



FINANCE FOR A BETTER TOMORROW



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**Interactive PDF**

This report is published in an interactive PDF format and available in Korean and English for communication with global stakeholders.



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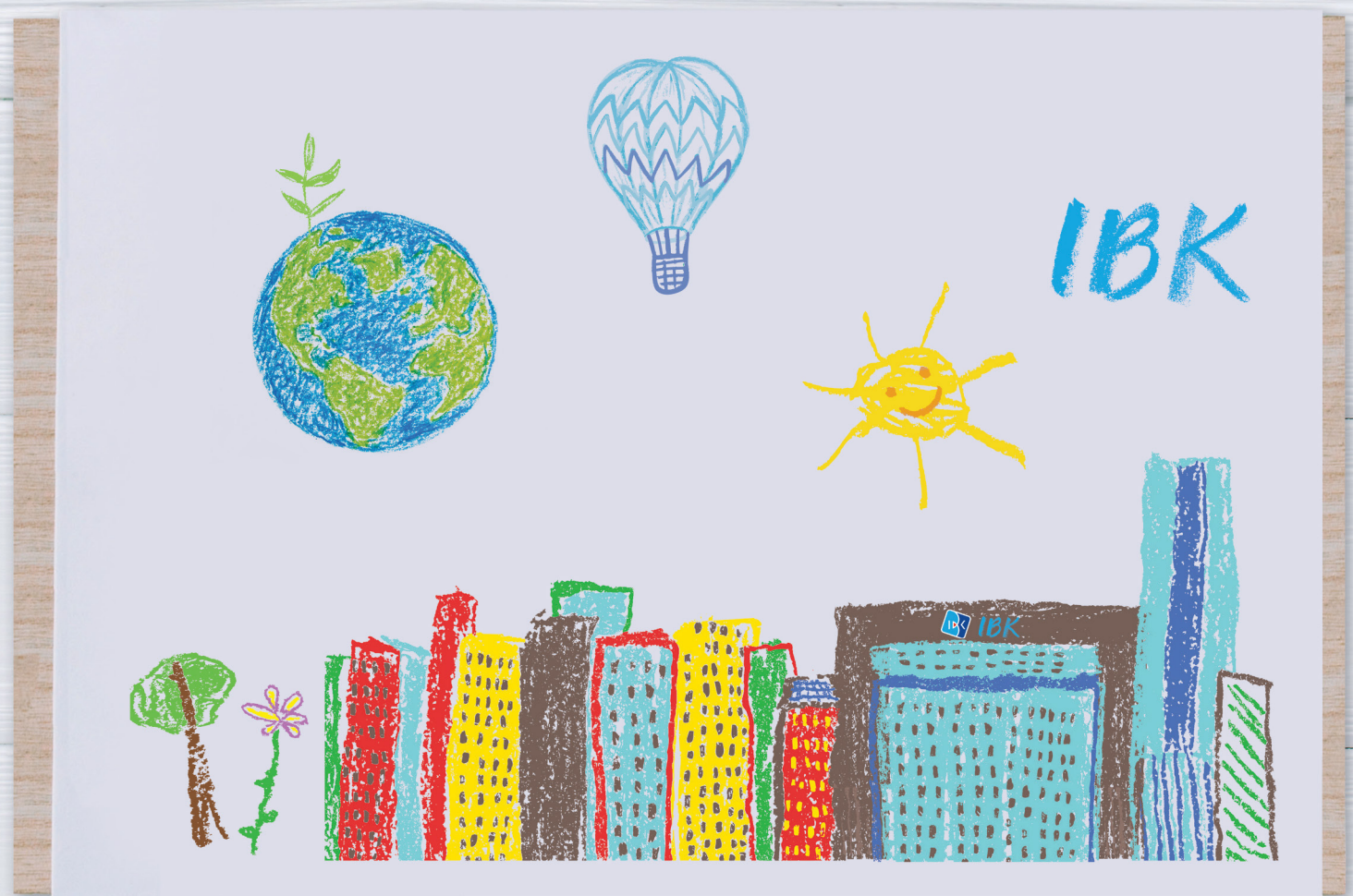
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## CEO's Message



### “IBK promises genuine ESG management.”

We thank the government, SMEs, shareholders, employees, and other stakeholders for keeping us safe during the unprecedented pandemic. COVID-19 brought the world to a standstill and changed many aspects of our lives, but this has surely given us enough time to consider the values we must protect to realize sustainable living.

At times, IBK has walked the path never taken. On other occasions, we have followed the paths set by those faithful to the role of supporting the Korean economy. This has been possible because the founding purpose of IBK, as a state-run bank, is overcoming hardships and working together with everyone for a better tomorrow.

In this era of a grand transition toward a sustainable society, the world is changing rapidly and demanding us to bring about new innovations for the evolving environment. Now more than ever, we must demonstrate a new entrepreneurial spirit that pursues social value creation beyond profitmaking.

In addition to internalizing ESG management, IBK pays close attention to developing an ESG ecosystem with our customers. We provide financing, jobs, and consulting to SMEs to help attain a green transition. By actively engaging in green finance, IBK will seek to realize a net zero society and improve the dynamics of the national economy.

IBK promises to implement genuine ESG management. By investing in the future rather than seeking immediate profits, we will strive to resolve diverse social problems, such as the climate crisis and the demographic cliff. Further, we will constantly work on sustainable management to fulfill our duties as a state-run bank.

We hope for your unwavering encouragement and support in IBK's journey to become a sustainable bank that adheres to the basics. Thank you.

Bank President Industrial Bank of Korea **Yoon Jong-won**



# Introduction to the Company

*IBK was founded for the purpose of supporting seamless economic activities and improving the status of small and medium enterprises.*

## Vision of IBK

Vision

**World's Leading Financial Group**  
with global competitiveness

CEO's  
Management  
Philosophy

IBK driving innovation through  
conscious management

**Innovative finance**  
Greater competitiveness

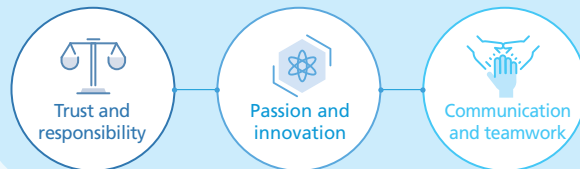
**Conscious management**  
Securing trust

Sectors of Focus



Core Values

**Together with customers**

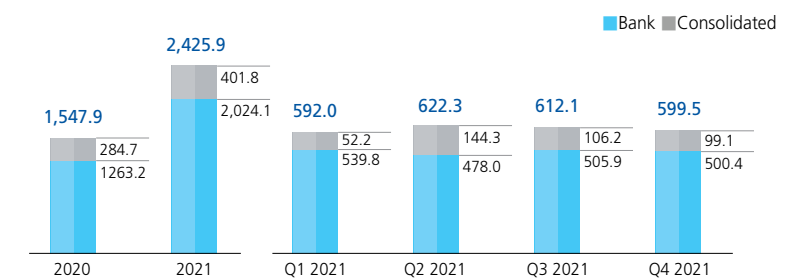


## General Status

Date of Foundation	August 1, 1961
Grounds for Foundation	Industrial Bank of Korea Act
Bank President	Yoon Jong-won
Total Assets (Consolidated)	KRW 398,071 billion

## Current Net Profit as of 2021

(Unit : KRW billion)



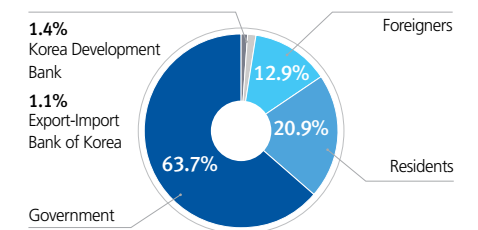
## Credit Rating

(As of December 2021)

Credit rating company	Long-term	Short-term
Moody's	Aa2	P-1
S&P	AA-	A-1+
Fitch	AA-	F1+

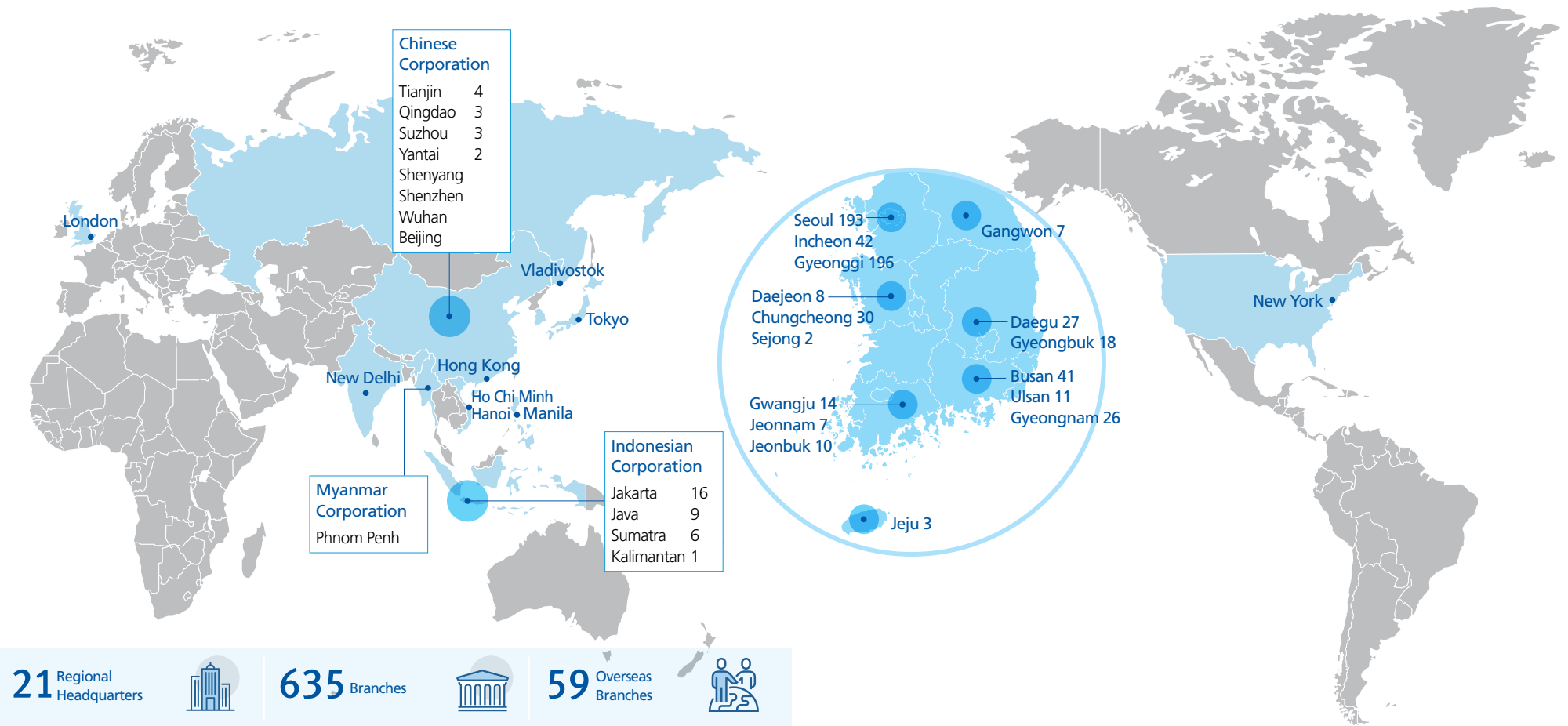
## Composition of Shareholders

(Common shares as of the end of December 2021)



*IBK strives to become a world's leading financial group  
with global competitiveness.*

Status of Domestic and Overseas Branches (Unit : number)

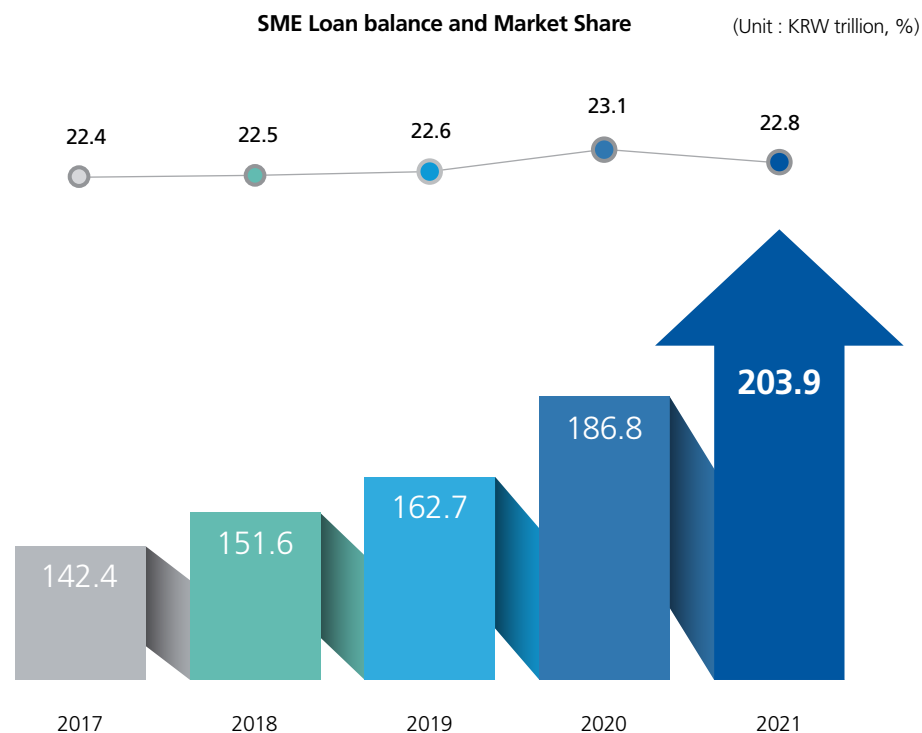




*IBK supports seamless economic activities and strives to reinforce the economic status of SMEs while strengthening its global competence.*

### Achieved SME Loan Balance of KRW 200 Trillion

IBK achieved an SME loan balance of KRW 200 trillion for the first time in Korea's financial sector and maintained the no. 1 market share in the SME loan market.



### Globally Sharing Expertise in SME Financing

IBK signed a business agreement with the General Authority for Small and Medium Enterprises in Saudi Arabia as a part of the Korea-Saudi Arabia Vision 2030, an intergovernmental project for policy cooperation, and provided assistance with the project for establishing the SME Bank in Saudi Arabia.



### Global Academic Conference Celebrating 60th Anniversary

Celebrating the 60th anniversary of its foundation, IBK hosted a global academic conference on the theme of 'Digital Era: Present and Future of Small and Medium Enterprise Financing' jointly with the Korean Economic Association, discussing the directions for SME innovation and the future road map for SME financing.



# Introduction to IBK Financial Group

*IBK is a member of the IBK Financial Group, and collaborates with subsidiaries to provide diverse and synergistic services.*





# ESG MANAGEMENT/STRATEGY

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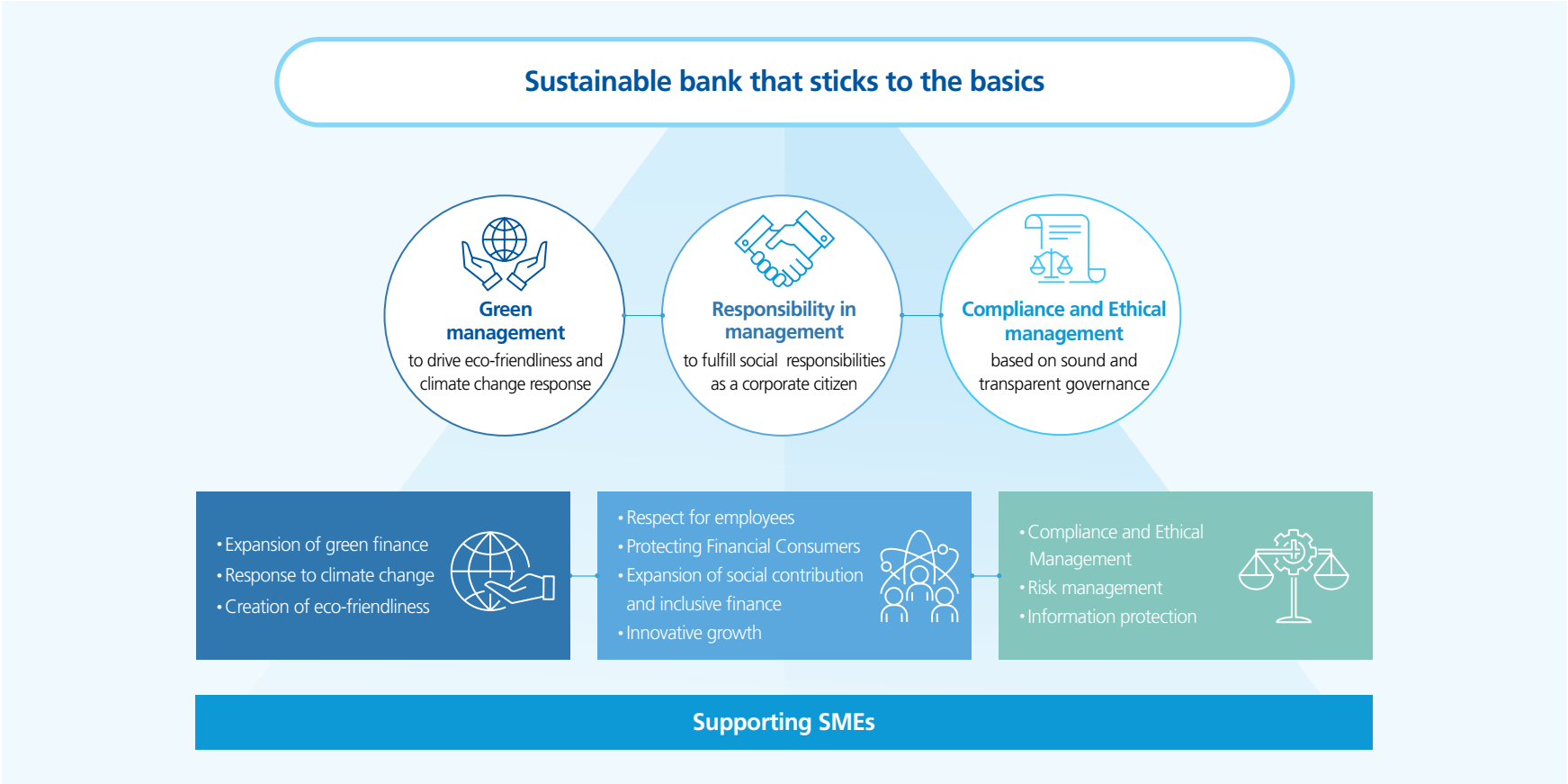
# ESG Management Vision

IBK was founded to offer financial support to SMEs. ESG has been the driving force for many of the efforts it has undertaken over the last 60 years. Preparing to welcome the new 60 years to come, IBK is illustrating its future through ESG. Main ESG management subjects related to the environmental, social, and governance come together to form the vision of ‘sustainable bank that sticks to the basics.’ While adhering to our core principle that supporting SMEs is the way to practice ESG management, IBK will build a sustainable society with SMEs based on ceaseless innovation and active support.

IBK Vision

Goals

Main Subjects





## Strengthening ESG Governance

IBK has built a decision-making system to promote ESG management systematically. IBK was the first among public financial institutions to establish an ESG Committee within the Board of Directors (BoD), the highest decision-making body, to review and resolve important ESG agendas regularly. The ESG Promotion Council, involving all affiliates of the IBK Financial Group, shares strategies to promote group-wide ESG management. Internally, the ESG Working Council, comprising managers of related team, is in charge of ensuring organic cooperation among departments. Persons in charge of ESG in each department and the ESG Management Team of the Strategy and Planning Department share ESG outcomes in real-time through the ESG management system. ESG indicators have been added to the Key Performance Indicators (KPIs) to internalize ESG in all areas of business management.

### ESG Governance of IBK



Committee within the BoD,  
comprised of an executive director  
and three independent directors

Establishment of ESG strategies and policies  
and decision making in the relevant areas

- **First committee in 2021** IBK's plan for carbon neutrality  
Change of general manager for fair trading
- **Second committee in 2021** Report on major ESG activities
- **First committee in 2022** IBK's coal financing principles

**ESG Promotion Council**  
Participation of all affiliates of the  
IBK Financial Group



**ESG Working Council**  
Comprised of 12 managers of  
related teams at the headquarters



#### ESG Management Team

Operated under the Strategy and  
Planning Department of the  
Management Strategy Group  
Control tower for ESG management



#### Person in Charge of ESG

At least one person in each  
department at the headquarters  
Promotion and management of  
ESG management tasks



#### ESG management system

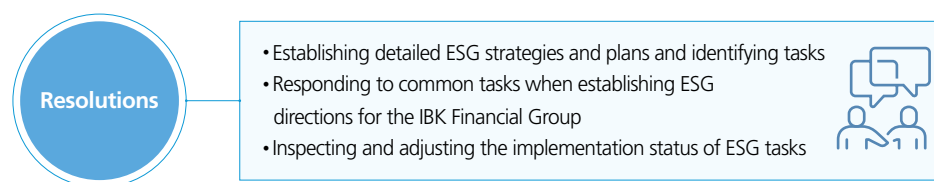
Selection of tasks for improvement after diagnosing  
and analyzing ESG status, and definition of roles  
each department has to perform

Improving execution  
ability and encouraging  
participation of employees  
by reflecting ESG  
outcomes, including  
ESG improvement tasks,  
in the KPIs set for the  
headquarters

## The IBK Financial Group promotes ESG management based on the circumstances of each company.

### IBK기업은행 금융그룹 IBK캐피탈

In June 2021, IBK Capital established the ESG Council to determine the directions for ESG management of the IBK Financial Group and build an efficient system for cooperation. The ESG Council is an internal council that engages in formulating the group's ESG policies and flexibly responds to internal and external ESG tasks.

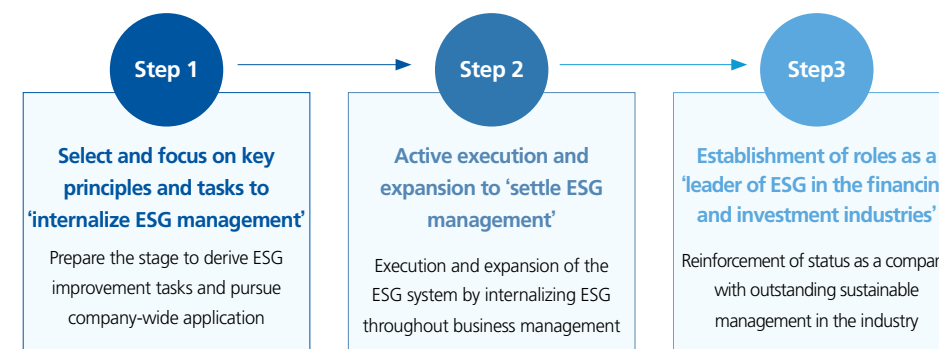


### IBK기업은행 금융그룹 IBK연금보험

IBK Insurance is implementing eco-friendly energy businesses by practicing carbon neutrality and investing renewable energy businesses. In addition, it has enhanced its social responsibility management by developing products for SME workers and offering discounts on commissions.

### IBK기업은행 금융그룹 IBK투자증권

IBK Securities established the ESG Management Council directly under the CEO to promote the early internalization of ESG management and to build an ESG system. An ESG working body including the Management Planning Department, Organizational Culture Innovation Department, and each business headquarters was formed to prepare a decision-making system, strengthening collaboration with the ESG Promotion Council of the Financial Group.



### IBK기업은행 금융그룹 IBK자산운용

IBK Asset Management has newly organized the ESG Research Team and strengthened its ESG research functions. In addition, IBK Asset Management establishes ESG investment philosophies and strategies, and expands investment activities in cooperation with the organization for managing each asset.



*The IBK Financial Group will continue to drive sustainable growth through group-wide efforts.*

### IBK기업은행 금융그룹 IBK저축은행

IBK Savings Bank established the ESG Management Council directly under the CEO to actively practice ESG management. The ESG Management Council establishes ESG strategies and policies, manages implementation, and supports ESG activities.

### IBK기업은행 금융그룹 IBK신용정보

IBK Credit Information has established 10 major ESG tasks and detailed plans, as part of its efforts to internalize ESG management. By implementing ESG tasks, IBK Credit Information will enhance corporate values and contribute to the sustainable management of group companies.

### IBK기업은행 금융그룹 IBK시스템

IBK System assisted the IBK Financial Group in settling its ESG management by developing the ESG management system, which is used to share and inspect the implementation status of IBK's ESG improvement tasks in real-time.

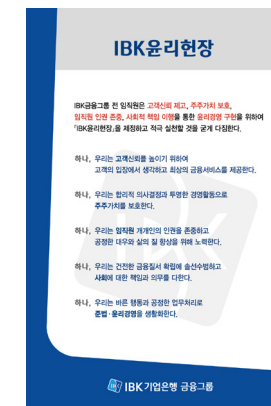
### IBK기업은행 금융그룹 IBK서비스

As a part of the IBK Group's ESG management, IBK Service included many eco-friendly products in its project for the integrated purchase of cleaning supplies in June 2021. Branches around the country actively use eco-friendly products to beautify the environment. IBK Service will expand the type, quantity, and scope of eco-friendly products used.

## Charter of the Financial Group

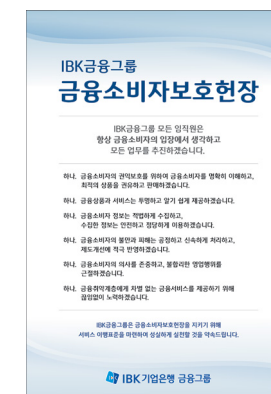
### Charter of Ethics

The IBK Financial Group declared the IBK Charter of Ethics, expressing the Group's commitment to ethical management, in 2020, setting the standards for ethical judgment and behavior among all employees within the Group.



### Charter of Financial Consumer Protection

In 2021, the IBK Financial Group revised the Charter of Financial Consumer Protection and expanded its application to six financial subsidiaries to establish a unified value system centered on consumers.



## ESG Management Outcomes

### Won the Individual Grand Prize in the Financial Sector of the Three Major Economic Newspapers in Korea

Yoon Jong-won achieved the 'Triple Crown', winning all the individual awards in the financial sector of Korea's three major economic newspapers. At the same time, IBK won the 'Best Corporate Finance' award.



### Excellent ESG Management Company | Award from the Minister of Trade, Industry and Energy

IBK was selected as an excellent ESG management company in the Governance category and won the Award from the Minister of Trade, Industry and Energy at the '2021 Government Awards for Sustainable Management' jointly hosted by the Ministry of Trade, Industry and Energy and the Ministry of SMEs and Startups.



### ISO14001, 50001 International Standards

IBK formed a systematic and efficient process to practice environmental and energy management. Through acquiring the international certifications of ISO, IBK gained public acknowledgment for the systems adopted across the bank.



### External ESG Evaluation



First among IBK to achieve an overall grade of A



Overall grade



Environmental



Social



Governance



Overall ESG grade of AA  
(Best category)



ESG Ratings : Grade BB



Selected as one of the 100 leading companies for sustainability in South Korea

## Participation in ESG Initiatives

IBK participates in various initiatives to implement responsible ESG management at the level demanded by international society. Based on the ESG codes of ethics or frameworks provided by these initiatives, IBK attempts to grow its ESG management further. By actively engaging in domestic and overseas initiatives, IBK constantly finds ways to implement advanced ESG management and strengthens its network with global companies.



### CDP

#### Carbon Disclosure Project

Joined in April 2021

A project demanding companies to transparently disclose their impact on the environment, in terms of factors such as climate change and forests



### CWI

#### CWI Project of the World Bank

Participated as an observer in May 2021

A project to strengthen the transparency and efficiency of the carbon emissions market, which is run differently in each country



### GFANZ, NZBA

#### Glasgow Financial Alliance for Net Zero, Net Zero Banking Alliance

Joined in September 2021

An alliance to attain carbon neutrality (net zero) of financial asset portfolios, such as investments and loans, by 2050



### UN FHI

#### UN Financial Health and Inclusion

Joined in December 2021

An initiative guided by the Principles for Responsible Banking to facilitate inclusive finance and enhance financial health of customers



### BNBP

#### Biz N Biodiversity Platform

Joined in January 2022

Disseminating awareness of social responsibilities for preserving and using biodiversity of businesses and supporting related decision-making



### WEPs

#### Women's Empowerment Principles

Joined in March 2022

An initiative to spread the culture of gender equality at work and strengthen women's competencies



### UN PRB

#### UN Principles for Responsible Banking

Joined in April 2021

Principles that regulate the roles and responsibilities of banks to fulfill the Paris Climate Agreement and UN SDGs



### UNEP FI

#### UN Environment Programme Finance Initiative

Joined in April 2021

A public-private partnership between the UN Environment Programme and the financial sector



### SBTi

#### Science-Based Targets Initiative

Joined in March 2021

Establishing and supporting GHG reduction goals based on scientific evidence to keep the level of global warming at or below 1.5°C, 2°C



### PCAF

#### Partnership for Carbon Accounting Financials

Joined in March 2021

Developing standards and guidelines to measure GHG emissions related to financial assets, such as investments and loans of financial institutions



### TCFD

#### Task Force on Climate-related Financial Disclosures

Joined in June 2020

A global consultative body established to disclose financial information related to climate change



### UNGC

#### UN Global Compact

Joined in 2006

The world's largest voluntary corporate initiative to promote sustainable management and raise corporate citizenship



## Supporting ESG of SMEs

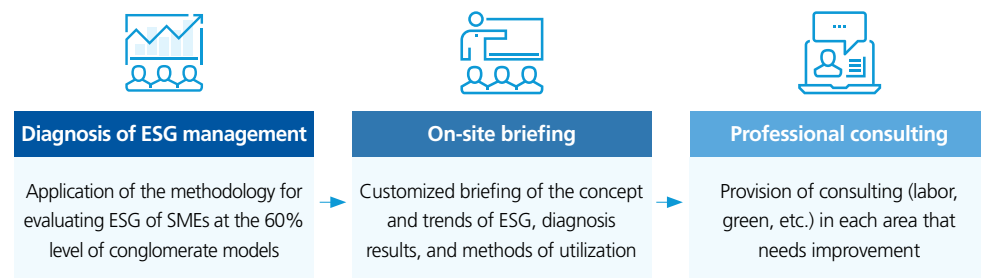
ESG management has become crucial worldwide, and the focus has begun to shift from conglomerates to SMEs. In view of this global trend, IBK took agile action to help SMEs, which fall short of human and material resources, to cope with ESG management without being left behind. When there was a lack of public interest or policies to support SMEs, IBK proactively prepared support measures and fulfilled its responsibilities as a policy financial institution.

### Project for Diagnosing and Consulting ESG Management of SMEs

When ESG management started to spread rapidly in 2021, there was a lack of institutional devices to mitigate threats to the business activities of SMEs. IBK was the first in the financial sector to attempt an ESG support model for SMEs to create an ESG environment that offers new opportunities to SMEs by utilizing related knowledge and infrastructure.

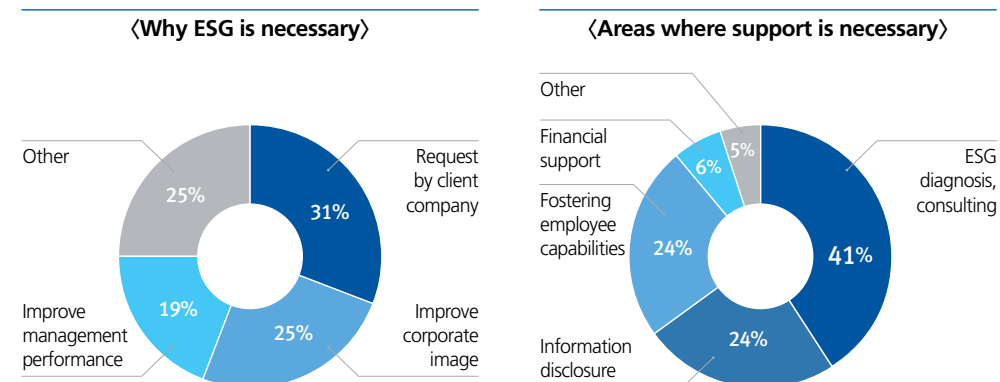
The ESG diagnosis and consulting project for SMEs is a program that embraces all processes of ESG management and collaborates with external agencies specialized in ESG evaluation. SMEs that urgently need to implement ESG, such as companies preparing for IPO, were preferentially selected and supported. All processes of this program were provided for free, as long as participating companies showed a commitment to practice ESG management.

The program comprises three stages, including ESG diagnosis, on-site briefing, and professional consulting. ESG diagnosis was performed by applying an SME-specialized model of an external agency specialized in ESG evaluation. On-site briefings involved IBK visiting the business sites of participating companies to provide explanations and communications, resulting in a high degree of satisfaction. IBK tried to promote ESG management by linking participants to a professional consulting service for practical improvements.



This project allowed us to empathize with difficulties faced by SMEs concerning ESG management and understand how to better help them. Participating companies said they need support like diagnosis or consulting in promoting the ESG management required by conglomerates. Reminding ourselves that IBK needs to assist SMEs in overcoming inferior field conditions and cultivate ESG capabilities, IBK established the 'ESG Consulting Team' in January 2022 to support ESG management of SMEs.

### Survey results of participating companies



## Interviewing SMEs With Excellent ESG Diagnosis and Consulting Kwangjin Chemical Co., Ltd.

Kwangjin Chemical Co., Ltd. is expertise corporation founded in 1986 to develop and manufacture general chemical and fine chemical products. Reduce the costs for manufacturing companies by recycling resources and supplying efficient chemical products, and greatly contribute to strengthening the competitiveness of Korean industries and preserving the environment.

IBK selected Kwangjin Chemical Co., Ltd. as the best company among participants of the ESG diagnosis and consulting project and interviewed its CEO, Kang Kyung-Hee.



Kwangjin Chemical Co., Ltd.  
CEO Kang Kyung-Hee

### How did you come to participate in the ESG diagnosis and consulting project for SMEs?

We wanted to check the strengths and weaknesses of Kwangjin Chemical regarding ESG management, which has become a social issue. We decided to participate in the project to find out what we can improve in terms of sustainability and correct institutional matters within the possible scope.

### What did you promote for ESG management after participating in the project?

After diagnosing our ESG management, we installed meters in each building at the Dangjin Plant to check electric power usage and increase the power efficiency. In addition, we have applied for an on-site ESG diagnosis conducted by the Korean Standards Association to make up for detailed inadequacies in 2022.

### What are your plans for future ESG management?

We will continue managing human rights and environmental factors, where we are doing relatively fine, and we plan to install meters at the head office and MTV branch to check the electric power usage of each building.

### Do you have anything to share with us before we finish?

Kwangjin Chemical strives to become a trustworthy company with a keen attention to detail. Based on its technologies and experiences accumulated over 30 years, Kwangjin Chemical improves its quality, develops new technologies needed by customers, produces new values, and works toward the future. Moving forwards, we will continue our utmost efforts to become a company that practices righteous management, prioritizes the environment and safety, and offers the greatest satisfaction to our customers.



### Making an ESG Guidebook for SMEs

Amid the rapid expansion of the ESG management paradigm, IBK published an ESG Guidebook for SMEs experiencing difficulties, such as shortage of information and human resources, allowing them to develop a better practical understanding of ESG management.

The Guidebook introduced the definition and background of ESG, trends of domestic and foreign companies, government policies, and major tasks and support programs for SMEs so that SMEs can recognize the importance of ESG and adopt measures accordingly.

### Business Agreement to Support ESG Management of SMEs

IBK signed a financial support agreement with the Korea Housing Finance Corporation to revitalize ESG support for SMEs. Through this agreement, IBK will raise a fund of KRW 15 billion jointly with the Korea Housing Finance Corporation and provide loans at low interest rates.

In detail, IBK provides financing up to KRW 500 million to SMEs with excellent Environmental (E), social (S), and governance (G) performance. From now on, IBK will continue to expand its agreements and increase financial support to raise ESG awareness among SMEs.

### Participating in the OECD Platform on Financing SMEs for Sustainability

IBK participated as a founding member and the co-chair of the 'OECD Platform on Financing SMEs for Sustainability,' a platform built to create a sustainable growth ecosystem.

On this platform, IBK conducts research seeking an effective means to support the green transition of SMEs by working with SME-specialized banks of the OECD and major countries like the UK and Canada. By utilizing the expertise of the OECD and data accumulated by each institution, we will establish the Principles of SME Finance and conduct joint or individual research on sustainable finance policies. The research outcomes are shared through conferences (annual), operating committees (semiannual), and seminars (quarterly).

By exchanging knowledge and experiences with other member institutions, IBK will create a sustainable model for SME finance that can be used around the world.





## Expanding ESG Finance

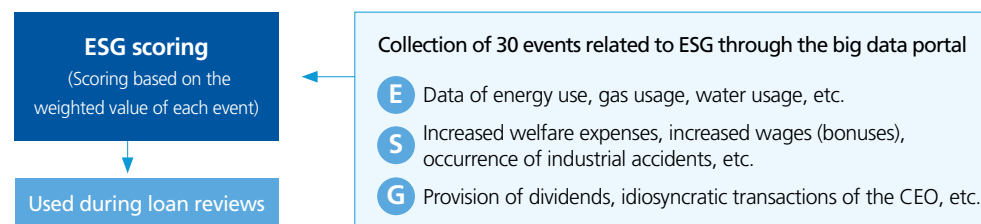
Societies that regarded maximized profits to be a company's greatest value failed to overcome adverse external effects, such as global warming and income inequality. IBK is aware of the fact that the roles of finance are important for the process of resolving various social problems and building a sustainable society. IBK endeavors to create a better tomorrow through the multilateral practice of ESG based on its financing. Further, the IBK Financial Group will make joint efforts to spread positive values beyond banking services.

