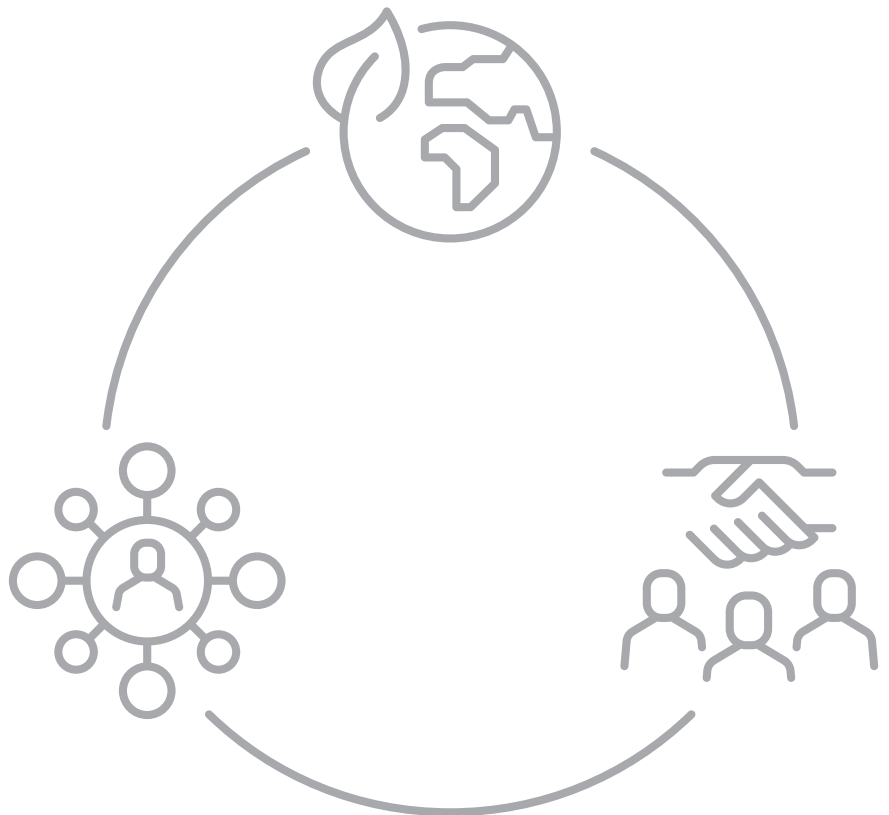


2019
KB Financial Group
Sustainability Report

ESG | Environment, Social Responsibility,
Corporate Governance

Value & Impact



About this report

Overview

Since 2011, KB Financial Group has been publishing its annual sustainability reports at the group level, based on KB Kookmin Bank's 2009 and 2010 sustainability reports. In 2019, KB Financial Group reestablished its ESG strategy system and focus areas. This report aims to communicate ESG activities, performances, and outlook with stakeholders.

Reporting Period

This report contains our sustainability activities and performances from January 1 through December 31, 2019. Quantitative performance data from the last three years (2017~2019) was provided to show year-on-year trend. We are also reporting key sustainability activities and performance made in the first half of 2020.

Reporting Scope

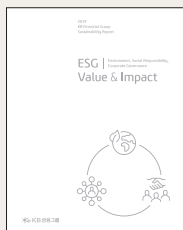
The report presents the sustainability activities of KB Financial Group (holding company and 12 subsidiaries) and covers the head office and all branches.

Preparation and Assurance Standards

We prepared this report in accordance with the Core Option of the Global Reporting Initiative Standards. Detailed guidelines are presented on page 100. To ensure the reliability and quality of reporting contents, external verification by third-party was conducted. The results can be found in the Third Party's Assurance Statement on page 105.

Contact

ESG Strategy Department (82-2-2073-7822)



About the cover

We intended to present the ESG (environmental, social, and governance) value and impacts created by KB Financial Group through this report. The icons on the cover symbolizes ESG factors, i.e. environment, social responsibility and corporate governance.

Contents

	Message from the CEO	2
	KB Financial Group Profile	4
	2019 Performance Highlights	8
	2019 Digital Transformation Highlights	10
ESG Value & Management	ESG Trend in Financial Business	14
	2030 ESG Strategy	16
	KB's UN SDGs Activities	18
	Establishment of ESG Governance	20
	ESG Risk Management	22
ESG Strategy & Progress	Advancing Climate Change Strategy	28
	Setting and Managing Carbon Emissions Target	29
	[SPECIAL 01] Managing Financial Impacts from Climate Change	32
	Managing Environmental Risks	36
	Increasing Green Investments and Loans	37
	Leading the Way in Green Finance Ecosystems	42
	Internalizing Responsible Management for Society	44
	Expanding Social Contribution	45
	Promoting Shared Growth and Mutual Prosperity	51
	[SPECIAL 02] Efforts for Protecting Customer Rights and Interests	54
	Respecting Human Rights and Diversity	56
	Expanding Financial Inclusion	64
	Spreading the Culture of Transparent Governance	68
	Enhancing Transparency in Governance	69
	Strengthening the Stewardship Code	78
	Expanding Investments in Excellent Governance	79
	Building a Comprehensive Evaluation System	79
Performance Indices	Customers	82
	Community	83
	Employees	87
	Environment	90
	Financials	92
Appendix	Materiality Analysis	98
	GRI Index	100
	SASB Index	103
	UN PRB Index	104
	Third Party's Assurance Statement	105
	Initiatives and Memberships	107

Message from the CEO



Dear stakeholders,

On behalf of everyone at KB Financial Group, I would like to give my heart-felt gratitude to our clients and shareholders for their unwavering support. I am also incredibly grateful for our staff for their dedication and all the stakeholders who have accompanied us on our journey so far.

The world today is facing overwhelming challenges due to the COVID-19 pandemic and people's lives are threatened by raging viruses and infectious diseases. At the same time, concerns over climate change are growing rapidly as it poses a bigger threat to humanity. Climate change, triggered by environmental pollution and destruction of ecosystem, not only causes frequent natural disasters such as heat wave, flood, and drought, but also increases the likelihood of outbreak of new infectious diseases. We need to put our heads and efforts together in order to overcome the environmental crisis and build a more sustainable society.

Under our mission, “Financial Service Delivering Changes”, we are committed to integrating ESG aspects across all our business activities, preemptively responding to climate change risks and striving to fulfil our social responsibilities. We established solid foundation for integrating ESG in our business operations by declaring Guiding Principles on ESG this January and setting up board ESG Committee in March where the group’s ESG strategy was discussed and developed. In particular, this year, we became the first Korean financial holding company to have two female independent directors on board, further advancing gender equality and female empowerment. To achieve our ESG strategic goal, we are going to implement the followings.

First, we are committed to “Green Leadership” by advancing our climate change strategy for environment.

We will not only accelerate transition to low carbon economy by focusing on carbon emissions reduction and efficient energy consumption in our own operations, but also lead the green finance ecosystem by increasing investments and lending in renewable energy and green sectors. We will also continue to engage in global initiatives for environmental issues such as implementing the TCFD recommendations.

Second, we will strive to deliver greater value to our society by fulfilling our social responsibilities as corporate citizen.

We will strengthen our support for children and youth through our CSR activities living up to our status as a leading financial group, and foster startups and FinTech companies through investments and various support. Furthermore, we will help create a better world by supporting SMEs and small business owners and helping the underprivileged through inclusive finance.

Third, we will catalyze promoting transparency in corporate governance to embed ESG management practices throughout the market.

We will strive to improve stakeholder trust through transparent disclosure of ESG information and build strong and sound corporate governance culture. Our efforts for actively exercising the Stewardship Code will lead to increasing the value of investee companies and encouraging long-term and sustainable growth.

In 2019, KB Financial Group made a concerted effort to create sustainable value by integrating ESG in our business practices despite unfavorable environments such as sluggish global economy and uncertainties in the financial market. We will continue to further enhance our responsibility and role as a leading financial institution in the ESG management and do our best to create social impact and future value going forward. In this 2019 sustainability report, we are pleased to share our ESG performances that we made throughout the year and the directions where we are headed. I thank you all for your trust in KB Financial Group and look forward to your continued interest and support.

Jong Kyoo Yoon
Chairman & CEO
KB Financial Group Inc.



KB Financial Group Profile

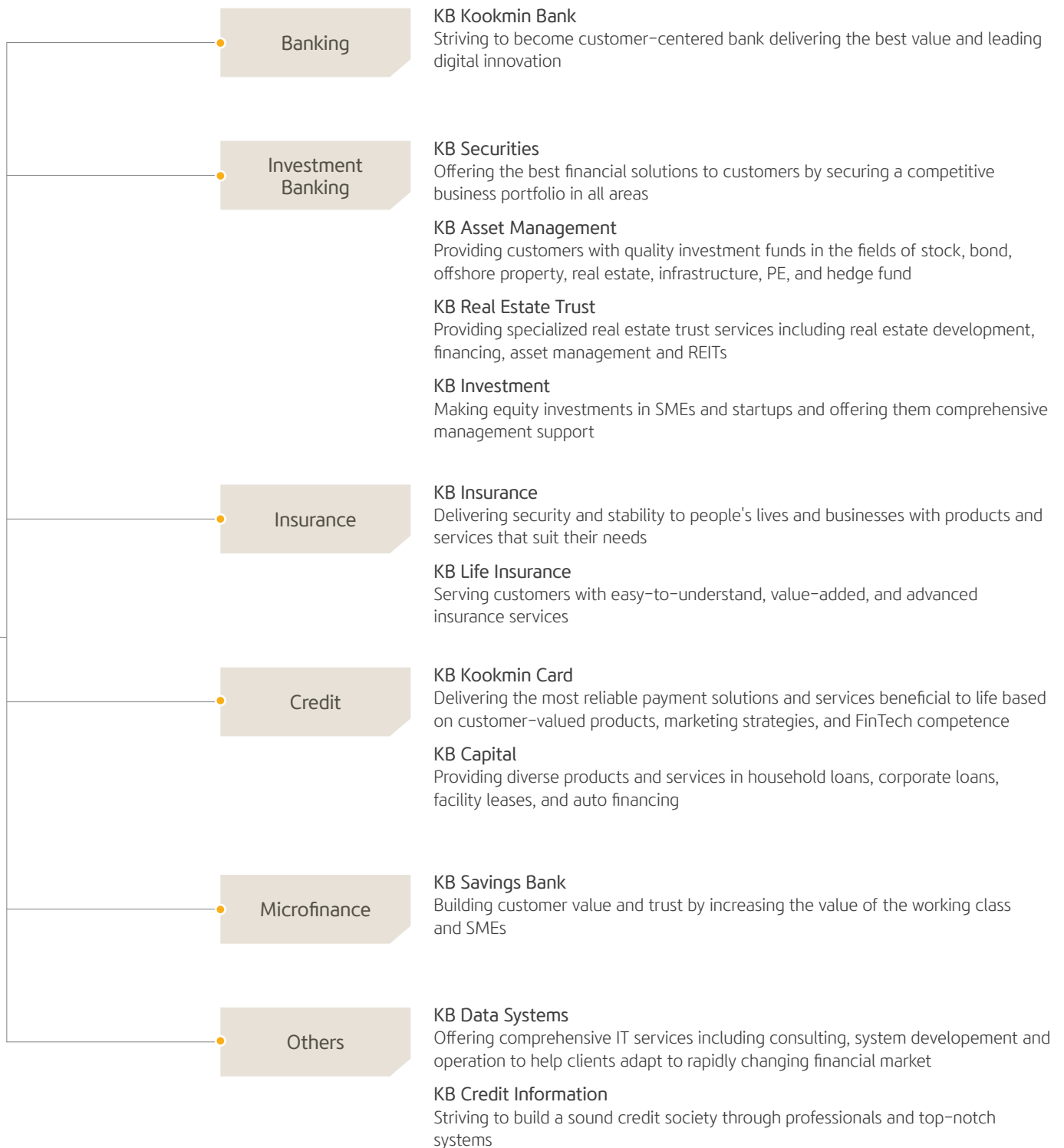
Despite unfavorable business environments at both home and abroad, KB Financial Group has been making ceaseless efforts to lead financial innovation and expand our business territory for securing sustainable growth engines. As a leading financial group with the largest domestic customer base and networks, we provide various financial services covering retail banking, corporate banking, investment banking, insurance, credit card, and asset management. We operate 1,532 domestic networks and 61 global networks in 13 countries including China, U.S., Japan, and Vietnam through our 12 subsidiaries. Each subsidiary is striving to provide the best financial services in respective business area to deliver more positive environmental and social impacts, bring happiness to clients and help create a better world.

KB Corporate Profile

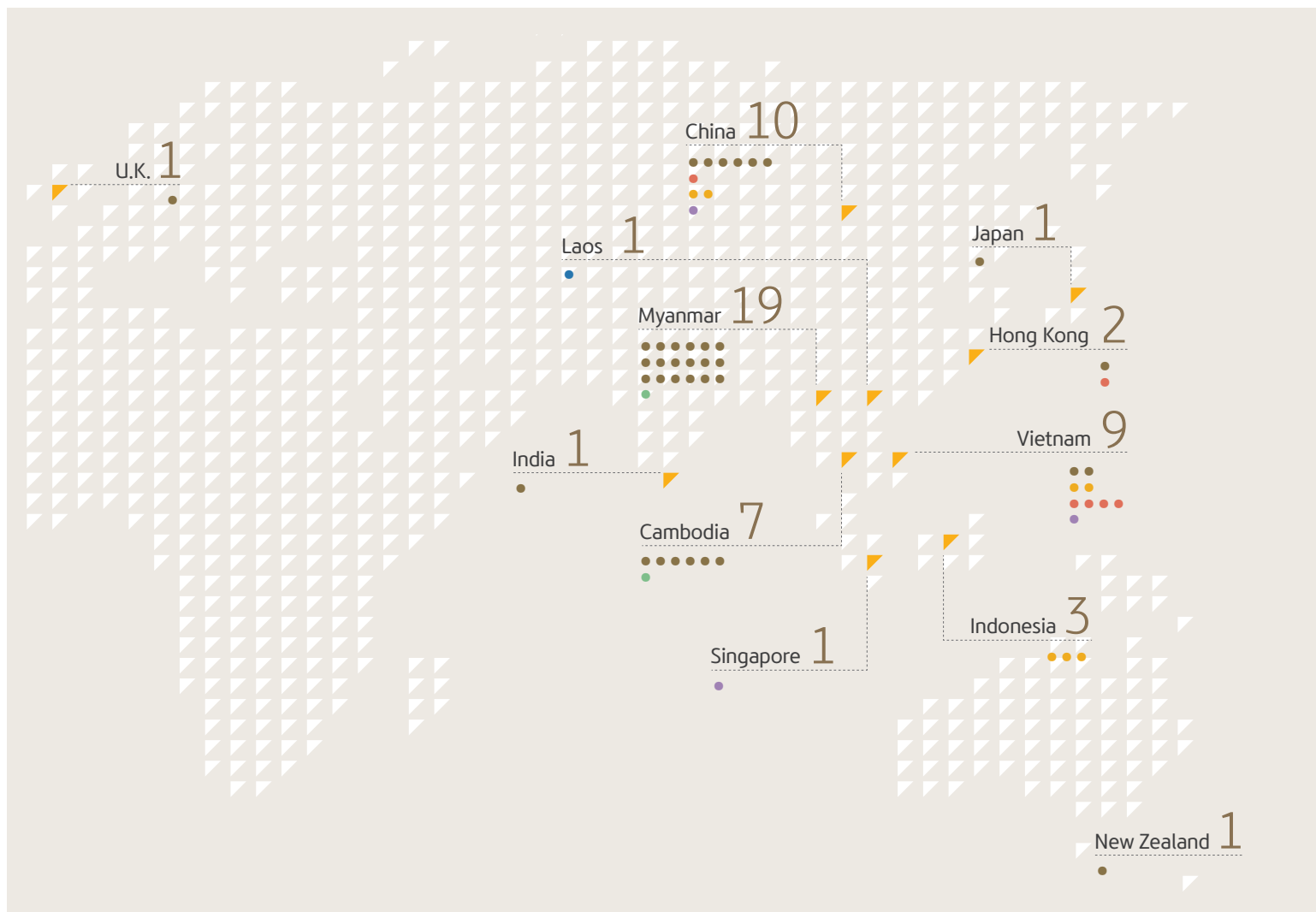


Company name	KB Financial Group	
Head office	26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea	
CEO	Jong Kyoo Yoon	
Establishment	September 29, 2008	
Total assets*	KRW 518.5 trillion	
Net income in controlling interest*	KRW 3.312 trillion	
Customers*	34.8 million	
Employees*	28,104	
Credit ratings	Moody's (long-term)	KB Financial Holdings: A1 KB Kookmin Bank: Aa3 KB Securities: A3 KB Kookmin Card: A2
	S&P (long-term)	KB Financial Holdings: A KB Kookmin Bank: A+ KB Securities: A-
	Fitch (long-term)	KB Kookmin Bank: A KB Securities: A-

*As of December 31, 2019



Global Network of KB Financial Group



Expansion of Global Business and Portfolio

KB Kookmin Bank

KB Kookmin Bank acquired a 22% stake in its Indonesia-based Bukopin Bank in July 2018 and changed its Hanoi office in Vietnam into a branch in February 2019. In Cambodia, the bank acquired a 70% stake in PRASAC Microfinance in April 2020 and has expanded its business through localization. In Myanmar, the scale of KB Microfinance Myanmar's branch was further expanded.

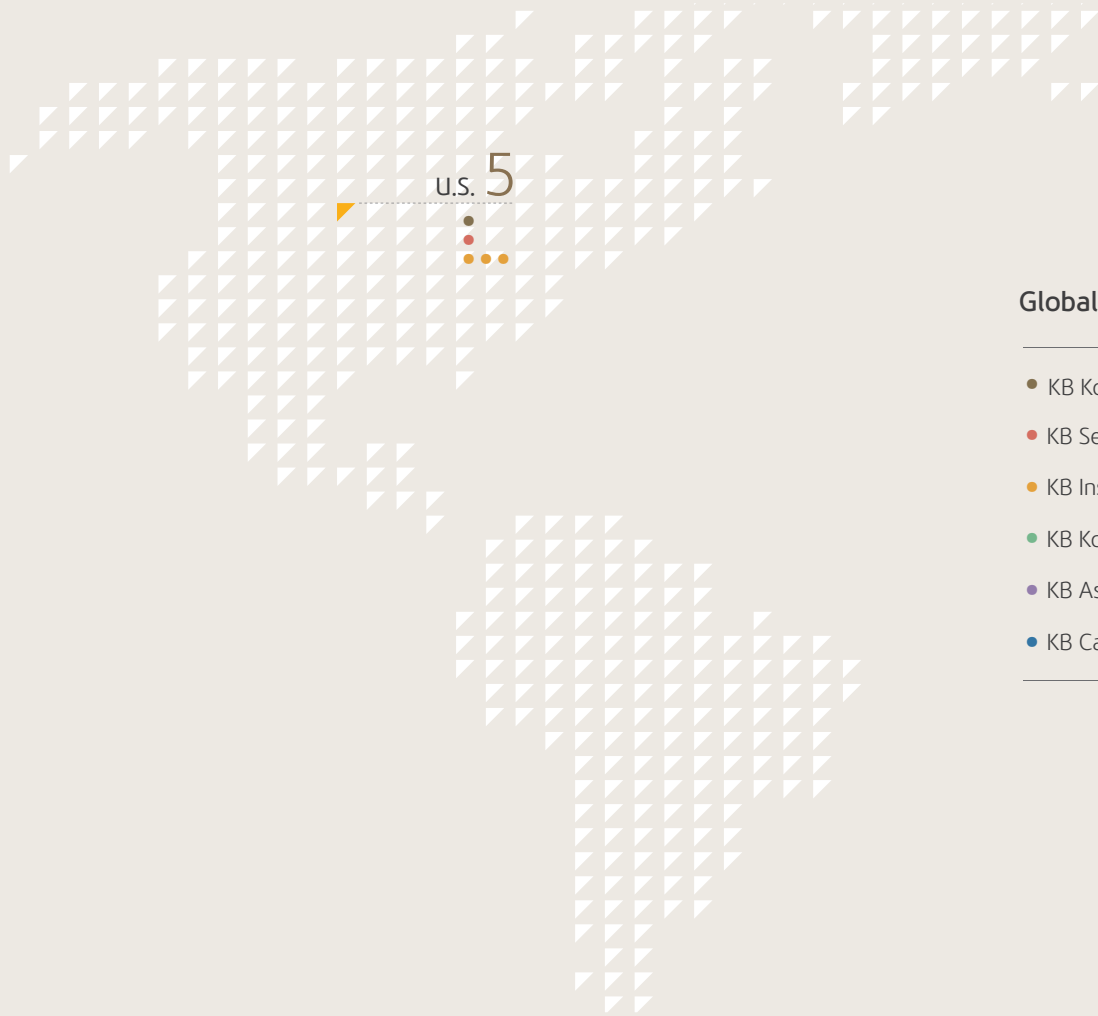
KB Kookmin Card

In February 2020, KB Kookmin Card opened the Sensok Branch, the first branch of "KB Daehan Specialized Bank PLC." in Cambodia. In July 2020, it also acquired an 80% stake in Indonesia-based "PT Financia Multifinance" preparing a local installment financing business. In Thailand, an agreement on acquiring equity of "J Fintech" specializing in loans was concluded in April 2020.

KB Capital

By acquiring an 85% stake in Indonesia's Sunindo Parama Finance of Sun Motor Group, KB Capital established and started business on PT Sunindo Koomin Best Finance on June 2, 2020.

(As of December 31, 2019)



Global Networks total **61**

● KB Kookmin Bank	38
● KB Securities	7
● KB Insurance	10
● KB Kookmin Card	2
● KB Asset Management	3
● KB Capital	1

Domestic Networks

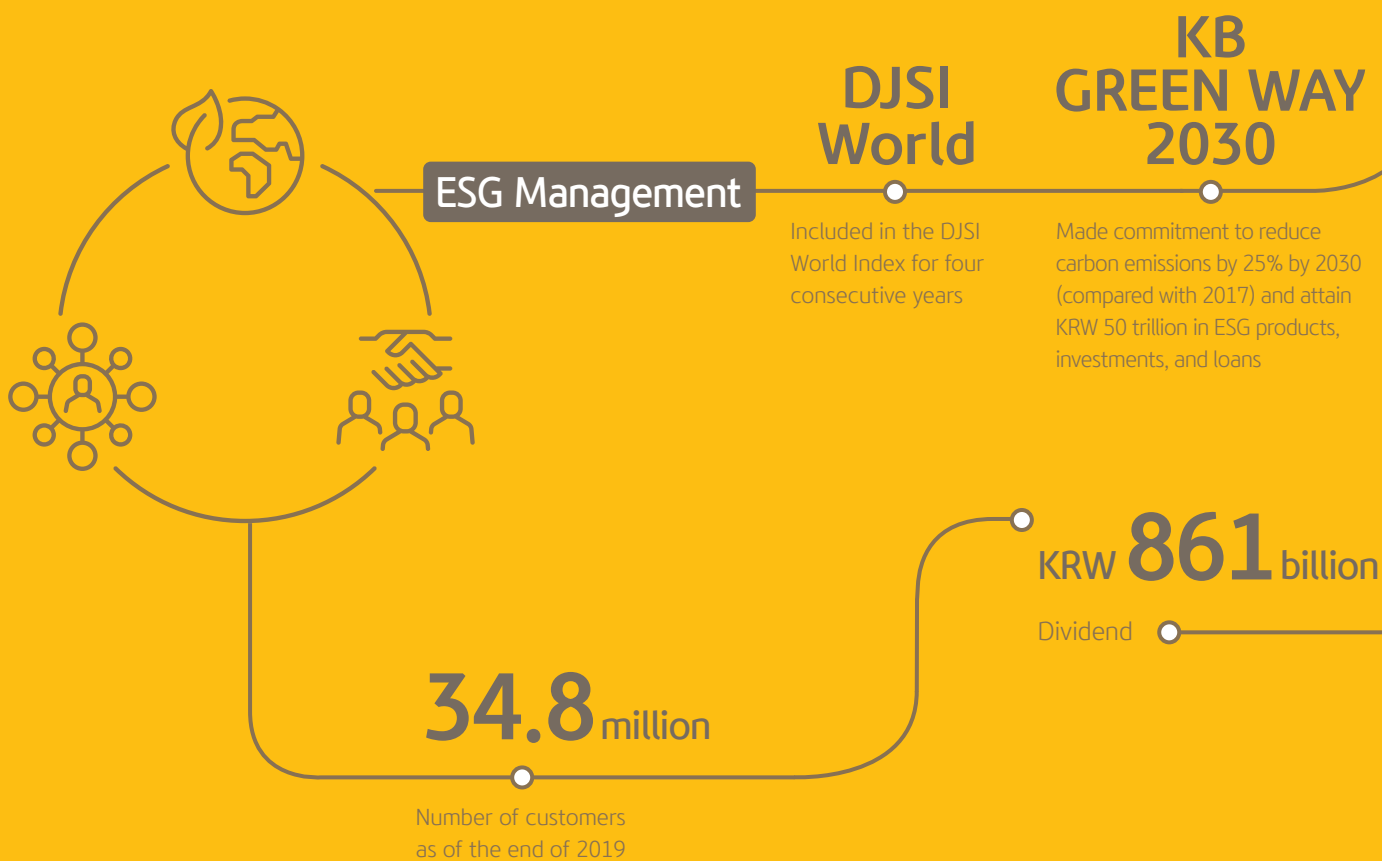
(As of December 31, 2019)

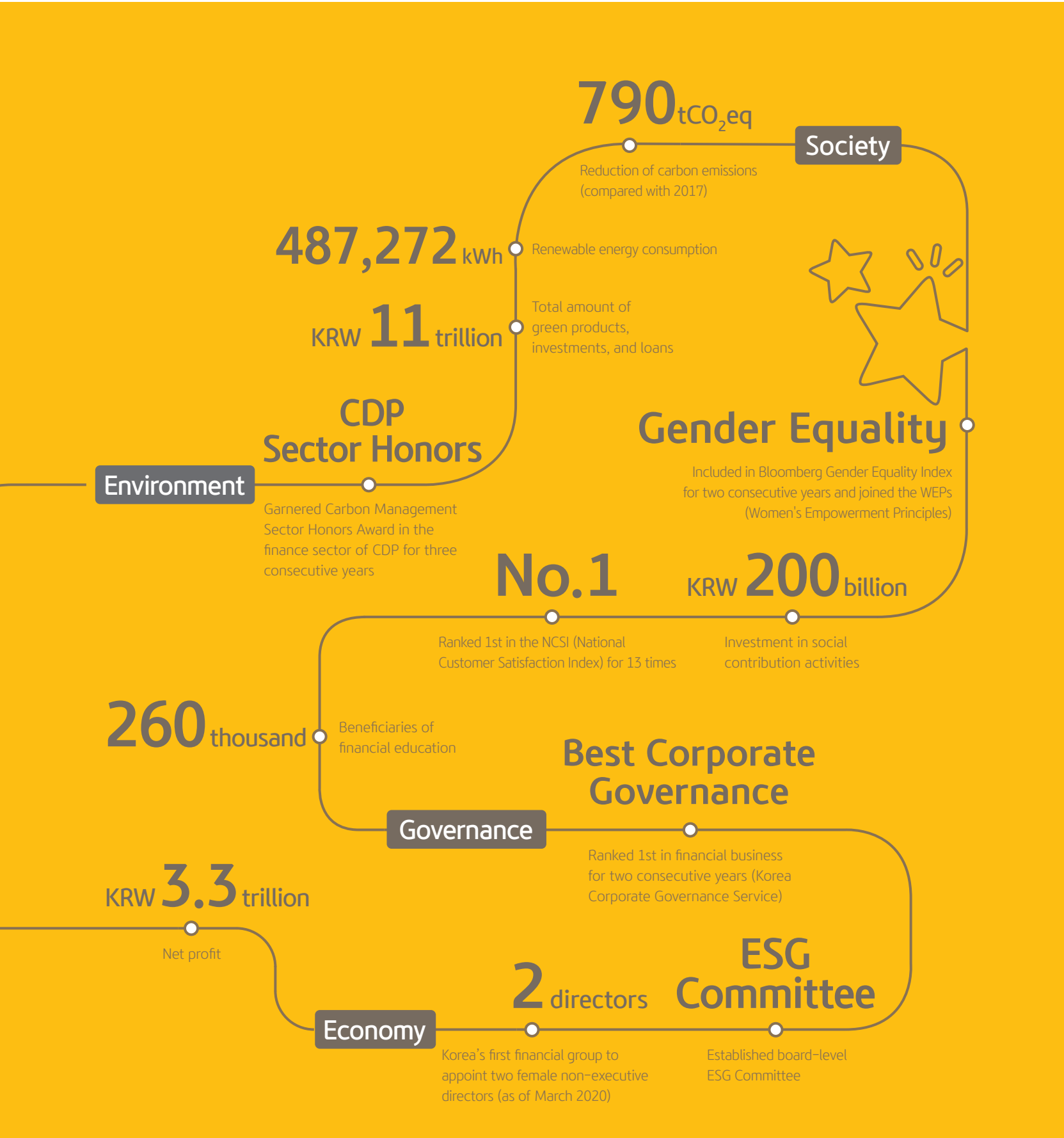
1,532	1	1,051	112	257	40	1
Total	KB Financial Holdings	KB Kookmin Bank	KB Securities	KB Insurance	KB Kookmin Card	KB Asset Management
29	12	3	8	1	1	16
KB Capital	KB Life Insurance	KB Real Estate Trust	KB Savings Bank	KB Investment	KB Data Systems	KB Credit Information

※ Head office is counted as one branch.

