

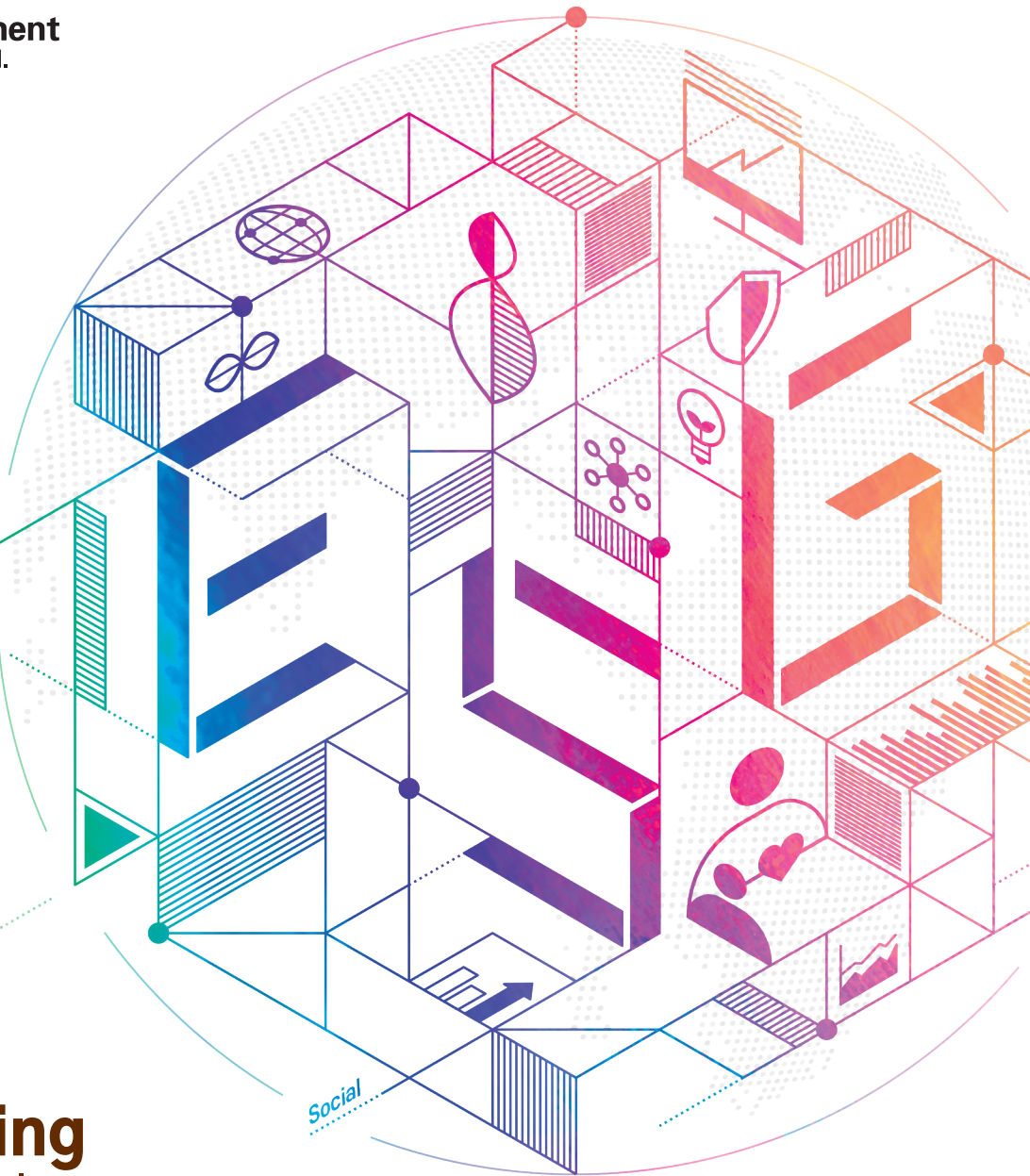
Environment

Social

Governance

Global Leading Financial Enabler

2022 Korea Investment & Securities Sustainability Report



About This Report

About the Report

Korea Investment & Securities (KIS) is engaged in social responsibility activities in the areas of the economy, the environment, and society, and publishes a sustainability report every two years to recap its activities and performances in sustainability management over the previous year and transparently provide such information to its stakeholders. In preparing our third sustainability report this year, we conducted a materiality assessment to select core issues by reflecting the opinions of key stakeholders. This report focuses on these core issues and further elaborates on our efforts and achievements in promoting sustainable financial leadership, shared growth, integrated risk management, etc. Moving forward, KIS plans to periodically publish a sustainability report as a channel of communication with its stakeholders.

Reporting Period and Scope

The reporting period of this report is from January 1, 2020, to December 31st, 2021, while some important data includes performances through the first half of 2022. Quantitative data is used to present performances from the past three years (2019 to 2021) to show annual trends. This report covers the headquarters and domestic sales branches of KIS and any particulars about the reporting scope are indicated in notes. Financial data was compiled on a consolidated basis in line with K-IFRS, and non-financial data was prepared following internal disclosure procedures.

Reporting Standards and Credibility

This report was prepared in line with the Core Option of the Global Reporting Initiative (GRI) Standards, which set forth guidelines for publishing sustainability reports, and follows the Sustainability Accounting Standards Board (SASB) standards to reflect the key issues of the industry. The content of this report was verified by an independent assurance agency, The Sustainability Lab, to ensure credibility and fairness in its preparation process, disclosed data, and content. The assurance statement is presented in the Appendix.

Inquiries about the Report

If you have any inquiries or need further information about this report, please contact us as follows:

Planning Department of Korea Investment & Securities

Tel

02-3276-5000

Homepage

<http://securities.koreainvestment.com>

Contents

Intro

CEO Message	06
Corporate Overview	08
About Korea Investment & Securities	08
Global Business Network	10
Major Businesses	12
ESG At a Glance	14
Advancing Green Governance	16

Creating Sustainable Values

Sustainable Financial Leadership	24
Digital Financial Innovation	24
Customer-Centered Finance	32
Expansion of ESG Investment	42
Pursuing Value of Coexistence	46
Leading Management for Sharing	46
Transparency & Risk Management	54
Anti-Corruption Ethical Management	54
Integrated Risk Management	60

The Way to Sustainable Future

Environmental	66
Response to Climate Change	66
Social	70
Respect for Employees	70
Healthy Labor-Management Culture	71
Promotion of Information Security	76
Governance	78
Board of Directors	78

Appendix

Materiality Assessment	86
Stakeholder Engagement	88
ESG Data	90
GRI Index	102
UN SDGs	104
SASB Index	106
Third Party Assurance	108
Awards and Affiliated Associations	110

Intro

06 CEO Message

08 Corporate Overview

- About Korea Investment & Securities
- Global Business Network
- Major Businesses

14 ESG At a Glance

16 Advancing Green Governance

CEO Message



KIS will spearhead
ESG management in good faith
 by protecting consumers and creating
 social value.

In 2021, KIS (Korea Investment & Securities) achieved robust performances across all business areas and recorded a net income of KRW 962.2 billion amidst the sizable growth of domestic and overseas stock markets and the booming real estate market. However, the business environment has turned uncertain in 2022 with unfavorable events such as the aggressive key interest rate hikes by central banks around the globe. To make it through these challenges, KIS is striving to reinforce its fundamental capabilities to cope with changes in the future business environment by reshuffling systems across all areas and preparing a mid-to-long-term roadmap.

While pursuing growth, KIS is making its utmost efforts to promote sustainable management by working on social and environmental issues as well. This report presents the efforts and performances of KIS in its preemptive response to ESG-related issues in the market and its commitment to creating greater value for the environment and society going forward.

KIS is a prime mover on carbon-neutrality. We declared a decarbonization initiative in 2020, the first among domestic securities companies, and have since pursued ESG management in earnest. The ESG Committee, established in May 2021, is the company's highest decision-making body for ESG management. It ensures more consistent and organized implementation of ESG activities at KIS. Under the leadership of the ESG Committee, we make decisions on key issues, check progress, and establish ESG strategies and plans from a company-wide perspective with the goal of strengthening ESG governance across all management activities.

KIS is carrying out diverse activities to mitigate climate change. We issued ESG bonds in June 2021 and invested the proceeds in overseas green industries, thereby leading the way in creating social value. In April, we were named a carbon credit market facilitator by the Ministry of Environment and we are currently planning on a variety of businesses relating to carbon credits as part of our proactive efforts to foster an ecosystem of renewable energy.

