financial Group's internal environmental campaigns

Activity theme	Main details	Leading activities
Power-saving	Turn off lights that are not used, turn off monitors	• Economic Energy Consumption Playbook (KB Kookmin Bank)
	Maintain appropriate cooling and heating temperatures	• ECO Star Power Station & Staying Warm and Chic (KB Kookmin Bank)
Reduce use of single-use products	Forced turn-off of PCs when they are not used for a long period	• Knock, Knock, Knock, A Gesture to Reduce Carbon Emissions (KB Life Insurance)
	Operate a reusable cup-specializing in-house cafe	• DADA Café (KB Kookmin Card)
	Reduce use of single-use products by individuals	• Provide tumblers to new hires (KB Capital)



KB Green Wave campaign



KB Kookmin Card's DADA Café



* Based on annual usage amount in 2022

Environmental Management Communication

Participation in External Environmental Campaigns

KB Financial Group participates in various external environmental events to share the value of eco-friendliness with outside stakeholders and form a consensus on environmental issues. In 2022, we participated in the lights-off event that was held on Earth Day (April 22), World Environment Day (June 5), and Energy Day (August 22) and turned off lights at major subsidiary buildings, in addition to holding a lights-off ceremony participation event for customers.

KB Kookmin Card established the “Green Consumption-ESG Alliance” with the Ministry of Environment in 2021, and participated in the green consumption week event organized by the Ministry of Environment in 2022. KB Kookmin Card held an event that provided incentives for purchasing an environmental mark certification product (eco-friendly mark) with the “green card” via SNS during the event period. It also held a special event of environmental mark certification products on “Kookmin Card Mall”, a shopping mall that is run by KB Kookmin Card.

Diffusing Environmental Value with Customer Participation

KB Financial Group holds eco-friendly campaigns that are joined in by customers to spread environmental awareness based on the experience of practicing eco-friendliness. A leading campaign is plogging, which combines exercising, such as hiking and jogging, with environmental protection activities, such as picking up wastes. Others include a resource recirculation project that involves collecting waste plastic products and upcycling them and a campaign to use reusable products.

KB Securities is conducting the “Change Our Life” project based on the ESG management philosophy, “Going Beyond Finance to Reach the Environment”. The Change Our Life campaign was held in the form of a large-scale plogging campaign that was participated in by tourists visiting Ingu Beach in Yangyang County, Gangwon Province every Saturday and Sunday for four weeks in July 2022. KB Securities communicated the significance of the plogging campaign and the value of natural preservation to participants, and encouraged participation by providing an eco-friendly beach towel and sunhat as souvenirs.

In 2022, KB Kookmin Card held the “KeeB Going” campaign to spread ways to practice net zero. A music video was created together with singer-songwriter “Stella Jang” to publicize the importance and ways to practice net zero in daily life. The music video recorded more than 2 million views and won the Gold Prize at the “2022 Advertising and PR Award of the Year”.

In addition, KB Insurance conducted a customer participation-based environmental campaign called “KB Insurance will Protect Your Health”. Customers completed the mission of walking more than 7,000 steps a day, thus contributing to reduction of carbon emissions by reducing vehicle use. Raised donations were used to improve the environment of dog shelters. On World Environment Day on June 5, 2022, KB Insurance delivered donations amounting to KRW 30 million to a social enterprise Korea Animal Rights Advocates (KARA).



KB Financial Group participates in lights-off event



KB Securities' Change Our Life - Yangyang

▶ Stella Jang - “KeeB Going” official music video of KB Kookmin Card



KB Kookmin Card's KeeB Going



KB Insurance will Protect Your Health



SOCIAL RESPONSIBILITY

SCALING SOCIAL IMPACT FROM EXPLORATION TO ACTION

Both starting point and destination of an ESG journey is creation of value for stakeholders and spreading sustainable value throughout society. This is why strategic stakeholder-centered approaches are garnering attention as a measure to develop distinctive ESG competitiveness. KB Financial Group implements ESG management with respect for human rights and diversity of all stakeholders, including customers, employees, and local communities. With customer-centric management as our core value, we strive to improve customer satisfaction, while focusing on strengthening customer accessibility by actively responding to the changing digital environment. In addition, by establishing a horizontal organizational culture and a culture that values work-personal life balance, we help employees unlock their full potential. In addition, we carry out various social contribution activities to become a company that grows together with local communities.

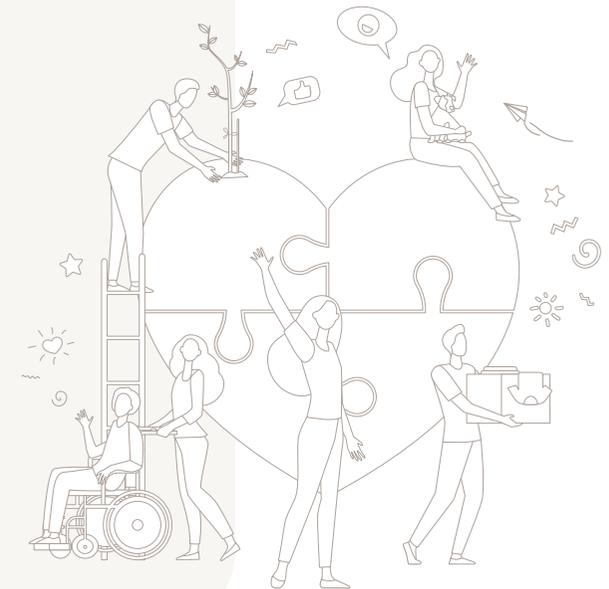


AT A GLANCE

A company’s social value creation through ESG management and investment has become the demand of the era and a global trend. As a leading financial institution of Korea and a global corporate citizen, KB Financial Group goes beyond the waves of change and heads towards the future where it grows together with all stakeholders. KB Financial Group will continue to fulfill corporate social responsibilities based on ESG management and bring about positive changes to society.

IN THIS SECTION

Reporting Topic	Key Performance & Achievements	Location
Consumer Protection	<ul style="list-style-type: none"> • KB Kookmin Bank ranked first place for 16 consecutive years in the National Customer Satisfaction Index (NCSI) survey • KB Kookmin Bank was chosen for first place in “The Most Reliable Bank Chosen by Consumers” for 8 consecutive years • KB Kookmin Bank created the “Advisory Committee on Reinforcing Consumer Rights” and operated a customer advisory group 	88-94
Digital Innovation	<ul style="list-style-type: none"> • Created the Tech Innovation Center and Customer Experience Design Center as professional digital innovation organizations • Established and publicly announced the AI Ethics Charter • No. of KB Kookmin Bank’s AI chatbot users exceeded 1.1 million • Improved mobile platform convenience 	95-103
Win-win Finance	<ul style="list-style-type: none"> • Established a foundation for non-face-to-face consulting for SMEs and micro businesses • Launched the ESG self-assessment tool for corporate clients • Nurtured social innovation startups and provided financial support 	104-108
Social Contributions	<ul style="list-style-type: none"> • Established a customer participation-based social contribution process that uses a digital platform • Operated the “KB Dream Wave, IT’s Your Life” program • Strengthened global social contribution activities 	109-114
Human Resources Management	<ul style="list-style-type: none"> • Enacted the “Group Goals and Management Guidelines for Occupational Health and Safety” that applies to all employees and suppliers • Launched “O-Care,” a healthcare platform • Nurtured experts by duty (IT, global management) 	115-125
Human Rights Management	<ul style="list-style-type: none"> • Conducted human rights impact assessment and implemented improvement tasks • Provided employee education on improving perception toward persons with disabilities and respecting human rights 	126-128



Consumer Protection

KB Financial Group recognizes customer-centric management as a core value and is establishing a strict management system for protection of financial consumer rights and interests. We are operating a systematic product sales process to protect customers' rights and interests and carrying out diverse activities, such as establishing a system to prevent financial fraud.

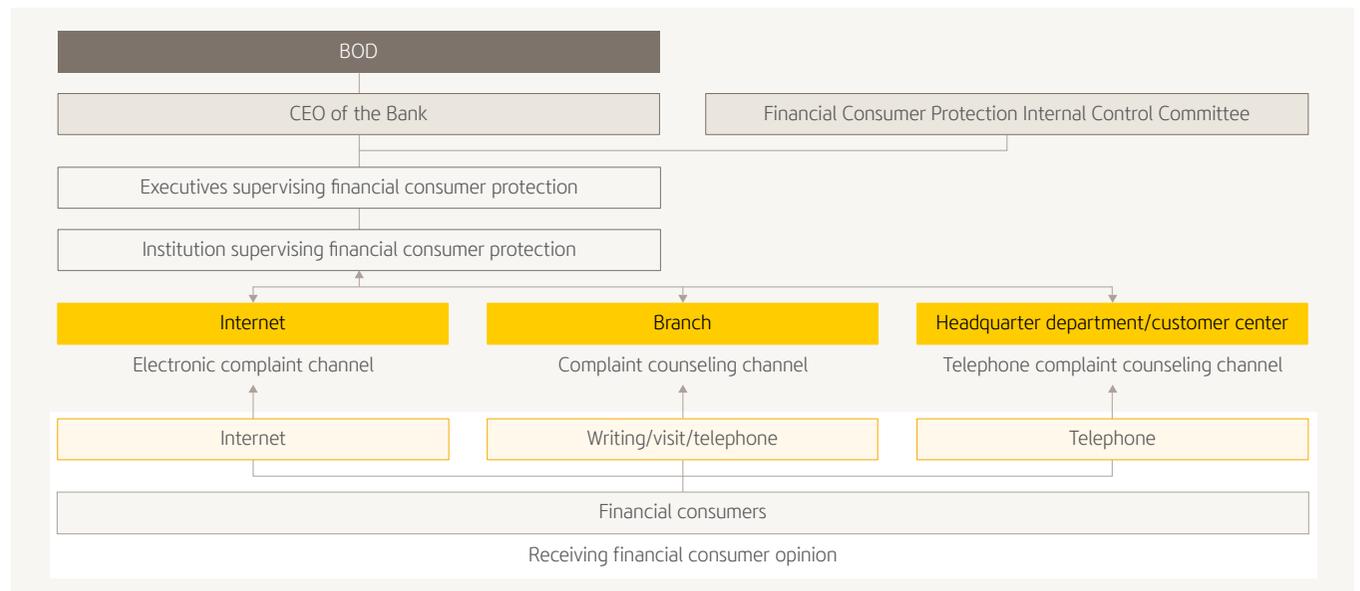
Financial Consumer Protection

Financial Consumer Protection Governance

KB Financial Group has been establishing a financial consumer protection system so that financial consumers are not subject to unreasonable discrimination and disadvantages while using financial products and services. At KB Kookmin Bank, an institution supervising financial consumer protection, under direct control of the CEO, has been set in place. The institution is independent from financial product development and sales, and performs such roles as establishing the Bank's management direction regarding financial consumer protection, making improvements to systems, conducting monitoring, preventing complaints, and mediating complaint-related disputes.

The Bank also operates the Financial Consumer Protection Internal Control Committee to raise transparency and efficiency of financial consumer protection activities. Chaired by the CEO, the Committee holds a meeting at least once half-yearly and discusses major matters related to financial consumer protection and determines policy direction. The BOD determines basic policies for the establishment and operation of internal control systems related to financial consumer protection and approves management strategies and policies affecting internal control related to financial consumer protection. In addition, KB Kookmin Bank established the "Advisory Committee on Reinforcing Consumer Rights," an external advisory body, in 2022 to objectively review consumer protection systems and processes. The Advisory Committee, consisting of five external expert members and one internal member, provides advice to strengthen the rights and interests of financial consumers, such as reviewing consumer preferences and opinions regarding new products and services.

Financial consumer protection organization of KB Kookmin Bank



Consumer Protection

Financial Consumer Protection Policy

KB Financial Group recognizes financial consumer protection as top value. To contribute to enhanced financial consumer interests, in 2013 we established the “KB Consumer Protection Charter” and “KB Consumer Protection Management Policy” which serve as the basis of financial consumer protection policy. We are actively collecting consumer opinions throughout the entire process of product development and sales, and are establishing a process so that consumer suggestions, complaints, and other demands can be reflected in management activities.

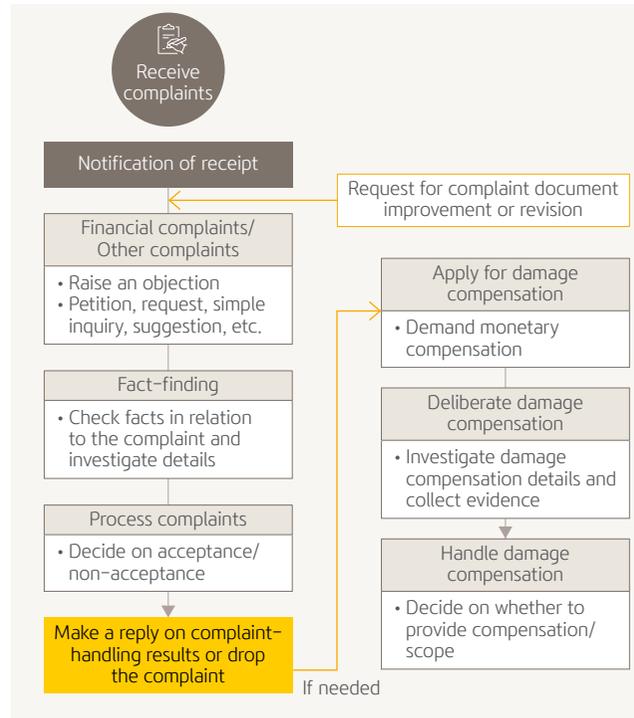
- 🔗 KB Consumer Protection Charter
- 🔗 KB Consumer Protection Management Policy

In addition, matters that should be observed by employees to protect financial consumers and information on the relevant organization and processes are disclosed on KB Kookmin Bank’s website. Training is continually provided to strengthen employees’ consumer protection capabilities and expertise.

KB Kookmin Bank’s mid- to long-term goals for financial consumer protection

Phase1. (~2023) Establish a financial consumer protection internal control examination process
<ul style="list-style-type: none"> • Strengthen product development, sales, and follow-up management from the consumer protection perspective • Conduct regular monitoring on the overall product sales process, including whether laws are observed
Phase2. (~2025) Strengthen the financial consumer protection response system
<ul style="list-style-type: none"> • Advance the system of preventing damages from telecommunication financial fraud and taking responses • Resolve consumer difficulties by preemptively listening to complaints and opinions and making improvements
Phase3. (~2027) Change the customer experience management system
<ul style="list-style-type: none"> • Advance all areas, including channels, research methods, and feedback, to listen to customer experiences and identify improvement factors • Provide seamless customer experiences through integrated analysis and management of customer experiences

Complaint-handling and damage compensation process



In 2022, KB Securities set its financial consumer protection policy goal as “securing competitiveness by optimizing the consumer protection-related internal control system” and established “financial consumer protection internal control work guidelines” that specify methods on detailed execution of internal control standards. Moreover, KB Kookmin Bank set a mid-to long-term goals for financial consumer protection, based on which it has been building a preemptive response system where top priority is placed on the customer value.

As a result of these efforts, KB Kookmin Bank was chosen for first place in “The Most Reliable Bank Chosen by Consumers,” organized by the Korea Finance Consumer Federation, in 2022 for the eighth consecutive year, and KB Kookmin Card received the “Good” rating in “2022 Financial Consumer Protection Evaluation” from the Financial Supervisory Service.

Operation of Voice of Customer (VOC)

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

VOC operation status by subsidiary

KB Kookmin Bank	<ul style="list-style-type: none"> • Examine the execution status of registered institutional improvements identified through VOCs and manage it through the “VOC Steering Committee” • Conduct customer experience case study to listen to the opinions of its active customers and to identify satisfaction levels, etc.
KB Securities	<ul style="list-style-type: none"> • Run the “suggestion bank” program to improve work process and VOC-handling system • Operate CS Star, a VOC-based reward system, and share outstanding cases • Selected 130 suggestions among VOCs received in 2022, and adopted them to its work process
KB Insurance	<ul style="list-style-type: none"> • Set the VOC system directly receive/handle improvement tasks
KB Kookmin Card	<ul style="list-style-type: none"> • Strengthened system improvements based on customer and employee suggestions • Hold “VOC” session at monthly management council meetings
KB Life Insurance	<ul style="list-style-type: none"> • Reflected a VOC suggestion and improved the service process in relation to premium payment notice effectiveness in 2022

Consumer Protection

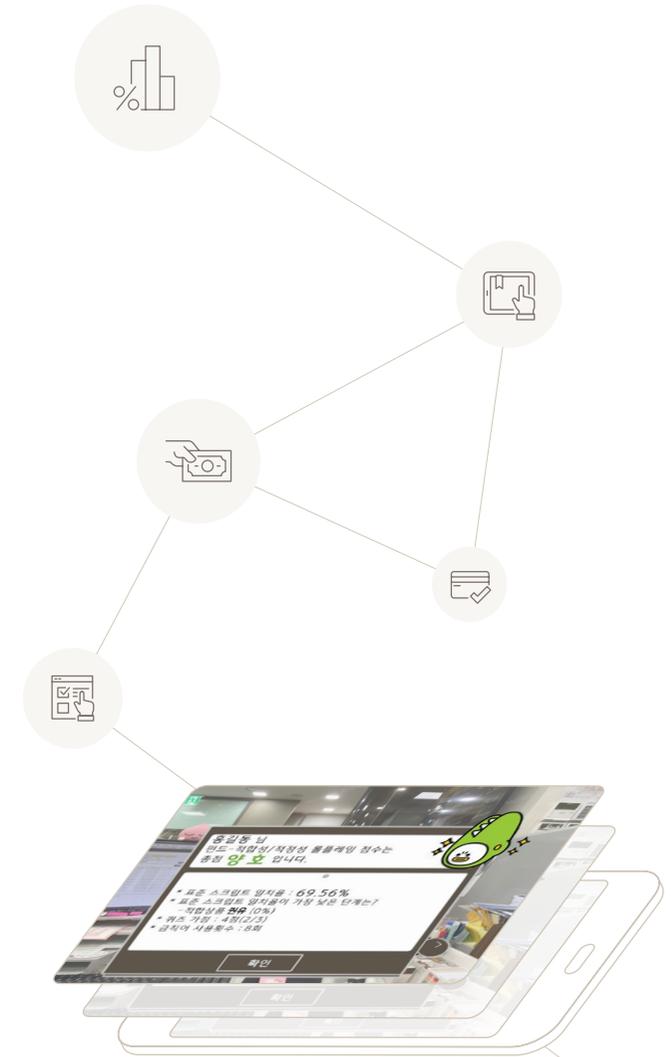
Aligning Employee Trainings with KPIs

KB Financial Group provides financial consumer protection training to all employees, including employees in charge of customer service at branches, call centers, and others, to strengthen employees' financial consumer protection capabilities. We also reflect employees' financial consumer protection activities as a key performance indicator (KPI). In particular, we signed an MOU with the Korean Academy of Financial Consumers in 2022 and provided "KB Financial Consumer Protection Cyber Training" that reflected the latest consumer protection trends. KB Kookmin Card holds a slogan contest in relation to financial consumer protection every year for employees, thus forming a consensus on protecting consumer rights.

In addition, KB Financial Group operates an incentive program on financial consumer protection activities to help employees actively take part in consumer protection. KB Kookmin Bank provides a CEO Commendation to an outstanding branch in voice phishing prevention and also provides additional KPI points. KB Securities and KB Life Insurance also operate a consumer protection-related KPI and rewards system.

Financial consumer protection training in 2022 by subsidiary

Subsidiary	Activity	Major details
Common	Financial consumer protection mindset	<ul style="list-style-type: none"> Mandatory training course for all employees
KB Kookmin Bank, KB Securities, KB Insurance	Duty execution training in relation to financial products	<ul style="list-style-type: none"> Mandatory training course for all employees in charge of relevant duties 6 major sales principles of the Act on the Protection of Financial Consumers + Financial product training per duty * This is legally required training and employees who have not complete the training are restricted in selling financial products
KB Kookmin Bank	Internal training at the department and branch level	<ul style="list-style-type: none"> Form a consensus among employees and enhance consumer protection capabilities
	KB online training on financial consumer protection	<ul style="list-style-type: none"> Provide training to all employees on financial consumer protection systems and issues
KB Securities	Training on complaint prevention and customer service	<ul style="list-style-type: none"> Information on changes in complaint trends and effective customer service know-how
	Customer service know-how when selling financial products to senior investors	<ul style="list-style-type: none"> Training on the need to protect senior investors, definition, and general standards
KB Insurance	Q&A quiz on the Act on the Protection of Financial Consumers	<ul style="list-style-type: none"> When an employee starts his/her PC, the person must check five Q&As related to the Act on the Protection of Financial Consumers
	Training on the Act on the Protection of Financial Consumers	<ul style="list-style-type: none"> Training on understanding the Act on the Protection of Financial Consumers is mandatorily designated for all employees Internal broadcasts are made on the Act on the Protection of Financial Consumers and related animation videos are produced
KB Kookmin Card	Monthly training	<ul style="list-style-type: none"> The "KB Kookmin Card Financial Consumer Day" is designated every month Consumer protection-related content is provided to all employees



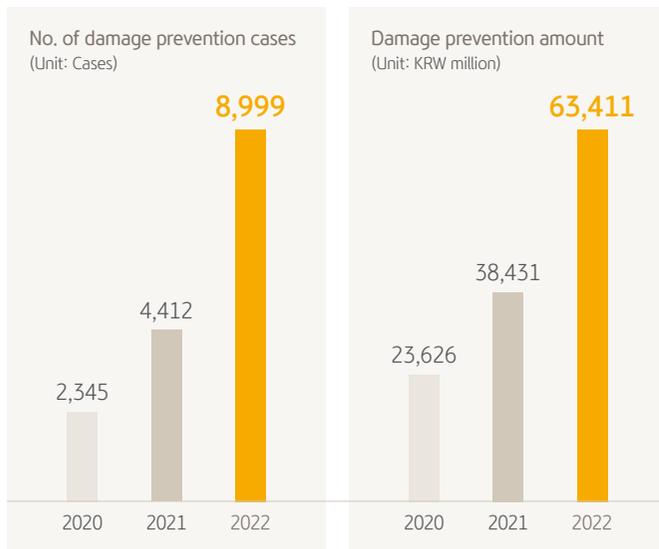
AR-based full sales role-playing learning content

Consumer Protection

Risk Assessment to Protect Consumer Rights and Interests

KB Financial Group identifies major risk factors and establishes improvement measures to alleviate and prevent identified risk factors to protect consumer rights and interests. KB Kookmin Bank is actively carrying out customer PR activities to prevent telecommunication financial fraud, and operates an AI voice phishing monitoring system to reduce the number of voice phishing damages. In particular, it advanced its monitoring system to promptly respond to voice phishing fraud techniques, which continue to grow in intelligence. By taking improvement measures, it established an internal learning environment and internalized an AI model re-learning process in 2022. KB Kookmin Bank is managing the effectiveness of improvement measures through the number of cases and amount of voice phishing damage prevention. As a result of these efforts, the voice phishing detection rate improved further, in addition to an increase in the number of cases and amount of voice phishing damage prevention.

KB Kookmin Bank's achievement in preventing voice phishing



Debt Collection Principles and Loan Modification Programs

KB Financial Group has put in place a Fair Debt Collection Policy to ensure fair debt collection and debtor protection. KB Kookmin Bank carries out debt collection procedures based on its debt collection policy and implements internal controls to avoid illegal, fraudulent acts or unnecessary disputes.

In addition, we offer employee training every year regarding compliance with relevant laws and regulations by department and branch. Furthermore, KB Kookmin Card, KB Capital, and KB Savings Bank regularly provide training on the Financial Services Commission's "guidelines for debt collection and loan sale." Also, subsidiaries operating personal loan businesses such as KB Kookmin Bank, KB Kookmin Card, KB Capital, and KB Savings Bank manage internal and external loan modification programs to support customers facing financial difficulties.



Customer Satisfaction Management

Customer Satisfaction Index Survey

KB Financial Group continues to conduct a customer satisfaction index survey. In response to the increasing number of customers using non-face-to-face channels, we have expanded the previous branch-centered customer satisfaction survey channel to include online channels. We listen attentively to customer opinions through diverse on/offline channels and derive improvement tasks, while overhauling systems and processes and continually conducting other activities to enhance customer satisfaction. As a result of these efforts, KB Kookmin Bank earned 80 points¹⁾ in the 2022 National Customer Satisfaction Index (NCSI) survey, and other major subsidiaries of the Group also obtained high scores. The NCSI survey was based on a direct evaluation by customers with usage experience. By obtaining high scores, KB Financial Group received customer recognition for excellent consumer protection activities.

Customer satisfaction management by subsidiary

Subsidiary	Measurement method for customer satisfaction index survey	2022 NCSI survey results
KB Kookmin Bank	<ul style="list-style-type: none"> Conduct customer experience management for customers using face-to-face/non-face-to-face channels Conduct case studies on customer experience 	<p>1st place (Became the first commercial bank to rank first 16 times)</p>
KB Securities	<ul style="list-style-type: none"> Conduct a customer satisfaction survey by telephone and mobile communication semi-annually 	<p>Joint 2nd place (Securities sector was newly adopted in 2022)</p>
KB Kookmin Card	<ul style="list-style-type: none"> Conduct an in-depth survey on service quality factors Hold a discussion meeting with customers 	<p>1st place (1st place for 2 consecutive years)</p>

¹⁾ Achieved the target of receiving 80 points in the 2022 NCSI

Consumer Protection

Customer Satisfaction Enhancement Programs

KB Financial Group runs a wide range of customer satisfaction enhancement programs. In addition, we are improving customer satisfaction through continued assessment and improvements of the programs. KB Kookmin Bank measures quality competitiveness by operating the “in-depth survey of service quality factors” by area, including bank products, services, and face-to-face/non-face-to-face channels. In 2022, the Bank conducted an in-depth survey of the mobile banking channel to identify its service level compared to other banks and derive improvement tasks, after which service improvements were made. Of a total 33 improvement tasks, improvements were made for 31 tasks. It shared survey results with headquarter departments that included how KB Kookmin Bank was more outstanding and lacking in comparison to other banks and continues to make service improvements to enhance customer satisfaction.

Customer Advisory Panel Programs

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

Customer advisory panel programs operated by subsidiary

Subsidiary	Customer panel/advisory group name	Major activities in 2022
KB Kookmin Bank	KB Kookmin Fansumers	<ul style="list-style-type: none"> • 3rd activity group: Chose 3,000 persons • Chose 30 persons for the activity group’s leader group
KB Securities	KB Star Messenger	<ul style="list-style-type: none"> • 1st survey: Online survey, satisfaction level towards fractional share trading of overseas stocks, etc. • 2nd survey: Face-to-face survey at branches, survey on product counseling capabilities and non-face-to-face media convenience
KB Insurance	KB Hope Supporters	<ul style="list-style-type: none"> • Executed regular tasks (examination of contact point services) and listened to opinions
KB Kookmin Card	The Easy Talker	<ul style="list-style-type: none"> • Chose 10 persons: Suggested 147 improvement tasks
KB Life Insurance	Pru Star Friend, MZ Star Friend, Expert Star Friend	<ul style="list-style-type: none"> • Received new product development-related opinions and derived improvement points for terms and conditions

KB ESG Story



New beginning of “KB Star Friend” of KB Life Insurance

KB Life Insurance’s customer panel will listen to opinions for consumer-centered product and service improvements and carry out activities to spread brand value under its new name “KB Star Friend” in 2023.

KB Life Insurance chooses KB Star Friends among its wealth management (WM) customers, and categorizes them into the “Beautiful, True-to-Myself Star Friend” to reflect consumer opinions in the new product planning and development phase and the “Life Star Friend” for millennials and Generation Z to collect opinions on digital channel service improvements.

KB Star Friends will strive to improve services for financially vulnerable consumers (seniors and persons with disabilities) and establish complaint prevention measures by listening to consumer opinions, and engage in other activities to enhance the brand image of KB Life Insurance that was officially launched in January 2023.



Employee Training to Improve Customer Experience

KB Kookmin Bank runs an internal consulting program to improve customer experience and provides internal employee training. Customer experience consultants provide tailored training on customer service skills, strengthening of communication, and business manners to regional groups, regional headquarters, and branches. For branch trainings, customer-centric improvement activities are carried out such as sharing improvement tasks of a branch based on the VOCs collected through customer experience surveys, and finding solutions customized for the branch together with employees.

Branches with Special Business Hours

To enhance customer convenience, KB Kookmin Bank has been operating branches with special business hours since 2017 that allow customers to handle their banking business face-to-face outside the regular banking hours. Branches with special business hours are categorized into “9To6 Bank” branches, which are open for two more hours until 6 p.m. through two shifts, and “After Bank” branches that open and close later than existing business hours based on staggered office hours. In 2022, 9To6 Bank branches expanded nationwide to include Seoul, the metropolitan area, and the regional hub cities, resulting in further enhancement of customer accessibility.

Financial Product Stability

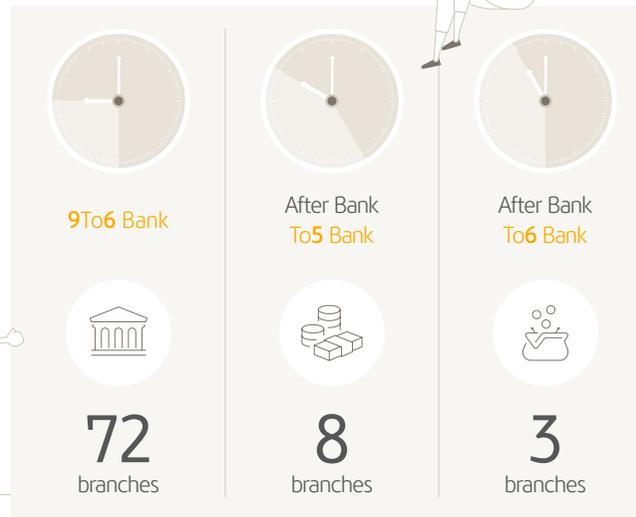
Responsible Advertising and Marketing

KB Financial Group strictly complies with fair advertising standards, and pays close attention so that it does not display or advertise information that could be misunderstood by consumers or undermine fair trade order. In 2022, we enacted the “Responsible Advertising Policy” that stipulates compliance with relevant laws, establishment of internal control procedures, and training, and disclosed it on our website. Each major subsidiary established prior deliberation and follow-up audit procedures to check whether advertisements, promotions, and descriptions are inaccurate or misleading. We have designated a department and staff to oversee the policy of prohibiting unfair display and advertising, and to be independent of the product/service development. KB Kookmin Card established the “internal marketing and PR material management system,” thereby strengthening monitoring of whether advertisements are fair.



KB Kookmin Card's 2022 financial consumer protection slogan

KB Kookmin Bank's branches with special business hours



* As of December 2022

Employee training for responsible advertising and marketing

Subsidiary	Training content	Training cycle
KB Kookmin Bank	Inform matters related to the use of the Bank's financial product advertising materials	Once a year
KB Securities	Provide training to compliance managers to comply with advertising regulations and prevent misselling	On a constant basis
	Provide training on investment advertisement regulations and internal control procedures	Twice a year
KB Card	Provide basic training on self-censorship of advertisements in the credit finance industry	On a constant basis
	Inform matters related to customer-targeted advertising	2-3 times a year
KB Life Insurance	Inform matters to be conscious stipulated in the Act on the Protection of Financial Consumers	Once a year

Consumer Protection

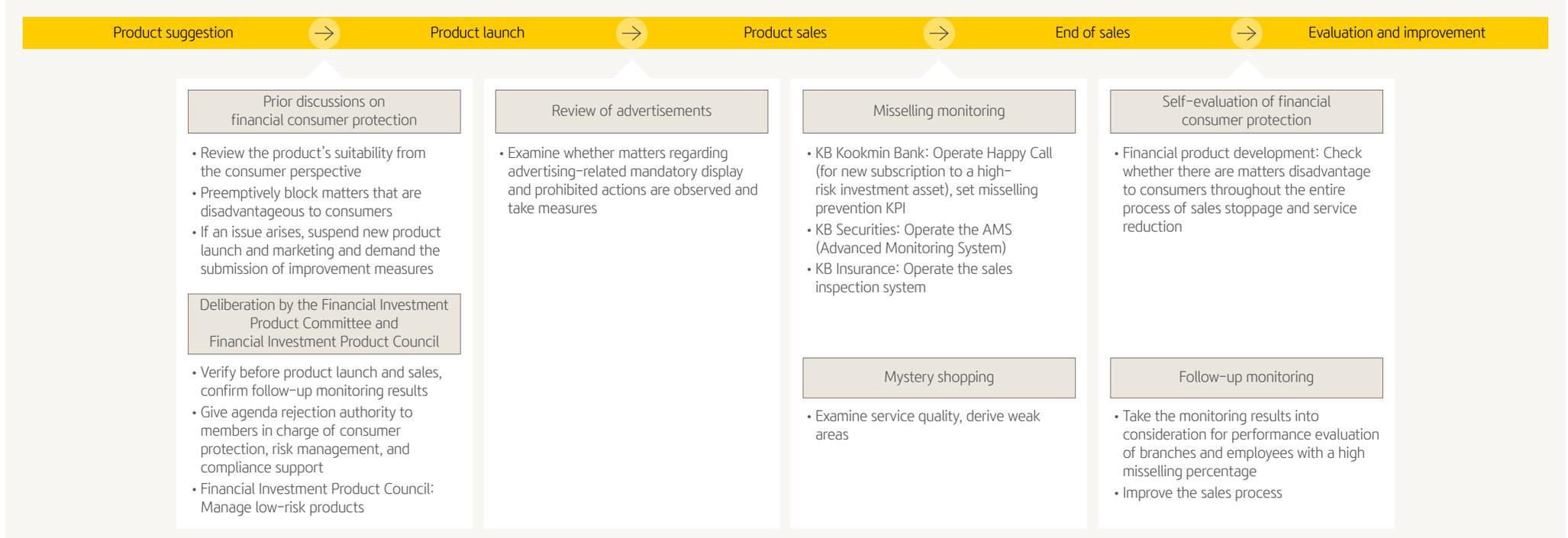
Misselling Prevention

KB Financial Group strives to prevent misselling and stably provide financial products that meet customer demand. KB Kookmin Bank set and operates Happy Call point-out ratios and Happy Call consent ratios as detailed items for “misselling prevention KPIs.” In addition, it adopted AR and developed “AR-based full sales role-playing” content to fully establish a full sales culture and voluntarily examine the sales process. This content helps employees learn the full sales process by making investment suggestions to virtual customers and making comparisons to provide explanations based on product information that is displayed on the screen.

KB Securities makes diverse efforts to prevent misselling, including prior discussions on consumer protection, review of advertisements, Happy Call, misselling prevention system, mystery shopping, and onsite branch inspections. In October 2022, it established a financial consumer protection internal control inspection system within its consumer protection portal and applied it to all branches. KB Insurance confirms sales process execution of contracts that are subject to monitoring in accordance with insurance business supervision regulations, detailed enforcement regulations of the supervision regulations, and an internal rule called “Detailed guidelines on full sales monitoring.” Based on monitoring results, it strives to prevent recurrence through performance evaluations on branches and employees with a high misselling percentage as well as sales process improvements.

KB Kookmin Card established the “telemarketing misselling monitoring automation system.” This system uses a big data platform’s AI model to compare a sales employee’s conversation with main content of telemarketing scripts to detect misselling cases. Based on inspection results, the company implements practical improvement activities, such as sales process improvements and training, as a way to prevent misselling.

KB Financial Group’s product sales process



Digital Innovation

Since KB Financial Group declared in 2018 when we began to pursue digital transformation (DT) in full-scale, we have been accelerating digital innovation across all areas of management, including our organization, business method, platform, and services, with a goal to become “the most beloved No.1 financial platform to our customers.” We will continue moving forward with leading product development and service innovation to strengthen customer accessibility and convenience and create new value of finance.

Establishment of the DT System

Organization Dedicated to Digital Innovation

In 2022, KB Financial Group created the “Customer Experience Design Center” and “Tech Innovation Center” as professional organizations that will lead digital innovation. The Customer Experience Design Center supports the establishment of UX/UI strategies so that customers can enjoy consistent customer experiences that are provided by KB Financial Group irrespective of customers’ digital entry channel. The Tech Innovation Center plans to lead technological innovation to efficiently respond to changes in the financial environment, such as adopting the cloud environment and spreading convergence services. In addition, we moved the “Financial AI Center” that was established in 2022 under Data Business Unit and combined AI and data technology, thereby increasing business utilization and promoting data-centered management.

Fostering Digital Specialists

KB Financial Group is focusing on recruiting and nurturing digital experts to become the No. 1 digital financial platform. We implement a digital competency diagnosis program that is based on “KB Techmap” to internally nurture IT experts, based on which we provide digital expert-nurturing training. We also run various customized programs to expand the “Reskill & Upskill” training system for future growth areas.

KB Financial Group provides digital literacy training to strengthen all employees’ DT capabilities and IT skills, while also running a self-directed learning program to working-level employees in charge of IT duties as part of efforts to nurture digital specialists who can lead the changing digital era. KB Kookmin Bank operates tailored training programs to nurture digital specialists, including the KB ACE Academy and DIGI Campus program to improve DT planning and development capabilities and the junior project operator (PO) nurturing course. In addition, it provides the DevOps course to increase understanding of the agile organization through hands-on agile project management and development.

