

# Principles for Responsible Banking

2023 Self-Assessment Report  
KB Financial Group



# Table of Contents

<i>Principle 1: Alignment</i>	<b>1</b>
<i>Principle 2: Impact and Target Setting</i>	<b>3</b>
<i>Principle 3: Clients and Customers</i>	<b>13</b>
<i>Principle 4: Stakeholders</i>	<b>16</b>
<i>Principle 5: Governance &amp; Culture</i>	<b>18</b>
<i>Principle 6: Transparency &amp; Accountability</i>	<b>21</b>

# PRINCIPLE1: ALIGNMENT

## Principle 1: Alignment

 We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

### 1.1 Business Model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served

KB Financial Group is a comprehensive financial group with the largest customer base and network in Korea, providing various financial services including individual and corporate finance, investment, insurance, credit cards, and asset management. With around 37 million customers from both within the country and overseas, 12 major subsidiaries equipped with a domestic network of 1,354 networks and 697 global networks in 14 countries including United States, China, Japan, and Vietnam.

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.

Moreover, in the field of asset management, the effective launch of 'KB GOLD&WISE the FIRST,' a premium comprehensive asset management brand, has brought together leading specialists in investment, taxation, real estate, legal aspects, and trust management. Through this collective endeavour, a distinct 'KB Family Office' service and a variety of all-encompassing asset management services are made accessible to clients. Within the investment banking (IB) sector, we achieved the top position in Korea for the equity capital market (ECM), bond capital market (DCM), and acquisition finance.

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.

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.

KBFG 2022  
Sustainability Report  
p.5

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### 1.2 Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes  
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

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.

KB Financial Group's ESG strategy has the objective of elevating sustainable value and nurturing customer trust through environmentally and socially responsible management and promoting strong governance. This approach is outlined by three core strategic directions:

- Advancing climate change strategy for the environment
- Internalizing responsible management for society
- Disseminating transparent corporate governance


KB Financial Group's ESG strategy is connected to the United Nations Sustainable Development Goals(UN SDGs), and the Group's Sustainability Report openly reveals the particular activities and in-depth accomplishment related to UN SDGs objectives. We are dedicated to attaining the SDGs by responsibly executing our ESG strategy.

KBFG 2022  
Sustainability Report  
p.6, 169~171

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In addition, 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.

# PRINCIPLE 2: Impact and Target Setting

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements

- a) **Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

### Impact areas & Priorities

#### 1. Climate Change Risk

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.

#### 2. Diversity & Inclusion

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. The necessity to resolve the issue of low birth rates by establishing a corporate culture centered around Diversity, Equity and Inclusion (DEI) is becoming more pronounced. Furthermore, enhancing financial inclusion, aimed at offering improved financial products and services to customers facing financial vulnerabilities, was also recognized as a significant undertaking.

### Impact analysis on Climate Change

#### [Risk Analysis on Climate Change]

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.

KBFG 2022  
Sustainability Report  
p.50~68

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- b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
- i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
  - ii) by products & services and by types of customers for consumer and retail banking portfolios
- c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

### [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.

### [Scenario Analysis on Climate-related Risks]

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.

#### ① 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.

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d) For these (min. two prioritized impact areas):

Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context

<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 industrial sector and analyzed carbon intensity. The analysis scope is the corporate finance portfolio, including corporate lending, corporate bonds, and stocks.

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.

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 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.

As such, KBFG estimates the financial impact of carbon risk on corporate value and reflects this in our mid- to long-term loan portfolio management strategy. In the case of high-carbon industries such as coal power plants, we are considering to restrict credit or setting them as exclusionary industries, while steel, petrochemical, and cement industries are designated and managed as areas of concern for investment to reduce exposure to credit risk for customers engaged in sensitive industries.



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### ② Physical Risk Scenario Analysis

#### <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.

#### <RCP Scenario Analysis>

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.

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.

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### 2.2 Target Setting

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately

- a) **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks

Through impact assessment analysis, KB Financial Group identified climate change and DEI as important areas and established targets and strategies in response.

#### 1. Climate Change Mitigation

##### [Financed Emissions(Scope3) 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.

##### [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.

##### ① 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.

KBFG 2022  
Sustainability Report  
p.6~7, 25~27, 59~60,  
69~74

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b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

c) SMART targets (incl. key performance indicators (KPIs) ): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts

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.

### ② 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.

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

By implementing KB Net Zero S.T.A.R., we seek to achieve a 42% reduction in operational emissions compared to the 2020 levels by 2030 and net-zero by 2040. For financed emissions, the goal is to reduce 33.3% of the emissions by 2030 and 61% by 2040 compared to the 2019 levels and achieve net-zero by 2050. We used the SDA methodology and Temperature Ratings methodology according to the SBTi methodology when setting our financed emissions targets and received an SBTi approval in October 2021. The approval means that KB Net Zero S.T.A.R. and its greenhouse gas emissions reduction targets are objective and reliable.