KIS also fulfills its responsibilities as a financial institute for consumer protection, which is another key element of ESG management. For instance, we voluntarily provided full compensation for a financial product that came under controversy over the sale of an insolvent private equity fund. As part of our proactive efforts to protect financial consumers, all employees of KIS sign a pledge every year to renew their commitment to legal compliance and to follow our new management philosophy of "right mind and right behavior."

The world of today is playing for different values than in the past and the social responsibility of businesses is drawing greater attention than ever before. Moving forward, KIS will make relentless efforts to contribute to Korea's capital market as a key driver of its development, while our employees will continue to voluntarily participate in business management.

KIS aims to become the top financial company in Asia, and I would like to ask for your warm-hearted interest and support in our journey toward change and innovation.

Thank you.

Korea Investment & Securities Co., Ltd.
 CEO **Il-Mun Jung**

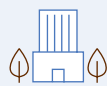









정 인문

About Korea Investment & Securities

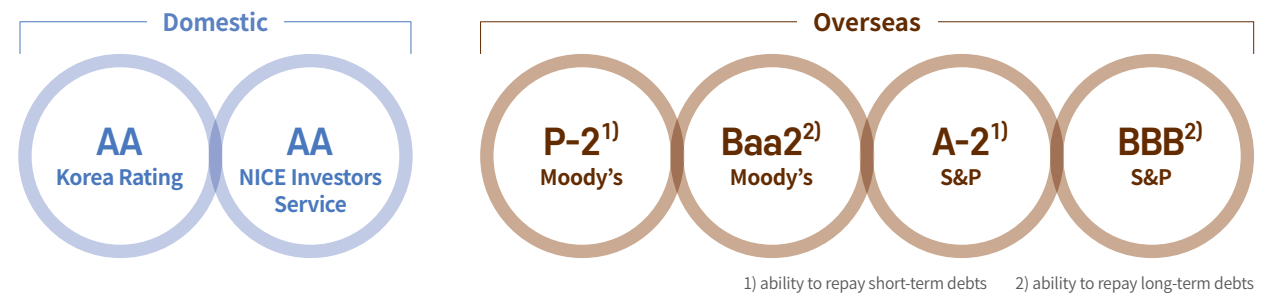
Corporate Overview

Korea Investment & Securities (KIS) is one of the key subsidiaries of Korea Investment Holdings. It has a diversified profit model and has realized balanced profits across all business areas, including brokerage, asset management, IB, and trading. This stable profit model has been the foundation for KIS achieving the highest performance in the industry since 2011. With the goal of becoming a global IB representing Asia, KIS will strengthen its competitiveness in capital, expertise, and networks, and secure long-term growth engines by discovering new drivers of growth.

(as of the end of December 2021 / consolidated basis)

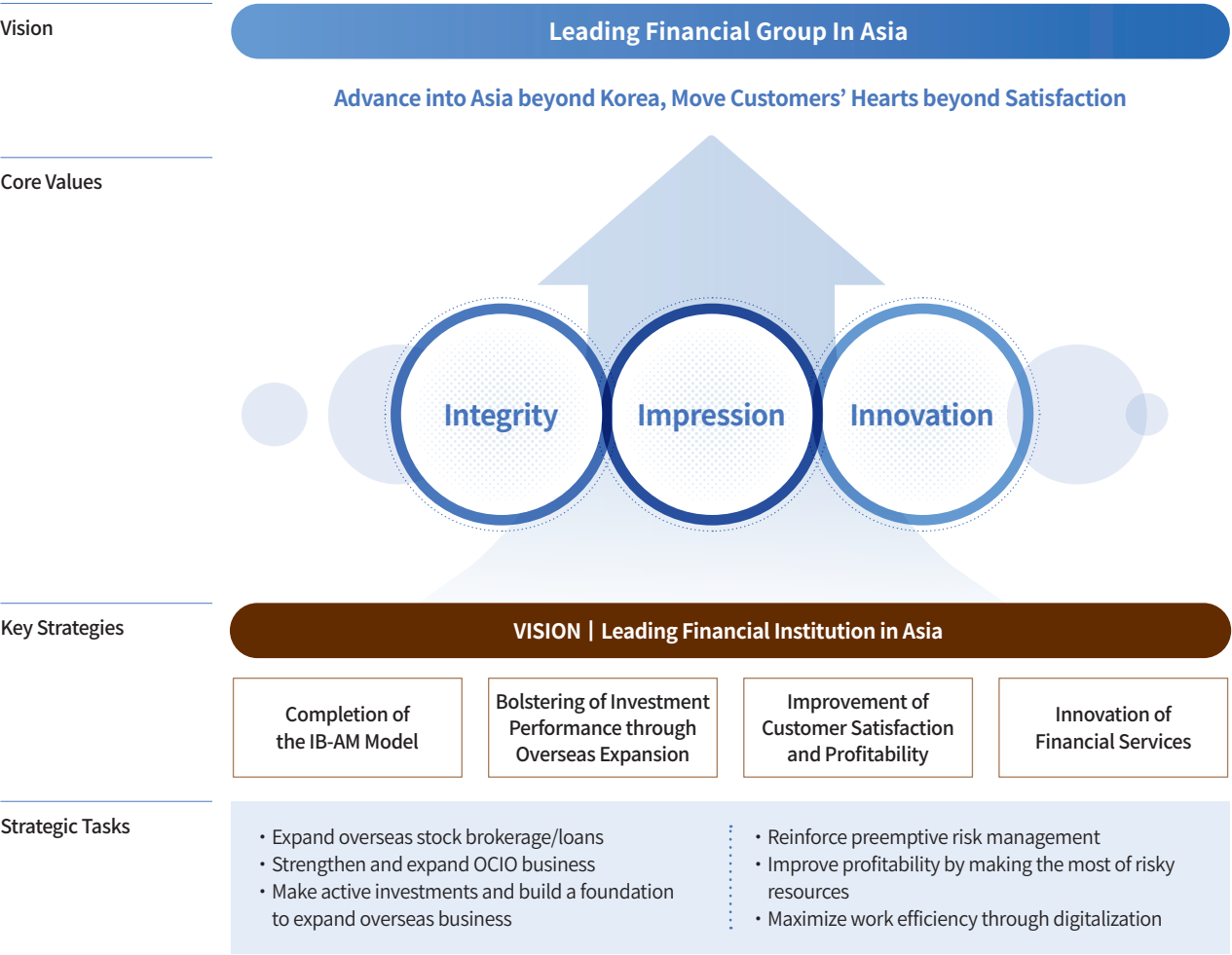
Date of Foundation	Employees	Domestic Sales Branches*	Overseas Subsidiaries	Overseas Offices
August 1974	2,968 persons	77	8	2
				
* Location of HQ: 88, Uisadang-daero, Yeongdeungpo-Gu, Seoul, Korea				
Assets	Equity	ROE*	Operating Income	Net Income
KRW 68,402 billion	KRW 7,148 billion	16.3 %	KRW 1,294 billion	KRW 1,450 billion
				
* consolidated basis, K-IFRS		* calculated using a separate standard		

Credit Rating



Management Philosophy

To achieve its vision of becoming a company trusted by customers, and further, the best financial institute in Asia, KIS has laid out four strategies and tasks to build a solid foundation for growth: ① concentrate company-wide capabilities to enhance customer satisfaction and yield ratios, ② complete the IB-AM model, ③ improve investment performance through soft landings in overseas markets, and ④ provide high-tech financial services suitable for the fourth industrial revolution. With these four strategies, KIS is seeking to cope with changes in the financial environment and reinforce its competitiveness in the global market.



History



Global Business Network

KIS operates eight overseas subsidiaries and is making vigorous efforts to diversify profit sources through the expansion of overseas business in order to become the best financial institute in Asia in the mid-to-long term. We have strengthened our business fundamentals and investment capabilities through overseas subsidiaries in Vietnam, Hong Kong and Indonesia, and we set up a US-based subsidiary (KISUS) in 2021. We also established the Global Business Opportunity Division in 2022 to create synergy through collaborations with overseas businesses across the company, and plan to expedite our global operations through M&As and alliances with global IBs. KIS will strive to become a global financial platform that focuses on customers by seeking greater business coordination and connections between our main global operations and major business divisions.