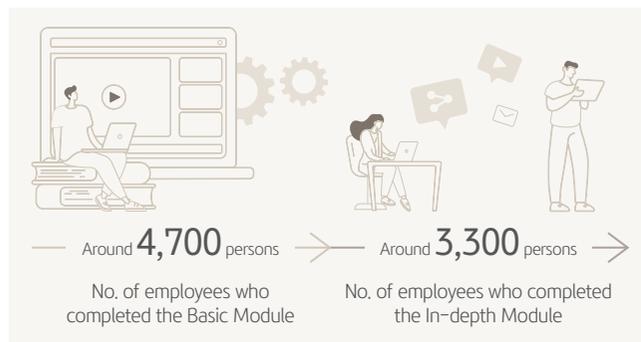
Digital specialist-fostering program

Program Name	
Fostering Digital Talent	
Program Content	Program Effects
Reskill & Upskill program in the digital field that consists of different areas and steps	Nurturing internal digital talent by strengthening employees’ digital capabilities
<ul style="list-style-type: none"> • General course: KB ACE Academy (DT planning, DT development, DevOps) • Expert course: SKK GSB AI MBA, KAIST DFMP, KAIST DFMP, Soongsil University Digital Finance Innovation Course • Private educational institute fee & certificate acquisition course: Do ‘IT’ Yourself • Other voluntary selection courses: 104 including communication and online trainings 	<ul style="list-style-type: none"> • Implement digital transformation based on securement of digital talent • Pursue profit structure diversification by creating value using digital technology • Build the Group’s sustainable growth foundation by increasing profitability in the digital area • Improve employees’ productivity and corporate performance¹⁾ by establishing a culture where the company and employees can achieve win-win

* Nurturing internal digital talent: Participation rate of employees who are not a part of the ICT job group increased 55.8% over the previous year from 593 employees in 2021 to 924 in 2022

¹⁾ Operating income increased around 24% from 2021 as a result of work productivity and performance improvements as well as cost reductions

Participants of KB Financial Group’s digital literacy program



* As of the end of December 2022

Digital Innovation

Agile Organizational Culture

KB Financial Group continues to create opportunities to communicate with employees regarding the organization’s vision of pursuing digital innovation and other matters to establish an organizational culture that is befitting for a financial platform company. In the first and second half of 2022, we held “KB Tech Forum 2022” to expand communication between the tech group and platform organization and strengthen technological competencies.

At the KB Tech Forum held in the first half of the year, we communicated with employees on how bank systems should be redesigned based on the theme, “KB Redesign – Banking, Platform & Agile.” In the second half of the year, we shared information on 12 development statuses in the four areas of AI, cloud, data, and infrastructure, based on the theme, “Financial Platform Re:design.” In addition, we share each subsidiary’s agile strategies and success/failure cases through the “Agile Culture Sharing Program,” and plan to run it on a semiannual basis starting in 2023.

AI Ethics Risk Management

KB Financial Group is making utmost efforts to prevent ethics risks that are caused by the expansion of products and services that are based on digital technology innovation, including AI, big data, and cloud platform. While it is true that AI technologies bring positive effects such as enhancing employees’ work efficiency and improving customer convenience, it is also true that the technology bears fundamental risks such as ethical risks. As a result, we are working with KB Kookmin Bank’s Financial AI Center to create a system that prevents issues caused by AI technology, such as human rights violations, invasion of privacy, damage of public character, and data leakage.

In October 2022, KB Financial Group became the first financial group in Korea to establish the AI ethics charter by reflecting employee and financial consumer opinions, and disclosed it on its website.

The “KB Financial Group AI Ethics Charter” was established based on the Group’s internal management principles, including strategic direction, ethical management, and customer protection policy, and the AI Ethics Charter of the International Association for AI and Ethics (IAAE).

We also established seven core values by reflecting employee and customer opinions and are actively implementing the values. Receiving recognition for these efforts, we won the Grand Prize at the “2022 Good AI Awards.” We will continue to preemptively manage AI-related ethics risks by disclosing data on the entire process of AI technology adoption and application and constantly monitoring it.

AI Ethics Charter

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

	<p>Participation and cooperation</p> <p>We steadily verify the impact and effectiveness of AI use, and establish a financial culture where various members, including customers, participate and cooperate to this end.</p>		<p>Fairness and inclusion</p> <p>We use AI in a way that it treats various customers fairly and make efforts so that customers are not excluded from benefits and outcomes.</p>
	<p>Data management</p> <p>We do our utmost not to violate personal information and privacy in collecting and operating customer data, and strictly manage obtained customer data.</p>		<p>Digital capabilities</p> <p>We continue strengthening the digital capabilities of members, including customers, to ensure sustainability of financial service innovation using AI.</p>
	<p>Controllability</p> <p>We prevent the violation of customers’ rights and interests and safety incidents in the process of using AI. If needed, we immediately control AI and take appropriate measures.</p>		<p>Transparent use</p> <p>We clearly make known the adoption of AI together with the objective of financial services, and present customers with information on technology content and level as well as the decision-making process as much as possible.</p>
			<p>Safety and responsibility</p> <p>We use AI in a way that is in line with AI adoption purposes and in consideration of safety and security, and assume full responsibility toward customers on the resulting outcomes and impact.</p>

Digital Innovation

Digital Convenience

Expansion of Financial Platform

KB Financial Group implements a super app strategy, enabling customers to use diverse financial products and services through a single app. A super app creates greater value in convenience and benefits compared to when customers use individual apps to use different services, and provides more products and services through unprecedented customer experiences. We used the super app strategy and added services of such major subsidiaries as KB Securities and KB Insurance, to the “KB Star Banking,” a popular mobile app offered by KB Kookmin Bank, thereby improving the KB Star Banking app. As a result, the number of monthly actual users of the KB Star Banking app reached 10 million, a first among commercial banks, in June 2022. This number exceeded 11 million in December, reflecting growing influence as a financial platform.



KB Wallet service

Enhancing User Convenience

MyData Service

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

KB Kookmin Bank provides a service that gathers a customer’s financial information that is scattered across several organizations in one place to conveniently manage the information, including the asset management service that provides customer-tailored solutions, the expenditure management service that suggests a better consumer life by analyzing and assessing consumption patterns, and target challenge, which suggests personalized goals for achievement. KB Kookmin Card expanded the area of providing MyData service to public MyData, enabling customers to directly look up health insurance premium, local tax payment information, and others on administrative agencies for one-stop processing after a simple customer consent process, thereby enhancing customer convenience.

KB Wallet

KB Kookmin Bank launched the “KB Wallet” in August 2022 which is a platform in digital wallet form that contains daily life convenience content. In only four months, the number of subscribers exceeded 2 million. KB Wallet can be conveniently used on KB Star Banking or mobile app without owning a KB Kookmin Bank account, allowing customers to easily check digital certificates, National Secretary GOODPY, coupons, electronic documents, electronic receipts, student information, KB Pay, and authentication certificates. In connection with Government 24, KB Wallet supports one-stop resident center and digital certificate services, National Secretary GOODPY services, and electronic receipt issuance to practice carbon neutrality. The Bank plans to strengthen the KB Wallet into a daily life platform by increasing competitive content and expanding services in connection with outside partners.

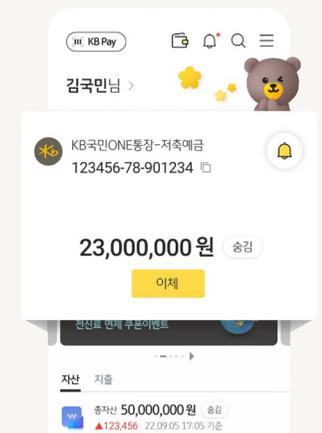
KB ESG Story



Closer financial services enabled by DT

KB Kookmin Bank created the “simple mode” in KB Star Banking for senior customers. The simple mode displays major transactions on the home screen, focusing on services mainly used by senior users, from among KB Star Banking’s main screen menus.

In addition, KB Kookmin Bank obtained web accessibility and app accessibility quality certification by enhancing customer accessibility of a total 20 websites, including screen structure and menu improvements so that the disabled, elderly, and other digitally vulnerable can easily use websites and mobile apps.



Digital Innovation

Strengthening KB Kookmin Authentication Certificate

KB Kookmin Bank became the first in the banking industry in 2019 to launch the KB Kookmin Authentication Certificate. The KB Kookmin Authentication Certificate allows customers to choose a certification method, such as a pattern, fingerprint, and simple PIN and use the same means of certification among the Group subsidiaries, resulting in enhanced customer convenience. In addition, the KB Kookmin Authentication Certificate received all three government licenses – certification service provider, identity verification institution, and certified electronic document intermediary – which was followed by the acquisition of WebTrust recognition from an international authority in May 2022, attesting that its security level meets international standards. Moreover, as a result of expanding partnership with public websites, the number of KB Kookmin Authentication Certificate subscribers exceeded 12 million in December 2022. We plan to continually enhance the service’s competitiveness by expanding organizations that use the KB Kookmin Authentication Certificate and increasing versatility.



KB VR Banking

Expanding the Liiv M Service

KB Kookmin Bank launched “Liiv M,” a finance/telecommunication convergence service, in 2021, first of its kind in the financial industry. Approved as the No. 1 innovative financial service business, Liiv M continues to expand its service areas after its launch and offers distinctive customer convenience services, such as 24/7 customer counseling services and membership benefits. As a result, the number of Liiv M subscribers exceeded 380 thousand in December 2022. Also, Liiv M ranked first in customer satisfaction three times in a row (second half of 2021, first and second half of 2022).

VR Financial Service

Leveraging our virtual reality (VR) technology, which gains attention as one of core technologies of the future, KB Financial Group is building an innovative VR financial service ecosystem. KB Kookmin Bank is working on technology verification to become the first in Korea to build a VR banking system, which enables customers use such financial services as inquiry and transfer once a customer validates using a smartphone certificate. By developing a VR platform for the first time in Korea, the Bank established a foundation that allows use of VR banking services anywhere and anytime with a smartphone and VR device. We will continue to adopt cutting-edge technologies to offer diverse, convenient financial services to customers.

Structure of KB VR banking system



Digital Innovation

Improving Mobile Platforms

KB Financial Group is strengthening the competitiveness of non-financial platforms and raising customer convenience through various mobile platforms. KB Securities extensively reorganized the “financial product” menu on the home screen to strengthen comprehensive asset management services of “M-able,” a mobile trading system (MTS) platform. Also, the scope of providing content was expanded from the previous stock information to comprehensive asset management information that includes non-finance, including trends, tax reduction strategies, and real estate. KB Securities also opened a fractional share trading service in Korea that allows investments even with a small amount, and increased investor convenience by including a community service by stock.

KB Kookmin Card launched a completely-renewed “KB Pay,” a comprehensive financial platform that includes financial and non-financial content, in 2022. Customers can now use major services that were provided by KB Kookmin Card’s mobile home app and services using MyData that were provided by the “Liiv Mate” app directly on the KB Pay app. As a result of continuous efforts to enhance platform competitiveness, such as improving app speed, streamlining the menu structure, and simplifying the card issuance process, the active users of KB Pay exceeded 10 million while its monthly active users (MAUs) stood at more than 6.7 million. KB Kookmin Card also plans to strengthen the broker business, which involves recommending optimal products to customers, by strengthening content and improving asset management services.

KB Capital expanded financial services of the “KB Chachacha” app, an automobile life platform, and established a one-stop service system that includes car sales and maintenance. KB Chachacha is recognized as being top-tier in the used car platform category in diverse customer satisfaction evaluations, including its No. 1 ranking in the used car platform category of the KMAC Korean Customer Satisfaction Index (KCSI).

KB ESG Story

Gathering Hearts for Donation customer participation-based donation platform

KB Kookmin Bank is carrying out the “Gathering Hearts for Donation” campaign through “Liiv Next,” a financial platform for Generation Z. Customers who use Liiv Next can write a comment or click on “Like” for content in the app that is related to dream, career path, and ESG to gather hearts and use them to make donations. From among donation recipients that consist of four themes – animals, children, environment, and seniors – the Bank delivers the entire donation amount to a recipient that the customer chooses. A school that donated the greatest number of hearts is chosen as a “Good Donation School” every three months. Separately from the Gathering Hearts for Donation, it provides a scholarship to a student who needs help from among students at the school chosen as a Good Donation School.

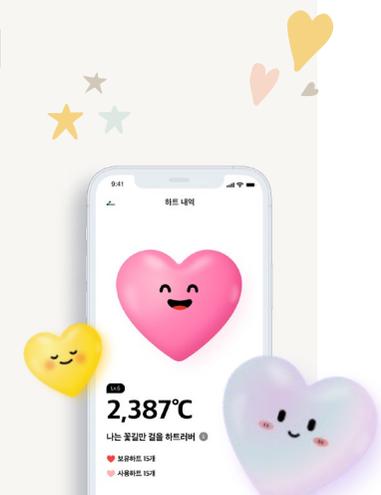
After opening of the service, the “Gathering Hearts for Donation” held its first donation campaign in 2023 and held various events including the “Kind Event” for participating customers in December 2022, making use of year-end season characteristics. During the first donation period, a total 38 thousand customers participated, with donations reaching 150% (around KRW 29 million) of the initial goal. The second donation campaign commenced in March 2023, and aims to achieve KRW 100 million in donations, together with customers, in connection with KB Dream Wave 2030, the Bank’s leading social contribution program.

Moving forward, KB Kookmin Bank will increase content that can be well received by youths in the Gathering Hearts for Donation service to encourage their participation. It plans to develop the Gathering Hearts for Donation into a comprehensive donation platform by making a wide range of efforts, such as collaboration donation campaigns with various outside organizations.

* A heart is automatically converted to an amount. The amount value may be different depending on the timing of the campaign.

Gathering Hearts for Donation’s activities by theme

Donation theme	Recipient	Campaign
 Children	ChildFund Korea	(1 st) Root for two-year-old Min-ho who waits for his dad in a room full of mold! (2 nd) I lost both my dad and home due to a gas explosion and fire
	Save the Children	(2 nd) KB Dream Wave 2030 Creating my own space campaign
 Environment	EcopeaceAsia	(1 st) Join in the effort to overcome the climate crisis by creating an urban forest! (2 nd) The ocean is suffering from micro plastic and ocean waste!
	Senior Financial Education Council	(1 st) Give seniors the gift of a convenient digital life! (2 nd) Seniors are exposed to damage-causing voice phishing!
 Animals	Korean Animal Welfare Association	(1 st) Give a new life to retired racehorses! (2 nd) For the new life of Ledy and Ongsimi



Digital Innovation

Expanding Services Using AI Technology

KB Financial Group is striving to provide customers with better financial experiences by applying AI technology to overall work.

Providing AI-based Counseling Service

KB Financial Group is expanding the scope of AI counseling services so that customers can receive one-stop counseling on the Group subsidiaries' products and services, irrespective of the digital channel used by the customer. In particular, we adopted the "AI-based Call-bot service" that provides voice counseling services without wait time when a customer calls the customer center. We removed counseling time restraints by facilitating chatbot counseling services in our digital channels and are providing other distinctive customer experiences.

The Financial AI Center, which is KB Kookmin Bank's AI-dedicated organization, supports automation of financial services used by customers, with the AI Financial Helper taking the lead. The AI Financial Helper kiosk, which was pilot operated until now, was adopted at three branches in 2022. Customers visiting the branch can receive information on financial products, ask finance-related questions, and get information on the branch's business hours and facilities via real-time voice chat with the AI Financial Helper kiosk. In addition, KB Kookmin Bank is offering quicker and more convenient counseling services by strengthening such functions as the account check function of the cloud-based AI chatbot service.



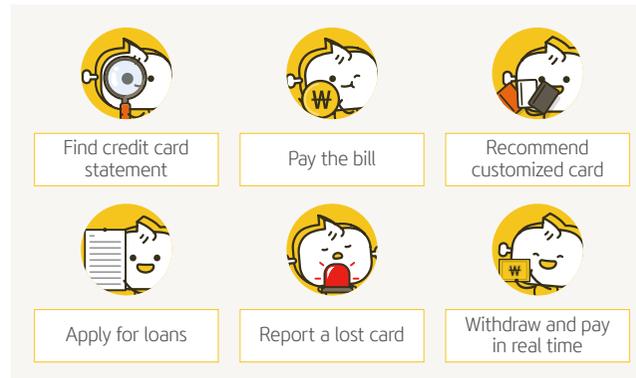
* Based on MAUs as of 2022 year-end

KB Kookmin Card is providing counseling services through "Qd," an AI-based chatbot service, and "AI-based Call-bot," an automatic telephone counseling service. Qd is a chatbot service that helps provide answers and handle work, based on an AI algorithm, for card-related inquiries made on the KB Pay mobile app. Through this service, KB Kookmin Card further enhanced customers convenience and counseling accessibility.

Diversifying AI Services

KB Financial Group uses AI technologies to offer various financial services in addition to counseling in tandem with the recent expansion of financial investment product sales channels to include non-face-to-face channels. KB Kookmin Bank plans to adopt a Financial Helper UI/LUX that applies AI-based image and voice synthesis technology so that customers can further focus on product descriptions when financial investment products are sold. In collaboration with a fintech company, KB Securities provides the "AI autonomous service," which automatically invests customers' custodial account deposits through AI robo-advisor in accordance with investment propensity. KB Kookmin Card operates "AIRE," which analyzes customers' consumption propensity using AI technology and recommends optimal, customized products.

Service menu of the Qd



KB ESG Story



AI Call-bot service "Knock Knock" for seniors and persons with disabilities

KB Kookmin Bank, KB Securities, and KB Kookmin Card are providing the AI call-bot service for seniors and persons with disabilities. In particular, senior customers, who indicate a low mobile use rate, can avoid long waits at branches by using AI voice counseling services through 24/7 call-bot when they call the customer center. As of December 2022, the AI Call-bot handled a daily average of around 20 thousand cases of work. We will adopt multi-modal¹⁾ technology, which provides voice counseling and visualized content, and continually expand services for which Call-bot can provide counseling.

¹⁾ Multi-modal: Technology that answers customer inquiries by using visualized information, including writings and drawings

Preventing misselling using AI technology

KB Kookmin Bank monitors misselling activities in relation to financial investment products and loan products through the AI financial consulting system. The AI financial consulting system recommends products that meet the customer's investment propensity and records the call to internally analyze any misselling activities. Analysis results are delivered to the counseling staff based on which sales process improvements are made. In 2023, the Bank plans to expand the application of AI-based image and voice synthesis technology to outdoor sales (ODS) through video counseling and tablet branch system, in its efforts to prevent misselling.

Digital Innovation

Digital Responsibility and Data Security

Information Security Management System

KB Financial Group is preemptively responding to cyber threats to protect customer information amid the large flow of digital transformation in the financial industry. Board directors who have IT experience related to cyber security participate in the cyber security strategy process, and our executives oversees cyber security strategies. In addition, the BOD receives reports on cyber security strategies, including the information security management system and personal information protection policies as well as the quarterly inspection results regarding the provision and use of customer information between subsidiaries.

We established the mid- to long-term information security strategy to minimize security threats that arise with changes in new information technologies and personal information protection regulations and to gain customer trust. To achieve our mid- to long-term information security strategy goal, we are improving the information security management system, establishing digital/data innovation security measures, strengthening infringement incident response capabilities, raising security work efficiency by using new technologies, and strengthening personal information protection and compliance. In addition, the CEO receives reports on monthly security inspection results and improvement plans, and responds to Group-level information protection issues.



* KB Kookmin Bank, based on budget execution at the end of 2022

We operate a separate Information Security Department within KB Financial Group Inc. to focus on strengthening the Group’s information security capabilities, such as managing joint information protection projects and inspecting subsidiaries on-site. Also, to maintain KB Financial Group’s independent cyber security system, the holding company and such major subsidiaries as KB Kookmin Bank, KB Securities, KB Insurance, and KB Kookmin Card, appointed both a Chief Information Officer (CIO) and a Chief Information Security Officer (CISO) separately. KB Kookmin Card operates the Customer Information Protection Division, an organization dedicated to information security, and the Customer Information Protection Committee, chaired by the CISO. It also set in place an integrated information security management system to strictly monitor customer information misuse, abuse/arbitrary inquiry, and compliance with information security policy. As a result of rigorously managing information security matters, we did not experience any breaches of information security and cybersecurity incidents for the past three years.

KB Kookmin Bank’s strategic direction for information security

- ① Strengthen information security response capabilities with advances in cyber security threats
 - Establish a strong, stable security environment by applying intellectualization and automation to the security response system
- ② Establish a flexible security environment to respond to IT trends, including accelerated DT
 - Strengthen security for vulnerable areas and apply a distinctive policy by enhancing work flexibility of authorized users
- ③ Continually research “personal information protection” and “financial consumer protection” to raise customer trust

Information Security System Inspection and External Verification

KB Financial Group conducts a vulnerability analysis and assessment of electronic financial infrastructure once a year and a vulnerability inspection of public websites and mock hacking response training twice a year, assuming the occurrence of a threat against information assets. We also regularly and frequently conduct vulnerability checks through external agencies on our websites, apps, and major business systems. We also strictly conduct regular vulnerability analysis and evaluation of electronic financial infrastructure that is demanded by electronic financial supervision regulations every year. Based on discovered vulnerabilities, we establish protection measures and action plans, and conduct follow-up inspections on whether measures were completed. Furthermore, we receive regular certification examinations by external specialized agencies per subsidiary to renew subsidiaries’ information security certifications.

Information security certifications acquired by the Group subsidiary

KB Financial Group Inc.	KB Securities	KB Kookmin Bank
<ul style="list-style-type: none"> • ISMS¹⁾ 	<ul style="list-style-type: none"> • ISO 27001²⁾ • ISMS-P³⁾ 	<ul style="list-style-type: none"> • ISO 27001²⁾ • ISMS¹⁾ • ISMS-P³⁾ • ISO 20000⁴⁾ • BS 25999⁵⁾
KB Insurance	KB Kookmin Card	
<ul style="list-style-type: none"> • ISMS¹⁾ 	<ul style="list-style-type: none"> • ISO 27001²⁾ • ISMS-P³⁾ • PCI DSS⁶⁾ 	

¹⁾ ISMS: Certification for information security management system and protection measures established, managed, and operated to protect information assets
²⁾ ISO 27001: Certification for information security related items such as information protection policy and information access control
³⁾ ISMS-P: Certification for information security management system and protection measures, personal information processing steps
⁴⁾ ISO 20000: Certification for the requirements for the establishment of an IT service management system
⁵⁾ BS 25999: Certification for business continuity management
⁶⁾ PCI DSS: Payment industry data security standard including customer payment information protection

Digital Innovation

Security Inspections for Subcontractors and Suppliers

KB Financial Group signs a security management agreement with personal information processing subcontractors so that those companies will also comply with the Group’s technical, physical, and administrative information protection measures. We also conduct periodic onsite inspections on subcontractors and provide regular training as part of our efforts to establish a safe personal information security environment.



Personal Information Protection

Privacy Policy

KB Financial Group significantly recognizes rising concerns over privacy policy in tandem with increased demand for data use, including government-led data economy facilitation policies. Based on the “Personal Information Management Policy” and “Basic Principles on Personal Information Management,” KB Kookmin Bank manages the personal information of all customers who use its services to prevent personal information leakage and law violations by establishing a safe personal information usage environment.

Information Security Incident Response Process

KB Financial Group developed a personal information leakage response manual in order to prevent the spread of the damage caused by such leakage and to quickly handle the situation. If a leakage incident occurs, the relevant department or branch reports the incident to the Information Security Department according to the internal reporting process. The Information Security Department will operate an incident response team and call an emergency executive meeting to deal with the incident. Not only will the incident be notified to the customer, but also any customer inconvenience will be minimized by handling the relevant complaints. The Information Security Department carries out practical procedures for damage relief, such as preparing compensation criteria (proposal), and conducts follow-up management to prevent the incident from recurring. KB Financial Group purchased a liability insurance policy on personal information protection in preparation for unsavory leakage incidents.

Basic Principles on Personal Information Management

First, we minimize the collection of personal information, and do not use the information other than for set purposes and do not provide the information to third parties.

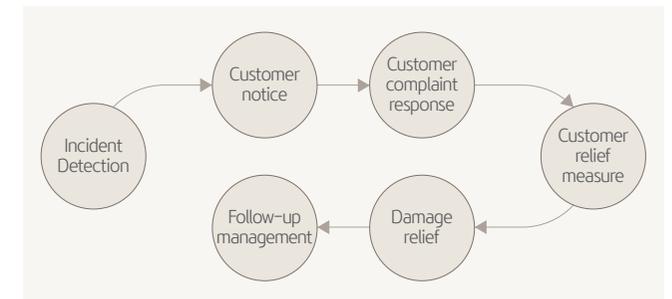
Second, we retain and use personal information for a set period from the date of customer consent unless otherwise allowed by the law. We immediately delete the information when the usage period comes to an end.

Third, we guarantee the rights of the personal information owner, including the right to request for personal information perusal and withdraw consent.

Creating an Environment to Protect Personal Information of Customers

To ensure safe personal information protection, KB Financial Group saves and manages unique identification information after encrypting the information, such as resident registration numbers, in databases and data transmission areas, in addition to encrypting all documents on employee PCs through the document digital rights management (DRM) solution. In addition, we conduct strict security control through prior approvals and follow-up monitoring so that documents that include personal information are not leaked when they are taken out of the company premises and printed. By operating the trespass prevention system and KB Financial Group Integrated Security Control Center 24/7, we are preventing trespassing and other threats. Furthermore, we operate an access control system that provides the authority to access personal information-handling systems only to a minimum number of employees within the scope of work purposes. Through a personal information misuse and abuse monitoring system that applied AI and big data technologies, we are detecting and preventing the risk of misuse, abuse, and leakage of personal information.

KB Financial Group’s information security incident response process



Digital Innovation

Risk Management System

KB Financial Group analyzes the frequency and impact of threats to information assets to derive risk factors and establish protection measures. We conduct risk assessment for protection measures every year and determine the appropriate risk levels based on the risk assessment results and identify risks that need to be managed. In addition, we have strengthened protection measures for the matters identified as important in the risk assessment results and carry out risk management. We are reviewing the effectiveness of protection measures, established based on risk assessment results, by checking the number of personal information leakages and information security/cyber security infringement cases.

In addition, KB Kookmin Bank conducts a status evaluation on the use and management of personal credit information every year to identify personal information-related risks and assess management activities. The Bank also derives areas for improvement by checking the implementation status of internal plans for personal information management, and thus incorporates them to its policies. As a result of these efforts, KB Financial Group Inc., KB Kookmin Bank, and KB Kookmin Card recorded a score of 100 in an inspection of personal credit information usage and management that was conducted by the Financial Services Commission in 2022 and obtained S Grade, which is the highest grade.

Strengthening Employees' Information Security Capabilities and Training

KB Financial Group semi-annually conducts information security-related online training provided by the Financial Security Institute, thereby strengthening employees' information security management capabilities. Major subsidiaries run a wide range of information security training programs specialized for different positions and jobs, in addition to statutory training. In 2022, KB Kookmin Bank provided "information security training for new employees," "information security training for internal control supervisors," and "information security training for employees in charge of ICT." In addition, it carries out a self-assessment on information security for each task on all headquarter department and branch employees every week, thereby enhancing information security awareness. Furthermore, any employee who breaches privacy policy is subject to disciplinary actions so that every employee can be more cautious when dealing with information security issues. Branches and business groups set the violation of information security laws as an indicator to KPI evaluation so that KPI points are taken away in case of any breaches, for the purpose of thorough review and disciplinary actions.

Annual mandatory information security training hours by position at KB Financial Group

	All employees (including contract employees)	At least 6 hours
	Executives	At least 3 hours
	IT staff	At least 9 hours
	Information security staff	At least 12 hours
	CISO	At least 6 hours

Employee training on information security and competency-building activities by major subsidiary in 2022

KB Securities <ul style="list-style-type: none"> • Hold the "Security Inspection Day" every month • Provide information security training to compliance managers, and customer information compliance training to branches • Provide information security training to employees in departments in charge of IT information security to help them earn certificates 	KB Insurance <ul style="list-style-type: none"> • Distribute pop-up materials to inform of information security-related matters every second Wednesday 	KB Kookmin Card <ul style="list-style-type: none"> • Designate the "Information Security Day" each quarter, and provide internal information security training by department and branch • Provide monthly information security training to outsourced IT personnel • Conduct a contest for outstanding cases of preventing information security-related incidents and information security ideas
KB Life Insurance <ul style="list-style-type: none"> • Hold the "Information Security Inspection Day" every month, and address vulnerabilities discovered as a result of inspections and tracks and manages them 	KB Capital <ul style="list-style-type: none"> • Took the cyber training course of the Financial Security Education Center of the Financial Security Institute, and offered the online group training on personal information protection portal (in an evaluation of level of understanding after the training, all participants passed with an average of 83.9 points) 	

Win-win Finance

KB Financial Group is fulfilling social responsibilities through finance by practicing win-win finance. Our win-win finance focuses on supporting SMEs and micro businesses so that they can develop competitiveness and achieve growth, through which we promote independence and growth of local communities and pursue development of the economic ecosystem that is connected to local communities.

Helping SMEs and Micro Businesses Build Competency

Providing Management Consulting

KB Financial Group provides diverse management consulting services to SMEs and micro businesses, through which we seek to help SMEs that are experiencing difficulties with stable business operations due to a lack of management know-how and practical experiences so that they can build a competitive foundation.

KB SOHO Consulting

KB Kookmin Bank opened the “KB SOHO Consulting Center” in 2016 and provides business management consulting services, free of charge, to the self-employed and prospective entrepreneurs who are experiencing business management difficulties. There are a total of 12 centers across the nation, including the Hub Center located in Yeouido, Seoul. As of December 2022, a cumulative number of around 24,300 cases of consulting services were provided in relation to the business start-up process, commercial area analysis, and finance/management consulting.

The KB SOHO Consulting Center offers tailored consulting to the self-employed across the nation who are in the food service industry. In particular, the “Visiting KB SOHO Mentoring School” program provides delivery app consulting in line with non-face-to-face trends to self-employed youths. In addition, KB Kookmin Bank provides to self-employed youths a famous chef’s practical training-centered consulting, delivery app consulting that is in line with the non-face-to-face trend, and SNS consulting. Furthermore, KB Kookmin Bank provides “Visiting Consulting” based on the 12 KB SOHO Consulting Centers across the nation as part of its efforts to help the self-employed enhance their business competitiveness.

KB SOHO Consulting trends

(Unit: Cases)



KB Wise Consulting

KB Kookmin Bank has been providing the “KB Wise Consulting” service since 2006. The KB Wise Consulting consists of “management consulting” which diagnoses and analyzes issues that occur in a company’s growth process and offers alternatives; and the “family business succession consulting” that minimizes management succession risks of SMEs. The Wise Consulting Team, consisting of experts such as accountants and tax accountants, provides customized advisory services. KB Kookmin Bank and each subsidiary operate a one-stop consulting collaboration system to provide diverse quality consulting to corporate customers. The Bank provided around 2,460 cumulative consulting cases as of the end of 2022 and plans to expand to around 3,000 cases by 2025.

KB bridge

KB Kookmin Bank released the “KB bridge” app, a policy fund recommendation platform, in 2019. KB bridge is a free service that recommends policy funds that are suitable for business operators by using AI technology. The Bank provides a wide range of non-financial services that are needed for business operations, including one-on-one counseling by KB experts on pending business site matters, commercial area analysis, and information on major policy funds. Policy fund and policy consulting through KB bridge reached a cumulative 72,296 cases as of the end of 2022 and counseling cases totaled 5,171.



Win-win Finance

ESG Management Support Service

KB Financial Group helps SMEs that are experiencing difficulties with adopting ESG management based on the ESG management know-how it accumulated over a long period and a management consulting process.

KB ESG Consulting Services

KB Kookmin Bank launched “KB ESG Consulting Service” for SMEs in July 2022. A professional ESG consulting team provides tailored solutions for free. KB ESG Consulting Services are provided to a partner company that belongs to a large company’s supply chain, a company that conducts exports through a global supply chain, and a company that collaborates with government and relevant organizations, among SMEs seeking to practice ESG management.

SMEs that applied for KB ESG Consulting Service can use management counseling and management diagnosis services to establish ESG management strategies that are appropriate for corporate characteristics. Through management counseling, the Bank provides customized training to companies in the initial phases of ESG management and companies that have not yet adopted ESG management to enhance employees’ ESG awareness and presents countermeasures for ESG issues that companies are facing. It also provides management diagnosis services, which involve diagnosing a company’s non-financial items based on ESG diagnosis items that were developed by KB Kookmin Bank, deriving improvement points through field visits, and providing a results report that includes solutions. As of the 2022 year-end, the number of consulting cases offered through the KB ESG Consulting Service stood at 101.

KB ESG management diagnosis process



ESG Self-Assessment Service

KB Kookmin Bank launched the “ESG Self-Assessment Service” in April 2022 that enables corporate clients to internally evaluate their respective ESG level. Any company can apply for the service without meeting any separate qualifications or going through a document process. After a self-assessment, companies are given a grade (grades 1-7) that reflects their respective ESG management level and an ESG Assessment Report. KB Kookmin Bank offers the ESG Self-Assessment Checklist for companies to check in advance whether they need the full version of ESG assessment services. Additional services, such as ESG Library, ESG Video Hub, and ESG Online Help Desk, are also available. Companies with excellent results can apply for the KB Green Wave_Loans for Outstanding ESG Companies, as well as enjoy various financial and non-financial benefits including prime rates and lower fees. As of the end of December 2022, the number of cases that the self-assessment was conducted reached 852.

ESG self-assessment execution process



ESG self-assessment additional services



Win-win Finance

Safety Management Consulting Service

KB Insurance provides safety management consulting services to SMEs that are vulnerable in the area of safety to prevent industrial accidents and strengthen their response capabilities by enhancing their safety awareness. It has been providing safety management consulting as part of the SME win-win campaign to 30 SMEs for each year since 2022. The consulting services use the XR solution, which allows remote real-time, multilateral responses, with a particular focus on a safety expert's sharing of know-how on identifying risk factors and establishing measures with industrial site workers.

MOU-based Support

KB Kookmin Bank signed an MOU with KOTRA and has been providing preferred services to companies participating in the Export Voucher Program since April 2022. Among the participants, those engaging in an eco-friendly business, such as renewable energy or hydrogen, are chosen as "leading green companies" and are provided with tailored materials in addition to preferred services. Preferred services include such financial support as foreign exchange fee reduction and support for trade guarantee issuance, as well as non-financial services, such as customs duty and customs clearance counseling as well as support for an overseas client credit check. To increase meaningful support provided to leading green companies, we plan to conduct marketing in partnership with outside organizations, including the ESG program of the Korea Trade Insurance Corporation.



Safety management consulting service offered by KB Insurance

Support for Micro Businesses

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

In addition, we are providing financial services to SMEs that are experiencing financing difficulties under the existing system although they have competitiveness. KB Securities organizes primary collateralized bond obligations (P-CBO) issuance to support financing of SMEs. Through P-CBO, the Korea Credit Guarantee Fund provides guarantee to outstanding companies that find financing difficult because of their low credit rating. By underwriting P-CBO, a financial institution can help an SME address fund shortage. In 2022, KB Securities organized P-CBO issuance worth a total KRW 510.5 billion across 24 occasions of which it underwrote KRW 458 billion.

To reduce cargo truck drivers' burden regarding gas bills and to encourage safe driving, KB Kookmin Card provided diverse services to contract drivers of the Korea Trucking Association, such as a billing statement credit and interest-free installment when a fuel subsidy card was used for payment as well as a special ceiling for payment of the Korea Trucking Association contribution.



KB ESG Story



Data-based micro business support activities

In 2020, KB Kookmin Card launched "Credit Tree," a credit rating service specialized for personal businesses. Credit Tree enables micro businesses that have low access to finance because of their lack of information for a credit evaluation to receive a credit evaluation based on card sales data, corporate credit information, and others, thus providing financing opportunities. In 2022, the company signed an agreement with various financial institutions, including Jeonbuk Bank and Jeju Bank, and contributed to the establishment of a business foundation by micro businesses that use the institutions.

In addition, KB Kookmin Card provides 228 primary local authorities and local governments across the nation with micro businesses' sales status by business type as well as analysis materials on the regional economy status which it has gathered through its "Dataroot" business solution. This helps the government organizations establish policies on vitalizing micro businesses and regional economies. The company also signed a data cooperation agreement with Gurye County in South Jeolla Province, Yangsan City and Hadong County in South Gyeongsang Province, Namdong District in Incheon, and the Ministry of the Interior and Safety, and are helping to facilitate data-based administration for business stability of micro businesses and development of regional economies. Furthermore, we provided public organizations that each organized more than 10 regional festivals with results of analyzing festival effect data, such as the number of visitors during the festival period and sales status by business type, and thus helped them analyze the economic effects that regional festivals have on micro businesses.

Win-win Finance

Discovering and Nurturing Startups

Startup Fostering Program

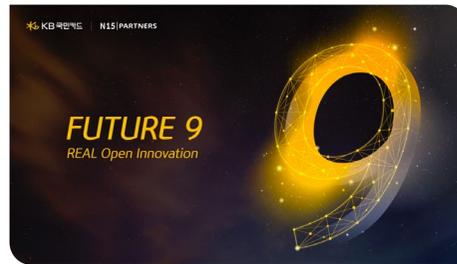
KB Starters

KB Financial Group opened the “KB Innovation HUB Center,” an organization dedicated to supporting startups within the Group, and runs startup fostering programs. The KB Innovation HUB Center selects companies with excellent growth potential as “KB Starters” and provides benefits ranging from offering office space and business mentoring to partnerships and investment connections. In addition, we established a global fostering space in Singapore in 2022 to support overseas advancement of domestic startups and expanded capability-building programs. We also arrange one-on-one field meetings between business departments of subsidiaries and KB Starters, and thus help startups grow through collaboration with renowned companies.

Since the establishment of the KB Innovation HUB Center, we have nurtured 202 companies into KB Starters and enabled the formation of 267 partnerships with our subsidiaries by the end of December 2022. We plan to discover a cumulative total of 250 KB Starters by 2023 and plan to further expand partnerships and investment connections with the Group subsidiaries and global support programs for joint growth.

FUTURE9

Since 2017, KB Kookmin Card has been operating “FUTURE9,” an open innovation program to nurture promising startups. A consortium consisting of government/public institutions, investment institutions, and accelerators chooses a company for investment and provides financial and non-financial support. For the sixth program in 2022, we chose 12 outstanding startups from among a total of 743 companies that applied in consideration of collaboration potential and innovative technologies. The startups carried out joint marketing and new business with business departments with a high level of work relevance.



Whitepaper of the FUTURE9

KB ESG Story



FUTURE9 – starting point of the TTBB

“TTBB” is a self-guided travel platform that will be included in KB Kookmin Card’s integrated platform, KB Pay, in 2023 and has been growing together with KB Kookmin Card since its beginning. “Tripbtoz,” a startup that operates TTBB, was a part of the second group of FUTURE9 run by KB Kookmin Card. After its selection, Tripbtoz received the consortium’s support and established TTBB, a self-guided travel-only platform, and provides domestic and overseas travel-related content and product booking services, including lodging, flight, and rental car. TTBB continues to steadily increase its sales. In 2022, it became more widely known after participating in the “2022 Korea Lodging Competition,” a government event-connected promotional event.