### Loans

#### ESG Loan Review Standards and Scoring Standards

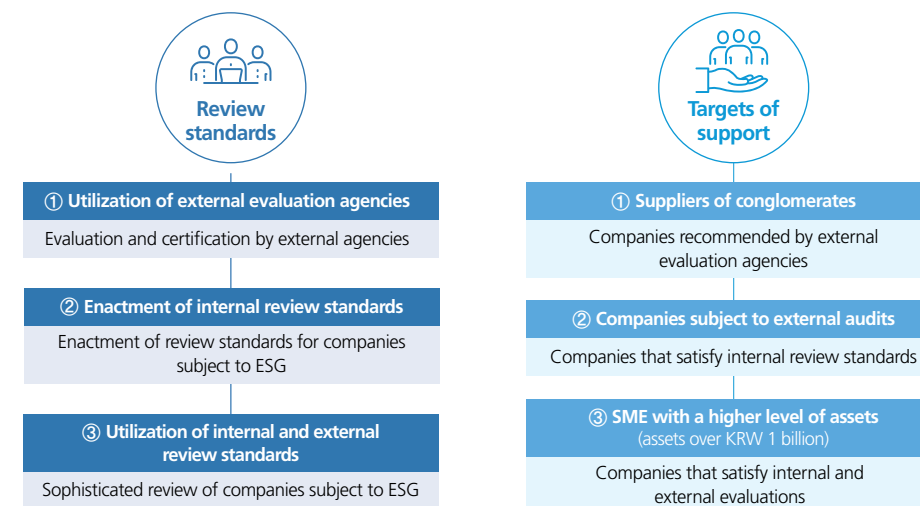
IBK utilizes the big data portal to reflect the level of ESG management in loan reviews. The big data portal is a system that allows IBK to easily access business opportunities and soundness by analyzing big data, such as public open data. This system collects data from SMEs that, unlike conglomerates, lag behind in the disclosure of ESG information.

IBK collects 30 events related to the environmental, social, and governance within the big data portal and classifies them into positive and negative events to identify the level of a company's ESG management. Afterwards, IBK classifies the ESG performance into three levels, good, normal, and poor, based on the score computed by summing the weighted value of each event. This score is used during loan reviews. IBK will further add sophistication to the review standards and expand the companies subject to review.



#### Promoting Financial Support Based on ESG Evaluation

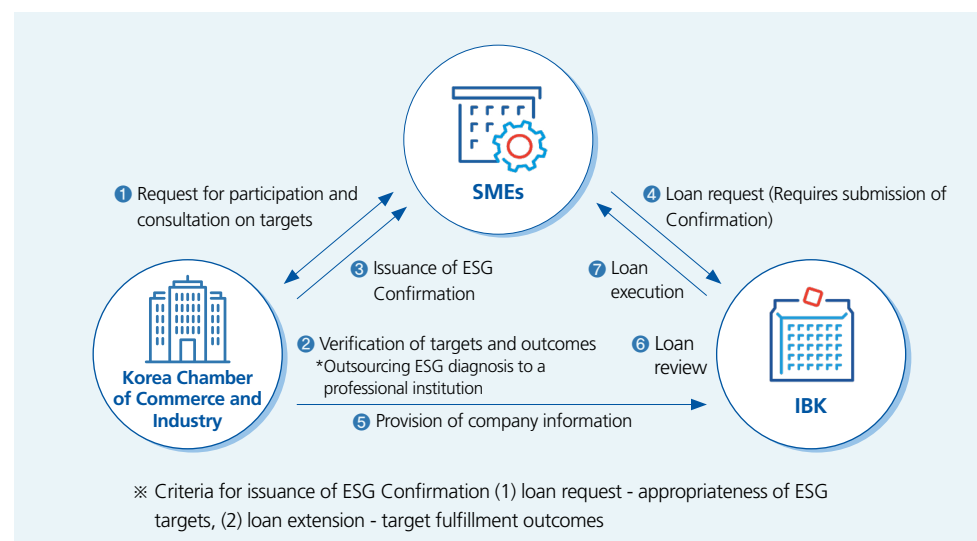
Along with the use of ESG scoring during loan reviews, IBK will establish ESG review standards for the sustainable growth of SMEs and directly reflect these standards in making loan decisions. The review standards for ESG SMEs will be expanded stepwise to suppliers of conglomerates that urgently need to implement ESG management, companies subject to external audits, and SMEs with assets over KRW 1 billion. IBK will assist SMEs in gaining business opportunities through the early internalization of ESG.



## Loan for Successful ESG Management

IBK launched the Loan for Successful ESG Management jointly with the Korea Chamber of Commerce and Industry. This loan supports companies that practice ESG management. The Loan for Successful ESG Management is Korea's first Sustainability Linked Loan (SLL), where companies need to select and submit their KPIs and Sustainability Performance Targets (SPTs) to avail the loan. After verifying the ESG performance level of participating companies, IBK offers a reduction of the interest rate by up to 1%p based on the grade of the ESG Certificate issued by the Korea Chamber of Commerce and Industry.

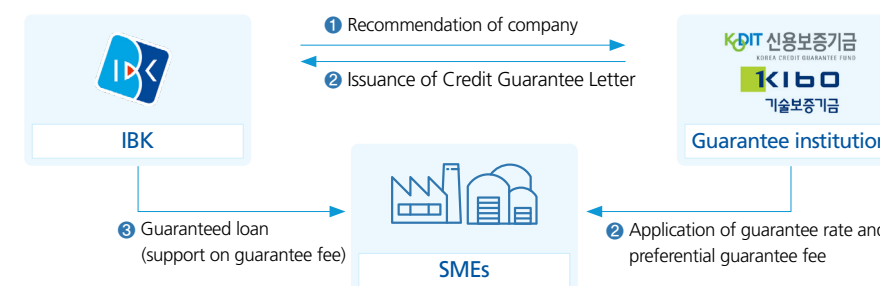
When extending the term of an account that reaches the period of maturity for financial support, the interest rate is readjusted based on the company's attainment of KPIs and SPTs, for which relevant data is submitted upon requesting a new loan. IBK will continue expanding measures to help SMEs engage in ESG management, including the Loan for Successful ESG Management, to accomplish goals such as the green transition of SMEs and national carbon neutrality.



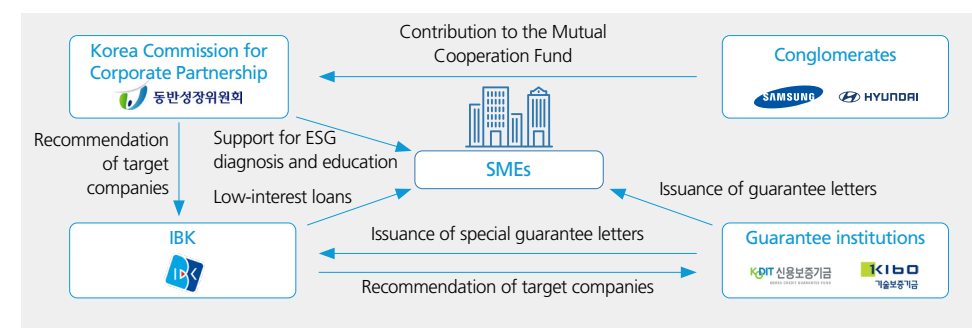
What is a Sustainability Linked Loan (SLL)? : SLL is a type of ESG loan that is becoming popular in the EU. The loan allows companies to establish ESG goals and offers a prime rate if they meet these goals.

## Financial Support Agreement to Reinforce ESG Management

IBK is reforming the industry and supporting pivots toward ESG management by signing financial support agreements for ESG companies with the Korea Credit Guarantee Fund and Korea Technology Finance Corporation. Guarantee institutions issued preferential guarantees, and IBK provided finance of KRW 368.9 billion to 824 companies through guaranteed loans and guarantee fees by the end of 2021.



Besides guarantee institutions, IBK also signed a business agreement with the Korea Commission for Corporate Partnership as part of efforts to build a financial support system that enables sustainable growth of SMEs by resolving problems related to the implementation of ESG. The Korea Commission for Corporate Partnership diagnoses the ESG performance of suppliers working with conglomerates and provides education where necessary, and IBK assists SMEs with the early internalization of ESG and sustainable growth through financing.



## Bonds

### Expanding the Issuance of ESG Bonds

The amount of ESG bonds issued by IBK in Korean Won during 2021 was KRW 6.43 trillion, showing a net increase of about KRW 6 trillion compared 2020. In February 2021, IBK implemented the comprehensive certification grade for the first time in South Korea, acquiring the highest social bond rating of SB1 and preparing the groundwork for regular issuance. IBK also strives to increase transparency and gain investors' trust by creating a process that requires certification by specialized external agencies after bond issuance until follow-up management.

In the international capital market, IBK successfully issued global sustainability bonds worth USD 500 million in September 2021 and expanded the participation of large-sized investors that are highly interested in ESG, such as central banks. IBK plans to convert foreign currency securities worth USD 300 million, which are coming to maturity in August 2022, into ESG bonds. In addition, through the regular issuance of ESG bonds, IBK will work to create social values and fulfill our role as a corporate citizen.

### Expanding Investment in ESG Bonds

IBK actively invests in ESG bonds to realize its social value as a bank and implement its ESG management policy, and continues to increase the investment ratio.

#### Held to Maturity Securities

In 2021, IBK diversified its portfolio by managing KRW 1.57 trillion out of the net increase of KRW 3.215 trillion in accounts held to maturity as ESG bonds. IBK will actively increase the ratio of ESG bonds for socially responsible management. In the foreign currency market, IBK will expand the size of ESG bonds for international organizations, such as the International Bank for Reconstruction and Development and International Finance Corporation in 2022.

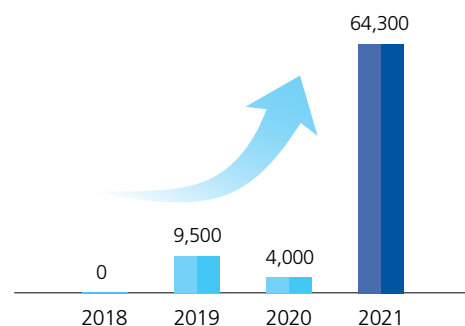
#### Available for Sale Securities

The ratio of ESG bonds among available for sale securities in Korean Won at the end of 2021 was 22.5%, an increase of 2.7%p compared to the previous year. The ratio of ESG bonds among available for sale securities in foreign currencies was 13.4%, an increase of 4.8%p compared to the previous year. IBK will continue with this trend to progressively increase the ratio of ESG investments.

#### 〈Status of ESG Bond Issuance〉

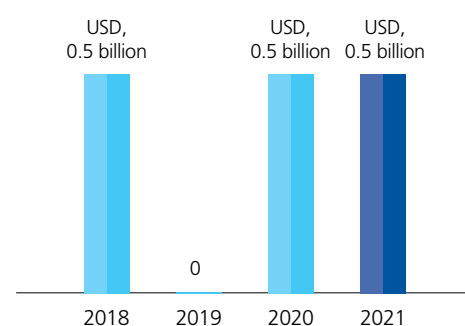
##### Korean Won (Unit : KRW 100 million)

Total  
₩ 77,800



##### Foreign Currencies (Unit : KRW 100 million)

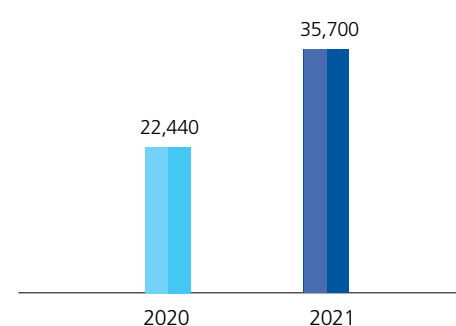
Total  
USD, 1.5billion



#### 〈Status of ESG Bond Investment (available for sale securities)〉

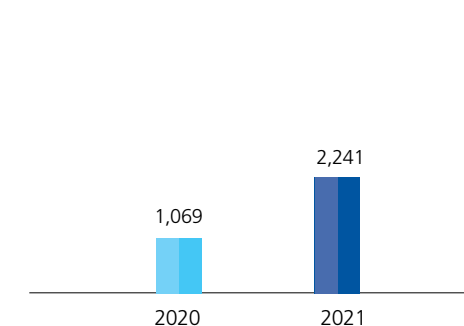
##### Korean Won (Unit : KRW 100 million)

Ratio of ESG bonds in Korean Won  
19.8% → 22.5%



##### Foreign Currencies (Unit : KRW 100 million)

Ratio of ESG bonds in foreign currencies  
8.6% → 13.4%

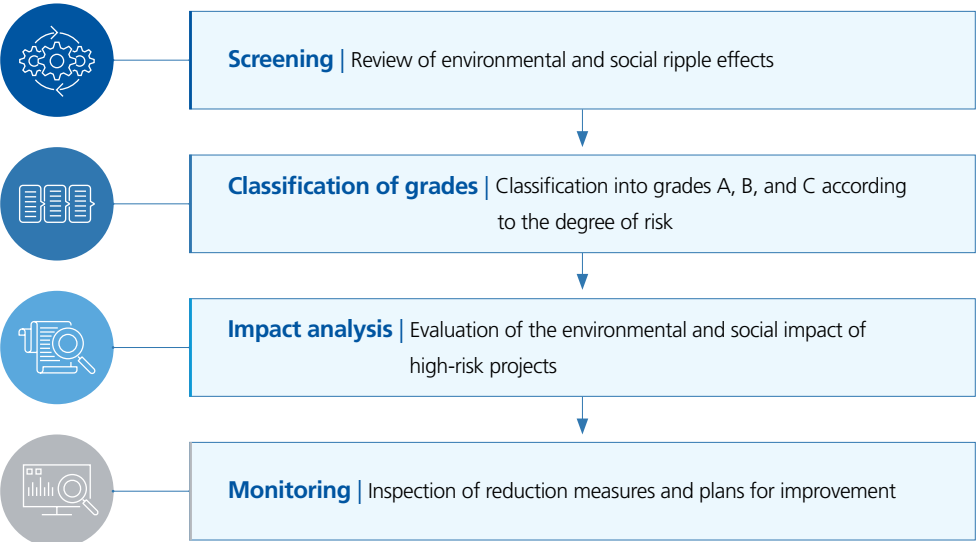




Investments

Establishing a Process to Review Environmental and Social Risks

IBK has newly established a process to practice socially responsible investments by identifying environmental and social risks, reflecting them in decision-making, and managing them from review of financial support to retrieval. IBK will prevent adverse effects by reviewing environmental and social risks and minimize the adverse impact of investments and loans through continuous monitoring.



Classification	Description
Grade A	Businesses that have a significant adverse impact on the environment and society, involving serious risk from which recovery is difficult
Grade B	Businesses that have a limited adverse impact on the environment and society compared to Grade A, and can be mitigated or handled through reduction measures
Grade C	Businesses that have a minor or no adverse impact on the environment and society

The standards adopted by IBK for reviewing environmental and social risks reflect the recommendations of the Equator Principles Association, World Bank (WB), and International Finance Corporation (IFC), encompassing various risk factors that range from environmental damage to human rights infringements. First, IBK will introduce large-scale Project Finance (PF) businesses for infrastructures and industries that have a huge impact on the environment and society and sequentially expand the scope of these businesses. The established process is currently undergoing a pilot test. IBK will join the Equator Principles Association in 2022 and publicly announce details of implementation by publishing a separate report starting in 2023.

Let’s Find out about the Equator Principles

The Equator Principles is a framework adopted by financial and advisory institutions to minimize the adverse effects of large-scale infrastructure and industry projects on human beings and the environment, evaluating and managing risks and impact on the environment and society in a systematic manner. It is a voluntary agreement not to provide financial support for large-scale development projects that can cause environmental destruction or infringe on human rights. The Equator Principles provides a common standard and framework for financial institutions to identify, evaluate, and manage environmental and social risks when supporting projects. As of May 2022, 132 financial institutions in 38 countries have adopted and are operating the Equator Principles.



Adding a Clause for Negative Screening of Direct Investments

IBK added a negative screening clause, which restricts new investments in businesses related to casinos, alcoholic beverages, cigarettes, and coal power generation, to the guidelines for the investment business as a part of its ESG management through financing. By doing so, IBK strives to prevent adverse effects of investments on the environment and society.

Introducing ESG Evaluation for PEF Invested Companies

Through a business agreement with the NICE Information Service, IBK became the first company in Korea's financial sector to evaluate the practice of ESG management by invested companies. IBK considers socially responsible investments that account for both financial factors and non-financial factors, namely eco-friendliness (E), social responsibility (S), and sound governance (G), in the review stage. By fully utilizing the evaluation of ESG management, IBK will continue to practice socially responsible investments as a policy financial institution that strives to improve the ESG awareness and management system of SMEs.



Raising Private Equity Funds to Support Excellent ESG Companies

IBK raised the IBK-Stone Bridge New Deal ESG Unicorn Private Equity Fund (PEF), amounting to KRW 163.7 billion, to support companies managing new deal businesses and companies with excellent ESG management in their efforts to become unicorn companies.

Fund name	IBK-Stone Bridge New Deal ESG Unicorn PEF
Fund size	KRW 163.7 billion
Fund period	8 years (4 years of investment period)
Investment targets	Companies managing new deal businesses and companies practicing ESG management

By utilizing the fund, IBK will contribute to creating a new deal ecosystem in line with the Green New Deal Policy of the government, identify new growth engines for ESG industries, and faithfully play its role as a policy financial institution by supplying venture capital.

ESG Fund Investment Contract

IBK invested KRW 30 billion into the STIC Global Innovative Growth Fund, a fund with a scale of KRW 400 billion raised by STIC Investment to invest in companies that have innovative technologies and are striving to expand overseas. This fund applies advanced ESG principles throughout the investment process, specifying the ESG review obligations in the Articles of Association. Through this investment, IBK will promote the revitalization of ESG management and help the overseas entry of domestic companies that practice ESG management.

In addition, IBK invested KRW 10 billion into the IBK-Quantum Smart Green New Industry Fund, formed by Quantum Ventures Korea with a scale of KRW 30.5 billion, primarily for investing in low-carbon areas like future mobility and the hydrogen industry. IBK will drive the efforts to support new low-carbon industries and foster companies that practice environment-friendly business policies.

Expanding Sales of ESG-Themed Funds

IBK added five new products to its seven existing products, considering the increased interest and demand for ESG among investors. As a result of further reinforcing the lineup of ESG products based on various themes, the balance of ESG-themed funds reached KRW 197.2 billion as of the end of 2021, an increase of about KRW 43.0 billion compared to the previous year.

Apart from environment-friendly themes like carbon credit, hydrogen economy, alternative energy, and future industries based on innovative technologies, IBK will actively identify ESG themes and supply products that meet investors' demands, with a view to expanding the lineup of ESG-related investment products continually. Such products include selective investments in companies with good social reputations and sound governance.

## IBK캐피탈

In 2021, IBK Capital issued the first ESG bond ever since its foundation. This sustainable bond was issued on a scale of KRW 200 billion, involving major ESG investors of South Korea, such as the Korea Technology Finance Corporation, banks, and asset management companies. The fund was used to support new and renewable energy, energy efficiency improvement, and SMEs, resulting in various effects such as reduced GHG emissions, energy-saving, and nurturing of blue-chip SMEs. In addition, IBK Capital introduced measures to cope with the rising environmental issues by raising the SKIL ECO Green New Deal PEF with LX Investment and SK ecoplant. The primary investment targets of this PEF include the eco-friendly industries and the circular economy.



## IBK연금보험

IBK Insurance contributed to the transition to eco-friendly energy by investing in eco-friendly energy businesses that are aligned with the New Deal Policy and practicing carbon neutrality. In 2021, IBK Insurance invested a total of KRW 254.3 billion into 13 new and renewable energy projects, including solar power generation. These include investments in the Darby Hana Resource Circulation Private Equity Trust (KRW 77.3 billion) and the Consus Environment and Infrastructure Private Equity Trust No. 1 (KRW 50.0 billion).



New and renewable energy projects,  
including solar power generation

Invested KRW **254.3** billion

## IBK투자증권

IBK Securities established the Carbon Finance Department and started to participate in the carbon emissions trading market on a full scale. As a securities company specializing in SMEs, IBK Securities will provide financial consulting services related to carbon credits and strengthen the foundation for ESG. By signing an MOU on the blind fund for solar power on roofs in April 2021, IBK Securities attempted to create a shared growth business model with SMEs through the Green New Deal and ESG investments. In addition, IBK Securities actively participates in rental house development projects for youths and leads the efforts to expand ESG financing as a seller of policy new deal funds.

## IBK자산운용

IBK Asset Management actively pursued opportunities to invest in new business areas by considering eco-friendliness when making investment decisions. In particular, IBK Asset Management continually expanded its investments in new and renewable energy areas, such as solar power and fuel cells, to follow the national policy for expanding renewable energy.

Name of Product	Product Description	Amount (KRW 100 million)
IBK General Private Equity Asset Investment Trust for Solar Power Generation	Creation of an investment fund to invest in solar power generation businesses and loan investments	1,698
IBK General Private Equity Asset Investment Trust for Cogeneration	Creation of an investment fund to assist cogeneration energy businesses located in Osan-si, Gyeonggi-do	940
IBK C&I ESS General Private Equity Asset Investment Trust	Creation of an investment fund to reduce industrial electricity use rates by installing and operating ESS	453



# SUSTAINABLE MANAGEMENT OUTCOMES

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# Environmental

Green Finance

Responding to Climate Change

Fostering Eco-friendliness



## 21/22 Highlights

**Green Finance**  
strategies established

**Decarbonization**  
**Financing**  
management principles

**Net-Zero**  
IBK by 2040

**Portfolios with**  
**Net-Zero**

**ISO14001**  
**ISO50001**  
international standards

Together **Green** IBK

# Green Finance

With the increasing social interest in a sustainable future, many stakeholders are demanding the expansion of green finance. IBK will play its social role as a policy financial institution by offering a unique green transition, which does not alienate SMEs amid the transition into a low-carbon economic structure. To do so, IBK has established a green foundation by preparing green management principles and processes, such as coal financing policy, and expanded green transition finance by increasing investment in new and renewable energy. IBK will become a global green bank that works together with SMEs by issuing ESG and green bonds and increasing the ratio of green finance.

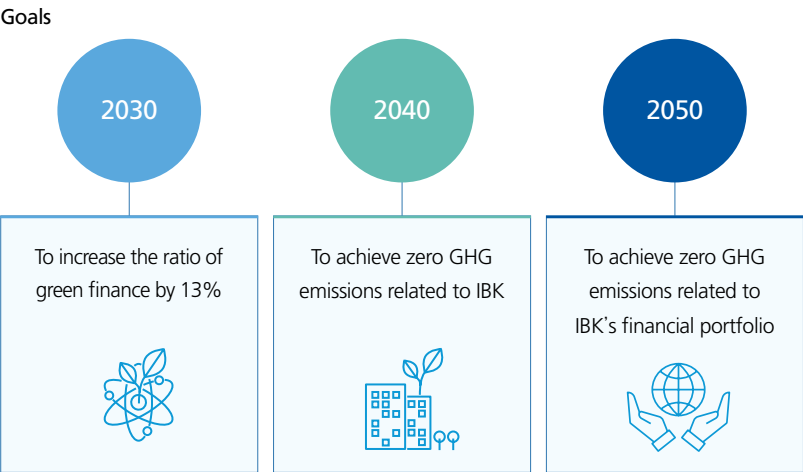
## Strategy for the Promotion of Green Finance

Vision

Strategy

Task

### Green Finance Strategy



In the midst of the green transition paradigm driven by climate crisis and carbon neutrality, IBK has fulfilled its responsibilities as a state-run bank by assisting the green transition of SMEs and promoted sustainable growth by establishing a global-level green finance system.

## Strategy for the Promotion of Green Finance

### Internalizing Green Finance Strategies

IBK held the 'ESG&Green Finance' Workshop at the Chungju Training Institute, during management meetings of all managers or above the vice president level. Professor Jung Tae-yong at Yonsei University, the lead author of the 6th IPCC Report on climate finance, conducted a lecture on "Green Finance and IBK" to enhance the managers' understanding of green finance. Professor Jung also spent time examining the impact of climate change, the trends of green finance, and opportunities. Afterward, participants at the workshop inspected ESG improvement tasks and shared green finance strategies to attain "Global Green Banking With SMEs," and discussed the roles of IBK in achieving the green transition of SMEs.

By implementing the strategies for promoting green finance established this year and participating in the OECD Platform on Financing SMEs for Sustainability, IBK will guide the Korean financial market in the green finance area and fulfill its role as a policy financial institution.

### Coal Financing and Investment Policy

The UN Climate Change Conference (COP26), held in Glasgow, England, in November 2021, agreed on a stepwise reduction of coal power generation. The suspension of financial support for coal-related assets to overcome the climate crisis and fulfill carbon neutrality is part of the international flow of investments, and IBK takes part in this flow by establishing the coal financing and investment policy to rule out investments in coal-related assets. Accordingly, IBK's first ESG Committee, implemented in 2022, adopted the coal financing and investment policy.

#### IBK's Coal Financing and Investment Policy

- ① Exclusion of new PF investments to build new coal power plants at home and abroad
- ② Exclusion of investments in bonds issued by the SPC to build new coal power plants at home and abroad
- ③ Exclusion of investments in bonds issued for the purpose of investing in coal plants at home and abroad
- ④ Expansion of green finance investments to drive carbon neutrality and response to the climate crisis

### Green Taxonomy

The Korean government has developed a Korean Green Classification System (K-taxonomy) to present clear principles and standards for defining what true green economic activities are and to prevent greenwashing. IBK actively presented its ideas and was involved in developing the K-taxonomy as part of its efforts to expand green finance. In 2022, IBK is participating in a demonstration project hosted jointly by the Financial Services Commission and the Ministry of Environment.

Through the demonstration project, IBK will review the application of K-taxonomy to project units, such as PF, and examine the applicability for bonds and loans. Until the government decides the standards for application and operation of K-taxonomy specific to banks, IBK will classify and evaluate green activities based on the Green New Deal under the existing Common Standards for Innovative Growth.

#### Let's Find out about the Korean Green Classification System

##### Definition

Classification of green economic activities that contribute to the six major environmental goals

- ①Reduction of GHG ②Adaption to climate change ③Sustainable conservation of water  
④Resource circulation ⑤Prevention and control of pollution  
⑥Conservation of biodiversity

##### Evaluation Principles

Contribution to environmental goals

Level of contribution to attaining one or more of the six major environmental goals

Do No Significant Harm (DNSH)

Causing no significant harm to the other environmental goals while attempting to attain an environmental goal

Minimal safeguards

No violation of laws related to human rights, labor, safety, anti-corruption, and the destruction of cultural assets

##### Green sector | 64 economic activities

Truly green economic activities that contribute to carbon neutrality and improvement of the environment

Green economic activities

##### Transition sector | 5 economic activities

Intermediate economic activities that are necessary in the process of transitioning from the current stage to carbon neutrality

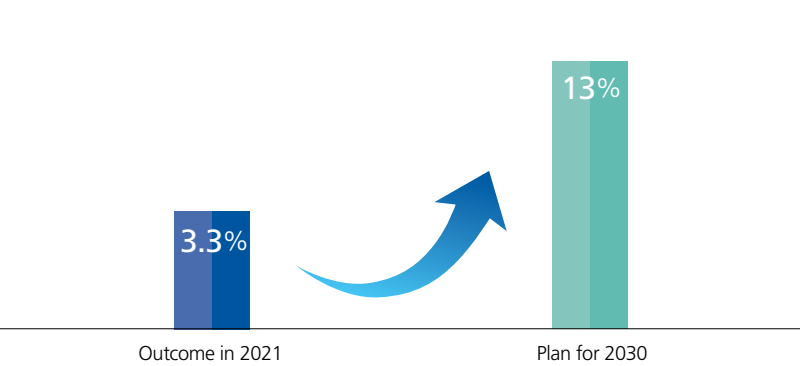


Expanding Green Finance Support

Expanding Green Loans

IBK is increasing the ratio of green companies when providing new loans, aiming to support the green transition of SMEs. This ratio was 3.3% in 2021, and IBK will increase the ratio to 13% by 2030 by releasing new products such as the Loan for Successful ESG Management linked to SLL.

Plan for the ratio of green loans to total new loans



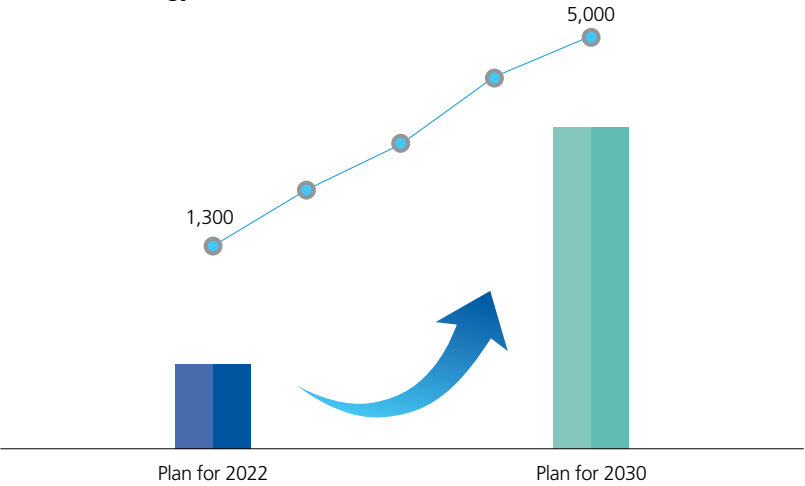
Examples of Green Loans in 2021

Name of Loan	Details (as of the end of December 2021)
Energy Use Rationalization Fund	In order to help install energy-saving facilities and supply new and renewable energy necessary for stabilizing energy supply, prices, and resources, IBK used the Energy Use Rationalization Fund as a financing source to offer KRW 139.9 billion in 2021 to SMEs recommended by the Korea Energy Agency.
Environmental Policy Fund	With a view to improving the national environment by systematically fostering the environmental industry, installing anti-pollution facilities, and facilitating the supply of low-pollution vehicles, IBK used the Environmental Policy Fund as the financing source to offer KRW 133.6 billion in 2021 to SMEs recommended by the Korea Environmental Industry and Technology Institute.

Expanding Green Investment

IBK continually invests in eco-friendly businesses, such as new and renewable energy, according to the company’s guidelines for ESG management and the Green New Deal Policy of the Korean government. IBK will expand the scope of green finance by increasing financial arrangements for eco-friendly energy businesses like solar power, hydrogen fuel cells, and wind power businesses utilizing our extensive investment experience.

Plan to Expand New PF Investment in New and Renewable Energy (Unit : KRW 100 million)



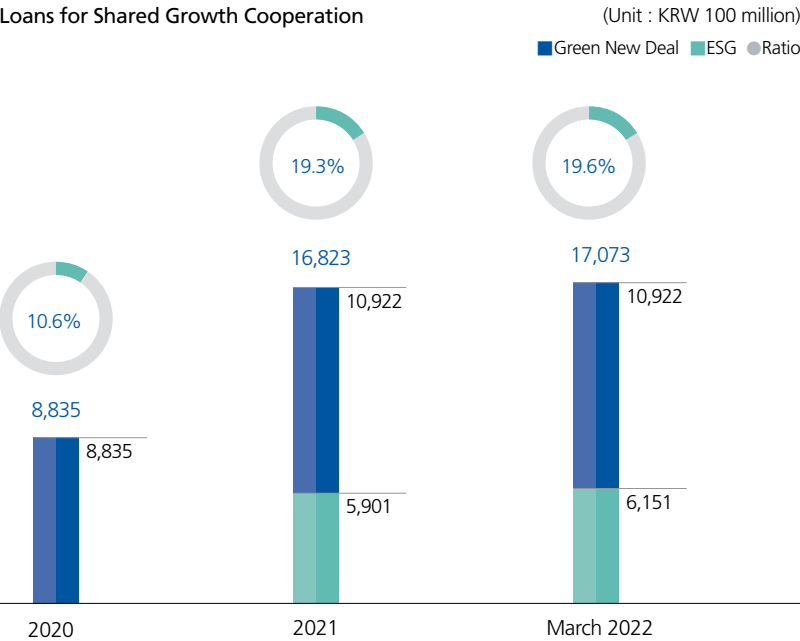
Major New and Renewable Projects in 2021

Project Name	Details (As of the end of December 2021)
SK Small-Scale Solar Fund No. 3	<b>Project Details</b> A fund to purchase and operate solar power facilities, investment in Fund No. 3 (March 2021) <b>Participation Amount</b> Arrangement of KRW 530 billion, contract for KRW 80 billion
SK Small-Scale Solar Fund No. 4	<b>Project Details</b> Investment in Fund No. 4 after successful investment in Fund No. 3 (October 2021) <b>Participation Amount</b> Arrangement of KRW 600 billion, contract for KRW 300 billion

Expanding Green Finance Support

Expanding Green New Deal and ESG Shared Growth Agreements

IBK establishes low-interest loan limits using deposits of institutions and conglomerates to promote shared growth with SMEs. Among them, Shared Growth Cooperation to Spread ESG is the core ESG platform that comprises 'institutions and conglomerates → IBK → SMEs.' This platform is expected to contribute to revitalizing ESG management of conglomerates and SMEs alike. Starting with the Shared Growth Agreement promoted in June 2020 to practice ESG management and support the Green New Deal of the government as a policy financial institution, IBK formed loan limits amounting to KRW 1.7 trillion for cooperation in the areas of green and ESG shared growth as of March 2022. The ratio was 19.6% of all loans for shared growth cooperation, accounting for an increase by 9%p compared to 10.6% in 2020. In the future, IBK will concentrate its marketing capabilities to continue expanding the ESG loan limits.



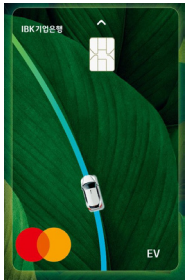
Products Specializing in Green Finance

(As of December 2021)

Category	Details	Outcomes (Cumulative)
Loans	Environmental Safety Equipment Investment Fund	The Environmental Safety Equipment Investment Fund is an exclusive product designed to support companies investing in environmental and safety equipment. KRW 2,714.5 billion
	IBK Evergreen Sky Loan	IBK Evergreen Sky Loan is an exclusive product to finance energy and environment-themed companies. KRW 16.0 billion
Deposits	IBK ALL Right Corporate Account	IBK ALL Right Corporate Account is a cost-averaging or lump sum deposit product that favorably treats companies practicing eco-friendly and social values. KRW 34.7 billion
	IBK Evergreen Sky Account (Corporate)	IBK Evergreen Sky Account (Corporate) is a deposit product that provides prime rates to companies signing an environmental protection pledge or participating in low-pollution projects. KRW 1,167.0 billion
	IBK Evergreen Sky Account (Personal)	IBK Evergreen Sky Account (Personal) is a deposit product that provides prime rates to customers who practice fine dust reduction. KRW 193.8 billion

Discount Cards for the Charging of Electric Vehicles

IBK released the EV Card, a corporate credit card that offers discount benefits when charging electric vehicles, for the first time in South Korea. Furthermore, as a part of its ESG management, IBK reduced the use of plastic materials with high carbon emissions and used biodegradable wooden card plates.



Highest discount rate in the industry

0.5% discount on charging  
20% saved as mileage points

Free installation of chargers

Free installation of a new charger worth KRW 3 million

Eco-friendly material

Eco-friendly wooden plate

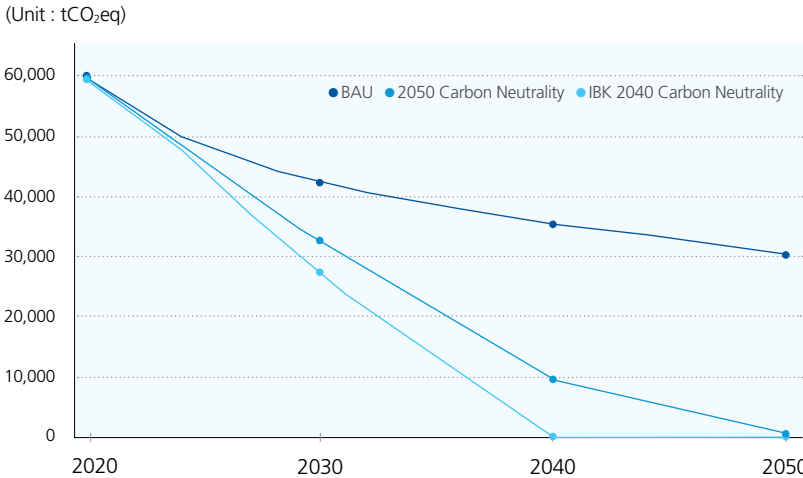
# Responding to Climate Change

IBK perceives carbon neutrality as the common goal of humankind to protect its very existence against the climate crisis, and has established a reduction road map and mitigation measures to attain carbon neutrality of its financial portfolio, beyond zero GHG emissions of IBK by 2040. IBK will foster low-carbon companies and help the green transition of high-carbon companies, making sure that SMEs are not left behind on the long journey to reach net-zero.

## Strategy for Carbon Neutrality

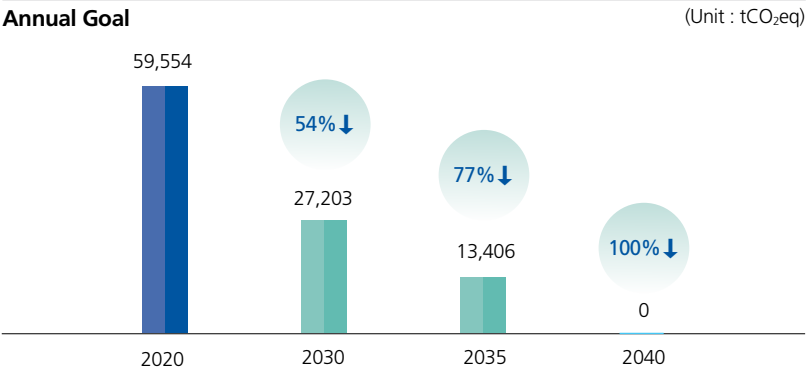
### Net-Zero by 2040 of IBK

After establishing the ESG Committee within the Board of Directors (BoD), the highest decision-making body, IBK announced the first agenda called the “IBK 2040 Plan for Carbon Neutrality.” The carbon emissions (Scope 1+2) of IBK by the end of 2020 amounted to 59,554 tons. If this rate were to be maintained, it was forecasted that IBK will emit 35,319 tons in 2040 and 30,329 tons in 2050. However, IBK established an ambitious goal of attaining carbon neutrality by 2040 to show an exemplary model as a state-run bank and corporate citizen and widely disseminate its experience working with SMEs and stakeholders.



IBK will introduce and systematically manage an environment and energy management system that applies international standards to achieve net zero by 2040. When opening new branches, buildings certified as high-efficiency buildings will be considered preferentially. Until 2030, IBK will find, implement, and spread various means of reduction, including a 100% supply rate of electric vehicles, taking the practicality and cost-effectiveness into account.