Overseas Subsidiaries

(as of the end of December 2021)

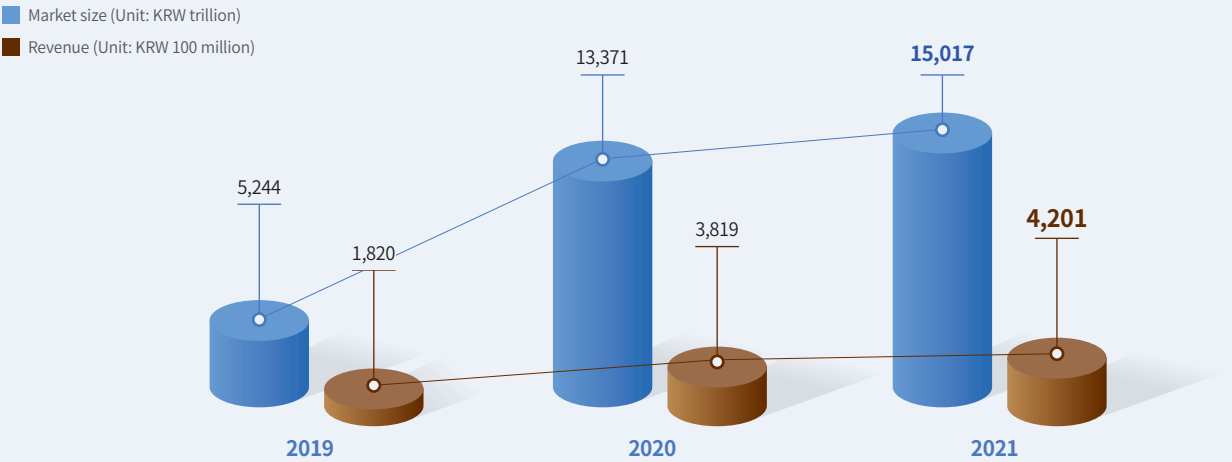
Location	London (UK)	Beijing (China)	New York (US)	New York (US)	Hong Kong	Vietnam	Indonesia	Singapore
Date of incorporation	1995-04-24	2010-11-12	2000-04-18	2021-01-08	1997-07-11	2010-11-29	2018-06-26	2008-02-22
Type of subsidiary	Corporation							
Main business	Stock brokerage	Investment advising	Stock brokerage	Corporate loans and other investments	Stock & futures brokerage, financial investments	Securities	Financial investments (securities)	Stock brokerage
Employees (person)	3	3	6	3	31	242	156	4



Major Businesses

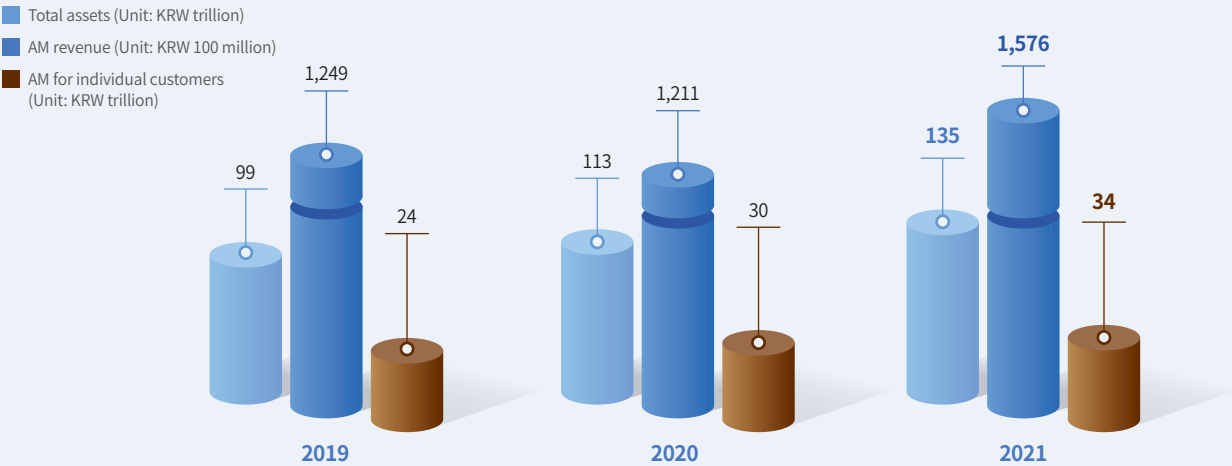
Brokerage

BK (brokerage) revenue stems from stock, futures, and options trading for individual, institutional, and foreign clients. Our accounts under management totaled KRW 15,017 trillion in the domestic market (KOSPI and KOSDAQ) in 2021, an increase of 12.3% from the KRW 13,371 trillion recorded in 2020, while our revenue rose by 10.0% year over year. KIS recently launched a new app to enable more intuitive and convenient trading by individual customers. We are striving to boost profitability and competitiveness through diverse efforts, such as launching a decimal point trading platform for overseas stocks, “Ministock,” to invigorate overseas stock trading, and by expanding non-contact services to diversify our sales foundation both online and offline.



Asset Management

AM (asset management) revenue stems from commissions for selling beneficiary certificates, wraps, and trusts. AM revenue was KRW 157.6 billion in 2021, up 30.8% from KRW 121 billion in 2020. With a steady inflow of funds since the launch of our short-term financial business in 2017, our deposit balance increased to KRW 8 trillion on issued notes and we reached a financial instrument balance of KRW 135 trillion in 2021. The market for indirect investment contracted in 2020 with more individual investors turning to direct investment amidst the booming stock market and the insolvency issues of PEF. Nevertheless, we have made strenuous efforts to improve yield ratios for customers, and as a result expanded individual AM accounts by more than KRW 4 trillion year over year. KIS aims to bolster its AM business by increasing assets under management with the aim of completing a balanced IB-AM growth model.



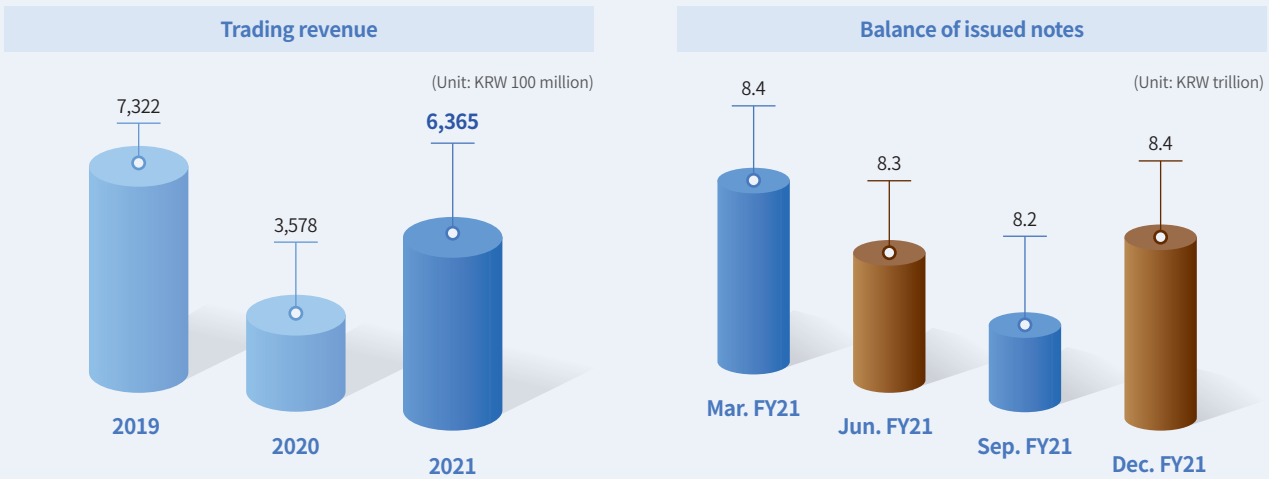
IB

Investment Banking (IB) provides comprehensive financial services for corporate clients. These include IPOs (initial public offerings), corporate bonds underwriting, capital increases by public offerings, structured finance, M&A/corporate loans, and PF (project financing). In 2021, we recorded positive earnings in our ECM business as a result of closing major IPO deals as lead underwriter (e.g., SK ie technology, SK Bioscience, Hyundai Heavy Industries) as well as major paid-in capital increase deals (e.g., Korean Air, POSCO Chemical, Hanwha Solutions, and Samsung Heavy Industries) amidst the favorable market conditions. In our DCM business, we saw a positive improvement in both the amount of corporate bonds issued and earnings therefrom. In particular, our real estate PF business achieved a robust performance far exceeding that of the previous year, which was attributable to closing robust PF deals as an underwriter and diversifying profit sources. Moving forward, KIS will build an integrated information management system encompassing domestic and overseas deals to bolster financial competitiveness across all areas of its IB business.