The growth of TTBB made a positive impact on facilitating the use of KB Kookmin Card while also enhancing its brand awareness. We expect TTBB’s inclusion in KB Pay to provide customers with one-stop customer-planned, self-guided travel service experience opportunities as well as distinctive promotions. KB Kookmin Card will form closer ties with Tripbtoz and make continuous efforts for joint growth.


202

Number of startups fostered by the KB Innovation HUB Center

* Cumulative figure from 2015 to 2022


141.8 billion
KRW

Investment made through the KB Innovation HUB Center

* Cumulative figure from 2015 to 2022

Win-win Finance

Increased Investments for Startups

KB Financial Group is increasing new investments in outstanding startups to support startups' stable growth. KB Investment raised investment funds by forming new funds worth a total KRW 667 billion in 2022 and made new investments totaling KRW 392 billion. KB Investment chooses startups that create added value in ESG aspects, such as recycling companies and social service providers, as priority investment companies, and invested around KRW 6.5 billion in ESG-related startups.

KB Securities is nurturing startups by establishing various funds of which the main purpose is to support win-win finance. KB Kookmin Card participated in the "Start-up Open Stage" program organized by the Seoul Creative Economy Innovation Center in 2022 and chose 11 startups as targets of collaboration and investment review, and is making other efforts to support cooperation programs between large companies and startups.

Support for Social Enterprises

Investment in Social Ventures

KB Financial Group formed the "KB Social Investment Fund" in 2018 and supports the growth of social enterprises. A total of KRW 100 billion was raised for the KB Social Investment Fund, which invests in enterprises that can create positive values in the social and environmental sectors in accordance with criteria defined in the UN Sustainable Development Goals (UN SDGs). In particular, we invest not only in certified social enterprises, but also in social ventures that create socially meaningful values, with the aim to realize finance's social value creation as well as financial performance. As of the end of December 2022, the KB Social Investment Fund invested in 64 social enterprises with an investment amount of KRW 74.1 billion.

In addition, KB Investment formed the "KB Social Impact Investment Association" worth KRW 15 billion in 2019 and invests in social innovation-type ventures. As of December 2022, the KB Social Impact Investment Association invested a cumulative KRW 14.3 billion in a total ten companies. Investments in 2022 amounted to KRW 2 billion.

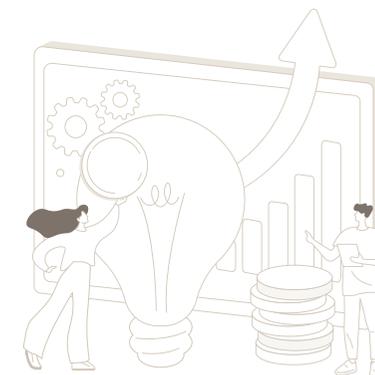
Support for Social Innovation Companies

For social innovation startups that create social value, KB Financial Group sets aside investment funds to support them. KB Kookmin Bank operates the "KB Unicorn Club" and "KB Financial Campus Social Innovation startup New Guru (S.I.N.G)" program designed to strengthen business capabilities of social innovation startups. Launched in 2021, the KB Unicorn Club is an early startup growth support program that chooses innovative technology-based startups that are less than three years old and carries out tailored acceleration and even direct investment.

KB Kookmin Bank recruits 10 companies every year. As of the end of December 2022, it chose a total of 20 companies and provided them with systematic support. In addition, social innovation startups that are more than three years old are chosen for the KB Financial Campus S.I.N.G program, which provides practical corporate management education and one-on-one customized consulting for ten weeks as well as the Bank employees' mentoring activities. As of the end of December 2022, a total of 43 companies were provided with finance accounting training and mentoring.

KB Investment's priority investments in ESG-related startups

Invested company	Main products and services	Investment amount (KRW billion)
Caring	Visiting care services	2.0
iEX	Blockchain-based new & renewable energy PPA & REC trading platform	1.0
QuantifiedESG	ESG diagnosis and evaluation service	1.0
H Energy	Photovoltaic power generation business platform, virtual power plant platform, solar power trading platform	1.0
PLAIF	Industrial collaborative robot using AI	1.0
REPLA	Plastic recycling technology that uses bacteria that decompose plastic	0.5



Social Contributions

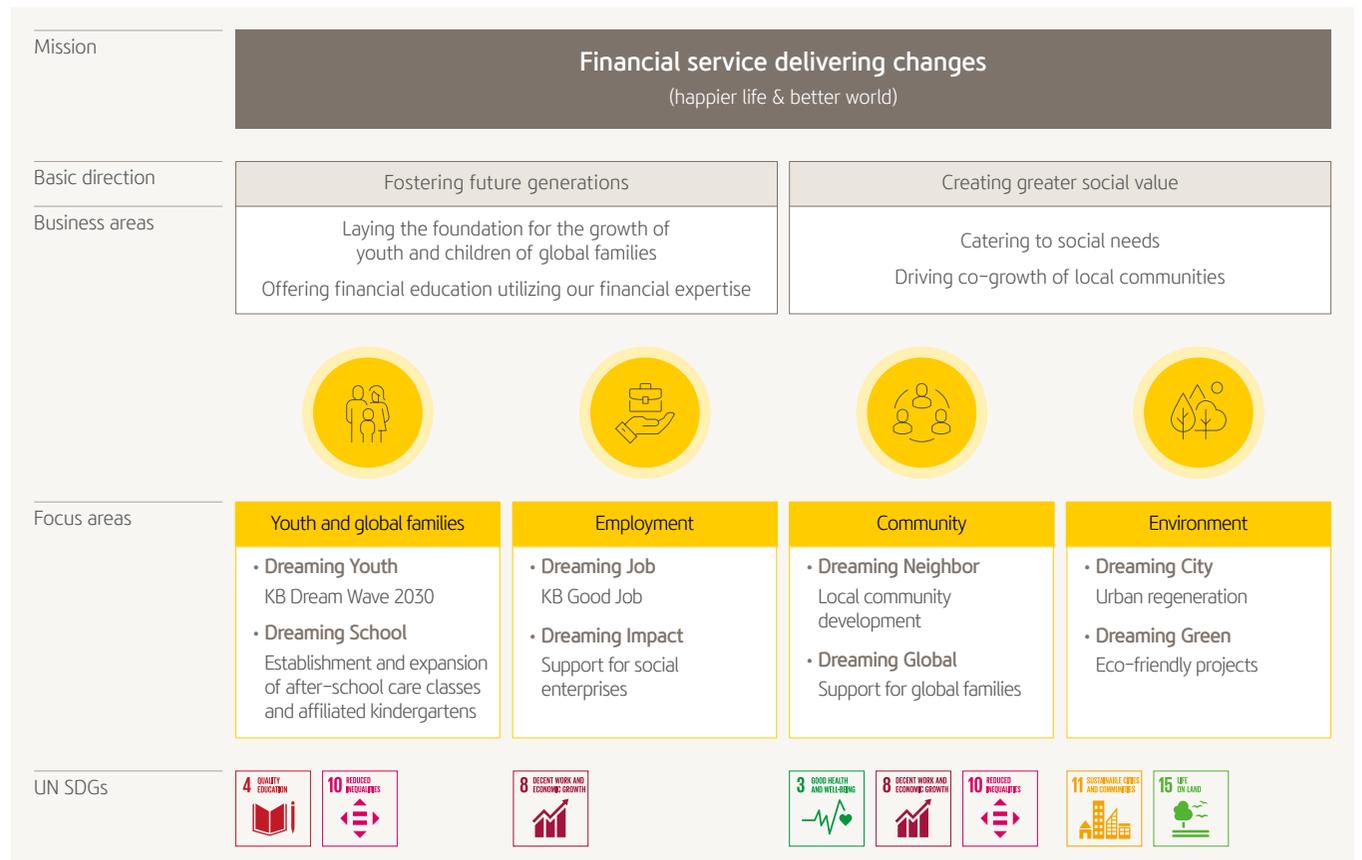
KB Financial Group faithfully fulfills corporate social responsibilities and strives to grow into a company that is respected by customers and society. To ensure systematic social contribution activities that make use of business characteristics, we conduct a Group-level assessment on social contribution projects on an annual basis to measure and manage non-financial values such as sustainability, social value creation, and brand value creation. We will continue to deliver hope with a sense of warmth to our neighbors and create a better world together with our customers.

Social Contribution Strategies

Social Contribution System

Our social contribution strategies are based on our mission statement, “financial service delivering changes,” and aim at fostering future generations and creating greater social value. We focus on expanding fair learning and hands-on experience opportunities for children and youths 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.

KB Financial Group’s social contribution system

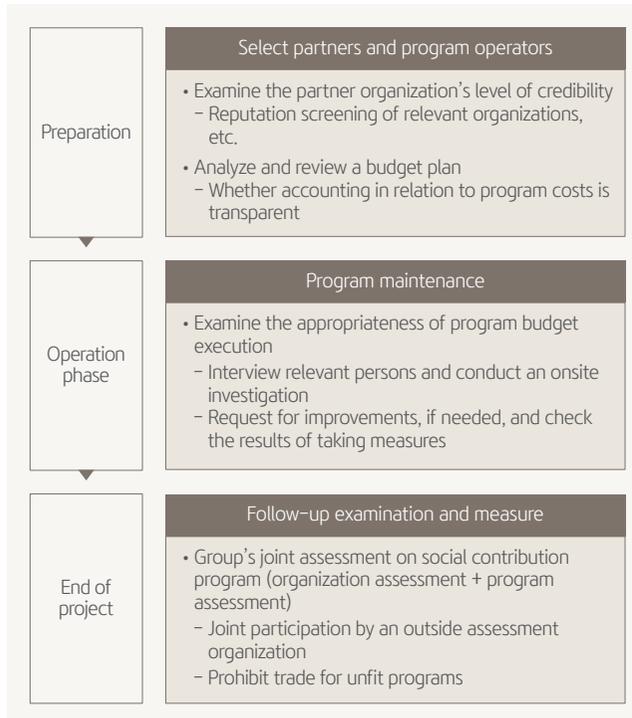


Social Contributions

Assessment of Social Contribution Projects

To implement fair and efficient social contribution projects, we established the “Group social contribution project assessment system” and conduct an assessment on social contribution projects every year. The assessment is carried out on leading social contribution projects of the Group and subsidiaries. We measure a social contribution program’s non-financial value, including its sustainability and social value and brand value created by the program per program phase.

The Group social contribution project assessment system



Fostering Future Generations

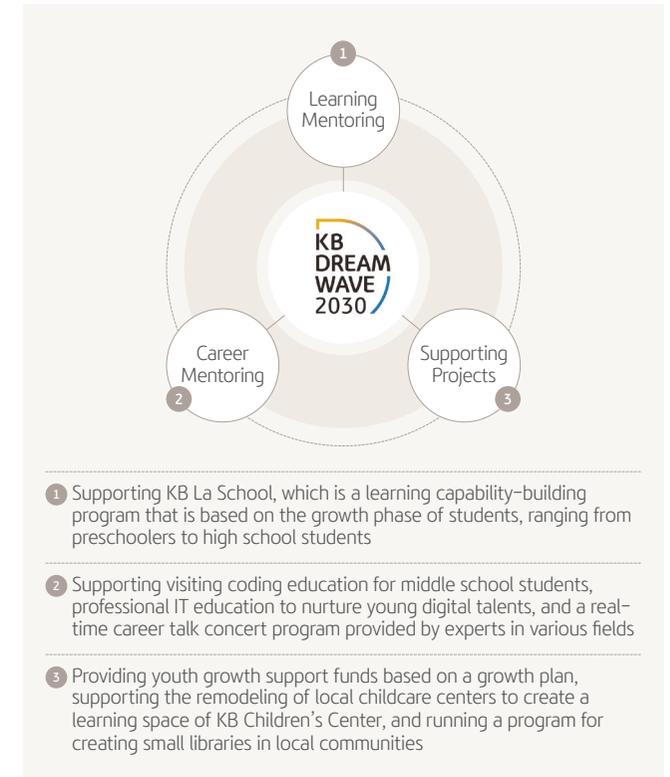
KB Dream Wave 2030

KB Kookmin Bank had implemented “Youth Mentor KB!” since 2007 as its leading social contribution project and reorganized it to launch “KB Dream Wave 2030” in 2021. KB Dream Wave 2030 is a mentoring program designed to support youth in its local communities based on each lifecycle stage so that they can grow in a systematic and proper way, and aims at providing growth opportunities to 300 thousand youths by 2030. KB Dream Wave 2030 consists of “learning mentoring” that supports learning and growth programs according to every growth stage from preschoolers to university students; “career mentoring” that provides career-related lectures from experts and specialized training to develop digital talents; and “supporting projects” that improves learning conditions by providing scholarships and creating learning spaces.

Since 2022, the Bank has also been offering “IT’s Your Life” to university graduates and prospective graduates to foster IT talents who are suitable for the digital era and to reduce the digital education gap. IT’s Your Life consists of a basic IT course and an intensive IT course that involves diverse programming, including data analysis, AI, and web development.



KB Dream Wave 2030 program by area



Launching ceremony of KB La School



Visiting coding education



KB Children’s Center learning space



KB Small Library

Social Contributions

Supporting All-Day Childcare Classes

KB Financial Group is taking the lead in establishing an “all-day childcare system” to overcome the low birthrate issue caused by such factors as women’s career disruption, high educational expenses, and burden of infant care. In 2018, we concluded an MOU worth KRW 75 billion with the Ministry of Education and helped open more childcare classrooms in elementary schools and public kindergartens nationwide. From 2018 to 2022, a total of 2,265 classrooms were created at 1,361 schools, benefiting around 45,000 children.

We will make continuous efforts to build a system for all-day childcare, and part of this effort, we set a plan to expand the establishment of a “base-type childcare agency,” which is a regional level childcare model, in collaboration with the Ministry of Education starting in 2023. We will also provide a total of KRW 50 billion by 2027. We also plan to provide the “after-school economic and financial education program” for elementary school students to have fun while learning, thereby developing the all-day childcare environment system that brings greater happiness to children, who will shape the future of Korea, and helps working parents ease their burden.

Financial Literacy Education

Founded in 2011, the KB Foundation has been offering a variety of financial literacy education programs to help people form good financial habits based on economic knowledge necessary in real life. A group of expert lecturers was launched to provide onsite education at various locations ranging from elementary, middle, and high schools to regional children’s centers and military bases. There is also an experiential education program through which we invite youths to the economic and financial education experience center (KB Start*D Hall) located in the basement of KB Kookmin Bank’s head office building.

Through the KB Star Financial Class, KB Kookmin Bank provides visiting financial education for children from low-income families and/or global families, as well as the financially underprivileged. Various education methods, including ICT (remote image) technology and reading buses, are used to provide equal financial education-receiving opportunities to students living in rural communities and remote areas. KB Kookmin Bank participates in “1 Company, 1 School Financial Education” that is organized by the Financial Supervisory Service, and has formed partnership with 795 schools across the nation to provide financial education. In 2022, the Bank provided financial education to around 20 thousand youths across 472 occasions, including financial fraud prevention education for high school senior students. Receiving recognition for such active financial education efforts, KB Kookmin Bank earned the Financial Supervisory Service Governor Award at the 2022 Best Practice Awards Ceremony.

In addition to offline financial education that is provided by visiting elementary and middle schools and regional childcare centers, KB Kookmin Card provides financial education using a kit at after-school care classes and various online financial education programs that use YouTube, enabling youths to easily approach finance and enjoy learning finance. In particular, financial education content that features celebrities who are popular among children and youths are attracting students.

Activities to improve the childcare environment for the underprivileged by subsidiary

Subsidiary and its activity	Activity details
KB Securities: Rainbow Class	<ul style="list-style-type: none"> Improving and repairing learning space, establishing a library, donating books, etc. Improving playgrounds at elementary schools in Korea Creating computer rooms at elementary schools in Indonesia and Vietnam, supporting the remodeling of libraries and bathrooms
KB Capital: Group Home Children, Delivery of Happiness Box of Love	<ul style="list-style-type: none"> Providing school supplies and hygiene products for children who are under the protection of group homes Providing daily necessities to improve the facility environment of protection organizations
KB Savings Bank: Create Indoor Forests at Local Children’s Centers	<ul style="list-style-type: none"> Creating indoor forests using air-purifying plants at 8 local childcare centers



MOU signing ceremony to develop all-day childcare system

KB Financial Group’s financial literacy education performance (Unit: Persons)

Category	2020	2021	2022
Offline education beneficiaries	73,051	84,359	126,753
Online and mobile web education beneficiaries	53,813	24,044	22,443



Completion ceremony of KB Securities Rainbow Class (Kangrim Elementary School in Gangwon Province, Indonesia)



Social Contributions

Support for Global Families

The number of global family is rapidly increasing but many families are experiencing difficulties settling down. In response, KB Financial Group provides various programs that help global families stably adapt to life in Korea and settle down in society.

In collaboration with the Korea Association of Family Center, KB Kookmin Bank provides education programs that are jointly participated in by parents and children of global families. KB Kookmin Card operates the “KB Kookmin Card Korean Language School for Children of Global Family” to help youths from global families and young North Korean defectors as well as youths coming to Korea to overcome language barriers and have a better understanding of the Korean society and its culture. KB Savings Bank provides a bilingual education program for youths from global families and holds speech contests as well. Furthermore, to help low-income global families, the Bank manages a job placement project that fosters and dispatches cooks.

▶ KB Kookmin Card Korean Language School for Children of Global Family



Shared Growth with Local Communities

KB Good Job Program

To resolve youth unemployment and create many quality jobs, KB Financial Group operates the “KB Good Job” program. Since its launch in 2011, the program has been providing diverse employment information on the KB Good Job website, including job openings, creation of resumes, and preparations for interviews, and also holds the “KB Good Job Fair,” which is an arena for job seekers to meet with outstanding SMEs. In addition, we provide tailored employment education programs that consist of the “KB Good Job Academy,” “KB Good Job School,” and others.

KB Good Job Fair

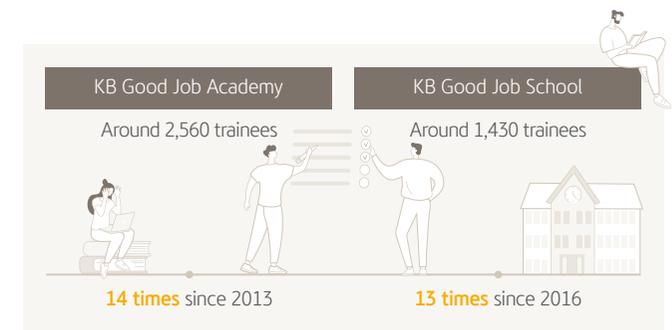
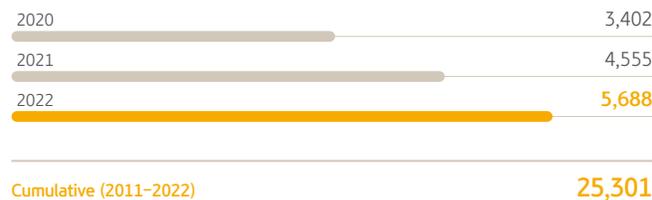
The KB Good Job Fair is the largest single job fair in Korea. Since its opening, around 4,900 recruitment companies participated and around 1 million job seekers have visited the fair by the end of 2022. KB Financial Group formed alliances with the government and organizations related to jobs and increased the number of times the job fair is held to five times a year starting in 2018. In the second half of 2022, when COVID-19 somewhat alleviated, we held the KB Good Job Fair both online and offline and made the achievement of connecting jobs for a cumulative 25,301 people as of the end of 2022.

We operate the “KB Good Job Preferential Interest Rate Program” and “KB Good Job Employment Grants” payment system for companies participating in the KB Good Job Fair. When a recruitment company that has participated in the KB Good Job Fair applies for a new loan to KB Kookmin Bank, a preferential interest rate is provided to the company as part of the KB Good Job Preferential Interest Rate Program. KB Financial Group provided a cumulative KRW 946 billion as of the end of 2022. In addition, we operate the “KB Good Job Employment Grants” system to help SMEs reduce their financial burden and secure employment stability. The KB Good Job Employment Fund system provides employment support funds to companies that hired regular employees through the KB Good Job Fair. As of the end of 2022, a cumulative support of KRW 7.6 billion was provided to 10,851 people at 2,284 companies.

Job Search Programs

KB Financial Group provides tailored job search programs for specialized high school students, undergraduate students, and (prospective) discharged soldiers to strengthen the job capabilities of young job seekers and to enhance their employment rate. The programs consist of the “KB Good Job Academy” that is connected with the KB Good Job Fair and the “KB Good Job School” that provides a job camp as well as job consulting and matching for six months for specialized high school students.

Performance in finding jobs through KB Good Job (Unit: Persons)



Social Contributions

Win-win with Local Communities

Disaster Relief Support

KB Financial Group established a customer participation-based social contribution process that enables customers participate in disaster relief in the event of disasters and accidents that become social problems, such as natural disasters. The customer participation-based social contribution process is operated by using each subsidiary's major digital platform. In consideration of the characteristics of emergency disasters and accidents where timeliness is critical, we open participation channels within three business days after deciding on operation.

Donations are categorized into direct customer donations made through KB Kookmin Bank's Star Banking app and Internet banking; and participatory donations, such as clicking the "participation" button. We operate a "matching grant" in which KB Financial Group donates the same amount that is donated by customers. In 2022, KB Kookmin Bank delivered donations for recovery efforts for wildfire in eastern coastal city, localized heavy rain in the metropolitan area, and damages caused by Typhoon Hinnamnor. The Bank also provided disaster relief kits as well as catering and laundry vehicles to the sites.

Support for the Underprivileged

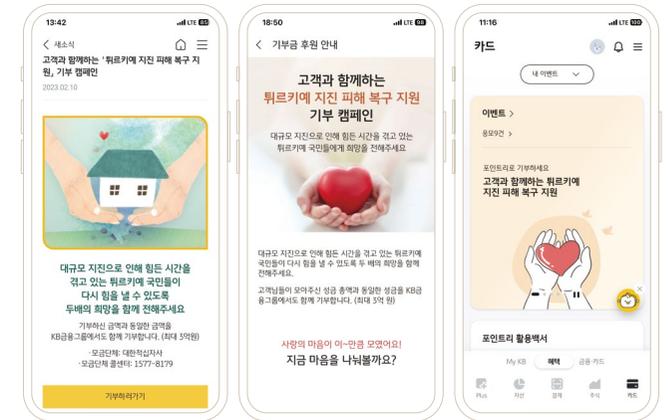
KB Financial Group provides residential and daily life support to the underprivileged who need a helping hand. Employees take part in various social contribution activities that are run at each subsidiary to practice the spirit of sharing.



Traditional Market Love-Sharing for Chuseok

Customer participation-based fund-raising

Fund-raising for wildfire in eastern coastal city	<ul style="list-style-type: none"> 6,329 cases of customer participation, KRW 270 million raised KB Financial Group donated KRW 1 billion
Fund-raising to support Ukraine refugees	<ul style="list-style-type: none"> 3,550 cases of customer participation, KRW 70 million raised KB Financial Group donated KRW 70 million as a matching grant
Fund-raising for flood damage and typhoon	<ul style="list-style-type: none"> 3,593 cases of customer participation, KRW 50 million raised 14,458 cases of fund-raising with customer participation KB Financial Group donated KRW 2.02 billion
Fund-raising for the earthquake in turkey	<ul style="list-style-type: none"> 13,377 cases of customer participation, KRW 300 million raised KB Financial Group donated KRW 300 million as a matching grant



Information on customer participation-based fund-raising (KB Kookmin Bank, KB Securities, KB Kookmin Card)

Activities to support the underprivileged

Activity name	Activity details
KB Kookmin Bank	<ul style="list-style-type: none"> Providing COVID-19 self-diagnosis kits and masks to child welfare facilities Providing daily necessities to social welfare facilities and the underprivileged (Traditional Market Love-Sharing on Holiday)
KB Securities	<ul style="list-style-type: none"> Delivering food ingredients to underprivileged families in Seoul and families who suffer losses from localized heavy rain (Affection, Full KB Box) Daily Santa activity for children at childcare institutions (Kkaebi Securities Happy Christmas Camp)
KB Kookmin Card	<ul style="list-style-type: none"> Supporting seniors living alone and providing treatment funds for children with cancer
KB Capital	<ul style="list-style-type: none"> Providing self-heating cold weather items to the energy underprivileged in the winter and supporting the installation of gas valve timers Providing daily necessity kits to low-income independence patriots
KB Insurance	<ul style="list-style-type: none"> Shelter of Hope House-building Project for housing welfare of children and youths Group home remodeling to provide a pleasant living environment to children who need protection
KB Investment	<ul style="list-style-type: none"> Delivering donations to single mother families

Social Contributions

Global Social Contributions

To develop overseas local communities and expand the value of win-win, KB Financial Group is expanding the range of its social contribution activities to all parts of the world. We are especially actively conducting social contribution activities in Indonesia and Cambodia, where many of our subsidiaries have a presence. We will continue to engage in diverse social contribution activities in countries we mainly advanced into to maintain win-win-partnerships with the respective local communities.

KB Financial Group's global social contribution activities

KB Kookmin Bank	<ul style="list-style-type: none"> • Built the KB Cultural Library in Indonesia and Vietnam • Operate the KB IT Academy in Cambodia • Provide support for surgery of children with heart disease in Cambodia • Operate the KB School (Korean language and Korean culture education) in Yangon, Myanmar
KB Securities	<ul style="list-style-type: none"> • Provide scholarships to students at Vietnam National University, provided internship opportunities • Hold the "We Walk Hochiminh" event, a KB Fina walking contest, in Ho Chi Minh and donate to charity
KB Kookmin Card	<ul style="list-style-type: none"> • Built a KDSB¹⁾ elementary school library in Phnom Penh, Cambodia • Held a KDSB school groundbreaking ceremony in Kampong Thom, Cambodia and donated financial education books • Donated finance-related pop-up books, safety umbrellas, photovoltaic lanterns in Cambodia; Donated a "T-shirt of Love" to local communities in Indonesia; and Donated sharing boxes in Thailand
KB Capital	<ul style="list-style-type: none"> • Donated EVs to social welfare organizations in Indonesia • Donated EVs to social welfare organizations in Laos
KB Savings Bank	<ul style="list-style-type: none"> • Non-face-to-face photovoltaic lantern assembly to help children with nighttime learning in Laos

¹⁾ KB Daehan Specialized Bank, KB Kookmin Card's subsidiary in Cambodia



Support center for children with congenital heart disease in Cambodia (Care After Program)



KB School completion ceremony in Yangon, Myanmar

Human Resources Management

A sustainable company recognizes employees as key drivers of growth and helps employees grow together with the company. KB Financial Group has set in place fair and impartial recruitment systems and guarantees equal opportunities to all employees. In addition, we provide diverse support so that our employees can unlock their full potential, thereby developing them into leaders to lead sustainable growth of the company and society. Moreover, we provide a pleasant, safe working environment as a way to maximize work efficiency and productivity.

Employee Competency-Building

HRD Strategy “W.I.T.H.”

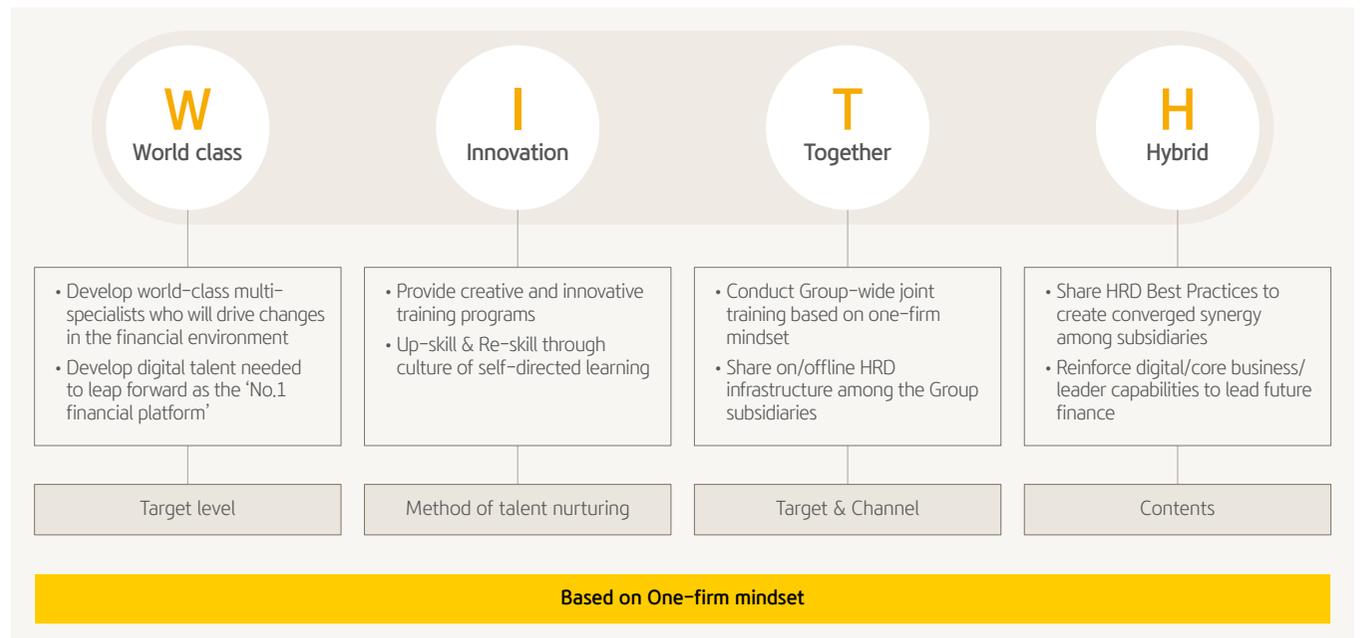
To nurture world-class talents who will drive sustainable growth, KB Financial Group is implementing “W.I.T.H.,” a human resources development (HRD) strategy, by reflecting the changing environment and the organization’s tasks.

Attracting Outstanding Talent

KB Financial Group attracts talents in diverse areas who will lead the financial paradigm shift. When we hire new employees, we apply a blind evaluation in which an applicant’s gender, disability, nationality, and other such information is not disclosed throughout the entire process, thus ensuring impartial hiring of talents with a focus on skills.

KB Kookmin Bank hires new employees through frequent recruitment by job, including IT, global IB, and job experts. It carries out year-round recruitment of professional job experts to recruit excellent talents with job experience. To secure competitive talents in areas that are future growth engines, including digital technology, data, and IT, KB Kookmin Card adopted frequent recruitment by job and chose 24 new employees. It defined the capabilities needed for each key job and assesses employees’ capability levels and reflects the results during recruitment.

W.I.T.H – KB Financial Group’s HRD strategy



Human Resources Management

Position-specific Training

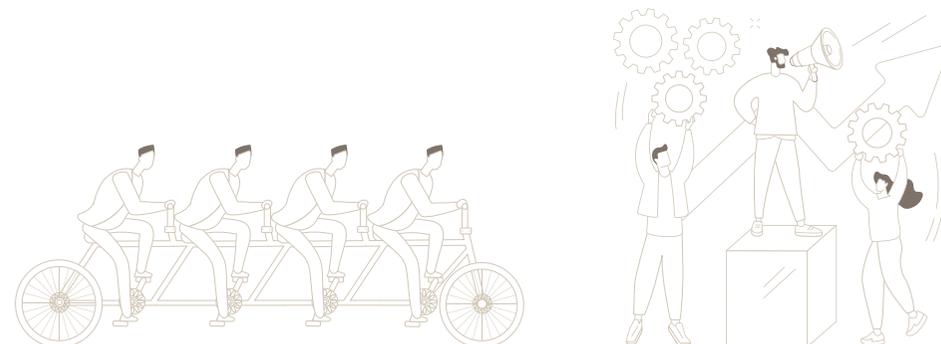
KB Financial Group implements customized training by position in order to help our employees, from newly hired staff to the Group CEO, build capabilities relevant to their positions. In 2022, a joint training was provided to 354 newly hired employees and 119 employees who were assigned to another Group subsidiary through our talents exchange program. To 55 employees in leadership positions and 311 new department and branch managers, we provided capability-building programs and leadership training programs for management. In particular, we offered value-up courses to 176 new department and branch managers to strengthen their leadership and support effective branch operations, through which employee productivity was improved, leading generate KRW 4,328.9 billion of operating profit, a year-on-year increase of around 24% from the previous year’s operating profit of KRW 3,495.1 billion.

KB Kookmin Bank operates various training courses to help new employees grow into talents who will lead future KB growth. Training consists of common courses, which cover basic matters that people working in the financial sector should be equipped with, and intensive courses that help employees acquire professional skills, such as a marketer-nurturing course and UB course. There is also the “New Employee Onboarding Program,” which is a follow-up program aimed at providing new employees with work and emotional support, and the “New Z” program that is designed for continuous self-development as well as development of various capabilities.

KB Financial Group’s leadership training programs for management

Subsidiary	Program name	Target group	Content
KB Financial Group	EMC (Existing Management Course)	Incumbent executives	<ul style="list-style-type: none"> Establish an external personnel network and strengthen management skills Operate top management course in association with universities “SERI-CEO” to learn on/offline knowledge content in relation to diverse up-to-date information Support participation in forums that are hosted by outside organizations, including special lectures by important figures and lectures on management trends
	FMC (Future Management Course)	Prospective executives	<ul style="list-style-type: none"> Nurture candidates who can develop the one-firm mindset and demonstrate capabilities 135 persons participated across the Group in 2022
	Jump-up Course	Regional office heads, branch managers	<ul style="list-style-type: none"> Set a proper leadership direction (Establish KB’s upright culture and strengthen field communication)
KB Kookmin Bank	Value-up Leadership Course	Newly appointed deputy branch heads	<ul style="list-style-type: none"> Internalize the organization’s mission, vision, and core values and KB Spirit¹⁾ Enhance business competitiveness and build a foundation for sustainable growth by strengthening the organization’s internal cooperation and communication “Value-up Leader Course” for new department and branch managers: Provide support to help employees understand their new roles as a leader and adapt to the roles at an early stage “Value-up Course” for preliminary branch managers: Develop organizational management and leadership capabilities that are needed to perform roles as branch managers “Value-up Course” for promotion candidates: Develop organizational management and leadership skills needed to perform second-highest-level positions Integrated new appointment “Value-up Course”: Integration of the new appointment course and preliminary promotion course, which were previously mandatory courses per position

¹⁾ KB Spirit: Strategy to develop leadership of new leaders, including core values/leadership/ethical mindset, digital mindset, and diversity from the ESG perspective



Human Resources Management

Job-Specific Training

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

Business Talents Development

KB Financial Group is providing Group-wide joint training to strengthen job expertise in core businesses, including IB, capital market, and risk. In 2022, a total 342 employees received Group-wide joint training, and 100 employees participated in the “program to foster specialist candidates for accounting at KB Financial Group Inc.” to strengthen practical accounting skills needed in the financial industry. In particular, we conduct a test after the end of the program to evaluate effectiveness of the training program.

Through “Certified Fund Investment Advisor,” “Certified Derivatives Investment Advisor,” “Certified Foreign Exchange Specialist (Type I & II),” and “Certified Credit Analyst Certificate Acquisition Support Program,” as well as other such training programs, KB Kookmin Bank is helping employees develop their job expertise. After the programs come to an end, we identify how many of the employees who completed training obtained a certificate to manage whether the programs are being run effectively. In 2022, a total of 334 employees obtained relevant certificates. After the end of the “Corporate Credit Analyst Program” that is designed to nurture financial experts who are in charge of corporate credit rating, a total 14 employees became a certified credit analyst.

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

KB ACE Academy

Training areas	Enhancement of main business competitiveness, ICT innovation, key growth business
Operation performance ¹⁾	Training provided to a total 22,737 persons in 3 areas

¹⁾ Cumulative figures from 2018-2022

Global Talents Development

KB Financial Group runs training programs aimed at nurturing next-generation global leaders who will lead the global market and strengthening the financial capabilities of local workers in line with overseas business expansion. In particular, we created the “Group Global Management Course (GMC)” to nurture global leaders and operate diverse programs, including “Group Global Language Appraisal.” Through the “Group Global Bulletin Board,” we are helping employees communicate and share knowledge on KB Financial Group’s global business. KB Kookmin Bank operates the “KB Global Employee-Nurturing Training” program to nurture global talents who can spread a sound financial culture based on an understanding of the local culture. In 2022, a total of 961 persons completed the program.

Moreover, KB Financial Group is implementing training systems aimed at strengthening the job competencies of local personnel located overseas. KDSB, a subsidiary of KB Kookmin Card in Cambodia, operates a degree and certificate support program for all employees to nurture local talents and develop their capabilities. Locally-hired employees can receive support for college and graduate school tuition and educational costs to obtain certificates in professional areas, including compliance, anti-money laundering, and risks. In addition, the company has local employees take job tests to improve employee capabilities and reflects the outcomes in annual performance evaluation results as part of efforts to nurture global talents.

Digital Talents Development

KB Financial Group is focused on attracting and nurturing digital talents aimed at strengthening its DT and IT capabilities. Please refer to page 95 of this report to find more information about our efforts for the development of digital talent.

Self-directed Competency Building

KB Financial Group operates a degree and certification assistance program for employees, including full-time and temporary employees, to support employees’ self-directed competency development. We provide scholarship for employees getting into regular universities or graduate schools, and we also support the costs of acquiring certifications. In addition, we provided tailored “Learning Live” on various subjects, allowing employees to freely participate in the program without spatial restraints and learn in a timely manner during the regular HR affairs season and in the event of major issues. In 2022, there was a total of 72 learning live training sessions throughout the year with 22,807 participants. KB Financial Group’s leading atypical learning program, “Self & Social Learning (SSL),” also garnered much interest from employees, leading to the creation of 63,996 learning notes in 2022.

Collaborative Training with External Institutions

KB Financial Group actively collaborates with external institutions to provide diverse training opportunities to its employees. In partnership with Coursera, the world’s largest online learning platform, we provide opportunities to have access to lectures from the world’s top universities. In addition, we run the “KB-Seoul National University Finance Academy” with Seoul National University to nurture middle management level experts. We are also running the “Aalto University EMBA” course together with the Seoul Business School at aSSIST (a Seoul School of Integrated Sciences & Technologies) and Finland’s Aalto University. We also provide MBA courses, including the “Sungkyunkwan University SKK AI MBA” for nurturing AI-related talents and the “Seoul National University EMBA” for nurturing global talents.