2019 Performance Highlights

KB Financial Group is committed to delivering a happier future to customers and making the world better and more convenient place to live through financial business. To this end, we are integrating ESG factors across all business areas to bring sustainable value and enhance customer trust. Through ESG-based management, we will solidify our status as the most trusted and valued financial group.





2019 Digital Transformation Highlights

KB Financial Group focuses on customer-centered digital transformation such as the expansion of non-face-to-face channels and the advancement of digital platform service, thereby leading the digital finance ecosystem. We will continue to take initiative in customer and social service innovation.

755 thousand hours

Reduced 755 thousand working hours through RPA (Robotic Process Automation) (cumulative, as of the end of 2019), leading to business process improvement and efficient HR management

10,712 participants

Number of participants in digital and IT competence enhancement trainings (as of the end of 2019). Cultivated future talents and fostered digital services

KRW **32.6** billion

Invested KRW 32.6 billion in 76 "KB Starters" and supported 113 collaboration cases by operating the "KB Innovation HUB" to support promising startups

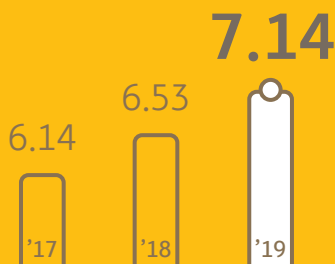
2.07 million subscribers

930 thousand users

Users of KB mobile certificate are increasing rapidly, enhancing customer convenience through improved integrity of non-face-to-face transactions

Provided Liiv app service, specialized in frequently used financial services such as remittance, payment, exchange, and transport

Spread mobile platforms by customer needs



7.14 million MAU of KB Star Banking, the largest in Korea

Liiv M

Launched "Liiv M," a convergence service of finance and telecommunication for the first time in the industry.

Subsidized KRW 700 million in phone bills to support those affected by the COVID-19 (around 8,800 customers).

Offered USIM chips to around 800 quarantined South Korean evacuees from overseas

Expand the scope of digital finance

Strengthen core digital competence



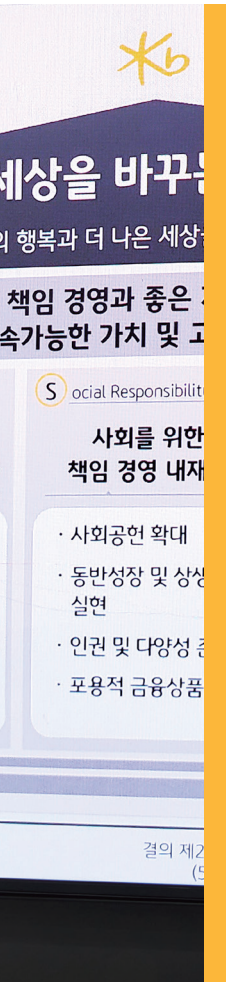
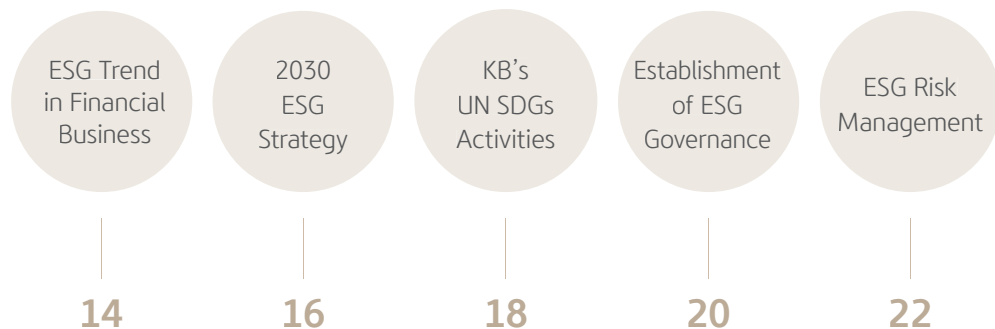
No.1

"KB Cha Cha Cha" became the largest used car trade platform in Korea with around 120 thousand units registered



ESG Value & Management

KB Financial Group is closely monitoring ESG trends in the financial business and taking preemptive measures to address ESG issues. Moreover, we strive to embed the value of ESG within the group by considering environmental and social impacts from our business and by preemptively controlling risks.



ESG Trend in Financial Business

There are active discussions on ESG issues across industries due to climate change and frequent natural disasters and ESG-related initiatives are gaining traction. Today, ESG is recognized as a key agenda for future growth as well as an essential factor for business operation. KB Financial Group intends to analyze the ESG trends and respond to rapidly changing environments. We identified increasing environmental and social risks, expansion of ESG-based investment, and tightening requirements on disclosure of governance as major ESG issues. As they could become both risk and opportunity factors, we are taking preemptive and group-wide measures to address them.

ESG Trends in the Financial Business

Increasing environmental and social risks

The global spread of COVID-19 in 2020 resulted in heavy casualties, causing the local economy to gradually slow down due to shrinking consumption. In particular, small and medium-sized businesses and low-income families are suffering from job insecurity and are facing difficulty in securing funds. The COVID-19 pandemic has severe impact on economy and society beyond just health and medical issues. Global financial market is also facing wider volatility, which may threaten our businesses.

Expansion of ESG-based Investment

As of the end of 2018, the National Pension Service's (NPS) investment in ESG increased by 290% year-on-year to KRW 26.7 trillion since the introduction of Stewardship Code by NPS. As NPS and other institutional investors announced that they will increase their investment in ESG and strengthen their ESG assessment of the companies being invested, the ESG investment market is gradually expanding.

Tightening requirements on disclosure of governance

Based on the OECD survey, 40 out of 45 countries are responding to mandatory disclosure on corporate governance in accordance with the Comply or Explain approach. In Korea, it is mandatory for large-sized listed companies with over KRW 2 trillion in total assets to disclose their corporate governance report. This disclosure will improve the transparency in corporate management and mid-to-long term corporate value.

What is ESG?

ESG stands for Environmental, Social and Corporate Governance. They are non-financial factors impacting businesses.



How we are responding

With the aim of preventing the spread of COVID-19 and minimizing stakeholder damage, KB Financial Group has built a rapid response system based on the “Group Emergency Management Committee” and is providing group-wide assistance for various stakeholders.

Providing financial assistance

- Providing emergency funding to small business owners and SMEs
- Deferring interest payment for small business owners and SMEs

Contributing to local communities

- Delivering relief supplies (mask, hand sanitizer, thermometer, food, etc.)
- Reducing rent for small business owners

Improving work environment for our employees

- Introduced telecommuting arrangement
- Disperse the workforce at alternative workplaces

We are integrating ESG aspects into our business operations by preemptively identifying environmental and social risks and managing them in a systemic way.

Restricting financial services to companies with ESG risks

- Restricting loans and investments to firms with high environmental and social risks
- Prohibiting financing illegal and fraudulent activities

Conducting ESG-based client due diligence

- Conducting customer due diligence based on ESG criteria and enhanced due diligence for higher risk clients

Conducting ESG risk assessment

- Conducting ESG-based risk assessment before executing loans and investments

We transparently disclose information on corporate governance through our annual sustainability reports and corporate governance reports. In recognition of our efforts, we have been selected as the best financial company in corporate governance for two consecutive years.

Transparent information disclosure

- Transparent disclosure of performance through the annual corporate governance reports, sustainability reports, annual reports, and business reports

Establishing the culture of governance

- Selected as the best financial company in corporate governance for two consecutive years by the KCGS (Korea Corporate Governance Service) (2018~2019)

Enhancing the implementation of Stewardship Code

- Six subsidiaries adopting and implementing Stewardship Code
- Actively executed shareholder rights and disclosed results

2030 ESG Strategy



We established the “KB GREEN WAY 2030” as a strategic goal to integrate ESG factors into conducting our business and further build stakeholder trust. By focusing on ESG management, we aim to reduce carbon emissions by 25% and expand the scale of ESG-related products, investments, and loans to KRW 50 trillion by 2030.



Reduce carbon emissions by 25%
Achieve KRW 50 trillion in ESG products, investments, and loans



Environment: Advancing Climate Change Strategy

Focus areas	Goal	Action plans	Page
Setting and Managing Carbon Emissions Target	Reducing group's carbon emissions by 25% by 2030 (compared with 2017)	<ul style="list-style-type: none"> Continue to reduce carbon emissions through goal setup and monitoring Promote 3 key tasks of "Paperless," "No Plastic," and "Save Energy" through the "Go Green Campaign" 	29-31
Managing Environmental Risks	Establishing environmental and social risk management principles and enhance environmental management system	<ul style="list-style-type: none"> Assess climate change risks and opportunities by developing and implementing a roadmap based on TCFD recommendations Strengthen disclosure of financial impacts Establish an environmental management and performance system 	32-36
Increasing Green Investments and Loans	Securing green leadership by expanding eco-friendly investments and loans	<ul style="list-style-type: none"> Achieve KRW 25 trillion in investments and loans in green sectors such as renewable energy and green business Take the lead in green finance including renewable energy deals (underwriting, fundraising, advisory, etc) and green bond issuance 	37-41
Leading the Way in Green Finance Ecosystems	Building leadership through global initiative activities in the field of environment	<ul style="list-style-type: none"> Participate in global environmental initiatives to build an environmental and social risk management process Enhance cooperation and joint response with global environmental initiatives (Participate in UNEP FI's Collective Commitment to Climate Action and UN PRB's working group activities) 	42-43

Social Responsibility: Internalizing Responsible Management for Society

Focus areas	Goal	Action plans	Page
Expanding Social Contribution	Promoting social contribution to create value for future generations	<ul style="list-style-type: none"> Strengthen educational support to children and youth for equal learning opportunities Strengthen social impacts through job creation, community support and environment preservation activities 	45-50
Promoting Shared Growth and Mutual Prosperity	Promoting shared growth through the expansion of social value creation	<ul style="list-style-type: none"> Expand loans and supports to foster the competitiveness of SMEs and small business owners (temporary liquidity support against COVID-19 issue, and financial support for social enterprises and green businesses) Build an ecosystem for social enterprises and startups Consult aspiring entrepreneurs and small business owners (phased management consulting linked with corporate loans) 	51-53
Respecting Human Rights and Diversity	Respecting human rights and diversity of stakeholders	<ul style="list-style-type: none"> Strengthen support for major stakeholders including clients, employees, suppliers and integrate them into corporate culture 	54-63
Expanding Financial Inclusion	Providing financially vulnerable classes with stable financial services	<ul style="list-style-type: none"> Provide financial products for low-credit and low-income people such as "KB New Hope Spore" and "KB Sunshine Loan" Develop diverse financial products and services to generate greater social value 	64-67

Corporate Governance: Spreading the Culture of Transparent Governance

Focus areas	Goal	Action plans	Page
Enhancing Transparency in Governance	Spreading the culture of healthy governance	<ul style="list-style-type: none"> Transparently disclose ESG information through sustainability report and other public disclosure means and enhance communication with stakeholders Contribute to enhancing transparency and soundness of corporate governance of local companies and encouraging them to adopt ESG into their business practices by sharing KB's best practices 	69-77
Strengthening the Stewardship Code	Increasing the value of investee companies through active execution of the Stewardship Code	<ul style="list-style-type: none"> Pursue the development of investee companies, growth of customer assets, and increase of shareholder interest in the long term through active execution of the Stewardship Code Strive to enhance corporate governance and value of investee companies through various engagement including management meeting, IR, execution of voting rights and shareholder proposals 	78
Expanding Investments in Excellent Governance	Creating sustainable value of companies with excellent governance	<ul style="list-style-type: none"> Develop funds and other relevant products investing in companies with excellent corporate governance to generate stable return and build positive reputation among clients 	79
Building a Comprehensive Evaluation System	Building a comprehensive ESG management evaluation system	<ul style="list-style-type: none"> Build a comprehensive ESG evaluation system to encourage investee companies to adopt ESG into their business practices 	79

KB's UN SDGs Activities

The UN SDGs (Sustainable Development Goals) are the international blueprint released at the UN General Assembly to address universal challenges facing mankind, protect the planet's environment and resolve socio-economic problems. They contain 17 goals and 169 detailed tasks in the fields of economy, society, and environment to be achieved by 2030. Our ESG strategy is aligned with the UN SDGs. Responsible execution of the ESG strategy will contribute to addressing the global challenges we face. We will communicate with stakeholders about our strategy, execution, and performances in a transparent manner.

Activities and Performances by Major SDGs

Strategic direction	Focus area	SDGs
Advancing climate change strategy for environment	Setting and managing carbon emissions target	<ul style="list-style-type: none"> Affordable and clean energy Climate action  
	Managing environmental risks	<ul style="list-style-type: none"> Affordable and clean energy Climate action  
	Increasing green investments and loans	<ul style="list-style-type: none"> Affordable and clean energy Climate action  
	Leading the way in green finance ecosystems	<ul style="list-style-type: none"> Climate action Partnerships for the goals  
Internalizing responsible management for a better society	Expanding social contribution	<ul style="list-style-type: none"> Good health and well-being Quality education Decent work and economic growth Reduced inequalities    
	Promoting shared growth and mutual prosperity	<ul style="list-style-type: none"> Decent work and economic growth 
	Respecting human rights and diversity	<ul style="list-style-type: none"> Gender equality Decent work and economic growth Reduced inequalities   
	Expanding financial inclusion	<ul style="list-style-type: none"> No poverty 
Spreading the culture of transparent governance	Enhancing transparency in governance	<ul style="list-style-type: none"> Responsible consumption and production 
	Strengthening Stewardship Code	<ul style="list-style-type: none"> Responsible consumption and production 
	Expanding investments in excellent governance	<ul style="list-style-type: none"> Responsible consumption and production 
	Building a comprehensive evaluation system	<ul style="list-style-type: none"> Responsible consumption and production 



Activities and Performances by Major SDGs

It is crucial to set strategic targets aligned with the SDGs and implement them to achieve a sustainable future by 2030. To help achieve the global target, we will carry out activities focused on SDGs that are closely aligned with our ESG strategy.

Major activities and performances (as of the end of 2019)	Page
<ul style="list-style-type: none"> Reduced carbon emissions: 790tCO₂eq (compared with 2017), consumption of renewable energy: 487,272kWh Opened the Gimpo Integrated IT Center, which uses solar power and fuel cell Promoted the “Go Green Campaign” which includes three key tasks: Paperless, No Plastic, and Save Energy 	29-31
<ul style="list-style-type: none"> Evaluated climate change risks and opportunities based on TCFD pilot project and recommendations, and disclose financial impacts of climate change 	32-36
<ul style="list-style-type: none"> Achieved approximately KRW 11 trillion for green products, investments, and loans <ul style="list-style-type: none"> Green products: KRW 3.8 trillion Green investments: KRW 2.8 trillion Green loans: KRW 4.4 trillion 	37-41
<ul style="list-style-type: none"> Joined UNEP FI Principles for Responsible Banking and Working Group of Collective Commitment of Climate Action, and run an internal council to implement action plans of the initiatives 	42-43
<ul style="list-style-type: none"> Provided support for those affected by COVID-19 Beneficiaries of the 「Youth Mentor, KB!」: 18,220 People who landed a job through the KB GoodJob Fair: 11,656 University students who participated in the Raonatti: 547 	45-50
<ul style="list-style-type: none"> Provided free consulting services to the self-employed and prospective startups that are facing difficulties in business management (1,674 cumulative cases) Provided support to medium and small business owners and the underprivileged who are heavily impacted by COVID-19 (KB Kookmin Bank) 	51-53
<ul style="list-style-type: none"> Included in Bloomberg GEI for two consecutive years (2019~2020) and became the first Korean financial company to join the WEPS Employees who returned to work after childcare leave: 2,507 Employees who use the flex-time work system: 859 Surveyed our employees and suppliers’ employees about human rights status 	54-63
<ul style="list-style-type: none"> Provided KRW 2 trillion loan products such as KB New Hope Spore and KB Sunshine Loan for the financially vulnerable Provided KRW 4.2 trillion deposit products such as KB Kookmin Property Formation Savings 	64-67
<ul style="list-style-type: none"> Selected as the best financial company in corporate governance by the KCGS for two consecutive years (2018~2019) Published annual sustainability reports based on GRI, SASB, and TCFD 	69-77
<ul style="list-style-type: none"> Exercised voting rights for 158 companies (KB Asset Management) 	78
<ul style="list-style-type: none"> Achieved 16.63% in average rate of return from the KB Shareholder Value Focus Fund 	79
<ul style="list-style-type: none"> Promoted the advancement of evaluation indicators and systems to allow excellent companies in ESG to be given preferential treatment 	79

Establishment of ESG Governance

Leading ESG Management

As investors are increasingly interested in soundness of non-financial aspects, companies are expected to fulfill social responsibility and actively respond to climate change beyond just profit creation. Against such backdrop,, KB Financial Group has built a Group-wide decision-making system to accelerate ESG management. In March 2020, the ESG Committee was established under the BOD for the first time among domestic financial companies with the enactment of the ESG Committee regulation as well as amendment of the BOD regulation and internal policies on corporate governance. We have also reorganized working-level teams to carry out ESG strategies.

Signing event for the ESG Guiding Principles



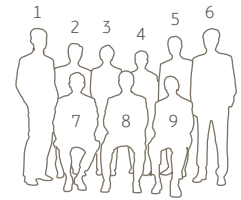
Promoting Strategic ESG Management

KB Financial Group strengthened working-level functions of ESG in January 2020 with the aim of conducting group-wide ESG management. The existing Social Contribution & Culture Department at KB Financial Holdings was reorganized as the ESG Strategy Department and is responsible for managing the Group’s ESG implementation by developing ESG strategy, operating the ESG Committee, responding to external ESG evaluation, and conducting initiative activities. ESG department of each subsidiary is in charge of ESG planning and implementation, support for internal and external ESG evaluation, management of carbon emissions, and implementation of ESG improvements based on the resolutions of the ESG Committee. Especially, KB Kookmin Bank launched the “ESG Steering Committee” in 2020 to ensure speedy and consistent implementation of ESG-related resolutions made at the Committee. The ESG Steering Committee, in which Yin Hur, the CEO of KB Kookmin Bank, and six representatives of the Group participate, is convened once a month to promote ESG management in a swift and sustainable manner. Two subcommittees under the Committee take charge of reducing carbon emissions, activating investments in ESG projects, and building risk management system.

Organization for ESG Implementation



ESG Committee Members



1. Kouwhan Jeong
2. Kyung Ho Kim
3. Myung Hee Choi
4. Seon Joo Kwon
5. Gyutaeg Oh
6. Yin Hur
7. Jong Kyoo Yoon
8. Suk Ho Sonu
9. Stuart B. Solomon

Establishment of the ESG Committee

The ESG Committee was established with the purpose of overseeing pending ESG management issues which had been pursued by each subsidiary, strengthening ESG execution at the Group level, and effectively responding to ESG issues such as climate change and governance. To address ESG issues in an integrated manner, the ESG Committee consists of all members of the BOD who demonstrate expertise in each field. Gyutaeg Oh, a non-executive director, was appointed as the Chairman of the ESG Committee.

The major role of the ESG Committee is to establish the ESG strategy and policies of the Group and make decisions on ESG tasks of subsidiaries. The Committee, as the supreme decision-making body, also monitors the implementation of major ESG tasks of the Group, performances in ESG-related products, investments, and loans, and reduction of carbon emissions. The ESG Committee is convened twice a year to manage ESG factors within the Group's management system in an integrated way. Service term of the Committee Chairman and members is one year.

ESG Risk Management

Strengthening Integrated Risk Management

KB Financial Group is working to minimize the negative environmental and social impacts that are generated through our business activities, whether direct or indirect. We are also strengthening control over non-financial risks as well as traditional financial risks to establish a companywide integrated risk management system. With the aim of ensuring a systematic environmental and social risk management, KB Financial Group has buttressed its monitoring and management of ESG issues and established the direction and process for environmental and social risk management to better manage such risks.

Major Risk Types

Financial Risks	ESG-related Risks
Risks that may be caused by financial issues such as credit risks, market risks, interest rate risks, and liquidity risks	Risks that may be caused by ESG factors such as climate change, environmental impacts, and social issues

Environmental & Social Risk Management

Direction for Environmental & Social Risk Management

KB Financial Group works to ensure preemptive detection and systematic management of the environmental and social risks involved in its business activities. We restrict our investments and loans by identifying industries with high ESG risks. We may refuse or suspend specific transactions for customers found as high-risk through our mandatory Know Your Customer process incorporating ESG risks. In addition, we analyze and include ESG risks in our assessment process prior to the execution of our investments and loans, in order to minimize the environmental and social risks for customers.

Preemptive Control of Major Environmental and Social Risks



Enhance Engagement on ESG Risks

We are actively engaging with our stakeholders including clients on ESG related risks and opportunities to help them understand and integrate ESG factors into their business activities. We are publicly disclosing ESG risks we are facing and our countermeasures and KB Research Institute shares its ESG research reports to make sure that clients raise their awareness of the risks and opportunities related to ESG issues. Furthermore, KB Financial Group actively exercises voting rights based on evaluation of investee companies' non-financial factors and KB Kookmin Bank's credit reviewers incorporate non-financial elements in the evaluation process of investments and loans to make sure that our clients can make decisions based on ESG.

ESG Engagement and Promotion

Activity	Content	Performance
ESG Engagement	Share research reports on ESG issues through KB Research Institute's website	Five reports were issued in terms of sustainability management
	Disclosure of ESG risks and countermeasures	Disclosure through website, annual report, and sustainability report
ESG Promotion	Active execution of voting rights based on evaluation of investee companies' non-financial factors	Execution of voting rights on 158 investee companies (KB Asset Management)
	Decline of credit ratings, withdrawal or rejection of loan based on non-financial factors evaluation in the process of loan and investment application	-

Customer Due Diligence Based on ESG Risks

Customer due diligence is Know Your Client process collecting client information to prevent transaction and services provided by KB from causing environmental and social risks. KB Financial Group performs customer due diligence (CDD) by determining the environmental or social risks that affect all parties in financial transactions including customers and their representatives, and conducts enhanced due diligence (EDD) if high environmental and social risks such as money laundering and terrorist financing are suspected. If a customer refuses due diligence, KB Financial Group may turn down new transactions, or suspend any existing business relationships.

CDD (Customer Due Diligence), EDD (Enhanced Due Diligence)

Refer to Know Your Client process to verify customers and their transaction purposes so as to prevent financial services from being manipulated by money laundering, etc.

Restricting Financial Services to Companies with High ESG Risks

KB Financial Group preemptively identifies and manages industries with high risk of incurring environmental and social risks. KB Kookmin Bank restricts investments and loans for industries and companies with high environmental and social risks, prohibits financing businesses that go against public good or is used for criminal or illegal acts, and provides loans only for constructive and productive projects.