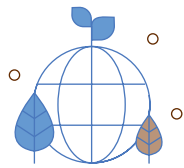
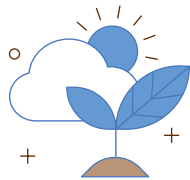
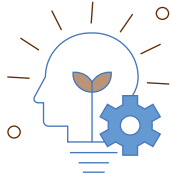
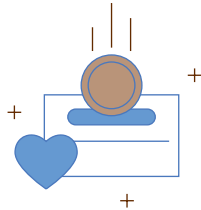


Margin & Trading

Margin & trading revenue comes from trading/valuation/interest/dividends from trading stocks, bonds, and derivatives. Our comprehensive finance business achieved positive earnings amidst a steady increase and robust operation of assets, while our investment finance business also recorded a strong performance as the early redemption of ELS led to an increase in the issuance amount under favorable market conditions. In bond operation, the company cut back on spot positions in response to interest rate hikes worldwide while expanding hedging to remain defensive and reduce losses. We will further step up risk management in preparation for potential market uncertainties arising from interest hikes and inflation.



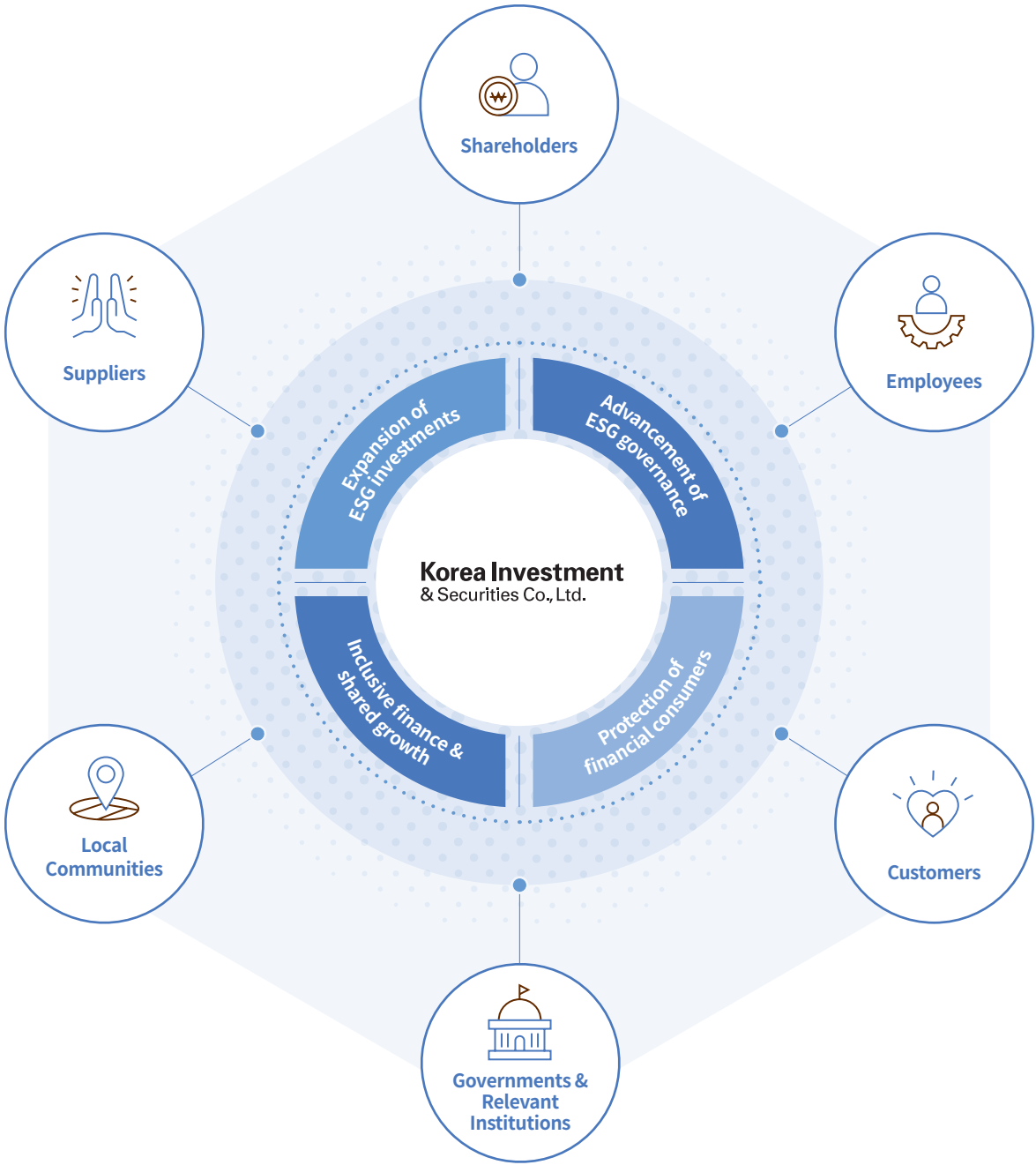
ESG At a Glance

Economy	Environmental	Social	Governance
<div><div>Operating income</div><div>Up 70% year over year</div><div><div>Achieved stable operating results based on a solid business foundation</div><div></div><div>(end of Dec. 2021, consolidated basis)</div></div></div> <div><div>ESG investments</div><div>KRW 1,177 billion</div><div><div>Continued direct & indirect investment in green industries (E: KRW 265.3 bil., S: KRW 587.3 bil., G: KRW 324.5 bil)</div><div></div><div>(2021)</div></div></div> <div><div>USD 5.3 billion</div><div>Joint underwriting of acquisition finance</div><div><div>Joined a media business acquisition deal by Apollo, a global PEF, as a co-underwriter</div><div></div><div>(2021.10)</div></div></div>	<div><div>ESG bond Underwriting:</div><div>KRW 4,395 billion</div><div><div>Increased by 108% year over year and plan to actively underwrite ESG bonds moving forward</div><div></div><div>(2021)</div></div></div> <div><div>Selected as a carbon credit trading market facilitator</div><div><div>Designated as a carbon credit trading market facilitator in 2021 and serving to close the price vacuum in the market</div><div></div></div></div> <div><div>“Carbon Solution Division” dedicated to carbon credit management (first among domestic securities companies)</div><div><div>Preemptively build a total solution for carbon neutrality and for early entry into related markets</div><div></div></div></div>	<div><div>Customer Satisfaction Score</div><div>87 points</div><div><div>Environment, services, and professionalism of sales attendants evaluated every quarter to enhance customer satisfaction</div><div></div></div></div> <div><div>Accumulated amount of the matching grant fund</div><div>KRW 3.2 billion</div><div><div>Operating a 1:1 matching grant program with employees and supported 12,917 children thus far</div><div></div></div></div> <div><div>Full compensation for insolvent PEF to restore customer confidence</div><div><div>Provided full-principle compensation to PEF investors to protect financial consumers</div><div></div><div>(2021.06)</div></div></div>	<div><div>Launch of the ESG Committee</div><div><div>Establishes ESG strategies and policies aligned with corporate management and checks progress</div><div></div><div>(2021.10)</div></div></div> <div><div>Expansion of the risk management organization</div><div><div>2020: Risk Engineering Dept. 2021: Investment Management Dept. 2022: Risk Strategy Dept.</div><div></div></div></div> <div><div>‘Right mind, right behavior’ ethics pledge ceremony</div><div><div>Held a ceremony where employees pledged to comply with laws and regulations</div><div></div><div>(2021.06)</div></div></div>