Management Indicators	Annual Goal			
	2020	2030	2035	2040
GHG Emissions (Tons)	59,554	27,203 (54% ↓)	13,406 (77% ↓)	0 (100% ↓)



Climate Risk Management

Analyzing Climate Change Risks

GHGs began to increase rapidly after industrialization and resulted in the acceleration of global warming. They are changing global climate patterns while raising the intensity and frequency of natural disasters, such as heat waves and typhoons.

Risks caused by climate change are difficult to predict based on previous experience and challenging to resolve using traditional and generalized methods. Many experts warn that climate change may strike an irrecoverable blow to financial stability.

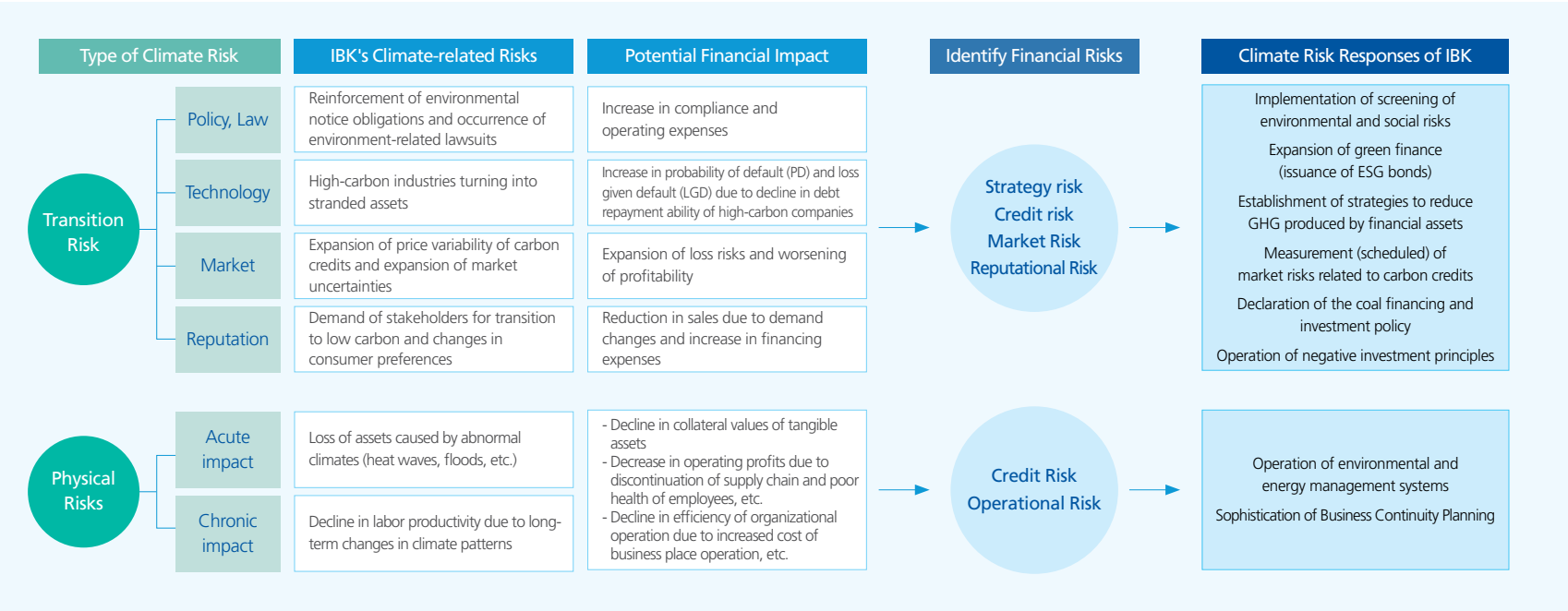
When considering direct and indirect effects on the real economy, we need to prepare for climate change thoroughly. Accordingly, climate risks are drawing attention as critical risks that must be taken into account by financial systems.

Climate risks can be classified into transition risks and physical risks. Physical risks refer to the economic expenses that arise from an increase in abnormal climates

like typhoons, floods, and heat waves and long-term changes in climate patterns.

Transition risks are financial losses that can occur during a rapid transition into a low carbon economy caused by policy changes, sudden technological development, and changes in the preferences of customers and investors. IBK identifies and responds to financial risks arising from climate risks, especially focusing on preparing active responses to transition risks.

IBK strives to contribute to the transition into a low carbon economy by managing climate risks and providing capital through green finance and investments. While progressively reducing physical and transition risks through the management of climate risks, IBK tries to create an environment for the green transition of companies by adequately considering climate risks during loans and investments.





## Climate Risk Management

### Measuring Greenhouse Gas Emissions of Financial Assets

Welcoming the age of net zero and the low-carbon economy, IBK strives to drive decarbonization and support the sustainable growth of national industries as a state-run financial institution. By managing GHG emissions from its financial assets, or financed emissions, IBK responds to climate risks and contributes to achieving net zero and stopping the rise of the Earth's temperature. The financed emissions of each industry are measured by building an in-house industrial classification system linked to global initiatives, classifying assets into six types based on the PCAF methodology. IBK is a state-run financial institution founded to provide financial support for SMEs, and approximately 80% of all loans are taken out to SMEs. However, due to the current lack of data on GHG emissions by SMEs, the entire world is facing difficulties in managing emissions. IBK has also encountered challenges in this respect. Moreover, global initiatives that provide guidelines on measuring financed emissions and setting goals offer methodologies focused on large companies, adding to the difficulties in controlling the emissions of SMEs.

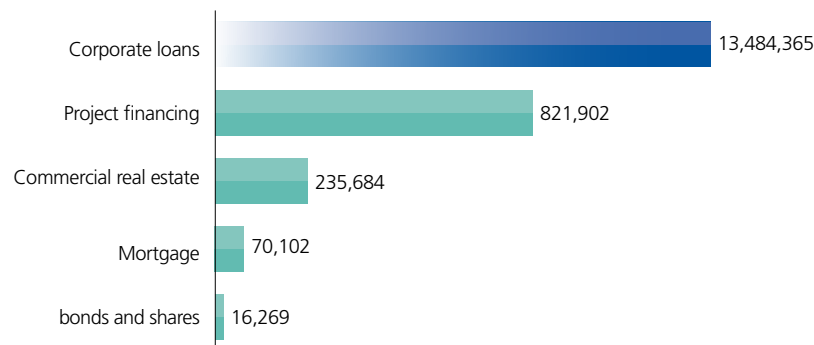
IBK has comprehensively reviewed all available data in Korea and overseas to overcome these limitations. By utilizing national announcements regarding net zero, IBK has endeavored to measure financed emissions, with consideration for the characteristics of Korean SMEs, through a top-down verification method. IBK will actively communicate with global initiatives to develop and elaborate on the methodologies for measuring GHG emissions by SMEs and setting targets accordingly. To do so, IBK will track annual financed emissions and create an environment where SMEs can independently measure and control their GHG emissions.

#### Global Cooperation to Attain Net Zero

IBK participated in the common efforts of the financial sector to attain net zero and respond to climate change by joining the GFANZ and NZBA in September 2021, prior to the UNFCCC COP26 held in November 2021. Rather than simply declaring net zero, IBK will practice its unique green finance step by step to accomplish the vision of becoming a global green bank with SMEs.

#### Financed emissions by PCAF asset type

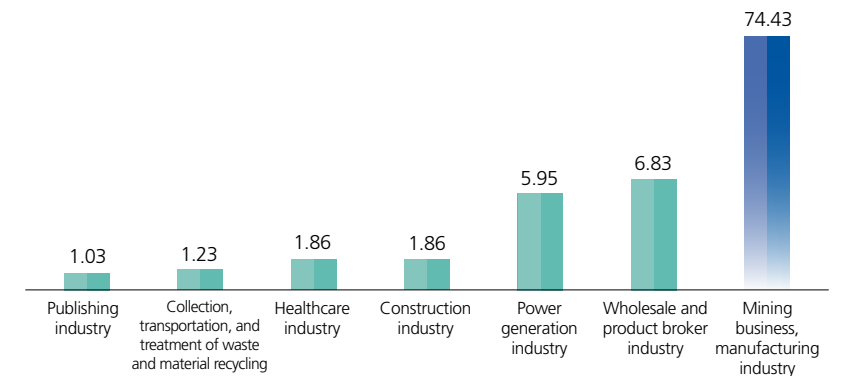
(Unit : tCO<sub>2</sub>eq)



\*1 Automotive loans are not included. \*2 Listed and non-listed companies are not distinguished because the ratio of listed companies is substantially low. \*3 Measurement of financial emissions as of the end of 2020

#### Proportion of financial emissions by major industries

(Unit : %)



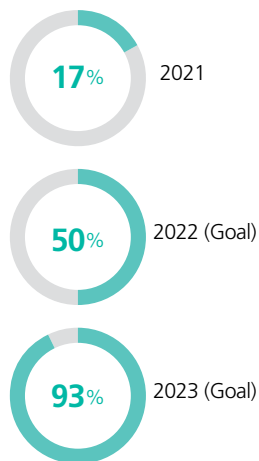
\*1 The ratio was calculated by excluding industries with financed emissions below 1%.

\*2 Calculate the proportion of financial emissions as of the end of 2020

## Greenhouse Gas Reduction

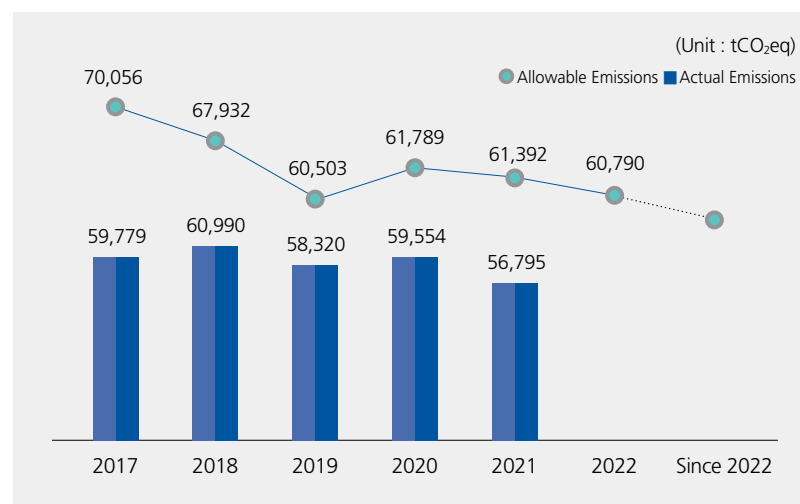


### Ratio of Electric Vehicles



### Responding to the Greenhouse Gas Energy Target Management System

IBK became subject to the target management system for GHG and energy in 2017 pursuant to Article 42, Paragraph 4 of the Framework Act on Low Carbon, Green Growth and has been managing GHG emissions accordingly. With consistent management and reduction efforts, IBK exceeded the GHG reduction target of 61,392 tCO<sub>2</sub>eq by about 7.49% (2,759 tCO<sub>2</sub>eq) by reaching an emission level of 56,795 tCO<sub>2</sub>eq. IBK has exceeded its GHG reduction goals for the past five years.



### Increasing the Introduction of Electric Vehicles

IBK introduced 216 out of 234 new rented vehicles as electric vehicles in 2021, actively complying with the mandatory ratio of low-pollution vehicles according to the government's policy for promoting the use of pollution-free vehicles.

In 2022, over 90% of replaced vehicles used by IBK will be electric vehicles, representing 50% of the overall fleet. By 2023, electric vehicles will constitute over 93% of all vehicles used by IBK. It is expected that this will help to reduce GHG emissions significantly and actively improve the atmospheric environment.

### Building Energy-Saving Facilities

The head office of IBK and IBK Finance Tower achieved a 100% use rate of LED lights, and saved energy by utilizing midnight electric power based on ice thermal storage system. As of the end of 2021, 468 branches, corresponding to about 75% of the total 635 branches, replaced lights with LED to prevent unnecessary waste of electricity. In addition, IBK preferentially considers moving into buildings with high energy-efficiency certification when opening and relocating branches.

### Building an Energy-Saving System

Through the Building Energy Management System (BEMS), IBK monitors energy consumption in real-time and conducts efficient energy management. The head office in Euljiro and the IFT only turn on 15% of lights during off-hours, and lights are turned off after working hours on weekdays to reduce unnecessary use of electric power.

### Eco-friendly Building

The Chungju Training Institute of IBK entirely recycles wastewater through the zero discharge system to prevent water pollution, so there is no impact on the clean nature surrounding the Institute, including Chungju Lake. In addition, geothermal and solar systems have been installed to use renewable energy, leading the efforts to reduce GHG emissions. The building was certified by the Korea Institute of Energy Research as an outstanding green building.

### Participating in Project to Support Building Energy Management

IBK participated in a project to support building energy management, promoted jointly by the Ministry of Land, Infrastructure and Transport and the Korea Energy Agency, to reduce energy expenses and the GHG emissions of its buildings. IBK uses a report that analyzes energy efficiencies of seven large buildings, including the head office building, to manage and improve efficient usage of energy in large buildings.

Greenhouse Gas Reduction

Market Pioneer in Greenhouse Gas Credits

IBK and the Korea Development Bank participated together as market makers in the Greenhouse Gas Emissions Trading Scheme enforced by the Korean government in 2015, preparing the basis to stabilize the market. Whereas IBK initially focused on providing liquidity in the early stages, it has been purchasing greenhouse gas credits sold by companies to stabilize prices of credits in more recent times.

Category	2020	2021	2022 (Plan)
Transaction Amount of IBK (Tons)	1,009,562	516,295	750,000
Total Market Transaction (Tons)	10,779,807	12,499,509	15,000,000
Transaction Ratio of IBK (%)	9.37%	4.13%	5.00%

In preparation for future increases in trading volumes, IBK will measure market risks using the standard method suggested by the Financial Supervisory Service and support trading based on a process that can calculate the profits and losses for each dealer, thus faithfully fulfilling the role of a market maker.



Supporting Green Consulting

IBK offered green consulting for the first time among domestic banks in 2010 and has offered consulting services to 463 clients as of the end of 2021. With the purpose of supporting SMEs in responding to climate change, IBK preferentially provides consulting services to companies assigned for the trading scheme, companies trying to promote offset emissions businesses, and companies that are required to conduct carbon management. As the social demand is increasing rapidly for SMEs to implement environmental management, IBK will continue expanding its consulting services specialized for SMEs.

Supporting SMEs' Businesses to Reduce Greenhouse Gases

IBK formed the Shared Growth Cooperation Fund on a scale of KRW 10 billion with Korea South-East Power in 2016 to offer facility investment loans and operating loans at low interest rates to SMEs that promote carbon reduction businesses. This loan product allows SMEs to kill three birds with one stone: securing carbon reduction facilities, improving competitiveness through reduced power usage and unit cost of production, and creating additional revenues by selling credits. To cite an actual example, Samoh, an SME that manufactures automotive parts, secured funds to run its facilities at a low interest rate through the Shared Growth Cooperation Loan of Korea South-East Power and implemented power control equipment for injection machines, successfully implementing the GHG reduction project.



## Fostering Eco-friendliness

IBK is aware that environmental management is a key factor in its sustainability strategy and thus strives to foster an eco-friendly society through its response to climate change. Beyond building an environmental and energy management system through international standard certifications, IBK raises employees' awareness and internalizes eco-friendliness in its business activities. Rather than regarding eco-friendly management as a means to attain net-zero, IBK will turn it into a goal and a must-do activity that is part of the organizational culture and work towards developing an eco-friendly society.

### Environmental, Energy Management

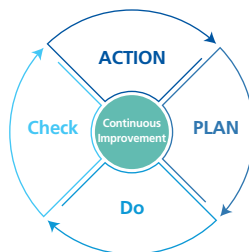


### Introduction of Environmental and Energy Management Systems (ISO 14001, 50001)

IBK took its first step to practicing net zero by building environmental and energy management systems, including the management process and manual for systematic implementation of environmental and energy management. By doing so, IBK has formed the groundwork to enhance the efficiency of environmental and energy management and contributes to preventing and reducing environmental risks through improved environmental performance.

The management systems were prepared based on the international standards for environmental and energy management, reflecting the PDCA model that pursues continual improvement. In detail, the systems comprise improvement goals for each environmental indicator, work guidelines, and management processes. We try to internalize the systems throughout all banking affairs.

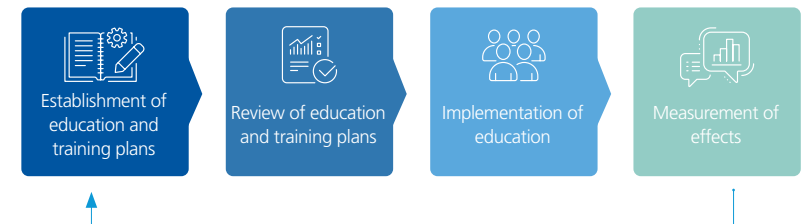
### PDCA Model



PDCA Model is a management system that improves the environmental and energy performance of an organization by building a continual improvement system based on the cycle of Plan, Do, Check, and Action, thereby attaining environmental goals such as reduction of GHG emissions, energy use, industrial water, and generation of wastes.

### Environmental Education and Internal Audits

IBK strives to conduct systematic education and training for the effective operation of the environmental and energy management systems. Education and training are provided for related employees at least once a year, and educational outcomes are measured to establish plans for the subsequent year and maximize the effects. All participants are required to fill out an education and training evaluation form to measure the educational outcomes.



In addition, IBK continually improves its processes and performances by conducting a conformity evaluation on environmental and energy management. The conformity evaluation is carried out on the overall process once a year. IBK attempts to secure the objectivity of the evaluation by making a checklist that consists of 61 items in 16 areas. The environmental and energy management systems of IBK were publicly acknowledged by certification to ISO standards for the environmental management system (ISO14001) and energy management system (ISO50001) simultaneously. From now on, IBK will continue to operate its management systems so they can lead to actual environmental improvements and energy reductions.



## Internalizing Eco-friendly Management

### Installing and Operating Eco-friendly Facilities

By updating the standard interior manual that standardizes the spatial configuration, traffic line, counter design, and signboard at branches, IBK is replacing existing facilities with eco-friendly facilities during the phase of layout and construction works. In the case of furniture, IBK uses eco-friendly materials of E0 grade, which minimize the amount of formaldehyde emitted, as well as eco-friendly floor materials and finishing materials. The use of eco-friendly materials will be further expanded in the future. Existing buildings are operated in an eco-friendly way through recycling and saving. The head office in Euljiro utilizes underground water for urinals and cleaning sinks, and the IFT utilizes underground water for the landscape fountain. Along with the head office and IFT, branches have installed water-saving sanitary fixtures to reduce wastage of tap water.

### Expanding Purchase of Eco-friendly Products

IBK expands the purchase of eco-friendly products to internalize eco-friendly management. Power usage and heating consumption were reduced by replacing 2,226 office PCs, old storage devices, and integrated servers.

〈Purchases over the Last Three Years〉 (Unit : KRW million)

Category	2019	2020	2021	Remarks
Eco-friendly transaction statement	372	470	407	Phenol-free
Calendar	1,566	1,453	1,573	FSC
Corrugated cardboard box	-	-	66	
Total	1,938	1,923	2,046	-

In 2022, IBK will also purchase eco-friendly cash envelopes and shopping bags certified by the Forest Stewardship Council.

〈New Purchase Plan for 2022〉 (Unit : KRW million)

	Estimated purchase amount	Necessary certification
Cash envelopes	68	FSC
Shopping bags	180	

### Electronic Documents, Mobile Notification

IBK has expanded the use of electronic documents by improving the procedure for attaching electronic documents and implementing biometric authentication. IBK continues to improve electronic documents to reduce the workload for personnel at branches. In February 2021, IBK implemented the Mobile Notification Service, which does away with the inconvenience of paper-based postal mail by sending notifications to mobile phones via KakaoTalk or SMS, to reduce the cost of sending notifications. For example, in line with the amendment to the Framework Act on Electronic Documents and Transactions by the Korean government, IBK has built a paperless environment by transforming legal notifications related to retirement pensions, such as education for subscribers and financial verification results, into mobile notifications.

### Paperless Meetings Using IBK Meeting Note

IBK has updated the IBK Meeting Note service, which allows users to share data on tablet PCs instead of using printouts during meetings, to increase the utilization of communication infrastructures for digital innovation. By reducing working hours and printing costs through the paperless environment, IBK strives to reduce carbon emissions.



## Creating an Eco-friendly Culture

### Implementing the Digital Carbon Diet Program

IBK conducted an 'activity to reduce digital carbon footprints' to realize net-zero. The term 'digital carbon footprint' refers to carbon dioxide generated by the use of digital devices like business PCs and laptops. Digital devices emit carbon dioxide when sending emails, charging, and using standby power. First, a campaign to 'empty unnecessary mailboxes' was carried out to reduce power consumption at the data center. In addition, by using a 'program to reduce the power consumption of business PCs,' IBK minimizes unnecessary power usage during meetings and lunch breaks when PCs are not in use.

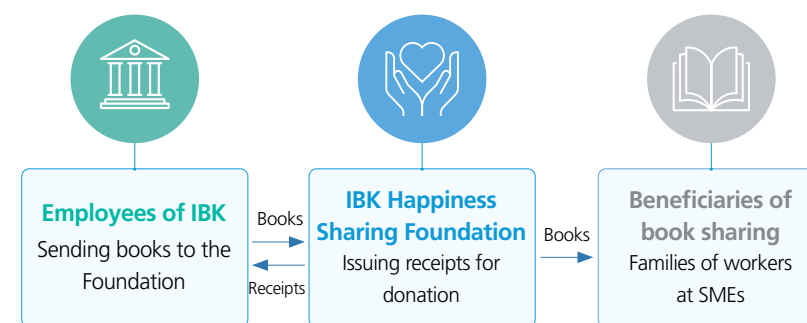
### Introducing Eco-friendly Shopping Bags

IBK replaced shopping bags for customers with eco-friendly products to practice ESG management. The shopping bags were made using uncoated and recycled kraft paper instead of coated paper as a part of the drive to respond agilely to the trend of eco-friendly values and lead the financial industry in eco-friendly management. The bags were not processed additionally for coating or silver foil to make it easy to recycle them after use. Printed parts were minimized, and plant-derived soy ink with low carbon emissions was used for easy, natural decomposition.



### Donating Books for Reading

IBK runs a system where employees can voluntarily donate books in their name after they finish reading. IBK shared 700 books in 2021 under this system.



### ESG Campaign – Together Green IBK Week

Celebrating Arbor Day on April 5, IBK held the 'Together Green IBK Week' for all employees to take part in 2040 net-zero activities. For two weeks including Arbor Day (March 28 – April 8, 2022), everyday green activities, such as saving, consumption, and circulation, were divided into each area and practiced by each department or branch. The results were shared using bulletin boards and newsletters.

Major branches that participated in the Together Green IBK Week made it a habit of saving energy by using stairs instead of elevators and maintaining adequate indoor temperatures. They also engaged in eco-friendly activities by sharing unused supplies or donating them to institutions in need, conducted good consumption activities to create social values, and took part in resource recycling activities using reusable cups and double-sided printing. IBK has turned the Together Green IBK into an ongoing effort by carrying out various green activities, such as holding Salad Day, riding bicycles and carpooling for employees' commute to work, supporting environmental campaigns of daycare centers, and planting trees.

SPECIAL

Daily Schedule of Together Green IBK



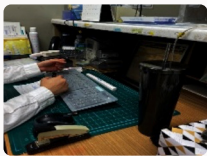
Carpooling together on the way to and from work

Forming teams of employees who live in the same area so they can commute together  
Team A : 4 members, round trip of 14km  
Team B : 3 members, round trip of 22km



Plogging to protect the Earth while walking in the morning

Strolling and picking up garbage in the neighborhood for 30 minutes on every Monday



How about tumblers instead of paper cups?

By encouraging employees to replace paper cups with reusable cups at branches and use personal tumblers, branch reduced monthly usage of paper cups by 20%.



We must start saving paper!

Installing an exclusive printer for scrap paper and printing internal documents using this printer  
Saved 3,000 sheets of paper per month from January to April



Take as much food as you can eat

Selecting days without leftover food and achieving zero food waste by counting the number of persons needing food beforehand



Doksan Central Branch



Southern Gyeonggi Headquarters



Wonjong-dong Branch



Busan and Ulsan Headquarters



Jeonggwan Branch



Leaving places neat and clean

Leaving work after turning off unnecessary lights and nearby electronic devices



Sales Department



Private Customer Department



IT Digital Development Department



Gyesan Station Branch



Corporate Improvement Department



Saving water and reducing garbage

Using biodegradable bamboo toothbrushes instead of plastic toothbrushes and utilizing a cup when brushing teeth



Managing my personal flowerpots

Making Earth clean by 'managing flowerpots' to reduce GHG, the main cause of 'global warming'



Different kinds of garbage have their own spots!

Waste has been reduced by 30% or more every month by installing separate collection bins!



Start managing indoor temperatures!

Maintaining adequate indoor temperatures, both in the summer and winter

# Social

Respect for  
Employees

Protecting  
Financial  
Consumers

Social  
Contribution

Inclusive  
Finance

Innovative  
Growth



## 21/22 Highlights

**Personnel  
Scoring**

**digitally-talented  
personnel**  
**1,000people**

**Financial Consumer  
Protection Charter**

**Award for  
Microfinance**

**Enacted support  
criteria for  
social financing**

**IBK Changgong  
Daejeon**



# Respect for Employees

Regarding its employees as the most valuable assets and the company’s future, IBK creates a workplace where everyone can enjoy working with pride. IBK has a personnel system that fairly reflects achievements made by each employee and offers various self-development programs to enable them to cope with changes in duties flexibly. IBK will strive to create a culture of respect and be loved by its employees by becoming a reasonable and fair company with a flexible and diverse culture.

## Fair and Inclusive Evaluation of Personnel

### Fair Evaluation of Personnel Based on Personnel Scoring

Personnel score is a system that quantifies and manages various personnel information pertaining to each individual and is divided into four sectors, including performance, competence, contribution to the organization, and conscious management. Its purpose is to increase the fairness and acceptability of personnel affairs. IBK enhances the fairness of job promotion reviews based on the quantified personnel information and will utilize the information to help individual employees improve their competence and career prospects through personal feedback.

#### 〈Key Details of Personnel Scoring〉

1 Performance	<ul style="list-style-type: none"><li>• Management evaluation, rating of work performance (Performance category)</li><li>• Efforts to achieve performance targets (Rewards, work performance, etc.)</li></ul>
2 Competence	<ul style="list-style-type: none"><li>• Work performance rating (Competence category)</li><li>• Comprehensive evaluation of competence (Competence in leadership role, etc.)</li><li>• Multifaceted evaluation (Appraisal by superiors and colleagues, etc.)</li><li>• Self-development efforts (Training, qualification, language study, etc.)</li></ul>
3 Contribution to the organization	<ul style="list-style-type: none"><li>• Period of job performance (Work proficiency)</li><li>• Contribution to the organization (Working in remote places or inferior branches, etc.)</li></ul>
4 Conscious management	<ul style="list-style-type: none"><li>• Score deducted for each case of disciplinary action</li></ul>

IBK utilized the personnel score as reference data for reviewing job promotions of branch submanagers or more senior personnel during the regular personnel appraisal in the first half of 2022, and the score will be expanded in future to employees below the submanager level. The personnel score system will allow employees to examine their strengths and weaknesses and motivate them by expanding the scope of disclosure of the personnel scoring criteria and relative levels and preparing a fair system for personnel management.

### Introducing a System for Open Recruitment of Branch General Managers

IBK established and strengthened the open recruitment system to realize fair personnel management based on objective criteria and performance indicators and to strengthen the dynamics of the organization. In particular, Lifelong Branches with high ratios of low-income, elderly customers were selected to enhance financial convenience for disadvantaged groups. After recruiting branch general managers through the open recruitment system, employees with skills and passion are identified and assigned with specific tasks to revitalize the organization.

#### 〈Detailed Status of the Lifelong Branch System〉

Targets	<ul style="list-style-type: none"><li>• Grade 3 team managers with 4 years of experience or longer (Promoted to branch general managers upon selection, required to have worked at the corresponding branch for at least 2 years)</li></ul>		
Criteria	<ul style="list-style-type: none"><li>• Quantitative evaluation (Work performance, leadership, etc.)</li><li>• Qualitative evaluation (Application form, cumulative personnel appraisal, etc.)</li></ul>		
Selection Procedure	<div><div>HR managment Dept.</div><div>Selection of 5 times as many candidates as the number of employees to be promoted at each branch</div></div> <div>→</div> <div><div>Review Council (6 heads of related departments)</div><div>Selection of 2 times as many candidates as the number of employees to be promoted at each branch</div></div> <div>→</div> <div><div>CEO</div><div>Final selection of one of the two candidates at each branch</div></div>		

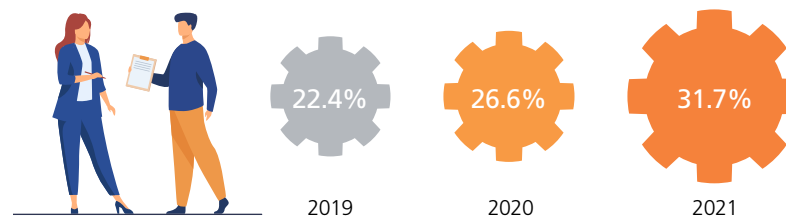
## Fair and Inclusive Evaluation of Personnel

### Enhancing Inclusiveness for Personnel

IBK shortened the transition period between branches from three years to two years to favorably treat employees in remote places where commuting is extremely difficult. Further, the inclusiveness of the personnel system has been enhanced by providing allowances for postings at remote places and considering the history of working in remote places during job promotion reviews.

In addition, by expanding job promotion opportunities for women who show excellent performance and competence, IBK promoted gender equality and raised the ratio of female managers to 31.7% in 2021. Moreover, IBK newly participated in the Women's Empowerment Principles (WEPs) to expand the gender equality culture, celebrating International Women's Day of 2022. IBK will strive to cultivate and empower female employees.

#### Ratio of Female Managers



※ Manager : employees at grade 3 (team leader) or higher

### Supporting Salary Peak and Retiring (Planned) Employees

IBK created and assigned new duties for salary peak employees who are constantly increasing in numbers, thus reducing workload at the sites and promoting the efficiency of human resource operations. An outplacement program is in operation so that employees planning to retire can change their jobs successfully. Employees planning to retire who have worked for IBK for at least 10 years can apply for educational courses for the position of licensed real estate agents, certified management consultants, and SOHO startups, and IBK pays for the educational expenses. IBK aims to help employees who devoted themselves to the organization in planning their later years and life after retirement.

### Recruiting Talents to Drive Innovative Finance

IBK improved the fairness of recruitment by implementing bespoke evaluations centered on job competence and skills for different recruitment areas, including general finance, digital, and global financial experts. A detailed evaluation is performed on presentations and interviews in the general finance area, coding tests in the digital area, and essay writing in the global financial expert area. IBK also implemented a common procedure to assess ethical values and personality. In addition, IBK actively recruited external experts of varying positions to ensure the professionalism of the bank, enhance competitiveness, and drive innovative finance.

### Recruitment to Fulfill Social Responsibility

IBK continually engages in socially balanced recruitment by applying a policy for preferential treatment of disadvantaged groups and expanding hiring of local talents. In new employees recruitment areas, persons with disabilities are given a 20% bonus on their scores, and veterans are given a 5-10% bonus. Further, IBK has separate job openings for these categories. Additionally, IBK expanded the recruitment of local talents from Gyeonggi, Daejeon and Chungcheong, Daegu and Gyeongbuk, Busan, Ulsan and Gyeongnam, and Gwangju and Honam regions to the Gangwon and Jeju regions.



## Developing Employees' Competence

### Training by Job Position and Duty

IBK has established a bespoke training system to train all employees of varying job positions and duties. About 12,000 employees completed job position or duty training in 2021, corresponding to about one training program per employee.

Category	Bank employee level	Senior employee level	Team manager level	Branch general manager level
Job Position	Training (refresher) of new bank employees	Training of employees promoted to grade 4	Training of employees promoted to grade 3	Pre-CEO training
	Training to expand the scope of duty	Empowerment of senior employees	Empowerment of managers	Pre-training on salary peak
Duty	(Weekdays) Duty academy, training on change of duties, special training on corporate duties, planning academy, academy for the protection of financial consumers, etc. (Weekends) Finance academy, core duty experts, etc.			

### Conducting Education for Retiring (Planned) Employees

IBK conducted career planning outplacement, and startup education to help retiring employees prepare for a second career after retirement through career development education. The outcomes of education were improved by adding a one-on-one consulting service after career planning or outplacement and startup training. In 2021, 202 retiring (planned) employees completed seven sessions of this education program.

Category	Description
Choice of One	Career Planning Management of changes after job transition, talent, aptitude, career diagnosis, counseling, etc.
	Outplacement and Startup Participants are provided with detailed descriptions directly related to outplacement and startup, guidelines for filling out resumes, and support on job-seeking skills like interview skills.
One-on-One Consulting Service (After Training)	Provision of a personal consulting service by an assigned consultant

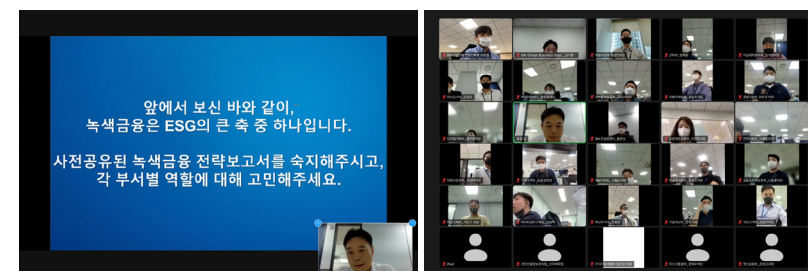
### Fostering Asset Management Professionals

IBK operates a systematic curriculum education for asset management based on career paths to foster asset management professionals. Besides various educational programs like regular education, non-regular conference calls, and bespoke mentoring programs, IBK dispatches its employees to external financial training institutions, domestic universities, and asset management conferences to help them grow into the best experts in asset management.

### Conducting ESG Education

IBK regularly provides diverse ESG education programs for employees. The first Monday of every month has been designated as 'ESG Learning Day,' and 'ESG Step-by-Step Newsletters' are shared and used as a bridgehead to provide information about the latest ESG issues and news articles.

Separate ESG education hours are allocated to educate employees internally. Through this education, employees of IBK understand the basic concepts and current status of ESG, as well as the climate crisis, biodiversity, and ethics management. Employees have better ESG awareness and consensus and are provided with an opportunity to learn in-depth about the future directions of the bank. In 2021, 923 employees received ESG education. IBK is planning educational programs of different kinds to expand the scope of education recipients.



Developing Employees' Competence

Fostering 1,000 Digital Talents

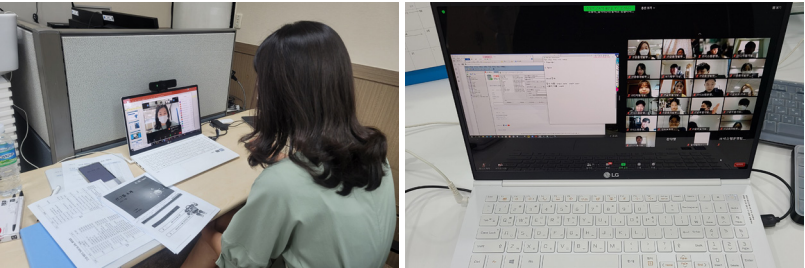
IBK has established and is promoting a three-year plan (2021-2023) for the purpose of fostering 1,000 core talents for the digital transformation. By classifying all employees into digital beginners, hands-on workers, and experts and educating them according to their level, IBK accomplished 65% (744 employees) of its three-year goal by the end of 2021. Among them, the Digital Contract Department was newly formed to foster digital experts through the 'Business Agreement for Joint Research and Contracted Education' with Yonsei University. IBK sends about 25 employees each year to pursue master's courses (AI, big data) in the field of information systems at the Graduate School of Information.

(Unit : Persons)

Category	Targets of Education	Promotion	Description	Number of Persons Receiving Education	Target Number
Beginners	New bank employees of the digital job group	① Early adaption of new employees of the digital job group	• Targeting new employees of the digital job group • Mandatory implementation of the Digital Academy	90	200
	At least one person from each team at the headquarters	② Cultivation of the ability to utilize department data at the headquarters	• Targeting employees of various departments at the headquarters • Cultivating the ability to process data	94	200
	Pool of digital experts	③ Assignment of experts after education	• Targeting the pool of digital experts • Education to foster hands-on digital workers	14	50
Hands-on Workers	Pool for exchange of digital human resources	④ Reinforcement of planning ability for digital human resources	• Targeting the pool of digital human resources available for exchange • Require planned training upon transfer from IT to departments	9	50
	Hands-on workers of digital and IT groups	⑤ Enhancement of hands-on workers' ability to develop new technologies	• Group demand survey → Dispatch to professional institutions • Seoul National University, KAIST, overseas institutions, etc.	487	600
Experts	Selection of outstanding human resources	⑥ Training of AI and big data experts (Master's degree)	• Targeting the pool of human resources for academic training • Dispatched to the Digital Contract Department	50	50
				744	1,150

Fostering Innovative IT Talents

IBK concentrates its internal capabilities to foster innovative IT talents with the capability to respond to the digital transformation. In particular, IBK selected and trained 37 R&D workers to conduct research on seven core technologies in the finance and IT sectors, such as AI, blockchain, and cloud, to internalize new technologies. The employees selected as R&D workers conducted research on commercializing ideas by collaborating with working groups at other IT companies and prestigious universities. They are reviewing the possibility of hands-on application of eight tasks. At the same time, preparing for the post-COVID-19 era, IBK prepared the groundwork to continue improving the competence of employees without time and space limits by building an online educational environment. The effectiveness of this environment was demonstrated through the education of newcomers in the second half of the year.