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.

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### [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.

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.

## 2. DEI (Diversity, Equity & Inclusion)

### [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.

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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.

A key target of this strategy is to achieve 15% recruitment of people from different classes, to develop female leaders to 20% and to develop key female experts to 30% by 2027. KB Financial Group is firmly committed to driving sustainable growth by actively advancing diversity across social, economy, and gender aspects.

### [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. 7 indicators are ①Ratio of diversity hiring ②Ratio of female executives ③Ratio of female deputy branch managers ④Ratio of HQ female team leaders ⑤Ratio of HQ female team members ⑥Ratio of female heads of corporate finance team ⑦Ratio of female members of corporate finance team.

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### 2.3 Target implementation and monitoring (Key Step 2)

#### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2

### 1. Climate Change Mitigation

#### [Products & Services]

Following the Paris Agreement, national NDC has been increased, climate change regulations have been bolstered, and various policies to facilitate the development of eco-friendly industries, such as the Green New Deal, have been introduced. Customer interest in climate change issues is also on the rise. Together with changing consumer perceptions coupled with market and environmental policy changes, there is a growing demand for green financial products and services to facilitate the transition to a low-carbon economy. KBFG, a financial company that provides funds to the market, sees this change as a new business opportunity to expand sales of eco-friendly financial products and increase investment.

In view of the growing demand for green finance products and investment opportunities in the market, KBFG declared 'KB Green Wave 2030' through the resolution by the ESG Committee in 2020, aiming to expand ESG products, investments and loans to KRW 50 trillion by 2030. It aims to invest KRW 25 trillion in the environment sector, which is half of the above size. As of the end of 2022, the size of green finance (green loans, eco-friendly funds, eco-friendly products, and renewable energy investments) amounted to KRW 14 trillion, showing a 19.7% increase compared to the previous year.

#### [Supply Chain management]

Climate change risks and opportunities are affecting KBFG's supply chain strategies as responding to climate change crisis is becoming ever more important. As the number of stakeholders who demand supply chain management as part of responding to climate change continues to increase, KBFG is fully aware of the need to manage the Group's Scope 3 emissions. KBFG evaluates suppliers from various angles in the process of supplier selection for Scope 3 emissions management.

KBFG 2022  
Sustainability Report  
p.26~28, 38~43,  
50~61, 150~151

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The evaluation criteria include the eco-friendliness of supplier products, the implementation of eco-friendly practices by suppliers, and their social contribution achievements. In this process, KBFG examines whether the company has patents for eco-friendly technologies, utility models, ISO certification, internal policies to ensure business ethics, and participation in community outreach programs. KBFG requests eco-friendliness-related certification documents such as the environmental management system (ISO 14001 certification), eco-label certification, and environmental product declaration certification to bidders when purchasing different items and collects pertinent information. KBFG awards suppliers from 1 to 5 points based on the number of certificates concerning eco-friendly technologies when evaluating technological innovation.

As an effort to encourage suppliers to adhere to the principles of corporate social responsibility and achieve co-prosperity with the Group, KBFG has established and announced Supplier's Code of Conduct. KBFG encourages suppliers to faithfully adhere to local and international laws and international agreements (for the licensing and registration of eco-friendly technologies and products) and encourages them to minimize the discharge of pollutants through the recycling of waste, use of low-polluting alternatives, and utilization of eco-friendly resources.

### [Key Indicators]

- Achieved 2.6% reduction in operational emissions compared to the previous year(as of December 2022)
- 1.37 million kWh of new and renewable energy generated annually through the installation of solar power generation facilities, reducing 625 tCO<sub>2</sub>eq of GHG
- Reducing 153 tCO<sub>2</sub>eq of GHG by replacing eco-friendly office equipment(as of December 2022)
- Green Loans(enhancing energy efficiency, producing new & renewable energy): KRW 2,692.6 billion
- New & Renewable Project Finance: KRW 910.1 billion(45 Projects)
- Thematic investment(product that invests in specific environmental areas like solar power plant): KRW 2,250 billion

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### 2. DEI

- First financial holding companies in Korea to have three female outside directors which account for 42.6% of total outside directors
- Reached 18.4% diversity recruitment rate (target rate as of 2027: 17%)

Category	Indicator	2021	February 2023	Goal for 2027
Diversity hiring	Ratio of diversity Hiring	9.8%	12.3%	Over 15%
Gender diversity	Ratio of female executives	6.6%	7.4%	Over 20%
	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	9.5%	13.9%	Over 30%
	Ratio of female members of corporate finance	47.1%	53.5%	Over 50%



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### [Female Talent Capability-Building Program]

KB Financial Group set in place the “Women’s 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.