Advancing Green Governance

ESG Promotion Structure

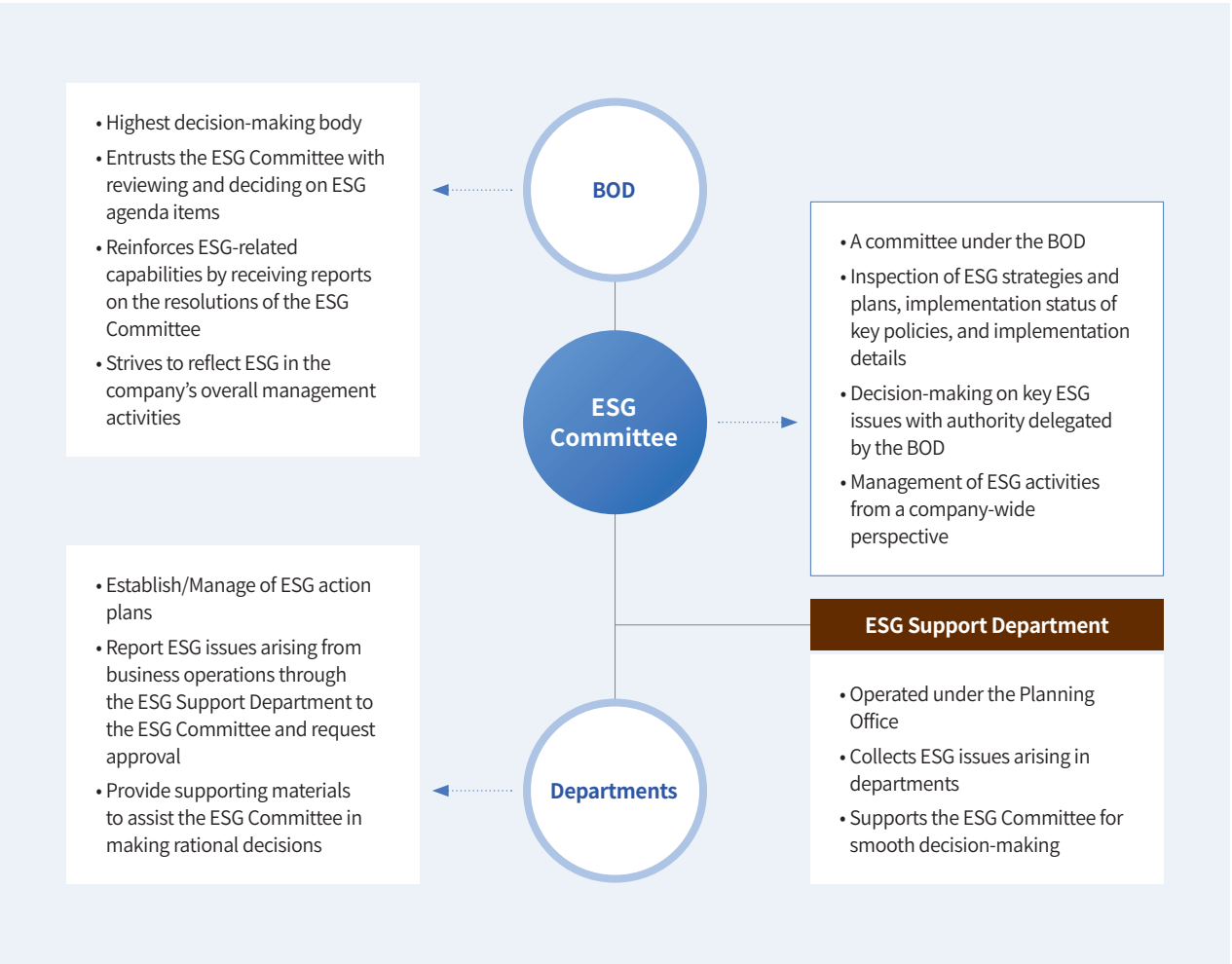
Well aware of its social responsibilities and roles as a financial service provider, KIS has reestablished corporate governance for sustainable management so as to provide major stakeholders with greater value beyond financial activities by engaging in activities to promote ESG. As part of our efforts to create positive value for society, we gather the opinions of major stakeholders—shareholders, employees, customers, governments, related organizations, local communities, and suppliers—through diverse communication channels and reflect them in our four ESG strategies: advancement of ESG governance, expansion of ESG investments, protection of financial consumers, and inclusive finance and shared growth.



Directions of ESG Strategies

Advancement of ESG Governance

KIS has established the ESG Committee under the BOD to set up and implement ESG strategies and policies across the company. The ESG Committee is entrusted by the BOD, the highest decision-making body of KIS, with establishing ESG strategies and plans and checking the progress of their implementation. The ESG Support Department under the Planning Department collects and manages ESG issues associated with departments and provides necessary materials to the ESG Committee to support its decision-making and activities.



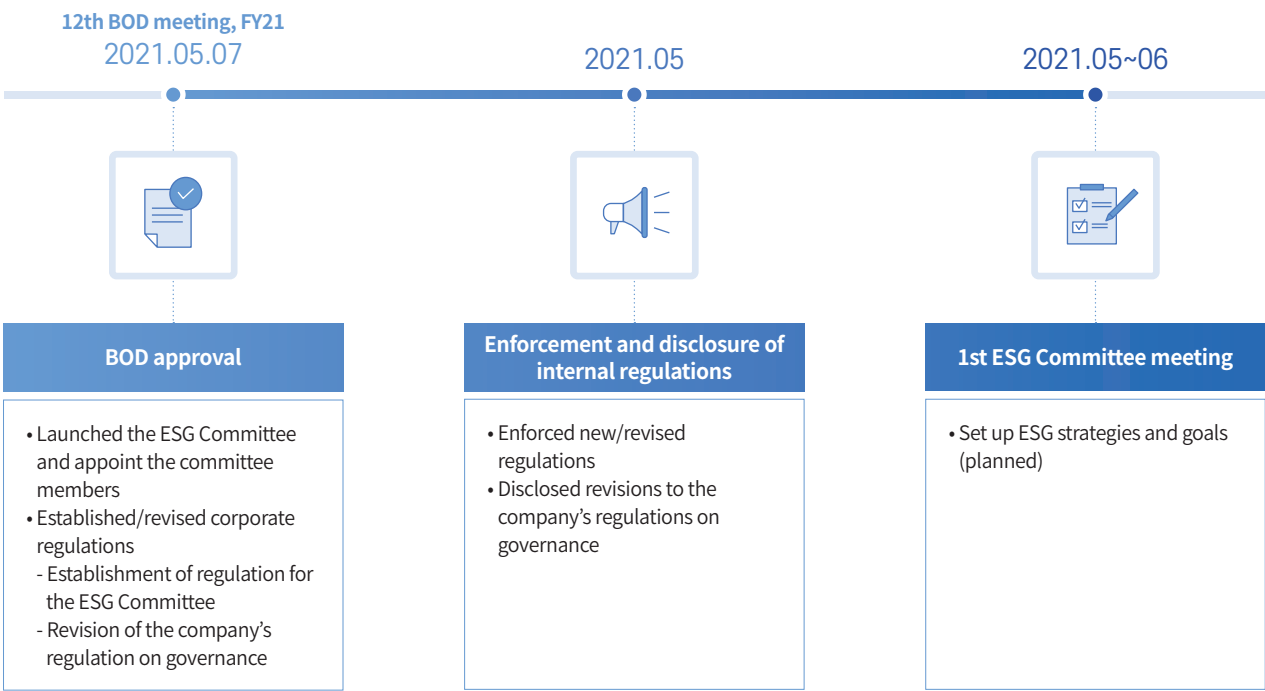
Establishment of the ESG Committee | The ESG Committee makes decisions on issues relating to ESG management in the areas of the environment (e.g., investment in green companies, underwriting of ESG bonds, launch of ESG products), social responsibility (e.g., shared growth and co-prosperity, inclusive finance, social contributions), and governance (e.g., sound corporate governance, instrument development and expansion of investments for companies with good governance, and the stewardship code). ESG strategies are cascaded from the BOD down to all departments in an integrated, consistent manner and we actively reflect ESG in our business management, such as by publishing a sustainability report, declaring the decarbonization initiative, and being designated a carbon credit trading market facilitator.

The ESG Committee is chaired by an outside director and a majority of committee members are outside directors pursuant to Article 15 (2) of the Regulation on Corporate Governance. Currently, the Committee is headed by Chairman Tae-Won Kim, who is joined by inside director Il-Mun Jung and outside director Young-Tae Cho for the current term until the general meeting of shareholders in 2022.