Businesses to be Excluded from Investment and Loan

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Manufacturing and lease of unhealthy game machines • Entertainment bar • Operation of dance hall | <ul style="list-style-type: none"> • Management and operation of gambling facilities • Drug handling • Pornography or prostitution | <ul style="list-style-type: none"> • Illegal weapon distribution • Smuggling • Other illegal and fraudulent activities |
|--|---|---|

Providing Financial Services through ESG Risk Assessment

KB Financial Group preemptively identifies customer risks through our ESG-based evaluation in executing investments and loans. The ESG risk assessment covers five areas, i.e. leadership & corporate governance, social capital, human capital, business model & innovation, and environment. KB Kookmin Bank conducts credit assessment in investment and lending processes considering ESG risk factors. Through ESG Socially Responsible Investment ETF, KB Asset Management is investing in sectors which score high on social responsibility areas. In the future, we will upgrade ESG-related categories for customer evaluation and do our best to minimize the environmental and social risks that may occur while conducting financial activities.

ESG Assessment Checklist

Leadership and governance	Social capital	Human capital	Business model and innovation	Environment
<ul style="list-style-type: none"> • Response to regulations and laws • Competitive activities 	<ul style="list-style-type: none"> • Human rights and local community • Customer welfare • Fair trade and product labeling on hazard • Product quality and safety 	<ul style="list-style-type: none"> • Labor practices • Employee participation, diversity, and inclusiveness 	<ul style="list-style-type: none"> • Product design and lifecycle management 	<ul style="list-style-type: none"> • Energy management • Air quality • Effects on ecosystem

In-focus



Integrating ESG into Investing and Lending

KB Kookmin Bank has established Principle and Code on Credit taking into account ESG risks involved in investment and lending processes including project finance and conducts credit evaluation for big corporations and companies requiring external audit. Principle and Code on Credit, which set out fundamental values for credit and lending business operations, serves as basis for the bank's credit and lending policies and practices. This is the basic guideline that credit officers must comply with. Furthermore, we consider the ESG-related information as part of the non-financial review items in the credit evaluation of major debtors and perform our decision making incorporating the assessment results. KB Kookmin Bank evaluates social responsibility management performance of the management of the debtors on a scale from A to E by identifying ESG factors such as the implementation of ethical management, use of green technology, and contribution to job creation. The Bank complies with its ESG framework in conducting large-scale project financing including active communication about the project's environmental and social impacts and managing relevant risks. Major PFs the Bank participated in 2019 were Hanwha Energy's Green Bond RP, solid refuse fuel recovery plant project in Gimcheon, and solar power plant project in Yeongam. In financing such large-scale projects, we conduct assessment of their impact on environment and society with our internal experts as well as independent, third-party experts. In order to strengthen our environmental and social responsibility and advance monitoring scheme in conducting project financing, the Bank is developing internal processes and roadmap aligned with the updated version of the Equator Principles, i.e. EP4. We will become a signatory of the Equator Principles in 2021 and incorporate its framework into our project financing processes.

Major Project Financing Cases

Project	Performance	Impacts identified	Environmental and social impacts
Participation in Hanwha Energy Green Bond RP	Amount: USD 77 million Maturity: 3 years	There are little negative impacts on environment and society as we engage in developing and disposing a variety of solar power projects	Expecting positive impacts on environment and society by supplying renewable energy
Solid refuse fuel recovery plant project in Gimcheon	KB's mandate: KRW 87 billion Maturity: 15 years	There are low negative impacts on environment and society as we make it a rule to reduce waste and recover energy.	Expecting positive impacts on sustainable growth through waste reduction and energy recovery as waste is recycled as fuel
Solar power plant project in Yeongam	KB's mandate: KRW 303 billion KB's covenant: KRW 73 billion Maturity: 5 years & 9 months	Negative impacts are low as this project was anticipated to have less impacts on environment based on environmental impact evaluation.	Expecting positive impacts on reducing fossil fuel consumption, generating renewable energy, creating jobs, and developing tourism products



Wind power and solar power generation facilities in Yeongam financed by KB's eco-friendly investment

ESG Strategy & Progress

Our ESG strategy focuses on embedding ESG value in whole business management activities by managing climate change risks, pursuing inclusive society, and enhancing transparency in corporate governance. Based on such ESG strategy, we will create positive impacts on society and drive sustainable growth.





FOR ENVIRONMENT

Advancing Climate Change Strategy

As stakeholders' interest in the environment increases, consideration of environmental risk is becoming more important in the financial sector. KBFG aims to strengthen its management of environmental risks by advancing climate change strategy and expanding green financial services.



Setting and Managing Carbon Emissions Target

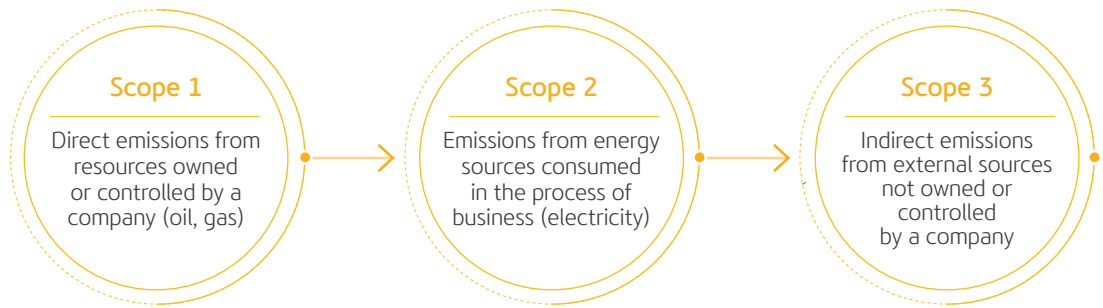
Setting the Carbon Emissions Reduction Target

Current Carbon Emissions

Reduction of carbon emissions in 2019 (compared with 2017)

790_{tCO₂eq}

To help achieve transition toward a low-carbon society, we developed ESG strategy and set and manage internal carbon emissions target. We monitor carbon emissions data and trends (Scope 1 & 2) of all subsidiaries as well as other emissions (Scope 3) and disclose them. In particular, KB Kookmin Bank, as participant of GHG and Energy Target Management System, submits its emissions data of the previous year in every March and set the following year's emissions target in discussion with Korea Energy Agency. Electricity accounts for approximately 80% of our total emissions, followed by heating for buildings and vehicles operation. In 2019, we reduced 790tCO₂eq of carbon emissions compared with 2017.



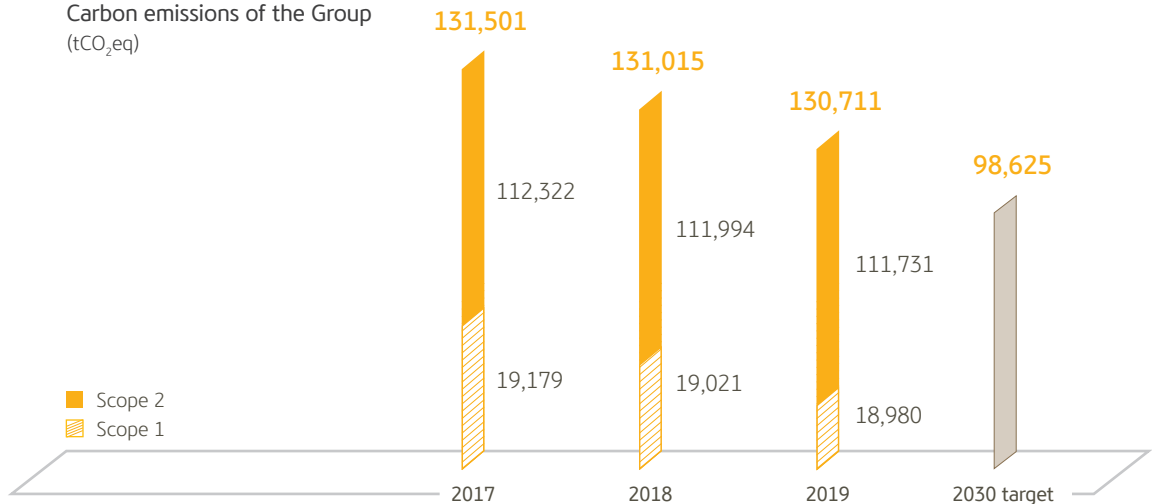
Setting the Carbon Emission Reduction Target

Carbon emissions reduction target by 2030 (compared with 2017)

25%

As we approach existing emissions reduction target year, i.e. 2020, We set a new mid-to-long term emissions reduction target aligned with our ESG strategy to reduce emissions by 25% by 2030 compared with 2017.

Carbon emissions of the Group (tCO₂eq)



Efforts for Carbon Emission Reduction

Increasing the Use of Renewable Energy

Consumption of renewable energy

(as of 2019)

487,272 kWh

KB Financial Group is increasing the use of renewable energy to reduce carbon emissions. Gimpo Integrated IT Center, which opened in July 2019, installed photovoltaic and fuel cell power generation facilities to become green data center producing 107,788 kWh of electricity as of 2019, and achieved additional energy saving by installing an energy saving air-conditioning system. Moreover, Hapjeong Office and Sacheon Training Center of KB Insurance produced 3,563 kWh and 375,921 kWh of electricity through renewable energy sources, respectively, for their own use in 2019. By installing solar power, fuel cell, and geothermal power generation facilities in the new KB Kookmin Bank Headquarter Office currently under construction, we will produce 2,143 MWh of electricity annually. Going forward, we will continue to increase the use of renewable energy by capitalizing on more renewable energy generation facilities in our own premises and related renewable energy rate systems.

1. Integrated IT Center in Gimpo
2. KB Insurance's training center in Sacheon



Efforts to Reduce Carbon Emissions

To ensure effective response to climate change, we have been working continuously to reduce carbon emissions generated from business operations and ensure an efficient use of energy. The environmental management system (ISO 14001) has been applied to our six main buildings including the head office to monitor environmental data including carbon emissions and waste levels. In responding to the CDP, we annually report climate-related data. Moreover, all our subsidiaries have conducted diverse energy-saving activities such as replacing the light bulbs with LEDs at head office and branches, installing rotating wind visors in air-conditioners and heaters, and by turning off all the lights during lunch breaks and at night. In 2019, KB Kookmin Bank introduced 10 electric vehicles for business use and installed recharging infrastructure to reduce carbon emissions. This project will be expanded to all subsidiaries. We also run the Energy Saving Day campaign every month and are actively collecting and managing environmental data.

Go Green Campaign with Customers

We have started Go Green Campaign in collaboration with all of our subsidiaries to reduce our impact on environment. Through the campaign, we are raising awareness of importance of environmental protection and encouraging customers and employees to participate and engage in order to deliver positive impact on our environment and society. The campaign is carried out under 3 major themes, i.e. Paperless, No Plastic, Save Energy.



Category	Major tasks	Practices
Paperless	Issue less paper bankbooks	Expand customer participation through financial benefits* and offers** and provide more conveniences to paperless accounts * KB Kookmin Bank: Prime rate to paperless accounts when subscribing to green products (KB Clean Sky Saving, etc.) KB Securities, KB Savings Bank: More benefits to new non-face-to-face accounts ** Raise donations for environmental organizations and promote new green projects through donation-type offer system
	Reduce DM service	Inform customers of digital transformation, adopt sustainable design, and diversify channels
	Reduce paper usage	Promote the 2030 Zero Paper Campaign and improve the ways of working (report and meeting culture)
No Plastic	Issue less plastic credit card	Promote mobile credit cards
	Reduce use of plastic products	Purchase green products, raise awareness of employees, and develop eco-friendly financial products
	Recycle plastic products	Install plastic recycling devices
Save Energy	Use renewable energy	Expand renewable energy facilities and use green rate payment system
	Increase use of green vehicle	Install EV station and operate green vehicles for business
	Energy saving and efficiency	Strengthen efficiency in energy management, conduct energy-saving campaign, and adopt energy-efficiency products and facilities



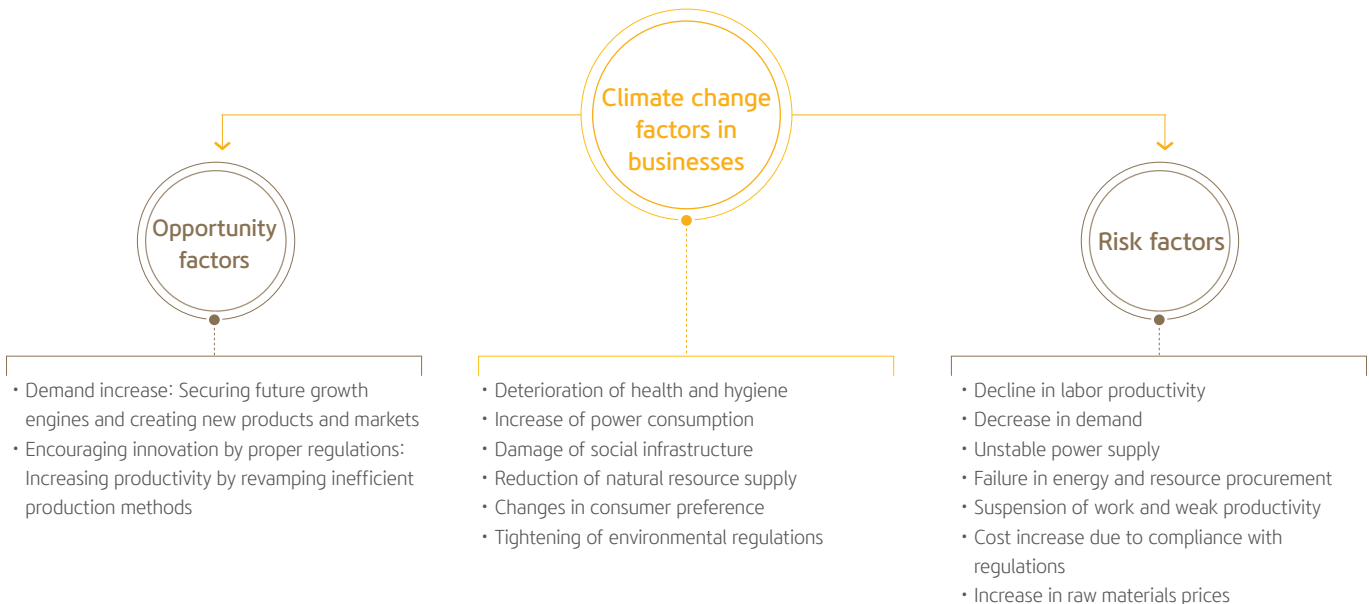
Managing Financial Impacts from Climate Change

Background

As the earth’s average temperature has risen about 0.85°C since 1891 when the Industrial Revolution was still under way, there have been increasingly frequent natural disasters such as heat wave, heavy snow, flood, drought, fine dust, and desertification, which cause both huge economic losses and concerns about climate change impacts on human life. In April 2015, G20 Leaders requested the Financial Stability Board (FSB) to review climate change risks and countermeasures for financial stability. FSB released the Task Force on Climate-related Financial Disclosures (TCFD) in 2017. The TCFD classified climate change risks into two

categories – transition risks that can occur due to transition toward a low-carbon economy and physical risks caused by abnormal weather such as sea level rise – and recommended that we disclose the four factors of governance, strategy, risk management, and metrics & targets related to climate change. Understanding that climate change can have negative impacts on financial business, KB Financial Group joined as a TCFD Supporter in October 2018. We evaluate and manage risks and opportunities from climate change and transparently disclose related data and information.

Risks and Opportunities from Climate Change



TCFD Components

Governance: Governance in terms of climate-related risks and opportunities

Strategy: Actual and potential on business, strategy, and financial plan from climate-related risks and opportunities

Risk Management: Process for identifying, assessing, and managing climate-related risks

Metrics & Target: Metrics and reduction target for evaluating and controlling climate-related risks and opportunities



Effort to Implement the TCFD Recommendations

Governance

At KB Financial Group, the ESG Committee under the Board manages and monitors climate change issues at the group level, in which all the Board members with expertise in each field participate. The CEO's participation in the ESG Committee ensures the group's direct management of climate change-related risks and opportunities. To ensure effective management of climate change issues, we aligned climate change management performance to our compensation and reward system. In particular, one of our CEO's qualitative KPIs incorporates ESG performance including management of climate change issues, and executive in charge of ESG is evaluated and compensated based on performance in management of climate change.

Strategy

Climate change presents risk and opportunity factors to both the production and demand aspects of most industries. In particular, financial businesses are required to take preemptive action to climate change risks in the mid-to-long term in order to manage investment portfolio. KB Financial Group performs impact assessments on climate change-related businesses. The impacts can be different depending on business type, technological competitiveness, regulation scope and strength, and the level of climate change response system and they may cause an increase in production cost, weak productivity, and deterioration of competitiveness, resulting in negative effects on corporate credit ratings. Meanwhile, climate change can serve as an opportunity to strengthen the portfolio of sustainable finance when it comes to improving competitiveness by developing new products and markets.

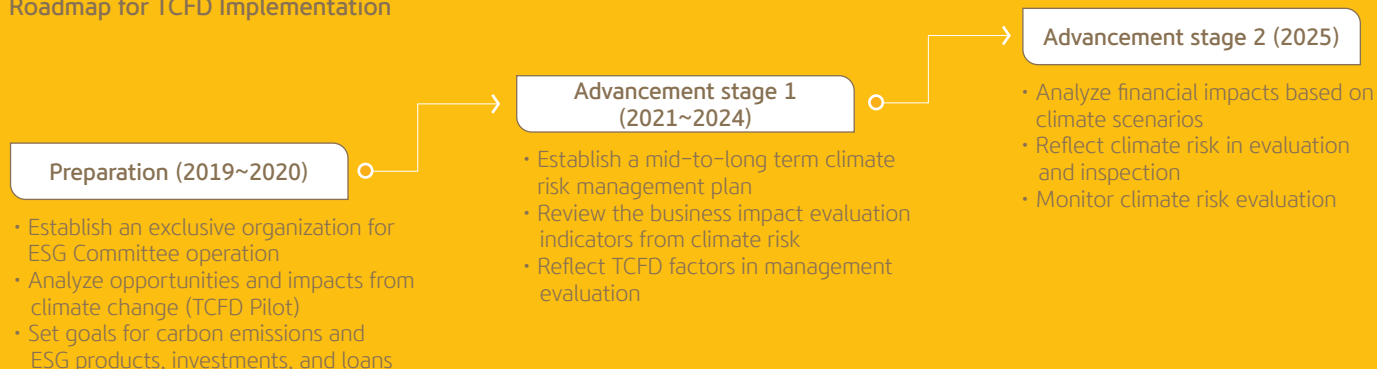
Risk Management

KB Financial Group is building a process to systematically manage climate change risks. In line with global initiatives such as UNEP FI Principles for Responsible Banking (PRB) and Collective Commitment to Climate Action (CCCA), we organized a council consisting of working-level staff of KB Financial Holdings and KB Kookmin Bank, through which we are working to identify climate change risks and opportunities and analyze the climate change scenarios. Going forward, we will establish strategies and targets based on different climate change scenarios and monitor implementation status. KB Financial Group actively takes environmental and social risks into account when conducting business. We assess ESG factors including climate change risks in making investment decisions, and are developing Environment and Social Risk Framework (ESRM) to identify environmental and social risks in conducting business.

Metrics & Targets

To continuously manage our climate change response efforts, we are committed to reducing our carbon emissions in our own operations and strengthening green finance at the same time. We aim to cut our carbon emissions by 25% until 2030 compared with 2017 through diverse energy-saving activities and the utilization of a renewable energy rate system. Furthermore, we plan on achieving KRW 25 trillion in our green investments and loans by 2030 by significantly increasing our support for green businesses such as renewable energy and green infrastructure.

Roadmap for TCFD Implementation



Current Implementation of TCFD Recommendations

We recognize the importance of finance in responding to climate change, and in order to enhance response to climate change, KB Financial Group is working on improving governance, strategy, risk control, and indicators and targets. We established a mid-to-long

term roadmap for systematic execution of climate change response according to TCFD recommendations. This roadmap contains short, medium and long term action plans. We will continue to improve and advance our climate change management system.

Implementation of the TCFD Recommendations

Category	TCFD recommendations	KB Financial Group's implementation
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	• Launched the ESG Committee consisting of all member of the Board. • Monitored climate-related issues and sustainability management
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	• CEO's participation in the ESG Committee to evaluate and manage climate-related risks and opportunities
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	• Analyzed climate-related impacts on business
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	• Impacts on customers' credit risks due to production cost increase, decline in productivity, and weakened competitiveness
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Scenario analysis of climate-related impacts on overall industries • Identified exposure of heavy carbon emission businesses • Estimated the increase of expected loss and impacts on the BIS ratio • Plan to advance loan portfolio based on scenario analysis
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	• Identified and evaluated climate-related risks at the council (consisting of staff from ESG-related department of group and the bank)
	b) Describe the organization's processes for managing climate-related risks.	• Plan to build a process for systematic climate change risk management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	• Assessed ESG-related factors when deciding investments • Plan to establish and disclose ESRM
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	• Carbon emissions, green products, investments, and loans
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	• Carbon emissions (Unit: tCO ₂ e) (Scope 1: 18,980, Scope 2: 111,731, Scope 3: 16,029) • Green products, investments, and loans (KRW 11 trillion)
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	• Plan to reduce carbon emission by 25% by 2030 (compared with 2017)

Analysis of Impacts from Climate Change Risks



Analyzing the Climate Change Impact on the Portfolio

We conducted climate change scenario analysis to identify our exposures in carbon-intensive industries and potential risks we are facing and explore mitigation measures. Our climate change scenario was conducted on all industries including power generation, steel, petrochemical and we took differentiated approach by scenario considering that climate change impact is different by industry. We assumed that expected loss increase from industry exposure due to decrease in asset value to be within the range of 0 to 60%. As a result of scenario analysis, we identified our exposure to carbon-intensive industries and estimated impact on expected loss increase as well as capital adequacy ratio. We are continuously managing scenario analysis simulation results.

Specifically, we identified 6 carbon-intensive industries through the analysis, and classified them into 3 categories considering regulatory, social and financial market trends. Power generation and energy sectors are classified as a sector requiring intensive management to whom urgent restriction or exclusion of credit is required, and other carbon-intensive industries are classified as attention sector or observation sector. We are planning to review internal portfolio strategies and targets based on carbon risk impacts, and currently discussing reduction of coal financing on power generation and energy sectors. We will take group-wide measures to address climate change issues and sharpen our portfolio strategies through more sophisticated scenario analysis.

Carbon Risk Impacts of Carbon-intensive Industries

Level of management	Sector	Carbon risk impacts
Intensive management	Power generation & energy	<ul style="list-style-type: none"> • Need to expand renewable energy consumption for carbon emissions reduction • Expect the reduction of coal-fueled power generation to comply with the Paris Agreement
Attention	Steel	<ul style="list-style-type: none"> • The largest GHG-emitting business among manufacturing industry • Need to control GHG by developing green products and expanding fine dust reduction facilities
	Petrochemical	<ul style="list-style-type: none"> • Wide business portfolio and 24-hour operation • Need to control carbon risks by incorporating carbon credit in pricing and participating in the emission trading
Observation	Refinery	<ul style="list-style-type: none"> • Need to diversify business in response to oil consumption reduction and invest in carbon reduction facilities
	Cement	<ul style="list-style-type: none"> • Difficulties in improving carbon risk impacts as carbon accounts for 60% of total emissions due to nature of cement manufacturing • Expect increasing burden on business due to change in free allocation of carbon allowance
	Waste treatment	<ul style="list-style-type: none"> • Need to sustain significant financial impacts for achieving carbon emissions reduction goal • Low response capacity as the business is mainly operated by SMEs

Managing Environmental Risks

Implementing Environmental Management

KB Financial Group is upgrading its environmental and social risk management system to strengthen its response to environmental risks, implementing its internal activities designed to cut carbon emissions as well as analyzing and disclosing the opportunities and impacts of climate change. To effectively respond to the diverse environmental risks that affect KB Financial Group, we have created an environmental management system and a performance evaluation system.

Developing the Environmental Management System

We strive to reduce impact on environment and carbon emissions that arise from our business activities and operations, and, at the same time, established environment management system which is certified by global environment management standards. We collect and manage the environmental data from all our subsidiaries to establish and manage our environmental management system. Subsidiary-level efforts to enhance environmental management were made, too. For example, KB Insurance and KB Kookmin Card respectively have established and are operating Guideline on Environmental Management. Our environmental management system aligns with global standards, i.e. ISO 14001, and KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital have acquired ISO 14001 certification. KB Kookmin Bank was the first financial institution that obtained ISO 14001 certification has been continuously keeping its system being certified through internal and external review process. KB Kookmin Card conducts an annual internal review for ISO14001 and 31 major companies in its supply chain are engaged in supply chain environmental management through their ISO 14001 certification.

Establishing the Environmental Management Performance Evaluation System

To minimize the environmental impact of its management activities, KB Financial Group has the environmental management performance evaluation system in place. KB Kookmin Bank evaluates environmental management performance such as developing customer-linked green financial products and services, conducting the green campaign, setting the carbon emission targets, and engaging in carbon footprint reduction efforts. KB Insurance and KB Kookmin Card have set their environmental goals of power consumption and fuel mileage for their service vehicles and monitor their environmental performance. Moreover, KB Life Insurance added environmental performance indicators such as green product development, increasing green investment, establishment of carbon emissions targets and their management process to the nonquantitative evaluation items for the CEO's KPI in 2020. KB Life Insurance is also sophisticating its corporate client analysis and evaluation process in each field of environment, society, and governance through several means including launching a new checklist and aligning with corporate credit assessment system.