Human Resources Management

Fair Assessment and Compensation

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

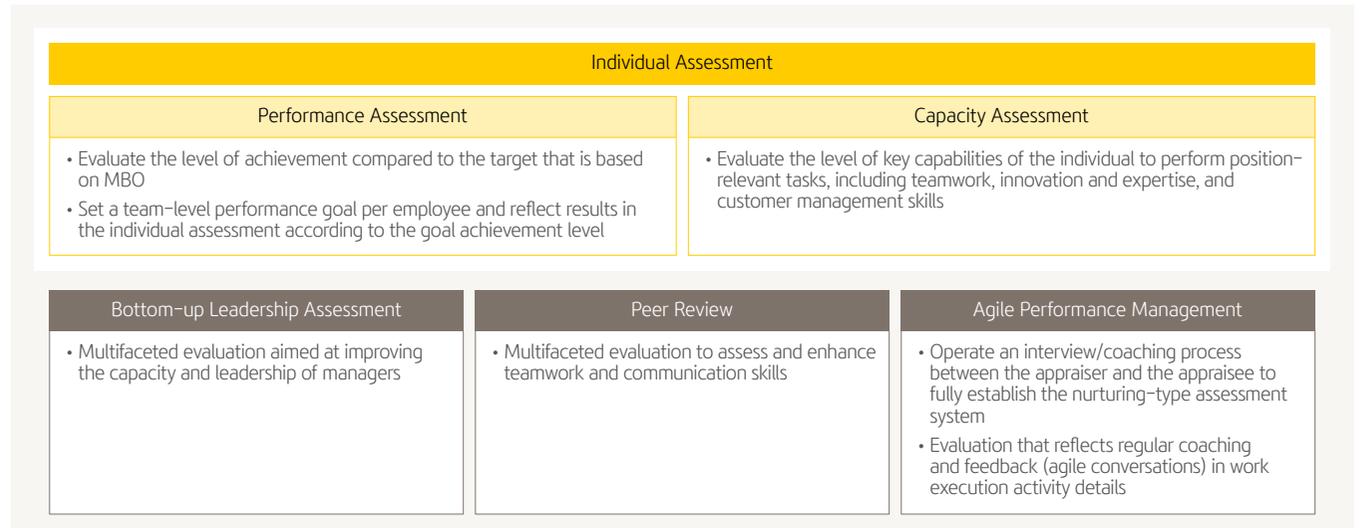
Individual assessment is divided into performance evaluation, which assesses the level of achievement against the target through management by objective (MBO), and capacity evaluation, which assesses the level of key vocational capabilities of the individual. The performance evaluation is conducted once a year, while the capacity evaluation is carried out twice a year. The bottom-up leadership assessment enables the junior to assess the senior to evaluate the senior's capabilities as a manager, and assessment details are used as materials to make leadership improvements. Peer review is a multifaceted assessment conducted between peers as a tool to assess teamwork and communication skills. These multifaceted assessments, such as the bottom-up leadership assessment and peer review, help us enhance the level of fairness and objectivity of the evaluation. An outside expert provides appraiser training in line with the timing of assessments in the first and second half of every year.

Process for fair assessment

Category	Main details
Rating-type relative assessment	<ul style="list-style-type: none"> Operate a flexible relative assessment in which at least 90% of the assessed can receive a middle rating (good) or higher rating¹⁾
Discussion-type assessment	<ul style="list-style-type: none"> Operate the Branch and Department Assessment Council: When a team member is assessed, branch and department managers operate a council with the team head (level) Operate the regional headquarters and HQ personnel evaluation committees: Carry out a final adjustment assessment on a comprehensive rating that was reached through a branch- and department-level assessment
Self-check of assessment result	<ul style="list-style-type: none"> Provide a comprehensive rating that was finalized through the regional headquarters and HQ personnel evaluation committees (limited to employees who want to participate) Right to request for an explanation on assessment result: An employee may request for an explanation on the grounds of the assessment result. The branch and department manager explains the reason for the rating, such as the Personnel Evaluation Committee's discussion process

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

Assessment system



Human Resources Management

Improving Organizational Culture

Measuring Employee Engagement

KB Financial Group evaluates employee engagement every year based on factors we deem to have a high correlation with employee engagement, such as job satisfaction level, sense of purpose towards work, and sense of happiness and stress from work life. We assess employee engagement on a scale of seven points regarding the following five elements – work-life balance, learning and innovation (capacity building), employee welfare, teamwork, and work engagement. The evaluation results for each element are converted into a 100-point scale and then analyzed accordingly.

2022 result of the employee engagement evaluation was 82.5 points, indicating a high satisfaction level in the areas of work engagement, work-life balance, and employee welfare. In addition, KB Financial Group periodically conducts an organizational culture diagnosis of all subsidiaries and sets an improvement direction in connection with engagement measurement results. In the recent 2021 organizational culture diagnosis, we derived 192 improvement tasks that can raise engagement levels and carried out improvement activities.

Improving Working Environment

KB Financial Group is improving its working environment systematically and physically, so that employees can better engage in their business activities.

Various Types of Working Schemes

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

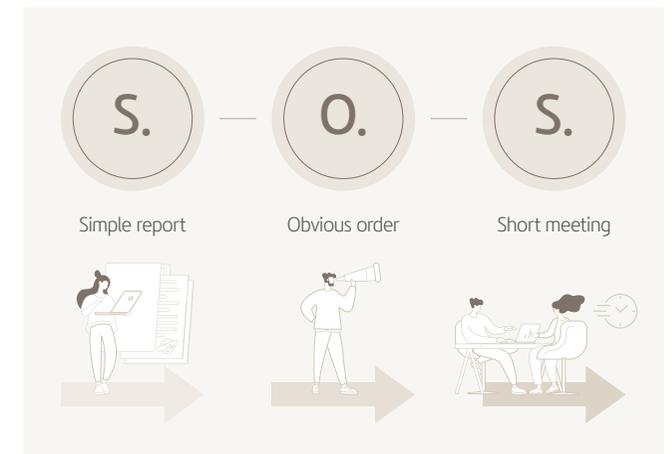
Changing the Way of Working

To establish a horizontal and creative work culture, KB Financial Group is using diverse methods that reduce reporting while enabling effective delivery of messages. KB Securities conducts the "S.O.S Campaign" as part of its efforts to fully establish a "smart working" culture and strives to eliminate inefficient factors that are irrelevant to performance. By producing in-house webtoons and moving toons, it is disseminating a flexible, enjoyable organizational culture. Based on the results of an organizational culture diagnosis that was conducted in 2021, KB Kookmin Card adopted "The Way We Work 2.0" in 2022. The Way We Work 2.0 is a code of conduct that employees must put into action to establish a corporate culture where they can enjoy their work. To internalize the code of conduct, KB Kookmin Card is engaging in diverse activities, such as adopting a program for managing employee experience by area and producing a PR video for employees.

KB Financial Group's flexible working system

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

KB Securities' S.O.S Campaign



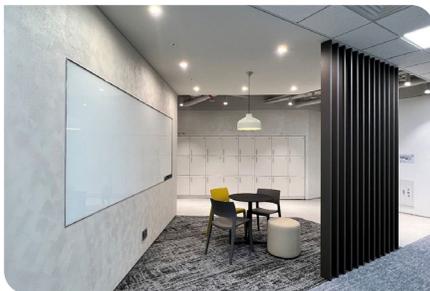
Human Resources Management

Internationalization of RPA

KB Financial Group is expanding the application of Robotic Process Automation (RPA, office automation software) to establish an environment where employees can concentrate on key work by freeing themselves of simple, repetitive work. To internalize RPA, KB Kookmin Bank carried out PR activities in 2022, with a focus on best practices and ways of using 249 units of automated work. In addition, it is working on RPA advancement to raise convenience in using RPA based on employee feedback. Furthermore, it provides training programs and holds contests to spread “Personal Bot,” which allows employees to identify work that should be automated and carry out development.

KB Digital Office

To provide an autonomous and creative work environment to employees, KB Financial Group operates four Digital Office Centers in the metropolitan area and digital offices in 12 regional groups across the nation. The digital office has the same office environment as a regular office and is equipped with a video conference room and a rest area. It can be used for remote working, half-day leave, business trip, and working outside the workplace.



Smart Office of KB Life Insurance

Employee Grievance Handling

Grievance Handling System

KB Financial Group has been operating the Grievance Handling Center under the Employee Relationship Management Department since 2005 to boost employees’ morale and improve their work satisfaction levels. Employees report their complaints and grievances through various channels, including the Grievance Handling Center bulletin board, telephone, and e-mail. To check factual relations of a received grievance report, we hold discussions with the relevant department and a counseling session with the individual and then notify the results within 10 days. We strictly guarantee the confidentiality of the reported matter and focus on protecting victims, such as preventing any personnel management-related disadvantages. Responsible organizations such as the Grievance Handling Center of each subsidiary will, if necessary, deploy a practical employee protection system, such as making personnel changes, through consultation with the relevant department. Please refer to page 159 of this Report to find more information about number of cases of receiving and handling human rights-related grievance.

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

Prevention of Discrimination and Harassment

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

 Statement on the Prevention of Workplace Sexual Harassment, Non-Sexual Harassment, and Discrimination

Healthy Labor-Management Relations

Labor-Management Communication Channels

KB Financial Group has been building a rational and sound labor-management relationship through continuous communication between the company and its employees. KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and most of other Group subsidiaries operate a labor union or labor-management council, and actively communicate using diverse channels, including labor-management meetings.

KB Kookmin Card has been operating “Harmony, drawn by both labor and management,” a labor-management joint activity brand, since 2018 as part of efforts to build cooperative labor-management relations. It is establishing arenas for steady labor-management communication through the quarterly labor-management council and irregular meetings. In 2022, it held “All Goes Well When the Family is Harmonious,” a welfare program jointly run by labor and management, a total 16 times to result in raised employee satisfaction. In addition, results of an employee survey were reflected to increase the scope of participants, enabling active participation by single employees in a previously married employee-centered program.

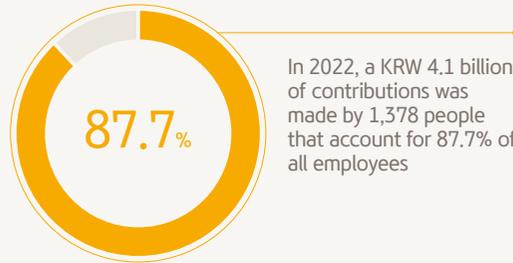
Human Resources Management

Employee Stock Ownership Plan (ESOP)

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

KB Kookmin Card's ESOP System

- **Support system for employee stock acquisition**
Corresponding to the amount contributed by an employee, an additional contribution is made for the same amount using company funds
- **Bonus payment in employee stocks**
Some of the special bonus that is agreed upon through wage and group negotiations, based on year-end performance, is paid in the form of employee stocks
- **Loan interest support for employee stock acquisition**
Company funds are used to pay for interests of loan products used for employee stock acquisition



Employee Lifecycle Management

Refresh Support for Long-term Workers

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

Lifetime Planning for Employees

KB Financial Group established and operates a retiree supporting system so that employees can plan their post-retirement future. KB Kookmin Bank established a re-employment support system through a professional company, offering career and life-planning education and job placement programs to people who are expected to retire or will voluntarily retire. Furthermore, the Bank also runs the "Lifetime design program and career change school" so that employees over the age of 50 can concentrate better on their work during their tenure and make overall plans for their entire lives. Employees who are subject to the peak wage in the first and second half of the year and wish to take part can take a life planning training course for six months and plan for their future after retirement.

Lifetime planning for employees by subsidiary

Subsidiary	System details
KB Kookmin Card	<ul style="list-style-type: none"> • Providing vocational ability development training for employees aged 45 or more • Providing re-employment support services to retired employees, including life and career planning education¹⁾ • Supporting retiree clubs
KB Data Systems	<ul style="list-style-type: none"> • Providing a financial management education program to employees aged 52 or more who want to take the program, which includes a career examination and future planning

¹⁾ Legally mandatory training participated by 50% of all employees expected to retire in 2022

Human Resources Management

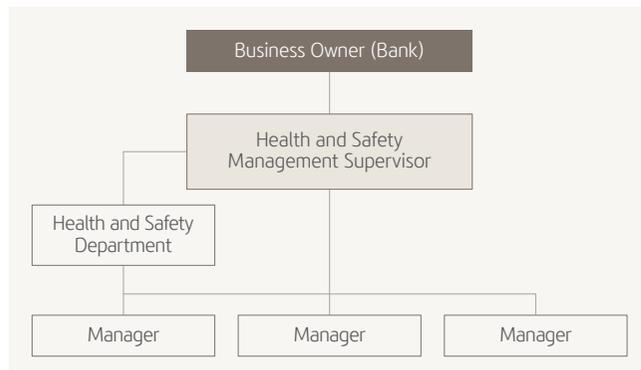
Health and Safety Management

Health and Safety Management System

In 2022, we enacted the “Group Goals and Management Guideline for Occupational Health and Safety,” which applies to all employees and suppliers. The Group’s subsidiaries have the BOD or top management as the top decision-making body for health and safety policy in line with relevant laws, and operate channels to collect employee opinions on health and safety.

KB Kookmin Bank formulates the “Health and Safety Management Plan” every year to protect the lives of all employees, contract workers, and customers. The Health and Safety Management Plan stipulates the role of the health and safety management organization and the elimination of hazards and risks identified through risk assessments as well as the establishment and implementation of mitigation measures. In particular, to actively collect opinions from workers while establishing a health and safety management plan, it is stipulated in the Occupational Health and Safety Management Regulations that prior discussions be held with labor unions through the Occupational Health and Safety Council. KB Insurance operates the Occupational Health and Safety Committee and Health and Safety Council once a quarter and once a month, respectively, to expand channels for listening to worker opinions on health and safety.

KB Kookmin Bank’s health and safety management Organization



Establishment of Health and Safety Targets and Monitoring

Based on the Group Goals and Management Guidelines for Occupational Health and Safety, KB Financial Group establishes a health and safety goal and priority for each subsidiary and evaluates achievement levels every year. Major subsidiaries, including KB Kookmin Bank, establish health and safety goals, including the number of accidents and occupational accident rate, and monitor year-on-year changes. To maintain an occupational accident rate that is lower than that of the financial industry, KB Kookmin Bank continues to advance its health and safety management system and thus acquired the health and safety management system (ISO 45001) certification in June 2023.

Goals and Management Guidelines for Occupational Health and Safety

Risk Assessment

KB Financial Group conducts health and safety risk assessments to identify hazards and risks in the workplace in accordance with the Health and Safety Management Plan. This assessment is carried out by the Head of the Health and Safety Department based on the risk assessment manual to confirm hazards and risks from workplace characteristics and to make improvements.

Risk assessment manual



In case of factors for which “risk allowance is not possible” that are derived as a result of a risk assessment that is conducted every year, we establish risk mitigation measures, including improvement plans and measures. To evaluate the effectiveness of measures, we monitor whether there was a decrease in the factors for which “risk allowance is not possible.” The results, including improvement measures and whether they were implemented, are reported to the supervisor of health and safety management once a year.

KB Kookmin Bank provides training before a risk assessment to raise awareness of the importance of risk assessments, and also holds the Occupational Health and Safety Committee once a quarter for labor and management to jointly improve hazards and risks. In 2022, the Bank conducted environmental improvement projects for old business sites to address hazards and risks that were discovered through a risk assessment and expanded employee health promotion programs. Improvements were made to the office and business spaces of around 710 branches, resulting in increased work efficiency and satisfaction among employees. A pleasant environment was provided to not only employees but to branch customers as well. In addition, priority was placed on ensuring safety first in the process of carrying out the environmental improvement projects, resulting in “zero” safety accidents. As an outcome of these efforts, KB Kookmin Bank’s number of occupational accidents has been lower than the average accident rate in the banking industry for the last three years.

Human Resources Management

Serious Industrial Accident Response System

KB Financial Group has established a thorough response system for serious industrial accidents to create a working environment in which all of our employees, suppliers, and contract workers can work safe and sound.

KB Kookmin Bank established a Response Manual for Serious Industrial Accidents to take countermeasures such as immediately suspending work when an accident occurs, removing risk factors, as well as protective measures for victims of serious industrial accidents. If a serious accident occurs, the manager of the relevant work will promptly notify the Safety Management Department of the accident in accordance with the manual. The Safety Management Department will then report the accident to the health and safety management supervisor, take necessary measures to deal with the accident, and form the “Serious Accident Rapid Response Task Force (TF)” chaired by the health and safety management supervisor. The Serious Accident Rapid Response TF will conduct investigations into the details and progress of the accident according to the investigation procedure specified in the Occupational Health and Safety Management Regulations, and take relevant measures.

KB Insurance established a response manual for serious accidents and examines fulfillment of obligations that are set forth in the Serious Accidents Punishment Act semiannually.

Establishment of the Business Continuity Plan

KB Financial Group established a business continuity plan (BCP) and carries out semi-annual mock trainings and emergency evacuation drills to recover core businesses in case business activities are suspended due to various accidents and disasters. KB Kookmin Bank conducted a business impact analysis (BIA) before establishing the BCP. BIA is a process of defining unit businesses that should be carried out by departments in case of business stoppage owing to an accident or disaster. Through BIA, KB Kookmin Bank identified the qualitative and quantitative impact that can be caused by business stoppage and considers resources needed for recovery to determine recovery priority of unit businesses and recovery time objective (RTO). In 2022, the Bank defined unit businesses of a total of 835 HQ departments and finalized 313 units of businesses that should be recovered within one day. The Bank also conducted mock trainings to review the possibility of returning to business from distributed workplaces such as alternative workplaces, and strengthened the crisis response management system at overseas branches as well.

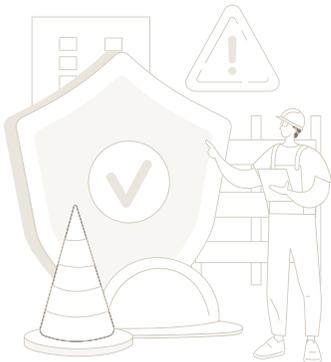
Health and Safety Training

KB Financial Group provides training for all employees to enhance employees’ awareness on health and safety and prevent related incidents. The health and safety management supervisor must complete job training regarding occupational health and safety laws and health and safety measures. In addition, we provide special training to workers who handle harmful or dangerous work and encourage them to establish a safe work environment. KB Kookmin Bank provides response training per major accident case and health and safety-related education to employees. During top management meetings and department and branch manager training, the Bank also conducts health and safety training.

Supply Chain Health and Safety Management

When signing contracts with service providers and contractors, we include whether the other party has the ability and technology to prevent incidents to secure workers’ health and safety as major contract terms and have standards and processes in place to conduct a relevant evaluation. KB Kookmin Bank specifies the qualifications of subcontractors regarding health and safety in its work manual and makes efforts, such as performing site inspections and running relevant consultative groups, so that contract-based workers are not exposed to industrial accidents. In case of facility construction companies, we hold field briefing sessions on important construction to make joint efforts to raise understanding of the construction and secure safety.

KB Insurance manages the health and safety of subcontracted business sites by conducting a worksite patrol inspection on a weekly basis, holding a health and safety council meeting on a monthly basis, and performing a joint safety inspection every quarter. It carries out occupational accident prevention activities for customer-facing employees, including supplier employees. KB Asset Management created a health and safety management manual and procedure in 2022 based on which it held health and safety briefing sessions at business sites targeted for investment, including real estate and REITs. In addition, it confirmed the implementation of a health and safety management system for ten business sites that are subject to real estate and REITs investment, while also inspecting the safety establishment status of nine infrastructure investment business sites, after which a report was made to top management. It thus established a process for managing the health and safety of business sites that are targeted for investment.



Human Resources Management

Protection of Customer-facing Employees

KB Financial Group operates various programs that are aimed at protecting customer-facing employees to ensure their protection. First, we categorized consumers' problematic behaviors according to the customer service manual and service process, and operate the automatic response service (ARS) to abusive language aimed at protecting customer-facing employees from consumers' problematic behaviors.

Furthermore, we provide counseling and various healing programs to manage the stress of customer-facing employees. We also operate the Health Strategy Center that is in charge of health and medical care for employees, subscribe group accident insurance, and offer medical cost support as a way to prepare for sudden accidents and disease.

Customer-facing employee protection program

Subsidiary	Major programs
KB Kookmin Bank	<ul style="list-style-type: none"> Distributing "employee protection guidelines" for customer service workers and providing regular training on preventing health hazards using the employee protection guidelines Operating the Grievance Handling Center to handle customer-facing employees' grievances and difficulties Operating a psychological counseling center and providing psychological stability content for recovery of victims. If needed, the workers can visit a medical institution and relevant costs are covered.
KB Securities	<ul style="list-style-type: none"> Healing lunch program for customer center employees who provide non-face-to-face customer counseling Operating a healing center where workers can receive a massage from a professional massage therapist during break
KB Insurance	<ul style="list-style-type: none"> Providing counseling through an external psychological counseling company and a healing camp Operating a mind therapy program for employees in charge of car accident compensation Providing emotional worker protection training to customer-facing employees Installation of CCTVs to protect customer service workers in the field
KB Kookmin Card	<ul style="list-style-type: none"> Operating a customer counseling process for customer-facing employees Rewarding excellent employees in consumer protection and customer satisfaction, and operating a complaint-dedicated job base pay system
KB Life Insurance	<ul style="list-style-type: none"> Distributing a customer service worker protection manual

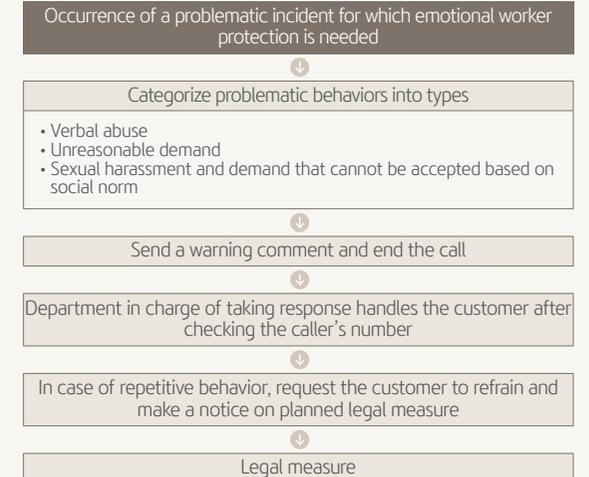
KB ESG Story



KB Insurance's emotional worker protection system

KB Insurance established an emotional worker protection process in 2016 to protect emotional workers and operates such protection programs as "Hug Mom Counseling." It provides healing time, which is official rest time, to customer-facing employees who suffered damages, while also providing psychological counseling through "Healing Forest," a psychological counseling center. In addition, it provides regular training that covers problematic behavior response processes and application cases so that damages can be minimized by taking quick measures in the event of an incident. In 2022, KB Insurance added a response process for internal customers, including employees and sales staff, to respond to incidents that occurred through instant messenger rather than calls.

Emotional worker protection process



Human Resources Management

Employee Health Management

Physical Health Management

We provide a health checkup package for our employees and their spouses every year. In 2022, we launched “O-Care,” a non-financial healthcare platform, so that employees can manage their health in a way that is appropriate for their respective circumstances. We also provide points worth KRW 200 thousand per person so that employees can receive health management services or purchase health management products. Furthermore, as we have a group accident insurance policy and support medical expenses, we help employees prepare themselves for any unexpected accidents or diseases. For employees’ systematic health management, we operate the Health Strategy Center that is dedicated to health and medical care.

Psychological Health Management

KB Financial Group helps employees manage their mental fitness in connection with specialized psychological counseling centers, including KB Kookmin Bank’s “KB Hearim,” a psychological counseling program linked to psychological counseling centers and hospitals. In particular, we help improve the mental health of our employees by managing not only job stress, but also other causes for stress such as interpersonal and family relationship stress. For systematic management, we provide various programs by making a categorization into “regular management-diagnosis-counseling/treatment” steps. We also operate various mental fitness campaigns including the Proof Talk Challenge, Mental Care Diary, and online healing class.

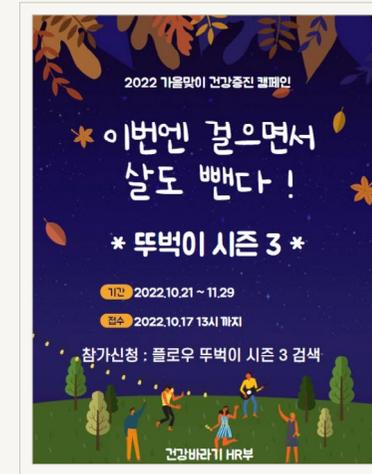
Health-friendly Company Certification

To improve employee health management programs, KB Kookmin Bank took part in the “health-friendly company certification system” program for which certification is provided by the Korea Health Promotion Institute under the Ministry of Health and Welfare and became the first in the financial industry to receive the Minister of Health and Welfare Commendation. In addition, it took part in the “Outstanding Business Site in Promoting Worker Health” selection system that was organized by the Korea Occupational Safety and Health Agency under the Ministry of Employment and Labor and received excellent evaluations in such categories as health promotion activities, organizational culture, and awareness level. It became the first financial institution in Korea to be chosen as an outstanding business site in the first half of 2022.

KB ESG Story

KB Capital’s Walking Project

In 2022, KB Capital held the “Walking Project,” an employee participation-based health promotion program that combines health promotion and social contributions. For the “Walking Returns” held in the first half of the year, the daily target for the number of steps was set and social contribution activities were carried out in proportion to the total number of steps of participants. It was participated in by 56.1% of employees, including the CEO. Through “Walking Season 3” that was held in the second half of the year, an ESG execution event was held that combined jogging and picking up litter with participation of 549 employees.



Human Rights Management

Human rights management refers to protecting dignity throughout corporate management activities and respecting the human rights of all stakeholders, including employees. KB Financial Group established a human rights management policy, manages human rights risks, and practices human rights management.

Human Rights Management System

Human Rights Policy

In 2016, KB Financial Group declared that it would strive to protect and promote the human rights of all stakeholders, including customers, employees, shareholders and investors, suppliers, and local communities, and disclosed its human rights policy. Our human rights policy reflects international standards and guidelines related to human rights and labor, including the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and ILO Constitution.

 KB Financial Group Human Rights Policy

Managing Human Rights Issues

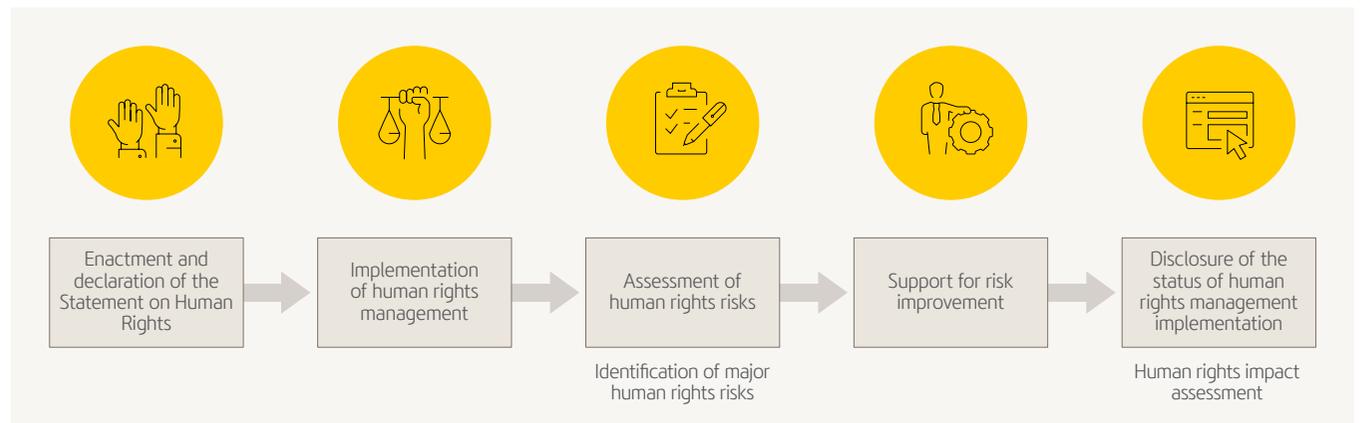
KB Financial Group manages the Group’s human rights issues according to the human rights issue management process specified in the human rights policy. In particular, we continually monitor the possibility of human rights risks that are inherent in our business operations, carry out improvement activities for each risk, and disclose the results.

Human Rights Education

KB Financial Group provides human rights education to all employees every year. Human rights education includes sexual harassment prevention, improvement of perception toward the disabled, and prevention of workplace harassment. In 2022, training was focused on improving perception toward the disabled and respecting human rights.

KB Kookmin Card distributed a “manual on preventing health hazards caused by workplace harassment” to all departments and branches in Korea in 2022, leading to strengthened awareness among all employees of respecting human rights. It also provided education on preventing sexual harassment and workplace harassment to expatriates dispatched to overseas subsidiaries in Cambodia, Indonesia, and Thailand and overseas office in Myanmar.

Human rights issue management process



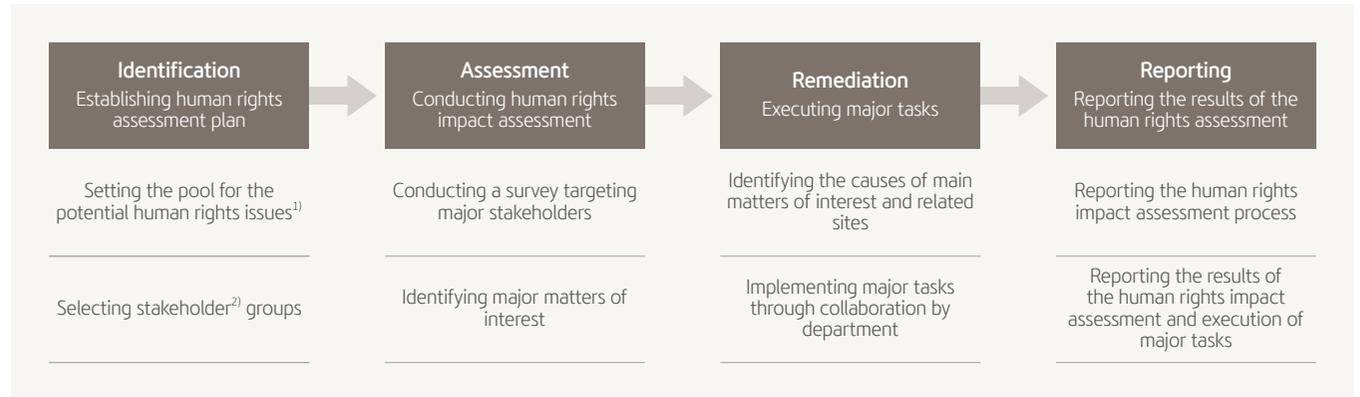
Human Rights Management

Human Rights Impact Assessment

Conducting Human Rights Impact Assessment

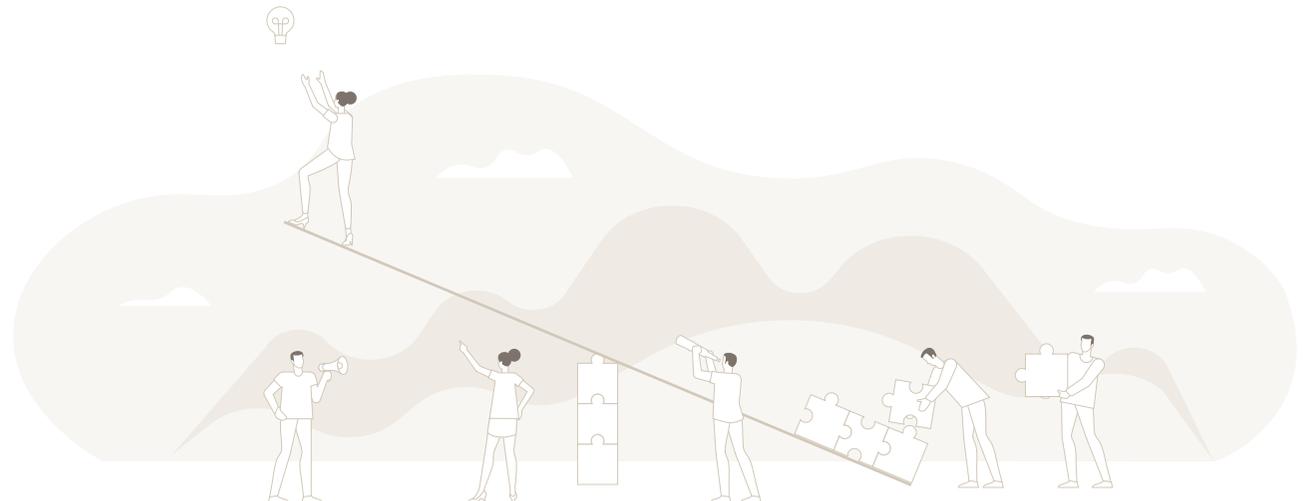
KB Financial Group periodically conducts a human rights impact assessment to examine human rights risks and choose major tasks to ease risks. The human rights impact assessment is carried out at KB Financial Group’s business sites to identify and prevent human rights risks that could arise from employees and business partners. We also take into account all stakeholders that established and are maintaining business relationships with KB Financial Group, including companies subject to acquisition and/or merger. Based on the analysis results of the Year 2022–2023 human rights impact assessment, we chose and implemented tasks through discussions among departments in areas that needed improvement. Analysis results of human rights impact assessment are used to monitor the effectiveness of task execution.

Human rights impact assessment process



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

²⁾ Employees, local community residents (indigenous people), migrant workers, emotional workers (third-party contract-based workers), women, and children



Human Rights Management

Results of Human Rights Impact Assessment

Stakeholder	Potential issues and main issues identified (vulnerable groups)	Details of remediation actions taken		Number of sites with mitigation plans	
Employees	Prohibition of discrimination in relation to employment Capability-building support (career-interrupted female employees)	Focused improvements and reinforcements for 2022-2023	Establishing "KB Diversity 2027," a mid- to long-term goal for the Group diversity	<ul style="list-style-type: none"> Establishing a plan to increase the proportion of women in the Group by 2027 (20% female leaders, 30% female core experts) Reducing risk of women taking a career break by extending paid maternity leave 	No. of sites with main issues identified and remediation plan implemented: 2 (Implementation Rate: 100%)
			Providing support for competency development of female employees	<ul style="list-style-type: none"> Establishing and operating WE STAR system WE STAR mentoring program, KB WE female leadership course, junior female talent training, etc. 	
			Expanding family-friendly and maternity protection systems	<ul style="list-style-type: none"> Implementing the reducing working hours during childrearing and elementary school enrollment period Establishing a healing academy for those on parental leave and employee training 	
			Establishing a system to promote women's rights	<ul style="list-style-type: none"> Joining Women's Empowerment Principles (WEPs) Enactment of the "KB Financial Group Statement on Human Rights" and "Statement on the Prevention of Workplace Sexual Harassment, Non-Sexual Harassment, and Discrimination" 	
	Prohibition of forced labor Prevention of mandatory overtime work (employees)	Establishing a process to comply with statutory working hours	<ul style="list-style-type: none"> Operating a PC On/Off system to ensure on-time commuting and lunch time Expanding flexible working systems such as telecommuting, staggered commuting, selective working hours, flexible working hours, and holiday alternatives 	No. of sites with main issues identified and remediation plan implemented: 2 (Implementation Rate: 100%)	
	Occupational Health and Safety Physical/psychological health management (employees)	Focused improvements and reinforcements for 2022-2023 Focused improvements and reinforcements for 2022-2023	Establishing safety and health management system Employee physical health management Employee mental health checkup Implementing workplace environment improvement projects	<ul style="list-style-type: none"> Establishment of safety and health policy, safety and health management plan, and occupational safety and health management regulations KB Kookmin Bank received health and safety management system (ISO 45001) certification in 2023 Outsourcing the operation of the fitness center to a professional company to strengthen expertise in employee health management Providing group accident insurance, medical expenses, and KRW 200,000 worth of health care welfare points per person Conducting employee mental health checkups and providing counseling to employees who were found to require counseling after the checkups. If needed, referrals are made to psychological counseling centers. Implementing psychological counseling program "KB Hearim" and healing program "KB Healing Camp" Implementing working environment improvement measures to prevent safety accidents caused by old workplaces and to improve the work environment 	
Suppliers	Responsible supply chain management Protection of workers engaging in emotional labor (emotional workers)	Running programs to support the mental stability of emotional workers in accordance with the emotional labor protection system	<ul style="list-style-type: none"> Operating programs to support mental stability of call center staff and a customer service bulletin board * Internally operated by suppliers 	No. of sites with main issues identified and remediation plan implemented: 3 (Implementation Rate: 100%)	
Local Communities	Guarantee of environmental rights Removal of environmental risk concerning places of business (local community)	Strengthening environmental impact assessment for project financing	<ul style="list-style-type: none"> Specifying obligations in relation to environment-related laws, regulations, and authorization in the loan agreement for project financing Conducting environmental and social risk assessments on those subject to joining and applying the Equator Principles 	No. of sites with main issues identified and remediation plan implemented: 3 (Implementation Rate: 100%)	
		Establishing the environmental and social risk management system (ESRM)	<ul style="list-style-type: none"> Managing industrial areas by categorizing them into areas for exclusion, areas for attention on climate change, and areas for support for green industries 		
Customers	Customers' human rights protection Reinforcing privacy protection (financial consumers)	Focused improvements and reinforcements for 2022-2023	Establishing management system for information security and customer information protection Strengthening financial consumer protection	<ul style="list-style-type: none"> KB Kookmin Bank received ISMS-P (information security and personal information protection management system) certification in 2022 KB Kookmin Card obtained "Good" rating in 2022 financial consumer protection evaluation Establishing a financial consumer protection governance structure that is independent from the development and sales of financial products KB Kookmin Bank created the "Consumer Rights and Interest Enhancement Advisory Committee," an external advisory body KB Securities enacted "Internal Control Guidelines for Financial Consumer Protection" KB Kookmin Card established the "automated TM misselling monitoring system" 	No. of sites with main issues identified and remediation plan implemented: 4 (Implementation Rate: 100%)
		Focused improvements and reinforcements for 2022-2023	Increasing financial accessibility for the financially vulnerable	<ul style="list-style-type: none"> Improving ATMs for seniors and persons with disabilities, producing and distributing separate service manuals Operating special branches for immigrant workers' accessibility and hiring native speakers Developing an app specialized for customers in Cambodia and improving services specialized for customers in Indonesia 	
	Ensuring accessibility of financial products and services (financial vulnerable consumers)				

* We fully implemented remediation actions for sites of operations (30.8%) where risks have been identified (decrease in ratio compared to the results of the immediately prior human rights impact assessment)

CORPORATE GOVERNANCE

GUIDED BY GOOD GOVERNANCE THAT DELIVER VALUES

In ESG management, “G” is a foundation and basis of ESG value creation. Corporate governance equipped with transparency, fairness, and efficiency presents a direction for a company’s responsible action. A company with strong governance can stably respond to various risks and preemptively seize opportunities, thereby achieving sustainable growth.