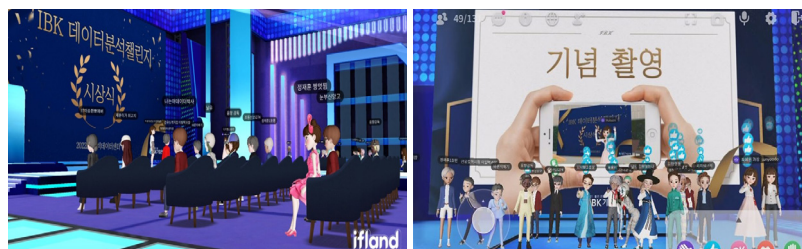


From now on, IBK will strive to foster IT experts by configuring curricula for each job position and duty. By dividing education for newcomers into Basic and Advanced courses, IBK plans to provide personalized education. In the case of existing employees, IBK will reinforce their expertise by dispatching them to professional institutions for IT education. Furthermore, IBK will organize an IT advisory committee comprised of external experts and scholars to broaden professional perspectives, selecting elite workers in each new technology area for intensive education.

## Developing Employees' Competence

### Hosting the IBK Data Analysis Challenge

In 2021, IBK hosted the IBK Data Analysis Challenge for all employees. A data analysis contest was carried out on the themes of "Predicting Credit Card Arrears" and "Predicting the Real Transaction Price of Apartments." The Challenge was linked to an educational course so that anyone can easily gain experience in data analysis. A total of 396 employees participated in the Challenge, heightening employees' interest in data analysis.



### Supporting the Acquisition of Qualifications

IBK runs a system to support all employees, including part-time and contractors, in acquiring qualifications. Employees are supported in various ways, such as providing allowances upon acquisition of qualifications and operating various educational programs in preparation for exams. Allowances are differentiated according to level, and 1,000 employees received allowances in the second half of 2021 alone. Furthermore, IBK actively encourages its employees to improve their skills by paying for their tuition fees when taking lectures on practical banking, as well as fees to take language tests.

#### Falling in Love with Financial Qualifications (Geumsabba FESTA)

Geumsabba FESTA is a program that supports employees to acquire financial qualifications and educates them on investment products to facilitate complete sales and improve competence in asset management. In 2021, 335 employees participated in this program and were assisted with study materials and plaques. As a result, despite the difficulties caused by COVID-19, 44% of the employees who took up the challenge acquired qualifications.

### Education on Investment Products to Protect Consumers

IBK conducted education on investment products at all branches to protect consumers' interests, as consumer protection is becoming increasingly important with the enforcement of the Financial Consumer Protection Act. Specialized curricula were developed according to duties, and 1,369 employees (2 employees per branch) have completed this training.

Duties	Details of Education	
	Common	Specialized
Employees in charge of corporate customers	① Understanding the Financial Consumer Protection Act ② Deposit Products ③ Credit Card Products	① Regulation of corporate loans ② Retirement pensions ③ Forward exchanges
Employees in charge of PB	④ Work Process Related to the Amendment of the Act on Reporting and Using Specified Financial Transaction Information	① Bancassurance process ② Fund process ③ Trust process
Employees in charge of individual customers		① Regulation of household loans ② Fund process ③ Trust process

Persons in charge of planning investment products at the headquarters were provided with education on guidelines for choosing investment products to be sold, product sorting methods to manage incomplete sales, related laws, and internal control measures.

### Operating an Online Learning Platform, IBK Tube



IBK Tube, a microlearning platform that supports everyday learning, was opened in June 2021. IBK Tube has a massive content library of about 13,000 items related to finance, economy, business, ESG, and digital technology. This open platform has become immensely popular because all employees of IBK can create and upload content. After the platform opened, our employees viewed contents about 140,000 times during the second half of the year.



## Improving the Organizational Culture

### Project to Rebuild the Organizational Culture

IBK promoted a project to rebuild its organizational culture and thereby enhance flexibility and efficiency based on reasonable and fair operations. While inspecting aspects of the existing organizational culture and ways of working, such as leadership, communication, cooperation, and work practice, IBK defined desirable characteristics (Desirable Organizational Culture of IBK) and established a practice guide and implementation tasks. Moreover, IBK continually engages in activities to raise the awareness and empathy of members with respect to the new organizational culture.



Listening to the Head of Group



Organizational Culture through Sand Art

In 2022, IBK will promote activities to propagate diverse contents and conduct educational programs and multilateral team-building programs for employees so that the new organizational culture can successfully take hold across the company.

### Certification for Family-friendly Companies

IBK had operated its family-friendly systems for child delivery and childcare support after initially acquiring the certification for family-friendly companies in December 2014. Subsequently, IBK acquired the certification again in December 2019. Based on its efforts to develop a family-friendly work culture, IBK will renew the certification before it expires in December 2022 to maintain an advanced corporate culture.



### Opening IBK Daycare Center (Mapo)

IBK opened the IBK Daycare Center (Hannam) in March 2012 and the Mapo Daycare Center in March 2022. It runs a total of 13 daycare centers, the largest number operated by a company in the financial industry. As employees are scattered around different workplaces, IBK finds a spot accessible to employees who work at nearby branches and installs daycare centers by considering the demand for childcare.

The daycare centers are a part of family-friendly management, which includes shortened working hours and flexible working hours during the child-rearing period. IBK will actively support its employees in finding balance between work and home, as well as resolving the low birthrate issue and expanding the social entry of women.



### Providing a Handbook to Prevent Bullying and Sexual Harassment at Work

IBK developed a handbook to help employees better understand bullying and sexual harassment at work and respond properly to related incidents. The handbook introduces the concepts and examples of bullying and sexual harassment at work and explains preventive and response measures for each subject, including procedures for handling incidents. IBK will conduct diverse activities to create a sound working environment and establish a culture of mutual respect among employees within the organization.

## Healthy and Safe Workplace

### Operating a COVID-19 Task Force

IBK has been operating the COVID-19 Task Force to protect its customers and employees since February 2020. The 24-hour hotline enables impact to be assessed in real-time, and the Task Force plays the role of a control tower that responds quickly in cooperation with all branches.

To overcome the COVID-19 crisis in 2021, IBK aided all employees in purchasing self-test kits and continually guided employees on social distancing and quarantine standards and guidelines. In addition, when confirmed cases occurred at branches, a disinfection company stationed at the head office was dispatched for immediate disinfection measures. Business places with vulnerable facilities, such as call centers, were disinfected regularly.

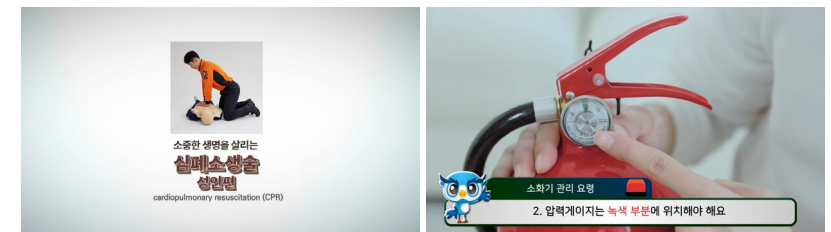
### Introducing the COVID-19 Program for Mental Health

IBK operates the COVID-19 Program for Mental Health to help employees manage anxieties and stress caused by the prolonged prevalence of COVID-19 and provide assistance for employees in managing their everyday lives after full recovery.

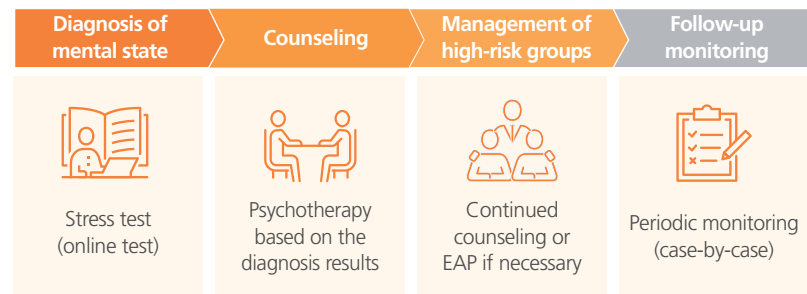
This program diagnoses applicants' level of distress through an online psychological test and offers professional counseling based on the test results. IBK assists employees classified as high-risk groups to get back to normal through continued counseling.

### Creating a Safe Work Environment

The first Friday of every month is observed as the 'Safety Inspection Day' for all branches. All branches regularly inspect office safety based on the 'Safety Inspection Day Checklist' while conducting safety education provided by branch general managers for employees. In addition, IBK strives to build a safe work environment by identifying and improving safety issues through semiannual facility inspections. On ordinary days, educational videos are shown three to five times a day via bank broadcasts and elevator monitors at the head office. Topics covered in these videos include responses to natural disasters like earthquakes and heavy snow, how to perform CPR, and inspection and management of fire extinguishers. In addition, the IBK Safety Report is published once a month to provide information on seasonal disasters and accidents, raising the safety awareness of employees and preventing accidents.



#### 〈COVID-19 Program for Mental Health〉



### IBK Manual to Respond to Serious Industrial Accidents

IBK developed an action manual for the purpose of minimizing the loss of lives when accidents occur by promptly responding to serious industrial accidents and urgent dangers in accordance with different scenarios. By preventing accidents and managing on-site safety through the manual, IBK will endeavor to maintain business places free of industrial and safety accidents in 2022.

Healthy and Safe Workplace

Protecting Employees’ Rights and Interests

IBK was the first among Korean banks to implement the Ethics Officer (EO) system, preparing an environment where members can propose directions for an organizational culture of mutual respect, communicate on an equal footing, and ensure that their human rights are protected.

The EO system is a grievance counseling channel run by external experts who can guarantee expertise and independence. This system is generally in charge of protecting employees’ rights and interests as it allows employees to communicate safely about incidents without concerns of secondary harm. Employees can apply for all programs of EO through the EO Hotline and receive anonymous counseling.

Grievance counseling	Seeking methods to solve problems through counseling on grievances at work
Mental support	Providing counseling for employees to resolve mental hardships (depression, anxiety, etc.)
Investigation request	Requesting investigation into matters like human rights infringements, unethical behaviors, and sexual harassment
Protection of human rights	Preventing secondary harm that can occur during the investigation process and action

Survey on Work Life Satisfaction

IBK conducted the Survey on Work Life Satisfaction to help all employees manage a happy work life. The survey assessed seven factors related to the level of work life satisfaction, including satisfaction with work life, satisfaction with personal life, meaning of work, relationship with colleagues, work protection measures, and burnout experience.

A total of 1,514 employees participated in this survey, and 80% of the participating employees responded that they have an average level of satisfaction or higher with their work life. Based on the results of the survey, IBK will establish directions for protecting employees’ rights and interests, such as inspecting work protection measures, and strengthen the human rights management.

Operating an Open Counseling Office

IBK installed the Open Counseling Office within the EO Department to counsel employees on grievances and mental safety. Anyone can easily visit this counseling channel to receive professional counseling on issues such as interpersonal conflicts at work, ethical problems related to work, sexual harassment, and infringement of human rights. In addition, IBK runs Open Seminars on difficulties at the workplace and repeated grievances every month.

Schedule	Details
January	How to Manage Stress for Intense Emotional Labor Employees (Part 1)
February	How to Manage Stress for Intense Emotional Labor Employees (Part 2)
March	Leadership Care Program (Part 1)
April	Coaching Program to Enable Employees to Discover Meaning in Work (Planned)

IBK will keep up the efforts to create a work environment that makes all employees feel healthy and safe in their bodies and minds, never neglecting even the trivial difficulties they face.

Grievance system related to insider complaints

IBK operates the ‘Communication Postcard System’, an official channel that guarantees anonymity in order to listen to the voices of its executives and employees and the field. If there is an issue that requires improvement of systems or practices, anyone can speak up at any time, and the voices of employees are gathered and used as a driving force for organizational change. We guarantee complete anonymity, but we also allow real-name suggestions. Opinions can be freely expressed regardless of topics such as systems, practices, organizational culture, and grievances, and the received opinions are delivered directly to the CEO. In 2021, the CEO directly responded to a total of 67 employee voices, and improvements were made in 34 cases.

## Protecting Financial Consumers

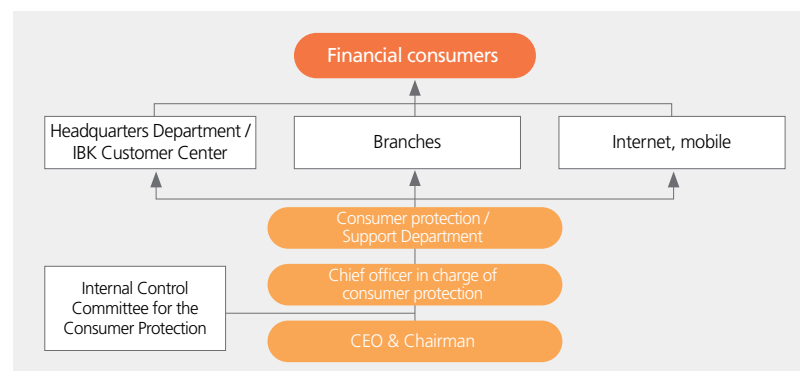
IBK always pursues policies and activities from the perspective of financial consumers. IBK aims to recommend and sell optimal products to protect the rights and interests of financial consumers, providing financial products and services in a transparent and easy-to-understand way. In addition, complaints and damages reported by financial consumers are handled fairly and quickly while eradicating unreasonable business conduct. IBK will strive to prevent financial accidents, protect consumers, and improve measures to safeguard consumers' rights and interests.

### System to Protect Financial Consumers

#### Building Governance to Protect Financial Consumers

IBK builds and operates a system to protect financial consumers. The chief financial officer, in charge of protecting financial consumers' interests, is appointed in a position immediately under the CEO. The chief financial officer selects financial products, manages and supervises sales and follow-up management, and resolves any inconveniences reported by consumers. The Internal Control Committee for Financial Consumer Protection establishes policy directions and master plans to protect financial consumers and discusses improvement tasks.

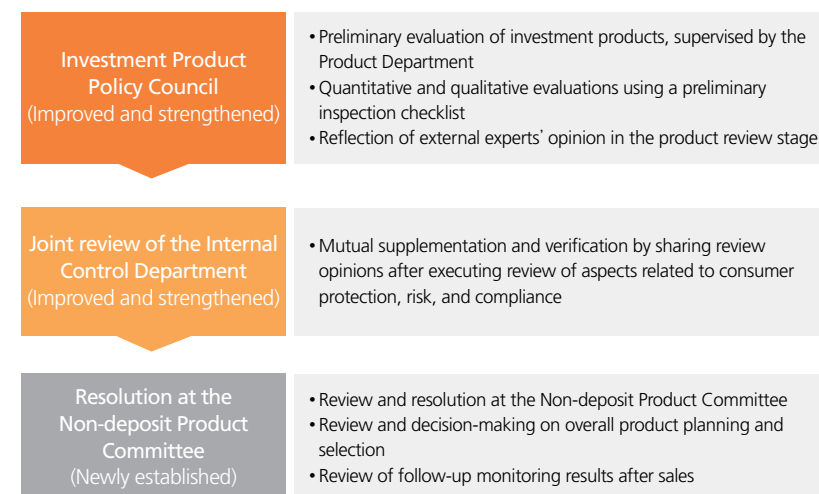
In addition, IBK newly established the IBK Financial Group Financial Consumer Protection Council to strengthen the system of the entire IBK Financial Group for protecting financial consumers' interests. The Financial Consumer Protection Council comprises six financial subsidiaries, including IBK, and was held for the first time in May 2021. The goal is to hold the Council at least once every six months.



#### Operating the Non-deposit Product Committee

IBK newly established the Non-deposit Product Committee, which reviews the selection, sales, and follow-up management processes for non-deposit products that can result in losses, to prevent damage to financial consumers. IBK prevents the possibility of damage to financial consumers through a detailed, three-step process for selecting investment products.

#### [3-Step Process for Selecting and Reviewing Non-deposit Products]



## System to Protect Financial Consumers

### Implementing a Prior Consultation System for Financial Products

IBK holds prior consultations with the Financial Consumer Protection Department starting from the stage of developing financial products and marketing policies to reinforce the protection of consumers' rights. In relation to matters that are disadvantageous to consumers, the Financial Consumer Protection Department seeks solutions through discussions on work supplementation and improvement plans after reviewing related data. In addition, through regular monitoring, the Financial Consumer Protection Department tries to protect consumers' rights by taking measures such as discontinuing, supplementing, or submitting improvement plans if prior consultations are not implemented.

### Internalizing the Act on the Protection of Financial Consumers

IBK further enhanced the consumer protection system by enacting and revising related internal rules to perfectly reflect the Act on the Protection of Financial Consumers. IBK reinforced the remedial measures for financial consumers by applying the 'Subscription Withdrawal Right, Right to Cancel Unlawful Contracts, and Right to Demand Viewing of Materials' to the system.

### Education on Follow Up Management of Loans Such as Debt Collection Policy

We provide training on follow-up management of loans, such as debt collection policy, for all employees of IBK. This is an education to not only develop knowledge related to loan follow-up management, but also to prevent the occurrence of bad debts. Each year, 21 topics are selected and provided with detailed explanations using real cases. In 2021, we have selected situations that may occur at the business site, such as business handling related to provisional seizure, business handling in case of customer rehabilitation and bankruptcy, and fraudulent acts in banking transactions.

### Enacting the IBK Global Principles of Consumer Financial Protection

IBK enacted the Principles of Consumer Financial Protection in 2017 to practice consumer-centered management and spread awareness regarding the importance of protecting financial consumers among all employees. Further, the scope of the Principles was expanded to financial subsidiaries of the IBK Financial Group to establish a common consumer-centered management philosophy in 2021. In 2022, IBK enacted the IBK Global Principles of Consumer Financial Protection in different languages to share information regarding the meaning of the consumer financial protection with 59 overseas branches beyond South Korea.

#### Principles of Consumer Financial Protection

We will consider the customer's point of view in all of our business dealings.

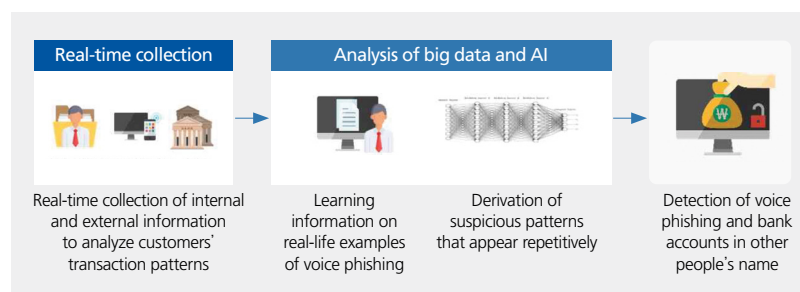
- ① We will strive to understand our customers' circumstances and recommend products and services that are appropriate for them.
- ② We will provide financial products and services in a transparent and easy-to-understand manner.
- ③ We will collect and use customer information safely and lawfully.
- ④ We will resolve customer complaints fairly and use them to improve our business.
- ⑤ We will treat our customers with respect and act with integrity in every transaction, large or small.
- ⑥ We will continue to strive to provide non-discriminatory financial services to economically vulnerable groups.



## Reinforcing the Prevention of Financial Accidents

### Protecting Customers' Assets through Prevention of Financial Fraud

IBK strives to block the entry of businesses that are suspected to have opened bank accounts in other people's names by enforcing the Investigation on Actual Conditions of Businesses for Bank Account Opening to eradicate such bank accounts. In addition, IBK built the AI Monitoring System for Financial Frauds Using Telecommunication to protect customers' assets against rapidly increasing voice phishing crimes. This system elaborately analyzes the types of victims and targets of voice phishing based on data collected internally and externally, protecting customers' assets by strengthening customized monitoring.



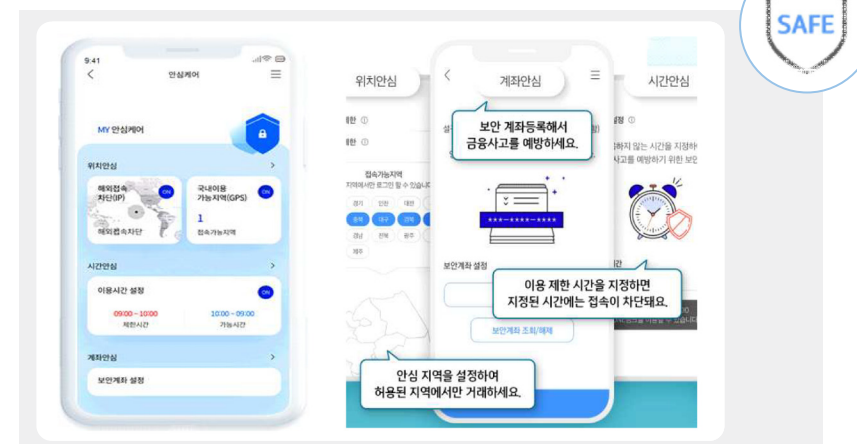
The AI Monitoring System has enabled IBK to prevent voice phishing damages quickly and accurately. In fact, as of January 2022, the number of bank accounts in other people's names reduced by about 70% compared to the same month of the previous year, enabling IBK to prevent financial fraud worth KRW 6.2 billion.

### Conducting Education for All Employees to Prevent Financial Accidents

IBK strives to achieve zero financial accidents by conducting educational programs that all relevant customer-facing employees can take at least once a year. Target groups for the educational programs to prevent financial accidents include pre-CEO level, persons promoted to grades 3 and 4, supervisors, and new bank employees. During on-site audits at branches, branch employees are provided education on the prevention of accidents. IBK will conduct proper education for each job grade to prevent financial accidents and conduct on-site education while auditing branches according to the annual audit plan.

### Providing Personal Mobile Banking, Secure Care Services

IBK gathers and provides security services via i-ONE Bank, a personal smart banking platform, to proactively prevent electronic financial frauds that are becoming increasingly sophisticated.



- ① **Secure Location-based Service** : IBK provides a secure location-based service that fundamentally blocks foreign access to the internet and smart banking and only allows users to log in from permitted regions by utilizing the GPS feature. It is the first banking service to use the GPS feature in Korea.
- ② **Secure Time of Use Service** : This service limits the time of use, only allowing users to access the app during the set time and fundamentally blocking the access of unauthorized users.
- ③ **Secure Account Service** : If bank account security is configured, this service disallows users to view their bank accounts or transfer money through mobile banking and only allows them to perform account transactions at branches and using ATMs.

## Improving Customers Rights

### Regulations on the Prevention and Mitigation of Complaints Concerning Financial Consumer Protection

IBK enacted the Regulations on the Prevention and Mitigation of Complaints Concerning Financial Consumer Protection, which regulate the procedures and standards to be followed when employees execute their duties to protect financial consumers by preventing complaints and enabling prompt remedies. Along with these regulations, IBK directly supports financial consumers onsite through Field Support 119 and continually improves any system inadequacies found while handling complaints. Complaint Prevention 119 is in operation as a regular reporting channel for branch employees to prevent complaints. IBK also conducts contact-free education for all employees on this subject.

### Operating Loan Modification Options to Safeguard Rights and Interests

IBK operates loan modification options to build a safe financial environment for consumers, fulfilling the social demand for better protection of financial consumers' rights and interests. In March 2022, IBK became the first bank to implement a contact-free subscription withdrawal process for increased customer convenience. IBK continues its efforts to protect consumers' rights by publicizing and providing guidance on the system for requesting interest rate cuts and accepting 88.6% of all requests to reduce interest rates.

#### 〈Outcomes of the System for Requesting Interest Rate Reductions (2016-2021)〉

Acceptance of requests		Interest rate reduction		Rate of acceptance (B/A)
Number of cases (A)	Loan amount (KRW 100 million)	Number of cases (B)	Loan amount (KRW 100 million)	88.6%
208,285	1,125,019	184,494	1,102,685	

### Revitalizing the Companion Desk

IBK introduced the Companion Desk in 2017 to strengthen its services for financially disadvantaged groups. Subsequently, IBK made efforts to enhance the accessibility of financially disadvantaged groups to financial transactions by publishing the Companion Desk Manual and increasing the number of branches where Companion Desk is available. In 2022, IBK will appoint employees exclusively in charge of the Companion Desk and educate them to provide better services to financially vulnerable groups.

### Education for Employees to Improve Customer Satisfaction

IBK produced the IBK CS Educational Broadcast with 46 episodes and broadcasted the series at all branches to improve the customer service capabilities of employees. IBK strives to improve customer satisfaction despite the circumstances caused by COVID-19, and conducts intensive Digital CS Consulting for branches.



### Employee training related to fair advertising policy

IBK is committed to training its employees on advertising policy for financial products and services. This is to promote the provision of useful information to protect the rights and interests of financial consumers and to establish a fair trade order. We support employees to learn practical procedures from the concept of advertising, essential inclusions, prohibited acts, and follow-up management through an advertisement business primer and practical guide. In addition, it is mandatory to prepare a checklist for each type of advertising business, and we are doing our best to protect financial consumers by requiring the deliberation of the department chief compliance office in charge.

## SPECIAL

### Education for Stakeholders

IBK provides educational opportunities and materials to various stakeholders to protect financial consumers and enhance their rights and interests. By sharing information about the latest economic issues, supporting academic research and custom online education, IBK will help financial consumers to gain a better understanding of finance and avoid exposure to financial accidents.

#### Supporting Research Project for Academic Thesis

IBK carried out a project supporting academic research to promote knowledge sharing relating to SMEs from January to October of 2021. Research plans were taken for 45 days, and 141 research tasks were accepted through major research institutions and universities at home and abroad. IBK selected 10 tasks for the development of SMEs and SME financing and provided SME data and research expenses.

Among the 10 research tasks selected and supported, three outstanding research papers were presented at a global academic conference. The three papers include a study on the determinants of startup investment, a study evaluating the value of machine learning for SME investment, and a study on IP finance. The research outcomes were shared with government ministries and international organizations like the OECD. From now on, IBK will continue to promote data-based academic research projects as a part of its efforts to enhance the sustainability and future competitiveness of SMEs.



#### Publishing a Weekly IBK Economic Brief and IBK Culture Stroll

IBK produces and publishes reports that summarize and analyze the latest economic, business, and cultural issues. During the year of 2021, IBK published 62 analytical reports including 'Digital Transition Strategy of Korean SMEs from the Perspective of OECD' and 'Characteristics of Economic Recovery after COVID-19 Crisis,' shared them with bank employees, and uploaded them onto the IBK Economic Research Institute website to make them available to general customers. IBK plans to examine changes in domestic and overseas environments and provide preemptive information about material issues.

#### Conducting Contact-free Seminars

IBK produced contact-free content in the form of invitational seminars for asset management customers and shared the content on YouTube. The content consisted of high-class themes that attract the attention of asset management customers, such as healthcare, real estate, law, and arts. Contents of the contact-free seminars were available for viewing at any time and place, and reached about 2,000 customers per item-approximately 40 times as high as in-person seminars.



## SPECIAL

## Supporting the Online Market Entry of Small Business Owners

IBK signed a business agreement with Naver to facilitate the online market entry of small business owners and jointly operated the Online Growth Program for Small Business Owners for about three months. This support program, comprising online education, live Q&A counseling, and consulting, shared with participants basic knowledge on tax, labor, and finance and provided tips on online market entry for small business owners.

In the future, online education programs will be provided twice a year, and educational content will be updated based on the opinions of those who previously received this education. IBK will constantly expand the programs to help small business owners enter the online market successfully.



Category		Online education	Live Q&A counseling and consulting
Key Courses		<ul style="list-style-type: none"> <li>Basic principles of tax and labor that small business owners must know</li> <li>Knowledge for small business owners to use and manage financial products</li> </ul>	<ul style="list-style-type: none"> <li>Tailored tax and labor counseling with experts (Accountants, labor attorneys)</li> <li>Tailored financial counseling with experts (Credit Officer)</li> </ul>
		<ul style="list-style-type: none"> <li>How to join and operate online shopping malls</li> <li>Secret to making product pages that sell and creating search ads</li> </ul>	<ul style="list-style-type: none"> <li>Making online shopping mall brands and advertisement consulting</li> <li>Customer response knowledge by communication experts</li> </ul>

## Monthly Economic and Business Magazine for CEOs of SMEs, CEO REPORT

CEO REPORT is the only monthly economic and business magazine in South Korea for CEOs of SMEs to impart financial literacy. This magazine shares various contents, including global economic and financial issues, industrial trends, policies and systems for SMEs, and provides business knowledge that CEOs of SMEs can understand easily. In 2021, 58,000 copies of this magazine were printed every month and distributed to CEOs of SMEs who are customers of IBK. The magazine helps SMEs engage in sustainable management by providing useful information.



## IBK Friend Service to improve financial literacy for employees of SMEs

IBK Friend is a service available on the IBK website and app, providing economic, business, and leadership reports and various kinds of knowledge held by the Samsung Economic Research Institute (SERICEO) to employees of blue-chip companies. In addition to reorganizing dormant members twice a year and conducting a regular selection process, non-regular selections are made if qualifications are satisfied to empower employees of SMEs.

## Social Contribution

IBK promotes various social contributions to realize its role as a corporate citizen. IBK will strive to fulfill its social responsibilities by promoting shared growth partnerships with SMEs, revitalizing communities that need a helping hand, promoting unpopular sports, and expanding support for culture and arts.

### Coexistence With SMEs

#### IBK Scholarship and Medical Expense Projects

IBK founded the IBK Happiness Sharing Foundation, a public welfare foundation, in March 2006 and contributed KRW 61.5 billion to enhance welfare for families of workers at SMEs that have inferior welfare conditions compared to conglomerates. Through the Foundation, IBK provided IBK scholarships of KRW 16.8 billion until 2021 to about 9,600 children of workers at SMEs who have outstanding academic records despite difficult circumstances. Undergraduates receiving IBK scholarships offered one-on-one online learning mentorship to children of workers at SMEs. In 2021, 100 mentors and mentees conducted 2,002 mentorship activities (1,417 hours). In addition, IBK provided aid for medical expenses of KRW 13.0 billion to about 3,000 family members of workers at SMEs who have rare, intractable, or serious diseases.



#### Operating Daycare Centers for Workers at SMEs

IBK was the first in the financial sector to sign an agreement with the Korea Workers' Compensation and Welfare Service to install common workplace daycare centers, as part of efforts to form a 'balanced work-home environment' in industrial complexes. The 'IBK Namdong Love Daycare Center' was opened as a daycare center exclusive for SME workers in Namdong Industrial Complex, Incheon, in April 2018. The 'IBK Gumi Love Daycare Center' was opened as the second daycare center in Gumi Industrial Complex in March 2019. As of 2021, 34 SMEs in Namdong Industrial Complex and 45 SMEs in Gumi Industrial Complex are participating in the daycare center consortium. Children of employees who work for companies participating in the consortium can join the daycare centers, which are operated until 9:30 p.m. to improve the convenience of childcare for workers. IBK will fulfill its social responsibilities by supporting the work-life balance of workers at SMEs and resolving the low birthrate issue.





## Supporting Communities



### IBK Hope Design

IBK runs social contribution businesses to provide professional solutions that are necessary to strengthen the independence and growth of small business owners by utilizing the talents and expertise of employees. IBK Hope Design was started in 2016 to improve the environment at old stores in underdeveloped alleys, such as the Yeomcheon Bridge Handmade Shoes Street and the Daesin-dong Socks Alley. IBK also supported the emergency recovery of the Gurye Five-Day Market, which suffered from an unexpected natural disaster.

In 2021, IBK helped small food truck business owners experiencing a sharp sales decline due to COVID-19 to make a comeback by offering one-on-one support on Brand Identity (BI), vehicle painting, signboards, and menu designs, considering major customer groups and menu items.

Furthermore, IBK personnel visited the Dried Seafood Market in Nampo-dong, Busan, which had lost momentum due to the lack of visitors, and replaced the signboards, awning screens, and display stands of 110 stores. IBK contributed to revitalizing the inactive local commercial area by making a new representative BI and a large-sized entrance signboard for the market.



### Support for Medical Professionals Fighting COVID-19

IBK donated KRW 150 million through the Hope Bridge Korea Disaster Relief Association to help medical professionals and quarantine workers who cannot take their protective clothing off despite the sweltering heat. The donation was used to install IBK hope refrigerators and provide snack packs, including beverages, for convenient use by medical professionals who are working hard at clinics in the community to control COVID-19.



## Supporting Sports, Culture, and Arts

### Operating IBK Sports Teams

IBK operates the IBK Altos Women's Volleyball Team and IBK Shooting Team to communicate with various stakeholders and to promote and expand the base for less popular sporting events.

The IBK Altos Women's Volleyball Team has contributed greatly to the development and success of women's volleyball. Thanks to innovative operations and strategic support, this team was ranked third during the 2020–2021 regular season and made it into the playoffs. Welcoming 2022, the IBK Altos Volleyball Team newly defined its vision and defined an operating plan to establish an advanced team culture and become a premium team in the next 10 years. IBK will establish an advanced team culture centered on communication and teamwork and strengthen communication with fans by promoting various programs.

The IBK Shooting Team implements bespoke training systems to maintain the abilities of the team at the highest level, creating an environment where athletes can solely focus on shooting. Based on systematic training and excellent coaching, the team achieved outstanding results in major domestic shooting competitions in 2021. In 2022, the IBK Shooting Team will come up with new operating strategies and try to attain excellent results at major international competitions, such as the Hangzhou 2022 Asian Games and the Paris 2024 Olympic Games.



### Expanding Support for Less Popular Sports



As a part of its social contributions, IBK endeavors to expand the base for less popular sports. IBK signed an agreement with the Korea Baduk Association and hosted the 'IBK Cup Women's Baduk Masters.' This tournament opened the doors to amateur female players to revitalize female Baduk and offered the largest total prize pot, KRW 76 million, among Korean Baduk tournaments for women.

IBK also signed an agreement to form the 'IBK Grand Slam Junior Team' by sponsoring prospective tennis players for the development of tennis in South Korea. Based on this agreement, IBK plans to sponsor KRW 300 million or more every year (KRW 1 billion for three years) to be spent on participation in ITF junior competitions at home and abroad and training fees at overseas tennis academies, aiming to foster junior athletes who make it into the top 10 junior players in the world within three years.



### Expanding Support for Culture and Arts

IBK expands its support for culture and art forms that have been experiencing difficulties due to the spread of COVID-19. By recruiting external experts and organizing a dedicated team to manage activities that support culture and arts, IBK will plan unique artistic and cultural projects, such as sponsorship of exhibitions and operation of scholarship systems, while generating social values by creating jobs and closing the gaps in culture and arts.

## SPECIAL

## Social Contribution Activities of IBK Financial Group

The IBK Financial Group hosted the 'IBK Financial Group Blood Donation Event' as national blood reserves have declined due to the prolonged COVID-19 pandemic. All employees of the Financial Group voluntarily participated. 1,004 blood donor cards were gathered, and all were sent to the Korea Childhood Leukemia Foundation to spread a sharing culture and overcome a nationwide social problem. The IBK Financial Group will continue to play its role as a corporate citizen by conducting diverse social contribution activities.

### IBK캐피탈

As a growing company, IBK Capital conducts various social contribution activities to fulfill its social responsibilities and help neighbors in need. In particular, IBK Capital continually identified and assisted overlooked neighbors who need a helping hand, such as the disabled, disadvantaged children, seniors who live alone, and single mothers. In 2021, IBK Capital increased its donation by providing KRW 800 million to 16 organizations.

**Donation** ■ 2019 ■ 2020 ■ 2021 (Unit : KRW million)



214

401

800



### IBK저축은행

IBK Savings Bank has been consistently conducting social contribution activities, such as a scholarship project established in 2019 and the One-Company, One-School Financial Education (Sogaya Middle School in Goseong, Gyeongsangnam-do) initiative that was started in 2017. In 2021, IBK Savings Bank identified and participated in new activities, such as a volunteer activity to make e-books for the visually impaired, which is a necessity in the era of COVID-19.



### IBK투자증권

IBK Securities has been faithfully fulfilling its corporate social responsibilities, guided by the belief of making 'investments to create values instead of costs.' In 2021, IBK Securities promoted Dream Relay as a project to support youths, donating KRW 50 million to Youth Mungan and donating 365 used books collected from employees. In addition, IBK Securities promoted a project called 'Together With SMEs' for co-sponsoring outstanding products made by SMEs. Through this project, IBK Securities and KM Pharmaceutical provided 40,000 hand sanitizers worth KRW 20 million to the Fruit of Love, a community chest for the underprivileged in South Korea.



### IBK시스템

IBK System fulfills its social responsibilities through activities such as donating to the Green Umbrella Child Fund, regularly sponsoring a facility for severely disabled children (Dandelion Wool), participating in the IBK Love Relay Blood Donation Campaign, setting up the One-Company, One-Village Sisterhood (Onsaemi Village, Chuncheon), promoting regular consultative groups with suppliers, and offering consulting services.



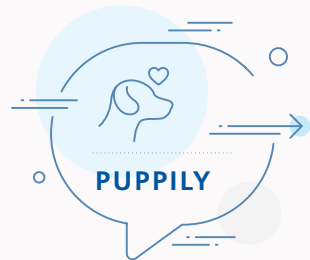
## Social Contribution Activities of Employees

IBK operates a system to support employees' volunteer clubs with the aim of facilitating volunteer activities and helping local communities.

All employees can organize a volunteer club and be financed based on actual expenses. We introduce Puppily (Puppy + Happily), a volunteer club for abandoned dogs, as a representative example!

### Puppily

'First Puppily' is a volunteer club at IBK for abandoned dogs, formed in June 2021 out of a love for animals. The club started with 10 members and now has 38 members running the 'Third Puppily.' Puppily will take steps to offer a special day, or maybe a special life, to animals.



#### Major Activities in 2021

The club visited five shelters seven times from June to December and donated KRW 7 million by gathering donations from the Social Contribution Department and membership fees paid by individual members.

#### Shelters Visited

- Beagle Rescue Network Cooperative (Asan)
- Namyangju Abandoned Dog Shelter (Namyangju)
- Azine Village (Gimpo)
- Haeng Dong Sa (Paju)
- Yongin Shelter (Gwangju)



# Inclusive Finance

When providing financial services, IBK strives to increase accessibility for financially disadvantaged groups and assist their economic independence by expanding provision of microfinancing and offering customized support, including credit recovery assistance. In addition, IBK drives the efforts to expand inclusive finance by supporting social economy companies in distributing financial resources for activities that pursue social values.