Increasing Green Investments and Loans

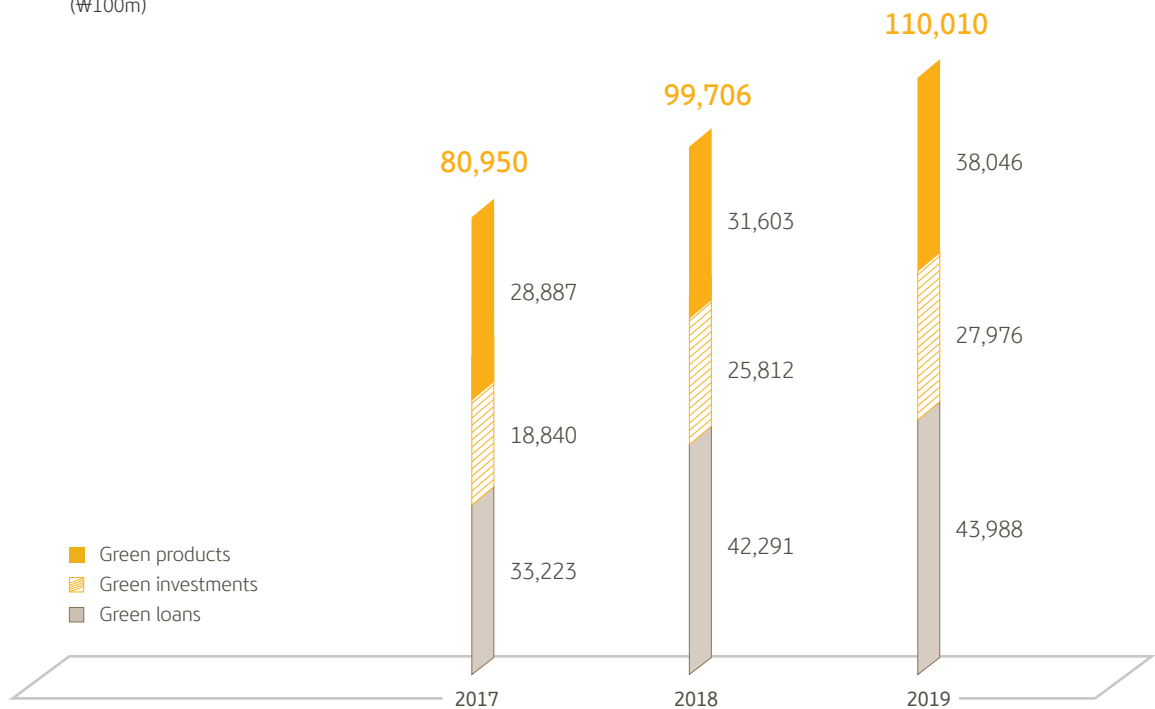
Sustainable Finance that Increases Environmental Value

ESG products, investments, and loans target in 2030

KRW 50 trillion

Green investment is increasing following national policies such as 2050 Long-term Low-Carbon Development Strategy and Renewable Energy 3020 and changing social trends. With the development of the ESG strategy in 2019, KB Financial Group established the ESG-based product classification system and a mid-to-long term goal for 2030, thus creating the basis for expanding investment in the ESG-related products. KB Financial Group will expand ESG products, investments, and loans to KRW 50 trillion by 2030 to deliver environmental and social impacts, and take environment into consideration in providing financial services to have positive influence on society. The total amount of our green investments and loans in 2019 was KRW 7.2 trillion, and the total including green products was KRW 11 trillion. Looking forward, we will reinforce our Green Leadership within the financial industry by developing a wide range of renewable energy investments, loans, and customer-participation green products.

Green Products, Investments, and Loans (₩100m)



Green Products

In order to cope with increasing environmental problems such as fine dust and maritime pollution and the climate change impacts, KB Financial Group has been developing and providing various green products with the goal of creating positive environmental and social impacts. In March 2019, KB Kookmin Bank launched KB Clear Sky Savings Plan to help reduce fine dust. The product offers preferential annual interest rate of up to 1.0%, provided that a subscriber fulfills four missions for a clear sky which can be easily put into action in our daily life (such as not issuing paper bank books, non face-to-face subscription, use of public transport, and solving quiz on fine dust by maturity). Also, the bank started donation challenge for the product in cooperation with Ministry of Environment and Korea Green Foundation where the bank donates certain amount for each account sold to create KB Kookmin Clear Sky Forest. The challenge fulfilled its goal when the savings plan reached over 100,000 accounts in just eleven weeks from its release, and in September 2019, KB Kookmin Bank donated KRW 100 million to the creation of an urban forest in Noeul Park in Seoul. Since the new product was released last year, the balance of the product reached KRW 498.7 billion as of December 2019, drawing many customers' participation in the prevention of environmental pollution and reduction of fine dust.

Green Products

(As of the end of 2019)

Classification	Major products	Description	Amount
Sustainable transportation	Korea Investment Global EV&Battery Securities & Investment Trust (Stock)	Invest in stocks and ETFs related with EV and battery business at home and abroad	KRW 45.8 billion
Prevention of environmental pollution	KB Clean Sky Savings	Environment-friendly product that provides prime rate to green activities and free insurance services against public transportation and bicycle accidents	KRW 498.7 billion
Renewable energy	KB Chile Solar Energy Special Private Asset Investment Trust	Fundraising for investing in solar power plants in Chile	KRW 56.4 billion
Sustainable water resource management	Samsung Global Water Securities & Investment Trust 1 (Stock-Fund of Fund)	Invest in global water-related businesses such as wastewater treatment infrastructure and technologies	KRW 2.3 billion

"KB Kookmin Clear Sky Forest" created by the donation challenge program for new accounts of "KB Clear Sky Savings"



Green Investment

Because KB Financial Group focuses on environmental factors in determining its investments, we actively explore investment opportunities and continuously invest our green investments in private environmental projects, renewable energy, and green ships and automobiles. KB Kookmin Bank actively performs its role in providing financial consulting and arranging syndicated loans for various renewable energy projects involving solar power, wind power, and fuel cell. One outstanding project in case is the Solaseado Solar Power Generation and ESS (Energy Storage System) project in Haenam. The project involves the construction of the country's largest 98 MWh solar power plant and a 306 MWh ESS in Haenam. The total amount of the syndicated loan that involves the consultation and arrangement on the part of KB Kookmin Bank is KRW 326 billion. The bank is executing its senior syndicated loan designed to fund the project and is making investment through FI shares and junior loans based on KB Renewable Energy Fund 1.

Green Investments

(As of the end of 2019)

Classification	Major products	Description	Amount
Renewable energy	KB Muan Sunlight Power Plant Private Special Asset Investment Trust	Fundraising for constructing a sunlight power plant in Muan	KRW 91.0 billion
	KB Spain Solar Power Energy Private Special Asset Investment Trust	Fundraising for constructing a solar power plant in Spain	KRW 89.8 billion
	Hanwha Energy Green Bond (RP)	Guarantee for issuing the foreign currency bond (Green Bond) aimed at raising funds for green projects	KRW 87.9 billion
Sustainable water resource and follow-up management	KB Korean Peninsular BTL Private Special Asset Investment Trust 1	Fundraising for investments in efficient water resource projects	KRW 215.0 billion
	KB Homeland Love BTL Private Special Asset Investment Trust 1	Fundraising for investments in efficient water resource projects	KRW 207.2 billion

Solar power generation facilities in Solaseado



Green Loans

KB Financial Group is increasing the funding necessary for the growth of green projects and green industry in step with the country's low-carbon green growth policy. We will increase our green financial support by developing and releasing a variety of green loans such as KB Green Growth Loan that provides preferential interest rates for green businesses and donates part of the proceeds to green growth-related associations. In particular, KB Financial Group is striving to provide funds for renewable energy projects in order to support the implementation of the South Korean government's target of expanding renewable energy. KB Kookmin Bank provides KB Solar Power Business Operator Loan to its customers who operate solar power business. This is a product that provides loans with preferential credit lines for solar power generators, who are supposed to repay with electricity sales (SMP) and the money collected from the sale of Renewable Energy Certificates (REC). As of the end of December 2019, KRW 95.9 billion was executed in loans.

Green Loans

(As of the end of 2019)

Classification	Major products	Description	Amount
Renewable energy	KB Solar Power Business Operator Loan	Loans to solar power business operators and redemption made through sales of electricity and supply certificates	KRW 95.9 billion
Green building	Green Remodeling Agreement Loan	Support loan interest when remodeling facilities for energy efficiency improvement	KRW 22.9 billion
Energy efficiency	Energy Use Rationalization Fund	Loans to energy use rationalization projects by borrowing funds from the Korea Energy Agency	KRW 319.7 billion
Prevention of environmental pollution	Environment Business Cultivation Fund/Environment Improvement Fund	Loans to pollution prevention facility projects by borrowing funds from the Korea Environmental Industry and Technology Institute	KRW 47.0 billion
Others	KB Green Growth Loan	Financial supports for preserving environment and growing green businesses	KRW 868.9 billion

Green loans
(Solar power plant facilities)



In-focus



The Issuance of Sustainability Bonds

In order to expand support for green and social projects, KB Financial Group developed and provided various sustainability bonds by establishing the sustainable finance management system. KB Kookmin Bank's sustainable finance management system not only complies with the Sustainability Bond Guideline developed by International Capital Market Association (ICMA), but has also obtained the qualification report from Sustainalytics, a world-renowned ESG finance consulting agency. KB Kookmin Bank first issued sustainability bonds of USD 300 million in October 2018 for the first time among local banks. The bank also became the first Asian bank that issued subordinated bonds worth USD 450 million in January 2019 and the first Korean bank that issued hybrid bonds worth USD 500 million in June 2019. These remarkable achievements drew great attention from the global SRI community. The senior sustainability bond worth USD 500 million, which was issued in April 2020 as Korea's first global public offering bond against the COVID-19, also gained big attention from overseas investors including ESG investors. KB Kookmin Bank solidified its position as green and socially responsible bank by continuously issuing sustainability bond including KRW-based senior and subordinated bonds. KB Capital launched Green Bond in November 2019. This fund will be used for auto financing of eco-friendly vehicles produced by global auto makers.

Sustainable Bonds Issued by KB Kookmin Bank

Classification	Date of issuance	Maturity	Amount	Remark
Hybrid bond	2019.6.25	Perpetual bond	USD 500 million	First hybrid bond among local banks
Senior sustainable bond	2018.10.16	3 years	USD 300 million	First senior bond among local banks
	2019.9.18	1 year	KRW 200 billion	-
	2019.9.20	1 year 3 months	KRW 200 billion	-
	2020.4.6	1 year	KRW 400 billion	Social bond against COVID-19
	2020.4.23	5 years	USD 500 million	Korea's first global bond against COVID-19
Subordinated sustainable bond	2019.1.28	10 years	USD 450 million	First subordinated bond among local banks
	2020.5.28	10 years	KRW 450 billion	-

Sustainable Bonds Issued by KB Capital

Classification	Date of issuance	Maturity	Amount	Remark
Senior green bond	2019.11.22	3 years	KRW 70 billion	Financial service for green vehicles
	2019.11.22	5 years	KRW 30 billion	Financial service for green vehicles

Leading the Way in Green Finance Ecosystems

Partnerships with Global Environmental Initiatives

KB Financial Group is an active participant in the environmental initiatives of the financial industry including becoming a signatory of United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking and Collective Commitment to Climate Action as well as to responding to Carbon Disclosure Project (CDP). We will strengthen our environmental leadership by proactively participating in the global initiatives in environmental and social areas and conducting the research and support activities aimed at providing the financial industry with insights and solutions to deal with environmental issues.

Participating in the Global Initiatives to Respond to Environmental Risk

KB Financial Group is participating in global environmental initiatives including TCFD, which recommends the corporate financial data disclosure related to climate change, and is striving to preemptively comply with the environmental standards as demanded by those initiatives. We joined TCFD as a Supporter in October 2018, and this year, we have presented in our sustainability report our efforts in response to climate change based on the TCFD recommendations. Looking forward to future climate change risks, KB Financial Group will also increase its investment in green products, strive to reduce GHG emissions generated during business operations by setting mid-to-long term carbon emission targets, and increase its participation in global initiatives such as Equator Principles and the Principles for Responsible Investment of UNEP FI.

Councils for UNEP FI Working Group

KB Financial Group joined the Principles for Responsible Banking of UNEP FI as a signatory in September 2019. We decided to participate in the Working Group for the Principles for Responsible Banking of UNEP FI and Collective Commitment to Climate Action to internalize the principles and the commitment and study methodologies to reduce the environmental impact by financial institutions. To carry out tasks and achieve targets mandated by the initiatives, we have been operating internal councils since May 2020. We cooperate with major global financial companies to establish the global guidelines for managing the environmental risk in the financial industry.

Goals and Tasks of the Internal Council

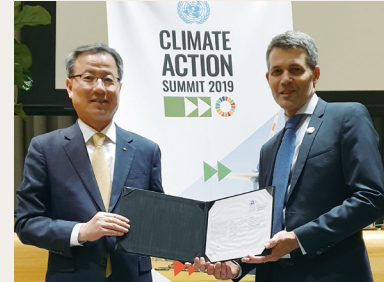
Classification	Goals	Tasks
Principles for Responsible Banking (PRB)	Analysis of impacts from product and investment activities on environmental and social sectors and advancement of the UNEP FI Tool	<ul style="list-style-type: none"> Define and collect data for impact analysis Identify positive and negative environmental and social impacts by using impact identification tool
Collective Commitment to Climate Action (CCCA)	Setup of goals by industry sector through benchmarking of climate-related data and advanced methodologies of global financial institutions	<ul style="list-style-type: none"> Draw up best practices of global financial institutions and analysis of climate-related risks

In-focus



Strengthening ESG Capabilities by Participating in Global Initiatives

As the financial industry are faced with increasing environmental and social risks related to climate change, privacy, etc, it is becoming ever more important to identify ESG issues and take preemptive countermeasures. KB Financial Group participates in various initiatives designed to ensure the responsible implementation of ESG and our ESG performances are assessed by external agencies.



Global Initiative Milestone



ESG Assessment and Initiative Activities

Classification	ESG Assessment and Initiative	Major performances
ESG assessment	DJSI (Dow Jones Sustainability Indices)	• Included in DJSI World for the fourth consecutive year
	CDP (Carbon Disclosure Project)	• Leadership A-
	Bloomberg GEI (Bloomberg Gender-Equality Index)	• Selected as the Honors in the finance sector for three consecutive years
ESG initiative activities	KCGS (Korea Corporate Governance Service)	• The first Korean company included in the GEI for two consecutive years
	TCFD (Task Force on Climate-related Financial Disclosures)	• Selected as the best financial company in governance for two consecutive years (2018~2019)
	UNEP FI (United Nations Environment Programme Finance Initiative)	• Integrated ESG rating: A+ (governance: A+, environment: A+, society: A)
	EU Taxonomy Working Group	• Analysis of climate-related impacts by industry
	WEPs (Women's Empowerment Principles)	• Disclosure of the TCFD implementation (2020)
		• Became the PRB signatory
		• Operate internal councils to support implementing tasks for the initiatives
		– Participation in the PRB and CCCA Working Group
		• Participating in developing the guidelines for EU Taxonomy
		• First to join WEPs among Korean financial companies



FOR SOCIETY

Internalizing Responsible Management for Society

The stakeholder structure surrounding financial industry has become increasingly complex, and their requirements are also becoming more diversified. KB Financial Group creates social value by preemptively identifying and satisfying stakeholders' expectations.











Expanding Social Contribution

Approach to Social Contribution

Under our mission of “Financial Service Delivering Changes,” KB Financial Group promotes social contribution policies in two directions of fostering future generations and creating social value. Particularly, we endeavor to provide children and youth with equal opportunities for learning and experience to help them realize their dreams and provide diverse supports for job creation, local communities, and environment.

Social Contribution Focus Areas of KB Financial Group

Basic direction	Fostering future generations	Creating greater social value		
Focus areas	Support growth of children and youth	Jobs for youth	Community investment	Environment
Major projects	<ul style="list-style-type: none"> All Day Care for Children Project Youth Education Program Financial education Support for multicultural families 	<ul style="list-style-type: none"> Job Fair Job Academy 	<ul style="list-style-type: none"> Alleviating the impact of the COVID-19 Supporting consultation to small business owners* Global CSR activities 	<ul style="list-style-type: none"> Environment preservation activities
UN SDGs	 		  	 

* Details on consulting for small businesses are reported on page 51~52.

Fostering Future Generations

All Day Care for Children

We strive to build a more sustainable society by fostering our future generation. Since its foundation in 2008, KB Financial Group has been making efforts to help children and youth grow as healthy members of our society. One of key projects of fostering future generations is All Day Care for Children Project addressing lack of after-school child care classrooms in elementary schools and kindergartens. As part of the project, we signed a partnership agreement worth KRW 75 billion with the Ministry of Education in 2018 and have been supporting building and expanding after-school care classrooms in elementary schools and state or public kindergartens nationwide to create safe and quality all-day care environment for children. As of the end of 2019, a total of 976 classrooms in 639 schools were created with the support of KB Financial Group. We plan on expanding this project to approximately 2,500 classrooms by 2022, which will bring benefits to over 50,000 children.

Support for elementary after-school care

(As of end of 2019, cumulative)

689 classrooms

Support for kindergarten care

(As of end of 2019, cumulative)

287 classrooms

All Day Care for Children Project



Beneficiaries of
「Youth Mentor, KB!」
(As of end of 2019)

18,220

Youth Education Programs

KB Financial Group supports the independence and self-improvement of youths with wide-ranging educational programs designed to encourage the growth of future generations. 「Youth Mentor, KB!」 is one of its flagship CSR programs that KB Kookmin Bank has been running since 2007. It supports youths to help them boost confidence in studies and fulfill their dreams. It offers one-on-two Mentoring for youths from low-income or multicultural families who have had little access to educational opportunities, Study Mentoring that provides English lessons and scholarships, Career Mentoring that helps students with career decisions, and Digital Mentoring designed to foster creative talents. In 2019 alone, 18,220 students benefited from these mentoring programs. KB Securities and KB Insurance help children and youths from low-income families to focus on studies by improving their study rooms at home through Decent Home Project. KB Kookmin Card provides arts and sports education program to children with disabilities to help them stand on their feet.

Participants in KB Rainbow
Love Camp
(As of end of 2019, 5-year
cumulative)

702

Support for Multicultural Families

To help members of multicultural families adjust to life in Korea, KB Financial Group helps them with their Korean language learning and supports wide-ranging occupational training so that they can obtain job-related certificates and thereby become financially independent. KB Rainbow Love Camp and Class on Understanding Multicultural Community are KB's specialized programs bringing together children from multicultural families and Korean families designed to promote their mutual understanding. In addition, we support and help young people defected from North Korea to settle in and become healthy members of society by providing school facilities and classes focused on building positive sense of identity.

1. Study Mentoring of 「Youth Mentor, KB!」
2. Digital mentoring of 「Youth Mentor, KB!」
3. KB Rainbow Love Camp



Social Contribution Programs for Multicultural Community

Program	Details	Subsidiary
KB Rainbow Love Camp	Theme-based experience program to help multicultural and low-income children grow into healthy members of society	Group
「Youth Mentor, KB!」 – Class on Understanding Multicultural Community	Cultivation of global talents by providing youth with education on global cultures	KB Kookmin Bank
Hopeful Voice Sharing	Employees' participation in recording children's books to facilitate learning for multicultural children	KB Securities
Saturday Hope School	Psychological support program for immigrated youths from multicultural families	KB Insurance
KB Kookmin Card Yellow Mentoring Korean Language Class	Korean language program for children from multicultural families and North Korean defectors to help them settle in	KB Kookmin Card
Support for multicultural families in Songpa	Support for school uniform expenses for low-income and multicultural middle and high school students	KB Savings Bank

Beneficiaries of financial education

(As of end of 2019, cumulative)

1.45million

Supporting Future Generations through Financial Education

Since 2012, KB Financial Group has been providing financial education for the financially vulnerable with the goal of cultivating prudent financial habits, establishing itself as the flagship CSR project of the group. We continue to develop and provide various innovative programs in line with new trends in education presenting a role model for financial education. We have various programs such as lectures by our financial education facilitators and holding financial education camps meeting needs of various beneficiaries. In 2019, we opened Liiv School, a learning and experience center dedicated to financial education, in Suncheon, Jeollanam-do. We also work with college students creating educational contents for SNS suiting the needs of young generations. The number of beneficiaries from our financial education reached over 261,000 in 2019 and 1.45 million on a cumulative basis.

In-focus



Creating Financial Education Contents for the Financially Vulnerable

KB Financial Group creates diverse contents following the latest trends and shares them through our YouTube channel, so that the financially vulnerable could learn finance in an easy and fun manner. In November 2019, KB Kookmin Card produced content called "Let's Learn Preventing Financial Frauds with Pengsoo" and shared it through the official YouTube channel of KB Kookmin Card. KB Kookmin Card also collaborated with popular YouTube creators creating easy and fun financial educational contents about power of credit, prudent use of credit card and preventing financial frauds. In 2019, ten YouTube contents were created on such topics and were collectively viewed 250,000 times on YouTube as of June 2020. KB Kookmin Card plans to actively use YouTube channel to deliver financial education.

Creating Greater Social Value

Creating Jobs

KB GoodJob Fair results
(As of end of 2019, cumulative)

Hiring subsidies provided to

1,747
companies

Employed through the
job fair

11,656
persons

The KB GoodJob program has contributed to creating quality jobs for over 10 years. Since 2011, KB Financial Group has provided wide-ranging job information through the KB GoodJob website as well as job consulting to young job seekers. As of the end of 2019, more than 60,000 job information were offered through the KB GoodJob website. In addition, the KB GoodJob Fair bringing job seekers and competent SMEs together is held every year as a venue for sharing job information and opportunities. A total of 317,100 persons visited the sixteen sessions of KB GoodJob Fair where 11,656 job seekers landed a job, making it South Korea's biggest job fair hosted by a private company. In particular, we provide subsidies to companies that hire job seekers during the fair period and retain them for a certain period with the purpose of encouraging hiring and ensuring job security. We also operate KB GoodJob Academy, an employment support program linked with the job fair, and KB GoodJob School, a six-month job training and job matching program for students of specialized high schools and meister high schools.

- 1. KB GoodJob Fair
- 2. KB GoodJob School



Global CSR Activities

Volunteer corps of
RaonAtti

(As of end of 2019, cumulative)

547 participants

Equipped with its 61 network channels in 13 countries, KB Financial Group engages in sharing to promote growth with the global community. RaonAtti is a volunteer group that delivers service as needed in the local communities of underdeveloped international countries. 547 college students were dispatched to Cambodia, Laos, and Myanmar from 2008 to 2019, spreading the value of sharing to global communities through cultural exchange and youth competence-boosting activities among others. KB Kookmin Bank provides free medical services for migrant workers who live in Korea and has been inviting Cambodian children with heart disease providing full support for surgery. The bank also operate a Korean Language institute in Yangon, Myanmar, to educate Korean language and cultivate local talents. Meanwhile, KB Securities is running the Rainbow Classroom project to create a learning environment for youths in underdeveloped countries. Through Lighting Children, a green energy sharing campaign, KB Insurance's employee volunteers made and donated solar powered lanterns to countries suffering from energy poverty to improve the living environment for local children. More efforts for win-win growth with global communities involve KB Daehan Specialized Bank, an overseas branch of KB Kookmin Card in Cambodia, which signed a partnership agreement with a local social company called SmartCraft to use the upcycling products made by social enterprises as promotional goods for customers worth 10 thousand dollars.

Alleviating the Impact of the COVID-19

In the first half of 2020, we have provided a wide range of supports for minimizing the damage on customers and local communities from COVID-19. First of all, we provided financial support, such as urgent working capital for small business owners who were suffering from a sharp decrease in sales and the deferment of insurance premium and credit card billing. We have provided various supports taking advantage of our Liiv M service, a budget phone plan combining mobile banking services, including reducing phone bills for customers in Daegu and Gyeongbuk region heavily affected by COVID-19, supporting students taking online classes by reducing phone bills and providing unlimited data USIM chips to quarantined Koreans evacuated from Wuhan.

Supports for Recovery from the Impact of the COVID-19

Target	Activities
Customer (individual, corporate)	<ul style="list-style-type: none"> • Special rate for new loans and loan extension, deferment of premiums and credit card bills • Reduce phone bills and provide unlimited data USIM chips through Liiv M service • Rent reduction for stores located in buildings owned by KB across the nation
Local community	<ul style="list-style-type: none"> • Support for regions heavily affected by COVID-19 including Daegu and Gyeongbuk (daily necessities, medicines, exemption of ATM fee, rent reduction, etc.) • Provision of masks and hand sanitizers to local childcare centers and senior welfare centers • Join Good Consumption Campaign, support small shops in neighborhood • Campaigns for helping flower farms and cheering healthcare workers • Cheering for quarantine officials • Providing smart phone devices to low-income students for online class
Employee	<ul style="list-style-type: none"> • Provision of the Onnuri Gift Certificate for the revitalization of local economies

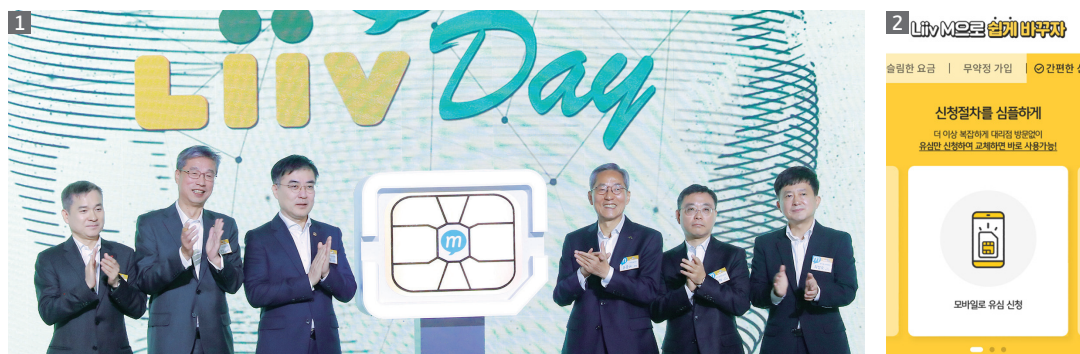
1. Participation in the Good Consumption Campaign
2. Campaigns for helping flower farms and cheering healthcare workers (KB Securities)
3. Campaign for cheering quarantine officials (KB Insurance)
4. Supporting emergency relief supplies against COVID-19 (KB Kookmin Card)



Creating Social Values by Tapping into Digital Finance

In October 2019, KB Financial Group launched the ‘Liiv M,’ a budget phone plan combining mobile banking services using MVNO (Mobile Vrltual Network Operator) for the first time among financial institutions. Liiv M is expected to strengthening KB’s digital banking capabilities and create added value through combination of banking and telecommunication services. Liiv M makes banking services even more convenient and its low-cost plan lets the financially vulnerable and disadvantaged social groups to have better access to banking and telecommunication services. We also supported unlimited data USIM chips for quarantined Korean people who evacuated from Wuhan and discount of cell phone bills for studnets taking online class. KB Financial Group will continue to create social value by utilizing our digital competence.