Operational Process



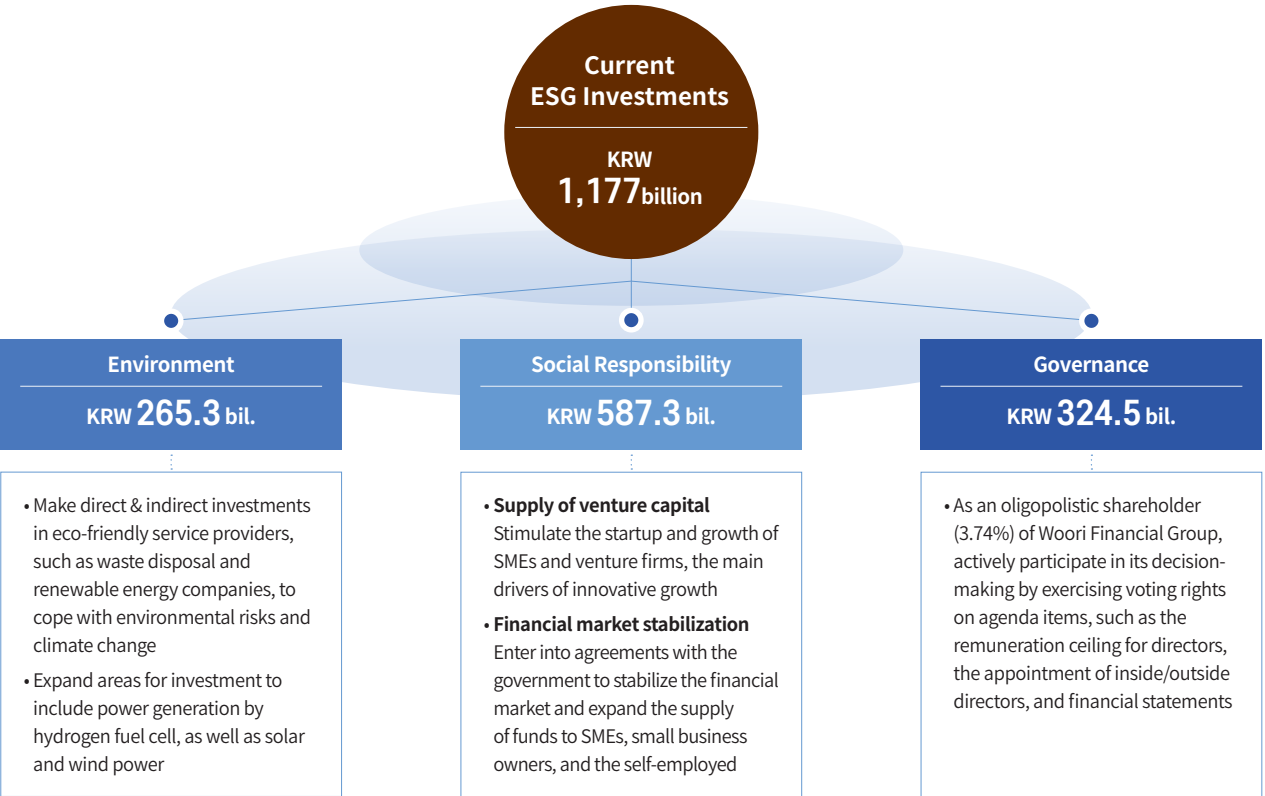
Establishment Procedure



Expansion of ESG Investments

KIS has expanded its ESG investments, including investments in eco-friendly energy and the supply of venture capital, while suspending or banning direct & indirect investments running counter to ESG management, such as investments in thermal power plants. We examine the amount of ESG-related investments and report to the ESG Committee on a regular basis, and investment plans expected to undermine ESG management are reviewed by the ESG Support Department. Currently, direct or indirect investments in thermal power plants have all been put on hold, while ESG-related investments reached KRW 1,177 billion in 2021, up KRW 342 billion from 2020.

ESG-Related Investments (as of the end of December 2021)



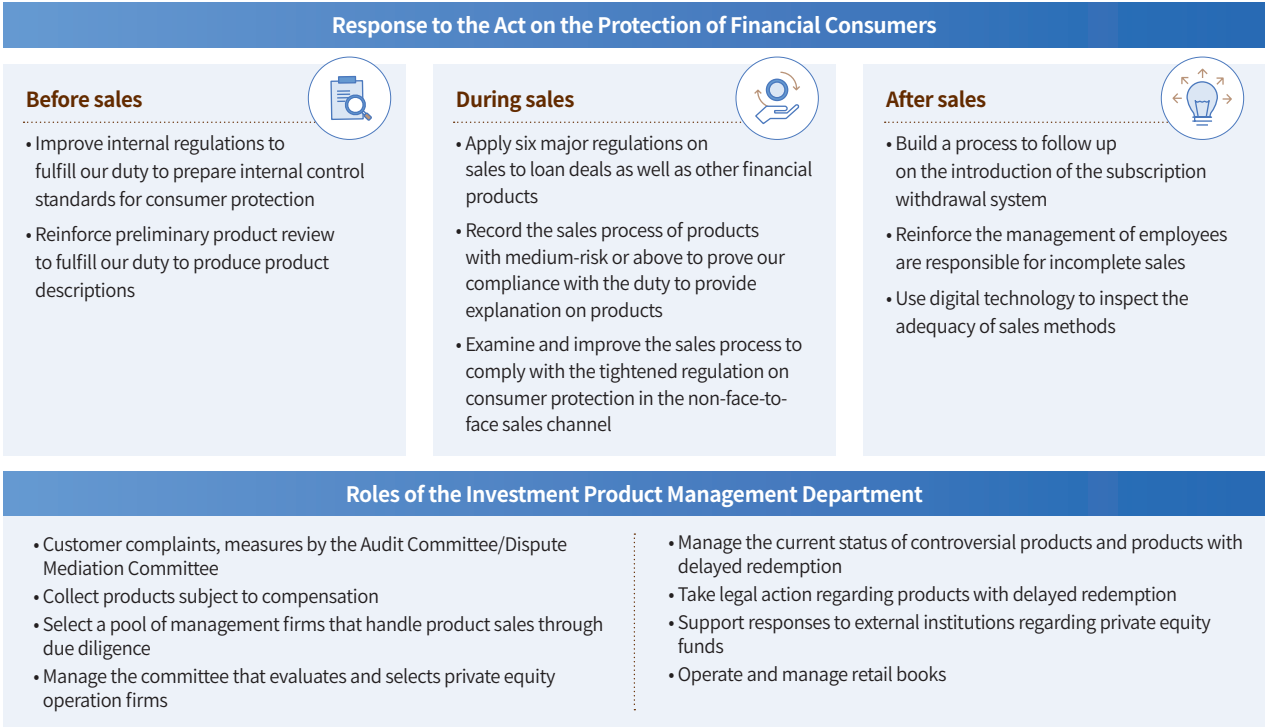
Screening Investments that Undermine ESG



Protection of Financial Consumers

KIS makes strenuous efforts to fulfill its social responsibility to protect customer assets, which is a core requirements for financial services, and win confidence from all stakeholders in the financial industry. For instance, we have established a department responsible for follow-up management on potential risks of PEFs, improving work systems for customer protection, such as processes to comply with the Financial Consumer Protection Act, and improving compensation standards for customers.

Work Processes for Consumer Protection



Creating Sustainable Values

24 Sustainable Financial Leadership

- Digital Financial Innovation
- Customer-Centered Finance
- Expansion of ESG Investments

46 Pursuing Value of Coexistence

- Leading Management for Sharing

54 Transparency & Risk Management

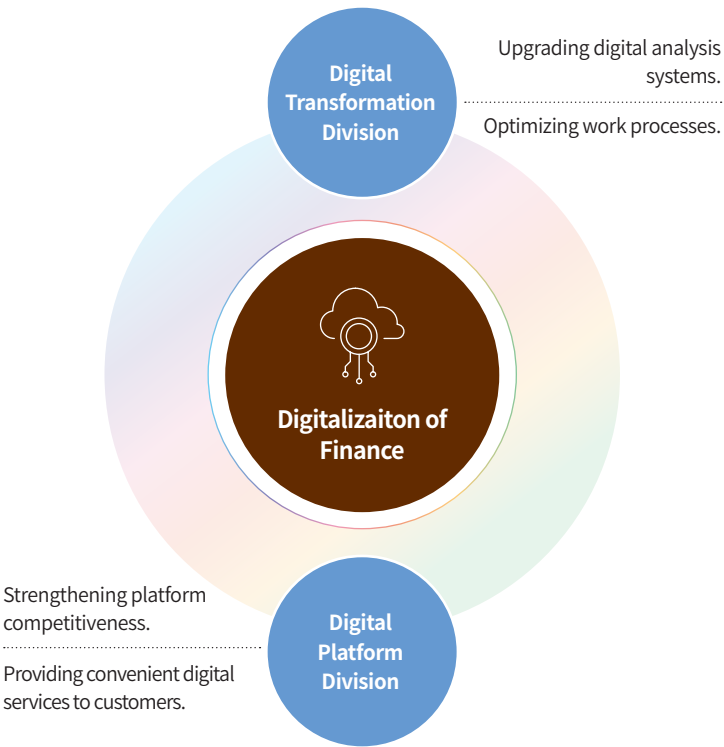
- Anti-Corruption Ethical Management
- Integrated Risk Management

Sustainable Financial Leadership

Digital Financial Innovation

Amid the advancement and widespread use of digital technologies, online financial services have become a source of competitiveness for financial institutes seeking to attract customers and enhance their convenience. KIS pursues innovative digitalization led by its Digital Platform Division. We established the Digital Transformation Division to enhance the efficiency of organizational systems and are making active efforts to raise work efficiency by adopting AI and other digital technologies. We have launched new financial services, such as the MOIDA MyData service and Ministock, a decimal point trading platform for overseas stocks, and will continue to provide customers with new investment experiences by renewing the KIS app to upgrade investment-related content. Furthermore, we will seek to diversify profit generation models by forming alliances with diverse platforms.