KB Financial Group strives to protect diverse stakeholders and raise corporate value through transparent, stable governance. To this end, we form the BOD in consideration of expertise and diversity, in addition to ensuring independence of governance by establishing various systems so that the BOD can faithfully perform its roles as a top decision-making body while maintaining a healthy relationship of checks and balances with management.



AT A GLANCE

To maintain governance transparency and objectivity, we disclose our governance-related operational standards, procedures, and outcomes to stakeholders. In addition, we reflected ESG-related items in the management’s performance indexes, thus establishing an institutional foundation for actual implementation of ESG management. We secured a stable business foundation by establishing a preemptive risk response system and practiced ethical management that strictly complies with the fundamentals and principles, thereby further solidifying relations of trust with stakeholders and striving to grow upright.

IN THIS SECTION

Reporting Topic	Key Performance & Achievements	Location
Corporate Governance	<ul style="list-style-type: none"> Became the financial holding company in Korea to have three female non-executive directors in office (Female non-executive directors account for 42.9% of total non-executive directors) Received an A+ in the governance assessment in the 2022 KCGS ESG evaluation 	131-137
Integrated Risk Management	<ul style="list-style-type: none"> Conducted the Group stress testing twice a year Reported the Group’s core initiatives and major updates regarding risk management at least once a year 	138-140
Ethics and Compliance	<ul style="list-style-type: none"> All employees participated in the Pledge to Practice the Code of Conduct Created an analysis dashboard through compliance data visualization KB Kookmin Bank was chosen for the Presidential Citation at the “16th Anti-Money Laundering Day” event held by the Korea Financial Intelligence Unit (KoFIU) 	141-146



Corporate Governance

In order to achieve the corporate governance target of “enhancing corporate value and realizing shareholder value”, KB Financial Group seeks to ensure independence of the board, protect shareholders’ rights, enhance transparency in management, and efficiently operate the audit organization. In addition, we frequently examine governance principles and policies and improve them, thereby responding to changes preemptively and actively in the business environment and market.

Enhancing Governance Soundness

Composition of the BOD and Board Level Committees

Composition of the BOD

As of the end of March 2023, KB Financial Group’s BOD consisted of a total nine directors, including seven non-executive directors, one executive director, and one non-standing director. We maintain the percentage of non-executive directors as 78% so that the BOD represents various stakeholders, including shareholders, and effectively performs its function of holding the executive management in check.

Composition of Board Level Committees

KB Financial Group has set in place eight board level committees. Six of them, excluding the Subsidiary CEO Nomination Committee and ESG Committee, consist only of non-executive directors. The CEO Nominating Committee consists of only non-executive directors, excluding executive directors and non-standing directors, to ensure independence of the CEO appointment process. All directors are members of the ESG Committee, further reinforcing the BOD’s representativeness. The ESG Committee provides support so that ESG management can be internalized within the Group through harmony between the BOD and management.

Sub-committee	Function	Chairperson
Risk Management Committee	<ul style="list-style-type: none"> Develop risk management strategy and decide on risk appetite Review risk level and management status Approve application of risk management system, methodology, and areas of improvement Review and manage ESG-related risks that are material to the Group 	Non-executive Director Seon Joo Kwon
Evaluation and Compensation Committee	<ul style="list-style-type: none"> Develop evaluation/compensation schemes and policies; and make relevant decisions 	Non-executive Director Jung Sung Yeo
Non-Executive Director Nominating Committee	<ul style="list-style-type: none"> Develop, check, and enhance non-executive director appointment principles Manage non-executive director candidate pool in a constant manner Recommend non-executive director candidates 	Non-executive Director Jae hong Choi
Audit Committee Member Nominating Committee	<ul style="list-style-type: none"> Validate qualifications of Audit Committee member candidates Recommend Audit Committee member candidates 	Non-permanent organization
Audit Committee	<ul style="list-style-type: none"> Manage overall audit processes 	Non-executive Director Wha Joon Cho
CEO Nominating Committee	<ul style="list-style-type: none"> Develop chairman succession plan Manage chairman succession pipeline in a constant manner (half-year) Conduct succession process 	Non-executive Director Kyung Ho Kim
Subsidiary CEO Nominating Committee	<ul style="list-style-type: none"> Develop subsidiary CEO succession plan Conduct succession process 	Executive Director Jong Kyoo Yoon
ESG Committee	<ul style="list-style-type: none"> Develop the Group ESG strategy and policy Manage and supervise the Group ESG progress Review · manage ESG-related issues that are material to the Group 	Non-executive Director Gyu taeg Oh

Corporate Governance

Board Composition

Kyung Ho Kim
(BOD Chairperson)



Category	Non-Executive Director
Tenure start date	Mar. 27, 2019
Field of expertise	Financial/Risk Management, Accounting
Career	(Former) Vice President/Professor, Business Administration, Hongik University
Gender	Male

Seon Joo Kwon



Category	Non-Executive Director
Tenure start date	Mar. 20, 2020
Field of expertise	Finance, Business Administration, Financial/Risk Management
Career	(Former) CEO, IBK Industrial Bank of Korea
Gender	Female

Wha Joon Cho



Category	Non-Executive Director
Tenure start date	Mar. 24, 2023
Field of expertise	Finance, Business Administration, Financial/Risk Management, Accounting
Career	(Former) Auditor, Mercedes-Benz Financial Services Korea
Gender	Female

Gyu taeg Oh



Category	Non-Executive Director
Tenure start date	Mar. 20, 2020
Field of expertise	Financial/Risk Management, Accounting, ESG/Consumer Protection
Career	(Current) Professor, Business Administration, Chung-Ang University
Gender	Male

Jung Sung Yeo



Category	Non-Executive Director
Tenure start date	Mar. 24, 2023
Field of expertise	ESG/Consumer Protection
Career	(Current) Professor, Department of Consumer Science, Seoul National University
Gender	Female

Jae hong Choi



Category	Non-Executive Director
Tenure start date	Mar. 25, 2022
Field of expertise	Digital/IT
Career	(Current) Professor, Multi Media, Gangneung-Wonju National University
Gender	Male

Sung Yong Kim



Category	Non-Executive Director
Tenure start date	Mar. 24, 2023
Field of expertise	Law/Regulation, ESG/Consumer Protection
Career	(Current) Professor, Law School, SungKyunKwan University
Gender	Male

Jong Kyoo Yoon



Category	Executive Director
Tenure start date	Nov. 21, 2014
Field of expertise	Finance, Business Administration, Accounting
Career	(Current) Chairman & CEO, KB Financial Group
Gender	Male

Jae Keun Lee



Category	Non-Standing Director
Tenure start date	Mar. 25, 2022
Field of expertise	Finance, Business Administration
Career	(Current) CEO, KB Kookmin Bank
Gender	Male

* As of end of March 2023

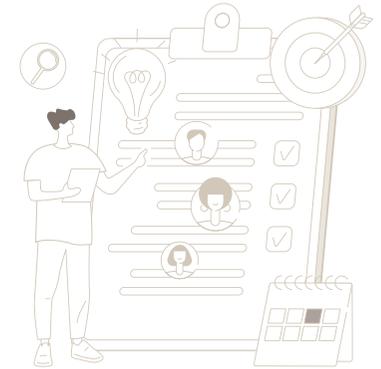
* Non-executive Director Suk Ho Sonu, Non-executive Director Myung Hee Choi, and Non-executive Director Kou whan Jeong, who were incumbent directors as of the end of December 2022 resigned from office on March 24, 2023 with the end of their tenure

Corporate Governance

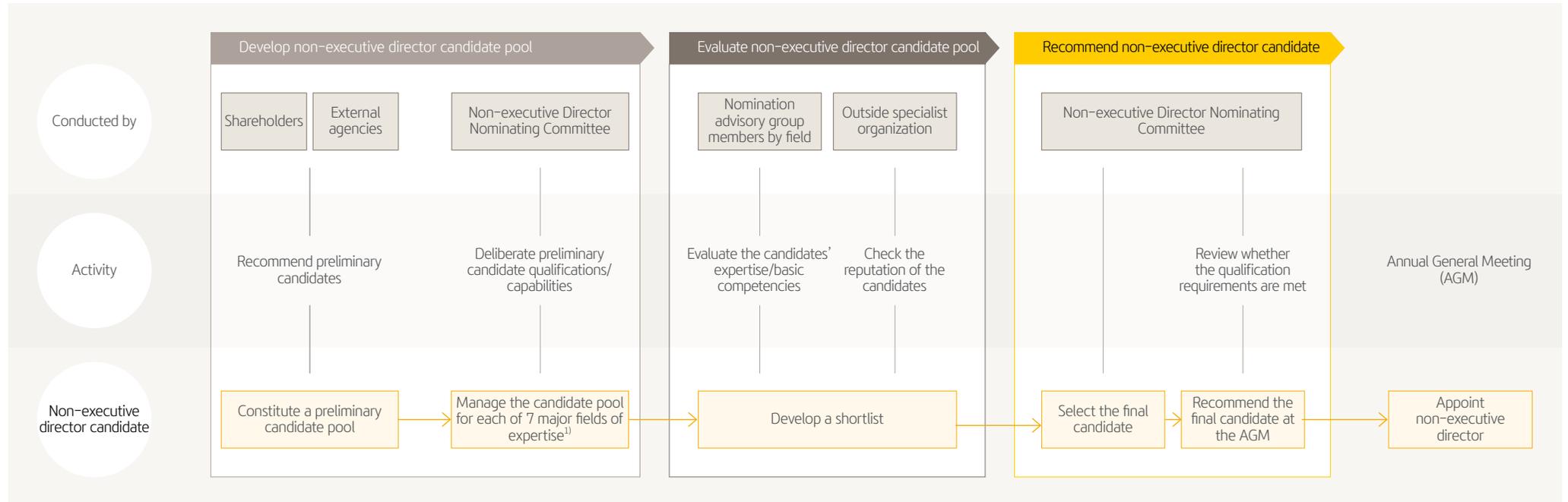
Non-executive Director Appointment Process

KB Financial Group appoints non-executive directors individually on a yearly basis by reflecting its core principles for appointing non-executive directors which are “shareholder representation, expertise, and diversity.” The Non-executive Director Nomination Committee comprehensively determines the chosen candidates’ qualifications and competencies and recommends the final candidate. Final appointment of a non-executive director takes place at an annual general meeting (AGM). After the completion of the initial term of office for 2 years, reappointment is carried out annually.

The Non-executive Director Nomination Committee consists only of four non-executive directors and no executives for enhanced independence, and recommends candidates through an objective process. We strictly segregate the parties executing the non-executive director appointment process. Also, we became the first in the financial industry to provide shareholders with the right to recommend preliminary non-executive director candidates, thus strengthening shareholder representativeness.



Non-executive director appointment process



¹⁾ 7 fields of expertise: Finance, business administration, financial/risk management, accounting, law/regulation, digital/IT, and ESG/consumer protection

Corporate Governance

Governance Principles

Independence of the Board

KB Financial Group’s BOD established various systems so that non-executive directors can faithfully perform their responsibilities of holding the executive management in check, thus strengthening independence of governance. According to internal policies, including the Article of Incorporation, non-executive directors constitute the majority of the board, with five or more people. The chairman of the board, who is not the CEO, is elected among the non-executive directors. In addition, directors’ authority and obligations are specified in the BOD Regulations to ensure independence of non-executive directors. All non-executive directors of KB Financial Group meet the requirements stipulated in relevant laws, including the Act on Corporate Governance of Financial Companies. Whether they satisfy director independence criteria is disclosed on a quarterly basis in the Business Report. In addition, we established the Board of Directors Secretariat, a group that supports the board. We also provide the support for the executive compensation liability insurance to help non-executive directors perform independent roles.

BOD Transparency

KB Financial Group transparently discloses BOD-related information to stakeholders, thereby enhancing transparency of BOD operations. We disclose the board’s operational standards, procedures, as well as operation details on our company website, and specify major matters subject to disclosure in our Internal Governance Standard. Through the Annual Governance and Remuneration Report, we disclose major information related to governance, such as the BOD and committee status, activity details, and remuneration system.

 Annual Governance and Remuneration Report

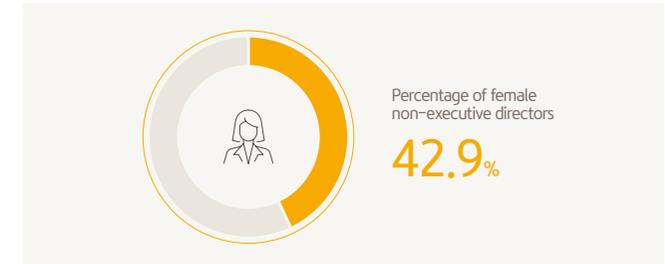
BOD Expertise and Diversity

KKB Financial Group forms the BOD in consideration of expertise and diversity to protect the interests of various stakeholders. A non-executive director candidate group is managed for each of seven professional areas – finance, business management, financial/risk management, accounting, legal/regulatory, digital/IT, and ESG/consumer protection. This is in line with the requirements of non-executive directors as prescribed in the Act on Corporate Governance of Financial Companies. To enable our non-executive directors to smoothly perform their duties, advice from employees and outside experts is provided as needed, in addition to training programs on overall governance, economic and financial market trends, strategies, accounting, risk management, and trend changes. In 2022, we conducted 12 internal and external trainings for non-executive directors.

We do not limit our board membership based on the candidate’s gender, age, academic background, nationality, cultural background, race, and ethnicity, so that the board does not represent the interest of a specific group. Two female non-executive directors were newly appointed as of March 2023. KB Financial Group is the first financial holding company in Korea to have three female non-executive directors in office.

Prohibition of Holding Concurrent Offices for Non-executive Directors

According to Article 8, Paragraph 3, Subparagraph 4 of the Enforcement Decree of the Act on Corporate Governance of Financial Companies, a non-executive director cannot hold non-executive director or non-standing director or non-standing auditor positions at another company concurrently and cannot hold concurrent director or executive manager or auditor positions at two or more companies other than KB Financial Group Inc.



Board Skills Matrix

Category	Kyung Ho Kim	Seon Joo Kwon	Wha Joon Cho	Gyu taeg Oh	Jung Sung Yeo	Jae hong Choi	Sung Yong Kim
Finance		●	●				
Business Administration		●	●				
Financial/Risk Management	●	●	●	●			
Accounting	●		●	●			
Law/Regulation							●
Digital/IT						●	
ESG/Consumer Protection				●	●		●

* As of the end of March 2023

Corporate Governance

Operation of the BOD

Activities of the BOD

The Board of Directors consists of regular and ad-hoc meetings, both of which are convened by the chairperson. A total of 18 meetings were held in 2022 and the average BOD meeting attendance rate was 100%. KB Financial Group is listed in the New York Stock Exchange and meets the attendance rate requirement of 75% for each individual director in accordance with the Institutional Shareholder Services (ISS) guidelines. We provide the meeting materials of the board and the committees no later than seven days prior to the meeting date to all the directors so that they could sufficiently review the materials in advance.

Assessment of the BOD

KB Financial Group evaluates the BOD at the beginning of each year to examine if the roles and responsibilities assigned to the BOD were appropriately performed. The evaluation consists of 20 questions in four categories, which are composition and efficiency of the board, function and role of the board, responsibility of the board, and protection of shareholder rights and shareholder relations. All directors take part in the assessment every year in the form of a self-assessment. The result of the evaluation is used to provide feedback to improve the efficiency of the board and is reported to the board and the ordinary regular meeting of shareholders. In addition, we disclose key content and results of a board assessment in the annual Governance and Remuneration Report. The 2022 board assessment confirmed that the BOD was operated efficiently and is faithfully fulfilling its duty. Details were reported at the 1st board meeting of 2023 held on February 7, 2023 and the AGM held on March 24, 2023.

KB Financial Group receives a BOD performance assessment from the Korea Institute of Corporate Governance and Sustainability every year. Gaining recognition for our efforts to fully establish sound governance, we received an A+ rating in the corporate governance assessment for five consecutive years since 2018.

Assessment of Non-executive Directors

KB Financial Group evaluates the activities of each individual non-executive director every year, in addition to evaluating board and committee activities. The assessment of non-executive directors consists of an internal assessment and peer assessment by the members of the board, and has four pillars, which are loyalty, expertise, leadership, and contribution. The outcome of the assessment is used as reference by non-executive directors and also by the Non-executive Director Nominating Committee to decide whether to reappoint the respective non-executive directors. We transparently disclose the outcome of the evaluation in the annual Governance and Remuneration Report.

Performance Evaluation and Compensation of the Management

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 is the fixed-amount payment that is made every month. Incentive pay (long-term/short-term incentive) is the variable payment of which the amount changes according to the performance evaluation of the executive.

The amount of base pay and incentive pay is determined based on the scope of responsibility and control, and the level of compensation in the industry and within the Group. KB Financial Group has incentive pay account for more than 50% of the total compensation ceiling to operate an incentive-centered compensation system.

Criteria for Incentive Deferral, Adjustment, and Clawback

Incentives of management are divided into short-term incentives (based on annual assessment) and long-term incentives (based on cumulative assessment spanning multiple years) according to the period of performance evaluation. Pursuant to relevant laws, 40-60% of the total incentive pay calculated is converted to restricted stocks and paid over three or more years.

In the case of the CEO, the deferral rate is 60% and the period subject to performance evaluation and payment deferral applied to incentives are longer than other executives. Deferred payment of the incentives is made by applying the fair value that reflects business performance. This allows the incentives to be naturally adjusted if the stock price falls due to diminished corporate value, and the fair value is calculated in accordance with applicable law. In addition, compensation is adjusted to claw back performance compensation in cases of unethical acts, legal violations, loss occurrence, etc.

Corporate Governance

Performance Metrics

KB Financial Group reflects non-financial performance metrics associated with work, in addition to financial performance metrics, in the CEO and executive performance evaluation. Financial performance metrics include such short-term performance indicators as profitability metrics (ROE, Gross Operating Profit, non-banking sector profit), soundness and risk management metrics (real NPL ratio, Tier 1 ratio, RAROC), and efficiency metrics (C/I ratio), and such long-term performance metrics as shareholder value metrics (Relative Total Shareholder Return, Earnings Per Share), asset quality metrics (e.g. actual delinquency rate), Human Capital ROI (HCROI), and non-banking sector profit. Non-financial performance metrics are aligned with the performance in terms of implementation of mid- to long-term Group strategy and management plans including strengthening of core competitiveness, expansion of global/new growth engine, financial platform innovation, leadership in sustainable management, and development of open, creative organization. The performance of the executive manager is evaluated based on company-wide performance measurement metrics and performance metrics that are defined differently according to the respective roles. As for the executive responsible for risk management, compliance officer, and the executive responsible for audit, the performance metrics are irrelevant with the company's financial performance to ensure their independence.

Ratio of CEO's annual total compensation against employees

Category	Amount	Ratio
Median value of employee compensation	KRW 153 million	11.99
Average value of employee compensation	KRW 176 million	10.43

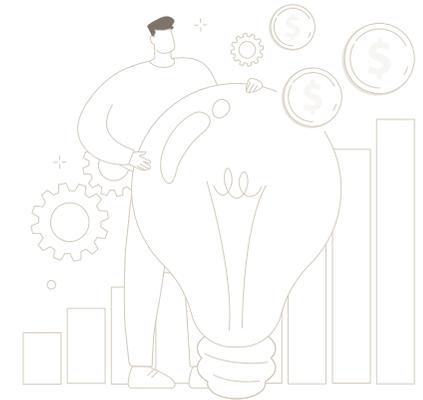
* The total amount of CEO compensation in 2022 stood at KRW 1,835 billion

CEO Compensation

Deferred short-term incentive of 5,594 shares and deferred long-term incentive of 9,378 shares were provided to the CEO as performance-linked stocks in 2022, of which the actual payment amount will be fixed later reflecting the fair market value of the respective base dates for payment. A total 22,712 shares of performance-linked stocks were provided additionally as long-term incentive, and the actual number of granted shares will be fixed later according to the result of a long-term performance evaluation from November 2020 to November 2023.

Stock Ownership of the CEO and Executive Management

The executive management of KB Financial Group owns the Group's stocks for the purposes of responsible management and shareholder value enhancement.



Stock ownership of the CEO and executive management in 2022

Position	Name	No. of shares owned	Multiple of base salary
CEO ¹⁾	Jong Kyoo Yoon	21,000	2.04
Executives ²⁾	Jong Hee Yang	914	0.11
	Pil Kyu Im	1,005	0.19

* As of December 31, 2022

¹⁾ The total value of the CEO's voting shares stands at KRW 1,019 million and the CEO's base salary is KRW 500 million based on the closing price (KRW 48,500) on December 29, 2022

²⁾ The average share ownership against base salary of executives other than the CEO, with executives being based on the disclosure of the 2022 KB Financial Group Business Report (P. 778), is 0.141 times

Corporate Governance

Strengthening ESG Governance

ESG Management Implementation System

KB Financial Group became the first financial institution in Korea to establish the ESG Committee within the board and established a dedicated organization system to faithfully implement ESG management. The ESG Committee is the top decision-making body regarding the Group's ESG and establishes the Group's ESG strategies and policies, while managing and supervising execution. It decided on the Group's diversity strategy in the first half of 2022 and examined the ESG implementation task execution status in the second half of the year to determine the ESG implementation direction for 2023. In addition, the ESG Committee sets the annual contribution limit and discusses other ESG management-related matters that are recognized as needed by the BOD and committees. In addition, we operate an ESG Committee and dedicated ESG team at each subsidiary to support ESG management.

ESG Performance Management Framework

We have incorporated ESG metrics in KPIs for the executive management, thus establishing an institutional foundation for actual implementation of ESG management. Key metrics include the Group's carbon emissions reduction performance, ESG financial product performance, and net zero financing-related investment and support.

Each subsidiary has set its own ESG performance evaluation criteria in accordance with the Group's strategy and implements ESG management. KB Kookmin Card has been reflecting ESG metrics in management KPI since 2022, and will expand the scope to all departments' KPI in 2023 to establish a performance management system aligned with its ESG response strategy.

Realizing Shareholder Value

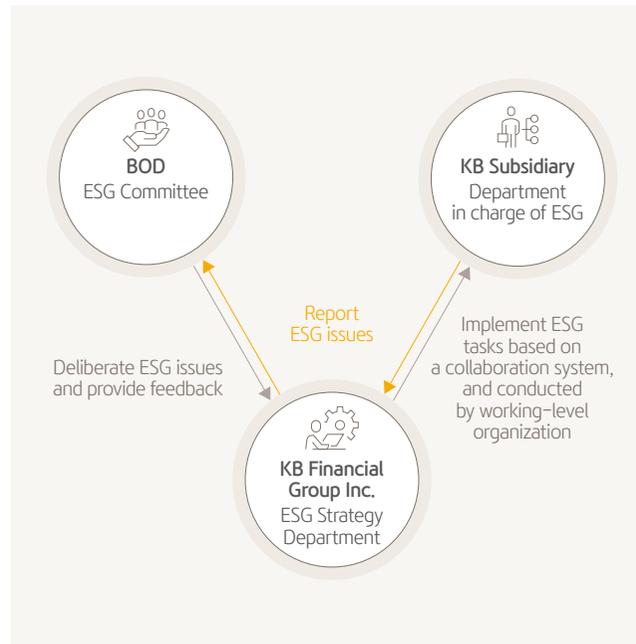
Shareholder Return Policy

To enhance shareholder value, KB Financial Group implements shareholder return policies, such as quarterly dividends and repurchasing of treasury stocks. We have decided to provide quarterly dividends in 2022, and repurchased and retired treasury shares worth KRW 300 billion in February 2023. We evenly pay quarterly dividends to shareholders, excluding year-end dividend, and implement various shareholder-friendly policies, such as raising the shareholder return rate to 33%.

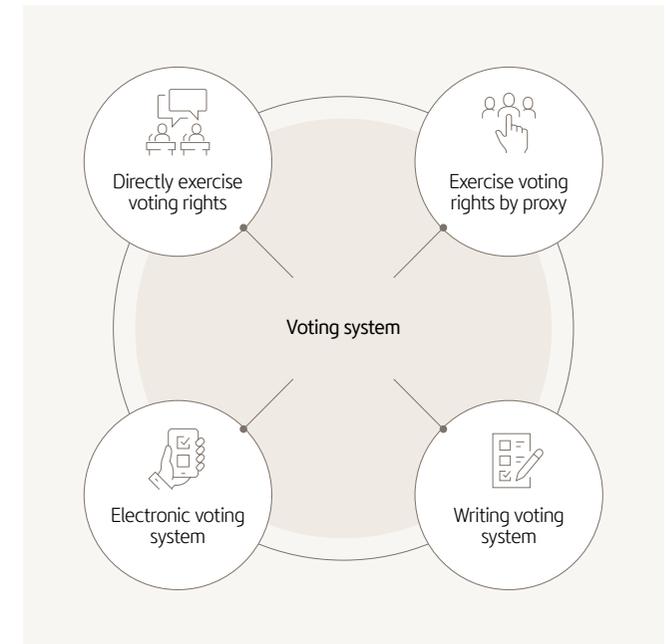
Support for Exercise of Voting Rights at AGM

KB Financial Group is establishing various support measures to increase shareholder participation in the exercise of voting rights and to raise convenience in exercising rights. A convocation notice is sent no later than two weeks prior to the day an AGM is convened so that shareholders can identify, in advance, the company's management status and sufficiently review major agenda items, the Business Report, and Audit Report. In addition, we inform shareholders of various ways to exercise voting rights to encourage shareholder participation. For shareholders who are not able to attend a general shareholders' meeting, we provide online live broadcasting of AGM.

ESG implementation organizational chart



Ways to exercise voting rights at AGM



Integrated Risk Management

Companies are encountering increasingly diverse risks amid rapid changes in the business environment. In order to secure a stable foundation for business even in an unstable environment, KB Financial Group has established a system for preemptive responses to various risks. The Risk Management Committee is the pivot for managing the key risks, and training programs and systems are in place to strengthen employees' risk management capabilities.

Risk Management System

Risk Governance

Risk Management Committee

To establish a response system against various risks and efficiently support decision-making in business, we operate the Risk Management Committee within the BOD. The Risk Management Committee is the top decision-making body to establish and approve risk management policies and processes, and consists of four non-executive directors with expertise on risks. The Risk Management Committee establishes risk management policies, sets the risk appetite and risk levels, and supervises the suitability of risk management policies and systems.

Risk Management Council

We operate the Risk Management Council, consisting of the CROs of the Group and its subsidiaries, to drive the execution of risk management. It discusses the matters delegated by the Risk Management Committee, matters requested to be reviewed by the Group Executive Management Committee, and the details of implementing risk management policies. It monitors the Group's risk management status and takes necessary measures when it discovers matters requiring improvement. The Risk Management Council's activity details and results of monitoring the risk management status are regularly reported to the Risk Management Committee.

Organization dedicated to risk management

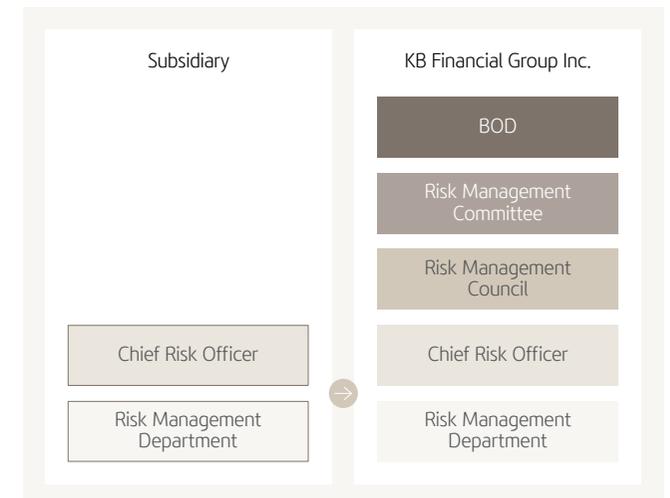
To ensure independence in risk management work, KB Financial Group formed a risk management organization that is independent from the business area in accordance with Risk Management Regulations. The CRO, who manages the risk management organization, is appointed through the BOD in accordance with the Act on the Corporate Governance of Financial Companies and has a tenure of more than two years. The CRO oversees monitoring of risks from changes in the business environment and reports major matters to the Risk Management Committee. The CRO thus manages the implementation of the Group's risk management policies and strategies.

Risk Reporting System

KB Financial Group has put in place a reporting system for efficient management of major risks. A subsidiary's Risk Management Department and Chief Risk Officer report the major risk management status to the Risk Management Department of KB Financial Group Inc. The Risk Management Department reviews the materials and reports consecutively to the Group Chief Risk Officer (CRO), Risk Management Council, Risk Management Committee, and BOD.

In addition, we evaluate the achievements in risk management to raise integrity. For the purpose of monitoring the performance of risk management, the Auditing Department of KB Financial Group Inc. audits the suitability of risk management operations of the risk management departments of KB Financial Group and the subsidiaries more than once a year. The audit results are reported consecutively to the executive responsible for audit, the Audit Committee, and the BOD at least once a year.

KB Financial Group's risk reporting system



Integrated Risk Management

Risk Management System

Key Risk Management

KB Financial Group selects and manages key risks to take measures in unexpected situations, and strives to prevent transfer of risks across the subsidiaries. It is stipulated that important risks that the Group faces be recognized and used for capital adequacy evaluation and management. We more systematically manage risks by quantifying them in the form of Internal Capital or Value at Risk (VaR).

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

Preliminary Deliberation System for Product Risks

KB Financial Group established a preliminary deliberation process to prevent the risks that could arise from new products and new businesses and to ensure product responsibility. In consideration of the level of risks entailed by dealing with new products and new businesses, the Risk Management Council or Risk Management Committee oversees risks. As for those new products or new businesses that require approval of the Risk Management Council or Risk Management Committee of the subsidiaries, Group Risk Management Department conducts preliminary consultation for review at the Group level. Also, we implement asset management policies and risk management policies across the Group to deliberate and manage risks based on consistent criteria.

Stress Testing

KB Financial Group conducts Group stress testing twice a year to evaluate potential vulnerability in relation to cases that are exceptional but still have a possibility of occurring.

Internalization of Risk Management

Risk Management Training

KB Financial Group provides various training and education to strengthen the risk management capacity of employees. Education on Group risk management policy and methodology and the risk status is provided to the members of the Risk Management Committee. Also, the Group's core initiatives and major updates regarding risk management are reported to the Committee at least once a year.

Each subsidiary's Risk Management Department provides training that covers risk management-related content and major issues to relevant departments and all employees. KB Kookmin Bank provides training on operational risk management activities to all branch employees, in addition to conducting Control Self-Assessment (CSA) every month. Through "KB ACE Academy", which is the Group's joint training program, it provides training on risk management by step to employees in charge at relevant departments.

Development of Risk Management Personnel

KB Financial Group implemented the "Risk Management Personnel Exchange Program" to enhance employees' practical risk management capabilities. The Risk Management Personnel Exchange Program deploys skilled risk management personnel in other subsidiaries, aiming to expand the pool of employees with experience in risk management in diverse industries. KB Kookmin Bank also runs the Risk Management Group Pipeline Development Program and provides training programs that cover knowledge and skills required for risk management as well as industry trends to employees who are chosen for the pipeline.

Stress testing process



Integrated Risk Management

Operation of Risk Ombudsman

The “KB Protector system” is the Group Risk Ombudsman Service where employees detect risks at an early stage and facilitate preemptive counteraction through voluntary participation. Based on the content, the reported issue will be forwarded to the head of the Risk Management Department of the respective subsidiary, who will investigate on the issue, take necessary measures and then report to the head of the Group Risk Management Department. We strictly maintain the reporter and the reported issue confidential and reward the reporter if the report makes an important contribution to the Group’s preemptive risk management. In addition, we select an employee who contributed to the implementation of the Group’s risk management policies every year and present the employee with a presidential commendation, while offering incentives for performance assessments and promotions. In this way, we are promoting the spread of a risk management culture.



Management of Emerging Risk

KB Financial Group categories risks that are expected to inflict material impact on corporate activities as Emerging Risks, and manages them to integrate into the Group-wide risk management framework.

In 2022, we chose “changes in the global economic environment as a result of heightened regime/ideological conflicts” and “increase in cybercrime threats from technological innovation, such as AI” as emerging risks, and established countermeasures by analyzing the impact the risks will have on our business.

Risk	Changes in the global economic environment as a result of heightened regime/ideological conflicts	Increase in cybercrime threats from technological innovation, such as AI
Definition	<p>As regime and ideological conflicts intensify, there is spreading concern over uncertainties in international political diplomacy, military security, economy and trade, currency policy, and other factors related to the global economic environment.</p> <p>The strategic competition between the US and China is taking place in diverse fields in addition to political diplomacy, such as military security, economy and trade, and cutting-edge technology. There is an increasing possibility that this strategic competition will expand into a new Cold War era through cooperation among allies.</p>	AI is recognized as one of the most important technologies that will determine the future of the world and humankind for many years. However, if AI is misused for cybercrime, the scope and degree of cyber information security threat, including customer information leakage and hacking, are expected to reach extremely serious levels. As there is increasing possibility for the general public to access AI, such as ChatGPT, there are serious concerns over a rise in cybercrime that uses AI tools. There is an increasing risk that this will weaken financial company systems’ information security system to cause social and economic chaos and damage.
Business Impact	<p>The COVID-19 pandemic led to restrictions in global logistics and transport and greater geopolitical risks. The resulting production setbacks and export and import bottleneck in major strategic industries shocked the supply chain. Instability in the global supply chain triggered worldwide inflation, which major countries tried to suppress by implementing sharp quantitative easing policies. Interest rates rose in a short period and the global economy became stagnant.</p> <p>There is a high possibility that the global economic downturn, inflation, and high interest rates will continue for the time being. This is leading to a rise in credit risks of individuals, companies, debtors, and borrowers.</p>	Financial industry has been witnessing rapid digital transformation aimed at increasing management efficiency. Major data, including owned assets and debt information, customer information, and credit information, is managed with focus. Financial institutions are actively moving forward with digital transformation to enhance customer convenience but, paradoxically, they have a higher chance of becoming a target of cybercrime owing to a rise in digital transactions and facilitation of telecommuting. Amidst stronger social demand for customer information protection, the possibility of an organized, elaborate cybercrime acts as a serious threat to financial companies’ credibility. As such, stable establishment of an efficient, systematic security environment is expected to be directly connected with a financial company’s continued existence.
Mitigation Actions	<p>KB Financial Group prepares for a worsening global economic environment caused by global regime and ideological conflicts. To this end, we have been establishing a system through which we analyze global economic policies, conduct monitoring of major issues and trends in the international financial market, and then report to the management and the BOD. We also have set a scenario by step and conduct a stress testing to examine our contingency plan, aimed at responding to volatility of the global economic environment, while establishing an action plan per crisis situation scenario. In addition, we strengthened consistency in subsidiaries’ risk management systems as a way to systematically respond to crisis, and established a management information system to stably operate internal normalization plans and to execute them in a timely manner.</p> <p>In addition, to manage credit risk, we reset segments for high-risk groups and continue monitoring for early recognition of risks. We also set and operate relevant management targets.</p>	<p>For efficient, systematic customer information protection, KB Financial Group formed an organization dedicated to information protection and leakage prevention. We are also strengthening the information protection inspection system by using an integrated information protection platform and integrated management system for personal information protection. To prevent external leakage of sensitive customer information, we made it mandatory to pass through an x-ray security check when entering the IT center and head office. When PCs are brought in or out, people must go through a strict control process, such as formatting and mandatory security program installation.</p> <p>Despite these efforts, there is still a possibility that information leakage may occur. We have therefore purchased an electronic financial transaction liability insurance policy to minimize financial risks due to information leakage which may lead to decrease of external credibility of the company and management as a result of large-scale restrictions; and/or costs from handling accidents, such as compensation for damages as a result of a class action filed by customers.</p>

Ethics and Compliance

KB Financial Group seeks to practice corporate ethics and implement responsible business activities to fulfill corporate social responsibilities. To this end, KB Financial Group employees comply with anti-money laundering regulations, engage in fair trade, and practice ethical and compliance management.

Practicing Corporate Ethics

Ethical Management Framework

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

-  Charter of Ethics
-  Code of Conduct
-  Supplier Code of Conduct



KB Financial Group's ethics standard system



Ethics and Compliance

Ethical Management Activities

KB Financial Group requires all executives and employees including part-time workers and contract workers to take the Ethics Pledge and ethical management training every year as a means to internalize the practice of ethical management. All employees fill out the Employee Work Ethics Pledge at the beginning of every year as a commitment to comply with the basic philosophy of ethical management and practice work ethics. New employees also take the Pledge to Practice the Code of Conduct and mandatorily complete ethics training before being assigned to their first post.

In addition, KB Financial Group created video clips on ethical management that reflect the organizational culture and holds self-assessments after the completion of ethics training, thereby raising employees' learning effects. In addition, we have diverse ethical management-practicing programs in place in consideration of subsidiaries' characteristics, thus providing support so that all employees can practice ethical management in daily life.

Internal Control System

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

In addition, we regularly operate the Compliance Council, which consists of the Chief Compliance Officer and subsidiaries' Compliance Officers, for efficient internal control. The Group's internal control activity results are regularly reported to the Internal Control Committee and Audit Committee. We also conduct audits on a regular basis to identify the effectiveness of internal control system operations through external supervising organizations, including the Financial Supervisory Service.

Furthermore, we operate the employee reward system for compliance in which we reward outstanding employees who contributed to compliance programs and to the spread of the culture of practicing ethical management, including inspection activities using a compliance checklist, activities to prevent violations such as unsound business activities, and employee ethical training activities. In 2022, we created a dashboard that can visualize and analyze compliance-related data, including the Group's internal control violation status and the status of any restrictions placed by the Financial Supervisory Service.