## Expanding Financial Accessibility



Targets of Education	Details of Education
Students	Becoming a bank employee for one day, creating a personal, unique bankbook, a program to provide digital finance education
Seniors	Experiencing i-ONE Bank, education to prevent financial frauds
Multicultural families	Basic financial education on new bank accounts and overseas remittance

Differentiated financial literacy strategies

## Expanding Accessibility with Alternative Branchless Distribution Channels for Financially Disadvantaged Groups

IBK strives to remove financial blind spots by sending mobile offices (U-IBK) equipped with banking facilities and workers to provide in-person financial services for workers and soldiers located in remote areas where it is difficult to visit bank branches. In 2022, IBK newly created the Financial Harmony CAR Program for financially disadvantaged groups. Financial Harmony CAR is a program where mobile offices (U-IBK) visit vulnerable groups, such as students in farming and fishing villages, youths, seniors, and multicultural families to provide specialized financial and economic education and services. In addition, IBK has enabled financial transactions like deposits and withdrawals using counters and ATMs at post offices through a business partnership with Korea Post, thereby expanding financial support for SMEs and customers in regions without branches.



## Financial and Economic Education for Financially Disadvantaged Groups

With the digital transition, an increasing number of bank branches are closing down, exacerbating the problem of digital financial exclusion of seniors who lack digital capabilities. IBK supports digital finance and economic education for seniors and middle-aged homemakers to help these disadvantaged groups adapt to the rapidly changing financial environment. In addition, IBK strives to strengthen the financial capabilities and literacy of youths by conducting financial and economic education for youths who lack financial knowledge. IBK conducted 17 sessions of financial and economic face to face education for youths in 2021, and 907 persons participated. IBK also planned and provided contact-free environmental volunteer activities to raise ESG awareness among youths.





## Expanding Financial Accessibility

### Expanding Global Financial Accessibility

As a part of the Korea-Saudi Arabia Vision 2030, a policy cooperation project between the Korean and Saudi Arabian governments, IBK signed a business agreement with the General Authority for Small and Medium Enterprises in Saudi Arabia and assisted with the project to establish the SME Bank in Saudi Arabia. Through this agreement, IBK shared its knowledge in devising strategies to establish and operate the SME Bank, building a risk management system, developing policy products and services related to SME finance, and building a loan management system. IBK will continue to assist the Saudi Arabian government in enhancing financial accessibility for SMEs and expanding inclusive finance for the financially disadvantaged, such as small business owners and startups.



### Supporting Services for Foreign Customers

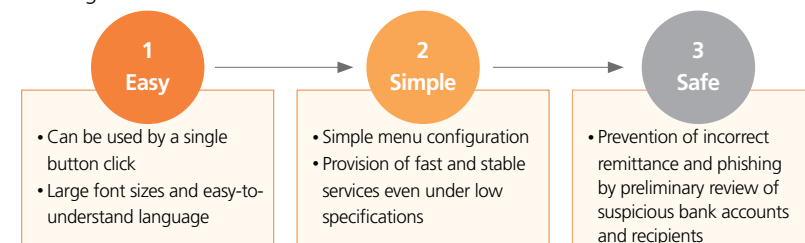
IBK provides exclusive mobile banking for foreigners (i-ONE Bank Global) to assist them in performing financial transactions conveniently by resolving the difficulties experienced by foreign customers who may be overlooked in terms of financial services. The excellence of this service was externally acknowledged and IBK received an award from the Minister of Science and ICT (Grand Award) for Digital Insight at the ICT AWARD KOREA 2021, which selects and awards the most innovative and outstanding web and app services. Furthermore, IBK uses an integrated notice in 15 languages to provide products that have high demand among foreign customers, such as overseas remittance, currency exchange, and debit cards, for seamless financial transactions.

### Supporting Services for Disabled Customers

IBK annually renews the 'Web Accessibility Mark,' a mark granted to services that follow the standard guidelines for websites and internet banking targeting the visually impaired. IBK increases financial accessibility for disabled customers by also providing specialized services, such as the chatbot service for the visually impaired and visible ARS and sign language counseling for the hearing impaired.

## Innovation in Mobile/Online Distribution Channels

IBK provides easy banking services using interfaces that are simple and legible with large font sizes to enhance digital accessibility for elderly customers who are unfamiliar with digital devices.



IBK launched the i-ONE Small Business Owner app, an exclusive platform for small business owners, in 2020 for private and small business owners who have low digital accessibility. Through this app, small business owners are provided with easy and convenient financial services for carrying out ordinary business activities, including the integrated view of private and corporate bank accounts, labor affairs, laws, and tax affairs. By the end of January 2022, 67,729 small business owners registered as users of the app. IBK will expand its platform role by revitalizing the community through the small business owner academy and provide private business loans exclusive to the i-ONE Small Business Owner app.

## Operating Digital Partnership Branches

In addition to branches, IBK operates mobile branches where customers can sign up for products using digital channels, providing financial services to customers who have difficulty visiting branches. Digital partnership branches comprise search ads exposed to major portal sites and external platforms such as Samsung Pay and PAYCO.



## Supporting Microfinance

### Expanding Support for Microfinance

IBK won the Chairman of the Financial Services Commission Award at the 11th People's Finance Forum and Awards that took place in February 2022, as acknowledgement for its contributions to expanding microfinance and practicing inclusive finance.

The total amount of microfinance products supplied in 2021 was KRW 753.4 billion, and the amount given out through New Hope Spore, IBK's main microfinance product, was KRW 244.4 billion. Stable Living Loan for Laborers is a loan based on an agreement with the Korea Workers' Compensation and Welfare Service, and the scope of this loan was expanded to cover special laborers like parcel service workers and children of low-income workers. As a result, IBK provided KRW 148.9 billion for 20,519 cases during the year.

Along with the reduction of the legal maximum interest rate (24%→20%), IBK released and expanded new microfinance products for financially disadvantaged groups.

#### 〈Supply of New Microfinance Products Released in 2021〉

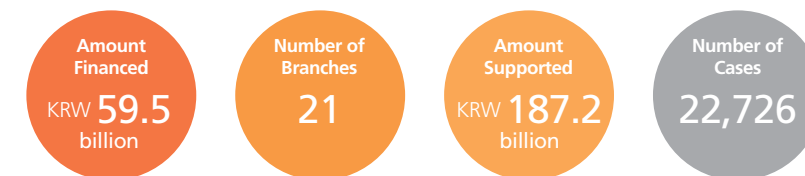
Name of Product	Number of Cases	Amount (KRW 100 million)
① Bridge Guarantee Secured Loan	235	52
② Sunshine Loan 15	1,964	164
③ Safety Net Loan II	182	17
④ Sunshine Loan Bank	54	7

- ① IBK Bridge Guarantee Secured Loan is a policy financial product to encourage normal redemption of business loans and provide an opportunity for the revival of small business owners that closed down their business.
- ② The IBK Sunshine Loan 15 supports livelihood costs and replaces Sunshine Loan 17.
- ③ The IBK Safety Net Loan II converts high interest loans into institutional loans.
- ④ The IBK Sunshine Loan Bank helps customers to use institutional finance instead of high interest loans from non-monetary institutions.

In the future, IBK will expand its provision of microfinance products to a contact-free environment to increase convenience for customers, enhance financial accessibility, and diversify support channels. By releasing and selling microfinance products tailored to help low-income and low-credit customers, IBK will perform the role of a financial safety net for financially disadvantaged groups.

### Operating the IBK Smile Microbank Foundation

IBK established the 'IBK Smile Microbank Foundation' to help financially disadvantaged groups, such as low-credit and low-income groups that experience economic difficulties, to make a fresh start and become financially independent. The IBK Smile Microbank Foundation offers unsecured and non-guaranteed loans for startups and business operations to recipients of basic livelihood and lower-income groups who do not have access to institutional finance. In the future, IBK will continue to expand its support for financially vulnerable groups by funding microfinance and launching new products.



### Expanding ATM Fee Exemptions

IBK expanded the 50% reduction applied to ATM fees during operating hours to a full exemption to enhance convenience for elderly customers aged 65 years or above and to practice inclusive finance, thus reducing the difficulties experienced by financially disadvantaged groups.

\* (ATM operating hours) Monday – Friday : 08:30–18:00, Saturday : 08:30–14:00



## Supporting Microfinance

### Cards for Faithful Loan Payers Recovering Credit

IBK and the Credit Counseling and Recovery Service jointly promoted a project issuing cards for faithful loan payers who are recovering their credit. This was done to support the economic comeback of financially disadvantaged groups and to facilitate inclusive finance. The term 'faithful loan payers' refers to debtors who have been faithfully repaying loans for six months or longer after receiving debt settlement by the Credit Counseling and Recovery Service. IBK fulfills its social responsibilities as a public financial company by issuing debit cards with small credit limits and deferred transportation payment features for financially disadvantaged customers who have difficulty being issued cards.

### Reduction of Early Repayment Fee

IBK temporarily reduced early repayment fees by 50% for customers who took out loans when the interest rates were high, alleviating their financial burden, encouraging them to repay loans, and securing financial resources to give loans to those in need (operated from 11. 9. 2021~ 6. 30. 2022). After implementing the fee reduction, the reduced early repayment fee stood at about KRW 330 million over a period of approximately two months by the end of 2021.

At the same time, IBK continually operates contact-free credit loans for financially disadvantaged groups and maintains the existing system for exempting early repayment fees for microfinance.

Target Products	Exemption Criteria
Credit Loans	Full exemption for new credit loans taken out through contact-free channels
	Full exemption if loans are fully repaid within 14 days after they are taken out
Microfinance Loans	Full exemption for products supporting disadvantaged groups, like low-income and low-credit customers (New Hope Spore, Sunshine Loan, Stable Living Loan for Laborers, etc.)
Others	Full exemption if converting a floating rate loan into a fixed rate loan with a loan period of three years or longer

### Actively Supporting Financial Recovery Using the Debt Reduction System

IBK offered a special debt reduction of up to 90% for small-sum overdue debtors with loan overdues of KRW 30 million or smaller according to the overdue period, aiming to help small business owners facing hardships because of COVID-19 to make an economic comeback.

#### 〈Special Reduction Contract Status of Small Business Owners (May-June 2021)〉

(Unit : KRW million)

Number of Customers	Debt Amount	Collected Amount	Reduced Amount	Reduction Rate
96	1,142	437	705	61.7%

In addition, IBK operated a special program by temporarily expanding the range of debt reduction and installment periods to assist debtors with special receivables in their efforts to make a financial recovery. Debts were additionally reduced by up to 80% depending on the special receivable period, and the installment period was increased from three to five years to lessen the repayment burden.

#### 〈Special Debt Reduction Program Contract Status〉

(Unit : KRW million)

September-November 2020	September-November 2021
4,847	5,671

IBK supports the financial recovery of disadvantaged groups by implementing regular debt reductions and installments for credit card receivables throughout the year. In 2021, IBK helped financially disadvantaged groups in becoming economically independent by removing overdue information and public information provided by the Korea Credit Information Services after contracting for debt reduction and installment.

#### 〈Status of Contracts for Debt Reduction and Installments with Regard to Credit Card Receivables (2021)〉

Category	Number of Cases	Amount
Debt reduction	2,626 cases	KRW 6.5 billion
Installments	1,294 cases	KRW 4.6 billion

## Supporting Social Enterprises

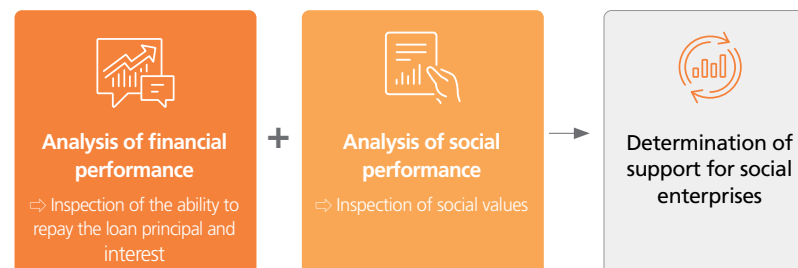
### Expanding Financial Support for Social Enterprises

IBK enacted the Social Finance Support Standards in September 2021 to revitalize financial support for social enterprises that provide social services and create jobs for disadvantaged groups. Social finance support is provided to social enterprises that have low credit or lack security but have shown satisfactory business forecasts.

IBK developed the Loan Review Checklist for Social Enterprises to be used when providing loans to companies that work for the public interest and community in the social and environmental areas. The Checklist reflects the specificity of social enterprises to quantify and measure the financial and social performances of enterprises, thus measuring their social values to be used as references during loan reviews.

#### 〈Social Performance Checklist〉

Category	Details of Measurement
Social Service Performance	Measurement of improvement in the quality of life for the target group resulting from the provision of social services (products)
Employment Performance	Measurement of increase in benefits as a result of the employment of socially disadvantaged groups
Social Ecosystem Performance	Measurement of performance enhancing social and public values



By the end of 2021, IBK provided loans worth KRW 340 billion to social enterprises and offered consulting services to strengthen their autonomy. IBK will continue to expand various supports for social enterprises, such as operating reductions in interest rates to reduce financial expenses.

### Joining the UN PRB's Commitment to Financial Health and Inclusion

IBK joined the Commitment to Financial Health and Inclusion, which was launched by the UN PRB in December 2021 to enhance financial inclusion and financial soundness for customers, as one of the 28 founding institutions and the only Korean institution.

Participating institutions must disclose their goals for inclusive finance and soundness and fulfillment status in connection with Principle 6, Transparency and Accountability, of the UN PRB within 18 months after the date of joining. In the future, IBK will disclose its fulfillment outcomes and promote inclusive finance by exchanging information with leading global banks and identifying international methodologies.



## Innovative Growth

Based on its digital vision, goals, and strategies, IBK drives innovative changes through the digital transformation. By responding to new paradigms arising from the digital transformation, IBK identifies and supports innovative companies and facilitates the growth of startups by increasing the supply of venture capital. In addition, IBK has strengthened policy finance for sustainable development by proactively restructuring businesses of traditional companies and assisting the ESG and green transition.

### Digital First IBK

#### Digital Transformation Strategy

IBK perceives and promotes the digital transformation as a reimagining of corporate culture, beyond simply establishing digital infrastructures and making data-based decisions. The digital vision of IBK is 'Easy, Fast, and Convenient Digital IBK'. IBK aims to enhance employees' satisfaction by increasing the efficiency of work through digital technology, and the ultimate goal is to maximize customer satisfaction.

Digital Vision	Easy, Fast, and Convenient Digital IBK		
Directions	Customer satisfaction	Work efficiency	Profit-making
Intermediate Goals for 2023	Digital customers : 8 million	Work automation : 2 million hours	Digital profit : KRW 250 billion

IBK has established mid- to long-term digital goals, along with three intermediate goals, and the KPIs to evaluate these goals. Outcomes are divided into four categories, including digital customer, work automation, digital profit, and digital foundation. The Digital Innovation Committee, supervised by the CEO, is convened once or twice a month to make quick decisions and strengthen executive capabilities for the digital transformation. The Committee inspects and promotes new digital businesses and work automation to review elements such as bank-wide digital strategies and My Data. In 2022, IBK will achieve Easy, Fast, and Convenient Digital IBK by building a system for managing the digital customer experience, gathering customers' opinions and complaints that arise at all customer contact points to remove inconveniences.

#### Branch Appointment Service

After having run a pilot test of the Branch Appointment Service for making appointments to visit branches using the 'i-ONE Bank' app or 'Naver' at 32 branches in November 2021, IBK has planned to expand the service. Customers can make appointments by entering the branch they intend to visit, date, time, and details of the consultation, and receive information about the documents required for the consultation in advance. The Branch Appointment Service increased customers' convenience and shortened the waiting time for visitors.

#### Digital Personal Authentication Service

The Digital Personal Authentication Service was designated as an innovative financial service by the Financial Services Commission. When customers of IBK visit the bank without an ID card, they can verify their identity through mobile phone authentication (i-ONE Bank). Upon launching, this service was first applied to 36 transactions like withdrawals and new deposits. It was subsequently expanded to foreign currency exchange and retirement pension transactions, and now covers 123 transactions. As a result, 566 branches-corresponding to 89% of all branches in Korea-handled 5,543 transactions through digital authentication by the end of 2021. This service allowed branches to process transactions without an actual ID card, offering great convenience to customers.



## Digital First IBK



### My Data Business, i-ONE Asset Management Service

My Data is a business that gathers personal finance data scattered across all financial institutions, including banks, credit card companies, security businesses, and insurance providers, on behalf of customers who agree to avail the service. Financial asset status is displayed based on the gathered data, and various asset management services are provided by analyzing the customer's characteristics and recommending tailored products. The Korean government implemented a My Data demonstration service based on the API method in December 2021, and IBK newly launched the i-ONE Asset Management Service. The i-ONE Asset Management Service offers integrated viewing of financial information, analysis of financial status, support for credit management, recommendation of financial products, and specialized services like "recommendation of government subsidies" and "career management" for workers at SMEs.

After My Data was enforced by the government in full scale in 2022, IBK added convenient personal authentication methods and increased the number of institutions that can be linked at the same time from 5 to 30, further enhancing convenience for customers. From now on, IBK will raise customer satisfaction as a 'financial assistant' that gathers and shows financial information.

### Payment Service for Small Business Owners

IBK BOX POS is an innovative payment service that allows customers to use their smartphones as credit card payment devices simply by installing an app instead of using an actual point of sale device (POS). BOX POS does not require any cost for purchase, installation, or maintenance, and supports various payment methods like Samsung Pay and simple payment. BOX POS can be installed on the smartphones of multiple employees at a business place. After launch of the service in February 2021, about 48,000 companies subscribed for this service by the end of December and 57,000 payments were processed using BOX POS.



### Promoting Two Million Hours of Automated Work

IBK promotes the 'Project for Two Million Hours of Automated Work,' a project to automate all simple and repetitive works using digital technologies. The 'Work Automation Task Force' was organized to accomplish two million hours of automated work by 2023 by conducting a complete enumeration of all work processes. As a result, the TF reduced the workload by about 500,000 hours by automating 102 tasks across 31 departments by the end of 2021. From now on, IBK will enhance work efficiency by identifying and managing tasks that can be automated.

#### Major Examples of Work Automation

##### (1) New non-contact retirement plans (DB and DC) using electronic contracts and RPA

It was not easy to digitalize new retirement plans transactions because of the requirements of obtaining consent from the majority of laborers and reporting to the Ministry of Labor, but IBK became the first financial institution to establish a new non-contact process using electronic contracts and RPA.

##### (2) Inspection of financial sanctions and reinforcement of internal control using OCR

IBK utilized OCR technologies to review port names, city names, and airport names of banned countries based on evidential documents when inspecting financial sanctions related to remittances from other banks in high-risk countries. Along with this, IBK strengthened its management system by automating the transaction suspension process.

##### (3) Digitalization of guaranteed loan process using AI technologies

IBK operates the AI-based Process for Recommending Guaranteed Loan Products using AI technologies for natural language processing. When providing consultations on loans guaranteed by local foundations, the AI analyzes special options in loan products to automatically recommend products tailored for each customer.

## Digital First IBK

### Introduction of IBK 1st Lab

IBK 1st Lab is an innovative testbed that reviews whether digital innovation technologies and ideas by digital innovation companies can be converged with the products, services, and work processes of IBK and promotes commercialization if the test is successful. In order to facilitate organic collaboration with financial technology companies and departments, IBK built office space on the 1st basement floor of the IFT. In 2020, 17 companies participated in Phase 1 of IBK 1st Lab, and two cases were commercialized. In 2021, IBK selected and tested 10 companies for Phase 2 of IBK 1st Lab, among which four projects passed the test and are being commercialized.











#### 〈Test Details of Phase 2 of IBK 1st Lab〉

Area	Task Name and Details
ESG	<b>Introduction of the Program to Support ESG Management of SMEs</b> <ul style="list-style-type: none"> <li>• (Overview) IBK conducts tailored consulting on demonstration projects according to the diagnosis of the ESG response level of companies that transact with IBK and 'Who's Good,' a company that diagnoses ESG response levels using AI and big data technologies.</li> <li>• (Outcome) Companies recommended by regional headquarters participated in the demonstration project in 2021; IBK will officially implement the program and expand the scope.</li> </ul>
	<b>Building the Preliminary AI Verification System for SMS</b> <ul style="list-style-type: none"> <li>• (Overview) Preliminary AI verification of 'advertising phrases' in SMS sent out to customers who did not agree to receive marketing messages               <ul style="list-style-type: none"> <li>※ Completed applying for a BM patent</li> </ul> </li> <li>• (Expected effect) Prevention of customers' complaints about 'advertising SMS'</li> </ul>
Biometric Authentication at Innovation Branches	<b>Formation of Face Bank</b> <ul style="list-style-type: none"> <li>• (Overview) Deposit, withdrawal, management of various accident reports and so on are available at branches without an ID card by using face authentication               <ul style="list-style-type: none"> <li>※ Completed applying for a BM patent</li> </ul> </li> <li>• (Expected effect) Reduce customers' inconvenience about having to bring ID cards for counter transactions</li> </ul>
Work Process AI	<b>Building an AI-based Digital Personnel Transfer System</b> <ul style="list-style-type: none"> <li>• (Overview) Deriving optimal plans for personnel transfer within regional headquarters by analyzing employees' commuting distance data using AI</li> <li>• (Expected effect) Securing transparency and fairness in the process of assigning personnel duties, such as branch assignment</li> </ul>

To expand the scope of IBK 1st Lab, IBK established a fintech collaboration channel in the Mapo and Yeouido areas by signing the 'Business Agreement to Support Commercialization of Fintech' with the Seoul Metropolitan Government. Through this agreement, IBK will install exclusive test space for IBK 1st Lab within the Seoul Fintech Lab operated by the city of Seoul in Yeouido. This test space will continually seek fintech companies that have innovative technologies and ideas and will offer various testing opportunities.

In 2022, IBK will review unique, innovative services by utilizing various technologies, working together with eight companies selected for Phase 3 of IBK 1st Lab. IBK will use the digital technologies held by collaborating companies, with focus on the management of digital customer experience, work automation, support for small business owners, and support for ESG management, to promote innovative businesses that can be applied internally within the bank.

#### 〈Companies Participating in Phase 3 of IBK 1st Lab〉

Name of Company	Technology in Possession	Application Area
Teddysum Co., Ltd. 	AI-based NLP* technologies * Natural Language Processing	Management of digital customer experience
Lomin Co., Ltd. 	AI-based OCR* technologies * Optical Character Recognition	Support for promotion of bank-wide work automation
Oasis Business Co., Ltd. 	Algorithms for estimating commercial real estate sales using big data	Building a management system for small business owners
HowtoBiz Lab Co., Ltd. 	A platform simplifying and automating mobile tax and accounting specialized in small-sized businesses	Innovative services for small business owners
AnTok Co., Ltd. 	A big data platform that computerized 300 or more categories of alternative data of over 700,000 domestic corporations in seven areas	Alternative credit rating of SMEs based on non-financial information
Daetgo Co., Ltd. 	Solutions for efficient use of building energy based on AI, IoT, and digital twin	Support for ESG management of banks
COGCOM Co., Ltd. 	Optimal systems for extracting, summarizing, and searching information using AI based on cognitive engineering	Efficient bank-wide management and search for knowledge and information
WAI Co., Ltd. 	Data analysis and tutoring services based on auto Machine Learning (ML*) * A technology that automates repetitive tasks in the machine learning development process	Introducing innovative digital technologies

## Supporting Startups

### Opening IBK Changgong Daejeon

IBK Changgong is the leading startup platform of IBK that provides comprehensive financial services based on internal SME financing knowhow and consulting capabilities. Starting with the launch in Mapo in December 2017, IBK Changgong was additionally opened in Guro in October 2018 and Busan in 2019. In January 2022, IBK Changgong Daejeon was opened for the purpose of contributing to the revitalization of the regional startup ecosystem and fostering innovative tech-based startups.

By collaborating with the Innopolis Foundation and utilizing the industrial, academic, and research infrastructures in Daejeon, IBK Changgong Daejeon will find and foster innovative startups with core industrial technologies, such as information communication, AI, and biotech.



### Contact-free Startup Fostering Platform, Online Changgong

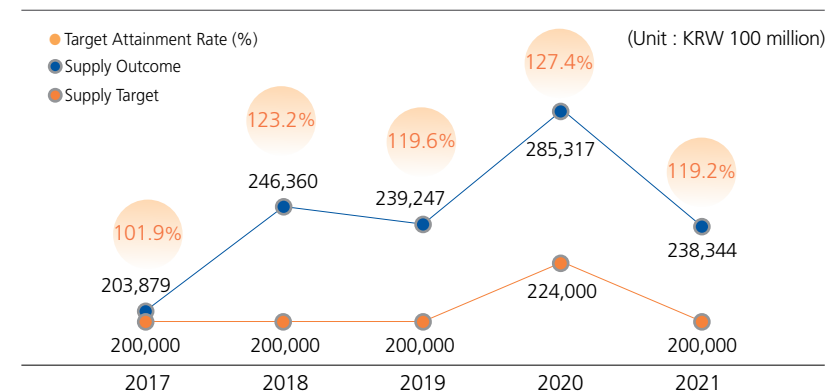
The startup fostering programs of IBK Changgong have been turned into web-based online programs to provide contact-free information about startup education, support projects, and self-diagnosis, and offer opportunities for online networking among innovative startups. Based on the knowledge and expertise of IBK Changgong, IBK will help many startups grow by diversifying the operating models of the startup support platform.

### Collaborating with Outstanding Mid-sized, Small, and Medium Companies

IBK hosted the IR, Open Innovation Event by collaborating with various organizations, including the Foundation of Middle Market Enterprises of Korea, Korea Telecommunications Operations Association, Busan Chamber of Commerce and Industry, and Innopolis Headquarters. Through facilitating collaboration among companies, IBK promotes business linkages among mid-sized companies, SMEs, and new businesses by attracting investments in innovative startups and pioneering sales channels.

### Achieved External Startup Supply Target of KRW 20 Trillion

IBK separately established plans for financing of over KRW 20 trillion for startups every year starting in 2017 to revitalize the startup ecosystem. In 2022, IBK will supply a fund of KRW 20 trillion to resolve the financial challenges currently being experienced by startups.



## Expanding Technology Finance and Venture Capital

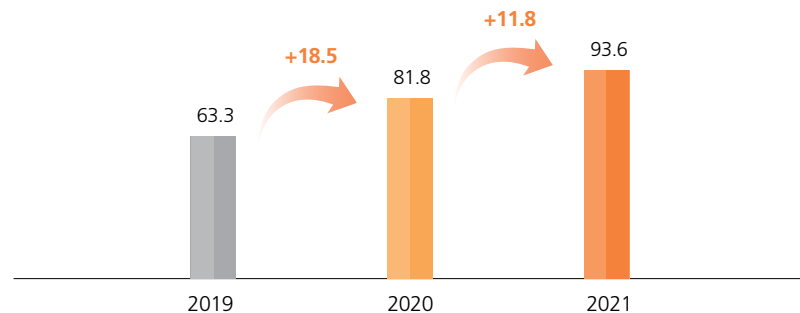
### Expanding the Supply of Technology Finance

Despite the COVID-19 crisis, IBK was consecutively ranked no. 1 in the first and second halves of 2021 in the Tech Evaluation, a technology finance evaluation organized by the Financial Services Commission. IBK was highly rated for supporting technology superior SMEs.

Increased supply of technology finance was the outcome of finding and supporting companies with cutting edge technologies and high future growth potentials through strengthening organic links between the headquarters and branches. In particular, IBK showed outstanding results in IP secured loans, movables secured loans, and technology-based investments by raising banks' attention to innovative finance, gaining a solid position as a leader in innovative finance.

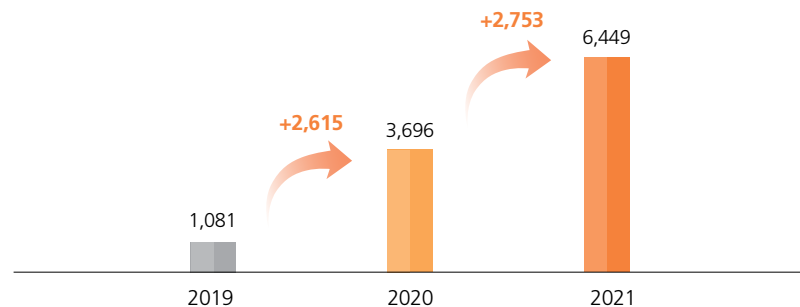
#### Balance of Technology Finance Loans

(Unit : KRW trillion)



#### Balance of IP Secured Loans

(Unit : KRW 100 million)



### Increasing Supply of Venture Capital

IBK promotes venture capital investments with a focus on fostering technology-based companies, an area where IBK has shown inadequate performance, by utilizing its strengths in technical information, infrastructure, and financial support. After establishing a plan to supply venture capital of KRW 1.5 trillion over three years beginning in 2020, IBK contributed to promoting the Second Venture Boom by supplying venture capital of KRW 653.6 billion in 2021, the largest annual amount in history, despite COVID-19.

#### 〈Supply of Venture Capital to SMEs and Ventures〉

(Unit : KRW 100 million)

	2019	2020	2021
Direct Investment	984	992	1,075
Indirect Investment	1,624	2,315	5,461
Total	2,608	3,307	6,536

The supply of venture capital directly leads to the innovative growth of companies. In fact, 13 companies in which IBK invested in 2021 succeeded in their IPO on KOSDAQ, representing the biggest success in history of IBK.

#### 〈Number of Invested Companies That Successfully Completed an IPO〉

(Unit : EA)



# Governance

Governance

Compliance  
and Ethical  
Management

Risk  
Management

Information  
Protection



## 21/22 Highlights

ESG Committee

Code of Ethics  
and Conduct for  
Suppliers

Financial  
accident  
prevention training

ISO 27001  
International Standards

Zero  
information security  
accidents

Protection of  
Personal Information  
S Grade



## Governance

IBK believes that reliable, efficient, and transparent corporate governance is essential for the organization to grow steadily and protect the interests of stakeholders, including shareholders. Such corporate governance can be established and maintained by promoting checks and balances among members, ensuring the expertise and diversity of members, and openly disclosing the standards, processes, and results of the work undertaken by the organization. IBK will continue its conscious management to enhance corporate values by increasing the transparency and efficiency of governance.

### Current Status of the Board of Directors

#### Organization of the Board of Directors

The BOD of IBK comprises up to seven directors pursuant to Article 25-2 of the Industrial Bank of Korea Act, Article 33 of the Articles of Association, and Article 2 of the BOD Regulations. It is specified that the majority of BOD members shall be independent outside directors. In its actual operation, the BOD consists of six members, including the CEO, Deputy CEO, and four independent directors. The BOD is concurrently chaired by the CEO according to Article 25-2 of the Industrial Bank of Korea Act. To ensure the independence of the BOD and as a necessary check against management, the BOD must be majority independent and consist of more than three independent directors if a person who is not an independent director concurrently holds the office of chairperson of the BOD. The BOD only meets with the attendance of a majority of BOD members, and resolutions are passed by a majority vote.

#### Operating Status of the Board of Directors

The BOD was convened 10 times in 2021, and the average attendance rate of directors was 98%. The BOD discussed 66 agenda items. Materials related to the agenda are sent out 10 days prior to BOD meetings to improve operational efficiency. As the highest decision-making body of the bank, the BOD deliberates on agenda items and makes decisions from objective and reasonable viewpoints for the sustainable development of the bank.

#### Composition of the Board of Directors

(as of the end of December 2021)

Name	Date of Birth	Position	Career Highlights	Term
Yoon Jong-won	Dec. 4, 1960 (Male)	CEO	(Former) Senior Presidential Secretary for Economic Affairs (Former) OECD Ambassador Extraordinary and Plenipotentiary (Former) IMF Executive Director	2020.01.03. ~ 2023.01.02.
Kim Sung-tae	Jun. 27, 1962 (Male)	Deputy CEO	(Former) IBK Capital CEO (Former) Head of the Business Strategy Group at IBK (Former) Head of the Consumer Protection Group at IBK	2020.03.20. ~ 2023.03.19.
Shin Chung-shik	Aug. 25, 1955 (Male)	Independent Director	(Current) Advisor to Samil Accounting Firm (Former) Advisor to NongHyup Investment & Securities (Former) President of NongHyup Bank	2019.03.27. ~ 2022.03.26.
Kim Se-Jik	Jan. 25, 1960 (Male)	Independent Director	(Current) Professor of Economics at Seoul National University (Former) Member of Financial Development Committee of Financial Services Commission	2019.03.27. ~ 2022.03.26.
Kim Jeong-hoon	Jun. 24, 1958 (Male)	Independent Director	(Present) Adjunct Professor, Department of Legal Administration, Graduate School of Public Administration and Welfare, Dankook University (Former) Outside Director at IBK (Former) Head of the Audit and Examination Office at the Korean Banking Institute	2021.04.08. ~ 2024.04.07.
Jeong So-min	Oct. 12, 1971 (Female)	Independent Director	(Current) Professor at Hanyang University School of Law (Current) Member of the Financial Development Deliberation Committee, Financial Services (Former) Interpretation member of the Committee on Statutory Interpretation, Ministry of Government Legislation	2021.04.08. ~ 2024.04.07.

Current Status of the Board of Directors

Committees Within the Board of Directors

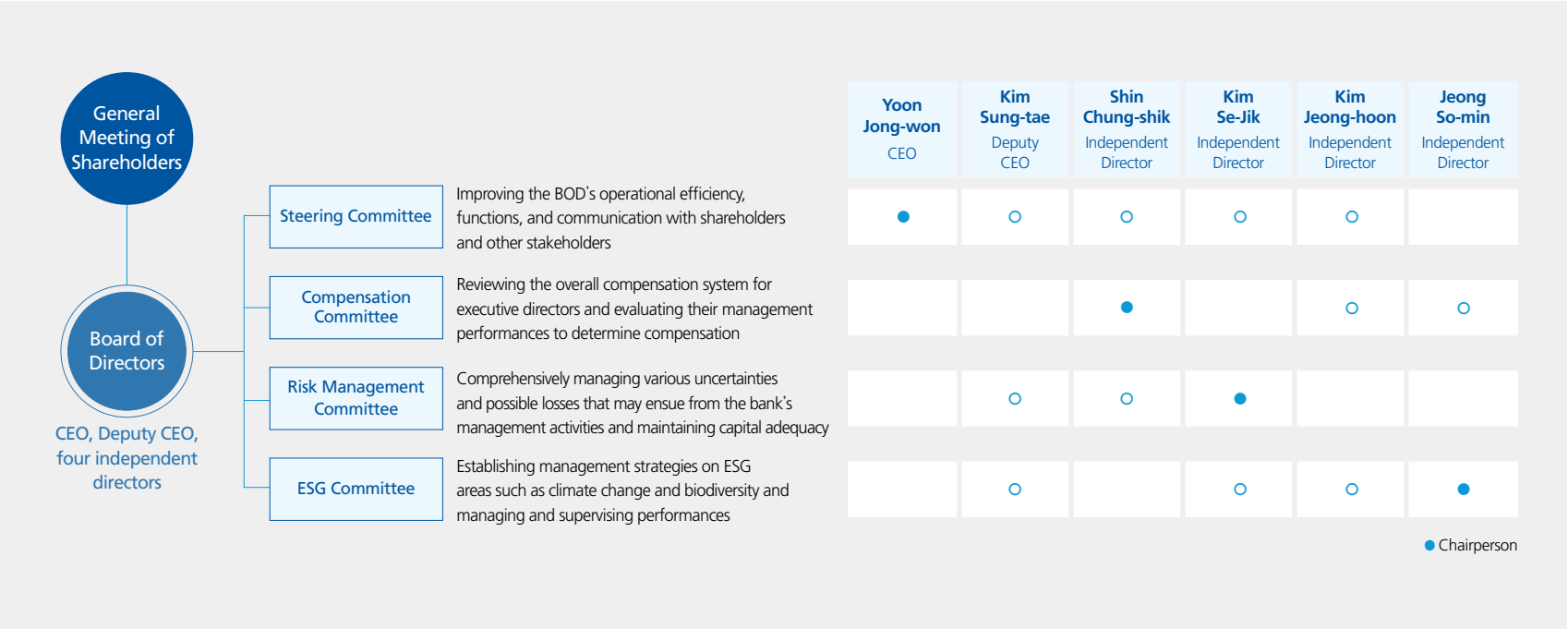
Committees within the BOD include the Steering Committee, Compensation Committee, Risk Management Committee, and ESG Committee. The activities of each committee are defined in accordance with regulations to enhance the efficiency and expertise of the work of the BOD, with the assignment of directors who have professional knowledge and experience. All chairs of BOD committees, except for the Steering Committee, are appointed from among the independent directors.

Expertise and Diversity of the Board of Directors

The BOD consists of members with expertise and experience in diverse fields to ensure professionalism and diverse perspectives, as well as to eliminate biases related to specific backgrounds and business careers. The BOD also considers diversity in terms of gender, age, experience, and background. As of the end of 2021, there were three independent directors with expertise in the economy and finance and one with expertise in law, according to internal classifications of expertise. Independent directors are provided with education on key economic trends and issues at home and abroad to improve their job competence and roles for efficient work performance. Proactive support is offered for those who want to join individual training courses.

Organizational Chart of Governance

(as of the end of December 2021)



Current Status of the Board of Directors

Evaluation of the Board of Directors

In accordance with Article 14 of the Internal Governance Rules of IBK, the BOD evaluates the composition and operating status of the BOD and all committees under the BOD every year before the date of the annual shareholders' general meeting. This evaluation supports the existence of the BOD and its committees as the highest decision-making body of the bank and serves as a check against the management by reviewing whether the BOD and each committee is fulfilling the roles and responsibilities required by the relevant statutes and internal guidelines.

The evaluation items can be largely divided into three sections: composition, roles and responsibilities, and operation. There are 14 detailed evaluation items for the BOD and 5 items for each committee. These include the adequacy of the BOD's size and composition, whether it is efficient in performing an advisory and supervisory role for management, whether ethical obligations and responsibilities are reflected in decision making, whether materials are supplied in a timely manner, and the fidelity of supplied materials. The evaluation score is based on a 5-point scale, and members of the BOD and committees under the BOD score each item differentially based on a system of five grades. This inspection is conducted anonymously through an audit of documents. The supporting departments perform detailed tasks, and the BOD evaluation results are publicly disclosed through the Annual Governance Report.

Training Independent Directors

The independent directors are provided with education on the latest economic and financial trends and issues with the aim of enhancing their basic and global capabilities.