TrueFriend Approach



TrueFriend Performance

Digitalized Teller Counter

- Electronic forms utilization rate: **52.7%** in 2021
- Saved **2.48 million** sheets of printing paper

Callbot for Customer Service

- Consumer Protection Division: saved **189 mins./day**
- Asset Management Center: saved **315 mins./day**
- Customer Center: reduced **938 mins./day**

RPA, Work Automation Solution

- Applied to 72 tasks and saved **60,470 work hours** (2020)
- Applied to 27 tasks and saved **19,450 hours** (2021)

Robo-Advisor, KISRA

- Development of advisory/discretionary investment management services for retiring customers
- Passed **the robo-advisor test bed operation evaluation** by KOSCOM in November 2021

KIS Developers

- Adopted **token-based authentication** with REST-API, the first domestic securities company to do so

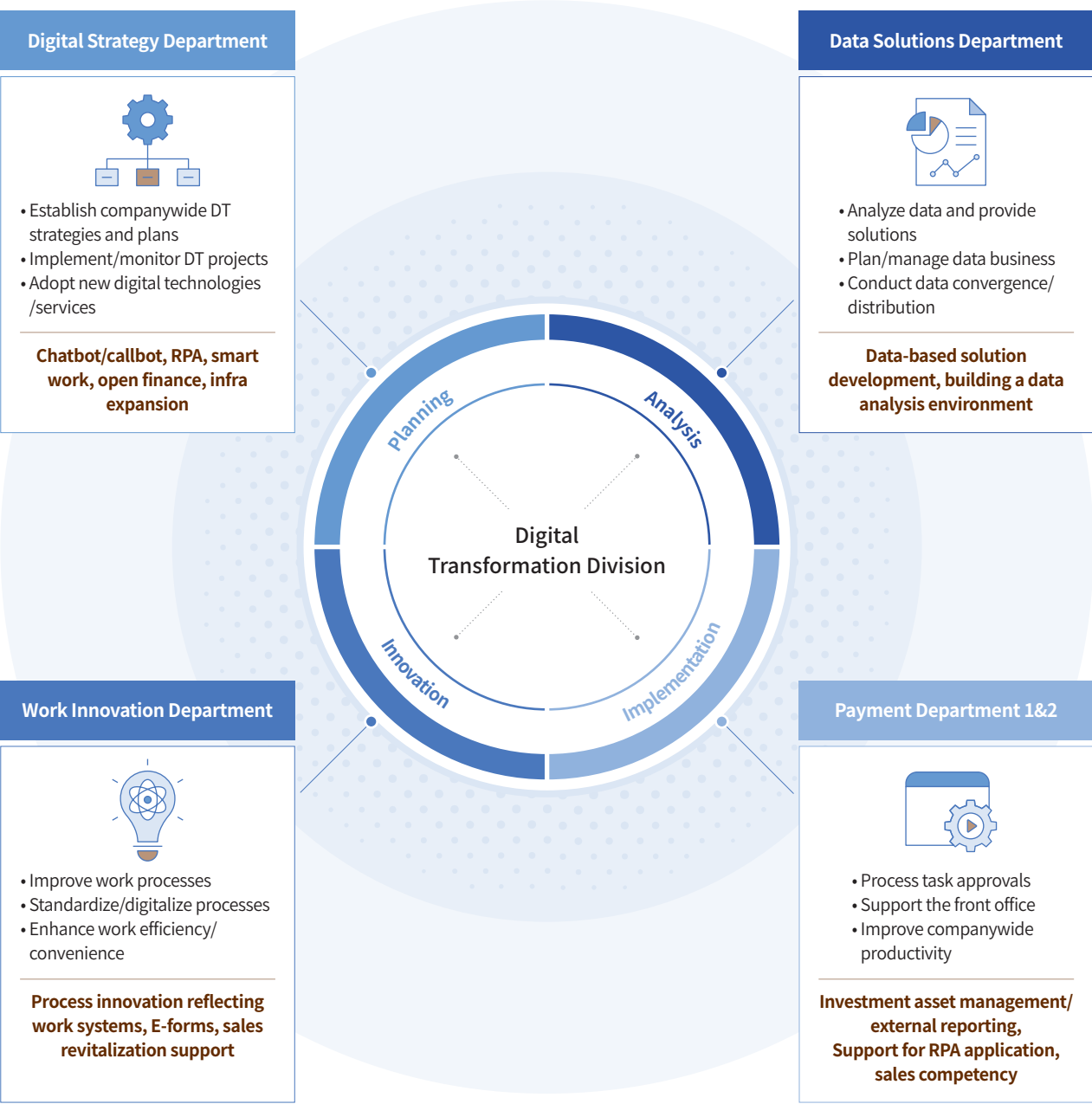
Ministock, Mobile Trading Platform

- Accumulated transaction amount exceeded **KRW 100 billion** in just three months after launch
- Won **the main prize** in the user interface category at the 2021 iF Design Awards (April 2021)
- Accumulated downloads surpassed **the 1million** mark in August 2021