KB Financial Group's ethics & compliance management implementation programs

Category	Program	Content
Training program	Online ethics training	For all employees to prevent sexual harassment and money laundering
	Ethical management training for promoted employees	Made ethical management mandatory as a promotion requirement
	Financial fraud prevention training	Training content for employees at overseas branches
	Knowledge e-Ongoing Education Program	Program for taking ethics and compliance management training anytime
	Training on practicing ethical management/ethical sales culture	Live, non-face-to-face training
Practice program	Upright Whistle-blowing Program	Operation of internal/external reporting channels, including to report ethical management violations
	Ordered leave system	Prevent financial incidents and enhance employees' ethical mindset
	Pledge to practice ethics and compliance	Declaration of ethical management participation for all employees including part-time and contract workers
	Compliance Check	A self-compliance check is performed every week for all employees
	Designation of "Compliance Day"	Remind employees of the need for ethics and compliance management



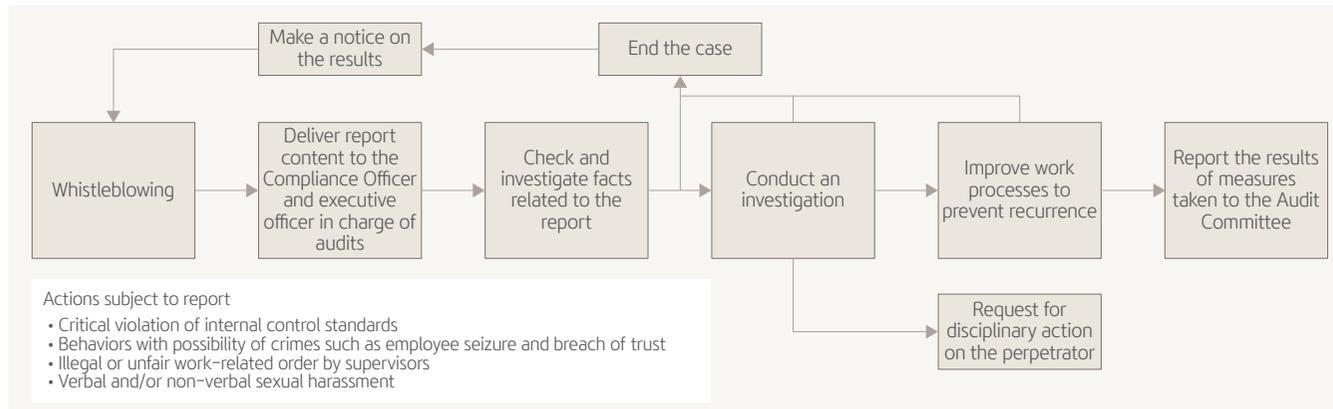
Ethics and Compliance

Whistle-blowing Policy

KB Financial Group established the Upright Whistle-blowing Program to effectively operate its internal control system and also operates the KB Financial Group Whistleblower Protection Policy. This system was adopted to prevent internal control standard violations and stop relevant incidents from spreading once they occur, and prescribes, for example, what to report and how to make a report as well as whistleblower protection and confidentiality. In particular, the system prohibits any unfair treatment against the whistleblower including disadvantage or discrimination at work by guaranteeing his or her anonymity. Whistleblowers can make reports through diverse means, including a separate external reporting channel or direct telephone line to an employee in charge with the caller ID blocked, email, fax, and regular mail. A person who has no stake in the reported matter fairly and independently investigates facts related to the reported matter. To raise effectiveness of the whistle-blowing system, we regularly provide employee training on whistleblowing. When a report on a violation is acknowledged as contributing to the prevention of the Group losses, we provide incentives such as a commendation and reward.

 KB Financial Group Whistleblower Protection Policy

Whistle-blowing handling process



Anti-Corruption and Bribery Policy

KB Financial Group enacted the KB Financial Group Anti-Corruption and Bribery Policy that applies to all executives and employees including part-time and contract workers and the employees of the suppliers in 2022. The Anti-Corruption and Bribery Policy is founded upon the Code of Practice for Employees, Supplier Code of Conduct, Contribution Policy, and the Internal Control Policy. Through the policy, we are strictly prohibiting the receipt of bribery and entertainment that are beyond the scope accepted based on social norm in relation to company work. KB Savings Bank received anti-bribery management system ISO 37001 based on the results of identifying and evaluating anti-bribery risks, and is strengthening ethical management.

 KB Financial Group Anti-Corruption and Bribery Policy

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

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

Ethics and Compliance

Prevention of Ethical Management Violation

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

Expanding Responsible Investment

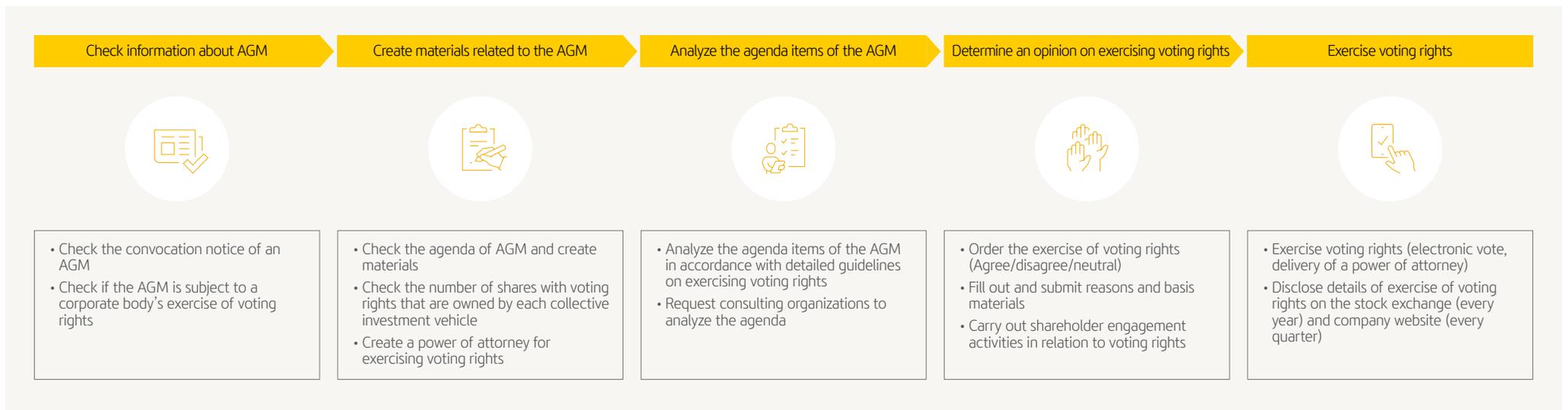
Implementation of Stewardship Code

KB Financial Group was the first Korean financial group to introduce the Stewardship Code, and six of our subsidiaries – KB Kookmin Bank, KB Securities, KB Insurance, KB Life Insurance, KB Asset Management, and KB Investment – have adopted the Stewardship Code. We report on the progress of the Group's Stewardship Code to the board every year. Each subsidiary specifies the accountability principles of the trustee, policy and guideline on exercise of voting rights and the internal regulations on its website, together with a transparent disclosure of how the voting rights were exercised. In 2022, we exercised the voting right on 1,186 cases. Also, we proactively fulfilled the duty as the trustee by, for instance, publishing public letters and answering undisclosed questions.

For actual implementation of the Stewardship Code, KB Asset Management enacted the Responsible Investment Principles and the Trustee Accountability Instructions in 2022 to consider ESG factors in investment decisions and strengthen implementation of responsible activities by the trustee. In addition, it published the 2022 Trustee's Responsible Activity Report to transparently communicate with stakeholders regarding the status of implementing the Stewardship Code, exercised voting rights, and shareholder engagement activities.

-  Responsible Investment Principles
-  2022 Trustee's Responsible Activity Report

Process for exercising voting rights



Ethics and Compliance

Anti-Money Laundering Policy

Anti-Money Laundering System

The Financial Action Task Force (FATF)'s Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations are becoming stricter to establish sound financial order across the globe. KB Financial Group enacted the KB Financial Group Management Guideline on AML and the AML Operational Policy, based on which it manages AML in a systematic manner. AML Operational Policy incorporates the recommendations made by the FATF and defines the requirements for operations related to AML and prohibition against financing for terrorism. The Management Guideline on AML is used by the Group to manage and supervise the subsidiaries' internal control-related policies including AML.

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

AML Training Programs

KB Financial Group regularly provides AML training to all employees. KB Kookmin Bank provides AML training to all employees at least once a year and offers customized training programs to the BOD, management, and employees in charge of relevant duties. To raise training accessibility, it adopted cyber training, while promoting voluntary participation-type self-led learning by creating the "BINGO Learning Program" for all employees. KB Securities provided online AML training to all employees in 2022 and offered employees in charge of branch work AML training as well as compliance manager training. In addition, a video system was used to share major content of FATF with the heads and compliance managers of overseas subsidiaries.

AML Activities and Achievements

KB Kookmin Bank conducted a project on advancing its AML risk evaluation model in 2022 and derived effectiveness verification and optimization measures. To this end, it reflected institutional changes concerning STR·CTR·CDD in its work process, and is continually strengthening its management capabilities through continued monitoring and inspection. In addition, it conducted an AML system advancement project for all overseas branches and adopted an AML solution at 11 branches in nine countries. In particular, in the process of establishing a global AML system, it collected overseas branch users' opinions to make system improvements and carry out additional development, thereby securing stability and credibility. Receiving recognition for strengthening its AML system, stably managing risks, and achieving outcomes, KB Kookmin Bank was chosen for the Presidential Citation at the "16th Anti-Money Laundering Day" event that was held by KoFIU in November 2022.

Key AML activities

Activity	Details
Customer Due Diligence (CDD)	To verify and validate customer's identity, actual owner, etc. so that a financial transaction or service is not used for such illegal acts as money laundering
Enhanced Due Diligence (EDD)	Categorize the money laundering risk level of each customer/product, and in case the money laundering risk is high, verify the purpose of a financial transaction and source of funds
Currency Transaction Report (CTR)	When cash that is more than a certain amount (KRW 10 million in one business day) is paid to the other party of a financial transaction or received, a report is made to KoFIU within 30 days
Suspicious Transaction Report (STR)	To report to the Commissioner of KoFIU, without delay, if there is reasonable ground to judge that the received asset used for financial transaction is suspected to be illegal or that the transaction counterpart is laundering money
Risk Based Approach (RBA)	To measure money laundering risk by evaluating money laundering risk levels inherent in overall work of a financial company and control effectiveness and to carry out management activities for high-risk areas to reduce and manage money laundering risks



KB Kookmin Bank, chosen for the Presidential Citation at the 16th Anti-Money Laundering Day organized by KoFIU

Ethics and Compliance

Implementing Fair Trade

Establishing a Fair Trade Culture

KB Financial Group has adopted competitive bidding as a principle to establish fair trade relations with suppliers. In addition, the entire process that ranges from making a public notice on a bid to signing a contract is transparently handled through the purchase system. All processes and detailed criteria concerning purchasing are based on company rules. In addition, we make it mandatory to create a win-win cooperation confidentiality contract when a contract is signed. We also leverage the “integrity pact” for heightened transparency of contracts. When signing contracts with the suppliers, we include Integrity Pact articles in the contract or ask the counterpart to submit the Integrity Pledge. Violations of the Pact or the Pledge would result in such measures as loss of qualification in the tender. KB Asset Management stipulates in contract work regulations that the Integrity Pledge be demanded for a contract that exceeds KRW 30 million. Furthermore, KB Financial Group creates a compliance report every month for a self-inspection and monitoring of Integrity Pact execution.

Compliance Program

By operating the compliance program, KB Financial Group is establishing a monitoring system for voluntary compliance with fair trade-related laws, training programs, and restrictions on employees who violate relevant laws. Every year, all employees at KB Financial Group fill out a “pledge on practicing the code of conduct” that includes content on complying with fair trade order and impartially handle their respective tasks as part of efforts to prevent unfair trade. At KB Kookmin Bank, a compliance officer appointed by the BOD performs compliance manager roles of the compliance program. The compliance officer distributes a manual on laws related to fair trade so that employees do not violate laws when they handle work. Furthermore, KB Financial Group regularly provides unfair trade prevention training to all employees, and in 2022, KB Financial Group provided training on the unfair trade prevention system to all employees.

Based on the compliance program, KB Financial Group is establishing a monitoring process to manage unfair trade or unfair competition-related risks. We select major monitoring items to prevent unfair conduct, implement mitigation/improvement measures, and review the rate of change in major monitoring items, thus managing the effectiveness of measures. In 2022, major monitoring items related to unfair conduct and unfair competition were categorized as “inspection of unsound sales activities”, “non-compliance with relevant regulations, including advertisements and instruction booklets”, and “examination of appropriateness of accepting the right to demand an interest rate reduction”. Going forward, we will make continuous efforts to implement the compliance program to prevent unfair trade.

Establishing a Culture of Win-Win with Suppliers

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



Supplier win-win activities by subsidiary

Subsidiary	Content
KB Kookmin Bank	<ul style="list-style-type: none"> Define “integrity pact” compliance in internal rules and prohibit all unfair conduct that harms free competition
KB Securities	<ul style="list-style-type: none"> Hold a semi-annual meeting with outsourced IT company employees Provide gift certificates to subcontracted workers on the anniversary of its founding and during a Family Month event
KB Insurance	<ul style="list-style-type: none"> Hold a commission ratio deliberation committee semiannually Maintain transparency in the service supplier bidding process (prohibition of participation restriction, provision of blind PT opportunities, etc.) Established a fair process for reviewing proposals (the company making the proposal is not indicated, stakeholder evaluations are excluded, Compliance and Audit Department employees are in attendance, etc.)
KB Kookmin Card	<ul style="list-style-type: none"> Have unified how KB Kookmin Card refers to suppliers in the work space as “partner companies” Hold a mutual respect campaign Provide personal office supplies Improve the work environment without making a distinction between employees and suppliers (rest lounge, use of meeting rooms, etc.) Have established the “no visit/no paper” contract process (84% of all contracts signed in 2022)

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Financial Performance¹⁾

Category	Unit	2020	2021	2022
Total assets	KRW trillion	611	664	701
Operating revenue	KRW trillion	56	59	89
Net income	KRW trillion	3.5	4.4	4.4

¹⁾ Based on consolidated data of all subsidiaries including KB Financial Group Inc.

Credit Ratings

Category	Unit	2020	2021	2022	
KB Financial Group, Inc.	Moody's	Rating	A1	A1	A1
	Standard & Poor's	Rating	A	A	A
KB Kookmin Bank	Moody's	Rating	Aa3	Aa3	Aa3
	Standard & Poor's	Rating	A+	A+	A+
KB Securities	Fitch	Rating	A	A	A
	Moody's	Rating	A3	A3	A3
KB Kookmin Card	Standard & Poor's	Rating	A-	A-	A-
	Moody's	Rating	A2	A2	A2
KB Capital	Moody's	Rating	A3	A3	A3
KB Insurance	A.M.Best	Rating	A	A	A

Distribution of Economic Value¹⁾

Category	Unit	2020	2021	2022	
Customer	Interest on deposits	KRW 100 million	29,168	22,186	45,364
Shareholders and investors	Dividend	KRW 100 million	6,897	8,533	11,494
Employees	Pay and benefits	KRW 100 million	43,432	46,351	47,332
Community	Total social contributions ²⁾	KRW 100 million	2,279	1,896	2,251
Government	Corporate tax	KRW 100 million	12,594	16,972	16,224
Total		KRW 100 million	94,370	95,938	122,665

¹⁾ Based on consolidated data of KB Financial Group

²⁾ Based on the sum of charitable contributions, social contribution-type program amount, and monetary value of employee volunteering since 2022

Stock Types and Voting Rights¹⁾

Category	Unit	Issued stocks (shares)	Percentage (%)
Preferred stocks	No. of shares	-	-
Common stocks - with voting rights	No. of shares	389,634,335	95.29
Common stocks - treasury stocks	No. of shares	19,262,733	4.71
Total	No. of shares	408,897,068	100

¹⁾ As of December 31, 2022; and based on one voting right per share pursuant to the Commercial Act. We do not offer a dual class right based on our Articles of Incorporation.

Shareholders with Over 5% Ownership¹⁾

Category	Unit	Number of shares held	Percentage (%)
National Pension Service	No. of shares	32,499,151	7.95
JP Morgan Chase Bank ²⁾	No. of shares	25,435,390	6.22
BlackRock Fund Advisors	No. of shares	25,050,939	6.02

¹⁾ As of December 31, 2022, KB Financial Group does not hold golden shares for the government.

²⁾ JP Morgan Chase Bank is a DR depository and voting rights are granted to DR owners.

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Tax Information¹⁾

Category	Unit	Operating revenue	Operating income	Income before tax	Accrued income tax	Income tax ²⁾	Taxes and dues by region
Korea	KRW 100 million	858,478.7	57,520.6	60,816.8	9,181.5	15,430.1	95.11%
China	KRW 100 million	2,819.3	154.6	155.1	18.7	26.0	0.16%
U.S.	KRW 100 million	2,200.1	198.4	210.1	0.0	144.6	0.89%
Vietnam	KRW 100 million	1,083.0	331.7	327.6	39.7	66.4	0.41%
U.K.	KRW 100 million	1,116.0	202.3	202.3	0.1	26.3	0.16%
New Zealand	KRW 100 million	255.8	81.8	(6.4)	0.0	0.0	0.00%
Cambodia	KRW 100 million	844.6	478.8	312.6	49.8	68.7	0.42%
Cambodia (PRASAC)	KRW 100 million	10,953.0	2,908.3	2,918.3	527.6	579.8	3.57%
Japan	KRW 100 million	355.4	151.7	151.3	19.2	27.0	0.17%
Laos	KRW 100 million	222.0	164.0	59.0	0.0	3.0	0.02%
Singapore	KRW 100 million	592.7	(29.5)	(28.7)	0.0	0.0	0.00%
Indonesia	KRW 100 million	6,606.0	(6,742.3)	(8,107.9)	64.6	(287.1)	-1.77%
Hong Kong	KRW 100 million	2,430.4	686.7	689.4	0.0	91.6	0.56%
India	KRW 100 million	308.8	(35.6)	(35.7)	13.7	14.7	0.09%
Myanmar	KRW 100 million	86.3	(25.4)	(24.7)	0.0	0.3	0.00%
Others	KRW 100 million	606.8	342.1	317.0	61.0	31.8	0.20%
Total	KRW 100 million	888,959.9	56,388.2	57,956.1	9,976.9	16,223.2	100.00%

¹⁾ As of 2022; and some figures may not sum to 100%, because of rounding

²⁾ On an accrual basis of K-IFRS

BIS Leverage Ratio

Category	Unit	2020	2021	2022
(Basel III) Tier 1 capital	KRW 100 million	368,958	423,054	450,320
(Basel III) Total exposure	KRW 100 million	6,178,303	6,931,317	7,453,341
(Basel III) Leverage ratio	%	5.97	6.10	6.04

Net Defined Benefit Liabilities

Category	Unit	2020	2021	2022
Current value of net defined benefit liabilities	KRW 100 million	24,919	25,725	22,153
Fair value of plan assets	KRW 100 million	23,030	24,471	26,085
Net defined benefit liabilities	KRW 100 million	1,890	1,254	(3,932)

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Inclusive Finance - Loans¹⁾

Category	Unit	2020	2021	2022
KB Miso Microfinance	KRW 100 million	269	274	276
KB New Hope Spore II	KRW 100 million	12,170	12,281	11,512
KB Sunshine Loan	KRW 100 million	2,024	2,968	4,450
KB Sunshine Loan Bank	KRW 100 million	-	12	52
KB Sunshine Loan 15	KRW 100 million	-	130	615
KB Sunshine Loan 17	KRW 100 million	789	528	262
KB College Student and Youth Sunshine Loan	KRW 100 million	183	110	66
KB Change Dream Loan	KRW 100 million	217	103	36
KB Happy Dream Loan II	KRW 100 million	10	11	9
KB Stepping Stone Loan	KRW 100 million	6	3	2
Assistance for People with Disabilities Loan	KRW 100 million	62	52	45
KB Safety Net Loan	KRW 100 million	34	26	20
KB Safety Net Loan II	KRW 100 million	-	13	15
Total	KRW 100 million	15,764	16,511	17,360

¹⁾ KB Sah-it-dol Middle Interest Rate Loan, KB Sah-it-dol II Loan, and KB Vita Loan that were included in inclusive finance loans of the previous year are separately managed in accordance with the Group's ESG product categorization criteria.

Inclusive Finance - Deposits¹⁾

Category	Unit	2020	2021	2022
KB Miso Dream Installment Savings Plan	KRW 100 million	2	2	4
KB Kookmin Property Formation Savings	KRW 100 million	24,139	21,849	11,693
KB Kookmin Fixed Rate Property Formation Savings	KRW 100 million	2,899	2,962	1,274
KB Good Nuri Installment Savings Plan	KRW 100 million	131	101	8
KB Kookmin Happiness Installment Savings Plan	KRW 100 million	1,703	1,512	709
KB Love Sharing Installment Savings Plan	KRW 100 million	15	9	6
KB Youth Hope Savings ²⁾	KRW 100 million	-	-	41,185
KB Happiness Keeper Bank Account	KRW 100 million	181	231	260
KB Kookmin Hope Keeper Bank Account	KRW 100 million	90	101	95
KB Patriotic War Veterans Keeper Assurance Bank Account	KRW 100 million	44	50	53
KB National Pension Assurance Bank Account	KRW 100 million	589	815	922
KB Kookmin Government Employee Pension Lifetime Assurance Bank Account	KRW 100 million	53	65	61
KB Teachers Pension Lifetime Assurance Bank Account	KRW 100 million	26	32	31
KB Military Pension Lifetime Assurance Bank Account	KRW 100 million	5	7	8
KB Love Sharing Installment Bank Account	KRW 100 million	62	65	67
Total	KRW 100 million	29,939	27,801	56,376

¹⁾ KB Young Youth Saving Plan, which was included in inclusive finance deposits of the previous year, was excluded in accordance with the Group's ESG product categorization criteria.

²⁾ Newly added in 2022

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**ESG Finance
– Corporate/
Investment
Finance¹⁾**

Category	Unit	2022	Product description
Green loans	KRW 100 million	26,926	Type of loan provided for financing projects that contribute to environmental performance, such as preventing and managing pollution, enhancing energy efficiency, and producing new & renewable energy
Social loans	KRW 100 million	19,081	Type of loan provided for financing projects that contribute to social performance, such as raising basic social service accessibility, creating jobs, providing housing support for the working class, and providing basic infrastructure
ESG loans	KRW 100 million	-	Type of loan that is provided for financing projects that contribute to SDGs performance other than green and social loans
Subtotal	KRW 100 million	46,007	-
Sustainability-linked loans	KRW 100 million	7,021	Loan for which loan interest rates are connected depending on the degree of the borrowing company's ESG management goal implementation
Total ²⁾	KRW 100 million	53,029	-
Total amount of corporate loans	KRW 100 million	792,731	-
Ratio of ESG loans	%	6.7	-

¹⁾ Loans for corporates

²⁾ Some figures may not sum to 100%, because of rounding

**ESG Finance
– Retail Finance**

Category	Unit	2022	Product description
ESG loans	KRW 100 million	33,072	Mortgage product that satisfies specific conditions and retail credit loan to provide funds for socio-economic development and enhancement of human rights, housing support for the working class, use of eco-friendly means of transportation, and other sustainable activities
Total retail loans and secured loans	KRW 100 million	1,737,475	-
Ratio of ESG loans	%	1.9	-

**ESG Finance
– SME Finance¹⁾**

Category	Unit	2022	Product description
ESG loans	KRW 100 million	49,448	Mortgage product for commercial real estate or credit loan that is provided to SMEs that reflect sustainable factors, such as pollution prevention and management and increased basic social service accessibility, in addition to SME support
Total amount of SME loans	KRW 100 million	867,604	-
Ratio of ESG loans	%	5.7	-

¹⁾ Loans for SOHO business

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**ESG Finance
– Investment Banking**

Category	Unit	2022	Product description
Fixed income underwriting – Green bonds	KRW 100 million	12,699	Type of bond that uses the issuance amount for financing only businesses and companies or sustainable projects that create green value
Fixed income underwriting – Social bonds	KRW 100 million	9,355	Type of bond that uses the issuance amount for financing only businesses and companies or sustainable projects that create social value
Fixed income underwriting – Sustainability bonds	KRW 100 million	9,982	Type of bond that uses the issuance amount for financing only businesses and companies or sustainable projects that create sustainable value, such as contributing to the achievement of the UN SDGs
ESG bond underwriting and asset-backed securities	KRW 100 million	32,036	–
Fixed income underwriting – Sustainability-linked bonds	KRW 100 million	–	A sustainability-linked bond (SLB) and a type of bond product of which financial and structural characteristics depend on whether the issuer achieves the predefined ESG goals
Sustainable securitization	KRW 100 million	–	Securities product that is used to finance projects or assets for which underlying assets are deemed as sustainable (green mortgage, energy efficiency loan, etc.) or securities transaction profits have a positive impact
Total	KRW 100 million	32,036	–
Total amount of fixed income underwritten and securitization issued	KRW 100 million	254,279	–
Ratio of ESG fixed income underwritten and securitization issued	%	12.6	–

**ESG Finance
– Asset Management**

Category	Unit	2022	Product description
ESG integrated investment	KRW 100 million	3,747	Product that invests in a company that is deemed to achieve sustainable growth upon reflecting ESG factors in the credit analysis process or that has a high ESG evaluation rating
Positive screening	KRW 100 million	2,116	Product that invests in a company with a relatively outstanding ESG performance compared to the comparative group in the same industry
Thematic investment	KRW 100 million	22,250	Product that invests in loans and stocks of BTL business operators pursuant to the Private Investment Act for specific environmental areas (photovoltaic power plants, etc.)
Impact investing	KRW 100 million	5,358	Product that invests in loans and stocks of BTL business operators pursuant to the Private Investment Act to enhance basic social service accessibility (sewer business, school, etc.)
Others	KRW 100 million	980	Product that invests in a company with high shareholder value or whose shareholder value is expected to increase by evaluating excellence of its shareholder policy or commitment to improving the policy based on experience and know-how on shareholder policy improvement
Total	KRW 100 million	34,451	–
Total AUM	KRW 100 million	1,254,664	–
Ratio of sustainable AUM against total AUM	%	2.7	–

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Financials **Environment** Customer Employees Community

Operational GHG Emissions (Scope 1 & Scope 2)	Category	Unit	2019	2020	2021	2022
	GHG emissions	Scope 1	tCO ₂ eq	18,980	17,861	15,649
Scope 2		tCO ₂ eq	111,731	122,027	116,818	114,994
Total GHG emissions		tCO ₂ eq	130,711	139,888	132,467	128,987
Emissions intensity	Operating revenue ¹⁾	KRW billion	47,169	55,680	58,917	88,896
	Intensity	tCO ₂ eq/ KRW billion	2.77	2.51	2.25	1.45

¹⁾ Based on the Group operating revenue

Asset Portfolio's GHG Emissions (Scope 3) ¹⁾	Category	Data Score ⁴⁾	Exposures by asset class (KRW trillion)	Financed emissions (tCO ₂ eq)	Target coverage
	Corporate loans ²⁾	3.83	54.1	22,798,469	74.01%
	Corporate bonds ²⁾	3.48	45.9	12,366,910	Listed companies: 100%
	Listed equity ²⁾	3.86	3.9	166,463	Listed companies: 100%
	Electricity generation Project Finance	1.30	1.5	2,887,589	Power generation: 100%
	Commercial real estate	1.33	5.1	65,629	Gross floor areas: 73.82%
	Auto loans ³⁾	3.45	6.8	521,308	Total auto loans (excluding lease and rentals)
	Mortgage loans ³⁾	4.00	47.8	367,895	Total of mortgage loans for real estate purchased for residence
	Total	-	165.1	39,174,263	-

- ¹⁾ Based on 2021
- Carbon emissions of our asset portfolio were calculated based on the methodology of PCAF.
- Only those assets for which current carbon emissions data could be attained were included in the calculation.
- We meet portfolio target requirement of each asset class of Science-Based Targets initiative (SBTi).
- Financed emissions increased over the previous year owing to an expansion of the corporate banking asset measurement scope and measurement of new asset groups
- ²⁾ From among analysis targets, loans, corporate bonds, and listed equity refer to companies with total exposures of KRW 2.5 billion or more
- ³⁾ New measurement item
- ⁴⁾ Data Score: A score from 1 to 5 is given based on the data quality as defined by PCAF with data credibility being higher the closer the score is to 1

Energy Consumption	Category	Unit	2019	2020	2021	2022
	Energy consumption ¹⁾	MWh	331,809	348,998	330,131	313,730
	Energy consumption (intensity)	MWh/ KRW billion	7.03	6.27	5.60	3.53
	New and renewable energy consumption	kWh	487,272	471,128	1,048,753	1,369,638
	New and renewable energy consumption (intensity)	kWh/ KRW billion	10.33	8.46	17.80	15.41

¹⁾ The scope of data collection was expanded from Scope 2 to Scope 1+2, resulting in changes to 2019–2021 figures

Water Consumption	Category	Unit	2019	2020	2021	2022
	Water consumption	m ³	273,723	278,135	410,807	644,518
	GHG emissions	tCO ₂ eq	181	184	271	425

Paper Consumption	Category	Unit	2019	2020	2021	2022
	Paper consumption	ton	1,976	1,847	1,622	1,212
	GHG emissions	tCO ₂ eq	2,213	2,069	1,817	1,358

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Waste

Category	Unit	2019	2020	2021	2022
Waste to landfill	ton	1,915	1,948	2,402	1,886
GHG emissions	tCO ₂ eq	651	662	817	641
Paper	ton	-	-	-	91.5
	tCO ₂ eq	-	-	-	3.0
PET bottles	ton	-	-	-	12.2
	tCO ₂ eq	-	-	-	2.8
Recyclable waste ¹⁾	ton	-	-	-	5.5
	tCO ₂ eq	-	-	-	0.3
Cans	ton	-	-	-	5.0
	tCO ₂ eq	-	-	-	0.3
Styrofoam	ton	-	-	-	1.0
	tCO ₂ eq	-	-	-	0.02

¹⁾ Began to compile data in 2022 (based on KB Kookmin Bank)

Business Travel

Category	Unit	2019	2020	2021	2022	
Business Travel	Air	km	12,714,701	1,783,669	3,769,889	21,736,414
	Train	km	2,085,149	1,496,211	2,197,137	2,363,801
	Bus	km	79,718	8,342	112,810	266,368
	Total ¹⁾	km	14,879,569	3,288,222	6,079,836	24,366,584
GHG emissions	Air	tCO ₂ eq	1,907	268	565	3,260
	Train	tCO ₂ eq	63	45	66	71
	Bus	tCO ₂ eq	2	0.2	3	7
	Total ¹⁾	tCO ₂ eq	1,971	313	634	3,339

¹⁾ Some figures may not sum to 100%, because of rounding

Capital Goods and Purchased Goods

Category	Unit	2019	2020	2021	2022	
Capital goods	Desktop	Units	4,335	9,833	8,191	4,440
		tCO ₂ eq	142	321	268	145
	Laptop	Units	492	2,376	738	1,470
		tCO ₂ eq	9	44	14	27
	Monitor	Units	13,809	5,509	3,859	6,870
		tCO ₂ eq	214	85	60	106
Purchased goods	Multi-functioning printer	Units	612	514	186	323
		tCO ₂ eq	243	204	74	128
	Bankbook	kg	246,812	214,124	212,682	155,694
		tCO ₂ eq	276	240	238	175
	Credit card	kg	56,171	57,567	46,222	51,198
		tCO ₂ eq	75	77	62	69

Use & End-of-life Treatment of Sold Products

Category	Unit	2019	2020	2021	2022	
Use of sold products	E-banking	tCO ₂ eq	9,976	14,412	20,947	6,908 ¹⁾
	Bank passbook terminated	kg	70,944	62,327	56,526	58,963
End-of-life treatment of sold products		tCO ₂ eq	9	8	7	7
	Cards terminated	kg	29,360	26,001	20,374	21,007
		tCO ₂ eq	69	61	48	49

¹⁾ Figures have been decreased due to changes made to calculation method for Internet banking traffic

Downstream Leased Assets¹⁾

Category	Unit	2019	2020	2021	2022
Leased assets	tCO ₂ eq	-	-	5,471	1,754

¹⁾ Began to compile data in 2021

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- Financials
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Eco-friendly Vehicle	Category	Unit	2019	2020	2021	2022
	Eco-friendly Vehicle	Electric	Vehicles	12	26	32
Hydrogen		Vehicles	-	-	2	2
Hybrid		Vehicles	-	66	716	1,144
Total		Vehicles	12	92	750	1,202
Total number of vehicles owned		Vehicles	2,062	2,048	2,049	2,076
Rate of conversion to eco-friendly vehicles		%	0.6	4.5	36.6	57.9

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 Financials | Environment | **Customer** | Employees | Community

Achievement in Customer Satisfaction

Category		Unit	2020	2021	2022	
KB Kookmin Bank	NCSI ¹⁾²⁾	Rank	1	1	1	
		Points	78	80	80	
KB Securities	NCSI ¹⁾	Rank	-	2	2	
		KCSI	-	3	6	
		KS-SQI	-	5	3	
KB Insurance	NCSI ¹⁾	Rank	2	2	3	
		KCSI(Long-term Insurance)	Rank	4	3	3
		KCSI(Car Insurance)	Rank	4	3	3
		KS-SQI(Long-term Insurance)	Rank	3	3	3
		KS-SQI(Car Insurance)	Rank	3	3	2
KB Kookmin Card	NCSI ¹⁾	Rank	3	1	1	
		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

¹⁾ NCSI (National Customer Satisfaction Index): Comprehensively evaluate the overall product/service satisfaction level, satisfaction against expectation, and satisfaction against quality of ideal product/service

²⁾ NCSI Score of KB Kookmin Bank in 2019: 77

Level of Customer Satisfaction

Category		Unit	2020	2021	2022
KB Kookmin Bank	Mobile survey on customer experience ¹⁾	Points	-	90.0	89.4
KB Securities	KBSI index	Points	91.2	91.1	91.2
KB Insurance	Customer survey (Long-term insurance)	Points	80.2	79.0	78.1
	Customer survey (Car insurance)	Points	81.3	78.8	79.0
KB Kookmin Card	Customer satisfaction survey ¹⁾	Points	-	81.0	80.0

¹⁾ A survey was not conducted in 2020 due to COVID-19

Customers Using Online Banking Services¹⁾

Category	Unit	2020	2021	2022
Customers subscribing for online banking services	%	79.0	81.3	83.9
Active users of online banking services	%	39.2	41.4	44.4
Actual users of KB Star Banking app	10,000 persons	804	883	1,106

¹⁾ Based on KB Kookmin Bank

Customer Accessibility¹⁾

Category	Unit	2020	2021	2022
Universal counters	Units	755	797	782
ATMs with zoom-in screen features for visually impaired	Units	5,733	5,131	4,532
Braille and audio guidance ATMs	Units	5,733	5,175	4,559
Wheelchair accessible ATMs	Units	5,733	5,175	4,559
ATMs with biometric authentication (Easy Banking)	Units	3,906	3,762	3,636

¹⁾ Based on KB Kookmin Bank

Customer Complaints

Category	Unit	2020	2021	2022
Total number of customer complaints received ¹⁾	Cases	6,973	6,994	9,066 ²⁾
Number of received complaints that were handled	Cases	6,973	6,994	9,066
Rate of completion of complaint-handling	%	100	100	100
Number of complaints received through the Financial Supervisory Service	Cases	4,987	4,968	6,261

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

²⁾ The number of complaints increased from enhanced convenience in filing complaints (improvement to the Internet access path, reinforced personnel in charge of telephone complaints, etc.) and a rise in loan interest rates, etc.

No. of Breaches of Customer Privacy and Losses of Customer Data

Category	Unit	2020	2021	2022
No. of breaches confirmed by external organizations ¹⁾	Cases	-	-	-
No. of breaches confirmed by regulatory organizations ²⁾	Cases	-	-	-

¹⁾ External organizations: Organizations without auditing authority, such as the Korea Financial Investment Association, Korea Exchange, and National Human Rights Commission

²⁾ Regulatory organizations: Financial Supervisory Service, KISA, Personal Information Protection Commission, Personal Information Dispute Mediation Committee, Cyber Investigation Department at the Supreme Prosecutors' Office, Cyber Investigation Bureau of the National Police Agency, etc.