Date of Training	Training Provider	Details of Training
2021.03.03	Strategic Planning Department	Major tasks related to bank management
2021.06.11	Strategic Planning Department	Major tasks related to bank management
2021.09.16	Strategic Planning Department	Major tasks related to bank management

Procedure and Criteria for Appointing Independent Directors

Unlike ordinary commercial banks, IBK is a special bank founded pursuant to the Industrial Bank of Korea Act. Although IBK does not operate an Executive Candidate Recommendation Committee or an Outside Director Candidate Recommendation Committee pursuant to Article 26 of the Industrial Bank of Korea Act, its BOD comprises members with diverse expertise without biased backgrounds or job groups to ensure professionalism and diversity. Activities and major duties of the BOD are disclosed on the public institution management information system (ALIO) and the bank website.

Passive Qualification Requirements

- Those who are not Korean citizens
- Those who fall under any of the subparagraphs of Article 33 of the Government Officials Act
- Those who cannot become executives in accordance with the Act on Corporate Governance of Financial Companies

Active Qualification Requirements

- As for the positions of chairman & CEO, deputy CEO & senior executive vice president, and director & senior executive vice president, those with extensive experience and knowledge in finance, and will not undermine the bank's public interest, healthy management and order of credit, will be considered.
- As for independent directors, those who demonstrate profound expertise and experience in the fields of business administration, economics, accounting, law, and SMEs are considered.

## Compensation System

### Compensation and Bonus System for Executives

IBK's compensation and bonus system for management is operated on the basis of the Guidance on Innovation in Public Institutions set by the Ministry of Economy and Finance and the Budget Guidance for Public Financial Institutions set by the Financial Service Commission. Additionally, IBK ensures the design and operation of reasonable compensation systems in accordance with the management performance evaluations of standing executives and executive officers through the Compensation Committee. Personnel expenses, such as compensation for executives, are made fully in cash due to its allocation as a cash budget and are not postponed in accordance with the principle of setting an annual budget in line with related guidelines. The compensation plan is approved by the Financial Services Commission in advance, and its limit is determined at the General Meeting of Shareholders, followed by Say on Pay policy.

### Key Performance Indicators for Executives

Management bonuses are set internally according to management performance evaluations, and achievement bonuses in accordance with external management evaluation guidelines for public financial institutions. Four indices regarding profitability (net income before provisions, etc.), adequacy (overdue loan ratio, BIS capital adequacy ratio, etc.), growth (SME loans, general deposits, core deposits, etc.), and customers (increasing market competitiveness, etc.) are used for internal evaluations of management performance. Additionally, evaluation results such as risk management indicators, which can affect bonus pay calculations directly, are reflected to a certain extent.

### Compensation System for Employees

Similar to compensation for executives, IBK operates performance bonuses based on internal performance evaluations. Achievement bonuses are defined in accordance with the external management evaluation guidelines for state-run banks, set by the Financial Services Commission. In particular, the performance-based salary system is applied to employees at the branch submanager level or higher to establish a performance-oriented culture.

However, IBK secures the independence of departments in charge of risk management and compliance monitoring by operating a separate compensation system based on the level of achievement of duties, without linking the performance of these departments to the financial performance of the bank.

Refer to the 2021 Annual Report on Governance and Compensation System for more details.



# Compliance and Ethical Management

IBK has established a compliance monitoring system and implements compliance management to supervise internal controls and prevent money laundering in advance, adhering to the law as a good manager of customers' assets in all aspects of the work carried out by its employees. Moreover, the IBK Charter of Ethics was enacted to reflect the ethical standards and expectations demanded by society in the decisions and actions of IBK and its employees, even in the absence of legal responsibilities. IBK conscious management through its ethical management system.

## Ethical Management Promotion System

### Ethical Management System

IBK has established and implemented its Code of Ethics and Code of Conduct for Employees. To fulfill IBK's core values of "Together with customers, trust and responsibility, passion and innovation, and communication and teamwork," regulations of conduct are defined for customers, shareholders, employees, society, and directors. Additionally, IBK has established and declared the IBK Charter of Ethics, which proposes common-practice standards of ethical management within the IBK Financial Group. Moreover, to prevent corruption and create a clean workplace culture, IBK complies with the regulations on prohibition of conflicts of interest, unethical behaviors, and unfair profits. In 2021, the IBK Code of Ethics and Conduct for Partners was introduced to recommend ethical management principles to all partners of IBK.

IBK Code of Ethics	Code of Conduct for Employees	Code of Ethics and Conduct for Partners
Regulates value judgment and behavioral standards to induce employees to practice ethical management	The Code of Conduct sets the behavioral standards to be followed by employees to create a clean workplace culture without corruption.	The Code of Ethics and Conduct for Partners was enacted to promote sustainable growth of IBK and its partners
<ul style="list-style-type: none"><li>• Ethics related to customers</li><li>• Ethics related to shareholders</li><li>• Ethics related to employees</li><li>• Ethics related to society</li><li>• Work ethics for employees</li></ul>	<ul style="list-style-type: none"><li>• Conflicts of interest</li><li>• Management of important information</li><li>• Prohibition of unfair acts</li><li>• Prohibition of unfair gains, etc.</li><li>• Creation of a healthy workplace culture</li><li>• Ethical counseling and reporting, etc.</li></ul>	<ul style="list-style-type: none"><li>• Integrity</li><li>• Prevention of conflicts of interest (Prohibition of unfair gains)</li><li>• Intellectual property rights</li><li>• Fair trading</li><li>• Protection of personal information</li><li>• Respect for basic labor rights</li></ul>

### Introducing the the Code of Ethics and Conduct for Suppliers

The 'IBK Code of Ethics and Conduct for Suppliers outlines the ethical and human rights standards to be followed by partners for sustainable growth. The Code requires suppliers to implement optimal corporate operations in the fields of ethics and human rights by strictly following laws and regulations that apply to corporate activities. Upon enactment, the ethical and human rights management systems of IBK and the principles applied to suppliers of major companies in South Korea were combined with internationally accepted standards (10 Principles of UNGC, Eight ILO Conventions, RBA Code of Conduct, etc.). IBK expects its suppliers to fulfill social responsibilities and follow principles of corporate ethics beyond complying with local laws. The targets of the Code include all types of organizations that provide goods or services to IBK. IBK develops and discloses the 'Self Checklist' for suppliers to self-check whether they have understood and applied the Code to corporate operations at an adequate level.



Ethical Management  
Promotion System

Education on Ethical Management

All employees are provided with education on ethical management to enhance the level of awareness regarding ethical management and corruption.

Category	Data
Employee education on the Improper Solicitation and Graft Act	To raise employees' awareness about corruption and graft, and to encourage transparent and fair performance of work, in-person education was provided to the executive teams, and special broadcasting education was provided to all employees regarding the Improper Solicitation and Graft Act.
In-person education on ethics and compliance for each stage of the career life cycle	In accordance with the customized ethical education completion system, in-person education is given to newly recruited clerks and employees subject to promotion and this process is carried out for each stage of the career life cycle.
Providing education on ethical and righteous management through various channels	Various opportunities to complete the ethical education courses are given to employees, including education for persons in charge of related positions via regional HQs, online lectures through a cyber-training center, and in-person education by external institutions to help employees understand and implement ethical management.

Programs to Practice Ethical Management

IBK operates various programs to enable employees to practice ethical management, prevent corruption, and create a clean workplace culture.

Self-diagnosis program for ethical compliance	Monthly ethical practice theme	Clean contract system
Monthly diagnostic items are provided to inspect whether IBK's Code of Ethics and Code of Conduct for employees is being practiced.	In this program, the ethical principles that employees should adhere to are selected through contests every month and then published and observed through the bank's intranet.	IBK ensures the transparency of the contract process and fairness of transactions when forming contracts.

Tightened Inspections on Trading Financial Investment Instruments

Inspections on the trade of financial investment instruments have been made more stringent to prevent employees from engaging in insider trading through undisclosed or internal information. In a bid to observe the Financial Investment Services and the Capital Markets Act more strictly, IBK has extended the scope of personnel subject to the inspections to include fund sellers at branch offices and shortened the reporting cycle from an annual and quarterly basis to a monthly basis. Moreover, a four-step self-inspection checklist, including investment amount by position and job connection, was introduced to enhance monitoring on ethics and compliance.

Reports of Violations

IBK operates a variety of reporting channels to receive and handle reports on violations of the principles of ethics and present solutions when employees face ethical conflicts. Through the operation of these reports, IBK has strengthened its commitment to prevent intentional or negligent illegal behaviors and their ensuing impacts on the bank, as well as eliminating illegal or unfair behaviors that can harm trust in the bank.

Whistleblowing System

IBK operates a whistleblowing system to prevent financial accidents, minimize the losses arising from such accidents, and enhance its corporate image as a financial bank of high integrity that fights corruption. Our employees are encouraged to report unethical behaviors such as embezzlement, malpractice, bribes, violations of laws regarding real-name financial transactions and money laundering, unjust orders of superiors, etc. Reports can be made using various means, such as by letter, email, and phone call. Real name reporting is encouraged in principle, but anonymous reporting is also allowed where necessary. In 2021, a reporting channel was added to the 'IBK M Portal,' an internal app at IBK, to increase accessibility. The identity information of anonymous reporters is deleted automatically to protect confidentiality. In addition, employees were given biannual education on the protection of reporters, the confidentiality of reports, and preferential treatment and rewards for reporters.

Human Rights Management

Human Rights Management System

IBK has established a human rights management system to prevent human rights infringements by companies and implement human rights-friendly business activities. IBK upholds human dignity and values in all corporate activities and declares respect for human rights.

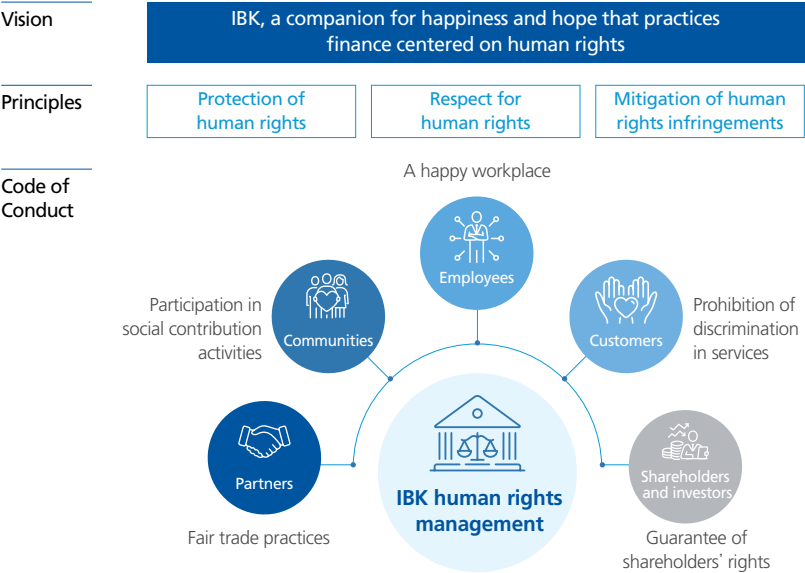
IBK has established a framework for human rights management to protect and enhance the human rights of all stakeholders, including employees, partners, and communities, and executes human rights management through institutional devices. IBK has formed a value system to expand the culture of respect for human rights and clarify directions by sharing its vision and goals for human rights management.

In addition, the Human Rights Management Committee was installed for the efficient promotion of human rights management and reviews matters related to the basic plan for human rights management twice a year. All of our employees actively practice human rights management in line with the Declaration of Human Rights Management as a part of the code of conduct and standards for value judgment.



Human Rights Management Committee

IBK Human Rights Management Value System



General Principles of Human Rights Management

The general principles of human rights management include guidelines for protecting the human rights of customers, shareholders, and investors and preventing infringements of suppliers' and residents' human rights. This also covers the prohibition of discrimination in employment, guarantee of freedom of association and collective bargaining, and prohibition of compulsory labor and child labor. Additionally, IBK follows the principles of human rights management by broadly defining the scope of its business activities, complying with domestic and foreign environmental laws and implementing measures to protect the environment and prevent pollution.

Details of IBK's Human Rights Management

Category	Details
For Employees	Compliance with the IBK Internal Charter of Human Rights, creation of a happy workplace
For Customers	Prohibition of discrimination based on customers' gender and religion, safe protection of customer information
For Shareholders and investors	Maintenance of accurate and reliable accounting, transparent provision of information, guarantee of shareholder's rights
For Suppliers	Promotion of fair trading with suppliers and support for human rights management at suppliers' workplaces
For Residents	Prevention of human rights infringements and participation in social contribution activities
Relief of human rights infringements	Prevention of human rights infringements and active efforts to provide relief

Operation of the Human Rights Counseling Center

IBK operates the Human Rights Counseling Center to support victims and prevent the recurrence of similar incidents if an incident that infringes on human dignity and values occurs during its business activities. Real name reporting is encouraged in principle. Reporters can report via phone call, fax, or email by filling out a human rights infringement report.

The Human Rights Infringement Report Center reports the investigation results of reported cases to the Human Rights Management Committee. If the Committee determines the case to be an infringement, it reviews and determines an action plan to support the reporter or victim.

## Human Rights Management

### Human Rights Impact Assessment

An assessment of factors impacting human rights was conducted to identify real and potential human rights risks that may occur in various areas of key businesses and throughout IBK's business activities. The assessment in 2021 focused on detailed activities according to rules for human rights management. Out of 137 assessment indicators in 11 areas, an assessment was carried in terms of 136 indicators, and it was determined that the organization had the normative and institutional basis for the systematic promotion of human rights management.

Area	Indicators in 2021	Number of Indicators	Details of Major Tasks
1	Building a human rights management system	(25)	<ul style="list-style-type: none"> <li>• Periodic implementation of human rights impact evaluation</li> <li>• Actions necessary to institutionalize human rights management</li> <li>• Outcomes of human rights management</li> <li>• Preparation of relief procedures</li> </ul>
2	No discrimination in employment	(16)	<ul style="list-style-type: none"> <li>• No discrimination in employment</li> <li>• No discrimination against gender in employment</li> <li>• No discrimination against non-regular and foreign workers</li> </ul>
3	Guarantee of freedom of association and collective bargaining	(14)	<ul style="list-style-type: none"> <li>• Freedom of association and collective bargaining</li> <li>• Prohibition of disadvantageous treatment for engaging in labor union activities</li> <li>• Guarantee of collective bargaining rights and faithful fulfillment</li> </ul>
4	Prohibition of compulsory labor	(7)	<ul style="list-style-type: none"> <li>• Prohibition of compulsory labor</li> <li>• Prevention of compulsory labor at the workplaces of subsidiaries and partners</li> </ul>
5	Prohibition of child labor	(5)	<ul style="list-style-type: none"> <li>• Prohibition of the employment of minors</li> </ul>
6	Guarantee of industrial safety	(13)	<ul style="list-style-type: none"> <li>• Workplace safety</li> <li>• Protection of pregnant women and disabled persons</li> <li>• Provision of necessary equipment, education, etc.</li> <li>• Support for victims of industrial accidents</li> </ul>

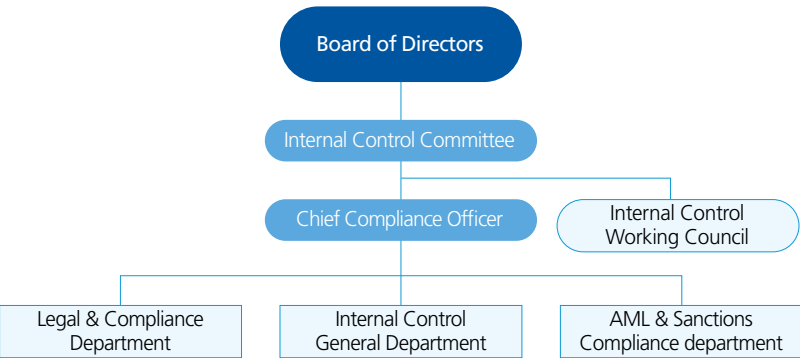
Area	Indicators in 2021	Number of Indicators	Details of Major Tasks
7	Responsible management of the supply chain	(4)	<ul style="list-style-type: none"> <li>• Prevention of human rights infringements by partners, etc.</li> <li>• Prevention of human rights infringements by security employees</li> </ul>
8	Guarantee of environmental rights	(12)	<ul style="list-style-type: none"> <li>• Establishment and maintenance of the environmental management system</li> <li>• Disclosure of environmental information</li> <li>• Establishment of emergency plans</li> </ul>
9	Protection of consumers' human rights	(16)	<ul style="list-style-type: none"> <li>• Compliance with laws to protect customers' interests</li> <li>• Measures against product defects</li> <li>• Protection of customers' privacy</li> </ul>
10	Protection of workers' rights and respectful treatment	(11)	<ul style="list-style-type: none"> <li>• Eradication of power tripping</li> <li>• Prohibition of bullying at work</li> <li>• Prevention of sexual harassment and sexual violence</li> </ul>
11	Reflection of human rights issues in 2021	(14)	<ul style="list-style-type: none"> <li>• Reflection of amendments to the Labor Standards Act and Equal Employment Act in 2021</li> <li>• Response to COVID-19</li> <li>• Response to ESG management</li> </ul>

With the participation of 2,717 employees, IBK conducted a human rights awareness survey that covered the indicators determined to require follow-up action and the recommendations of the National Human Rights Commission for implementing human rights management. The survey results will be utilized to develop policies for human rights management and improve the awareness of employees.

Strengthening Internal Control

Internal Control System

IBK defines internal control as a series of control processes to be followed by all employees when performing their duties to attain the company’s goals. IBK inspects the legal compliance of branches and the headquarters and carries out preliminary, integrated supervision of risk factors related to internal control.



The BOD has the final responsibility for internal control of the bank and finalizes the basic policy for building and operating the internal control system. The Internal Control Committee consults major policies related to internal control and reviews response measures against internal control vulnerabilities like financial accidents. The Chief Compliance Officer is generally in charge of internal control duties. IBK formed the Internal Control Innovation TFT over four phases to innovate the internal control system in 2020, as part of efforts to reinforce the overall internal control status of the bank. The TFT analyzed previous accidents to determine potential risks. Corresponding departments at the headquarters prepare responses to improvement points derived by the TFT, thus strengthening the internal control system.

Financial Accident Prevention Education to Establish Conscious Management

The Chief Compliance Officer supervised in-person education conducted over a period of two months at all regional headquarters and branches to prevent financial accidents. This education began in November 2021 and introduced actual examples of incidents like vault cash embezzlement, private cash loans, and bribery. By educating employees about the prevention of sexual harassment, work discipline, integrity, and compliance with financial sanctions, IBK enhanced employees’ awareness and attention concerning these issues.



In addition to in-person education at regional headquarters and all branches, IBK conducted an in-person education program for department heads and team managers at all headquarters in April 2022. The Chief Compliance Officer and heads of related departments shared examples of violations of work ethics, integrity and ethical issues, systems for protecting the rights of employees, and relevant requests. In the future, IBK will strengthen its commitment to righteous management and share practical cases and precautions through education, thus preventing various financial accidents and achieving an incident rate of zero.

Enhancement of  
Anti-Money  
Laundering Efforts

Proactive Management of Money Laundering and Financial Sanction Risks

IBK added verification of high-risk individual customers to proactively block the risks of money laundering and strengthened the inspection of customer checks. Lists of high-risk countries and customers were added to stop roundabout transactions with countries on financial sanctions lists, and the control procedure of the financial sanction compliance program was strengthened by expanding the scope of the inspections. In particular, the IBK Global AML System built in November 2020 was applied to all domestic and overseas branches. The compliance system is optimized and operated to reflect local work requirements through the inspection of work status.



Revision of the System Related to Virtual Asset Businesses

Following the amendment to the Act on Reporting and Use of Specified Financial Transaction Information regarding virtual assets, IBK immediately revised relevant internal rules and continually guided branches regarding precautions to prevent legal violations. In addition, IBK actively supported decision-making concerning transactions with virtual asset businesses by frequently reporting risks of money laundering and financial sanction violations to management. IBK plans to continuously reorganize the anti-money laundering system related to virtual assets through frequent monitoring of changes in the legislation associated with virtual asset businesses.

Anti-Money Laundering Education for Employees

IBK conducted online anti-money laundering education for all employees and delivered new lectures at domestic and overseas branches. By expanding on-site consulting using the video conference system, IBK tried to improve employees' competencies in anti-money laundering measures and compliance with financial sanctions. In addition, employees of corresponding departments were dispatched to external educational institutions and encouraged to acquire relevant qualifications to strengthen their work expertise. In the future, IBK will implement more effective anti-money laundering systems and further strengthen its education for employees to ensure compliance with financial sanction programs.

2021	Topic of Education
January	Duties of nonprofit corporations and organizations to check corporate customers
February	Current status of anti-money laundering legislation
March	How to correctly fill out a Suspicious Transaction Report (STR)
April	Understanding Watch List Filtering (WLF)
May	How to handle a Currency Transaction Report (CTR)
June	Q&A related to money laundering by virtual asset businesses
July	Details of anti-money laundering evaluation in the second half of 2021
August	Method of STR on virtual asset transactions using domestic and international price differences
September	Understanding compliance with financial sanctions and precautions for foreign exchange Precautions for obligation to check individual foreign customers
October	Precautions for reviewing documents related to customer check obligations
November	Examples of how to fill out STR on transactions using contactless channels
December	Global trends of money laundering restrictions



# Risk Management

IBK has introduced measures to manage various uncertainties and risks arising from its business activities in an integrated and systematic manner. This effort ensures financial soundness and security, protects depositors’ rights, thereby comprehensively fulfilling our role as a state-run bank even in a rapidly changing business environment.

## Risk Management System

### Risk Management Governance

The risk-related decision-making system of IBK is centered on the BOD and comprises the Risk Management Committee, Risk Management Council, and Risk Management Group. As the highest decision-making body for risk management, the BOD approves the basic risk management plan and entrusts other major risk-related policy decisions to the Risk Management Committee. The Risk Management Committee establishes the basic risk management plan in line with management strategies and business plans, and develops major risk-related policies, such as setting risk limits for each group.



At the end of each half-year, the results of an integrated crisis analysis (stress test) on the potential vulnerabilities of the bank to exceptional but possible events are reported to the Risk Management Committee. The stress test is carried out in the order of configuring crisis scenarios, predicting loss risks, and estimating management indicators. The current crisis level has been evaluated as normal (on a scale of normal, watch, near-crisis, and crisis). IBK manages its business plans and basic risk management plans systematically.

Configuration of crisis scenarios	<ul style="list-style-type: none"><li>• Configuration of macroeconomic indicators assuming an economic recession (Divided into three levels, including normal, worse, and severe)</li><li>• Resolution at the Risk Management Committee (March 2021)</li></ul>
Prediction of loss risks	<ul style="list-style-type: none"><li>• Prediction of risk factors that affect profits and losses of the bank under each scenario</li><li>• Probability of default, loss given default, etc.</li></ul>
Estimation of management indicators	<ul style="list-style-type: none"><li>• Estimation of management indicators using predicted risk factors under each scenario</li><li>• BIS capital adequacy ratio, current net profit, non-performing loan ratio, etc.</li></ul>

Risk Management System

Risk Management for Sustainable Growth

IBK preemptively pursues sound financial management that can lead to robust growth. IBK is focused on managing its BIS ratio, non-performing loan ratio, and allowances for bad debts efficiently, and is working hard to upgrade its risk management standards and improve its execution capabilities. IBK realized a BIS capital adequacy ratio of 14.85% in 2021, which provided a solid foundation for the steady performance of policy finance even during the prolonged COVID-19 pandemic.

〈BIS Capital Adequacy Ratio〉 (Unit : %)

Category	Regulatory ratio*	2019	2020	2021
BIS capital adequacy ratio	13.00 (14.00)**	14.47	14.82	14.85
Tier 1 capital ratio	11.00 (12.00)**	11.97	12.82	13.01
Common equity tier 1 ratio	9.50 (10.50)**	10.3	11.13	11.29

\* Minimum ratio 8.0% + capital conservation buffer 2.5% + countercyclical capital buffer 2.5%  
\*\* Including 1.0% of Domestic Systematically Important Banks (D-SIB)

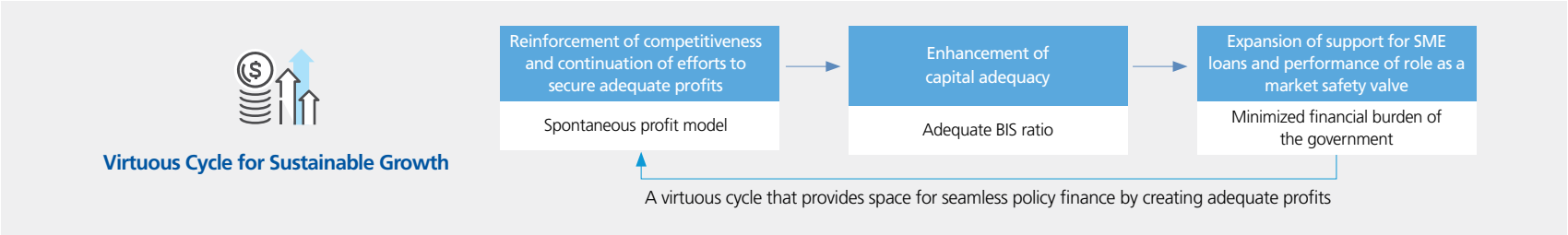
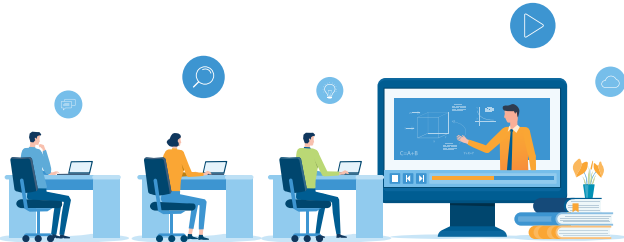
〈BIS Leverage Ratio〉

Category	Unit	2019	2020	2021
(Basel III) Tier 1 capital	KRW billion	21,109	24,073	26,141
(Basel III) Total exposure	KRW billion	343,728	385,454	425,449
(Basel III) Leverage ratio	%	6.14%	6.25%	6.14%

Risk Management Education

IBK provided education to members of the Risk Management Committee twice a year to reinforce risk management governance. Various uncertainties and the possibility of losses were reviewed comprehensively by educating members on the stress test method and directions of risk management in preparation for the potential risk of rises in interest rates.

In addition, risk management education was conducted for employees of the IBK Financial Group by inspecting the state of operations and management at group subsidiaries, including IBK Capital (March 2021), IBK Securities (October 2021), and IBK Savings Bank (December 2021), to strengthen the risk management capabilities of the entire group.



Risk Management Areas

Risk Management Process

IBK is expanding the range of its risk management to cover all potential major risks it may face in business. The scope encompasses not only financial risks concerning credit, markets, operations, interest rates, and liquidity, but also non-financial risks in areas such as compliance.

IBK determines methods to measure risk based on the scale and characteristics of each asset. The measurement methods account for ordinary changes in economic circumstances, as well as extreme fluctuations. The appropriateness of the measurement methods is inspected periodically.

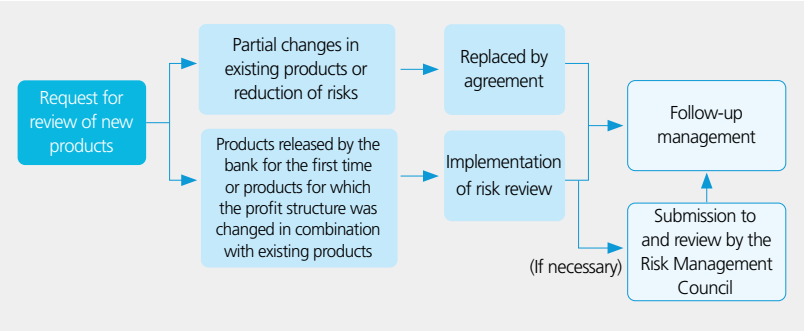
To monitor and control risks, IBK establishes basic risk management plans every year through resolutions of the Risk Management Committee and BOD. The basic plans include setting risk capital limits for each risk based on the management plan. The risk capital limits are managed efficiently by allocating the limit and capital to each organization, and compliance is monitored on a regular basis. When the limit is exceeded, the exceeded amount and reason are reported to the Risk Management Committee so that countermeasures can be decided.



Operating Preliminary Risk Review of New Products and Systems

When introducing new products and systems, IBK designates persons in charge of credit, interest rate, and operational risks to analyze each risk and review the impact on bank management. In April 2021, IBK created a checklist for each risk category in response to changes in the financial market environment, such as the increased complexity of product structures, and reinforced the review procedure by expanding its scope from investment products to all products. Accordingly, 88 new products introduced in 2021 were enforced after a preliminary risk review. From now on, IBK will further reinforce preliminary risk management through continuous monitoring and active responses.

〈Preliminary Risk Review Process〉



〈Current Status of Preliminary Risk Reviews〉

(Unit : Cases)

Category	H1 2020	H2 2020	H1 2021	H2 2021
Investment products	2	10	27	36
Deposits and credit cards	4	0	3	3
Loans and foreign exchanges	7	1	8	2
Others	5	1	6	3
Total	18	12	44	44

## Information Protection

IBK recognizes the importance of protecting customers' assets and information against cyber security threats and responds proactively. Taking the protection of customers' assets and information to be a top-priority task, IBK has built and continues to operate an information security system that can cope with sophisticated cyber security threats in a thorough and agile manner. As a result, IBK has achieved zero information security accidents for 11 years in a row. Going forward, IBK will continue to strive to prevent infringements and information leaks.

### Strengthening Information Protection

#### Information Protection Governance

IBK regularly reports its information security policy, management system, and security activities to enhance the responsibility of the BOD and management for strengthening information security and awareness regarding it. Among such activities, work performance is reported to the BOD every quarter, and annual information protection plans are established and reported. When other information security issues arise, they are immediately reported to the management based on an effective reporting system. Moreover, IBK established the Information Protection Committee and Information Protection Working Committee to help the BOD and management in making decisions. In 2021, these committees were held 7 and 24 times respectively to review and decide important matters related to information protection. In addition, IBK separately appoints the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) for efficient management of information security.

#### Certification of the Information Protection Management System

IBK increased the reliability of its information security protocols by acquiring domestic and international certifications for compliance with information security standards, which evaluate the appropriateness of whole scope of information protection management systems. Specifically, IBK renewed its certification to the international standard for information protection systems (ISO 27001), which covered 114 items in 14 areas of information security, including information protection policy, risk management, and access control. IBK also demonstrated the strength of its information protection management system by completing an ISMS review certifying the appropriateness of its information protection system.



Strengthening Information Protection

Inspecting and Analyzing Vulnerabilities of the Information Protection System

IBK received Grade 1, the highest grade, during vulnerability inspections of Internet Banking Infrastructure that were carried out to ensure safety and reliability. IBK was the first in the financial sector to conduct intensive inspections of the contactless authentication system following the expansion of simple authentication services. In addition, with the increase in cloud services related to the digital transformation, IBK proactively responded to security threats to new digital technologies by performing hacking simulations on five cloud-based services, such as the IBK Working From Home System and the financial information notification service.

Category	Inspection Targets	Details of Inspection	Remarks
Information protection management system	Electronic finance infrastructures	280 items, including operation of a dedicated organization for electronic finance	Financial Security Institute
Public disclosure website	32 items, such as internet banking	51 items, such as prevention of authentication by inappropriate users	
Equipment of the information protection system	55 units, such as firewalls	41 items, such as suitability of the security policy settings	
Mobile applications	18 units, such as i-ONE Banking	48 items, including protection of information entered by users	Financial Security Institute and IBK
Servers	595 units, such as credit cards	117 items, such as directory and file permission settings	
Databases	71 units, such as fund systems	30 items, such as management of accounts and passwords	
Network devices	51 units, such as banking DMZ	44 items, such as logging settings	

Auditing the Information Protection System

IBK strictly follows and implements information protection policies regulated by domestic and foreign laws. Internally, the Inspection Department, which performs inspection duties pursuant to Article 8 of the Basic National Guideline on Information Security, periodically performs annual information security audits. At the same time, the Financial Services Commission supervises external independent audits every year to comprehensively check 115 items pertaining to information security in the fields of managerial and technical security and crisis response, further consolidating the management system.

Strengthening the Information Protection System of IBK Financial Group

IBK inspected the security management systems of its subsidiaries and provided assistance to reorganize their infrastructure to strengthen the overall information protection system and policy of the IBK Financial Group. Group companies are raising their standards of IT security and conduct two regular inspections of the information protection management system every year. During the inspections, follow-up management is implemented based on the results of self-evaluations that cover 50 checklist items, including access control under ISO 27001. The overall results of the security inspection and excellent cases are shared to enhance the stability of the group’s information protection system.





Strengthening Information Protection

Education on Information Protection

IBK raised the information security awareness of all employees, including contractors, by conducting mandatory education, aiming to empower their information security capacities in line with the digital transformation. Personal information education tailored to each recipient was also conducted. As well as offering an expert course on information protection to empower employees in charge of information protection, IBK conducts on-site and online training on the importance of information protection and the latest security incidents for new employees and suppliers' employees who have relatively lower awareness of security. Additionally, monthly newsletters are posted and weekly self-diagnostic quizzes on information protection are provided to improve the security awareness of all employees.

Type	Targets	Course
Online education	Executives	3 courses, including security issues related to digital finance
	General employees	6 courses, including protection of personal financial information for parties handling personal information
	IT groups	9 courses, including amendments to three major data-related laws and precautions for application of the amendments to the financial sector
	Information Protection Department	12 courses, including education on IT security violations in the financial sector
Guidance on information protection issues and precautions	All employees	<ul style="list-style-type: none"><li>• Guidance on precautions related to malicious emails</li><li>• Guidance on the rules to prevent smishing related to COVID-19</li><li>• Introduction of the latest security issues related to dark web and autonomous driving vehicles</li></ul>
Education on the protection of personal credit information	All employees	Examples of personal information violations, method of handling duties related to personal credit information, etc.

Building an Information Protection System Encompassing Suppliers

IBK prevents external information security incidents by building a security system that manages suppliers and companies entrusted to manage personal information. Companies that signed contracts to manage entrusted personal information regularly undergo annual inspections on the appropriateness of the measures they follow in handling personal information. During regular inspections, the companies are assessed on checklist items, including items for entrusted companies (6 items) and technical items (29 items). Apart from the cases where personal information is entrusted, IBK has a preliminary consultation system for personal information consent and security management agreements so as to inspect and provide consultations on the appropriateness of the purpose of collection, items collected, and retention period when providing personal information to a third party. At the same time, IBK does not rent or sell personal data to third parties for purposes other than completing services. In addition, IBK and the Financial Security Institute jointly inspect standards of information security at subsidiary electronic finance businesses once a year in charge of assisting or partially deputizing electronic financial transactions.

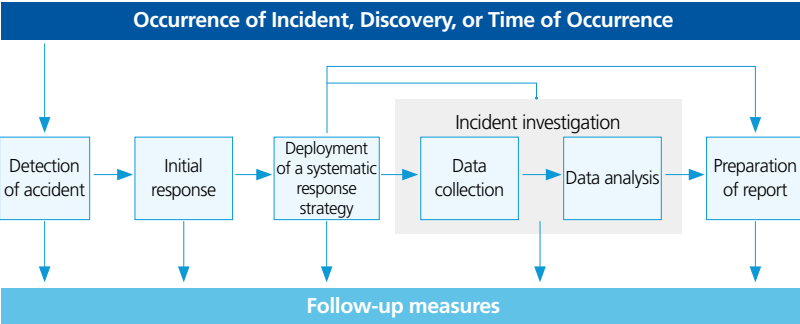
Participating in Councils and Initiatives to Improve Information Protection

IBK exchanges information with internal committees and various external councils to improve information security. By participating in the Financial Security Forum that discusses and responds to macroscopic policies related to information protection, the Financial Information Protection Council centered on hands-on workers, and various working groups and councils that operate under the Financial Security Institute, IBK inspects information protection vulnerabilities related to various banking duties like service development, and manages information protection at a superior level.

Response to Information Protection Incidents

Response to Infringement Incidents

IBK utilizes the infringement incident response guide to pre-define the response procedures and measures for each type of information infringement incident, and accordingly responds to any infringement incidents in an agile and systematic manner. When electronic infringements like hacking, malicious code, malicious email, and DDoS occur, IBK responds both proactively and reactively through a six-step process.



	Category	Details
Step 1	Detection and reporting of Incident	• Detection of abnormal signs in equipment related to information protection and networks, identification of infringement incident by the manager
Step 2	Initial response	• Execution of initial investigation, recording of basic information about the incident, report and calling of the incident response team, notification to agencies related to incident response
Step 3	Deployment of a systematic response strategy	• Determination of a response strategy and reporting to the CISO • Determination of the need for litigation by referring to initial investigation results and based on the judgment of the investigative authority
Step 4	Incident investigation	• Analysis of the cause of the incident through data collection and analysis • Determination of measures to prevent spreading of damage and recurrence
Step 5	Preparation of report	• Preparation of a report on the cause of the incident and follow-up measures to be reported to the CISO and the Bank President
Step 6	Follow-up measures	• Establishment of a security policy to identify and prevent similar attacks in the future, preparation of response measures like change of procedure

Operating 24x365 Security Control

By making its information protection system more robust through the operation of a year-round cyber security control room, IBK has strengthened its competency in responding to external cyber-attacks. The Crisis Management Team was formed in response to increasing cyber-attacks against the backdrop of COVID-19 and the rise in the cyber security alert level to 'Attention' by the Financial Services Commission. As a result, even though cyber-attacks like ransomware and DDoS hacking increased by 62% compared to the previous year, IBK maintained zero occurrence of infringement incidents by establishing a thorough defense system against all attacks through self-analysis and sharing of information with external agencies. Furthermore, IBK increased work efficiency and strengthened security control by automating the security system, and reinforced its ability to cope with infringement accidents through response training for the latest cyber-attacks in cooperation with external agencies.

Emergency Cyber-Attack Response Training

IBK conducted emergency cyber-attack response training for all employees to enhance their security awareness and cultivate response capabilities. Malicious emails were circulated among all employees twice a year for training purposes, and the response results were reflected in management evaluations. In addition, vulnerabilities and response procedures concerning the IBK website and banking system were inspected through server hacking and DDoS attacks.

IT Management Outcomes

IBK conducted various IT management activities, such as periodic improvements of transaction speed and rearrangement of resources of low-use systems, to help employees work in an optimal environment and provide safe financial services to customers. IBK obtained 'Grade A,' the highest grade, in the crisis management evaluation by the Financial Services Commission for two years in a row. In the electronic government performance diagnosis carried out by the Ministry of Public Administration and Security, IBK received a historic high score of 98.58 points. IBK will strive to maintain a year-round, trouble-free system.