- 1. ‘Liiv M’ launching event
- 2. Subscribe page of ‘Liiv M’



Environmental Preservation

KB Kookmin Bank runs wide-ranging green projects to preemptively respond to the environmental impacts on our society. To resolve air pollution problems, we created KB Kookmin Clear Sky Forest where yellow dust and find dust mostly originate from and are providing air purifiers to local children's centers to protect children who are vulnerable to fine dust. Also, we make educational books and conduct environmental education to raise youth awareness on importance of environmental preservation. We are taking a leading role in fulfilling corporate social responsibility and promote sustainability through our green projects.

‘KB Kookmin Clear Sky Forest’ in Mongolia



Promoting Shared Growth and Mutual Prosperity

Supporting Small Business Owners

Innovative company
support fund
(As of end of 2019, cumulative)
KRW 820 billion

Financing for Innovation

KB Financial Group pursues shared growth and co-prosperity with startups, ventures, and SMEs by financing innovation. “KB Council on Financing for Innovation,” which consists of 13 members including the CEO of the group and CEOs and executives of subsidiaries who are in charge of supporting innovative companies, serves as the group’s control tower for financing innovation. The four major agendas of the Council are: enhancing credit support for innovative companies, increasing investments in innovative growth, supporting business entrepreneurship and job creation, and cultivating startups and innovating financial platforms. More specifically, we raised KRW 820 billion to support innovative enterprises (KB Securities’ innovative enterprise fund worth KRW 391.6 billion, KB Investment’s venture fund worth KRW 387.3 billion, and the group’s social investment fund worth KRW 40 billion). KB Financial Group plans to support KRW 62.6 trillion in loans and invest KRW 3.6 trillion, the largest in the finance industry, in innovative enterprises by 2023, encouraging startups, ventures, and SMEs to develop growth engines and corporate competitiveness.

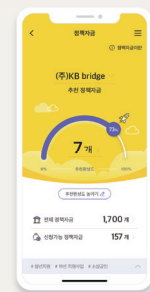
Four Agendas for Financing for Innovation

Classification	Details
① Enhance loan support for innovative companies	Technology financing, IP-secured loan, new products for innovative companies, etc.
② Expand investments in innovative growth	Raising and investing venture funds, investments in innovative companies, social investment fund, etc.
③ Support for startup and job creation	KB SOHO Consulting Center, KB GoodJob
④ Cultivation of startups and innovation of finance-related platforms	KB Innovation HUB Center, FUTURE9, establishment of policy fund platforms, etc.

In-focus

“KB bridge,” a Policy Fund Platform Supporting the Self-Employed

KB Financial Group is focusing on nurturing startups and innovating finance-linked platforms as one of its four agenda for financing innovation. As part of the project, KB Kookmin Bank launched the KB bridge app, a non-contact personalized platform for recommending policy funding services, in July 2019. The app matches needs of self-employed people to appropriate policy funds using machine learning technology and is available not only for the customers of KB Kookmin Bank but also any self-employed people. KB bridge is expected to make our SOHO consulting services available for more self-employed.



Consulting provided through the SOHO Consulting Center of KB Kookmin Bank
(As of end of 2019)

1,674 cases

Business Consulting for SMEs

KB Financial Group provides diverse programs and services to contribute to boosting the business competitiveness of small businesses and self-employed people. KB Kookmin Bank opened KB SOHO Consulting Center in September 2016 for the first time in the domestic banking industry and has provided free-of-charge management consulting services for enhancing the competitiveness of self-employed persons and would-be entrepreneurs. We operate KB SOHO Consulting Center in 12 places across the nation including KB SOHO Consulting Hub located in the head office in Yeouido, through which 1,674 consulting were provided in 2019 about how to start a business, analysis of trade area, financial and management advice as well as introducing relevant organizations. Moreover, we operate KB SOHO Mentoring School, a hands-on program designed to make the self-employed more competitive. This program is connected with KB SOHO Consulting Center to help trainees address difficulties even after the termination of the program.

- 1, 2. KB SOHO Consulting HUB
- 3, 4. KB SOHO Mentoring School



Investment in promising startups by KB Innovation HUB Center

(As of end of 2019, cumulative)

KRW **32.6** billion

Nurturing Startups and Social Enterprise

KB Innovation HUB looks for tech startups with potential for innovation and designate them as KB Starters providing joint partnership and investment opportunities with our subsidiaries. To this end, we have established a full chain of program nurturing startups from recruiting, partnership to investment, etc. We also have HUB Partners which help recruiting promising startups and provide professional consulting to them. As of the end of 2019, 76 startups were designated as KB Starters and a total of KRW 32.6 billion including the CVC Fund was invested in 113 cases through partnership with our subsidiaries, demonstrating remarkable performance among local FinTech Labs. Moreover, KB Financial Group creates a social finance ecosystem where social enterprises can be nurtured and stand on their own feet through “KB Social Investment Fund.” This fund aims to attract KRW 100 billion for five years, and, as of the end of 2019, KRW 40 billion was raised. KB Investment is also supporting innovative social ventures by raising “KB Social Impact Fund” worth KRW 15 billion.

Supports for Startups

Classification	Activities	Subsidiary
Nurturing social innovation-centric startups	<ul style="list-style-type: none"> Nurturing social innovation startup professionals through KB Financial Campus S.I.N.G. (Social Innovation startup New Guru) project Providing one-on-one mentoring service considering business features of 15 startups 	KB Kookmin Bank
Open innovation programs	<ul style="list-style-type: none"> Selecting 10 startups with innovative technologies, services, and products in nine lifestyle areas for innovation and collaborating with them for commercialization through FUTURE9 program Investing in FUTURE9 startups and innovative companies through Lifestyle Fund 	KB Kookmin Card
Creating social values through strategic partnership	<ul style="list-style-type: none"> Implementing strategic investments in ICT and FinTech companies with advanced technology Bringing efficiency and internalizing work skills through strategic collaboration with startups 	KB Capital
Supporting FinTech startups and its business expansion	<ul style="list-style-type: none"> Promoting win-win growth with technologically capable FinTech startups Supporting the creation of diversified business opportunities by enabling collaboration with other subsidiaries 	KB Savings Bank

Supporting Suppliers for Shared Growth

We have established ethics policies and action programs designed to ensure fair trade with suppliers. Under integrity pact, conflicts of interest should be disclosed in advance of contracts and provision on integrity pact is incorporated into contracts for greater transparency. We also make no discrimination based on the size of suppliers when calling for bids and evaluating them, while transparently disclosing contract conditions for fair trade.

Classification	Activities
Stipulating partnership with suppliers in written contracts	<ul style="list-style-type: none"> Stipulation of partnership in written contracts Utilization of the expression “Buyer/Supplier” instead of “The One/The Other” in written contracts
Employees’ pledge on compliance	<ul style="list-style-type: none"> Submission of the pledge on compliance every year
Checklist for compliance with laws	<ul style="list-style-type: none"> Self-check on the execution of integrity through the checklist for compliance with laws

SPECIAL

02

Efforts for Protecting Customer Rights and Interests

Cybersecurity and Privacy Protection

Cybersecurity Governance

We are committed to protecting customer information as the financial institutions are going digital increasingly. As such, we are taking preemptive measures against cybersecurity concerns including cyber threats. One of our board directors with experience in cybersecurity and IT oversees cybersecurity strategy process, and executive management is responsible for overseeing overall cybersecurity within the company. The Board receives reports on cybersecurity strategy including cybersecurity management system and privacy protection policy as well as results of quarterly inspection on provision and use of customer information among subsidiaries. In particular, the CEO receives report on monthly security inspection results and countermeasures and addresses information security issues at the group level. Group Information Security Department is focusing on strengthening cybersecurity capabilities of the group by conducting group-wide cybersecurity projects and inspection on subsidiaries' security status. Also, our major subsidiaries including

holding company, KB Kookmin Bank, KB Securities, KB Insurance and KB Kookmin Card all have separate CIO and CISO to ensure the complete independence of information security function.

Privacy Protection

In the event of customer information leakage, we strive to prevent losses and damages from further worsening by taking prompt countermeasures following our manual on privacy breach response. In the event that any leakage of customer information is identified at department or branch level, it is promptly reported to Information Security Department, and it organizes a response team to take necessary measures such as dealing with the incident and reporting it to the regulatory authorities. Anyone who breaches privacy policy is subject to disciplinary actions. KB Kookmin Bank operates Integrated Personal Information Security Management System to prevent leakage and misuse of customer information.

In-focus



Operating the Integrated Personal Information Security Management System

KB Kookmin Bank's Integrated Personal Information Security Management System is GRC (Governance, Risk Management, Compliance) and big data technology-driven security system. It enables systematic management of overall regulatory and information security risks and close monitoring of abuse or misuse of personal information. In particular, use of big data technology enables easy monitoring on status of handling and managing personal information as well as adequacy of each staff's processing. It also enables management of vendors handling personal information including contract, training, inspection status, etc. It also has function of managing personal information protection in overseas offices and branches. Moreover, we are monitoring employees' compliance of information security policy to raise their awareness. We monitor customer data used for secondary purposes, and there was no penalties or disciplinary actions taken as of 2019. We measure security breaches and IT infrastructure incidents and no fines or penalties were paid in 2019.

Performances in Customer Satisfaction

KB Kookmin Bank Ranked 1st in NCSI banking sector 13 times

KB Kookmin Card Ranked 1st in KS-SQI and KCSI debit card sector for five consecutive years

KB Savings Bank Grand Prize in customer satisfaction sector of National Industry Awards

Strengthening Customer Services

Protection of the Rights and Interests of Consumers

To protect the rights of customers and offer better services, KB Financial Group has relevant policies in place and run communication channels with customers and related programs. Our Code of Conduct stipulates that we should provide customers with the best products and services and protect their rights and interests based on the fair-trade principle. KB Kookmin Bank, KB Insurance, KB Kookmin Card, KB Capital, and KB Life Insurance disclose the rights of customers including consumer protection system, KB Consumer Protection Charter, KB Consumer Protection Management Policy, pledge on ethical sales practice, and product development guidelines through “Consumer Information Portal” on their websites. Moreover, KB Kookmin Bank, KB Kookmin Card, KB Insurance, KB Life Insurance, and KB Savings Bank operate “Financial Consumer Protection Council” to manage diverse consumer protection issues and prevent complaint. The Council is also in charge of setting out direction for consumer protection policies and improving relevant systems and procedures.

Raising Employee Awareness of Consumer Protection

KB Financial Group engages in diverse activities to help employees raise awareness of the importance of consumer protection and internalize it. For example, our employees make pledge on the financial consumer protection charter on the first business day of every year. We also designate the “Financial Consumers’ Day” to discuss and share consumer protection issues and train all employees about financial consumer protection.

Customer Satisfaction

KB Financial Group upholds customer-centered management as our utmost value and pay close attention to customer feedback through programs like VOC (Voice of Customer). KB Kookmin Bank collected 21,552 compliments and 6,494 suggestions for improvement through the customer satisfaction survey at branches. The bank encourages continuous improvement in processes by providing customer feedbacks to branches on a weekly basis through Customer Experience Management System. Furthermore, we implement Consumer Protection System Improvement that upgrades systems and processes by analyzing consumer input or complaints about financial products and services. In 2019, we made 34 improvements to our systems. Through these efforts, the 2019 customer satisfaction with our branches scored 95.62 points and our bank was the first bank to finish on top thirteen times in National Customer Satisfaction Index (NCSI). KB Insurance strives to keep customer service at the highest level by taking real-time customer satisfaction surveys of those customers who have experienced services related to accident scene response, claim for long-term insurance and auto insurance, call center, and customer center and reflecting them in improving business processes and activities. KB Savings Bank conducts satisfaction surveys of those customers who have talked to the call center to gauge their satisfaction levels and reflect them improving operation processes.

Respecting Human Rights and Diversity

Human Rights Policy and Assessment

Declaration of Human Rights

KB Financial Group supports universal value of human rights embedded in “The Universal Declaration of Human Rights” and “UN Guiding Principles on Business and Human Rights.” In 2016, we developed and declared KB Financial Group Statement on Human Rights. Following our statement on Human Rights, we respect diversity of our employees throughout our human resources management process and comply with the labor standards recommended by the International Labor Organization(ILO) and ratified by the Korean Government. Moreover, we are prohibiting any discrimination against gender, age, race, disability, religion, political orientation and place of origin, and protect customer’s privacy by collecting minimum personal information. We also consider human rights aspect in all decision-making process related to financial products and services. KB Financial Group Statement on Human Rights are applied to all stakeholders that KB can exert its influence on and all our subsidiaries comply with the statement.

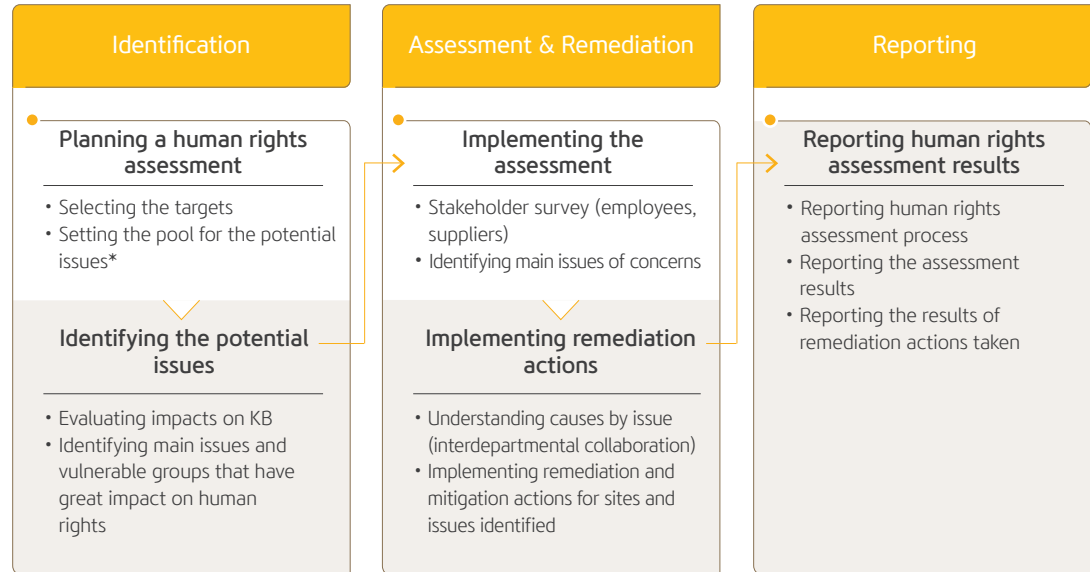
Human Rights Assessment

KB Financial Group conducts a Group-wide assessment of human rights issues in order to identify potential human rights issues and take remediation actions. We conducted a human rights impact assessment with our entire operations, contractors and suppliers. Six potential human rights issues related to KB Financial Group were identified among 20 issues and topics from National Human Rights Commission of Korea’s Guidelines for Human Rights Management. By conducting a human rights survey and interview with our stakeholders and internal analysis, we sorted out 7 actual human rights issues and risks and vulnerable groups. We came up with and implemented measures and tasks to mitigate the identified issues and risks with relevant departments. We will annually review identified human rights issues and concerns to develop and implement necessary mitigation measures.

Human Rights Assessment Results

Stakeholder	Potential issues	Main issues identified (vulnerable groups)	Number of sites with mitigation plans
Employees	Prohibition of discrimination in employment	Support for training and development (career-interrupted female employees)	<ul style="list-style-type: none"> No. of sites with main issue identified: 4 No. and % of sites with remediation plan implemented : 4 (100%)
	Prohibition of forced labor	Prevention of mandatory overtime work (employees)	<ul style="list-style-type: none"> No. of sites with main issue identified: 4 No. and % of sites with remediation plan implemented : 4 (100%)
	Occupational safety	Physical and mental health management (employees)	<ul style="list-style-type: none"> No. of sites with main issue identified: 2 No. and % of sites with remediation plan implemented : 2 (100%)
Suppliers	Responsible supply chain management	Workplace stress management (emotional workers)	<ul style="list-style-type: none"> No. of sites with main issue identified: 4 No. and % of sites with remediation plan implemented : 4 (100%)
Local communities	Guarantee of environmental rights	Prevention of environmental risks around workplaces (local community)	<ul style="list-style-type: none"> No. of sites with main issue identified: 1 No. and % of sites with remediation plan implemented : 1 (100%)
Customers	Consumer rights protection	Strengthening of customer privacy (financial consumer) Ensuring financial accessibility (financially vulnerable customers)	<ul style="list-style-type: none"> No. of sites with main issue identified: 1 No. and % of sites with remediation plan implemented : 1 (100%)

Human Rights Assessment Process



* Taking into account employees, children, local communities(indigenous people), migrant labor, third-party contracted labor, and female workers when forming a pool of the potential issues

Remediation actions taken

- 1. Support for competence improvement of career-interrupted female employees
- 2. Develop measures to improve women's rights
- 1. Setup of process for compliance with legal labor hours
- 2. Presentation of guidelines for working culture innovation
- 1. Employee healthcare programs and intensive care of health problems
- 2. Mental healthcare of employees
- 1. Operation of the emotional worker protection systems
- 1. Stricter environmental impact assessment in project financing
- 1. Inspection of IT security and compliance with information protection
- 1. Expansion of ATMs for the disabled
- 2. Operate branches exclusive for expat customers
- 3. Financial education for youth

Details of remediations taken

- Invitation of employees who are on childcare leave to the Healing Academy and publication of a newsletter once a month
- Joined the WEPs (September 2019)
- Operation of the PC On/Off system, flexible working hour system (flex-time work)
- Guidelines that all employees should follow (prevention of unnecessary stay in office and overtime work)
- Online consultation and mental education (KB Hearim)
- Operation of a healing program under eco-friendly environment (KB Healing Camp)
- Psychological counseling and mental healthcare
- Enhancement of response procedure to customers with behavior problems (privacy invasion and threats)
- Programs provide psychological counseling to emotional labor
- Operation of the complaints handling council twice a month (sharing of complaints and countermeasures)
- Change service representative upon employee request
- Stipulation of duties on compliance with environmental laws, regulations, and permission on credit agreement when conducting project financing
- Inspection of IT security by external professionals once a year
- Improvement of insufficiencies in IT security and information protection compliance
- Operation of ATMs for the disabled (1,028 branches)
- Operation of 8 branches and recruitment of native speakers to ensure the accessibility of migrant workers
- One-company & One-school financial education for cultivating future generations

Enhancement of Safety & Health

Support for Employees' Healthcare

We provide medical check-up to all our employees every year as well as spouses at age 35 and above. We create a working environment ensuring staff's rest and wellness by having staff lounge and health clinic at the office. Furthermore, we have various programs promoting employees' physical and mental health such as psychological counseling, smoking cessation and blood sugar management program, sick leave and training, etc.

Major activities	Details
Medical check-up	Offering medical check-up services to all employees
Mental health care program	Identify work-related stress factors and provide psychological counseling service in partnership with counseling centers
Physical health care program	Smoking cessation, blood pressure, weight, blood sugar management programs and fitness centers
Sick leave	Allow sick leaves for illness
Training on protecting customer service personnel	Training all employees about protecting customer service personnel
Group insurance	Group insurance for employees

Safe Working Environment

We are taking various measures to protect our employees from natural disaster, safety accident, earthquake, fire, terrorist attack, and infectious diseases, etc. Our group implements Business Continuity Planning (BCP), regularly conducting mock drills and emergency evacuation. KB Kookmin Bank operates committees related to business site safety management and working-level councils. By performing BCP once a year, we evaluate and manage the risks involved in major business sites. We systematically manage the prioritized risk factors that may cause disasters to our human and financial resources by annually revising BCP based on the assessment results.

As part of the internal monitoring program run by our safety experts, we work to create a safe working environment by performing quarterly security and fire safety inspections by department and making required improvements on drawbacks. In 2020, we are taking proactive response measures against COVID-19 such as organizing emergency response teams at all subsidiaries and regularly monitoring and reporting suspected cases.

Creating a Healthy Workplace Culture

Cooperative Labor-Management Relations

KB Financial Group pursues a cooperative labor-management relationship and builds mutual trust through continuous communication. KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, KB Capital, KB Real Estate Trust, and KB Credit Information operate the labor-management council to handle health, safety, compensation, and labor condition issues. KB Kookmin Card actively works to increase negotiation efficiency and solve conflicts through the working-level labor-management joint workshop program. The company also launched a unique brand called “Labor-Management Harmony” to conduct academic trainings on labor and joint social contribution activities. In recognition of such efforts, KB Kookmin Card won the Presidential Prize and certification on excellent labor-management culture by the Ministry of Employment and Labor. KB Financial Holdings operates the Employee Stock Ownership Plan (ESOP), in which all regular employees of subsidiaries excluding registered executives can participate. Currently, the ESOP has approximately 20,000 members from 12 subsidiaries including KB Kookmin Bank, KB Securities, KB Insurance and KB Kookmin Card.

Won the Presidential Prize at the Labor-Management Culture Awards (KB Kookmin Card)



Employee Engagement

We measure employee engagement level to create work environment promoting employee commitment and motivation using factors deemed highly correlated with employee engagement. At this year's survey, work-life balance, learning and innovation(competency development), employee welfare, organizational culture and overall satisfaction level were assessed using 7-point scale, and assessment results were then converted into 100 point scale. The assessment found that overall satisfaction level, work-life balance, and learning and innovation received highest scores from employees. KB Financial Group will continue to boost employee motivation and increase employee engagement by conducting employee engagement assessment annually and further expanding communication channels addressing grievances among others.

Employee Training and Development Programs

Employee Training System

KB Financial Group operates an employee training system focused on “spreading the value of One firm to lead self-driven changes,” “disseminating the KB learning culture for stronger engagement and self-esteem,” “enhancing training content based on the group’s HRD infrastructures,” and “cultivating core talents who will lead future finance.” The One firm Mind program based on KB’s value system is used for both general trainings (new recruits and inter-subsidiary employee exchange) of the group as well as training at subsidiary level. Our group also runs the CoP (Community of Professional) program to create a culture where employees who are interested in various fields including group synergy, future strategy, data analysis, global, brand, corporate culture, and talents cultivation can promote learning together. For online training, we established the W.I.T.H., a training system available through both PCs and mobile devices, integrating the group-based and subsidiary-specific trainings. The “Coursera for KB,” an exclusive training platform for KB, was launched in collaboration with Coursera, the world’s largest MOOC (Massive Open Online Course) developer, contributing to expanding opportunities for employees’ competence development. For offline training, we built Daechi Training Center in addition to the existing Hapjeong Training Center opened in 2018 where anyone can join training programs, and do self as well as group study. Moreover, the One Day Class programs are provided at the training centers covering topics such as self-development, asset management, support for working mom, and family. Furthermore, KB Financial Group runs FMC, NMC, EMC, and FGC courses to sharpen the competence of leaders.

In-focus



Leadership Training

Classification	Details
KB Financial Group [Common courses]	<ul style="list-style-type: none"> • FMC (Future Management Course) <ul style="list-style-type: none"> – MBA lecture, business issue discussion, Biz insight lecture, etc. • NMC (New Management Course) <ul style="list-style-type: none"> – Leadership, special lecture by Group CEO, 4th Industrial Revolution, management strategy, media training, etc. • EMC (Existing Management Course) <ul style="list-style-type: none"> – Executive program in partnership with universities • FGC (Future Group CEO Course) <ul style="list-style-type: none"> – Expert session in leadership and digital area, presentation
KB Kookmin Bank	• Leadership courses for those who will be promoted and are promoted by each position
KB Securities	• Training courses for newly appointed heads of departments and branches and those who are promoted by each position
KB Insurance	• Leadership training for heads of departments, branches, and teams and KB Kookmin Card Leadership Course (KLC) for each position
KB Kookmin Card	• Leadership training for heads of departments, branches, and teams and KB Kookmin Card Leadership Course (KLC) for each position

Employees who completed
the KB Ace Academy course
(As of end of 2019)

3,592

Employee Job Competency Improvement Programs

KB Financial Group is running digital literacy enhancement programs including special lectures on digitalization, coding, excel and digital video creation as well s digital training courses aimed at cultivating digital experts in the fields of AI, block chain and data analysis. We also provide group-wide joint training programs in the fields of M&A, corporate banking marketing, finance & accounting, HR, and capital market to help develop employee competence in core business areas. KB Kookmin Bank runs essential training courses by position and job certification systems (private banking, corporate banking, IB, international finance, trading, derivatives, and risk management) to foster basic job capabilities as bankers. In particular, the bank operates the KB ACE Academy aimed at cultivating talents in three fields of "enhancing fundamental competitiveness," "innovating digital finance," and "securing future growth engines" and different levels of courses are provided. KB Securities runs training program on developing retail sales and job strategy capabilities. KB Insurance focuses on nurturing digital and data experts offering relevant programs including training for professional certificates and different levels of courses are provided.

KB ACE Academy Courses



Cultivating Female Talents

KB Financial Group operates various programs to develop female talents and cultivate their job expertise as well as leadership skills. KB Securities bolsters job expertise by providing a value-up course for female team managers at head office and requiring the female service team managers at branches to complete the Asset Management Academy. KB Insurance runs corporate college named Dream Campus designed to nurture female leaders and provides training programs aimed at upgrading female managers' job skills such as long-term insurance and auto insurance specialist courses new manager course. KB Kookmin Bank, KB Insurance and KB Kookmin Card are running Healing Academy for female employees on maternity leave to help them build relationships with other colleagues, and KB Kookmin Bank, KB Securities and KB Insurance regularly sends newsletters about company news to females employees on maternity leave to help them achieve work-life balance. We provide programs to develop exptetise in various fields such as nurturing corporate banking professionals for female employees in junior management position. Also, our talent development emphasizes employee's expertise and career development goals not discriminating them basd on gender. As of the end of 2019, at KB Kookmin Bank, women accounted for 34% of management positions, 48% of junior management positions, and 37% of management positions in revenue-generating departments such as sales department. Also, women accounted for 12% of top management position. KB Financial Group was listed on the Bloomberg GEI for two consecutive years. In September 2019, we became the First Korean financial institution to join the WEPs. In the future, we will continue to take the lead in boosting female empowerment and spreading the culture of gender equality.