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Employees

Category		Unit	2020	2021	2022	
Gender	Total	Persons	28,557	27,933	27,837	
	Male	Persons	14,956	14,359	13,949	
	Female	Persons	13,601	13,574	13,888	
Executives	Total	Persons	272	291	294	
	Male	Persons	-	272	268	
	Female	Persons	-	19	26	
	Conditions of contract ¹⁾	Total	Persons	25,727	24,798	24,108
		Full time ²⁾	Male	-	12,572	11,981
Female		Persons	-	12,226	12,127	
Temporary ³⁾	Total	Persons	2,558	2,844	3,435	
	Male	Persons	-	1,515	1,700	
	Female	Persons	-	1,329	1,735	
Section Chief to General Manager ⁵⁾	Total	Persons	15,266	14,385	14,149	
	Total	Persons	-	-	2,599	
General Manager ⁵⁾	Male	Persons	-	-	2,163	
	Female	Persons	-	-	436	
Position ^{1) 4)}	Total	Persons	-	-	11,550	
	Section Chief to Senior Manager	Male	Persons	-	-	7,064
		Female	Persons	-	-	4,486
	Associate to Assistant Section Chief	Total	Persons	13,019	13,257	13,394
		Male	Persons	-	4,346	4,454
	Female	Persons	-	8,911	8,940	

Employees

Category		Unit	2020	2021	2022	
Under 30 years old	Total	Persons	2,767	2,624	2,520	
	Male	Persons	-	925	871	
	Female	Persons	-	1,699	1,649	
Age ¹⁾	Total	Persons	18,533	17,760	17,368	
	30s to 40s	Male	Persons	-	7,788	7,462
		Female	Persons	-	9,972	9,906
	Over 50 years old	Total	Persons	7,257	7,549	7,949
Male		Persons	-	5,645	5,616	
Female		Persons	-	1,904	2,333	
Nationality ⁶⁾	Korea	Persons	28,490	27,875	27,786	
	U.S.	Persons	13	8	11	
	Canada	Persons	12	9	8	
	China	Persons	11	7	6	
	Others	Persons	31	34	26	

¹⁾ Began to compile gender classification data in 2021

²⁾ Including unlimited contract workers

³⁾ Including part-timers

⁴⁾ Classified as Section Chief to General Manager in 2020-2021; and General Manager, and Section Chief to Senior Manager in 2022

⁵⁾ Excluding executives

⁶⁾ • No. of personnel by nationality refers to employees with a foreign nationality who are working at a corporate body in Korea
 • Management position ratio by nationality: Korea (99.87%), US (0.04%), Canada (0.06%), China (0.01%), Others (0.02%)

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Financials | Environment | Customer | **Employees** | Community

Diversity¹⁾

	Category	Unit	2020	2021	2022
Veterans ²⁾	Total	Persons	1,321	1,264	1,184
	Male	Persons	-	759	697
	Female	Persons	-	505	487
Persons with disabilities	Total	Persons	340	331	347
	Male	Persons	-	252	251
	Female	Persons	-	79	96
High school graduates ³⁾	Total	Persons	299	273	280
	Male	Persons	-	38	40
	Female	Persons	-	235	240

¹⁾ Began to compile gender classification data in 2021

²⁾ Veterans: Employees hired through the screening process that provides preferential benefits to veterans; the figures herein are the number of those in service as of the end of each year

³⁾ High school graduates: Employees recruited through the screening process that provides preferential benefits to high school graduates; the figures herein are the number of those in service as of the end of each year

Ratio of Female Employees

	Category	Unit	2020	2021	2022
Executives ¹⁾		%	7.3	6.5	8.9
All management positions (Section Chief~Executives) ¹⁾		%	32.1	33.6	36.2
Junior management positions (Section Chief and Senior Manager) ¹⁾		%	44.1	44.9	40.8
Management positions in revenue-generating units(Branches and corporate finance-related units) ²⁾		%	41.2	39.2	40.0
STEM ³⁾ -related positions ²⁾		%	28.0	26.2	30.2

¹⁾ Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and Prudential Life Insurance

²⁾ Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and Prudential Life Insurance for 2020-2021; and Based on KB Financial Group for 2022

New Hires

	Category	Unit	2020	2021	2022	
Gender	Total	Persons	765	1,151	1,151	
	Male	Persons	455	683	677	
	Female	Persons	310	468	474	
Age ¹⁾	20s and younger	Total	Persons	394	601	560
		Male	Persons	-	297	269
	30s	Female	Persons	-	304	291
		Total	Persons	212	355	361
	40s	Male	Persons	-	238	242
		Female	Persons	-	117	119
50s and older	Total	Persons	102	125	148	
	Male	Persons	-	93	97	
	Female	Persons	-	32	51	
	Total	Persons	57	70	82	
	Male	Persons	-	55	69	
	Female	Persons	-	15	13	

¹⁾ Began to compile gender classification data in 2021

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 Financials | Environment | Customer | **Employees** | Community

Employees Repositioned through Annual Personnel Reshuffling	Category		Unit	2020	2021	2022
	Gender	Total	Persons		9,265	7,747
Male		Persons		4,640	4,140	3,856
Female		Persons		4,625	3,607	3,744
Executives	Total	Persons		65	45	41
	Male	Persons		-	41	38
		Persons		-	4	3
	Female	Persons		4,609	4,381	4,294
		Persons		-	3,062	2,784
Position ¹⁾	Total	Persons		4,591	3,321	3,265
	Section Chief - General Manager	Persons		-	1,037	1,034
		Persons		-	2,284	2,231
	Associate - Assistant Section Chief	Persons		-	1,037	1,034
		Persons		-	2,284	2,231

¹⁾ Began to compile gender classification data in 2021.

Internal Hires ¹⁾	Category		Unit	2020	2021	2022
	Internal hires		%		92.37	87.10

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

Years of Continuous Service ¹⁾	Category		Unit	2020	2021	2022
	Average for all employees		Years		-	14.6
Average for male employees		Years		-	16.1	16.9
Average for female employees		Years		-	12.8	13.5

¹⁾ Began to compile data in 2021; and 2021 figures were recalculated due to a change made to calculation criteria

Total Turnover ¹⁾	Category		Unit	2020	2021	2022
	Total turnover rate		%		4.5	6.5
Gender	Male		%	6.9	8.3	8.5
	Female		%	1.7	4.6	4.0
Position	Executive		%	13.6	7.0	18.0
	Section Chief - General Manger		%	5.3	4.5	6.9
	Associate - Assistant Section Chief		%	3.1	26.2	5.4
Age	Under 30 years old		%	1.3	6.9	7.9
	30s-40s		%	1.2	3.6	3.6
	Over 50 years old		%	11.2	13.8	11.6

Voluntary Turnover ¹⁾	Category		Unit	2020	2021	2022
	Voluntary turnover rate ²⁾		%		1.8	2.3
Gender	Male		%	2.5	2.8	4.3
	Female		%	0.9	1.8	2.0
Position	Executive		%	13.6	4.0	7.1
	Section Chief - General Manger		%	0.8	1.3	2.2
	Associate - Assistant Section Chief		%	2.4	12.0	4.1
Age	Under 30 years old		%	1.3	5.2	5.5
	30s-40s		%	1.1	2.3	3.0
	Over 50 years old		%	2.8	1.1	2.9

¹⁾ Based on KB Kookmin Bank for 2020; and Based on KB Financial Group for 2021-2022

²⁾ • Voluntary turnover: Wanted to leave the company (excluding people who voluntarily retired, whose contract expired, laid off, etc.)
 • Calculation method: No. of voluntary turnover personnel / Total No. of employees

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 Financials | Environment | Customer | **Employees** | Community

Equal Pay¹⁾

Category	Unit	Female	Male	Ratio of female to male	
Executives	Base salary	KRW million	155	155	100%
	Base salary + other cash incentives	KRW million	414	414	100%
Management positions	Base salary	KRW million	96	96	100%
	Base salary + other cash incentives	KRW million	135	135	100%
Non-management positions	Base salary	KRW million	63	63	100%

¹⁾ • Based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card
 • There is no difference in pay between male and female employees
 • Calculation method: Average of each grade/level with majority

Childcare Leaves

Category	Unit	2020	2021	2022	
Employees eligible for childcare leave ¹⁾	Total	Persons	7,546	6,965	6,653
	Male	Persons	3,394	3,041	3,044
	Female	Persons	4,152	3,924	3,609
Employees who used childcare leave ²⁾	Total	Persons	1,092	873	974
	Male	Persons	105	97	137
	Female	Persons	987	776	837
Employees who returned to work after childcare leave ³⁾	Total	Persons	652	476	483
	Male	Persons	59	61	68
	Female	Persons	593	415	415
Employees who served for over 12 months after returning from childcare leave ^{3) 4)}	Total	Persons	640	617	445
	Male	Persons	41	51	54
	Female	Persons	599	566	391

¹⁾ Employees with children aged 9 or younger or children in the third grade or younger as of December 31 of the corresponding year

²⁾ Employees who used one day or more of childcare leave in the corresponding year

³⁾ 2020-2021 figures were recalculated for "employees who returned to work after childcare leave" and "employees who served for over 12 months after returning from childcare leave" due to a change in calculation criteria

⁴⁾ Employees who served for over 12 months in the corresponding year period (January 1-December 31) after returning from childcare leave the previous year

Labor Practices

Category	Unit	2020	2021	2022
Employees covered by labor union ¹⁾	%	80.8	77.7	85.1
Employee grievances resolved ²⁾	Cases	90	159	147 ³⁾

¹⁾ Based on KB Kookmin Bank for 2020; and Based on KB Financial Group subsidiaries with a labor union for 2021-2022 (subsidiaries that do not have a labor union have a labor-management council)

²⁾ • Based on KB Kookmin Bank for 2020; and Based on KB Financial Group for 2021-2022

• Excluding received grievances that were voluntarily withdrawn by employees
 • Including number of harassment cases received: 3 cases in 2020, 6 cases in 2021, 12 cases in 2022 (Based on KB Financial Group)

³⁾ KB Kookmin Bank: 125 cases (more than around 90% was related to moving to a different work location), KB Securities: 1 case, KB Insurance: 2 cases, KB Kookmin Card: 7 cases, KB Asset Management: 1 case, KB Capital: 10 cases, KB Data Systems: 1 case

Industrial Accidents

Category	Unit	2020	2021	2022
Absence due to industrial accidents	Days	160	204	114
Absentee rate	%	0.002	0.003	0.002

Training

Category	Unit	2020	2021	2022	
Average training expense per employee	KRW 10,000	84.0	89.8	119.5	
Average training hours per employee	Hours	98.0	105.9	107.2	
Gender ¹⁾	Male	Hours	87.7	92.9	97.4
	Female	Hours	110.3	119.7	117.1
Age ¹⁾	Under 30 years old	Hours	134.9	164.6	139.5
	30s-40s	Hours	101.7	111.1	116.2
	Over 50 years old	Hours	73.7	73.2	77.4

¹⁾ Average training hours per employee

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 Financials | Environment | Customer | **Employees** | Community

Ethical Management	Category	Unit	2020	2021	2022
	Average ethics training hours per employee	Hours	9.3	9.7	10.0
	Conflict of interest	Cases	-	-	-
	Investment in securities, etc.	Cases	-	1	-
Employees' violation of code of conduct ¹⁾	Violation of fair trade	Cases	5	-	-
	Violation of important information management	Cases	4	1	3
	Receiving graft and entertainment	Cases	-	-	-
	Violation of external activity policy	Cases	-	-	-
	Violation of anti-money laundering	Cases	3	1	-
Actions taken on violations ²⁾	Pay cut	Cases	-	-	-
	Reprimand	Cases	1	-	2
	Warning	Cases	3	-	-
	Others	Cases	8	-	1

¹⁾ Violations of the Employee Code of Conduct for Compliance in 2022

- Violation of the obligation to establish and implement managerial security measures for credit information system
- Did not delete personal credit information of a one-time customer
- Wrongfully provided and used personal credit information during joint counseling at a branch in branch within the Group

²⁾ 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.

Anti-Trust/ Anti-Competitive Behavior	Category	Unit	2020	2021	2022
	Fine and settlement	KRW	0	0	0
	Ratio against sales	%	0	0	0
	No. of cases for which an investigation is in progress	Cases	0	0	0
	No. of violations	Cases	0	0	0

Corruption and Bribery	Category	Unit	2020	2021	2022
	Fine and settlement	KRW	0	0	0
	Ratio against sales	%	0	0	0
	No. of cases for which an investigation is in progress	Cases	0	0	0
	No. of violations	Cases	0	0	0

Information Security/ Cybersecurity Breaches	Category	Unit	2020	2021	2022
	No. of information security or cybersecurity breaches	Cases	0	0	0
	Fine or penalty from information security or cybersecurity breaches	KRW	0	0	0
	No. of customers affected by breaches	Persons	0	0	0

IT Infrastructure Incident	Category	Unit	2020	2021	2022
	No. of incidents	Cases	0	0	0
	Fine	KRW	0	0	0

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 Financials | Environment | Customer | Employees | **Community**

Charitable Contributions and Volunteering Hours	Category	Unit	2020	2021	2022
	Investment in social contributions ¹⁾	KRW 100 million	2,279	1,896	2,251
	Total employee volunteering hours ²⁾	Hours	77,859	65,253	56,342
	Average volunteering activity hours per employee hours	Hours	2.7	2.3	2.0
	Monetary value of employee volunteering during daily working hours	KRW 100 million	27	22	21
	Management overhead ³⁾	KRW 100 million	29.2	26.0	23.8

¹⁾ Based on the sum of charitable contributions, social contribution-type program amount, and monetary value of employee volunteering since 2022.

²⁾ Employees' face-to-face volunteering hours decreased due to COVID-19

³⁾ Overhead costs for social contribution program management

Community Contributions for Youth	Category	Unit	2020	2021	2022
KB Dream Wave 2030 ¹⁾	Study mentoring	Persons	2,980	8,486	12,688
	Career mentoring	Persons	231	41,211	17,694
	Support projects	Persons	5,480	490	756
	Subtotal	Persons	8,691	50,187	31,138
Building and expanding Childcare classrooms in elementary schools	Contributions	KRW 100 million	74	69	100
	Schools supported	Classrooms	162	112	288
	Classrooms built	Classrooms	290	243	426
Building and expanding public kindergartens	Contributions	KRW 100 million	96	91	127
	Schools supported	Classrooms	101	49	18
	Classrooms built	Classrooms	180	101	49
KB Foundations scholarship	Contributions	KRW 100 million	54	51	31
	Beneficiaries	Persons	264	349	262
Rainbow Classroom	Contributions	KRW 100 million	4.89	5.99	4.88
	Classrooms built	Classrooms	3	3	3
Others	Domestic	Classrooms	3	3	3
	Overseas	Classrooms	-	1	5
	Eco-friendly women's hygienic goods sponsorship program ²⁾	Persons	-	300	200
	Kkaebi Securities Happy Christmas Camp ³⁾	Persons	-	-	31

¹⁾ Former "KB Youth Mentor!" Program

²⁾ New program introduced in 2021

³⁾ New program introduced in 2022

Support for Global Families	Category	Unit	2020	2021	2022
	Beneficiaries of KB Korean Language Class in Myanmar	Persons	381	354	620

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 Financials | Environment | Customer | Employees | **Community**

Financial Education	Category		Unit	2020	2021	2022
	Beneficiaries of financial education	Offline	Persons		73,051	84,339
Online & mobile web		Persons		53,813	24,044	22,443

Job Creation through KB GoodJob	Category		Unit	2020	2021	2022
	Individual members of KB GoodJob website (cumulative)		Persons		73,390	80,154
KB GoodJob School participants		Persons		228	239	240
People employed through KB GoodJob Fair (cumulative)		Persons		15,058	19,613	25,301

Consulting Services for SMEs and Small Businesses	Category		Unit	2020	2021	2022
	KB Wise Consulting services offered		Times		218	221
KB SOHO Business Incubating Consulting services offered		Times		6,875	6,150	8,106
ESG consulting service		Times		-	-	101
ESG self-assessment service		Times		-	-	852
Policy finance platform (KB bridge)	Mobile app downloads ¹⁾	Times		135,195	239,911	325,281
	Cases linked with SOHO consulting ¹⁾	Times		3,196	4,212	5,171

¹⁾ Cumulative basis

Support for Fintech Startups ¹⁾	Category		Unit	2020	2021	2022
	KB Starters	Startup partners	Companies		111	156
Investment		KRW 100 million		523.0	1,062.0	1,418.0
FUTURE9	Startup partners	Companies		40	54	66
	Investment	KRW 100 million		16.2	26.2	36.2
Total	Startup partners	Companies		151	210	268
	Investment	KRW 100 million		539.2	1,088.2	1,454.2

¹⁾ Cumulative basis

Expenses for Supporting Major Associations	Category		Unit	2020	2021	2022
	Membership fee	Korea Financial Investment Association	KRW 100 million		34.0	32.5
Korea Federation of Banks		KRW 100 million		29.1	30.4	31.1
General Insurance Association of Korea		KRW 100 million		29.7	29.7	30.9
The Credit Finance Association		KRW 100 million		14.5	19.9	15.2
Korea Life Insurance Association		KRW 100 million		9.6	9.2	11.0
Korea Federation of Savings Banks		KRW 100 million		1.8	2.1	2.4
Others		KRW 100 million		3.4	4.5	4.6
Total ¹⁾		KRW 100 million		122.1	128.3	128.8
Political donation ²⁾		KRW 100 million		0	0	0

¹⁾ Some figures may not sum to 100%, because of rounding

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 based on "donation operation regulations". However, we sponsor politically neutral organizations for public interest, etc.

Supply Chain Self-Assessment ¹⁾	Category		Unit	2020	2021	2022
	Business partners self-assessed for supply chain sustainability		Companies		139	133

¹⁾ Based on KB Kookmin Bank

APPENDIX

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Materiality Assessment

KB Financial Group carries out a materiality assessment every year to identify significant ESG issues and reflect them in our management activities and to transparently communicate with our stakeholders by disclosing relevant activities and performance. In particular, we internally established and implement a materiality assessment process that reflects the “double materiality” concept. Double materiality is a concept that considers both ESG issues’ impact on a company’s financial position (Outside-In) and corporate management activities’ impact on social and environmental sustainability (Inside-Out).

KB Financial Group identified material issues that reflect diverse perspectives through participation by internal/external stakeholders, including customers, employees, shareholders, and investors, and a BOD review. This materiality assessment process and double materiality assessment results are reported to the ESG committee under the BOD and top management. We reflect review results in our major decision-making, including strategic tasks. In addition, we receive a third-party assurance to secure credibility of the double materiality assessment process and the key issue selection process.

In 2022, we chose 12 material issues based on a materiality assessment and managed relevant risks at the Group-wide level. Details on management activities related to the key issues and the outcomes are provided in the Sustainability Report.

Double Materiality Assessment Process

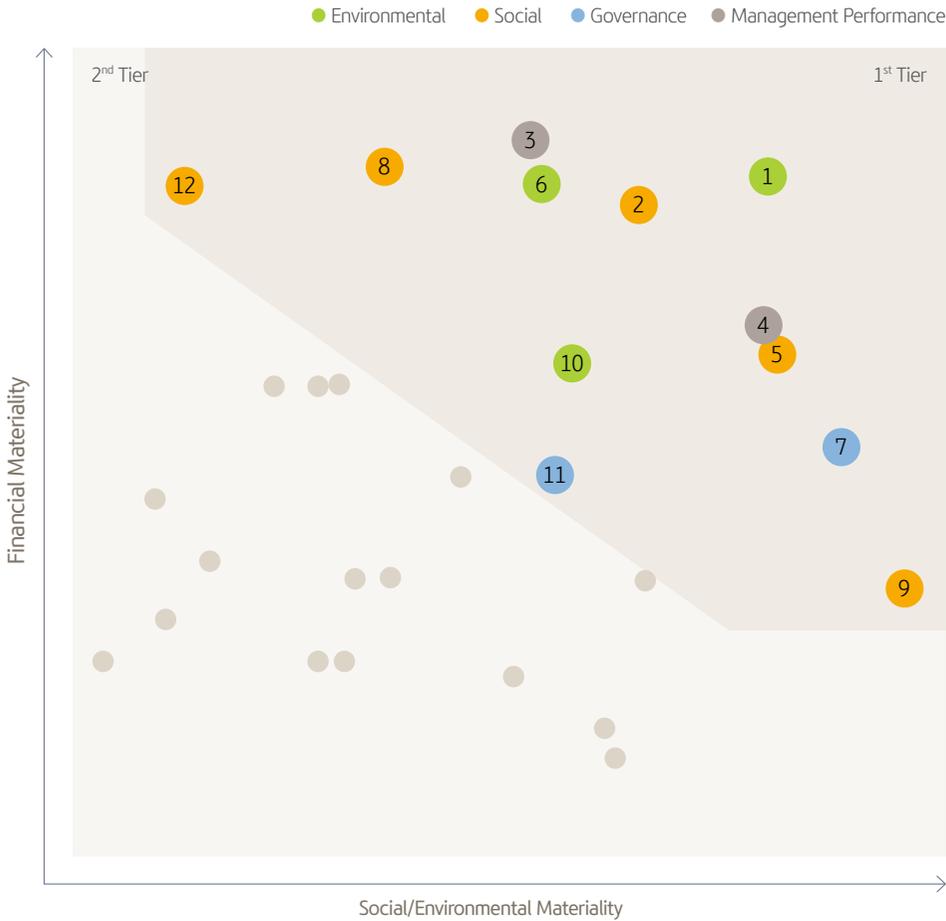


Materiality Assessment

Materiality Assessment Results

We comprehensively analyzed financial materiality, which is ESG issues' impact on the company, and social/environmental materiality, which is the company's external impact. Based on assessment results, we derived 12 material issues and chose their priority.

KB Financial Group's Double Materiality Assessment Results



Issues	Materiality		Stakeholder Interest				
	Financial	Social/Environmental	Employee	Customer	Supplier	Shareholder and investor	Government, ESG specialists, NGO, etc.
1 Climate risk management	High	High	Low	Low	Low	High	High
2 Respect for human rights and diversity of stakeholders	High	High	Medium	Low	Low	Low	Low
3 Development of ESG financial products and services	High	High	Medium	Low	Low	Medium	Medium
4 Digital transformation	High	High	Medium	Low	Low	Low	Low
5 Customer data protection and information security	High	High	High	High	High	High	High
6 GHG emissions reduction	High	High	Low	Medium	Medium	Medium	High
7 Compliance management and ethical management	High	High	Medium	Medium	Medium	Medium	Medium
8 Expanding inclusive finance	High	High	Medium	Low	Low	Low	Low
9 Strengthening social contribution activities	High	High	Medium	Low	Low	Low	Low
10 Establishing an environmental management system	High	High	Medium	High	High	High	High
11 Sound corporate governance	High	High	Low	Medium	Medium	Medium	Low
12 Social value measurement	High	High	Medium	Low	Low	Low	Low

Materiality Assessment

Key Management Issues

KB Financial Group choose key management issues among material issues, in consideration of stakeholder interest level, internal and external impact, and alignment with management strategies. For practical management of key management issues, we align them with top management's KPI and performance. The key management issues for 2022 include digital transformation, development of ESG financial products and services, and "strengthening social contribution activities."

Key Management Issues of KB Financial Group

Issue	Background of selection	Issue's impact	Strategy	Mid-to long-term targets	Major activities & performance	KPI (aligned with top management's performance compensation)
Digital transformation	Item that has a significant business impact according to internal and external environment analysis results	<ul style="list-style-type: none"> A paradigm shift in financial services caused by rapid development of digital technologies Customer demand for innovative financial services that make use of cutting-edge digital technologies 	<ul style="list-style-type: none"> Develop digital-friendly products and services to satisfy extensive customer needs in the digital era Expand digital platforms that provide non-financial and/or public services that are connected with finance, together with key services of subsidiaries 	<p>Expand the platform, products, and services of KB Star Banking</p> <p>Achieve a KB Star Banking MAU of 15,000,000 persons by 2025</p>	<p>KB Star Banking MAU</p> <ul style="list-style-type: none"> 11,055,000 persons¹⁾ 	<ul style="list-style-type: none"> KB Star Banking's non-face-to-face product sales performance Subsidiary performance in providing KB Star Banking products·services
Development of ESG financial products and services	Item that has the highest financial impact according to materiality assessment results	<ul style="list-style-type: none"> Recognize the crisis from transitioning to a low-carbon economy as a new investment opportunity Discover new investment and growth opportunities that support the transition to a low-carbon economy for sustainable growth 	<ul style="list-style-type: none"> Select "ESG finance" as a future growth engine and continually expand the scale of ESG financial services to lead the transition to a low-carbon economy 	<p>ESG products, investments, and loans</p> <p>Achieved KRW 37 trillion by 2023 with a goal of KRW 50 trillion by 2030</p> <ul style="list-style-type: none"> Products: KRW 13.3 trillion Investments: KRW 8.8 trillion Loans: KRW 14.9 trillion 	<p>KRW 32.2 trillion (87.0%) in ESG financial products¹⁾</p> <ul style="list-style-type: none"> Products: KRW 10.6 trillion (78.9%) Investments: KRW 8.1 trillion (90.9%) Loans: KRW 13.5 trillion (90.6%) 	<ul style="list-style-type: none"> Group's ESG financial product (products, investments, loans) performance
Strengthening social contribution activities	Item that has the greatest impact on the environment and society according to materiality assessment results	<ul style="list-style-type: none"> Establish local community partnerships and enhance brand image through social contribution activities Create social value to resolve social issues and satisfy the demands of local communities Fulfill social responsibilities and raise credibility as a financial institution 	<ul style="list-style-type: none"> Implement win-win finance for SMEs, MEs, small business owners, and the low-income and vulnerable class to lead sustainable growth of overall society Execute systematic social contribution activities to nurture future generations and create social value 	<p>KB Wise Consulting</p> <p>Provide 3,000 cases of consulting for SMEs by 2025</p> <p>Discover KB Starters</p> <p>Nurture a total of 250 startups by 2023</p> <p>KB Dream Wave 2030</p> <p>Provide growth opportunities to 300 thousand youths by 2030</p>	<p>Provided Wise Consulting to strengthen the competencies of SMEs and small business owners</p> <ul style="list-style-type: none"> Around 2,460 cases¹⁾ <p>Discovered and nurtured startups</p> <ul style="list-style-type: none"> 202 KB Starters¹⁾ <p>Provided After-school Care Classes to nurture future generations</p> <ul style="list-style-type: none"> 2,265 All-Day Childcare Classes were established¹⁾ <p>Provided economic and financial education programs</p> <ul style="list-style-type: none"> No. of economic and financial education beneficiaries reached 149,196 persons¹⁾ 	<ul style="list-style-type: none"> KB startup ecosystem expansion performance KB startup scale-up support performance Strategic social contribution performance

¹⁾ As of December 2022

Stakeholder Engagement

Stakeholder Communication Channels

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

Stakeholder Communication Channels

Stakeholders	Key communication channel	Major areas of interest	Status of communication in 2022-2023
Customer	<ul style="list-style-type: none"> Website, social media Customer satisfaction survey Customer panel and advisory group Complaint channel 	<ul style="list-style-type: none"> Information security and customer data protection Easy and quick financial service experience Financial consumer protection Protection and consideration for the financially marginalized 	<ul style="list-style-type: none"> Conducted face-to-face/non-face-to-face survey of customer experiences Operated the customer panel and advisory group system Operated a complaint-handling process for protection of financial consumers Operated an advisory committee to strengthen consumer rights and interests Operated complaint channels by using website, email, branch, etc.
Employee	<ul style="list-style-type: none"> Employee communication program Labor-Management Council, Labor-Management Meeting CEO Townhall Meeting 	<ul style="list-style-type: none"> Recruitment and development of talents Employee health and safety Enhance welfare and improve the organizational culture Respect diversity and foster female talents 	<ul style="list-style-type: none"> Operated the complaint handling center Provided the WE STAR mentoring program Held the CEO Townhall Meeting and Yoondabang Operated the KB compliment system Held the "I am a KB Person" campaign Carried out the KB creator project Held the Labor-Management Council and Labor-Management Meeting Operated the Group webzine "KB Friends" / internal broadcasting
Government and local government	<ul style="list-style-type: none"> Consultative body related to financial authority policy Briefing session on government financial policy Financial Supervisory Service (FSS) meeting 	<ul style="list-style-type: none"> Respond to environmental regulations and policies Implement financial inclusion Implement innovative finance Create jobs 	<ul style="list-style-type: none"> Participated in Green Finance Task Force Signed an MOU with FSS with regard to climate risks Participated in various forums and conferences
Shareholder and investor	<ul style="list-style-type: none"> Company briefing session Annual general meeting Earnings announcement Company management disclosure 	<ul style="list-style-type: none"> Corporate governance Group ESG governance Risk management Ethical and compliance management Shareholder rights and interests 	<ul style="list-style-type: none"> Held IR meetings Held a regular general meeting of shareholders Regularly disclosed corporate management-related content
Supplier	<ul style="list-style-type: none"> Meeting with suppliers 	<ul style="list-style-type: none"> Fair trade Win-win with suppliers 	<ul style="list-style-type: none"> Frequently held supplier meetings
Local community	<ul style="list-style-type: none"> Consulting service channel KB Innovation HUB Center Social contribution project 	<ul style="list-style-type: none"> Implement financial inclusion Support SMEs and micro businesses to build capacity Discover and foster startups Social contribution activities 	<ul style="list-style-type: none"> Provided consulting services, including KB SOHO Consulting, KB Wise Consulting, and KB ESG Consulting Operated the KB Innovation HUB Center / FUTURE9 program Established a customer participation-based social contribution process Carried out social contribution projects, such as all-day childcare support, global family support, KB Good Job, and KB Foundation

Stakeholder Engagement

Management of Material Issues that Have Impact on Stakeholders

KB Financial Group manages issues that can have a significant impact on stakeholders' social, environmental, and economic aspects through the "result index" and "impact index". The result index measures direct results on local communities and the environment that are caused by corporate management activities, while the impact index quantitatively evaluates the result index's impact on stakeholders. Through these two indexes, KB Financial Group identifies material issues' impact on the external environment, including local communities, the environment, and stakeholders, and reflects the results in its decision-making for ESG management.

Stakeholder	Material issue	Impact on stakeholder	Result index	Impact index
Local community	Strengthening social contribution activities	<ul style="list-style-type: none"> Based on the Group's mission, "Financial services delivering change", we contribute to realizing a sustainable society by creating social value through joint growth with local communities We provide youth education in various areas, including learning, career, and economy, through KB Dream Wave 2030 and provide economic/financial education to various stakeholders We provide a connection between SMEs and MEs, which are the foundation of regional economies, and job seekers to create many quality jobs and also a training program that strengthens the capabilities of job seekers 	<ul style="list-style-type: none"> No. of beneficiaries of social contribution activities, including education programs and job creation: 193,136 persons 	<ul style="list-style-type: none"> Social value of local community contribution activities: KRW 158.8 billion* * Calculation method: Measure complex social and economic impact by multiplying a multiple to input cost, and calculate social cost by converting the quantitative figure that was generated as a result of activities to a monetary amount
Customer	Expanding financial inclusion	<ul style="list-style-type: none"> Financial inclusion is a major driving force that contributes to the 17 SDGs and is a key factor that can reduce extreme poverty and contribute to society's co-prosperity We enhance financial service accessibility for people in poverty, the low-income class, and SMEs with restricted financing and contribute to reducing the gap between the rich and poor We improve financial service accessibility of local communities, such as providing small low-interest rate loans and services to the financially underserved groups with low credit ratings, and support the establishment of a foundation for independence of the financially underserved groups 	<ul style="list-style-type: none"> No. of beneficiaries of inclusive financial products: 1,445,967 persons 	<ul style="list-style-type: none"> Social value of inclusive finance: KRW 199.2 billion* * Calculation method: Calculate the social value of inclusive financial products based on interest income that customers received through preferential interest rates of deposit and installment savings products and interest costs that were reduced through loan products

Membership in Global Initiatives

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

Initiative	Details	Membership since
 United Nations Global Compact UN Global Compact (UNGC)	The world's largest voluntarily formed initiative for promoting sustainable management and the implementation of the ten principles in relation to human rights, labor conditions, environment, and anti-corruption	Apr. 2009
 CDP	A global initiative on information disclosure and an evaluation agency led by financial institutions in relation to environmental sectors such as climate change, water, and forest resources	Jul. 2009
 United Nations Environment Programme Finance Initiative (UNEP FI)	A global initiative participated in by over 300 financial institutions and the only international partnership between UNEP and international financial sectors	Aug. 2018
 Task Force on Climate-related Financial Disclosures (TCFD)	An initiative that recommends corporations to incorporate climate change risk into their financial information	Oct. 2018
 United Nations Principles for Responsible Banking (UN PRB)	An international agreement that stipulates financial industry's roles & responsibilities for implementation of the Paris Agreement and the UN Sustainable Development Goals (SDGs)	Sep. 2019
 Women's Empowerment Principles (WEPs)	A joint initiative undertaken by UN Women and UN Global Compact for women's empowerment	Sep. 2019
 Biz N Biodiversity Platform (BNBP)	An initiative to promote recognition of the industrial sector's global and social responsibility for biodiversity preservation and utilization, and to support preservation and sustainable use of biodiversity across all areas of corporate activities	May 2020
 Corporate Renewable Energy initiatives (CoREI)	An initiative designed to help corporations voluntarily pledge to move into renewable energy and establish and implement renewable energy-related targets	Jun. 2020
 Equator Principles	Voluntary agreement by financial companies to stop funding projects when they are likely to incur environmental destruction or violations of the human rights of local residents	Feb. 2021

Membership in Global Initiatives

Initiative	Details	Membership since
 Partnership for Carbon Accounting Financials (PCAF)	An initiative designed to develop unified standards for assessing and reporting GHG emissions of the financial industry's investment projects and to encourage financial institutions to follow the Paris Agreement	Apr. 2021
 Science Based Targets initiative (SBTi)	An initiative designed to provide guidelines and methods for corporations to set GHG emissions targets in line with the Paris Agreement and ensure their climate-conscious activities.	Apr. 2021
 Net-Zero Banking Alliance (NZBA)	A leadership group of global banks with the aim of bringing global GHG emissions to net-zero by 2050	Apr. 2021
 RE100	Global campaign on converting 100% of electricity consumed by businesses into renewable energy	Sep. 2021
 Principle for Sustainable Insurance (PSI)	An international agreement that promotes consideration of sustainability in all management activities of insurance companies, including operational strategies, risk management, and product and service development	Sep. 2021
 Asian Venture Philanthropy Network (AVPN)	Asia's largest impact investment network pursuing CSR capability improvement suited to the financial investment company	Feb. 2022
 Task Force on Nature-related Financial Disclosures (TNFD)	Global consultative body seeking to protect nature and biodiversity by reducing the impact companies have on ecosystems	Apr. 2022
 Glasgow Financial Alliance for Net Zero (GFANZ)	Global alliance for net zero transition and overcoming climate crisis through finance (APAC Network)	May 2022
Net-Zero Insurance Alliance	Net-zero Insurance Alliance (NZIA) Global alliance of insurers and re-insurers to achieve carbon neutrality under the Paris Convention	Jun. 2022

Reporting Methodology

Overview

Through the 2022 Sustainability Report, KB Financial Group seeks to transparently disclose to all of you stakeholders the Group's ESG management activities and performance. To emphasize KB Financial Group's ESG leadership, we chose social value and impact, diversity and inclusion, sustainable finance, and response to climate change as our key themes in 2022 and included them in our Special Report. Focusing on "social value measurement", we measured and reported the ESG management performance that we realized during the last year. In addition, through the ESG Report that consists of Environmental Responsibility, Social Responsibility, and Corporate Governance, we disclosed details of our activities in each area and also provided the ESG Data Pack to easily identify performance changes in our activities for the last three years.

Reporting Period and Scope

The 2022 KB Financial Group Sustainability Report presents our sustainable management activities and performance from January 1 through December 31, 2022. Some of the information includes content from the first half of 2023 depending on information timeliness and importance. Three-year data from 2020 to 2022 is included for quantitative performance to enable identification of yearly changes. Financial performance is reported based on consolidated financial statements so that KB Financial Group's overall activities are reflected. Non-financial performance is based on areas that apply to the entire Group. In case of specific programs, we specified the respective organizing subsidiary to enable clear distinction of the reporting scope.

Reporting Standard

KB Financial Group created the 2022 Sustainability Report based on Global Reporting Initiatives (GRI) Standards 2021. To incorporate the characteristics of the financial industry, we referred to the information disclosure requirements of the five industry standards (Commercial Banks, Consumer Finance, Investment Banking & Brokerage, Asset Management & Custody Activities, Insurance) of Sustainability Accounting Standards Board (SASB). Reported content on climate change was created in accordance with TCFD's disclosure guidelines and is provided in the form of a separate special report. Unless mentioned otherwise, financial performance is based on K-IFRS consolidated financial statements.

Major Changes in 2022 and 2023

- We adopted double materiality assessment to identify mutual impact between KB Financial Group and stakeholders. In addition, we analyzed ESG activities that stakeholders request and issues that impact stakeholders, and disclosed our perspectives and management measures for each key issue.
- "KB Life Insurance" was launched as a result of a merger between Prudential Life Insurance and KB Life Insurance in January 2023. Content about the subsidiary was reported in the name of "KB Life Insurance."
- There was a change in the calculation standard for parental leave statistics, resulting in a difference with previous year's data. This and other changes in reporting standards were indicated as footnotes.
- KB Credit Information became a subsidiary of KB Kookmin Card on June 30, 2023.

Forward-Looking Statement

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

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

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

GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 2: General Disclosures 2021	2-1	Organizational details	5		
	2-2	Entities included in the organization's sustainability reporting	5		
	2-3	Reporting period, frequency and contact point	2		
	2-4	Restatements of information	2, 152, 158, 159, 161		
	2-5	External assurance	2, 189-190		
	2-6	Activities, value chain and other business relationships	5, 38-41		
	2-7	Employees	156		
	2-8	Workers who are not employees	156		
	2-9	Governance structure and composition	131-132		
	2-10	Nomination and selection of the highest governance body	133-134		
	2-11	Chair of the highest governance body	131-132		
	2-12	Role of the highest governance body in overseeing the management of impacts	48-49, 137-138		
	2-13	Delegation of responsibility for managing impacts	48-49, 137-138		
	2-14	Role of the highest governance body in sustainability reporting	48, 137		
	2-15	Conflicts of interest	134		
	2-16	Communication of critical concerns	135, 138		
	2-17	Collective knowledge of the highest governance body	134		
	2-18	Evaluation of the performance of the highest governance body	135-136		
	2-19	Remuneration policies	135-136		
	2-20	Process to determine remuneration	135-136		
	2-21	Annual total compensation ratio	135-136		
	2-22	Statement on sustainable development strategy	4		
	2-23	Policy commitments	78, 88, 101, 122, 138, 141		
	2-24	Embedding policy commitments	84, 89, 102-103, 123, 126, 142		
	2-25	Processes to remediate negative impacts	139		
	2-26	Mechanisms for seeking advice and raising concerns	139-140, 143		
	2-27	Compliance with laws and regulations	142-144		
	2-28	Membership associations	162		
	2-29	Approach to stakeholder engagement	167		
	2-30	Collective bargaining agreements	120		

GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 3: Material Topics 2021	3-1	Process to determine material topics	164		
	3-2	List of material topics	165		
	3-3	Management of material topics	11-13, 25-27, 37-38, 46, 78-79, 95, 101-102, 109-110, 134-136, 141-143, 166		

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	147		
	201-2	Financial implications and other risks and opportunities due to climate change	50-51		
	201-3	Defined benefit plan obligations and other retirement plans	148		
	201-4	Financial assistance received from government	-	Non applicable	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	32-34, 112-114		
	203-2	Significant indirect economic impacts	32-34, 112-114		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	142-143		
	205-3	Confirmed incidents of corruption and actions taken	142-143, 160		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No lawsuit	
GRI 207: Tax 2019	207-4	Country-by-country reporting	148		

GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 302: Energy	302-1	Energy consumption within the organization	152		
	302-2	Energy consumption outside of the organization	152		
	302-4	Reduction of energy consumption	70, 78, 152		
GRI 303: Water and Effluents 2018	303-5	Water consumption	152		
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	80-81		
	304-2	Significant impacts of activities, products and services on biodiversity	80-81		
	304-3	Habitats protected or restored	80-81		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	80-81		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	70, 152		
	305-2	Energy indirect (Scope 2) GHG emissions	70, 152		
	305-3	Other indirect (Scope 3) GHG emissions	71, 152		
	305-4	GHG emissions intensity	70-71, 152		
	305-5	Reduction of GHG emissions	70-71, 152		
	305-6	Emissions of ozone-depleting substances (ODS)	-	Non applicable	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Non applicable	
GRI 306: Waste 2020	306-3	Waste generated	153		

GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 401: Employment	401-1	New employee hires and employee turnover	157-158		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	119-120		
	401-3	Parental leave	28, 159		
GRI 403: Occupational Health & Safety	403-1	Occupational health and safety management system	122		
	403-2	Hazard identification, risk assessment, and incident investigation	122-124		
	403-3	Occupational health services	122-124		
	403-4	Worker participation, consultation, and communication on occupational health and safety	122-124		
	403-5	Worker training on occupational health and safety	123		
	403-6	Promotion of worker health	125		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	124		
	403-8	Workers covered by an occupational health and safety management system	122		
	403-9	Work-related injuries	159		
	403-10	Work-related ill health	159		
GRI 404: Training and Education	404-1	Average hours of training per year per employee	159		
	404-2	Programs for upgrading employee skills and transition assistance programs	28-29, 116-117		
	404-3	Percentage of employees receiving regular performance and career development reviews	118		
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	25-26, 132, 134, 157		
	405-2	Ratio of basic salary and remuneration of women to men	159		
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	120, 126-128		
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	No such cases at our business sites and suppliers'	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No such cases at our business sites and suppliers'	
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No such cases at our business sites and suppliers'	

GRI Index

Topic	Index	Description	Page	Reasons why not stated	Additional information
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	112-114		
	413-2	Operations with significant actual and potential negative impacts on local communities	-	No such business site	
GRI 415: Public Policy	415-1	Political contributions	162		
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	93-94		
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No violations	
	417-3	Incidents of non-compliance concerning marketing communications	-	No violations	
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	160		

SASB Index

KB Financial Group has been disclosing ESG information since 2019 based on Sustainability Accounting Standards Board (SASB) Standards. We selected five sectors which form the core of our business portfolio as our reporting criteria, and those include Commercial Banks, Consumer Finance, Investment Banking & Brokerage, Asset Management & Custody Activities, and 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”.