## Protection of Personal Information

IBK has established a Privacy Policy and posted it on the company website to protect customers' personal information and handle their grievances in a seamless manner.

### New Transactions Deleting Customer Information

IBK minimizes the collection and retention of data. A system known as New Transactions Deleting Customer Information was added in 2021, allowing customers to request the deletion of personal information as information owners. If a customer who simply registered customer information and did not engage in any financial transactions wants the registered information to be deleted, the customer can demand the deletion of the information provided. IBK also created a transaction for issuing a Confirmation of Destruction of Personal Credit Information, which expands a customer's right to access information by confirming that the entirety of their personal information has been deleted after all financial transactions with the bank have been terminated.

※ Criteria for destruction of personal (credit) information

Step 1	Suspension of the viewing of all transactions after three months from the date of termination
Step 2	Separate storage of customer information after five years from the date of termination
Step 3	Deletion of customer information after ten years from the date of termination

### Responding to the Amendment to the Credit Information Use and Protection Act

With the amendment to the Credit Information Use and Protection Act, IBK newly created the Abridged Consent Form, which simplified the formality of obtaining consent to use information when collecting customers' personal information. In addition, IBK enforces and operates the Information Use Consent Rating System, which rates consent according to the sensitivity of the collected information and benefits for customers.

#### 〈Examples of Consent Rating〉

Secure	Somewhat secure	Normal	Careful	Caution
Information use consent rating	<b>Somewhat secure</b>	※ This rating system provides a consent rating by comprehensively considering the risks of privacy infringement, benefits, and clarity.		

### Personal Information Protection Education for Employees

IBK selects monthly themes for practicing personal and credit information protection, provides them to all branches, and sends out related educational materials to enhance its employees' awareness of personal information protection. Different groups receive tailored education on personal information, and all employees are empowered through newsletters that cover the latest trends. IBK runs the Customer Information Protection System to prevent the abuse of customer information and viewing for non-business purposes, and thus monitors the appropriateness of employees' duties in terms of handling personal information.

### External Evaluation on Personal Information Protection

IBK showed outstanding results in external evaluations with respect to its excellent management system for personal and credit information. IBK was rated an S Grade (100 points) in the Regular Evaluation on Actual Conditions of Personal and Credit Information Use and Management, which was conducted by the Financial Services Commission and carried out for the first time in 2021. IBK also received a satisfactory grade in the Diagnosis of Personal Information Management Level of Public Institutions, supervised by the Personal Information Protection Commission. The strength of IBK's personal information management has been acknowledged externally, and the institution will continue to enhance its position by attaining outstanding results.



# Supporting SMEs

Consulting

Jobs

Finance

Opening  
Sales  
Channels

Restructuring



## 21/22 Highlights

**10,287** cases  
IBK consulting

Online sales  
channel support  
for SMEs

Prime Minister's  
citation  
for job creation

New job creation project  
**82,718** workers

Financial Doctor program  
**6,050** corporate

COVID-19 Soft Landing  
Program  
**KRW 1.2 trillion**

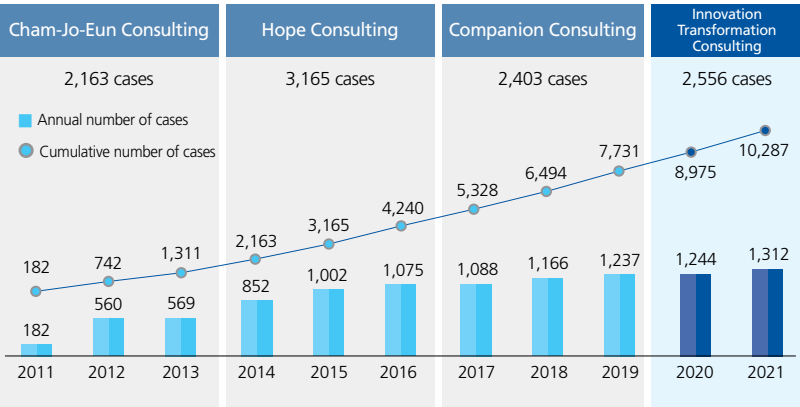
# Supporting SMEs

IBK was founded for the purpose of supporting SMEs by facilitating autonomous economic activities, improving their economic status, and stimulating their growth by establishing an efficient credit system for SMEs. IBK has accumulated expertise in aiding SMEs over the past 60 years, and will continue to assist them in becoming competitive and in achieving sustainable growth. Moving forwards, IBK will strive to bring about sustainable innovation, drive balanced development between conglomerates and SMEs, and create an economic structure based on a virtuous cycle.

## Consulting Support

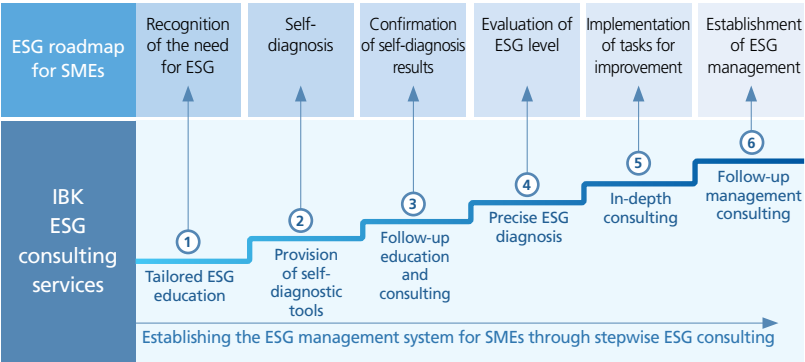
### IBK Consulting for Sustainable Growth of SMEs

Ever since 2011, IBK has been providing free consulting services for SMEs to fulfil its role of fostering and protecting SMEs. Our pool of experts consists of about 50 experts, including business consultants from global consulting firms and accountants from major accounting firms. IBK offers free, specialized consulting to SMEs that have difficulty accessing advice on business strategies, personnel and labor affairs, tax and accounting affairs, M&A, and law. By the end of 2021, the cumulative number of consulting services provided was 10,287.



### ESG Management Consulting for SMEs

IBK operates the 'ESG Doctor for SMEs' program to diagnose and consult SMEs on ESG. 'ESG Doctor for SMEs' delivers specific details concerning 'when,' 'for whom,' and 'what and how' ESG management is implemented from the perspective of SMEs. IBK is currently providing tailored ESG education to raise awareness of ESG and developing a self-diagnostic service that quickly diagnoses corporate ESG levels. IBK has plans to create a sustainable business environment for SMEs through stepwise ESG consulting based on the life cycle and level of SMEs, from precise diagnosis to in-depth consulting for practical and fundamental improvements.





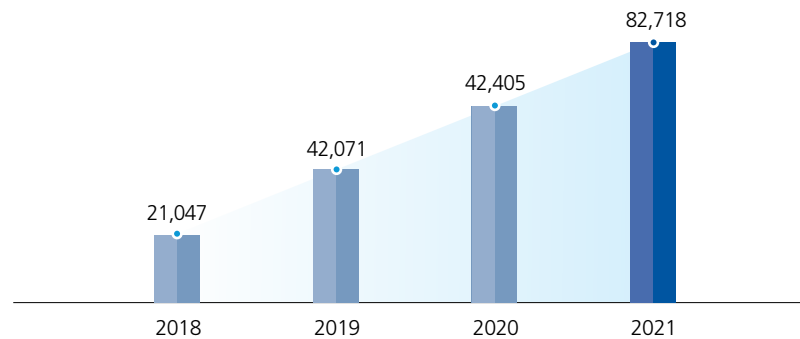
## Job Support

### Project to Create 100,000 New Jobs

IBK's job support project started by listening to requests at a meeting with CEOs of SMEs regarding the difficulty SMEs experienced in finding new employees. Accordingly, the Youth Employment Project for SMEs (2009-2017) was conducted to resolve job mismatching between SMEs and young job seekers, resulting in 100,000 new employees hired by SMEs. In 2018, the project was restructured as the Project to Create 100,000 New Jobs. IBK matches around 20,000 new job-seekers with SMEs every year by operating an SME employment portal named i-ONE JOB, hosting job fairs, and supporting the financial expenses of recruiting companies.

Number of Persons Matched

(Unit : cumulative, persons)



### Government Award from the Ministry of Employment and Labor and Acquiring Certification as an Excellent Institution

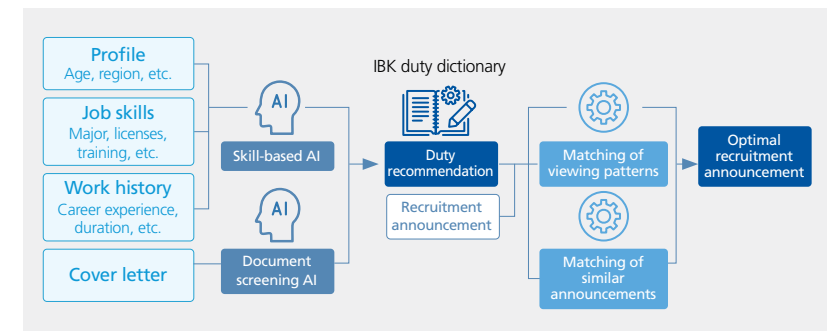
IBK received the Prime Minister's Citation for Facilitating Youth Employment (Group) from the Ministry of Employment and Labor in 2021, as acknowledgement for its contribution to resolving the labor shortage of SMEs and helping young job seekers to find employment. IBK has also been acknowledged for its accomplishment in creating jobs by becoming the first financial institution to obtain the Certification of Excellent Institution for Employment Service, annually selected and announced by the Korea Employment Information Service and the Ministry of Employment and Labor.



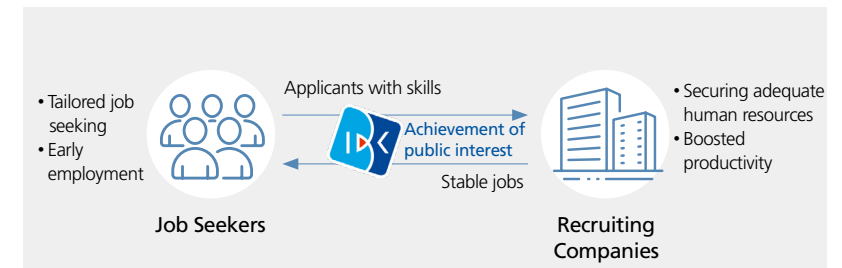
### Providing an AI Job Recommendation Service

IBK newly introduced the AI Job Recommendation Service on i-ONE JOB, an SME employment portal. This service was developed through a business partnership with the Korea Employment Information Service using the AI Job Matching Model for SMEs, implemented for the first time in the financial sector. When a job seeker registers their CV, the AI algorithm comprehensively analyzes their career, desired duties, annual salary, and work history and screens the content of their cover letter to automatically recommend optimal recruitment announcements for the applicant.

〈AI Job Matching Process through i-ONE JOB〉



By utilizing the AI Job Recommendation Service, job seekers can quickly find a position tailored to their specifications, and companies can boost productivity by securing adequate human resources. IBK fulfills its social responsibilities by acting as a bridgehead between SMEs and job seekers.



## Job Support

### Programs to Enhance Job Awareness of SMEs

To resolve cases of job mismatching caused by differences in viewpoints between SMEs and young job seekers, job seekers attending vocational colleges and specialized high schools were given a chance to visit outstanding SMEs four to five times throughout the year.

As it became difficult to visit companies in 2021 because of COVID-19, IBK conducted a program linked to online job fairs to provide information on SME jobs to young job seekers. IBK attempted to deliver SME information in various ways, such as corporate promotional videos (75 times), online recruitment presentations by SMEs (19 times), talk shows with hands-on workers (6 times), and job meetings for youths.

In addition, IBK endeavors to reduce mismatching between SMEs and young job seekers by providing scholarships worth KRW 10 million every year, for five years, to specialized high schools showing excellent SME employment results starting in 2021.



### Service to Support Recruitment of Professionals

IBK provides a bespoke headhunting service that selects and recommends core individuals needed by SMEs, responding to the increasing demand among SMEs for experienced production and research workers. The headhunting service, which generally requires high fees, was provided for free to reduce recruitment expenses for SMEs. In 2021, 211 individuals were recommended to 49 companies.

### Holding IBK Job Fairs

IBK held 63 job fairs from 2009 to 2021 to provide assistance in job matching between SMEs and job seekers. In collaboration with various job-related agencies such as government ministries, local governments, and private associations, about 3,500 companies and 450,000 job seekers participated in the job fairs, and 6,800 persons found new jobs. In particular, IBK has been in charge of planning and operating the 'Joint Recruitment Fair for the Financial Sector,' the largest recruiting event in the financial sector that started in 2017. In 2021, IBK drove efforts to promote the government's 'Korean New Deal' policy by hosting the Green New Deal and Digital New Deal Job Fairs.



### Business Agreement to Support Recruitment of Disabled Persons

IBK signed a business agreement with the Korea Employment Agency for Persons with Disabilities to support SMEs in recruiting the disabled, contribute to realizing a society that is supportive of the disabled, and help SMEs practice ESG management. Through this business agreement, IBK promotes various collaborative projects to help SMEs that are willing to recruit the disabled but have difficulty doing so. IBK strengthened its financial support by offering preferential treatment in terms of the job filling fund and releasing preferential loan products. In 2022, IBK will start promoting projects to employ the disabled and improve awareness.

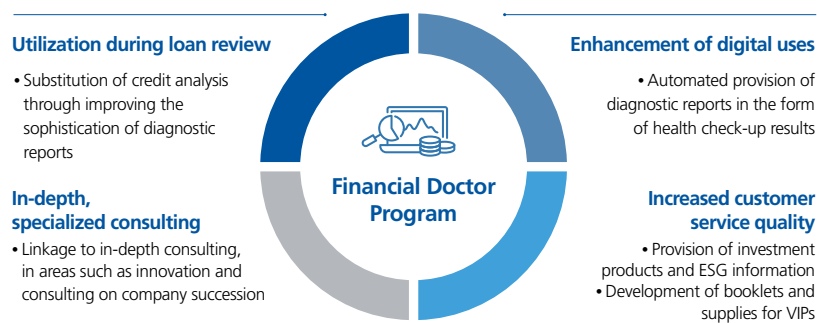
## Financial Support

### Financial Doctor Program

The Financial Doctor Program is a “Comprehensive Corporate Diagnosis Report” for SMEs and a tailored financial support service that objectively analyzes and diagnoses the current status and competence of SMEs to help them grow. Based on its differentiated SME finance capabilities, IBK works as a financial doctor that diagnoses companies, offers tailored prescriptions, and provides additional support.



After launching the program in November 2021, IBK expanded the scope of application and provided diagnostic reports to 6,050 companies by the end of 2021. IBK will continue to enhance customer experiences and support growth by increasing the work efficiency of companies and by expanding the scope of the Financial Doctor Program among SMEs.



### Expanding Financial Support for SMEs and Businesses to Underserved Communities

In 2021, IBK increased its SME finance supply plan to KRW 51 trillion—an increase of KRW 2 trillion compared to 2020 (KRW 49 trillion). SME loans of KRW 59.8 trillion were provided during the year through efforts to help SMEs and small business owners overcome the COVID-19 crisis and expand policy finance for future growth. By setting and operating a separate supply goal for the self-employed and small business owners suffering considerable damages arising from COVID-19, IBK supplied KRW 16.9 trillion in 2021 (120.6% of the goal to supply KRW 14.0 trillion). In addition, with the goal of promoting balanced regional growth and creating jobs to revitalize local economies, IBK has established and implemented an additional supply target for proactive funding support for regional SMEs which are relatively underserved communities. As a result, the supply of funding exceeded KRW 20.7 trillion in 2021 (106.9% of the support target of KRW 19.0 trillion). Additionally, 89 regional industrial complexes were selected as strategic areas to receive preferential treatment for loan schemes, such as the loan-to-value ratio. Furthermore, IBK signed contracts with local governments located in 68 non-metropolitan regions to lead the provision of support for low-interest policy fund loans.

### Supporting SMEs to Overcome the COVID-19 Crisis

IBK provided KRW 28 trillion in the period from 2020 to the end of December 2021 by continuing its financial support to aid SMEs and small business owners experiencing hardships due to COVID-19. Furthermore, the maximum grace period allowing borrowers to only pay the interest for loans delayed by maturity extension or repayment delay was increased from 6 months to 12 months. The maximum repayment period was also extended from 36 months to 60 months, minimizing the repayment burden of SMEs.

### Special Maturity Extension and Repayment Delay to Minimize Financial Damage Caused by COVID-19 (2020-2021)

(Unit : Cases, KRW 100 million)

Category	Number of Cases	Amount
Loan (principal and installments) maturity extension (February 2020-)	323,707	*544,911
Loan interest delay (April 2020-)	5,155	**21,962
Total	328,862	566,873

\* 20.2% of total maturity extension outcome of all banks (KRW 269.6 trillion)

\*\* The amount of interest delayed totals KRW 66.0 billion, corresponding to 42.1% of the total amount of all banks (KRW 156.7 billion).

## Financial Support

### Financial Support for Small Business Owners

IBK operates various contact-free loan products, such as credit loans, guaranteed loans, and real estate loans, so that busy small business owners can avail loans without having to visit a branch in person. In 2021, IBK released the 'i-ONE Shared Growth Credit Loan (Korea Federation of Small and Medium Business II)' in partnership with external agencies to reduce the financial burden of small business owners. By doing so, IBK enables small business owners to get contact-free loans conveniently.

#### 〈Contact-free Loan Products for Small Business Owners (End of December 2021)〉

Category	Number of Cases	Amount (KRW 100 million)
i-ONE Loan for Small Business Owners	9,404	1,565
i-ONE Guaranteed Loan for Small Business Owners	938	131
BOX Credit Loan for Individual Businesses	672	171
i-ONE Real Estate Mortgage Loan for Small Business Owners	216	165
i-ONE Shared Growth Credit Loan (Korea Federation of Small and Medium Business II)	646	155
Total	11,876	2,187

In addition, IBK operates various specialized loan products to reduce the financial difficulties experienced by small business owners who are suffering from COVID-19 or need business funding. In 2021, IBK released the 'Special Support Loan for Small Business Owners of Gathering-restricted Businesses' to strengthen its financial support for small businesses that were damaged by social distancing regulations. In the future, IBK will continually expand specialized support for small business owners.

#### 〈Specialized Loan Products for Small Business Owners (End of December 2021)〉

Category	Number of Cases	Amount (KRW 100 million)
Secondary Financial Support Program for Small Business Owners	67,788	12,411
Loan for Small Business Owners of Gathering-restricted Businesses	7,896	894
Haenaeri Loan	16,916	36,272
Total	92,600	49,577

### Financial Support for Cultural Contents

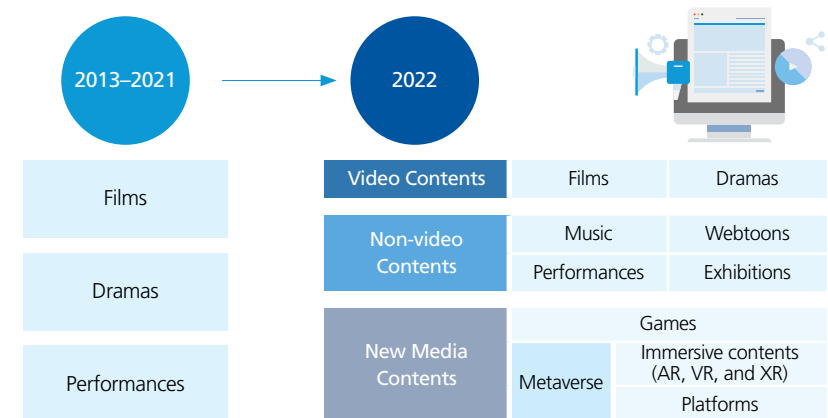
As a state-run bank in charge of supporting SMEs, IBK realizes social values through culture and arts and plays a leading role in policy finance by supporting SMEs that produce cultural contents. IBK is the only entity in the banking sector that operates a department in charge of cultural content finance. In 2021, IBK provided loans and investments worth KRW 900 billion for businesses that produced cultural contents.

(Unit : KRW 100 million)

Year	Loans	Investments			Total
		Direct	Indirect	Subtotal	
2021	8,997	202	14	216	9,213

Amid the prolonged prevalence of COVID-19, IBK continually supported SMEs and the film industry by extending the maturity of investments in projects that were delayed by the pandemic. As a result, despite the slowdown of the film industry, films that IBK invested in - such as Mogadishu, Sink Hole, and Voice-showed good results.

Starting in 2022, IBK will reflect changes in the contents market environment in line with the expansion of the OTT market, changing the major investment categories from films, dramas, and performances to videos, non-videos, and new media.



## Support for Opening Sales Channels



### Support for Online Sales Channels of SMEs

IBK has been promoting various projects to support SMEs in pioneering online sales channels. As a representative example, the Live Commerce Sales Channel Service was linked to a live commerce platform called 'VOGO Play' to assist companies with live streaming and to hold a credit card discount event to increase sales. In 2021, 100 streams took place and cumulative sales of KRW 1,036 million and cumulative views of 2.59 million were reported. Additionally, IBK recommends outstanding companies to the Company Promotion Video project hosted by Home & Shopping to finance the launch of product introduction videos.

### Support for Offline Sales Channels of SMEs

IBK conducts the Market Luxury Maru project through a business agreement with KORAIL to expand sales channels and offer promotion opportunities to SMEs. Outstanding Korean SMEs related to general consumer goods, such as fashion accessories and cosmetic products, are recruited and recommended to sell products inside railway stations. IBK also participates in the Best SME Products of the Month project, which advertises excellent SME products in the Korea Economic Daily, to provide diverse sales channel services.



### Support for Export SMEs

IBK collaborates with Samsung SDS to provide combined benefits like financial support, discount on logistics expenses, and logistics consulting for export SMEs that are facing hardships due to rising raw material prices and logistics expenses. Furthermore, IBK offers financial consulting and preferential exchange rates and fees to SMEs selected by related agencies, including the Ministry of SMEs and Startups, KOTRA, and the Korea International Trade Association.

In 2021, IBK hosted four webinars jointly with Amazon (launching support) and Samsung SDS (logistic support) to increase SMEs' entry into overseas markets and supported their participation in export and import expositions, such as the Halal Expo. In addition, IBK arranged export and import transactions with customers of affiliated foreign banks and helped pay and settle sales money for export companies on foreign online shopping malls like Amazon.

### Shared Growth Program, Touch W.I.T.H IBK

IBK carried out joint marketing with companies that had difficulty attracting customers and publicizing products due to the prolonged prevalence of COVID-19 and intense competition. The i-ONE Bank platform was used to introduce excellent products to 16 million customers, and discount benefits were offered to help companies attract customers, advertise their products, and increase sales.

“touch **W.I.T.H.** IBK”

#### Welcome

Welcoming new customers and increasing sales

#### Introduce

Introducing companies and products to individual customers

#### Together

Carrying out customer marketing together

#### Happy

Making both companies and individual customers happy



## Support for Restructuring

### Tailored Corporate Restructuring for SMEs

By promoting the systematic and quick restructuring of SMEs suffering from structural problems, IBK encourages them to improve their corporate fundamentals, prevents their insolvency by strengthening competitiveness, and secures the integrity of loan assets.

In 2021, IBK conducted special credit risk inspections on 1,273 companies delaying the payment of loan interests and on 219 companies that showed a decline in sales and credit ratings. Through these inspections, 207 branches with potential weaknesses were selected, and 436 companies were provided with on-site consulting on management and support measures.

After inspecting credit risks and conducting a pre-diagnosis, a three-step restructuring program is provided based on the individual circumstances of the SMEs. Step 1 involves a pre-fast track supported by IBK if the company has minor weaknesses. In step 2, banks jointly offer fast-track finance for companies that temporarily lack liquidity. Lastly, in step 3, companies with signs of insolvency are supported to undergo restructuring by convening all financial creditors.

#### 〈Overview of the Bespoke Restructuring (Comeback Support) Program〉

Pre-diagnosis	Stepwise and Tailored Restructuring*			Specialized External Support
	Step 1 Pre-Fast Track	Step 2 Fast-Track Support	Step 3 Change-up	
<ul style="list-style-type: none"> <li>• Inspection of themes</li> <li>• Consulting</li> <li>• Evaluation on corporate improvement</li> </ul>	Companies that temporarily lack liquidity	Companies with signs of insolvency		<ul style="list-style-type: none"> <li>• Value-up Program<sup>KODIT</sup></li> <li>• Structural Improvement Program<sup>KOSMES</sup></li> <li>• Corporate Structure Innovation Fund<sup>K-Growth</sup></li> </ul>
	Supported by IBK alone	Jointly supported by the banking sector, Korea Credit Guarantee Fund, and Korea Technology Finance Corporation	Supported by IBK alone or jointly by financial creditors	

\* High level of restructuring promoted depending on the degree of insolvency risk, level of financial difficulty, and the required intensity of restructuring

Through the bespoke restructuring program, SMEs can receive diverse financial support, such as postponement of debt repayment, loan interest rate cuts, debt-equity swaps, and new funds. SMEs can introduce structural improvements and normalize their businesses while implementing improvement plans to sell idle assets, reduce fixed expenses, expand markets, and adjust businesses.

### Support for Liquidity of SMEs by Policy Financial Institutions

IBK facilitates liquidity in connection with policy financial institutions to solve liquidity problems and improve the structural difficulties experienced by SMEs that can no longer borrow from banks. IBK signed an agreement with the Korea SMEs and Startups Agency in September 2020 to support proactive restructuring programs and has been supporting debt adjustments like loan maturity extensions and interest rate cuts. Based on an agreement with the Korea Credit Guarantee Fund to support the SME Value-up Program in August 2019, IBK supports new guarantees, loan and guarantee maturity extensions, and interest rate and guarantee fee cuts. In November 2019, IBK signed an agreement to support successful corporate rehabilitation with the Korea Asset Management Corporation, preparing a procedure (DIP financing) for the KAMC to lend new funds to companies in the rehabilitation process.

### Support for Restructuring Using the Capital Market

IBK contributed KRW 0.2 trillion to form the Corporate Structure Innovation Fund, led three times (2018, 2020, 2021) by the Financial Services Commission. The Corporate Structure Innovation Fund has a combined size of KRW 4.2 trillion, and helps domestic companies that have technological power but vulnerable financial structures to create a virtuous cycle through investment and increased competitiveness.

In connection with the restructuring program, IBK identified and recommended investable companies to the fund manager of the Corporate Structure Innovation Fund, and 32 companies recommended by IBK received KRW 702.8 billion by the end of 2021. By supplying funds from the capital market, IBK prevented the loss of promising technologies and prepared the groundwork for the normalization of these businesses. IBK plans to continue finding and recommending SMEs that have growth potential but lack liquidity.

## Support for Restructuring

### Launching Contact-free Change-up for the Self-employed

IBK launched the Contact-free Change-up for the Self-employed for the first time in the financial sector in January 2022 to help small business owners, who are facing difficulties in repaying debts, to receive liquidity easily and quickly.

Any individual business owner with a total loan amount below KRW 1 billion, a mean loan interest rate of 4% or higher, and no arrears can apply for this loan on the i-ONE for Small Business Owners app without having to visit a branch. This system enables a one-stop, contact-free process, from document submission to notification of review results and signing of the contract.

Business owners who sign the contract are generally offered a two-year grace period. By adjusting the interest rate to 2–3%, IBK reduces the burden of loan repayments and interest payments.

In particular, micro-business owners who cannot leave the workplace can benefit from this loan by using the i-ONE for Small Business Owners app without having to visit a branch in person, further expanding the scope of support for disadvantaged groups. In responding to the accelerating transition to a contact-free environment after COVID-19, IBK proactively addresses potential weaknesses that may rapidly arise after various temporary financial measures are terminated. IBK will continue promoting and providing guidance on this service so that SMEs can seek help in repaying their loans.



### COVID-19 Soft-Landing Support Program

IBK newly created the COVID-19 Soft-Landing Support Program, with a size of KRW 1.2 trillion, in January 2021 to help SMEs and small business owners recover and normalize their businesses that were damaged by COVID-19.

This program is a special support system that prevents payment delays and supports the stable recovery of business by postponing debt repayment for about two years, reducing interest rates, and lessening the mid- to long-term burden for principal repayment. The targets of this program are companies that showed a decline in sales because of COVID-19 and companies that delayed payments of loans and interest by utilizing the temporary financial measures provided by the government.

IBK processed a debt settlement of KRW 1,092.2 billion for 274 companies by the end of 2021 and provided a total interest rate cut of KRW 11.0 billion. Such measures prepared the foundation for IBK to function as a policy financial institution by enhancing the integrity of its loan assets, while helping SMEs and small business owners to overcome the COVID-19 crisis. IBK will continue to increase the scope of this program and make necessary revisions until the impacts of COVID-19 come to a complete end.

### Conclusion

IBK will support SMEs in overcoming resource and competency limitations and in achieving sustainable growth. IBK will, as always, work with SMEs on their journey for further growth by promoting sustainable innovation and striving to enhance their competitiveness.

# APPENDIX

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# UN SDGs, UNGC

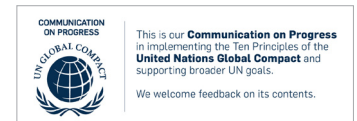
IBK is working to achieve the UN SDGs (Sustainable Development Goals), which are common goals for humankind, as well as the K-SDGs (Korean-Sustainable Development Goals). The efforts of IBK toward the common goals of the world, beyond Korea's borders, are part of its duties as a corporate citizen and a strategic financial institution. IBK will actively participate in creating a sustainable future for humankind and Korea.



## Major Activities to Accomplish the UN SDGs

SDGs	Major Activities	SDGs	Major Activities
	<ul style="list-style-type: none"> <li>- IBK scholarship project</li> <li>- Education for financially neglected classes</li> <li>- Expansion of people's finance</li> </ul>		<ul style="list-style-type: none"> <li>- IBK Changgong</li> <li>- IBK 1st Lab</li> <li>- Expansion of venture capital and technology finance</li> </ul>
	<ul style="list-style-type: none"> <li>- Introduction of employee rights protection officer</li> <li>- Operation of Open Counseling Office</li> <li>- Conduct of safety education and safety inspections</li> </ul>		<ul style="list-style-type: none"> <li>- Business agreement to support recruitment of disabled persons by SMEs</li> <li>- UN Financial Inclusion Initiative</li> </ul>
	<ul style="list-style-type: none"> <li>- Financial and economic education</li> <li>- Program to improve job awareness</li> <li>- AI service recommending jobs</li> </ul>		<ul style="list-style-type: none"> <li>- New establishment of process for reviewing environmental and social risks (protection of world heritages, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>- Joining women empowerment principles</li> <li>- Enhancement of personnel inclusiveness (expansion of job promotion opportunities for women)</li> </ul>		<ul style="list-style-type: none"> <li>- Environmental and energy management systems (ISO 14001, 50001 certifications)</li> <li>- Operation of Together Green IBK Week</li> </ul>
	<ul style="list-style-type: none"> <li>- Non-discharge system at Chungju Training Institute</li> <li>- Formation of environmental management system</li> <li>- Installation of sanitary fixture for water-saving</li> </ul>		<ul style="list-style-type: none"> <li>- Carbon neutrality by 2040</li> <li>- Carbon neutrality of financial assets by 2050</li> <li>- Management of climate risks</li> </ul>
	<ul style="list-style-type: none"> <li>- Increased investment in new and renewable energy</li> <li>- Establishment of powering past coal finance principles</li> <li>- Market maker of emissions trading scheme</li> </ul>		<ul style="list-style-type: none"> <li>- Prohibition of child labor</li> <li>- Formation of human rights management system</li> <li>- Operation of whistleblowing system</li> </ul>
	<ul style="list-style-type: none"> <li>- New job creation project</li> <li>- Expansion of financial support for SMEs</li> <li>- Increased financial accessibility</li> </ul>		<ul style="list-style-type: none"> <li>- Support on establishment of SME Bank in Saudi Arabia</li> <li>- Participation in OECD Platform on Financing SMEs for Sustainability</li> </ul>

## Ten Principles of the UN Global Compact



Category	Description	Page
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	77-78
	Principle 2 Make sure that they are not complicit in human rights abuses.	
	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	
Labor	Principle 4 Eliminate all forms of forced and compulsory labor.	75
	Principle 5 Abolish child labor effectively.	
	Principle 6 Eliminate discrimination in respect of employment and occupation.	
Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges.	15, 36-38
	Principle 8 Undertake initiatives to promote greater environmental responsibility.	
	Principle 9 Encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	76, 79-80



# Definition of Stakeholders

IBK classifies stakeholders that have an important impact on sustainability activities into SMEs, individual customers, employees, government, communities, shareholders, and investors. IBK runs various communication channels to gather precious opinions from its stakeholders and reflects them in ESG strategies and practices through active communication.

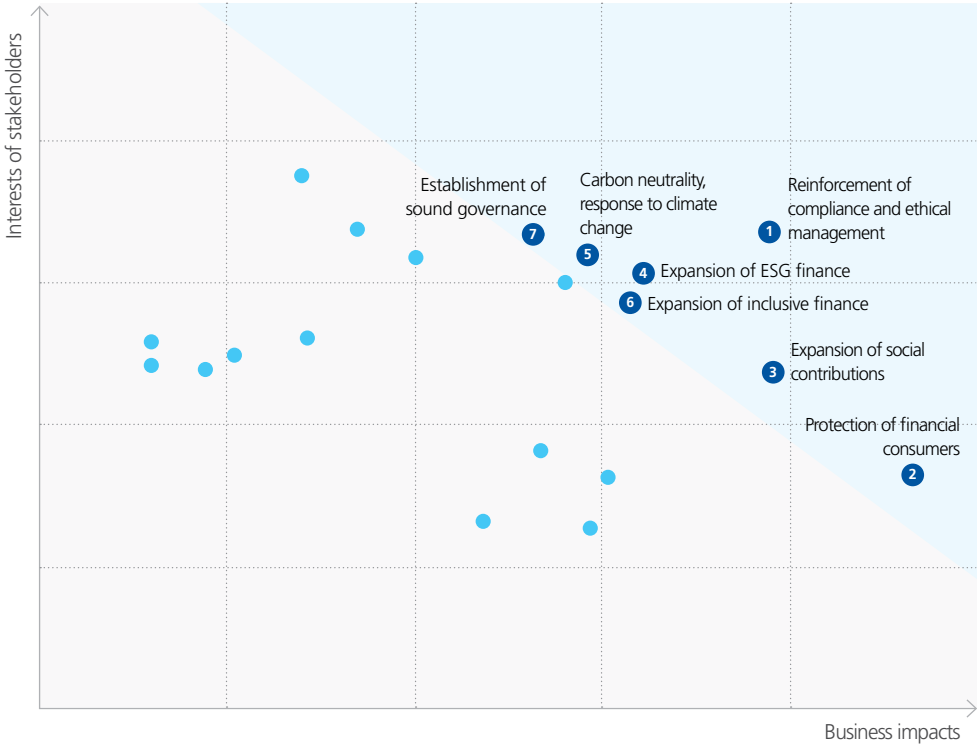
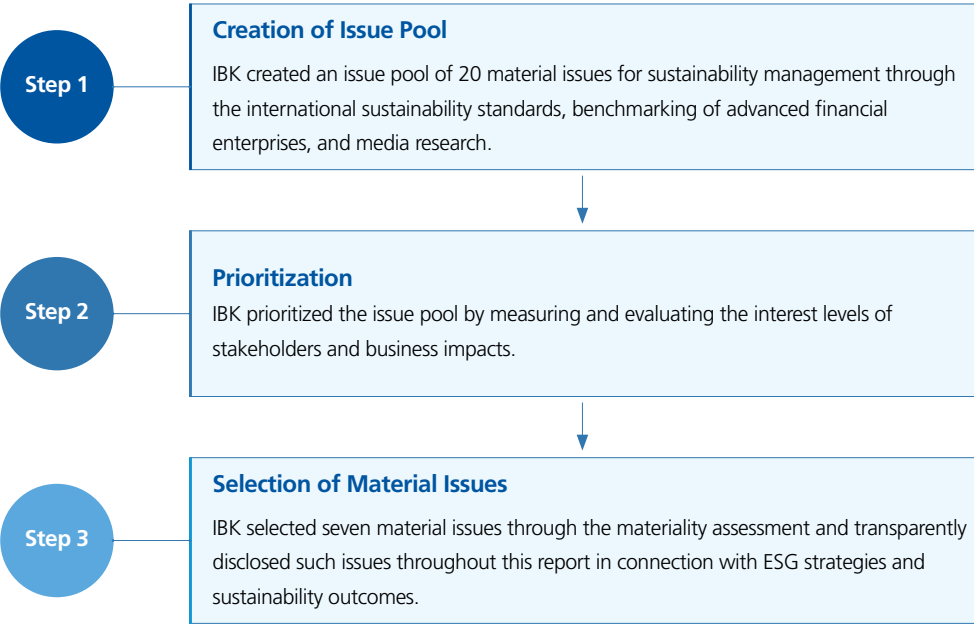
						
Stakeholders	SMEs	Individual customers	Employees	Government	Communities	Shareholders and investors
Communication Channels	<ul style="list-style-type: none"><li>• IBKChanggong</li><li>• IBK 1st Lab</li><li>• SME Consulting</li><li>• Management Club</li><li>• i-ONE JOB</li><li>• IBK BOX</li></ul>	<ul style="list-style-type: none"><li>• Voices of Customers</li><li>• Customer Satisfaction Survey</li><li>• WIN Class</li><li>• i-ONE Bank</li><li>• Customer Center</li></ul>	<ul style="list-style-type: none"><li>• Communication Postcard</li><li>• Leaders Club</li><li>• Pending Issue Briefing</li><li>• Human Rights Counseling Center</li><li>• Labor-Management Council</li><li>• Whistleblowing system</li></ul>	<ul style="list-style-type: none"><li>• Joint Cooperation Program for State Inspection</li><li>• Public Institution Business Performance Report</li><li>• Business agreements with related agencies</li></ul>	<ul style="list-style-type: none"><li>• IBK Happiness Sharing Foundation</li><li>• IBK Smile Sharing Foundation</li><li>• Joint workplace daycare centers for SMEs</li><li>• IBK sports teams</li><li>• Online communication channels for communities</li></ul>	<ul style="list-style-type: none"><li>• Shareholders' general meetings</li><li>• Annual report</li><li>• Sustainability report</li><li>• IR website</li><li>• IR conference</li><li>• Public announcements</li></ul>
						



# Materiality Assessment

By communicating with stakeholders, IBK conducted a materiality assessment to identify material issues related to sustainable management. After creating an issue pool based on global sustainability standards, industrial issues, and media data, we report on material issues selected by comprehensively considering the interest of stakeholders and the impact on businesses on the 2022 Sustainability Report.