Listed on the Bloomberg GEI
for two consecutive years
(2019~2020)



Became the first Korean
financial company to join
the WEPs
(2019)

Employee Performance Evaluation

KB Financial Group has various evaluation systems to improve employees' performance and bring greater efficiency into their competence development. When evaluating performance of individual employees, we adopt Management by Objectives to evaluate performance against target. As for competence evaluation, we have established a system evaluating core skills and competence required for each position through which we can understand which job skills are required to carry out a job in certain position and use them to manage employees' competence building. Also, we operate bottom-up leadership evaluation where junior-level employees evaluates his/her managers' leadership and performance as well as peer evaluation where collaboration among colleagues is evaluation. Such multifaceted evaluation promotes fairness and objectivity of evaluation.

Classification	Evaluation	
Personal evaluation	Performance	MBO (Management by Objectives)
	Competence	Behavioral indicators by items for evaluating core business competence
Bottom-up leadership evaluation		Multifaceted evaluation for improving management competence and leadership
Peer evaluation		Multifaceted evaluation for improving collaboration and communication

Lifetime Planning for Employees

KB Financial Group has a systematic educational program that helps employees effectively design their post-retirement life. We run the Life Design program and Job Transfer School to our employees who are 50 or older. In 2019, we provided classroom training as well as online training, and extended the training to those in the 40s. We also provide the program for employees under wage peak system upon their request. KB Securities launched the job transfer consulting service to help those who applied for retirement at the end of 2018 get into their second career such as reemployment or business creation. Starting from 2020, the company provides the reemployment support services such as job introduction for workers 50 or older who are involuntarily leaving. KB Kookmin Card provides Kookmin Future Learning Credit Card for employees 45 or older, life design and career development program for employees entering wage peak system and soon-to- retire employees, and provision of one-on-one retirement consulting to support job transfer. KB Life Insurance provides employees over the age of 55 under wage peak system with programs to develop job capabilities, job information, and office space.

Welfare for Employees

Flexible Work Arrangements that Ensure Work-Life Balance

Employees who used flexible working system

(As of end of 2019)

Flex-time work

859

Substitute holiday

97

Optional working hour

213

KB Financial Group supports work-life balance for employees by providing various forms of working hours and allowing employees to choose the right one that suits their circumstances. KB Financial Holding, KB Securities, KB Kookmin Card, KB Capital, KB Life Insurance, KB Real Estate Trust, and KB Data Systems implement flexible work arrangements, including flex-time work, flexible working hour, substitute holiday and optional working hour.

Classification	Details
Flex-time work	Employees can choose commuting time based on their jobs and childcare conditions.
Flexible working hour	Departments that regularly need to work overtime due to nature of jobs can use flexible working hour system.
Substitute holiday	Employees can use the substitute holiday system when they need to work on holidays.
Optional working hour	Employees can voluntarily decide working hours within one month.

Telecommuting in Response to Emergency Situations

Employees who used telecommuting

(As of June 2020)

5,375

We had challenges in adopting telecommuting as network separation was mandatory for strict security required for the industry. In early 2020, however, KB Financial Group allowed employees to work from home in response to the emergency crisis caused by COVID-19 and for the purpose of dispersing risks. To protect the health of its employees, KB Kookmin Bank allows telecommuting to those vulnerable to COVID-19 such as pregnant women or patients with chronic illnesses. KB Kookmin Card provided personal laptops fully equipped with network separation function and security solution to ensure protection of customer information when working from home.

Work-Life Balance

KB Financial Group has various programs that support childbirth and child rearing to ensure work-life balance. We provide 110 business days as maternity leave longer than the legally required 90 days. For employees who have children who are 9 years or younger or 3rd grade or below in elementary school, we allow two years of childcare leaves per child for male and female employee alike. An employee who becomes aware of her pregnancy may take maternity leave. Further care is provided for pregnant women or fetuses with shortened working time during one's pregnancy. We also have absence-of-leave programs for women such as infertility leave. We also have a program that supports childcare during early days in elementary school. Those employees whose children just entered elementary school may apply for work start at 10 a.m. for a month, so that they can give more attention to their school starting children. KB Kookmin Bank and KB Kookmin Card provide education expenses for preschoolers, subsidies for children with disabilities, and tuition fees. They have also expanded the coverage of medical costs in order to encourage the birth of multiple children and support employees with infertility issues. KB Kookmin Bank, KB Insurance, and KB Kookmin Card operate on-site childcare centers so that employees can focus on their work without worrying about child care.

Expanding Financial Inclusion

Providing Financial Products & Services

Supporting Financially Vulnerable Social Groups

KB Financial Group is providing financial support to ensure a better financial life to small businesses and the financially vulnerable. KB Kookmin Bank provides small loans without collateral or guarantee for the financially vulnerable through KB Miso Financial Foundation. KB Insurance provides financial products that help minimize impacts from natural disasters on small businesses and socially vulnerable groups. KB Capital is providing financial support for small businesses when they plan on acquiring facilities for their business operations.

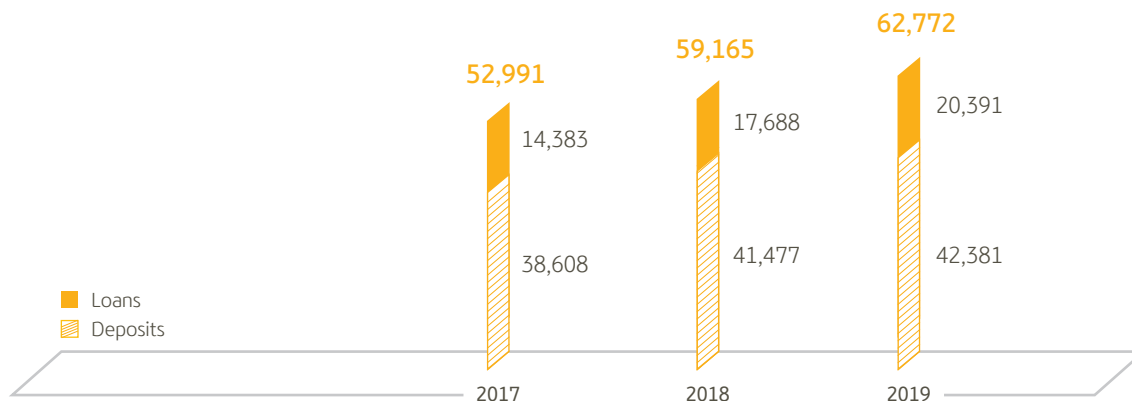
Financial Supports by Subsidiary

Subsidiary	Supports	Details
KB Kookmin Bank	Operation of KB Miso Microfinance Foundation	Providing small loans without collateral or guarantee to the financially vulnerable who are underserved by formal financial institutions due to low income or credit
KB Insurance	Insurance for small business owners and vulnerable class	Providing the Natural Disaster Group Accident Insurance (for safety of local people) and storm and flood insurance (for small business owners)
KB Capital	Support for small businesses	Offering financial support to small business clients for facility expansion

Providing Access to Financial Services for Low Income Social Groups

We strive to fulfill our social responsibility as a financial institution by providing inclusive financial products needed for the vulnerable social groups. The bank offers loans and deposits for the financially marginalized including low-income workers, people with disabilities, victims of natural disasters, single-parent families, and multicultural families. Furthermore, the bank refers its customers whose loan application is rejected to other subsidiaries with loan services so that they would not have to turn to private lending with high interest rates.

Major Financial Products for the Vulnerable Groups
(₩100m)



Inclusive Finance – Loans (₩100m)

(As of December 31, 2019)

Product	2017	2018	2019
KB Miso Microfinance	1,394	1,560	1,700
KB New Hope Spore II	9,620	11,082	11,740
KB Happy Dream Loan II	4	5	9
KB Change Dream Loan	399	425	400
KB College Student and Youth Sunshine Loan	361	399	289
KB Stepping Stone Loan	2	-	5
KB Vita Loan	-	877	2,755
Assistance for People with Disabilities Loan	101	85	73
KB Sunshine Loan	1,586	2,079	2,101
KB Sunshine Loan 17	-	-	441
KB “Sah-it-dol” Middle Interest Rate Loan	796	889	659
KB “Sah-it-dol II” Loan	120	258	175
KB Safety Loan	-	29	44
Total	14,383	17,688	20,391

Inclusive Finance – Deposits (₩100m)

(As of December 31, 2019)

Product	2017	2018	2019
KB National Pension Assurance Bank Account	225	295	396
KB Kookmin Hope Keeper Bank Account	60	70	79
KB Teachers Pension Lifetime Assurance Bank Account	15	17	22
KB Kookmin Happiness Installment Savings Plan	783	787	1,281
KB Love Sharing Installment Savings Plan	1,999	388	133
KB Patriotic War Veterans Keeper Assurance Bank Account	16	24	32
KB Kookmin Government Employee Pension Lifetime Assurance Bank Account	16	25	38
KB Junior Life Installment Savings Plan	6,807	6,367	2,673
KB Miso Dream Installment Savings Plan	13	9	4
KB Kookmin Property Formation Savings	26,750	31,236	35,033
KB Kookmin Fixed Rate Property Formation Savings	1,634	2,127	2,626
KB Good Nuri Installment Savings Plan	-	6	64
Total	38,608	41,477	42,381

Support for Financial Accessibility

Providing Access to Financial Services for the Financially Vulnerable

KB Financial Group has created diverse channels so that the financially vulnerable may have easy access to financial services. In particular, KB Kookmin Bank operates KB Hope Finance Plaza and KB Hope Finance Clinic, making online and offline access to banking service easier for vulnerable groups. KB Hope Finance Plaza provides counseling service on microfinance and we run KB Hope Finance Clinic website as well to provide online counseling on microfinance for those who cannot visit banks due to lack of time and geographical distance. These services make it easier for customers to find out loan products available for them as well as information about pre-workout program, various microcredit products, Miso Microfinance, and microfinancing support from relevant agencies including Credit Counseling & Recovery Service.

Improving Financial Accessibility for the Disabled

To help customers with disabilities to have better access to financial services, we are improving our processes and service accessibilities. We developed service manuals for customers with disabilities and provide CS training on servicing them. We are also providing exclusive counseling and facilities for them to ensure better and convenient services. KB Kookmin Bank operates a 24/7 chat service, making it possible for the hearing-impaired to use the chat service at any time, and provides sign language counseling through video calls for the hearing-impaired. The service is operated with hotline greatly enhancing accessibility for the hearing-impaired.

Improving Financial Accessibility for the Disabled

Classification	Activities	Subsidiary
Improve process	Developing service manuals for the disabled and providing CS training	KB Securities, KB Insurance
	Loan application process exclusive for the disabled	KB Capital
Improve service convenience	Exclusive counseling service for the disabled (video, exclusive service representative, braille pamphlet, braille card, etc.)	KB Kookmin Bank, KB Insurance, KB Kookmin Card, KB Life Insurance
	Installing facilities for better services for the disabled (exclusive ATMs and wheelchair-accessible counters)	KB Kookmin Bank
Improve accessibility to services	Improving the accessibility to app for the disabled	KB Securities, KB Kookmin Card, KB Savings Bank

Promoting the Use of Mobile Banking to Socially Disadvantaged Groups

We strive to improve the convenience of mobile banking services, so that the socially disadvantaged can have better access to financial services. For senior customers who experience difficulties in using mobile phone banking due to small text, we provide a function of enlarging font size. For expat customers, we provide mobile banking services in 9 languages. We have also improved the accessibility and convenience of international money transfers on mobile, which is frequently used by expat customers.

Mobile Banking Services for Vulnerable Groups

Target	Major activities	Subsidiary
Senior customers	<ul style="list-style-type: none"> • Large font-based check and transfer service through “KB Golden Life Banking” • Providing diverse information for finance, culture, leisure, and health in online banking platform • Campaign to encourage senior customers aged 50 to 65 to use the large font service in “KB Star Banking” 	KB Kookmin Bank
	<ul style="list-style-type: none"> • Providing large font service in stock, investment information, banking, and account check menus 	KB Securities
	<ul style="list-style-type: none"> • Directly connecting to counselors or providing slow-speaking service when senior customers use ARS 	KB Kookmin Card
	<ul style="list-style-type: none"> • Improving accessibility by adopting diverse functions such as font and screen enlargement, voice-based menu search, log-in, and easy remittance by upgrading KB Good Banking 	KB Savings Bank
Expats	<ul style="list-style-type: none"> • Providing multilingual overseas remittance service through KB Star Banking and Liiv • Conducting online events for promoting the use of mobile services such as Liiv and Liiv Talk Talk 	KB Kookmin Bank
Digitally vulnerable class	<ul style="list-style-type: none"> • Developing KB Mobile Certificate to enable mobile banking services (simple certification through patterns and biometric recognition without the term of validity) • Providing mobile certificate storage service in USIM to Liiv M subscribers to help them use financial services without reissuance of mobile certificate even when changing devices • Launched “Withdrawal by Hand” service enabling customers to withdraw money through palm vein authentication 	KB Kookmin Bank
General customers	<ul style="list-style-type: none"> • Promoting use of non-contact services (YouTube, TVs at branches, and LMS) 	KB Kookmin Bank



Spreading the Culture of Transparent Governance

As disclosure of governance becomes mandatory and the Stewardship Code actively introduced, transparent disclosure of corporate management is becoming increasingly important. KB Financial Group makes a concerted effort to establish sound corporate governance and transparently discloses our management information, disseminating the culture of good corporate governance.



Enhancing Transparency in Governance

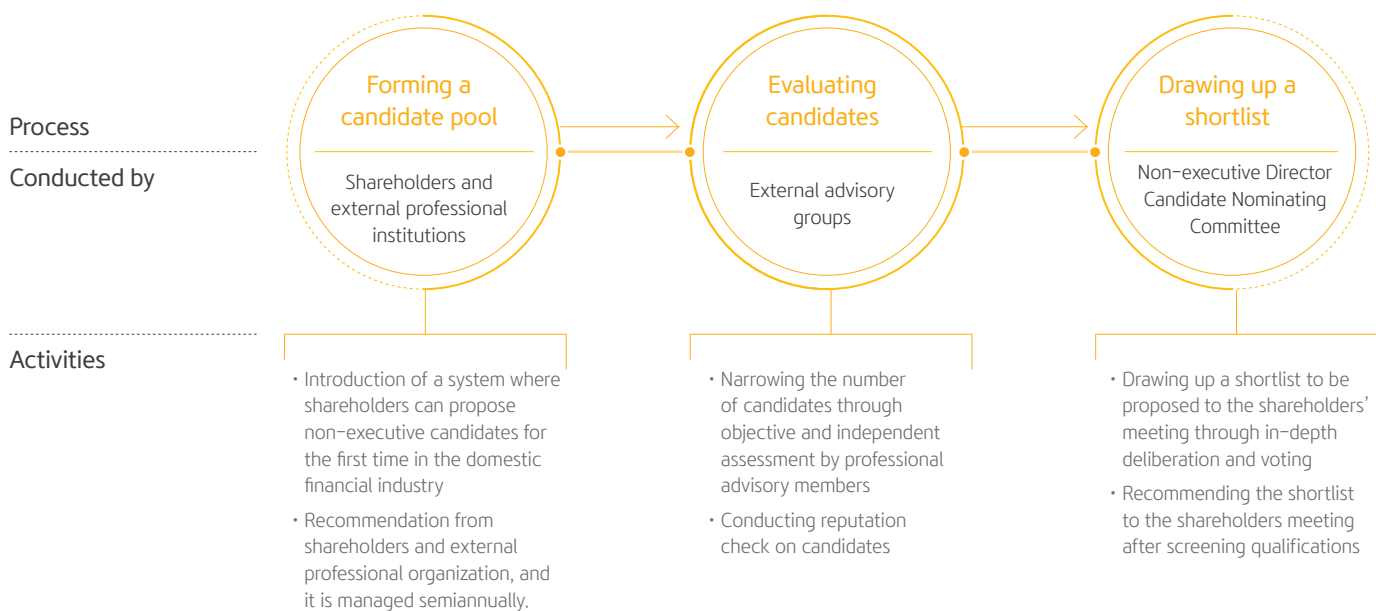
Establishing Good Corporate Governance

Board of Directors

The Articles of Incorporation of KB Financial Holdings stipulates the number of directors be 30 or less and non-executive directors hold a majority with over five members. This helps the BOD fulfill its fundamental roles based on checks and balances. As of March 2020, the BOD consists of 9 directors (7 non-executive directors, 1 executive director, and 1 non-standing director). Jong Kyoo Yoon, the CEO of the Group, serves as the executive director on behalf of the management, and Yin Hur, the CEO of KB Kookmin Bank, serves as the non-standing director on behalf of subsidiaries.

Appointment of Non-executive Directors

We nominate non-executive directors based on three core principles: shareholder representativeness, expertise, and diversity and set various systems to ensure adherence to the principles. The Non-executive Director Candidate Nominating Committee is only composed of four non-executive directors. We also introduced a system where shareholders can propose non-executive candidates for the first time in the domestic financial industry. The composition of candidates for the non-executive directors (shareholders, outside professional institutions), evaluation by external advisors and shortlisting (members of Non-executive director Candidate Nominating Committee) are strictly separated and candidates are recommended through multi-faceted and objective procedures. The candidate group of the non-executive directors is formed upon recommendation from shareholders and external professional organization, and it is managed semiannually.



Expertise and Diversity of Board

The BOD of KB Financial Group pursues professionalism and diversity to ensure sustainable growth, corporate value, and stakeholder interest. Non-executive directors satisfy the requirements on professionalism stipulated in the Act on Corporate Governance of Financial Companies, and we manage candidates in the fields of finance, management, accounting, law & regulation, risk management, consumer protection, HR, and IT separately. As of March 2020, the professionalism of non-executive directors can be broken down as: two in financial management, one in finance, one in accounting, one in law & regulation, and one in consumer protection. Six members out of seven have served in financial business. To ensure diversity in the composition of the Board, we take into consideration factors such as gender, age, race, ethnicity, nationality and country of origin in nominating candidates. As of March 2020, the BOD has two female non-executive directors for the first time among domestic financial institutions and one non-executive director of foreign nationality.

Board Independence and Transparency

At KB Financial Group, diverse systems have been prepared to help non-executive directors faithfully conduct their role of checking the management to ensure the independence of the Board. According to Articles

BOD Members

Classification	Name	Gender	Nationality	Date of appointment	Expertise	Major Career	Term
Non-executive directors	Suk Ho Sonu	Male	Korea	2018.3.23	Finance	Visiting Professor, College of Business Administration, Seoul National University	2021.3.19
	Stuart B. Solomon	Male	U.S.	2017.3.24	Financial management	Chairman, MetLife	2021.3.19
	Myung Hee Choi	Female	Korea	2018.3.23	Law & regulation	Vice President, Korea Internal Control Assessment	2021.3.19
	Kouwhan Jeong	Male	Korea	2018.3.23	Consumer protection	Principal Attorney, NambuJeil Law and Notary Office	2021.3.19
	Kyung Ho Kim	Male	Korea	2019.3.27	Accounting	Member, Korea Accounting Institute	2021.3.26
	Seon Joo Kwon	Female	Korea	2020.3.20	Financial management	CEO, IBK Industrial Bank of Korea	2022.3.19
	Gyutaeg Oh	Male	Korea	2020.3.20	Risk management	Professor, Business Administration, Chungang University	2022.3.19
Executive director	Jong Kyoo Yoon	Male	Korea	2014.11.21	Financial management, accounting	Chairman & CEO, KB Financial Group	2020.11.20
Non-standing director	Yin Hur	Male	Korea	2017.11.20	Financial management	CEO, KB Kookmin Bank	2020.11.20

of Incorporation, non-executive directors hold a majority of the board and the Chairman of the Board is selected among non-executive directors, making sure that CEO shall not become Chairman of the Board. All subcommittees excluding the Subsidiaries' CEO Nominating Committee and the ESG Committee are composed of only non-executive directors to secure the independence of subcommittee operation. The autonomy and fairness are ensured by separating each process for appointing non-executive directors. Moreover, according to the Clause 3-4 of Article 8 of the Act on Corporate Governance of Financial Companies, non-executive directors cannot serve in a concurrent position as non-executive director, non-standing director, or non-standing auditors of other companies. It is prohibited from holding more than 2 concurrent positions as a director, an executive officer and an auditor of other companies other than KB Financial Holding. All our non-executive directors comply with this law. To ensure the independence of non-executive directors, their rights and duties are stipulated in the Board regulation and the Office of Board of Directors is responsible for supporting the independent handling of the Board's instructions. We have various measures to ensure independence of the board such as directors & officers liability insurance. The transparency and objectivity of our governance has been improved by disclosing the standard, process, and results of governance system on our website and incorporating them in our internal policy on governance. We will continue to enhance transparency of governance by further disclosing ESG information and collaborating with governance-related think tanks, evaluation agencies, and initiatives.

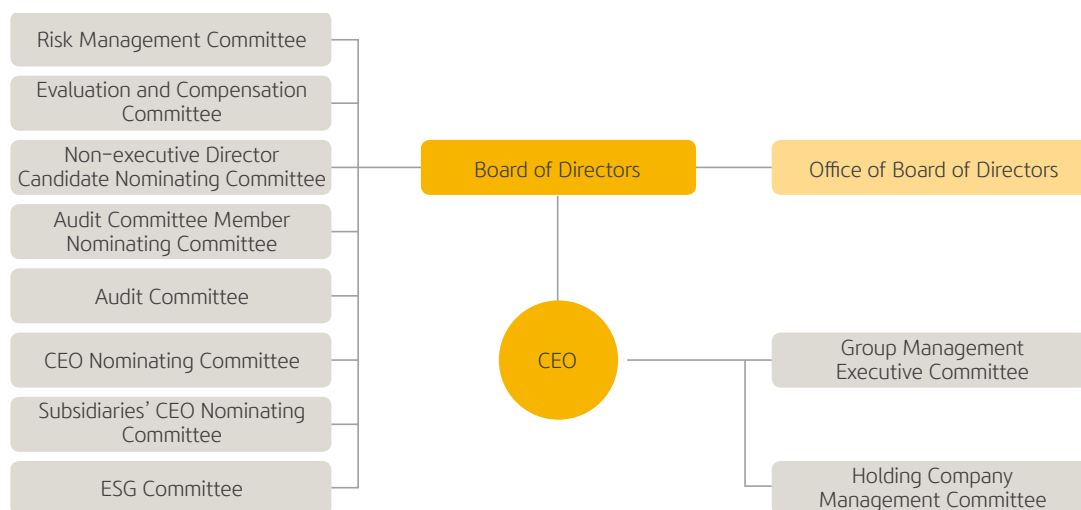
(As of March 31, 2020)

Role		
<ul style="list-style-type: none"> Chairman of the BOD Chairman of the CEO Nominating Committee Member of the ESG Committee 	<ul style="list-style-type: none"> Member of the Evaluation and Compensation Committee Member of the Audit Committee Member Nominating Committee 	<ul style="list-style-type: none"> Member of the Non-executive Director Candidate Nominating Committee Member of the Subsidiaries' CEO Nominating Committee
<ul style="list-style-type: none"> Member of the Risk Management Committee Member of the CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Non-executive Director Candidate Nominating Committee Member of the ESG Committee 	<ul style="list-style-type: none"> Member of the Audit Committee Member Nominating Committee
<ul style="list-style-type: none"> Chairman of the Non-executive Director Candidate Nominating Committee Member of the Audit Committee 	<ul style="list-style-type: none"> Member of the Evaluation and Compensation Committee Member of the CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Audit Committee Member Nominating Committee Member of the ESG Committee
<ul style="list-style-type: none"> Chairman of the Evaluation and Compensation Committee Member of the Audit Committee 	<ul style="list-style-type: none"> Member of the Non-executive Director Candidate Nominating Committee Member of the CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Audit Committee Member Nominating Committee Member of the ESG Committee
<ul style="list-style-type: none"> Chairman of the Audit Committee Member of the CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Risk Management Committee Member of the Subsidiaries' CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Audit Committee Member Nominating Committee Member of the ESG Committee
<ul style="list-style-type: none"> Chairman of the Risk Management Committee Member of the CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Evaluation and Compensation Committee Member of the Subsidiaries' CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Audit Committee Member Nominating Committee Member of the ESG Committee
<ul style="list-style-type: none"> Chairman of the ESG Committee Member of the Audit Committee 	<ul style="list-style-type: none"> Member of the Risk Management Committee Member of the CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the Audit Committee Member Nominating Committee
<ul style="list-style-type: none"> Chairman of the Subsidiaries' CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the ESG Committee 	
<ul style="list-style-type: none"> Member of the Subsidiaries' CEO Nominating Committee 	<ul style="list-style-type: none"> Member of the ESG Committee 	

Board Sub-committees

We run 8 sub-committees including Risk management Committee, Evaluation and Compensation Committee, Non-executive Director Candidate Nominating Committee, Audit Committee Member Candidate Nominating Committee (ad-hoc), Audit Committee, CEO Nominating Committee, Subsidiaries' CEO Nominating Committee, and ESG Committee. Sub-committees are entrusted with authority to perform some functions of the Board set under laws and Articles of Incorporation, and carry out monitoring and advice on important issues. All subcommittees excluding the Subsidiaries' CEO Nominating Committee and ESG Committee are composed of only non-executive directors with expertise in related fields.

Board Organizational Structure



Subcommittee Members (○ Chairman, ● Member)

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

Average attendance rate of directors in 2019

96.7%

Board Operation

The Board holds regular and ad-hoc meetings convened by the Board Chairman. Regular meetings are held on a quarterly basis, while ad-hoc meetings take place when the chairman acknowledges that it is needed or when any director or subcommittee requests. In 2019, a total of 14 Board meetings were held. Meeting materials are delivered to directors seven days before the meeting for prior review. The average attendance rate of directors was 96.7% in 2019. As a listed company on the New York Stock Exchange, we require directors to comply with a minimum attendance rate of 75% as specified in the guidelines of Institutional Shareholder Services (ISS). To ensure that Board can properly checks the management, the meeting where only non-executive directors attend is held and advices by employees or external professionals are available when necessary. We also provide them with educations needed for performing their duties, including corporate governance and economic and financial market trends, thereby supporting their rational decision-making.

Evaluation on Directors and Non-executive Directors

The Board is evaluated across four areas: Board composition and efficiency, roles and functions of the Board, Board responsibilities, and protection of shareholders' rights and investor relations. Internal evaluation and peer evaluations are conducted for non-executive directors with commitment, expertise, leadership and contributions as key indicators. The evaluation results are reported to the Board to ensure efficient operation of the Board and to general shareholder's meeting every year. Also, the results of evaluations of non-executive directors are disclosed in Annual Report on Governance to use as reference for conducting board activities and are used in determining re-appointment of the directors at Non-executive Director Candidate Nominating Committee.