Multiple Sectors

Topic	Accounting Metric	Code	Response
Data Security	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	FN-CB-230a.1 FN-CF-230a.1	No data breaches occurred in the report year.
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2 FN-CF-230a.3	When there is a threat to information assets, we analyze the frequency and impact to derive risk factors and establish protective measures. We conduct a risk assessment on information asset protection measures every year. Based on risk assessment results, we determine the appropriate risk level and identify risks targeted for management. In addition, for matters determined as being important, from among risk assessment results, we establish strengthened protective measures and manage risks. Relevant details can be found on pages 101-102 of this Report.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1 FN-IB-510a.1 FN-AC-510a.1	Refer to pages 170-171 of 2022 Form 20-F for information on material legal proceedings.
	Description of whistleblower policies and procedures	FN-CB-510a.2 FN-IB-510a.2 FN-AC-510a.2	Refer to page 143 of this report for details on our whistle-blowing system.
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1 FN-IB-550a.1	In 2023, KB Financial Group Inc. was chosen as a financial systemically important bank holding company (D-SIB) and KB Kookmin Bank was chosen as a financial systemically important financial institution (D-SIFI). We submit related data every year upon the supervisory authorities' request for systemically important bank (G-SIB and D-SIB) selection and disclose relevant items. The Financial Stability Board (FSB) and domestic supervisory authorities evaluate/select and announce G-SIB and D-SIB, respectively, based on data submitted by financial institutions. D-SIB was first adopted in Korea in 2016. In December 2015, the Financial Services Commission (FSC) chose KB Financial Group as D-SIB after determining that the Group has a significant impact on Korea's financial system and economy. We have been chosen as D-SIB every year since then after a systemic importance evaluation. Accordingly, we add the regulatory 1%p to the minimum capital requirement, and keep capital at the level that exceeds the regulatory capital surcharge.
	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. According to the need, we conduct an additional crisis analysis in case of sharp changes in the internal and external economic environment. We measure profit and loss, capital adequacy, and impact by risk type for each crisis scenario. A crisis analysis process consists of crisis scenario creation through potential risk factor analysis; major risk factor projection by risk type; projection of impact on major business indicators for each scenario; and scenario-specific capital adequacy assessment and response measure establishment. We reflect the results of crisis analysis in our risk management directions and business plans for the following year and mid- to long-term capital plans.
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for: (1) executive management, (2) nonexecutive management, (3) professionals, and (4) all other employees	FN-IB-330a.1 FN-AC-330a.1	The percentage of female employees among employees with a professional certificate is 54.3% (based on KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Life Insurance). Refer to pages 23-34 and 156-157 of this report for details on employee diversity.

SASB Index

Commercial Banks

Topic	Accounting Metric	Code	Response
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	KB Financial Group is providing inclusive financial products & services to SMEs & small business owners, local communities, and financially vulnerable groups. Refer to pages 32–34 and 149 of this report for details.
	(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	The number and amount of past due loans aimed at developing SMEs, small business owners, and local communities are as follows: – Past due: 6,493 cases / KRW 79.57 billion – Non-accrual: 5,749 cases / KRW 93.75 billion
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers * No monthly maintenance fee; and No minimum balance requirement	FN-CB-240a.3	We provide demand deposit products specifically for the financially vulnerable, including the KB Happiness Keeper Bank Account, KB Kookmin Hope Keeper Bank Account, and KB National Pension Assurance Bank Account. The number of fee-exempted demand deposit accounts that were provided to the financially vulnerable reached 122,785 as of the end of 2022.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	To improve the financial capabilities of the financially vulnerable, we provide financial education programs to seniors, youths preparing to become self-supporting, global (multicultural) householdings, and North Korean refugees. As of the end of 2022, 1,910 seniors, 100 youths, and 84 global (multicultural) householdings and North Korean refugees received financial education. Refer to page 111 of this report for details on financial education provided to the financially vulnerable.
Incorporation of ESG Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	The following is the credit exposure by industry of the top ten industries based on exposure: 1. Commercial real estate lease: KRW 34,980.2 billion 2. Daily life wholesale and retail: KRW 8,678.2 billion 3. Real estate supply: KRW 7,516.5 billion 4. Restaurant industry: KRW 4,700.8 billion 5. Medical and health industry: KRW 4,462.6 billion 6. Electric power, power generation, and water supply industry: KRW 3,575.9 billion 7. Residential real estate lease: KRW 3,368.9 billion 8. Automotive parts manufacturing: KRW 3,039 billion 9. System, application software development and supply industry: KRW 2,958.1 billion 10. Industrial wholesale and retail: KRW 2,748.5 billion
	Description of approach to incorporation of ESG factors in credit analysis	FN-CB-410a.2	KB Financial Group established the Environmental and Social Risk Policy Framework (ESRM) in 2021, and restricts environmental and social risk factors in the Group’s overall business, such as restricting investments and loans to industries and companies with high environmental and social risks and fundamentally prohibiting support for funds that go against social interests or are used for manipulation of the law. In 2022, each subsidiary applied KB Financial Group’s ESRM to its respective internal rules or guidelines, thus establishing a foundation to include environmental and social risks in the credit analysis and evaluation process when deciding on loans and investments. We categorize risk management areas into areas for exclusion/areas for attention on climate change/areas for support for green industries, and systematically manage the environmental and social impact of the Group’s business activities. Refer to pages 65–68 of this Report for detailed information.

SASB Index

Commercial Banks

Topic	Accounting Metric	Code	Response
Transition Risk Exposure	(1) Gross exposure to carbon-related industries, by industry (2) total gross exposure to all industries, and (3) percentage of total gross exposure for each carbon-related industry	FN-CB-1	Refer to pages 70-71 and 152 of this report for relevant details.
	Percentage of gross exposure included in the financed emissions calculation	FN-CB-2	Refer to pages 70-71 and 152 of this report for relevant details.
	For each industry by asset class: (1) absolute gross (a) Scope 1 emissions, (b) Scope 2 emissions, (c) Scope 3 emissions and (2) gross exposure (i.e., financed emissions)	FN-CB-3	Refer to pages 70-71 and 152 of this report for relevant details.
	For each industry by asset class: (1) gross emissions intensity by (a) Scope 1 emissions, (b) Scope 2 emissions, and (c) Scope 3 emissions, and (2) gross exposure (i.e., financed emissions)	FN-CB-4	Refer to pages 70-71 and 152 of this report for relevant details.
	Description of the methodology used to calculate financed emissions	FN-CB-5	Refer to page 72 of this report for relevant 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	<p>The number and value of checking accounts and savings accounts by personal customer, privately-owned business, and SME segment based on the balance at the end of 2022 are as follows:</p> <p>(a) Personal customer: 46,110,188 cases / KRW 81,092.5 billion</p> <p>(b) SOHO: 2,090,729 cases / KRW 9,686.5 billion</p> <p>(b) SME: 1,069,804 cases / KRW 27,972.4 billion</p>
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	<p>The number and value of loans by personal customer, SOHO, SME, and corporate segment based on the balance at the end of 2022 are as follows:</p> <p>(a) Personal customer: 2,734,268 cases / KRW 73,063.2 billion (excluding mortgage)</p> <p>(b) SOHO: 609,452 cases / KRW 86,760.4 billion (based on corporate loan in KRW)</p> <p>(b) SME: 714,874 cases / KRW 132,957.1 billion (based on corporate loan in KRW)</p> <p>(c) Large company: 6,201 cases / KRW 24,857.3 billion (based on corporate loan in KRW)</p>

SASB Index

Consumer Finance

Topic	Accounting Metric	Code	Response
Customer Privacy	Number of account holders whose information is used for secondary purposes	FN-CF-220a.1	<p>We monitor personal information used for secondary purposes and there was no such case. The number of customers from which we received separate marketing consent to use information for marketing and sales activities, other than the mandatory/optional consent by product for financial transaction relations, etc. is 15,428,138 persons.</p> <p>KB Kookmin Bank handles customers' personal information only within the scope of purposes for which customers' separate consent was received, such as purposes related to financial transactions and online transactions. In addition, it provides customer information to a third party only in cases that fall under Articles 17 and 18 of the Personal Information Protection Act, such as when special regulations are stipulated in the law or consent is received from the subject of the information. In case of a disaster, infectious disease, emergency property loss, etc., customer information can be provided to the police station, Korea Disease Control and Prevention Agency, etc. without customer consent.</p>
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	FN-CF-220a.2	Refer to pages 170-171 of 2022 Form 20-F for information on 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	<p>(1) Total losses from card-not-present (CNP) fraud are KRW 214 million.</p> <p>(2) Total losses from card-present and other fraud are KRW 527 million.</p>
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	FN-CF-270a.1	<p>Of the total remuneration of KB Kookmin Bank sales employees, remuneration connected to sales performance and achieved profits (per capita average incentive ratio) accounts for 30.3%.</p> <p>Pursuant to the "Act on Corporate Governance of Financial Companies," KB Kookmin Bank decides on the "incentive system for personnel in charge of financial investment business" every year. Personnel in charge of financial investment business are employees in charge of designing/selling/managing securities or derivatives pursuant to the Financial Investment Services and Capital Markets Act or people engaged in work that can have side effects, such as pursuing excessive risks, when a bonus is paid according to short-term performance. Through the Remuneration Committee, KB Kookmin Bank decides on target persons and the remuneration system (plan) every year. The total incentive pay is determined in accordance with the remuneration criteria for personnel in charge of financial investment business that are decided by the Remuneration Committee. The bonus funds calculated per organization are distributed in consideration of employee contribution levels.</p> <p>In addition, KB Kookmin Bank operates minimum guaranteed finances (around 400% of monthly standard wage) according to the remuneration policy for profit duty employees, from among professional employees (S). A penalty is imposed for the amount falling short of the finances and a deduction is made from special incentive finances after the following year. In this way, a minimum bonus finances and penalty policy is operated.</p>
	Approval rate for (1) credit and (2) pre-paid products	FN-CF-270a.2	<p>(1) We do not disclose this information for management reasons, which are as follows. (Reason: Matters related to credit scores are information that is used internally and are not appropriate for disclosure. We do not disclose the information in consideration of external impact, etc. in case of disclosure.)</p> <p>(2) Not applicable. KB Kookmin Card does not apply evaluation criteria based on credit scores in relation to debit card issuance.</p> <p>KB Kookmin Card formed an organization dedicated to risk management to systematically manage credit risk. The organization oversees credit risk management. The Risk Management Group is in charge of credit risk economic capital measurement and limit management, portfolio monitoring, and credit evaluation model operation. It also sets and monitors target levels for major credit risk indexes, such as expected loss and economic capital, and the results are reported to the Risk Management Committee. The Risk Management Committee is the top decision-making body for risk management, and manages risks that arise from various transactions on behalf of the BOD, in addition to establishing and approving strategies and policies.</p> <p>In addition, KB Kookmin Card monitors various soundness management indexes, including the 1 month or longer overdue ratio and card normal payment rate, for credit risk management. It sets permitted levels for each index in its business plan and manages credit risk within the same range.</p>

SASB Index

Consumer Finance

Topic	Accounting Metric	Code	Response
	(1) Average fees from add-on products (2) average APR (3) average age of accounts (4) average number of trade lines, and (5) average annual fees for pre-paid products	FN-CF-270a.3	(1) We do not have different additional service fees according to credit scores. Due to management reasons, we do not disclose the average fee of charged additional services of credit cards. The reason for non-disclosure is as follows. (Reason: This matter is related to price policy and cannot be disclosed in consideration of the competition environment.) (2) The average APR of the cash advance service is 18.45%, and the average APR of card loan products is 14.37%. For management reasons, we do not disclose the average annual interest rate for each credit score section. (Reason: This matter is related to price policy and cannot be disclosed in consideration of the competition environment.) (3) For management reasons, we do not disclose this information. The reason for non-disclosure is as follows: (Reason: This matter is related to the customer status and distribution by asset and cannot be disclosed in consideration of the competition environment.) (4) For management reasons, we do not disclose this information. The reason for non-disclosure is as follows: (Reason: This matter is related to the customer status and distribution by asset and cannot be disclosed in consideration of the competition environment.) (5) We apply a merchant fee of 0.25%-1.5% according to the merchant size. We do not use credit scores to differentiate merchant fees for debit cards and pre-paid cards.
	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB) (2) percentage with monetary or nonmonetary relief (3) percentage disputed by consumer (4) percentage that resulted in investigation by the CFPB	FN-CF-270a.4	Refer to page 155 of this report for more information about the number of customer complaints received, the number of complaints that were handled, and number of complaints received through the Financial Supervisory Service.
	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 170-171 of 2022 Form 20-F for information on 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	As of December 2022, the number of consumers with an active (1) Pre-paid debit card: Total of 12,104,541 (Individual: 11,493,103 / Corporate: 611,438) (2) Debit card: Total of 14,218,455 (Individual: 13,797,872 / Corporate: 420,583) Pre-paid card: Total 37,601 (limited to registered pre-paid card)
	Number of (1) credit card accounts and (2) pre-paid debit card accounts	FN-CF-000.B	As of December 2022, the number of active card accounts is as follows: (1) Credit card: Total of 16,534,450 accounts (Individual: 14,978,669 accounts / Corporate: 1,555,781 accounts) (2) Pre-paid debit card: Total of 17,774,435 accounts (Individual: 17,004,651 accounts / Corporate: 769,784 accounts) Pre-paid card: Total 94,221 accounts (limited to registered pre-paid card)

SASB Index

Investment Banking & Brokerage

Topic	Accounting Metric	Code	Response
Incorporation of ESG Factors in Investment Banking & Brokerage Activities	Revenue from (1) underwriting, (2) advisory and (3) securitisation transactions incorporating integration of environmental, social and governance (ESG) factors, by industry	FN-IB-410a.1	In 2022, KB Financial Group was the representative organizer and acquirer of 58 ESG bonds (KRW 3,198.5 billion) and handled two acquisition finance (KRW 185 billion) and one M&A advisory (KRW 496 billion). We do not disclose the profit for management reasons.
	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	FN-IB-410a.2	The number and value of investments and loans incorporating ESG factors are as follows: (1) ESG investments: 85 cases / ESG loans: 6 cases (2) ESG investments: KRW 338.8 billion / ESG loans: KRW 314.5 billion
	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	KB Securities became the first securities firm in Korea in December 2020 to establish the ESG Committee within the BOD that consists of two non-executive directors and the CEO, and decided on the establishment of an ESG strategy system and implementation direction. The working-level ESG organization comprises the department in charge of ESG (Strategy Planning Department's ESG Strategy Team), Research Center (ESG Solution Team), and working-level ESG council, and operates a seamless collaborative system among organizations in charge of ESG. KB Securities is strengthening ESG research capabilities by publishing materials on ESG investment strategies, holding ESG Committees, and calculating ROESG (ROE + ESG) and disclosing scores. Furthermore, KB Securities amended the ESG Risk Review Guideline and is implementing ESG risk review-strengthening measures. Details are as follows: - Amended the ESG Risk Review Guideline: Further elaborated review principles and standards in connection with the Group's ESRM implementation measures (review and evaluate environmental and social risks for corporate finance (PI) that exceeds KRW 100 billion or alternative investment (real estate PF) that exceeds KRW 50 billion while falling under the climate change attention area or interest area based on ESRM) - Implementation of ESG risk review-strengthening measures: The department in charge of the transaction handles a management area categorization of an investment item based on ESRM and conducts a prior review of environmental·social risks by using the evaluation materials of an external professional organization or our internal checklist for corporate finance that exceeds KRW 100 billion or alternative investment that exceeds KRW 50 billion / The department in charge of screening determines the environmental·social risk evaluation grade and reviews issues for corporate finance that exceeds KRW 100 billion or alternative investment that exceeds KRW 50 billion while falling under the climate change attention area or interest area
Professional Integrity	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-IB-510b.1	Among employees in charge of investment transactions who receive risk management remuneration, none was subject to an investment-related investigation, customer complaint, private civil litigation, or other regulatory proceedings.
	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510b.2	There were no mediation and arbitration cases associated with professional integrity, including duty of care.
	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 170-171 of  2022 Form 20-F for information on material legal proceedings.
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	To strengthen compliance and ethics training effects, KB Securities carries out KB WITH training, self-check on compliance·ethics training day, expansion of face-to-face training, and self-assessment on ethics awareness. Furthermore, it strengthened Compliance Officer's caution-reminding measure standards to raise employees' attention to violations, and created a bulletin board on financial institution sanctions on the Compliance Support System. It also ordered Compliance Officers/employees working for a long time at the same department or branch to take a leave, and took other measures to strengthen internal control. It also strengthened compliance activities that target the sales sector, such as distributing a compliance guideline on IB and creating and distributing a block trading/error trading compliance manual.

SASB Index

Investment Banking & Brokerage

Topic	Accounting Metric	Code	Response
Employee Incentives & Risk Taking	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550b.1	Pursuant to the “Act on Corporate Governance of Financial Companies,” KB Securities makes a three-year deferred payment for 40–60% of the total remuneration amount so that it is connected to the company’s long-term performance to executives and employees in charge of financial investment business as determined by the Compensation Committee. In case of a loss or illegal conduct or increased risk during the deferred payment period, there is a regulation that adjusts the performance compensation for the deferred bonus.
	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	FN-IB-550b.2	KB Securities regulates that if an employee is subject to an internal and Group audit, an external supervisory institution’s inspection, an investigative agency’s investigation, or civil-criminal suit, payment of all or some of the bonus can be deferred or clawed back.
	Discussion of policies around supervision, control, and validation of traders’ pricing of Level 3 assets and liabilities	FN-IB-550b.3	<p>Based on the Derivative Valuation Guideline, KB Securities examines whether derivative Level 3 classification was carried out appropriately. This Guideline specifies Level 3 assets and liabilities’ fair value calculation, evaluation model control, model risk, authority and responsibilities of departments in charge of trade and supervision, and other matters.</p> <p>The QMR Department (department in charge of evaluation) confirms whether derivative Level 3 classification was carried out appropriately in accordance with level classification standards and sends the information to the department in charge of accounting. The department in charge of accounting checks Level 3 classification review details and finalizes the level. In addition, the QMR Department strictly reviews the derivative valuation system’s accuracy and stability and uses it after approval. In the event of a fair value evaluation error due to a system error, a backup system is operated. Such procedures are established for strict management. When the fair value is evaluated through an internal evaluation model, risks of the model and estimation variables are examined.</p> <p>The department in charge of the transaction (department executing the product transaction) reviews whether it is possible to input information related to evaluation during a transaction, whether there is a pricing model, and whether market and estimation variables are calculated.</p>
Transition Risk Exposure	For each key business line by industry: (1) absolute gross (a) Scope 1 emissions, (b) Scope 2 emissions and (c) Scope 3 emissions, and (2) associated revenue (i.e., facilitated emissions)	FN-IB-1	<p>(1) Total emissions (a) Scope 1 emissions: 13,993tCO₂eq, (b) Scope 2 emissions: 114,994tCO₂eq, (c) Scope 3 emissions: 39,174,263tCO₂eq</p> <p>(2) Total exposure: KRW 165.1 trillion</p>
	Description of the methodology used to calculate facilitated emissions	FN-IB-2	The asset portfolio’s carbon emissions were calculated based on the Partnership for Carbon Accounting Financials (PCAF) methodology. The scope was limited to assets for which current emissions data can be obtained.
Activity Metrics	<p>(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitisation transactions</p> <p>* In case of syndicate transactions, only those that apply to our company were included</p>	FN-IB-000.A	<p>The number and value of each transaction are as follows:</p> <ul style="list-style-type: none"> – 262 corporate bond arrangement and acquisitions / KRW 9,963.9 billion – 12 IPO arrangement and acquisitions / KRW 3,438.9 billion – 17 paid-in capital increase arrangement and acquisitions / KRW 2,241.4 billion – 2 ELB arrangement and acquisitions / KRW 90 billion – 24 acquisition financing arrangement / KRW 4,593 billion – 6 M&A advisory / KRW 1,906 billion
	(1) Number and (2) value of proprietary investments and loans by sector	FN-IB-000.B	This information is not disclosed due to management reasons.
	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	FN-IB-000.C	<p>The number and value of each transaction are as follows:</p> <ul style="list-style-type: none"> – Derivatives: KRW 12.09 trillion from 526,685 transactions (excluding those transactions assessed to be hedging activities) – ETN: KRW 1.32 trillion from 228,455 transactions – ELW: KRW 1.57 trillion from 1,194,457 transactions – ETF: KRW 27.3 trillion from 3,295,720 transactions – Fixed income, equity, currency, commodity products: zero market-making transactions

SASB Index

Asset Management & Custody Activities

Topic	Accounting Metric	Code	Response
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	Among employees in charge of investment transactions who receive risk management remuneration, none was subject to an investment-related investigation, customer complaint, private civil litigation, or other regulatory proceedings.
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	FN-AC-270a.2	Refer to pages 170-171 of 2022 Form 20-F for information on material legal proceedings.
	Description of approach to informing customers about products and services (whether the product's risk, suitability, etc. were explained, communication method (brochure, prospectus, website, oral explanation, etc.), use of easy language, etc.)	FN-AC-270a.3	To strengthen the protection of financial consumers, KB Financial Group has in place investor protection mechanism. When selling funds, investment propensity is categorized into 5 steps based on investor information & propensity analysis. Based on the results from investor information analysis, the seller explains investor propensity and must make an investment recommendation that is suitable for investment propensity. In particular, we have a computer control system in place so that the seller recommends only products that are suitable for the investor's investment propensity grade and product risk grade. When making an investment recommendation, the seller explains details of the investment product, risk associated with the investment, structure & characteristics of the product, fees, conditions of early repayment, matters regarding release/termination of contract, etc. in a way that ensures investor understanding. KB Asset Management is confirming that the investor understood the explained content by such means as a signature, registered seal, and recording. Such documents as the contract, investment prospectus, and non-deposit product prospectus are provided immediately to customers. Especially when selling derivatives-linked securities (ELF, DLF, etc.) to new investors, senior investors, and super senior investors, to help the investor make the right investment decision, an investment suitability report that includes reason for recommendation and precautions, etc. is also provided.
Incorporation of ESG Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of ESG issues (2) sustainability themed investing and (3) screening	FN-AC-410a.1	The AUM of each of the following is as follows: (1) Integration of ESG issues: KRW 374.7 billion (2) Sustainability-themed investing: KRW 2,225 billion (3) Screening: KRW 211.6 billion The AUM of impact investment is KRW 535.8 billion. Relevant detailed information can be found on page 00 of this Report.
	Description of approach to incorporation of ESG factors in investment or wealth management processes and strategies	FN-AC-410a.2	We established the KB ESG Model portfolio through the "ESG integration process" and are actively incorporating "growth companies that make social and environmental improvements" in our portfolio through the "sustainability themed investing process". In addition, we are continually managing our portfolio through ESG monitoring. We are using internal research capabilities to actively invest in companies that simultaneously improved non-financial ESG factors and financial factors.
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	KB Financial Group uses the following process for exercising voting rights: ①Check information about annual general meeting (AGM) ②Create AGM-related materials ③Analyze AGM agenda ④Determine opinion regarding exercising voting rights ⑤Exercise voting rights In addition, the shareholder engagement policy and procedure for an investee are based on the following process: ①Request for a top management interview, send a shareholder letter, and make a public announcement ②Reflect a suggestion ③Shareholder return/capital profit ④Increased shareholder profit
Activity Metrics	Total assets under management (AUM)	FN-AC-000.A	There are no unregistered assets under management. As of December 31, 2022, total registered assets are as follows: - Entrusted amount of KRW 58,876.6 billion + contract amount of discretionary investment asset of KRW 66,589.8 billion = KRW 125,466.4 billion - Fund's net asset value of KRW 58,966.1 billion + appraised value of discretionary investment asset of KRW 66,118.4 billion = KRW 125,084.5 billion
	Total assets under custody and supervision	FN-AC-000.B	As of December 31, 2022, total assets under custody and supervision are as follows: - Entrusted amount + contract amount: KRW 125,466.4 billion - Net asset value + appraised value: KRW 125,084.5 billion

SASB Index

Insurance

Topic	Accounting Metric	Code	Response
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	FN-IN-270a.1	Refer to pages 170-171 of 2022 Form 20-F for information on material legal proceedings.
	Complaints-to-claims ratio	FN-IN-270a.2	<p>During the report period, the ratio of received complaints to 1,000 claims was 1.92%.</p> <ul style="list-style-type: none"> No. of complaints attributable to our company in relation to internal and external claims: 209 cases Total number of complaints received: 10,890,176 cases <ul style="list-style-type: none"> Automobile (bodily injury): 343,249 cases Automobile (property damage): 990,665 cases Long-term: 7,966,269 cases General: 1,589,993 cases
	Customer retention rate	FN-IN-270a.3	The customer retention rate is 90.6%.
	Description of approach to informing customers about products	FN-IN-270a.4	<p>To protect financial consumers, KB Financial Group fulfills its duty of explanation at the stage of signing insurance contracts.</p> <p>Insurance solicitors must inform customers about all the details, such as business expenses and cancellation refunds, what is covered and not covered, insurance claims, and payment procedures. The solicitor gives a handwritten signature on the fact that the provided description is the same as what's included in the product manual and delivers it to the customer. The customer signs the issued application form to confirm that key details of the insurance product are included in the product manual and that they were explained by the solicitor.</p> <p>After contract signing, the insurer conducts follow-up monitoring to check whether or not the details of the insurance product were properly explained. When the insurer violates the duty of explanation, the contract can be cancelled within 3 months after finalizing the insurance contract.</p>

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Insurance

Topic	Accounting Metric	Code	Response
Incorporation of ESG Factors in Investment Management	Total invested assets by industry and asset class	FN-IN-410a.1	<p>As of December 31, 2022, the investment balance by asset class is as follows:</p> <ul style="list-style-type: none"> • ESG bond: KRW 516.1 billion • ESG loan: KRW 496.2 billion • ESG venture fund: KRW 230 billion • ESG beneficiary certificate: KRW 569.2 billion • ESG stock: KRW 3.8 billion
	Description of approach to incorporation of ESG factors in investment management processes and strategies	FN-IN-410a.2	<p>KB Financial Group operates the ESG investment process so that ESG factors can be reflected in overall investment. In the environmental area, we mainly invest in new & renewable energy, secondary battery, and waste treatment. In the social area, we are investing mainly in venture capital and education first. In addition, we operate investment strategies that are in line with the Group's ESG strategies and goals while securing profitability and stability. In addition, according to our coal-free finance policy, we prohibit new coal-related investments, and strive to reduce previous investments. Refer to pages 65-68 of this report for details.</p>
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	<p>Annually for 2022, KB Financial Group's net insurance premiums for assembly insurance and comprehensive machinery insurance for wind and solar power plants is around KRW 3.5 billion.</p>
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	FN-IN-410b.2	<p>KB Insurance offers a variety of auto insurance products aimed at reducing GHG emissions and promoting safe driving, as follows:</p> <ul style="list-style-type: none"> • Mileage discount advantage: Auto insurance premium discount based on mileage • Public transit discount advantage: Auto insurance premium discount based on public transit use • T Map safe driving discount advantage: Auto insurance premium discount based on T Map safe driving scores to elicit safe driving and compliance with traffic regulations • Step count discount rider: Encourage habit of walking by offering discounts to over 5,000 daily step counts for over 50 days within 90 days period • Connected car safe driving discount advantage: Insurance premium discount if the safe driving score is 70 points or higher for subscribers of the SsangYong, Hyundai, and Kia connected car service

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Insurance

Topic	Accounting Metric	Code	Response
	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	<p>KB Insurance’s maximum insurance product loss brought on by typhoon is as follows.</p> <p>(1) 50-year cycle: Original amount of loss of KRW 280.5 billion, underlying retention of KRW 80.2 billion (2) 100-year cycle: Original amount of loss of KRW 378.8 billion, underlying retention of KRW 109.6 billion (3) 200-year cycle: Original amount of loss of KRW 463.3 billion, underlying retention of KRW 144.6 billion (4) 250-year cycle: Original amount of loss of KRW 508 billion, underlying retention of KRW 157.8 billion</p> <p>KB Insurance has estimated the maximum insurance product loss brought on by “typhoon,” the biggest natural disaster related to climate. Based on information such as insurance amount, address of the location, business type, number of buildings, and deductible amount of insurance policies effective as of the end of August 2022, we analyzed the amount of loss according to various cycles (50yrs, 100yrs, 200yrs, 250yrs) using natural disaster model analysis (Catastrophe Modeling Analysis) developed by agencies such as AIR and RMS.</p>
Physical Risk Exposure	Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance)	FN-IN-450a.2	<p>KB Insurance is monitoring loss from natural disasters in 2022 which were typhoons (Hinnamnor and Nanmadol in Sep.), localized heavy rain (Aug.), and wildfire (Mar.). The loss amount aggregated on December 31 based on original amount of loss before assumed reinsurance is as follows:</p> <p>① Typhoon: Hinnamnor 25.49 billion, Nanmadol 610 million ② Localized heavy rain: 38.41 billion ③ Forest fire: Uljin·Samcheok forest fire, 1.47 billion</p> <p>The loss amount aggregated on December 31 based on underlying retention that transferred risks to proportional reinsurance is as follows:</p> <p>① Typhoon: Hinnamnor 17.39 billion, Nanmadol 380 million ② Localized heavy rain: 28.92 billion ③ Forest fire: Uljin·Samcheok forest fire 1.09 billion</p> <p>The frequency and severity of large-scale natural disasters are growing all across the world due to accelerated climate change. This phenomenon is expected to continue. Hurricane “Ian” hit Florida, US in September 2022 and the estimated insurance and reinsurance market loss is USD 60 billion (around KRW 78 trillion). Due to increased losses in the insurance industry that are caused by natural disasters, reinsurance capital (supply) is decreasing while reinsurance costs continue to rise.</p> <p>Korea suffered from localized heavy rain mainly in the metropolitan area in August 2022 which was followed by Typhoon Hinnamnor in September, leading to increased awareness that Korea cannot avoid impact from climate change. In the past, relatively affordable purchasing was possible for reinsurance that can cover the maximum loss amount based on natural disaster model analysis results by securing sufficient reinsurance capacity. However, many reinsurance companies are now reducing capacity and the price for the same collateral is two to three times higher. As such, the loss amount that the company can bear should be determined through cost-benefit analysis and in consideration of market circumstances, based on which reinsurance should be purchased.</p>
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	FN-IN-450a.3	<p>KB Insurance is thoroughly implementing environmental and social risk management in acquiring individual contract and managing corporate-wide risk & capital adequacy. Asset risk-related departments annually establish guideline on asset management, share it with asset management departments, and report it to the Asset Management Council.</p> <p>The 2022 Guideline on Asset Management includes content on new investment suspension for areas of exclusion of ESRM. In 2023, environmental risks are managed by suspending new/re-investments in ESRM areas of exclusion and separately imposing a ceiling for forestry (including wood pulp/paper manufacture) and high carbon-emitting industries (oil refining, petrochemicals, steel, cement, aluminum) from among ESRM areas of attention.</p>

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Insurance

Topic	Accounting Metric	Code	Response
	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	As of December 31, 2022, exposure to each derivative instrument is as follows: (1) Exposure to noncentrally cleared derivatives (OTC derivatives not cleared by the Central Clearinghouse CCP): KRW 4,507.3 billion (2) Total fair value of acceptable collateral posted with the Central Clearinghouse: KRW 0 (3) Exposure to centrally cleared derivatives (derivates that are not noncentrally cleared derivatives): KRW 0
Systemic Risk Management	Total fair value of securities lending collateral assets	FN-IN-550a.2	As of December 31, 2022, the total fair value of securities lending collateral assets is KRW 1,418.5 billion.
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	KB Insurance sets a risk appetite, which is the endurable maximum level of risk to satisfy the demands of internal and external stakeholders, including supervisory organizations and top management, while achieving the company's stable growth and management goals. The risk appetite is set as the management level of solvency ratio by applying the goal of the management plan and crisis situation analysis, and is approved by the Risk Management Committee once a year. In accordance with the risk appetite target level, the total ceiling and the ceiling by risk type are set and operated within the scope of the total risk capital ceiling. Also, KB Insurance manages overall exposure limit to prevent risks from excessive credit risk exposure & asset concentration and to promote healthy asset operation. It also establishes country-specific credit limit to manage specific country-related risk exposure levels at appropriate levels.
Activity Metrics	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	The number of policies for non-life and life insurance is as follows. Reinsurance is not applicable. (1) Property and casualty: 20,347,805 (2) Life insurance: 1,709,889

Third-Party Assurance Statement



To the Directors of KB Financial Group,

We were engaged by KB Financial Group (“Company”) to provide a limited assurance on the information included ‘2022 KB Financial Group Sustainability Report’ (“Report”) for the year ended December 31, 2022. The work of scope covers subject matter information from January 1, 2022 to December 31, 2022, and material issues till the issuance date of this limited assurance report.

Subject Matter Information

We have performed assurance procedures on the following sustainability information (“Sustainability Information”) included in the attached Report. Our assurance procedures do not extend to Sustainability Information related to the previous period, including images, audio files, and embedded videos.

- ‘Global Report Initiative (GRI) Standards Index’ stated on pages 172~176
- ‘Sustainability Accounting Standards Board (SASB) Index’ stated on pages 177~188
- ‘ESG DATA’ in ESG DATA PACK heading stated on pages 147~162
- ‘TCFD information’ stated on pages 45~74.

Criteria Used as the Basis of Preparation

The criteria used as the basis of preparation includes GRI standards issued by the Global Reporting Initiative, SASB standards issued by the Sustainability Accounting Standards Board, and TCFD recommendations used for the climate change disclosure (“Criteria”)

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time. Consequently, the Sustainability Information needs to be read and understood together with criteria as the basis of preparation which the Company has used to prepare the Sustainability Information.

Our Conclusion

Based on the procedures we have performed as described under the ‘Summary of the work we performed as the basis for our assurance conclusion’ and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company’s Sustainability Information included in the report for the year ended December 31, 2022 is not prepared, in all material respects, in accordance with the criteria used.

As we have not performed assurance procedures on Sustainability Information related to the previous period, including images, audio files, and embedded videos, we do not express an assurance conclusion regarding them.

Inherent Limitations

Sustainability Information includes forward-looking information such as climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

Company’s Responsibilities

The management of the Company is responsible for selecting and establishing suitable criteria for preparing the Sustainability Information, considering applicable regulations related to sustainability reporting. They are also responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained, and reporting our conclusion to the management of the Company. As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Assurance Standards Applied

Our assurance engagement has been performed in accordance with ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) issued by the International Auditing and Assurance Standards Board (“IAASB”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Third-Party Assurance Statement

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

- established whether the financial information included in the Report was appropriately extracted from the audited financial statements of the Company
- inquired about the process for selecting significant issues considering the Company's key stakeholders
- performed interviews with the responsible personnel who have the responsibility for providing entity-level data for the Report
- visited the Company's headquarters to verify the procedures and systems for managing and reporting sustainability data and,
- assessed the alignment of the Report's content with our overall knowledge and experience regarding the Company's non-financial value creation performance

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Therefore, since we may not be aware of all significant matters that can only be identified through reasonable assurance procedures, we do not provide reasonable assurance regarding whether the Company's Sustainability Information has been prepared in accordance with the Reporting Framework from the perspective of materiality.

Use of this Assurance Report

This assurance report has been prepared for the Directors of the Company for the purpose of providing an assurance conclusion on the Subject Matter Information and may not be suitable for any other purposes. We disclaim that any assumption of responsibility for any reliance on this assurance report, to any person other than the Directors of the Company, or any other purpose than that for which it was prepared.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
152 Teheran-ro, Gangnam-gu,
Seoul, South Korea,
June 30, 2023

This report is effective as of June 30, 2023, the report date. Certain subsequent events or circumstances, which may occur between the report date and the time of reading this report, could have a material impact on the report on the identified Sustainability Information. Accordingly, the readers of the report should understand that the above report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

 KB Financial Group