## Materiality Assessment Process



Priority	Category	Material Issue	Report Page
1	Governance	Reinforcement of compliance and ethical management	75-80
2	Social	Protection of financial consumers	49-52
3	Social	Expansion of social contributions	55-59
4	ESG	Expansion of ESG finance	19-24
5	Environmental	Carbon neutrality, response to climate change	27-35
6	Social	Expansion of inclusive finance	60-64
7	Governance	Establishment of sound governance	71-74

## Economic Data

### Creation of Economic Value

(Unit : KRW million, consolidated)

	2019	2020	2021
Total assets	318,111,038	361,616,177	398,071,914
Operating profit	2,227,915	2,125,516	3,231,310
Net income for the year	1,614,261	1,547,918	2,425,941

### Distribution of Economic Value

(Unit : KRW million, consolidated)

		2019	2020	2021
Shareholders and investors	Dividends	382,614	372,933	621,992
Executives and employees	Wages	1,240,847	1,333,999	1,394,621
Executive and employees	Welfare expenses	8,766	6,836	7,343
Government	Corporate taxes	625,976	538,993	891,968

### Payments to the Government

(consolidated)

	Unit	2019	2020	2021
Corporate tax calculation	KRW 100 million	3,221	3,357	5,771
Tax credit	KRW 100 million	133	169	172
Finalized tax amount	KRW 100 million	3,088	3,188	5,599

### Retirement Pension Fund

		Unit	2019	2020	2021
Defined Benefit(DB)	Present value of debt	KRW billion	992	1,047	1,118
Defined Benefit(DB)	Number of persons	Persons	12,954	12,907	12,759
Defined Contribution(DC)	Retirement benefit expense	KRW 100 million	3.7	5.8	9
Defined Contribution(DC)	Number of persons	Persons	659	789	1,243

\* Retirement pension opening date : 12. 28. 2011

### Issuance of ESG Bonds

	Unit	2019	2020	2021
ESG bonds in foreign currencies	USD 100 million	-	5	5
ESG bonds in Korean Won	KRW 100 million	9,500	4,000	64,300

### ESG Finance – Green Finance

	Unit	2020	2021
Green finance (supply outcome)	KRW trillion	1.6	2.1
Corporate loans (total supplied during the year)	KRW trillion	71.7	63
Ratio of green support	%	2.23	3.33

	Unit	2020	2021
New and renewable energy PF (based on balance)	KRW billion	64	46
New and renewable energy investments (based on balance)	KRW billion	168	202

### ESG Finance – Microfinance

	Unit	2020	2021
Microfinance	KRW billion	747	753
Total retail loans	KRW billion	14,462	11,483
Ratio of Microfinance loans	%	5.2	6.6

### ESG Finance - Innovation growth

	Unit	2020	2021
Venture capital (supply outcome)	KRW 100 million	3,307	6,536
Startup funding (supply outcome)	KRW 100 million	285,317	238,344

## Environmental Data

### GHG Emissions

(Entire bank)

		Unit	2019	2020	2021
SCOPE 1 emissions		tCO <sub>2</sub> eq	11,384	9,483	8,076
SCOPE 2 emissions		tCO <sub>2</sub> eq	46,936	50,071	48,719
SCOPE 1+2		tCO <sub>2</sub> eq	58,320	59,554	56,795
Intensity of GHG emissions (basic unit per person)		tCO <sub>2</sub> eq	4.3130	4.3325	4.0848
SCOPE 3	Purchased products and services	tCO <sub>2</sub> eq	12,925.38	12,214.02	11,048.71
SCOPE 3	Capital goods	tCO <sub>2</sub> eq	235.93	143.54	143.91
SCOPE 3	Business trips	tCO <sub>2</sub> eq	2,947.92	3,027.26	3,073.67
SCOPE 3	Employee commuting	tCO <sub>2</sub> eq	4,205.18	4,318.36	4,384.56
SCOPE 3	Total	tCO <sub>2</sub> eq	20,314.41	19,703.18	18,650.85

\* Adjusted Scope 3 values in accordance with the renewal of ISO14064-1 boundaries and scopes

### Energy Consumption

(Entire bank)

	Unit	2019	2020	2021
Electricity	MWh	101,125.33	107,833.19	106,509.78
Sunlight*	kWh	24,882.00	23,665.00	88,129.00
Gas	1,000m <sup>3</sup>	1,617.62	1,533.46	1,460.20

\* Solar power consumption at Chungju Training Institute has been measured since 2021

### Water Consumption

(Head office, IFT building)

	Unit	2019	2020	2021
Tap water	ton	72,789	78,148	74,555

### Waste Discharge

(Head office, IFT building)

		Unit	2019	2020	2021
Recyclable waste	Blank paper	ton	91.9	77.9	71.9
Recyclable waste	Newspaper	ton	87.1	73.3	66.3
Recyclable waste	Scrap paper	ton	101.1	93.7	94.6
Recyclable waste	Cans	ton	2.91	3.7	2.7
Recyclable waste	Plastics	ton	16.6	13.6	14.9
Recyclable waste	Bottles	ton	10.4	9.4	8.5
Recyclable waste	Total	ton	310	271.6	258.7
General waste		ton	195.6	286.8	309.8

### Environmental Law Violations

	Unit	2019	2020	2021
Cases of environmental law violations	Cases	0	0	0

### Purchase of Environmentally Friendly Products

	Unit	2019	2020	2021
Purchase of LED lights	KRW million	250	478	438
Eco-friendly transaction specifications	KRW million	372	470	407
Calendar	KRW million	1,566	1,453	1,573
Corrugated cardboard box	KRW million	-	-	66
Total	KRW million	2,188	2,401	2,476

# Employees Data

## BOD Members

	Unit	2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Member	Persons	6	-	6	0	5	1
Total number of members	Persons	6		6		6	
Ratio of female directors	%	0		0		17	

## Number of Executives and Employees

(Unit : Persons)

		2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Total number of employees		6,181	7,341	6,256	7,490	6,322	7,582
By employment type	Executives	2	0	3	0	3	0
	Regular workers	5,498	3,874	5,581	3,968	5,676	4,105
	Contract workers	681	3,467	672	3,522	643	3,477
Position	Executive	2	0	3	0	3	0
	1st rank	56	5	53	3	47	5
	2nd rank	317	11	337	20	283	18
	3rd rank	1,599	554	1,527	674	1,402	783
	4th rank	1,828	1,425	1,905	1,512	1,983	1,593
	Clerk	1,698	1,879	1,759	1,759	1,961	1,706
	Contract workers	681	3,467	672	3,522	643	3,477
By age group	Below 30 years	875	1,303	644	1,025	581	1,008
	30 years – below 50 years	3,410	5,459	3,441	5,526	3,448	5,396
	50 years or above	1,896	579	2,171	939	2,293	1,178

## Diversity

	Unit	2019	2020	2021
Number of veteran employees	Persons	1,076	1,106	1,102
Number of disabled employees	Persons	379	454	458
Rate of disabled employees	%	3.02	3.54	3.55

## New Employees

(Unit : Persons)

		2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Total number of new employees		276	350	176	218	197	177
By employment type	Executives	-	-	2	-	1	-
	Regular workers	240	170	140	113	178	166
	Contract workers	36	180	34	105	18	11
By position	Executive	-	-	2	-	1	-
	1st rank	-	-	-	-	-	-
	2nd rank	-	-	-	-	-	-
	3rd rank	-	1	-	-	-	-
	4th rank	5	4	7	4	-	-
	Clerk	235	165	133	109	178	166
	Contract workers	36	180	34	105	18	11
By age group	Below 30 years	196	179	128	117	162	162
	30 years – below 50 years	74	163	43	89	33	14
	50 years or above	6	8	5	12	2	1

## Empowerment

	Unit	2019	2020	2021
Total number of participating employees	Persons	13,522	13,746	13,904
Total educational expenses for executives and employees	KRW million	22,775	14,933	14,848
Total educational expenses per capita	KRW million	1.7	1.1	1.1
Total hours of education for executives and employees	Hours	2,712,611	2,711,756	2,846,039
Total hours of education per capita	Hours	200.6	197.3	204.7

## Female Leadership

	Unit	2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Managers of sales department	Persons	1450	504	1390	601	1232	715
Ratio of female managers of sales department	%	25.8		30.2		36.7	
Executives and employees in STEM areas	Persons	346	159	360	172	394	193
Ratio of female executives and employees in STEM areas	%	31.5		32.3		32.9	

\* STEM areas – Workers who belong to the Digital Group, IT Group, or Information Protection Department

\*\* Managers : Employees of grade 3 (team manager) or higher

## Turnover and Retirement

		Unit	2019		2020		2021	
			Male	Female	Male	Female	Male	Female
Total number of turnover and retired employees		Persons	257		170		216	
By position	Executive	Persons	1	-	1	-	1	-
	1st rank	Persons	5	-	8	1	8	-
	2nd rank	Persons	3	-	4	1	7	1
	3rd rank	Persons	1	3	5	2	4	3
	4th rank	Persons	11	2	12	4	6	4
	Clerk	Persons	18	19	28	11	58	21
	Contract worker	Persons	66	128	43	50	46	57
Total turnover rate		%	1.9		1.24		1.55	
Number of voluntary turnover		Persons	148		138		142	
Voluntary turnover rate		%	1.09		1		1.02	

## Current Status of Parental Leaves

	Unit	2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Total number of employees taking parental leaves	Persons	27	1,277	33	1,358	25	1,377
Employees returning from parental leaves	Persons	15	449	22	528	12	486
Employees returning from previous year's parental leaves	Persons	4	490	14	393	22	458
Ratio of employees who worked for 12 months or longer after returning from previous year's parental leave	%	100	93.2	93.3	87.5	100	86.7

## Ethical and Human Rights Education

	Unit	2019	2020	2021
Number of participants in ethical education	Persons	10,907	11,035	12,321
Hours of ethical education	Hours	23,631	25,748	28,749
Number of participants in human rights education	Persons	10,907	11,035	12,321
Hours of human rights education	Hours	3,635	4,046	4,107

## Information Protection Education

	Unit	2019	2020	2021
Number of participating employees	Hours	11,644	12,028	12,236
Hours of education	Persons	71,070	73,398	74,706
Number of employees of partners	Persons	1,420	1,479	1,635

## Safety and Health

	Unit	2019	2020	2021
Number of industrial accidents	Cases	0	0	0
Number of safety accidents	Cases	0	0	0
Application of flextime system	Persons	2,042	2,619	2,428
Application of work-from-home	Persons	0	9,643	10,913

\* Number of employees using flextime (staggered commutes, optional work, and flexible work) - Overlapped calculation for employees belonging to more than one flexible work systems

## Practice of Labor Relations

	Unit	2019	2020	2021
Total number of executives and employees	Persons	13,522	13,746	13,904
Members of labor union and labor-management council	Persons	10,467	10,435	10,794
Labor union, labor-management council	%	77.4	75.9	77.6

\* Labor-management council held 5 times in 2021



## Customers and Communities Data

### Customer Satisfaction

	Unit	2019	2020	2021
Self-surveys on customer satisfaction	Points	91.4	91.1	90.7
Total number of complaints received	Cases	173	214	175
Ratio of complaints handled	%	100	100	100

\* Customer complaints – Based on the number of cases announced by the Korea Federation of Banks to protect financial consumers

### IT Infrastructure Accidents

	Unit	2019	2020	2021
Customer information leakage accidents	Cases	0	0	0
Total number of cases received	Cases	0	0	0
Amount lost	KRW 100 million	0	0	0

### Contributions and Other Expenditures

	Unit	2019	2020	2021
Korea Inclusive Finance Agency	KRW million	1,790	1,500	1,000
Corporate Growth Cooperative Foundation	KRW million	1,950	1,800	276
IBK Happiness Sharing Foundation	KRW million	7,000	5,000	8,000

### Details of Donations

(Unit : KRW 100 million)

	2019	2020	2021
Total donations	411	267	268
Political donations	0	0	0

\* In Korea, political donations by corporations are prohibited in accordance with the Political Funds Act. IBK had prior discussions on the subjects and adequacy, etc., of donation support based on the "Donation Operation Standard," and it follows laws strictly so that funds related to IBK are not used as political donations, voting-related funds, lobby funds, etc.

### Details of Social Contribution Project Budget

(Unit : KRW million)

	2019	2020	2021
Community benefit	40,541	18,114	36,403
Inclusive loans	41,559	49,501	33,898
Academic education	10,645	11,713	14,789
Environment	510	10	10
Culture, arts, and sports	11,318	5,518	6,110
Global	1,126	159	444
Total	105,699	85,015	91,654

### Volunteer Services of Employees

	Unit	2019	2020	2021
Total number of volunteers	Persons	8,683	238	216

\* Number of volunteers dropped sharply due to COVID-19

# GRI Index

## Universal Standards (GRI 100)

Classification	Disclosure	Indicators	Page	Remark
Organization Profile	102-1	Name of the organization	5	Industrial Bank of Korea (IBK)
	102-2	Activities, brands, products, and services	7	61st Annual Report, Chapter 4 – Duties of IBK
	102-3	Location of headquarters	117	
	102-4	Location of operations	6	
	102-5	Ownership and legal form	5	
	102-6	Markets served	6	
	102-7	Scale of the organization	5, 8, 102	
	102-8	Information on employees and other workers	104-105	
	102-9	Supply chain	75	
	102-10	Significant changes to the organization and its supply chain	-	No significant changes
	102-11	Precautionary principle or approach	32, 81-83	
	102-12	External initiatives	15	
	102-13	Membership in associations	99	
Strategy	102-14	Statement from highest decision-maker	4	
Ethics and Integrity	102-15	Key impacts, risks, and opportunities	4, 10	
	102-16	Values, principles, standards, and code of conduct	75-76	IBK Code of Ethics
Governance	102-17	Mechanisms for advice and concerns about ethics	76	
	102-18	Governance	71-73	2021 Annual Governance Report
	102-19	Delegating authority	11	
	102-20	Executive-level responsibility for economic, environmental, and social topics	11	
	102-21	Consulting stakeholders on economic, environmental, and social topics	100-101	
	102-22	Composition of the highest governance body and its committees	72	
	102-23	Chair of the highest governance body	71-72	Industrial Bank of Korea Act, Article 25-2 (Board of Directors) ④ The bank president convenes the Board of Directors and assumes its chair.
	102-24	Nominating and selecting the highest governance body	73	
	102-26	Roles of highest governance body in setting purposes, values, and strategy	71-72	
	102-27	Collective knowledge of highest governance body	72-73	
	102-28	Evaluating the highest governance body's performance	74	2021 Annual Remuneration Report
	102-29	Identifying and managing economic, environmental, and social impacts	11, 72	

Classification	Disclosure	Indicators	Page	Remark
Governance	102-30	Effectiveness of risk management processes	32, 81-83	
	102-31	Review of economic, environmental, and social topics	11	
	102-33	Communicating critical concerns	100-101	
	102-34	Nature and total number of critical concerns	71	Held 10 Board of Directors meetings and discussed 66 agenda
	102-35	Remuneration policies	74	2021 Annual Remuneration Report
	102-36	Process for determining remuneration	74	2021 Annual Remuneration Report
	102-37	Stakeholders' involvement in remuneration	74	Articles of Association, Article 46 (Remuneration and Retirement Benefits for Executives) ① The remuneration for executives shall be determined by a resolution at the general meeting of shareholders.
Stakeholder Engagement	102-40	List of stakeholder groups	100	
	102-41	Collective bargaining agreements	105	
	102-42	Identifying and selecting stakeholders	100	
	102-43	Approach to stakeholder engagement	100	
	102-44	Key topics and concerns raised	100-101	
Reporting Practice	102-45	Entities included in the consolidated financial statements	8	61st Business Report
	102-46	Defining report content and topic boundaries	101, 117	
	102-47	List of material topics	101	
	102-48	Restatements of information	-	
	102-49	Changes in reporting	-	Not applicable
	102-50	Reporting period	117	January 1, 2021 – December 31, 2021 (including some outcomes in 2022)
	102-51	Date of most recent report	117	Published in July 2021
	102-52	Reporting cycle	117	
	102-53	Contact point for questions regarding the report	117	
	102-54	Claims of reporting in accordance with the GRI Standards	117	
	102-55	GRI content index	107-110	
	102-56	External assurance	115-116	Third-party assurance by a professional assurance body (Korea Productivity Center)
Management Approach	103-1	Explanation of the material topic and its boundary	101	Selected 7 material issues through a materiality assessment
	103-2	The management approach and its components	10-11, 26, 40, 70, 89	
	103-3	Evaluation of the management approach	10-11, 26, 40, 70, 89	

Topic-specific Standards

Economic Standards (GRI 200)

Classification	Disclosure	Indicators	Page	Remark
Economic Performance	201-1	Direct economic value generated and distributed	102	
	201-2	Financial implications and other risks and opportunities due to climate change	32, 113	TCFD Report
	201-3	Defined benefit plan obligations and other retirement plans	102	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	55-58	
	203-2	Significant indirect economic impacts	90-97	
Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	76, 105	

Environmental Standards (GRI 300)

Classification	Disclosure	Indicators	Page	Remark
Energy	302-1	Energy consumption within the organization	103	Disclosure of energy consumption based on the head office and IFT
Water and Effluents	303-2	Management of water discharge-related impacts	34	Operation of a zero-discharge system at the Chungju Training Institute
	303-3	Water withdrawal	103	Disclosure of water intake based on the head office and IFT
	305-1	Direct (Scope 1) GHG emissions	103, 114	
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	103, 114	
	305-3	Other indirect (Scope 3) GHG emissions	33, 103, 114	
	305-4	GHG emissions intensity	114	
	305-5	Reduction of GHG emissions	34	
Waste	306-2	Management of significant waste-related impacts	103	Disclosure of waste discharge based on the head office and IFT
Environmental Compliance	307-1	Environmental Law Violations	103	

## Topic-specific Standards

### Social Standards (GRI 400)

Classification	Disclosure	Indicators	Page	Remark
Employment	401-1	New employee hires and employee turnover	104	
	401-3	Parental leave	105	
Occupational Health and Safety	403-3	Occupational health services	47	
	403-4	Worker participation, consultation, and communication on occupational health and safety	47	Promoting risk assessments, etc.
	403-5	Worker training on occupational health and safety	47	Safety Management Report
	403-6	Promotion of worker health	47	Conducting video education on health and safety, etc.
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	Safety Management Report
	403-9	Work-related injuries	-	0 cases (2021 Safety Management Report)
	404-1	Average hours of training per year per employee	104	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	43-45	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	104	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	Human Rights Management Regulation, Article 4 (Guarantee of Freedom of Association and Collective Bargaining) ② The bank shall guarantee the rights of employees to engage in collective bargaining through the labor union.
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	Human Rights Management Regulation, Article 5 (Prohibition of Forced Labor and Child Labor) ② The bank shall not employ children under 15 years old.
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Human Rights Management Regulation, Article 5 (Prohibition of Forced Labor and Child Labor) ① The bank shall not make employees perform forced labor against their free will.
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	77-78	
	412-2	Employee training on human rights policies or procedures	77-78, 105	
Local Communities	413-1	Operation with local community engagement, impact assessments, and development programs	56, 58	IBK Hope Design, etc.
Public Policy	415-1	Political contributions	106	In South Korea, the Political Funds Act prohibits political contributions by corporations.
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	88	



## SASB Report

IBK has been disclosing ESG information in accordance with the Sustainability Accounting Standards Board (SASB) Standards since 2021. Public disclosures were made in accordance with the Sustainability Accounting Standards for Commercial Banks. Indicators that redundantly appear in the financial sector of SASB's Sustainable Industry Classification System (SICS) and key indicators that are highly relevant to IBK were separately marked in multiple sectors. IBK will continue expanding the scope and level of its public disclosures.

### SASB - Multiple Sectors (FN)

Topics	Disclosure Code	Accounting Indicator	IBK's Response	Page
Information Security	FN-CB-230a.2 FN-CF-230a.3 FN-EX-550a.3	Identification of data security risks and explanation of approach to solutions	IBK solidified its information security systems through 24x365 security control and multiple defense systems, enhancing its ability to respond to external cyber-attacks. IBK inspects vulnerabilities of the information security systems in various ways to fundamentally block security crises and secure safety.	87
Business Ethics	FN-CB-510a.2 FN-AC-510a.2 FN-IB-510a.2	Description of whistleblower policies and procedures	IBK operates a whistleblowing system to run the organization as a bank with anti-corruption and integrity by preventing financial accidents and minimizing losses from accidents. Reports can be done by different methods like writing, email, and phone call. Real name reporting is required, but anonymous reports are allowed when necessary.	76
Employee Diversity and Inclusion	FN-AC-330a.1 FN-IB-330a.1	Percentage of gender, racial, and ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Detailed information related to the diversity of employees is publicly noticed by contractual condition, rank, or gender.	104-105
Systematic Risk Management	FN-CB-550a.1 FN-IB-550a.1	Global systematically important bank (G-SIB) score by sector	IBK does not correspond to G-SIB. IBK was also excluded from domestic systematically important banks (D-SIB) due to the government's loss compensation clause in laws. Instead, IBK publicly notices the status of the BIS capital adequacy ratio.	82
	FN-CB-550a.2 FN-IB-550a.2	Description of approach to incorporation of mandatory and voluntary stress test results in capital adequacy plans, long-term corporate strategies, and other activities	IBK reports the integrated crisis analysis (stress test) results, analyzing potential vulnerabilities of the bank to exceptional but possible incidents at the end of every half-year, to the Risk Management Committee.	81

## SASB - Commercial Banks


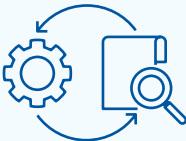
Topics	Disclosure Code	Accounting Indicator	IBK's Response			Page
Information Security	FN-CB-230a.1	(1) Number of data breaches (2) Percentage of personally identifiable information (PII) (3) Number of account holders affected	(1) 0 (2) 0% (3) 0case No data infringement accidents occurred on the reporting year.			84-88, 106
Financial Inclusion	FN-CB-240a.1	(1) Number of loans and (2) amount of loans to promote small businesses and community development	To respond to this accounting indicator, IBK separately defines the criteria1) of loans for companies whose annual sales volume is less than KRW 1 billion. During the reporting year, IBK provided (1) 66,013 loans and (2) KRW 3,294.3 billion.			-
	FN-CB-240a.4	Number of participants in financial education for financially vulnerable classes	IBK conducted 17 sessions of financial and economic education for youths in 2021, and 907 persons participated. Additionally, IBK provides economic education for seniors and middle-aged homemakers, which includes digital finance, to help financially neglected classes adapt to the rapidly changing environment.			60
Inclusion of Environment, Society, and Governance Elements in Credit Analysis	FN-CB-410a.1	Exposure of commercial and industrial credits by industry	The industrial credit exposure of IBK, which accounts for 2% or more of the overall business portfolio, is as follows.			-
			Business Type	Amount (KRW million)	Percentage(%)	
			Manufacturing business	1,203,002	44.69	
			Household loan	423,786	15.74	
			Wholesale and retail business	394,560	14.66	
			Real estate business	229,447	8.52	
			Construction business	70,719	2.63	
	Information communication business	56,514	2.1			
FN-CB-410a.2	Description of approach to include ESG elements in credit analysis	IBK utilizes its own big data portal in operation to reflect the level of ESG management in loan reviews. ESG-related items within the portal are collected and classified into positive and negative items, granting a weighted value to each item. ESG levels are classified based on the final combined score, and the levels are used during loan reviews.			19	
Activity Metrics	FN-CB-000.A	Number of personal customers and SMEs and deposit amount		Number of Customers	Deposit Amount (KRW billion)	-
			Personal	16.18 million	69,975	
			SMEs	2,035,445	74,074	
	FN-CB-000.B	Loan amount of personal customers, SMEs, and corporates		Loan Amount (KRW billion)		61st Term Annual Report P45
Personal	41,118					
SMEs	203,866					
		Corporates and other public institutions	9,047			



1) Loan criteria for companies whose annual sales volume is less than KRW 1 billion

1. SMEs whose sales volume is less than KRW 1 billion based on the financial statements closed in 2021 (borrower type – personal, SME, cooperative) 2. (For personal, SME, and cooperative borrowers) Balance of SME loans based on B/S, including loans in Korean Won and foreign currencies 3. Number of cases calculated based on the balance (excluded if there is no balance of limited loans) 4. Excluding companies with sales volume of KRW 0 and companies that did not register closed financial statements \* Including cooperatives, corporates, mid-sized companies, and other companies that have the account title of SME loan

## TCFD Report

IBK declared its support for the Taskforce on Climate-related Financial Disclosures (TCFD), in a first among public financial institutions, in June 2020. ESG information is publicly disclosed throughout the report in accordance with the TCFD Recommendations. The TCFD Recommendations comprise 11 detailed indicators in 4 areas based on a 2°C scenario, including governance, strategy, risk management, and reduction goals. IBK establishes ESG strategies in line with these recommendations.

Classification	Item	TCFD Implementation Status of IBK	Page
 Governance	a) Roles of the BOD related to climate change risks and opportunities	In June 2021, IBK established the ESG Committee within the BOD, the highest decision-making body, for the first time among public financial institutions. The ESG Committee regularly reviews and resolves agendas related to climate change risks, opportunities, and strategies in accordance with the international standards, such as the CDP and TCFD.	11
	b) Roles of the management in evaluating and managing climate change risks and opportunities	IBK evaluates and manages climate change risks and opportunities through management meetings, where all members of the management participate, including the CEO. Education was conducted on the topics like 'Net Zero and ESG' by Professor Jeong Seo-yong from Korea University and 'Green Finance and Net Zero' by Partner Lee Ok-soo from Deloitte to increase the degree of understanding of climate change and net zero. The green finance workshop was held to discuss climate response and the expansion of green finance. In addition, IBK internalized climate change responses within its businesses and maximized the operating effects by reflecting ESG outcomes in the KPIs of all departments at the headquarters.	11, 28
 Strategy	a) Analysis of climate change risks and opportunities	Climate change has direct and indirect ripple effects on the real economy. IBK analyzes the risks and opportunities by dividing climate risks into physical risks and transition risks.	32
	b) Effects of climate change risks and opportunities on the businesses, strategies, and financial plans of the organization	IBK identifies the potential impact of physical risks (rapid shock, incremental shock) and transition risks (policies, laws, technologies, markets, reputation) on each of its business and financial plans. In addition, IBK identifies and responds to climate-related financial risks. In IBK places a particular emphasis on transition risks and proactively develops response measures in this respect.	32
	c) Resilience of organizational strategies considering various climate change scenarios	IBK developed its evaluation model by deriving risk factors related to climate environment exposure appropriate for SMEs and classifies the degree of risk exposure of each business type into high-risk, medium-risk, and low-risk groups using its SME information. As a result, the top businesses of the high-risk group were the manufacturing business, construction business, and other public businesses. The high-risk group accounted for 25% of all companies. All analyses were performed based on the 2°C scenario and used to support the climate responses of SMEs.  Moreover, IBK measured the GHG emissions of financial assets based on the PCAF methodology. IBK plans to strengthen the resilience of the organization regarding climate change by establishing a strategy for accomplishing the 1.5°C scenario through the SBTi methodology.	33

Classification	Item	TCFD Implementation Status of IBK	Page										
 <b>Risk Management</b>	a) Process for identifying and evaluating risks related to climate change	To practice socially responsible investments, IBK established processes (screening, classification, effect analysis, and monitoring) that identify environmental and social risks from review of financial support to recollection, including climate change, reflect them in decision-making, and manage them continually.	22										
	b) Organizational processes for managing climate change risks	IBK identifies and manages climate change risks according to the horizontal decision-making structure of the ESG Management Team under the Strategy and Planning Department. Climate and environmental risks identified by the ESG management system are shared with all departments.	11										
	c) Method of integrating the processes for identifying, evaluating, and managing climate change risks into overall risk management of the organization	The standards for reviewing environmental and social risks, including risks related to climate change, include various risk factors ranging from environmental damage to human rights violations. IBK will evaluate and manage large-scale project financing (PF) for infrastructures and industries, which greatly impact the environment and society, and sequentially expand its scope. Further, IBK is currently testing these established processes and plans to join the Equator Principles Association in 2022. Transition details, including methods of integrating them into the overall risk management of the organization, will be announced in a separate report to be published beginning in 2023.	22										
 <b>Indicators and Reduction Goals</b>	a) Indicators used by the organization to evaluate climate change risks and opportunities according to the strategy and risk management process	IBK establishes and manages quantitative goals using GHG emissions, carbon intensity, and green finance loans and investments as indicators for climate change responses.	29, 31, 33										
	b) Scope 1, scope 2, and scope 3 GHG emissions and related risks	<p>IBK discloses its GHG emissions data each year through the sustainability report and CDP. Details can be found in the Environmental Data Section of the Appendix.</p> <p><b>GHG Emissions of IBK in 2021</b></p> <table><tr><th>Total Emissions (tCO<sub>2</sub>eq)</th><th>SCOPE 1</th><th>SCOPE 2</th><th>Basic Unit Per Capita (tCO<sub>2</sub>eq/Person)</th><th>SCOPE 3 (Excluding Financial Assets)</th></tr><tr><td>56,795</td><td>8,076</td><td>48,719</td><td>4.0848</td><td>18,650.85</td></tr></table>	Total Emissions (tCO <sub>2</sub> eq)	SCOPE 1	SCOPE 2	Basic Unit Per Capita (tCO <sub>2</sub> eq/Person)	SCOPE 3 (Excluding Financial Assets)	56,795	8,076	48,719	4.0848	18,650.85	103
	Total Emissions (tCO <sub>2</sub> eq)	SCOPE 1	SCOPE 2	Basic Unit Per Capita (tCO <sub>2</sub> eq/Person)	SCOPE 3 (Excluding Financial Assets)								
56,795	8,076	48,719	4.0848	18,650.85									
c) Goals used by the organization to manage climate change risks and opportunities and performance compared to goals	IBK takes part in the Korean government's 'GHG target management system' to reduce emissions based on the annually allowable GHG emissions allocated by the government. Based on consistent management and reduction efforts, the GHG emissions (Scope 1 + 2) of IBK in 2021 were 56,795tCO <sub>2</sub> eq, exceeding the annual reduction goal by about 7.49% compared to the target emissions of 61,392tCO <sub>2</sub> eq. As for green loans and investments, IBK has devised a plan to expand the supply and investments until 2030 and is expanding support.	29, 34											

# Third-Party Assurance Statement

## To the Stakeholders of Industrial Bank of Korea

The Korea Productivity Center (hereinafter the “Assurer”) was appointed by Industrial Bank of Korea (hereinafter the “Company”) to provide independent assurance of its “IBK Sustainability Report 2022” (hereinafter the “Report”), and hereby presents the following assurance statement.

## Responsibility and Independence

The Company is fully responsible for the reliability and accuracy of all the information and opinions presented in the Report. The Assurer is responsible solely for the third party assurance of the contents in the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing the Report, nor in any conflicts of interest that may undermine our independence.

## Standard and Scope of Assurance

This assurance was conducted in accordance with Type 1 assurance and the Moderate Level based on AA1000AS v3. The Assessor reviewed whether the client complied with the four principles of inclusivity, materiality, responsiveness, and impact presented by AA1000AP(2018). Based on the four-principle composition methods, we carried out the assurance service. On the basis of documents and information presented by the client and in the field interviews, we checked all indicators and information specified in the Report to confirm their balance, comparability, accuracy, timeliness, clarity, and reliability.

## Methodology

This assurance was conducted through the following methods:

- Verified if the requirements of the GRI Standards were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on the GRI Standards.
- Verified the selection of material issues covered and the appropriateness of the contents
- Verified the suitability of the contents and any errors in expression through a comparison analysis with other sources
- Verified the basis of Core data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

## Findings and Conclusion

This assurance was conducted through the following methods:  
It is the Assurer’s opinion that the Report represents the sustainability efforts and performance results of the Company in a fair and accurate way. In addition, the Assurer verified if the requirements for the Core option of the GRI Standards were fulfilled.  
Universal Standards were prepared in full compliance with the requirements of the Core option while Topic-specific Standards were reviewed in line with disclosures of the material topics identified through the process of determining report content as follows

Material Issues	Material Topic	GRI Disclosures
Reinforcement of Compliance and Ethical management	Human Rights Assessment	412-1, 412-2
Protection of financial consumers	Customer Privacy	418-1
Expansion of social contributions	Local Communities	413-1
Expansion of ESG finance	Supply Chain	N/A*
Carbon Neutral, response to climate change	Energy, Water and Effluents Emissions	302-1, 303-2, 305-1~5,
Expansion of inclusive finance	Local Communities	413-1
Establishment of sound governance	Governance	N/A*

\* Material issues related to GRI Universal Standards, not related to topic-specific standards



### • Inclusivity : Stakeholder Engagement

The Assurer confirmed that the Company communicated with stakeholders to comply with the Inclusivity principle through the relevant communication channels. The Company defined stakeholders into six groups (small and medium enterprises, individual customers, employees, government, local communities, shareholders and investors) and collected opinions from stakeholders through communication channels that considered the different characteristics of each stakeholder. Collected opinions were reflected in management strategies, and is also verified that this type of management decision-making process is a good example.

### • Materiality : Identification and Reporting of Material Issues

The Assurer verified that the Company used a materiality assessment for identifying its material issues. In particular, the Company identified its material issues through an annual external environmental analysis, such as examining global standards including GRI Guidelines, UN PRB, SASB, TCFD, media research and investigating issues related to the finance industry. The Company also used an internal environmental analysis, such as reviewing issues from previous reports and examining management issues in the selection of material issues. In addition, the Assurer verified that the Company prioritized its material issues from the perspective of stakeholder interest and business impact and disclosed 7 major issues throughout the report in accordance with sustainability performances.

### • Responsiveness : Organization's Response to Issues

It was verified that the Company diagnosed major expectations that affect the stakeholders' performance and established appropriate measures to respond to them, of which the contents were properly stated on the Report. In particular, the Assurer verified the Company's response to material issues objectively through an annual survey and interview of stakeholders. Moreover, the Report earnestly discloses all corresponding activities and their performances regarding the major issues of sustainability management.

### • Impact : Measuring Sustainability Impact

The assurer confirmed that the Company considers the societal impact of the organization by establishing the boundaries of the impact of major issues. Moreover, the Report earnestly discloses service development activities for response to climate change and financial inclusion & capacity building.

The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by AccountAbility that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with of experienced experts who are qualified for the consultation and assurance of sustainability practice.

\* AA1000AS v3 : AA1000 Assurance Standard v3 is the global assurance standard established by AccountAbility to provide a comprehensive way of verifying an organization's management, compliance with the principles and reliability of performance data for reporting its sustainability issues.

\*\* AA1000AP (2018) : AA1000 Accountability Principles Standard (2018) is the global assurance principles established AccountAbility to provide the basis for the AA1000 Assurance Standard

### Limitation

The Assurer verified the Report based on the aforementioned assurance standards. The on-site verification was carried out at the headquarters in Seoul. The financial data in the Report was verified through the financial statements and disclosure information which was audited by an auditor, while the aggregated data at the corporate level are used for the verification of Environmental and Social performance. The Assurer discloses that the results may vary if further verification procedures are performed. The Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

### Recommendation

The Assurer recognizes the diverse efforts and performance made by the Company and suggests the following for the Company's publication of the Report in the future and the improvement of its sustainability standards:

- Industrial Bank of Korea is participating in various global initiatives to implement responsible ESG management. Based on advanced code of conduct and ESG Framework, it is recommended to carry out various ESG financial activities, including financial support for SMEs, the purpose of which was established.
- To overcome the climate crisis and achieve carbon neutrality, Industrial Bank of Korea has established a challenging goal of achieving carbon neutrality by 2040. In order to prevent SMEs from being marginalized in the era of low-carbon economic structural change, it is recommended to disclose monitoring system and performance status of GHG emissions of IBK's financial asset portfolio, including loans to SMES, to share information with stakeholders.



July 2022  
Seoul, Korea

CEO Wan-Gi Ahn

Director, Seung-tae Cheong

Team Leader, Wonil Park

# About this Report

## Overview of Report

This report is IBK's eighth sustainability report, which has been published annually since 2021. The 2022 Sustainability Report transparently discloses details on outcomes and issues regarding ESG finance, ESG strategy, environmental, social, governance, and support for SMEs.

## Report Period

The report period is from January 1, 2021, to December 31, 2021, containing matters from the first half of 2022 where they may have significant influence on decision-making. For quantitative performances, data for three years from 2019 to 2021 are provided.

## Boundary and Scope of Report

This report contains the management activities of the head office, domestic and overseas branches, overseas offices, etc. of IBK. IBK reports the sustainability efforts of the Financial Group, along with the ESG management status of eight subsidiaries.

Financial performances were limited to IBK in the separate financial statements according to the Korean International Financial Reporting Standards (K-IRFS), but some performances were prepared based on the consolidated financial statements and indicated separately.

## Reporting Principles and Standards

This report was prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards and also referred to the UN Principles for Responsible Banking (UN PRB), ISO 26000, the SASB Standards, the TCFD recommendations, and the ISSB exposure drafts for sustainability-related disclosures.

## Assurance of Report

To enhance the internal and external credibility of the reported content, IBK requested a professional assurance agency (Korea Productivity Center) to perform a third-party assurance engagement. Detailed assurance results are available on 115-116 page.

## Inquiries About This Report

Please use the contact points below for additional information or inquiries about this report.

Place of Publication	IBK Location of head office: 79 Eulji-ro, Jung-gu, Seoul
Published Month	July 2022
Contact Point	Strategic Planning Department, ESG Management Team Tel : +82-2-2031-3480    Email : ibkesg@ibk.co.kr
Reporting Standards	GRI Standards (Core Option), UN PRB, ISO 26000, SASB, TCFD
Report Period	January 1, 2021 – December 31, 2021 (some performances from the first half of 2022)
Boundary and Scope of Report	Economy (K-IFRS), environmental and social
Reporting Cycle	Every year (last report published in July 2021)
Designed by	Moc Communication Co., Ltd.

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