KCGS

An independent non-profit organization established to improve corporate governance of Korean companies by promoting best practices and evaluating corporate governance of listed companies in Korea

The Best Company in Governance in the Financial Sector

An independent assessment of board performance is carried out annually by the Korea Corporate Governance Service (KCGS). In recognition of our continuous efforts for sound and transparent governance, we received A+ rating in corporate governance evaluation and was selected as the best financial company for two consecutive years for the first time in the financial industry by the KCGS in 2019.

(As of March 31, 2020)

	Suk Ho Sonu (Non-executive)	Stuart B. Solomon (Non-executive)	Myung Hee Choi (Non-executive)	Kouwhan Jeong (Non-executive)	Kyung Ho Kim (Non-executive)	Seon Joo Kwon (Non-executive)	Gyutaeg Oh (Non-executive)	Jong Kyoo Yoon (Executive)	Yin Hur (Non-standing)
	●	●	●	○	●	○	●		
	●	●	○	●		●			
	●	●	●	●	●	●	●		
	●	●	●	●	○	●	●		
	○	●	●	●	●	●	●		
	●	●	●	●	●	●	●	○	●
	●	●	●	●	●	●	○	●	●

Leading Ethical Management

Charter of Ethics

We are striving to create an ethical business environment. KB Financial Group's Charter of Ethics was established and declared in January 2010 as the highest ethics guideline that should be upheld and followed by all employees. Based on the Charter, we have also developed Code of Conduct, Code of Practice and Supplier Code of Conduct.

Category	Code of Conduct	Code of Practice	Supplier Code of Conduct
Significance	Group's universal ethical norm that guides value judgement and behavior of all employees	A set of ethical standards reflecting business-specific characteristics of each subsidiary, upon which each company can seek solutions for ethical conflicts that may arise from their business activities.	Ethical guideline for suppliers to abide by voluntarily
Composition	<ul style="list-style-type: none"> • Corruption, bribery, discrimination and confidentiality of information • Conflicts of interest and antitrust/anti-competitive practices • Money-laundering and insider trading • Environment, health and safety • Whistleblowing 	<ul style="list-style-type: none"> • Conflicts of interest • Investment (including securities) • Compliance with fair trade • Management of critical information • Acceptance of gift and entertainment • Rules for external activities • Anti-money laundering 	<ul style="list-style-type: none"> • Respect for basic legal labor rights • Safety and health • Environmental protection • Compliance with market competition order and co-prosperity with suppliers • Ethics for suppliers

Improving Ethical Management

We have expanded ethical management activities to help employees conduct business in ethical manner following Charter of Ethics. All employees sign Pledge of Ethics making commitment to abide by Code of Conduct and prevent unethical behavior. Subsidiaries provide their employees with face-to-face or online trainings on anti-corruption, anti-money laundering, and the code of conduct. Monitoring results of the compliance with laws are reported to the management and the BOD.

Subsidiary	Ethical Management Activities
KB Financial Holdings	<ul style="list-style-type: none"> • Develop the compliance support system at the Group level in November 2019 • Collect ethics violation cases and best ethics practices in the financial industry and use them for employee training
KB Kookmin Bank	<ul style="list-style-type: none"> • Operate the "financial accident prevention training week" program for employees and posting the results on the intranet for continuous management • Run the "self-check on compliance with laws" through the initial boot-up screens every week
KB Insurance	<ul style="list-style-type: none"> • Manager-level CA (Compliance Advisor) is in charge of compliance duty • Created an animated training course based on audit cases
KB Kookmin Card	<ul style="list-style-type: none"> • Conduct compliance trainings and self-assessment for all employees every month • Designate every Monday as the "Ethics Day" to raise employees' awareness of ethics

Internal Control System

We have diverse compliance programs such as preliminary review of compliance in important tasks, activities to prevent suspicious transactions, reinforcement of management and monitoring of each department's "Compliance Checklist", etc. Compliance managers of KB Financial Holding report any violations of laws identified to Compliance Department, and Compliance Officer of each subsidiary is in charge of reporting regular compliance activities and any violations of laws detected. We have reported the results of yearly inspections on each subsidiary's internal control to the Board of Directors since 2016 pursuant to the Act on Corporate Governance of Financial companies. Furthermore, we hold internal Control Committee, Compliance Council, and Legal Affairs Council meetings on a regular basis to readily share and address the Group's compliance and legal affairs issues.

Whistleblowing System

In order to promote efficient internal control and prevent financial accidents in advance, we operate the whistleblowing system for employees. Reporting channels include exclusive phones, e-mail, website, mobile web, hot-line to directly contact Group's Compliance Officer through his personal contact number, Viber and telegram, Voice of employees, and anonymous bulletin board to protect whistleblower's confidentiality.

Anti-money Laundering

KB Financial Group established Risk Based Approach (RBA) anti-money laundering system following FATF recommendations and Act on Reporting and Using Specific Financial Transaction Information to take a differentiated and appropriate internal control and anti-money laundering measures against high-risk customers. To that end, we classified customers and transactions based on risk level of money laundering to verify customers and conduct Enhanced Due Diligence (EDD) for high risk groups. In particular, KB Kookmin Bank incorporated Saction Compliance into its internal policies to closely monitor persons subject to restrictions on financial transaction as designated by FSC and persons subject to sactions as designated by UN and OFAC. Also, we have a system where Politically Exposed Persons go through top management's approval to allow transactions. We also train all employees about preventing money laundering and terrorist financing at least once a year and hold expert lecture session and hold seminars to establish a global-level risk control system and respond to possible risks in advance. In recognition of these efforts, KB Kookmin Bank ranked 1st for 9 consecutive years among local financial institutions in the Comprehensive Anti-Money Laundering Performance Evaluation.

Comprehensive evaluation
on financial companies'
anti-money laundering
performance

(KB Kookmin Bank)

1st for
9 consecutive years



Efforts for Preventing Ethics Violations

To prevent ethics violations, KB Financial Group has enhanced cause analysis, monitoring of major issues, and follow-up management. Any violation is promptly treated. If an employee violates code of conduct, he or she is sanctioned following internal control policy and sanctions ranges from caution to discharge depending on the seriousness of the violation. Also those who are sanctioned face deduction in performance evaluation points and promotion. Cases of violations are used as compliance training materials.

Enhancing Transparency in Governance Information Disclosure

In 2019, it became mandatory for listed companies with over KRW 2 trillion in total assets to submit a corporate governance report for the purpose of reinforcing managerial transparency and improving corporate value in the mid-to-long term. As such, requirements of transparent information disclosure on environment, society, and corporate governance have become stronger. In response, we are disclosing our business strategies and performances transparently through sustainability reports, business reports, and annual reports. Whenever correction on disclosed information is required, the correction is disclosed through reports and our website to ensure transparent engagement with stakeholders.

In particular, our sustainability report covers the ESG-based disclosure items following the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosure (TCFD). The Annual Report on Corporate Governance and Compensation provides information on our governance structure, BOD and sub-committees, and activities and compensation for non-executive directors in a transparent manner.

Classification	Disclosure requirements	Plans of KB Financial Group
GRI	General disclosure items (strategy, ethics & integrity, governance, stakeholder engagement, disclosure practices) and specific items for economy, environment, and society	Plan to expand the scope of disclosure meeting the Comprehensive Option requirements by expanding disclosures in specific areas beyond current Core Option-based disclosure
TCFD	Governance, strategy, risk management, and metrics and targets with regard to climate change	Report on some indices (Plan to expand the scope of reporting)
SASB	Selection of critical ESG issues by business and report on those issues based on accounting standards	Report on some indices (Plan to expand the scope of reporting)
Annual governance report	Compliance with 10 key principles such as shareholders' rights, function of the BOD, operation, internal audit organization, and independent auditors	Faithful disclosure

Transparent Engagement with Stakeholders

Transparent engagement with stakeholders contributes to enhancing their trust in KB Financial Group and setting the direction of corporate management. Therefore, we are proactive in diversifying engagement channels, revitalizing engagement, and reflecting their opinions in our business management. We will continue to expand stakeholder engagement to further reflect their interests and expectations to build a culture that takes the stakeholders' needs into account.

Stakeholder	Comm. channel	Major activities	Major performances
Customers	Branch, website, customer panel, volunteer group	Transparent management, enhancing engagement with customers, understanding customer needs for products and services, reinforcing safety of financial products, and promoting financial inclusion	<ul style="list-style-type: none"> • (KB Kookmin Bank) KB Customer Advisory Group: 4,690 persons • (KB Kookmin Bank) KB Tribunus Plebis: 10 persons, adopted 34 out of 64 items proposed • (KB Kookmin Bank) University Student Honorary Ambassador Campus Star: 300 persons • (KB Kookmin Bank) KB Golden Life Advisory Group: 12 persons, 6 meetings • (KB Insurance) Customer Panel Hope Supporters: 9 persons • (KB Kookmin Card) Data analysis-based customer survey: K-Research™: 35 times • (KB Securities) Consumer Protection Panel KB Star Messenger: 17 persons
Employees	Workshop, employee meetings	Work-life balance, cooperative labor-management relations, fair evaluation, and competence enhancement	<ul style="list-style-type: none"> • Workshop for 68 local employees working at overseas branches • 600 participants in the Town Hall Meeting (12 times) • (KB Kookmin Card) Trekking event: 7 times, meetings among team leaders: 2 times
Shareholders and investors	General shareholders' meeting, earnings release, IR conference	Corporate value improvement, sound corporate governance, risk management, and transparent disclosure	<ul style="list-style-type: none"> • General shareholders' meeting (1 time) • Earnings release (4 times) • IR conference (23 times)
Suppliers	Meeting with suppliers, satisfaction survey	Shared growth with suppliers, transparent engagement, and fair trade	<ul style="list-style-type: none"> • (KB Kookmin Card) Meeting with IT suppliers: 4 times • Complimenting employees nominated through the Voice of Employees • Grievance handling: 9 cases
Communities	Social contribution, KB GoodJob, KB Miso microfinance	Community service and donation	<ul style="list-style-type: none"> • Cumulative visitors to "KB GoodJob Fair": 317,100 persons • Recipients of "Youth Mentor, KBI": 18,220 persons • (KB Insurance) Selected as the "Excellent Social Contribution Company" (Ministry of Health and Welfare, Korea Association of Social Workers)

1. University Student Honorary Ambassador Campus Star
2. Town Hall Meeting with Group CEO



Strengthening the Stewardship Code

Spreading a Culture of Healthy Corporate Governance based on Partnership

Efforts for spreading a culture of healthy corporate governance contribute not only to enhancing corporate growth and transparency but also to instilling good governance practices and structure among local and overseas companies. To this end, We will cooperate with ESG rating agencies to provide insight on governance enhancement and share best practices. Our corporate governance is highly recognized for its soundness because we have revamped the CEO succession procedure, enhanced internal control, introduced the stewardship code in advance, and independently operated the Board. As a result of our efforts, we have been ranked the best company in corporate governance for two consecutive years. We will build a cooperative system with ESG evaluation agencies including KCGS and Sustainalytics to share our innovative ways of improving governance and will take the lead in advancing overall governance structure for other companies.

Best Practices Recognized by the KCGS Governance Evaluation in 2019

Classification	Details
① Sound board operation	Enhancement of the Board's independence by organizing the Audit Committee, CEO Nominating Committee, and Evaluation and Compensation Committee with only non-executive directors
② Systematic management succession program	Enhancement of the competence of the internal CEO candidates, enhancement of the CEO succession program, and creating programs to improve the understanding of the CEO Candidate Nominating Committee
③ Execution of the Stewardship Code at the group level	Monitoring of the implementation of stewardship code at the group level by the Board of KB Financial Holdings

Strengthening the Implementation of Stewardship Code

Stewardship Code

Standards that institutional investors holding the shares of publicly listed companies should follow to fulfill their fiduciary duties as a steward taking care of and managing the assets entrusted by others

KB Financial Group adopted the Stewardship Code for the first time among Korean financial groups. KB Kookmin Bank, KB Securities, KB Insurance, KB Asset Management, KB Life Insurance, and KB Investment are now incorporating Stewardship Code into business practice. With a stewardship code in place, we aim to strengthen institutional investors' role in protecting and growing customers' assets by promoting mid-to-long term growth of investee companies integrating not only the financial performances but non-financial ESG aspects. Our subsidiaries disclose their voting rights execution results as well as the stewardship code and internal guidelines transparently through their websites. In 2019, KB Asset Management performed its voting rights on 158 domestic companies and sent a public letter requiring the improvement of shareholder value to four companies five times fulfilling their fiduciary responsibilities.

Expanding Investments in Excellent Corporate Governance

KB Shareholder Value Focus Fund

A fund that invests in companies that pursue shareholder value-based sustainable growth and intend to implement policies for shareholder value improvement

Sound corporate governance ensures efficient check and supervision on management, ultimately protecting investors and increasing the rate of return through shareholder-friendly dividend policies. To pursue the shared growth between companies and shareholders, KB Asset Management launched the “KB Shareholder Value Focus Fund.” It has invested in companies with excellent corporate governance and growth potential, attaining 16.63% rate of annual return (as of the end of 2019). Going forward, KB Financial Group will continue to expand investments in companies striving to enhance shareholder value and develop financial products considering governance of investee companies.

Building a Comprehensive Evaluation System

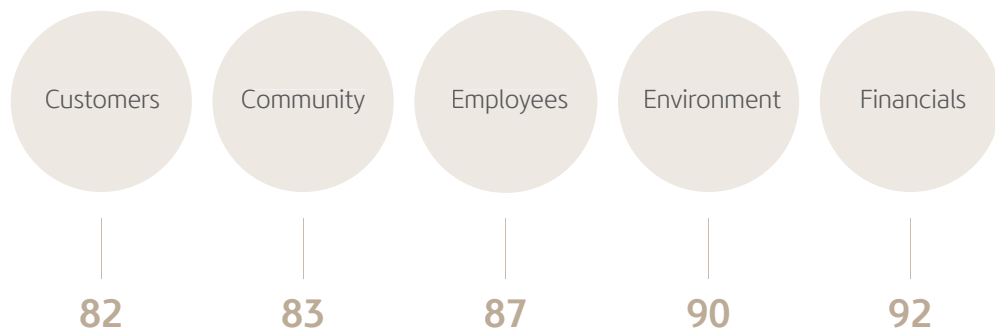
It has become increasingly important to evaluate non-financial aspects such as environment, social responsibility, and corporate governance as well as financial performances. In particular, there is increasing awareness that transparent corporate governance will ensure stable growth and mid-to-long term profit creation.

In response, we aim to strengthen the practice of ESG management that covers environment, society, and governance. As part of this practice, we will establish a comprehensive evaluation system aimed at supporting companies to undertake and expand the ESG management. We will also sophisticate evaluation indicators and systems to build an environment where ESG-focused companies can be given preferential treatment during corporate evaluation.



Performance Indices

KB Financial Group is committed to respecting all stakeholders and listening to their requests. Performance indices in this section show our efforts and activities for shared growth with stakeholders. As a leading global financial group, we will fulfill our social responsibility and role going forward.



Customers

Customer Satisfaction

		2017	2018	2019
KB Kookmin Bank	NCSI Rank	1	1	1
KB Insurance	NCSI Rank	2	2	2
	KCSI (Long-term Insurance) Rank	-	-	3
	KCSI (Car Insurance) Rank	-	-	4
	KS-SQI (Long-term Insurance) Rank	-	-	3
	KS-SQI (Car Insurance) Rank	-	-	4
KB Kookmin Card	NCSI Rank	5	3	3
	KCSI (Credit Card) Rank	3	3	3
	KCSI (Debit Card) Rank	1	1	1
	KS-SQI (Credit Card) Rank	3	3	3
	KS-SQI (Debit Card) Rank	1	1	1

※ NCSI: National Customer Satisfaction Index by Korea Productivity Center

KCSI: Korean Customer Satisfaction Index by Korea Management Association Consulting

KS-SQI: Korean Standard Service Quality Index by Korea Standards Association

Customers Using Online Banking Services*

	2017	2018	2019
Customers subscribing for online banking services (%)	72.6	74.8	76.5
Active users of online banking services (%)	36.2	37.8	39.0

* Based on KB Kookmin Bank data

Customer Accessibility*

	2017	2018	2019
Universal counters (#)	682	803	799
ATMs with zoom-in screen features for visually impaired (#)	7,988	7,185	6,723
Braille and audio guidance ATMs (#)	7,915	7,185	6,773
Wheelchair accessible ATMs (#)	5,742	6,549	6,772
ATMs applied by biometric authentication (Easy Banking)** (#)	-	-	3,750

* Based on KB Kookmin Bank data

** Included in management indices from 2019

Community

Charitable Contributions and Volunteering Hours

	2017	2018	2019
Charitable contributions (₩100m)	552	1,304	1,031
Total employee volunteering hours	296,824	236,366	171,296
Average volunteering activity hours per employee	10.6	8.4	6.0
Monetary value of employee volunteering during daily working hours (₩100m)	49*	50	38
Management overhead (₩100m)	28.3	28.3	30.2
Political contributions**	-	-	-

* Recalculated based on fiscal year 2018 and 2019

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

Community Contributions for Youth

		2017	2018	2019
「Youth Mentor, KB!」 (Total)	Beneficiaries	-	12,565	18,220
	Contributions (₩100m)	-	40	62
KB Youth Music College	Beneficiaries	114	117	112
	Contributions (₩100m)	5	5	5
	Entrance rate to college of music (%)	40	71.5	90
Building and expanding all-day elementary after- school care classrooms	Schools supported (#)	-	243	212
	Classrooms built (#)	-	369	320
	Contributions (₩100m)	-	128	100
Building and expanding public kindergartens	Schools supported (#)	-	55	129
	Classrooms built (#)	-	76	211
	Contributions (₩100m)	-	22	50
KB Foundations scholarship	Beneficiaries	260	260	391
	Contributions (₩100m)	5	6	6

Community Contributions for Multicultural Community

	2017	2018	2019
Beneficiaries of KB Rainbow Love Camp	182	80	50
Employees who participated in KB Hopeful Voice Sharing	46	23	18
Beneficiaries of KB Korean Language Class in Myanmar	514	493	523
Beneficiaries of medical support for migrant workers	1,734	1,980	2,034

Job Creation through KB GoodJob

	2017	2018	2019
Individual members of KB GoodJob website (cumulative)	52,127	59,092	65,958
KB GoodJob Academy participants	380	552	515
KB GoodJob School participants	195	208	240
People employed through KB GoodJob Fair (cumulative)	7,092	8,464	11,656

Financial Education

	2017	2018	2019
Beneficiaries of financial education (offline)	178,480	137,509	163,900
Beneficiaries of financial education (online & mobile web)	25,149	52,496	97,425
Total	203,629	190,005	261,325

Consulting Services for SMEs and Small Businesses

	2017	2018	2019
KB Wise Consulting services offered (#)	202	267	247
KB SOHO Business Incubating Consulting services offered (#)	591	749	1,674

Supply Chain*

	2017	2018	2019
Business partners self-assessed for supply chain sustainability	148	141	135

* Based on KB Kookmin Bank data

Expenses for Supporting Major Associations (₩100m)

	2017	2018	2019
Korea Financial Investment Association	31.0	33.0	33.5
Korea Federation of Banks	26.3	26.4	26.9
General Insurance Association of Korea	27.6	21.2	22.4
The Credit Finance Association	11.8	13.5	12.0
Korea Life Insurance Association	2.7	3.1	3.3
Korea Federation of Savings Banks	2.0	2.1	2.3
Others	2.9	3.0	3.9
Total	104.3	102.2	104.3

※ According to Article 31 of the Political Funds Act, every foreigner, corporation or organization both at home and abroad shall be prohibited from contributing any political funds and no one shall contribute any political funds from any corporation or any organization both at home and abroad. KB Financial Group strictly complies with this law, never contributing political funds, election campaign funds, and funds for lobbying a specific political party or organization. .
Meanwhile, we contribute trade associations with public purpose and political impartiality.

Support for Fintech Startups (cumulative)

		2017	2018	2019
KB Starters	Startup partners (#)	36	56	76
	Investment (₩100m)	71.0	134.0	326.0
FUTURE9	Startup partners (#)	9	19	29
	Investment (₩100m)	1.7	3.2	14.7
Total	Startup partners (#)	45	75	105
	Investment (₩100m)	72.7	137.2	340.7

Policy Fund Platform (KB bridge*)

		2017	2018	2019
Mobile app downloads (cumulative)		-	-	60,690
Cases linked with SOHO consulting		-	-	2,550

* Launched in the second half of 2019

※ Performance from July 2019 to June 2020

Employees

Employees by Gender (persons)

		2017	2018	2019
Total employees	Male	15,620	15,467	15,050
	Female	12,867	12,990	13,054
	Total	28,487	28,457	28,104

Employees by Conditions of Contract and Position (persons)

		2017	2018	2019
Conditions of contract	Executives	208	219	218
	Full time*	25,508	25,635	25,210
	Temporary	2,771	2,603	2,676
Position**	Section Chief-General Manager(L2 and above)	14,840	14,445	14,230
	Associate-Assistant	13,439	13,793	13,656

* Including unlimited contract workers

** Excluding executives

Diversity (persons)

	2017	2018	2019*
Children of veterans	675	662	1,332
Employees with disabilities	379	338	328
Expats**	161	156	895
High school graduates	48	50	1,267

* 2017 and 2018: Based on KB Kookmin Bank, 2019: Based on KB Financial Group

** Including employees of overseas corporation

New Recruits (persons)

		2017	2018	2019
Age	20s and younger	524	777	552
	30s	372	412	315
	40s	199	147	144
	50s and above	56	60	63
Gender	Male	628	710	580
	Female	523	686	494

Turnover Rate* (%)

	2017	2018	2019
Total turnover rate	17.1	4.0	5.4
Voluntary turnover rate	0.9	1.8	1.7

* Based on KB Kookmin Bank data

Childcare Leave (persons)

		2017	2018	2019*
Employees eligible for childcare leave**	Male	-	-	3,277
	Female	-	-	4,239
	Total	-	-	7,516
Employees who used childcare leave	Male	62	42	89
	Female	769	604	1,112
	Total	831	646	1,201
Employees who returned to work after childcare leave	Male	28	35	67
	Female	400	711	2,440
	Total	428	746	2,507
Employees who served for over 12 months after returning from childcare leave**	Male	-	-	35
	Female	-	-	2,059
	Total	-	-	2,094

* 2017 and 2018: Based on KB Kookmin Bank, 2019: Based on KB Financial Group

** Included in management indices from 2019

Labor Practices*

	2017	2018	2019
Employees covered by labor union (%)	79.2	82.3	81.6
Employee grievances resolved (#)	596	109	84

* Based on KB Kookmin Bank data

Industrial Accidents*

	2017	2018	2019
Absentee days	115	49	35
Absentee rate (%)	0.0016	0.0011	0.0008

* Based on KB Kookmin Bank data

Training*

	2017	2018	2019
Average training hours per employee	167	176	113
Average training expense per employee (₩10,000)	142	137	142

* Based on KB Kookmin Bank data

Ethical Management

	2017	2018	2019
Average ethics education hours per employee*	8.5	8.3	9.7
Employees' violation of compliance with laws (#)	Conflict of interest	0	0
	Investment in securities, etc.	0	0
	Violation of fair trade	3	0
	Violation of information control	1	0
	Receiving graft and entertainment	1	0
	Violation of external activity policy	0	0
	Violation of anti-money laundering	0	0
Actions taken on violations (#)	Pay cut	0	0
	Reprimand	1	0
	Warning	4	0
	Others	6	0

* Based on KB Kookmin Bank data

Environment

Scope 1 & Scope 2 GHG Emissions

		2016	2017	2018	2019
GHG emissions (tCO ₂ eq)	Scope 1 emissions	21,513	19,179	19,021	18,980
	Scope 2 emissions	122,536	112,322	111,994	111,731
	Total GHG emission	144,050	131,501	131,015	130,711

※ The sum may not equal the total due to rounding off.

Energy Consumption

	2016	2017	2018	2019
Energy consumption (MWh)	262,839	240,932	240,227	239,663
New and renewable energy consumption (kWh)	165,133	174,338	345,951	487,272

Water Consumption

	2016	2017	2018	2019
Water consumption (m ³)	299,777	277,454	277,999	273,723
GHG emissions (tCO ₂ eq)	198	183	183	181

Paper Consumption

	2016	2017	2018	2019
Paper consumption (ton)	2,213	2,033	2,063	1,976
GHG emissions (tCO ₂ eq)	2,478	2,277	2,311	2,213

Waste

	2016	2017	2018	2019
Waste to landfill (ton)	2,194	1,930	1,964	1,915
GHG emissions (tCO ₂ eq)	746	656	668	651

Business Travel

		2016	2017	2018	2019
Business travel (km)	Air	11,380,566	10,549,840	11,259,618	12,714,701
	Train	3,510,106	3,044,580	2,892,919	2,085,149
	Bus	583,933	447,632	112,278	79,718
	Total	15,474,605	14,042,053	14,264,815	14,879,569
GHG emissions (tCO ₂ eq)	Air	1,707	1,582	1,689	1,907
	Train	105	91	87	63
	Bus	16	12	3	2
	Total	1,829	1,686	1,779	1,971

※ The sum may not equal the total due to rounding off.