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.

# PRINCIPLE 3: Clients and Customers

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

### 3.1 Client engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities ). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved

### Helping SMEs implement eco-friendly management

To support the eco-friendly management of SMEs, we are providing an ESG consulting service for net zero that supports SMEs' establishment of a green business portfolio and reduction of greenhouse gas emissions. In addition, we offer an ESG self-assessment service that SMEs could utilize to assess their level of ESG management.

#### [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.

KBFG 2022  
Sustainability Report  
p.32~34, 85, 104~108

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# PRINCIPLE 3: Clients and Customers

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

### [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.

### [Micro Businesses Supporting Program]

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.

# PRINCIPLE 3: Clients and Customers

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

### **DEI(Diversity, Equity & 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.

#### **[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.

# PRINCIPLE 3: Clients and Customers

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.)

### 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 Loans]

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.

KBFG 2022  
Sustainability Report  
p.38~43, 149~151

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# PRINCIPLE 3: Clients and Customers

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations

### [Issuance of ESG Bonds]

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.

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.

# PRINCIPLE 4: Stakeholders

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals

### 4.1 Stakeholder identification and consultation

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process

To preemptively respond to increasing demand for environmental information disclosure, KB Financial Group created diverse information disclosure channels and communicates with outside stakeholders. In addition, as an ESG finance leader and member of society, we take active part in global activities, thereby expanding its global environmental leadership.

#### [Participation in Environmental Initiatives]

##### ① GFANZ, Glasgow Financial Alliance for Net-Zero

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.

##### ② NZBA, Net-Zero Banking Alliance

KB Financial Group joined NZBA, a global bank alliance that was formed for financial institutions' transition to net zero. 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.

##### ③ TNFD, Taskforce on Nature-related Financial Disclosures

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.

KBFG 2022  
Sustainability Report  
p.82~83, 164~170

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# PRINCIPLE 4: Stakeholders

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals

### [Stakeholder Communication Channel]

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.