Capital Goods and Purchasing Goods

		Unit	2017	2018	2019
Capital goods	Desktop	Ea	613	1,725	4,335
		tCO ₂ eq	20	56	142
	Laptop	Ea	332	220	492
		tCO ₂ eq	6	4	9
	Monitor	Ea	345	3,290	13,809
		tCO ₂ eq	5	51	214
Multi-functioning printer	Ea	1,284	1,314	612	
	tCO ₂ eq	509	521	243	
Purchased goods	Bankbook	kg	302,341	285,826	246,812
		tCO ₂ eq	339	320	276
	Credit card	kg	72,027	68,294	56,171
		tCO ₂ eq	97	92	75

Usage and Disposal of Goods Sold

		Unit	2017	2018	2019
Usage of goods sold	E-banking	tCO ₂ eq	5,058	7,633	9,976
Disposal of sold products	Accounts terminated	kg	81,909	75,949	70,944
		tCO ₂ eq	10	9	9
	Cards terminated	kg	60,141	57,519	29,360
		tCO ₂ eq	141	135	69

Financials

Financial Performance* (₩trillion)

	2017	2018	2019
Total assets	437	480	519
Operating revenue	39	42	47
Net income	3.3	3.1	3.3

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

Credit Ratings

		2017	2018	2019
KB Financial Holdings	Moody's	-	-	A1
	Standard & Poor's	-	-	A
KB Kookmin Bank	Moody's	A1	Aa3	Aa3
	Standard & Poor's	A+	A+	A+
	Fitch	A	A	A
KB Securities	Moody's	-	A3	A3
	Standard & Poor's	-	A-	A-
	Fitch	-	A-	A-
KB Kookmin Card	Moody's	-	-	A2

BIS Leverage Ratio (₩100m)

	2017	2018	2019
(Basel III) Tier 1 capital	301,870	329,938	354,261
(Basel III) Total exposure	4,225,855	5,056,032	5,494,772
(Basel III) Leverage ratio	7.14%	6.53%	6.45%

Tax Information* (₩100m)

	2019			Taxes and dues by region (%)
	Operating revenue	Operating income	Corporate tax*	
Korea	466,412.2	44,389.5	12,032.6	98.56
China	1,610.1	179.6	50.4	0.41
U.S.	1,116.2	(166.5)	17.1	0.14
Vietnam	389.2	134.1	34.6	0.28
U.K.	318.7	13.9	11.3	0.09
New Zealand	163.9	47.2	12.9	0.11
Cambodia	241.9	45.2	11.7	0.10
Japan	168.1	49.5	0.9	0.01
Laos	115.1	41.9	0.0	0.00
Singapore	13.5	(0.6)	0.0	0.00
Indonesia	168.0	1.5	1.9	0.02
Hong Kong	901.7	185.5	30.5	0.25
India	34.8	(11.9)	0.0	0.00
Myanmar	43.5	(2.4)	3.9	0.03
Total	471,696.8	44,906.5	12,207.9	100.00

* K-IFRS accrual basis

※ The sum may not equal the total due to rounding off.

Shareholders with Over 5% Ownership

	Number of shares held	Ownership
National Pension Service	41,468,003	9.97%
JP Morgan Chase Bank*	26,622,633	6.40%

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

※ KB Financial Group does not hold the golden shares for the government.

Distribution of Economic Value* (₩100m)

		2017	2018	2019
Customers	Interest on deposits	23,459	30,417	34,811
Shareholders and investors	Dividend	7,667	7,597	8,611
Employees	Pay and benefits	37,686	38,744	39,553
Community	Donation	552	1,304	1,031
Government	Corporate tax	7,950	12,396	12,208
Total		77,314	90,458	96,214

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

ESG Products (₩100m)

(As of December 31, 2019)

Sector	ESG business	Category	2019	
Corporate banking, investment banking (IB business)	Green credit, ESG loans	Prevention of environmental pollution	21,013	
		Support for SMEs and microfinance	18,172	
		Energy efficiency	3,206	
		Other products	13,311	
	Total amount of ESG products			55,702
	Total amount of corporate loan products			1,219,496
	Ratio of ESG products			4.6%
	ESG bond	Multiple themes	Green transportation	14,982
			Other products	1,000
			Other products	0
Total amount of ESG bonds			15,982	
Total amount of bonds issued			100,940	
Ratio of ESG bonds			15.8%	
Green and sustainable infrastructure financing		New and renewable energy	9,488	
		Sustainable water and sewage management	1,186	
		Housing support for the vulnerable and the working class	297	
		Other products	0	
Total amount of ESG investments			10,971	
Total amount of PF investments			163,009	
Ratio of ESG investments			6.7%	

Sector	ESG business	Category	2019
Asset management	Investment product	New and renewable energy	11,167
		Sustainable water resource and wastewater control	6,135
		Other products	0
		Total amount of ESG products	17,302
	Total amount of asset management investment products	420,667	
	Ratio of ESG products	4.1%	
WM・PB	Investment product	Green transportation	350
		New and renewable energy	9
		Sustainable water resource and wastewater control	11
		Other products	583
	Total amount of ESG products	953	
	Total amount of fund products held by WM & PB cusotmers	85,951	
Ratio of ESG products	1.1%		
Retail banking	Green credit, ESG loans	Social economic development and human rights improvement	20,468
		Green transportation	9,891
		Green building	229
		Other products	0
	Total amount of ESG products	30,588	
	Total amount of private loan products	1,451,033	
	Ratio of ESG products	2.1%	
	Investment product	Offering of socially basic and essential services	42,463
		Green transportation	30,985
		Prevention of environmental pollution	5,349
		New and renewable energy	116
Other products		3,425	
Total amount of ESG products	82,338		
Total amount of funds, deposits, and trust products	3,329,880		
Ratio of ESG products	2.5%		

※ The sum may not equal the total due to rounding off.



Appendix

KB Financial Group complies with and preemptively responds to global ESG guidelines. We have also been proactive in participating in global initiatives such as GRI Standards, SASB, UN PRB, thereby gaining a higher level of trust from all stakeholders.

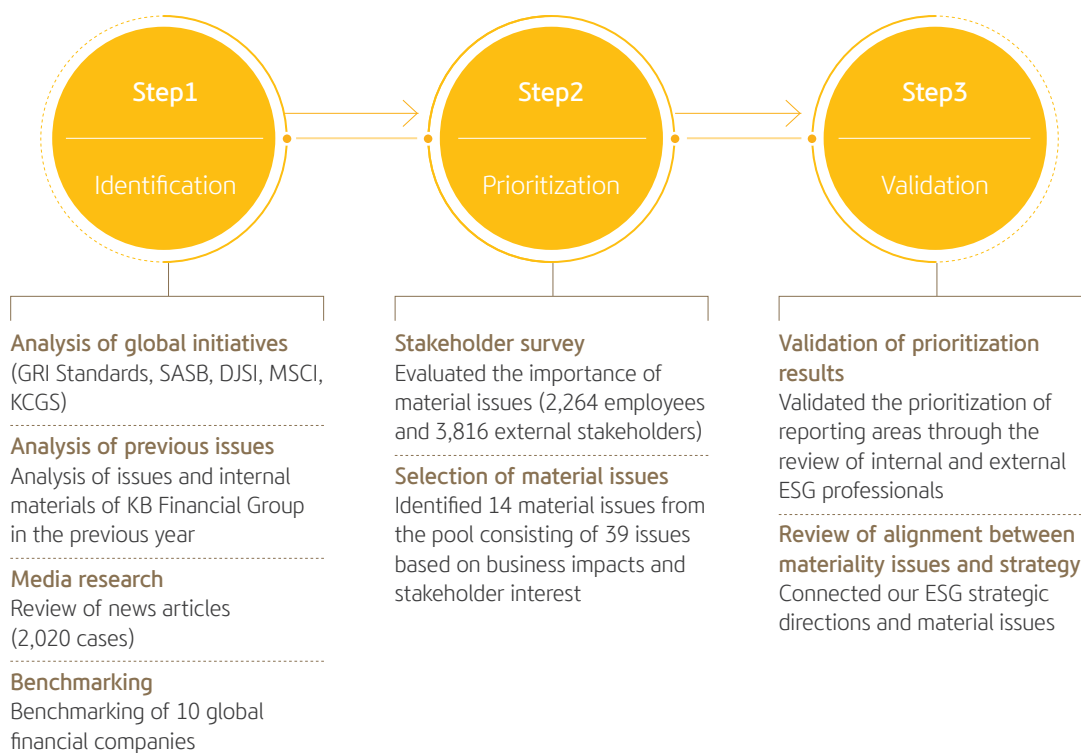
Materiality Analysis	GRI Index	SASB Index	UN PRB Index	Third Party's Assurance Statement	Initiatives and Memberships
98	100	103	104	105	107

Materiality Analysis

Materiality Analysis

In order to identify material sustainability issues within the Group, KB Financial Group has organized an issue pool by analyzing items and requirements of the domestic and global initiatives such as GRI, DJSI, MSCI, and KCGS and conducted media research as well as benchmarking of global financial companies, and selected key issues through materiality analysis from February to April 2020. The most critical issues were reported in detail to faithfully respond to the interests of stakeholders.

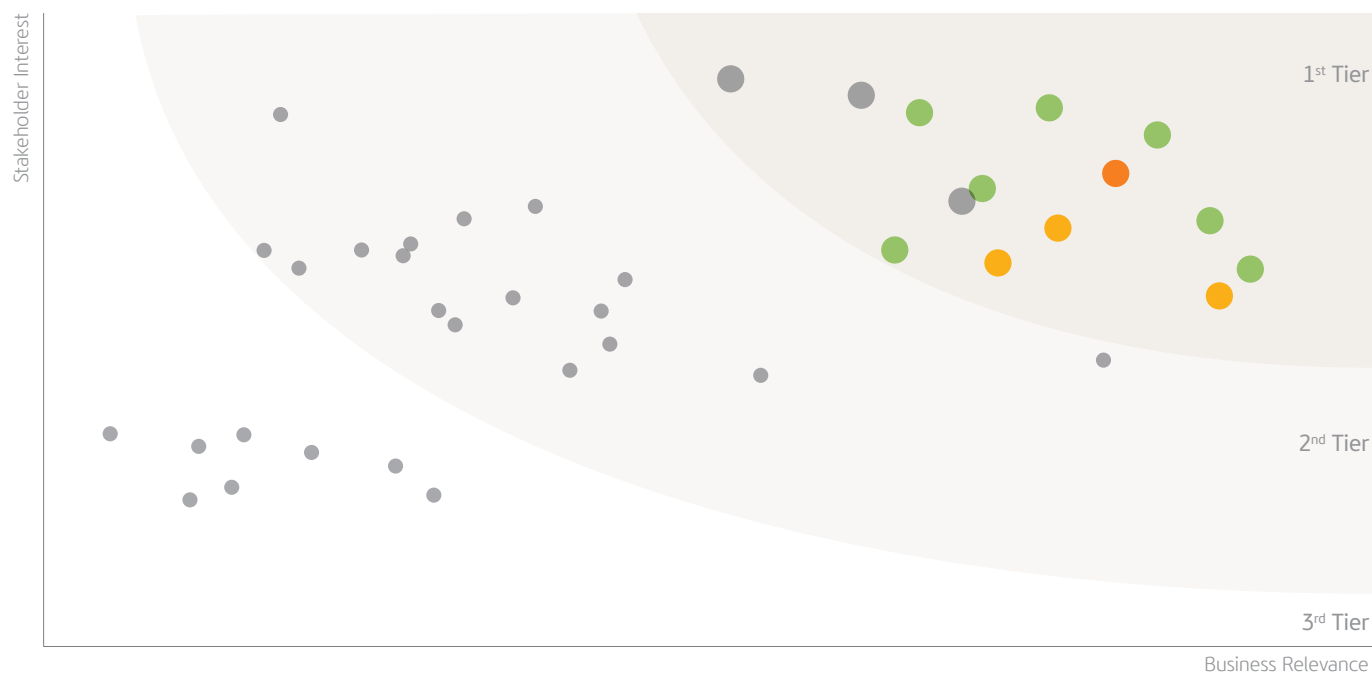
Materiality Analysis Process



Materiality Issues

Through materiality analysis, we selected 14 key issues located on the 1st tier area of the matrix which had high priority on business impacts and stakeholder interest. According to 2019 materiality analysis, social issues such as social contribution activities, stronger customer information protection, enhancement of inclusive finance accounted for around half of material issues identified. Others included the preparation of response to climate change at the Group level, and the dissemination of transparent corporate governance through strict ethical management. We reported those issues in the “ESG Strategy & Progress” section in connection with our ESG strategic directions.

Materiality Analysis Results



Materiality issues connected with ESG strategic directions		Impacts on					Effects from issues		
		Employee	Customer	Supplier	Local community	Shareholder /investor	Expense	Sales	Risk
Advancing climate change strategy for environment	● Enhancing GHG reduction control	∨							∨
	● Building climate change response system	∨							∨
	● Developing ESG products and services considering environment and society*	∨	∨			∨		∨	
Internalizing responsible management for society	● Establishing GWP culture*	∨		∨				∨	
	● Conducting strategic social contribution*	∨			∨		∨		
	● Cultivating employee competence and financial experts	∨					∨		
	● Protecting human rights of employees and partners	∨	∨	∨	∨				∨
	● Enhancing customer service		∨			∨		∨	
	● Enhancing customer information protection		∨			∨			∨
	● Expanding inclusive finance*		∨		∨			∨	
Spreading the culture of transparent governance	● Strengthening ethical management	∨	∨	∨	∨	∨			∨
Others	● Developing sustainable growth engines*	∨	∨			∨		∨	
	● Creating economic performance*	∨	∨	∨		∨		∨	
	● Operating financial and non-financial risk integration system*	∨	∨	∨	∨	∨			∨

* Material issues of the previous year

GRI Index

Universal Standards (GRI 100)

Classification	Indicator	Description	Page	Assurance	Remark
Profile	102-1	Name of the organization	4	●	
	102-2	Activities, brands, products, and services	4, 5	●	
	102-3	Location of headquarters	4	●	
	102-4	Location of operations	6, 7	●	
	102-5	Ownership and legal form	4-7, 93	●	
	102-6	Markets served	6, 7	●	
	102-7	Scale of the organization	4	●	
	102-8	Information on employees and other workers	87	●	
	102-9	Supply chain	77	●	
	102-10	Significant changes to the organization and its supply chain	100	●	No critical changes
	102-11	Precautionary principle or approach	22, 23	●	
	102-12	External initiatives	107	●	
	102-13	Membership of associations	107	●	
Strategy	102-14	Statement from senior decision-maker	2, 3	●	
	102-15	Key impacts, risks, and opportunities	22, 23	●	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	74	●	
	102-17	Mechanisms for advice and concerns about ethics	75	●	
Governance	102-18	Governance structure	68-73	●	
	102-19	Delegating authority	71	●	
	102-22	Composition of the highest governance body and its committees	72	●	
	102-23	Chair of the highest governance body	70, 71	●	
	102-24	Nominating and selecting processes for the highest governance body	69	●	
	102-26	Role of highest governance body in setting purpose, values, and strategy	69-73	●	
	102-27	Collective knowledge of highest governance body	69-73	●	
	102-28	Evaluating the highest governance body's performance	73	●	
	102-29	Identifying and managing economic, environmental, and social impacts	20, 21	●	
	102-31	Review of economic, environmental, and social topics	21	●	
Stakeholder Engagement	102-40	List of stakeholder groups	77	●	
	102-41	Collective bargaining agreements	88	●	
	102-42	Identifying and selecting stakeholders	77	●	
	102-43	Approach to stakeholder engagement	77	●	
	102-44	Key topics and concerns	77	●	

Classification	Indicator	Description	Page	Assurance	Remark
Report Profile	102-45	Entities included in the consolidated financial statements	5	●	
	102-46	Defining report content and the topic boundaries	98, 99	●	
	102-47	List of material topics	99	●	
	102-48	Restatements of information	101	●	No changes in the previous report
	102-49	Changes in reporting	99	●	
	102-50	Reporting period	About this report	●	
	102-51	Date of most recent report	About this report	●	
	102-52	Reporting cycle	About this report	●	
	102-53	Contact point for questions regarding the report	About this report	●	
	102-54	Reporting in accordance with the GRI Standards	About this report	●	
	102-55	GRI index	100-102	●	
	102-56	External assurance	105, 106	●	
	Management Approach	103-1	Explanation of the material topic and its boundary	98, 99	●
103-2		The management approach and its components	16-19, 28, 44, 68	●	
103-3		Evaluation of the management approach	16-19, 28, 44, 68	●	Each issue is evaluated and managed aligned with management strategies.

Topic-specific Standards

Economic Performance (GRI 200)

	Indicator	Description	Page	Assurance	Remark
Economic	201-1*	Direct economic value generated and distributed	94	●	
Performance	201-2*	Financial implications and other risks and opportunities due to climate change	32-35	●	

* Material issue

Environmental Performance (GRI 300)

Classification	Indicator	Description	Page	Assurance	Remark
Energy	302-1	Energy consumption within the organization	90	●	
Emissions	305-1*	Direct (Scope 1) GHG emissions	29, 90	●	
	305-2*	Energy indirect (Scope 2) GHG emissions	29, 90	●	
	305-3*	Other indirect (Scope 3) GHG emissions	90, 91	●	
	305-5*	Reduction of GHG emissions	28, 29	●	
Water	303-5	Water consumption	90	●	
Effluents and Waste	306-2	Waste by type and disposal method	90	●	
Business Travel	G4-EN15	Business travel by using corporate vehicles or transportation methods	91	●	

* Material issue

Social Performance (GRI 400)

Classification	Indicator	Description	Page	Assurance	Remark
Employment	401-1*	New employee hires and employee turnover	87, 88	●	
	401-2*	Benefits provided to full-time employees that are not provided to temporary or part-time employees	63	●	
	401-3*	Parental leave	63, 88	●	
Occupational Safety & Health	403-9	Work-related injuries	89	●	
Training and Education	404-1*	Average hours of training per year per employee	89	●	
	404-2*	Programs for upgrading employee skills and transition assistance programs	60	●	
Human Rights Assessment	412-1*	Operations that have been subject to human rights reviews or impact assessments	56, 57	●	
	412-2*	Employee training on human rights policies or procedures	89	●	
Local Communities	413-1*	Operations with local community engagement, impact assessments, and development programs	44-50	●	
Customer Privacy	418-1*	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54	●	<ul style="list-style-type: none"> • Complaints from outside parties: 0 • Complaints from regulatory bodies: 57
Compliance	419-1*	Non-compliance with laws and regulations in the social and economic area	89	●	
Product Portfolio	FS7*	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose and impact	64, 65, 94, 95	●	
	FS8*	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose and impact	37-40, 94, 95	●	
Local Communities	FS14*	Initiatives to improve access to financial services for disadvantaged people	64-67	●	

* Material issue

SASB Index

KB Financial Group initiated the disclosure in accordance with accounting principles for the financial industry of the SASB in order to share financial impacts drawn from sustainability management with shareholders and customers. In 2020, only some of the principles were disclosed due to discord between the shareholders and customers and our management indicators. Going forward, we will continue to extend the scope of financial performance disclosure based on the SASB Index.

SASB Topic	Disclosure Code	Category	Description	KB's Response
Disclosures crossing multiple Sector Standards, reporting at a KBFG Group level				
Diversity & inclusiveness	FN-AC-330a.1 FN-IB-330a.1	Quantitative	(1) Executive management (2) Non-executive management (3) Professionals (4) Percentage of gender and racial/ethnic group	Cultivating Female Professionals (p.61) Employees (p.87)
Corporate ethics	FN-CB-510a.2 FN-AC-510a.2 FN-IB-510a.2	Qualitative	Description of whistleblower policies and procedures	Whistle Blowing System (p.75)
	FN-CB-230a.1 FN-CF-230a.1 FN-EX-550a.2	Quantitative	(1) Number of data breaches (2) Percentage involving personally identifiable information (3) Number of account holders affected	Response to Information Security Incidents (p.54) Social Performance (p.102)
	FN-CB-230a.2 FN-CF-230a.3	Qualitative	Description of approach to identifying and addressing data security risks	Information Security System (p.54)
Commercial Banks				
Financial inclusion & capability improvement	FN-CB-240a.1	Quantitative	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Providing Microfinance to Vulnerable Social Groups (p.64-65)
Incorporation of ESG factors in credit analysis	FN-CB-410a.2	Qualitative	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Environmental & Social Risk Management (p.22)
Asset Management & Custody Activities				
Incorporation of ESG factors in investment management & advisory	FN-AC-410a.1	Quantitative	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	ESG Products (p.94-95)
	FN-AC-410a.2	Qualitative	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Providing Financial Services through ESG Risk Assessment (p.24)
	FN-AC-410a.3	Qualitative	Description of proxy voting and investee engagement policies and procedures (Stewardship Code)	Strengthening the Implementation of Stewardship Code (p.78)
Consumer Finance				
Customer Privacy	FN-CF-220a.1	Quantitative	Number of account holders whose information is used for secondary purposes	Response to Information Security Incidents (p.54)
	FN-CF-220a.2	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with customer privacy ³	Response to Information Security Incidents (p.54)
Investment Banking & Brokerage				
Incorporation of ESG factors in investment banking & brokerage activities	FN-IB-410a.3	Quantitative	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	Increasing Green Investments and Loans (p.37-41) Providing Microfinance to Vulnerable Social Groups (p.64-65) ESG Products (p.94-95)

UN PRB Index

Principle		Page
Principle 1: Alignment	1.1 Focus on the SDGs that are most relevant to operating context	18–19
	1.2 Regularly consult and engage with relevant stakeholders to ensure full understanding of their expectations with an aim to further increase contribution to society's goals	77
Principle 2: Impact and Target Setting	2.1 (Impact analysis and risk assessment) Conduct an impact analysis of your bank's significant impacts	99
	2.2 (Target setting) Establish mechanisms to periodically review targets	20–21
	2.3 (Target setting) Frequently report on progress to the Board of Directors and executive team	20–21
Principle 3: Clients and Customers	3.1 (Client and customer) Systematically engage customers and clients on sustainability issues	77
	3.2 (Client and customer) Develop services to make more sustainable investments and financial decisions	31
	3.3 (Entrepreneurs and small enterprise customers) Identify targets for supporting the growth of their businesses	51, 53
	3.4 (Entrepreneurs and small enterprise customers) Provide specialised financial products and services to social enterprises	51, 53
	3.5 (Entrepreneurs and small enterprise customers) Use digital platforms to deliver financial products and services	10–11
	3.6 (Corporate and institutional clients) Assess customer credit risks based on environmental and social risk information	22–25
	3.7 (Corporate and institutional clients) Encourage clients to improve their own social and environmental impacts	23
Principle 4: Stakeholders	4.1 Identify and map key external stakeholders	77
	4.2 Consult stakeholders about the direction of sustainability promotion	23
Principle 5: Governance and Culture	5.1 Assign clear and specific roles and responsibilities at the Board level regarding sustainability agenda	20–21
	5.2 Set up a dedicated, specialized team of sustainability experts with strong leadership and clear roles and responsibilities	34
	5.3 Create a dedicated Board Committee focused on sustainability	20–21
	5.4 Establish a performance management system (including reward and incentive) regarding sustainability targets	33
Principle 6: Transparency and Accountability	6.1 Provide information on implementation of the Principles for Responsible Banking	104
	6.2 Align disclosures with the requirements of sustainability disclosure frameworks	100–103

Third Party's Assurance Statement

To the Readers of KB Financial Group Sustainability Report 2019:

Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of KB Financial Group to verify the contents of its KB Financial Group Sustainability Report 2019 (Hereby referred to as "the Report"). KB Financial Group is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

KB Financial Group describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below. Moreover, we thoroughly reviewed the reliability of the disclosure data - GHG emissions, energy, water consumption, waste generation, and absence rate, financial accessibility. Professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
 - Management approach of Topic Specific Standards
 - Economic Performance : 201-1, 201-2
 - Energy : 302-1
 - Water : 303-5
 - Emissions : 305-1, 305-2, 305-3, 305-5
 - Waste : 306-2
 - Employment : 401-1, 401-2
 - Occupational Health and Safety : 403-9
 - Training and Education : 404-1, 404-2
 - Human Rights Assessment : 412-1, 412-2
 - Local Communities : 413-1
 - Customer Privacy : 418-1
 - Socioeconomic Compliance : 419-1
- Financial Services Sector Disclosures : FS7, FS8, FS14

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. KB Financial Group, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed employees in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with KB Financial Group on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- **Inclusivity**

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

– KB Financial Group is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder KB Financial Group left out during this procedure.

- **Materiality**

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

– KB Financial Group is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

- **Responsiveness**

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

– The assurance team could not find any evidence that KB Financial Group's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI standards.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- KB Financial Group demonstrated uniformity in presenting information of its affiliates and provided detailed description of mid-to-long term ESG targets and performance reflecting the characteristics of a financial institution. We recommend that the company expand the disclosure of financial performance based on SASB and continuously strengthen communication with stakeholders.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other KB Financial Group's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

July 3, 2020

CEO Eun Ju Hwang *E. J. Hwang*



Initiatives and Memberships

KB Financial Group endeavors to understand and rapidly responds to ESG issues through cooperation with diverse initiatives and associations in order to responsibly implement ESG management.

Initiatives

Classification		Description	Subscription
UNEP FI (United Nations Environment Programme Finance Initiative)		The only international partnership between UNEP and global financial sectors where over 300 global leading financial companies participate	KB Financial Holdings (Aug. 2018) KB Kookmin Bank (2004~2013)
CDP (Carbon Disclosure Project)		A global initiative evaluation agency who promotes the institution and implementation of environmental protection by supporting companies' response to climate change	KB Financial Holdings (Aug. 2018)
TCFD (Task Force on Climate-related Financial Disclosures)		An initiative that encourages companies to incorporate climate risks into financial information disclosures	KB Financial Holdings (Oct. 2018)
UN Global Compact (United Nations Global Compact)		The world's largest private initiative that encourages corporate participation in sustainability (10 principles in human rights, labour, environment, and anti-corruption)	KB Kookmin Bank (Apr. 2009)
WEPs (Women's Empowerment Principles)		An initiative jointly promoted by the UN Women and UN Global Compact for enhancing women's empowerment	KB Financial Holdings (Sep. 2019)
CoREi (Corporate Renewable Energy Initiative)		An initiative supporting corporate commitment to transition to renewable energy and establishment and execution of renewable energy targets	KB Financial Holdings (Jun. 2020)

Memberships

Association	Website	Association	Website
Korea Financial Investment Association	www.kofia.or.kr	Korea Federation of Banks	www.kfb.or.kr
Korea Chamber of Commerce and Industry	www.korcham.net	Korea Federation of SMEs	www.kbiz.or.kr
Korea Life Insurance Association	www.klia.or.kr	Korea Enterprises Federation	www.kefplaza.com
General Insurance Association of Korea	www.knia.or.kr	Korea Association of Real Estate Investment Trusts	www.kareit.or.kr
The Credit Finance Association	www.crefia.or.kr	Korea International Trade Association	www.kita.net
Korea Federation of Savings Banks	www.fsb.or.kr	Korean Venture Capital Association	www.kvca.or.kr
The Federation of Korean Industries	www.fki.or.kr	International Swaps and Derivatives Association	www.isda.org