Stakeholders <sup>㉔</sup>	Key communication channel <sup>㉔</sup>	Major areas of interest <sup>㉔</sup>	Status of communication in 2022-2023 <sup>㉔</sup>
Customer <sup>㉔</sup>	<ul style="list-style-type: none"> <li>Homepage, social media <sup>㉔</sup></li> <li>Customer satisfaction survey<sup>㉔</sup></li> <li>Customer panel and advisory group<sup>㉔</sup></li> <li>Complaint channel <sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Information security and customer data protection <sup>㉔</sup></li> <li>Easy and quick financial service experience <sup>㉔</sup></li> <li>Financial consumer protection <sup>㉔</sup></li> <li>Protection and consideration for the financially marginalized<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Conducted face-to-face/non-face-to-face survey of customer experiences<sup>㉔</sup></li> <li>Operated the customer <a href="#">panel advisory</a> group system<sup>㉔</sup></li> <li>Operated a complaint-handling process for protection of financial consumers<sup>㉔</sup></li> <li>Operated an advisory committee to strengthen consumer rights and interests<sup>㉔</sup></li> <li>Operated complaint channels by using homepage, email, branch, etc.<sup>㉔</sup></li> </ul>
Employee <sup>㉔</sup>	<ul style="list-style-type: none"> <li>Employee communication program<sup>㉔</sup></li> <li>Labor-Management Council, Labor-Management Meeting<sup>㉔</sup></li> <li>CEO <a href="#">Townhall</a> Meeting<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Recruitment and development of talent <sup>㉔</sup></li> <li>Employee health and safety<sup>㉔</sup></li> <li>Enhance welfare and improve the organizational culture<sup>㉔</sup></li> <li>Respect diversity and nurture female employees<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Operated the complaint handling center<sup>㉔</sup></li> <li>Provided the WE STAR mentoring program<sup>㉔</sup></li> <li>Held the CEO <a href="#">Townhall</a> Meeting and <a href="#">Yoondabang</a><sup>㉔</sup></li> <li>Operated the KB compliment system<sup>㉔</sup></li> <li>Held the "I am a KB Person" campaign<sup>㉔</sup></li> <li>Carried out the KB creator project<sup>㉔</sup></li> <li>Held the Labor-Management Council and Labor-Management Meeting<sup>㉔</sup></li> <li>Operated the Group webzine "KB Friends" / internal broadcasting<sup>㉔</sup></li> </ul>
Government and local government <sup>㉔</sup>	<ul style="list-style-type: none"> <li>Consultative body related to financial authority policy<sup>㉔</sup></li> <li>Briefing session on government financial policy<sup>㉔</sup></li> <li>Financial Supervisory Service (FSS) meeting<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Respond to environmental regulations and policies<sup>㉔</sup></li> <li>Implement inclusive finance<sup>㉔</sup></li> <li>Implement innovative finance<sup>㉔</sup></li> <li>Create jobs<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Participated in Green Finance Task Force<sup>㉔</sup></li> <li>Signed an MOU with FSS with regard to climate risks<sup>㉔</sup></li> <li>Participated in various forums and conferences<sup>㉔</sup></li> </ul>
Shareholder and investor <sup>㉔</sup>	<ul style="list-style-type: none"> <li>Company briefing session<sup>㉔</sup></li> <li>Annual general meeting<sup>㉔</sup></li> <li>Earnings announcement<sup>㉔</sup></li> <li>Company management disclosure<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance<sup>㉔</sup></li> <li>Group ESG governance<sup>㉔</sup></li> <li>Risk management<sup>㉔</sup></li> <li>Ethical and compliance management<sup>㉔</sup></li> <li>Shareholder rights and interests<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Held IR meetings<sup>㉔</sup></li> <li>Held a regular general meeting of shareholders<sup>㉔</sup></li> <li>Regularly disclosed corporate management-related content<sup>㉔</sup></li> </ul>
Supplier <sup>㉔</sup>	<ul style="list-style-type: none"> <li>Meeting with suppliers<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Fair trade<sup>㉔</sup></li> <li>Win-win with suppliers<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Frequently held supplier meetings<sup>㉔</sup></li> </ul>
Local community <sup>㉔</sup>	<ul style="list-style-type: none"> <li>Consulting service channel<sup>㉔</sup></li> <li>KB Innovation HUB Center <sup>㉔</sup></li> <li>Social contribution project<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Implement inclusive finance<sup>㉔</sup></li> <li>Support SMEs and micro businesses to build capacity<sup>㉔</sup></li> <li>Discover and nurture startups<sup>㉔</sup></li> <li>Social contribution activities<sup>㉔</sup></li> </ul>	<ul style="list-style-type: none"> <li>Provided consulting services, including KB SOHO Consulting, KB Wise Consulting, and KB ESG Consulting<sup>㉔</sup></li> <li>Operated the KB Innovation HUB Center / FUTURE9 program <sup>㉔</sup></li> <li>Established a customer participation-based social contribution process<sup>㉔</sup></li> </ul>



# PRINCIPLE 5: Governance & Culture

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets

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.

KBFG 2022  
Sustainability Report  
p.47~49, 137

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# PRINCIPLE 5: Governance & Culture

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### [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.

# PRINCIPLE 5: Governance & Culture

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others)

#### [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 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.

#### [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.

KBFG 2022  
Sustainability Report  
p.84~85, 137

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# PRINCIPLE 5: Governance & Culture

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### [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.

# PRINCIPLE 5: Governance & Culture

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

### Environmental & Social Risk Management(ESRM)

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.

#### [Areas for Exclusion]

Excluded from financial support given the activities' or industries' profoundly adverse environmental and social impact

- 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

KBFG 2022  
Sustainability Report  
p.65~68

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# PRINCIPLE 5: Governance & Culture

## Principle 5: Governance & Culture



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### [Areas for Attention on Climate Change]

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

- High carbon emitting industries including coal mining, coal-fired power generation, forestry, and others

### [Areas for Support for Green Industries]

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

- Activities designated by the K-Taxonomy and Application Guidelines set by the Ministry of Environment

# PRINCIPLE 6: Transparency & Accountability

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes  Partially  No

Our PRB commitments itself has not been assured, however, our PRB commitments are based on our 2022 Sustainability Report, which underwent assurance by the independent assurer.

KBFG 2022 Sustainability Report p.189~190

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### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI  
 SASB  
 CDP  
 IFRS Sustainability Disclosure Standards (to be published)  
 TCFD  
 Other: ....

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.

KBFG 2022 Sustainability Report p.44~74, 171~176, 177~188

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# PRINCIPLE 6: Transparency & Accountability

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

#### ① Impact Analysis

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.

#### ② Target Setting

KB Financial Group will assess the current interim targets related to climate change and diversity, and explore the possibility of adjusting these targets to align with the market conditions and situations.

#### ③ Governance Structure

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. The major ESG strategic targets and environmental management indicators will undergo an assessment in the first half of 2023, followed by the formulation of ESG enhancement plans for 2024 during second half of 2023.

KBFG 2022  
Sustainability Report  
p.58

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