Realizing Digital Finance

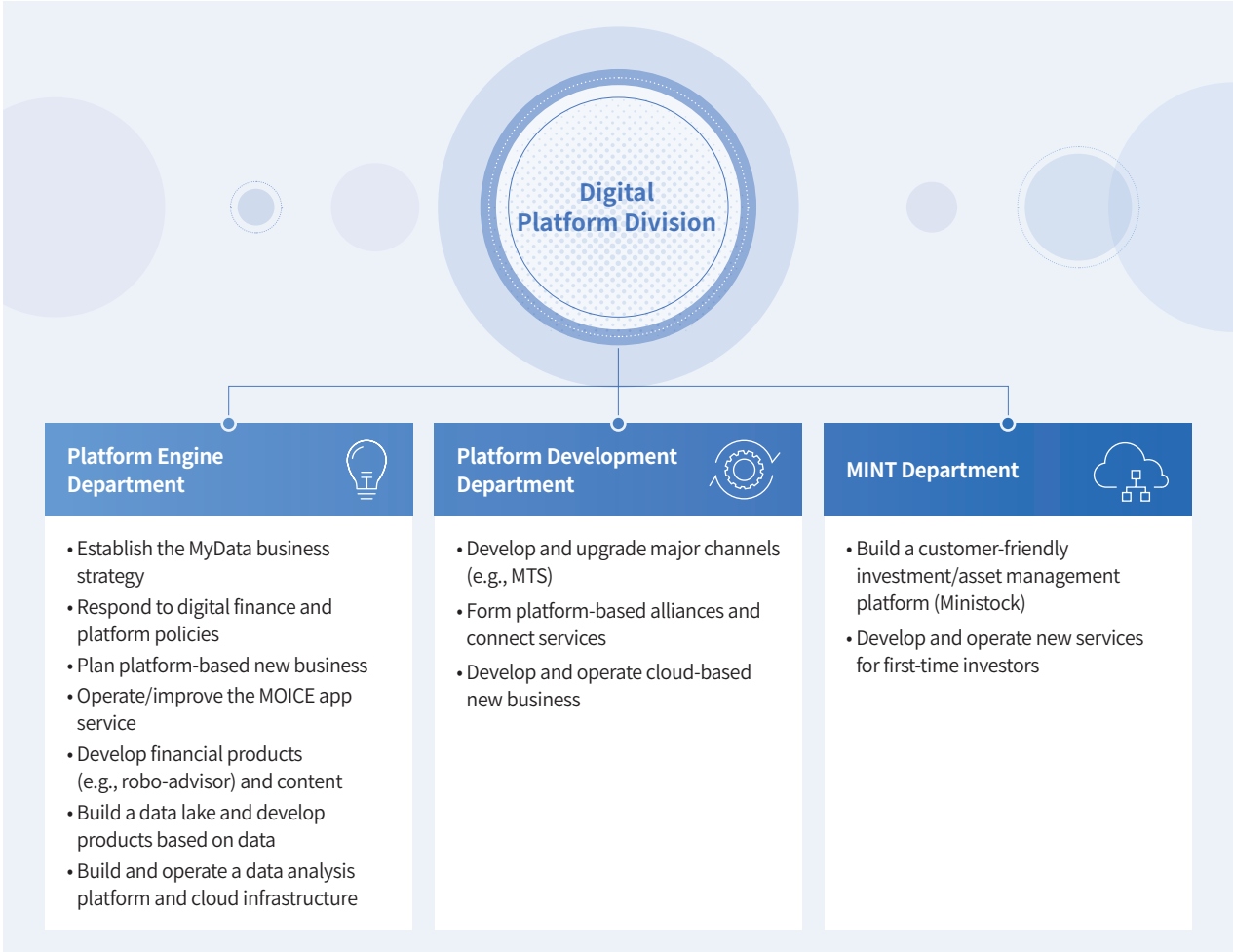
Digital Transformation Division

In 2020, KIS established its Digital Transformation Division as a driver of digital innovation and has since pushed ahead with digital innovation in new business planning and companywide work processes. Under the leadership of the Digital Transformation Division, we have reinforced work processes to organically align planning, analysis, innovation and execution. We have also responded to the open financial environment by constructing an open API to create a digital financial ecosystem, building smart work infrastructure, and operating an open banking service. KIS will preemptively respond to rapidly changing trends in the financial market through digital innovation of finance and will continue to explore new business opportunities for the future.



Digital Platform Division

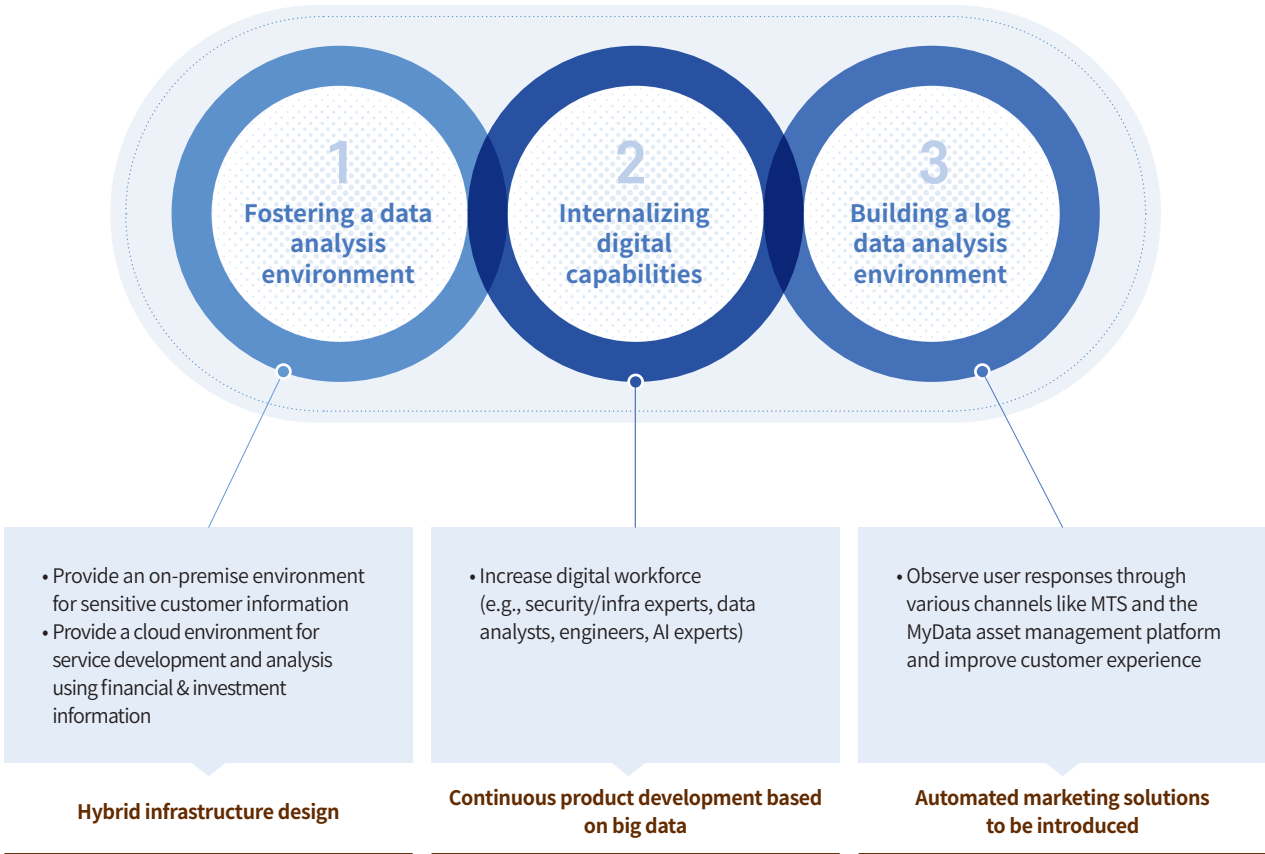
Korea Investment & Securities has reorganized its investment platform to focus on customers, so that anyone can easily experience new investments, and established a digital platform headquarters to strengthen its competitiveness in new financial business areas such as MyData. The Digital Platform Headquarters develops and operates differentiated financial services, such as Ministock and Moida, based on data and digital innovation. We have competent and talented individuals creating new value by adding startup technology and culture to the expertise of an authentic securities firm with a free environment that includes dress autonomy, English names, and space separation.



Advancement of Digital Analysis Systems

KIS has upgraded its data analysis environment to enable financial & digital technology experts to promptly discover and utilize the value of data. With our hybrid infrastructure, sensitive information of customers is analyzed in an on-premise environment to ensure data security while general information on financial investments without privacy concerns is available for service development and analysis in a cloud environment.

Furthermore, KIS recruits digital professionals, such as security & infra experts, data analysts, engineers, and AI experts, to internalize digital capabilities, and we are developing big data-based instruments and services, including robo-advisor, which is a non-face-to-face asset management service, and real-time news processing engines. We have also created a log data analysis environment where customer responses are monitored through diverse channels, such as MIS and the MyData asset management platforms, to cope with the increase in individual investors and improve customer experience. With this, we are planning to adopt automated marketing solutions to segmentize customers and run customized promotions based on customer experience.

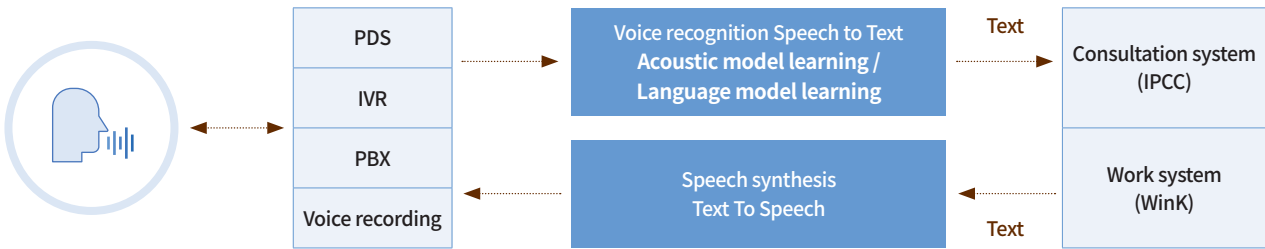


Optimization of Work Processes

Introduction of a Callbot for Customer Service


KIS has adopted an AI-based callbot for customer service. The AI callbot, which uses both STT (speech to text) and TTS (text to speech), receives customer calls and provides information on financial instruments, loan maturities, and the feasibility of financial instrument sales. In the Consumer Protection Department, the callbot handles a daily average of 300 customer calls, saving approximately 189 minutes of working time. In the Asset Management Center, the callbot deals with approximately 1,000 calls a day asking about the center's services and the registration & investment propensity, saving 315 minutes. In the Customer Center, the callbot responds to 1,800 calls a day on loan maturities, the occurrence of receivables, etc., saving 938 minutes.

Service configuration




* No. of the call agent service channels: 20

Main Services and Benefits




Consumer Protection Division

Task | Happy call
No. of tasks | 300 cases/day
Work hour reduction | 189 mins/day



Asset Management Center

Task | Explanation of the center's services and the registration of investment propensity
No. of tasks | 1,000 cases/day
Work hour reduction | 315 mins/day



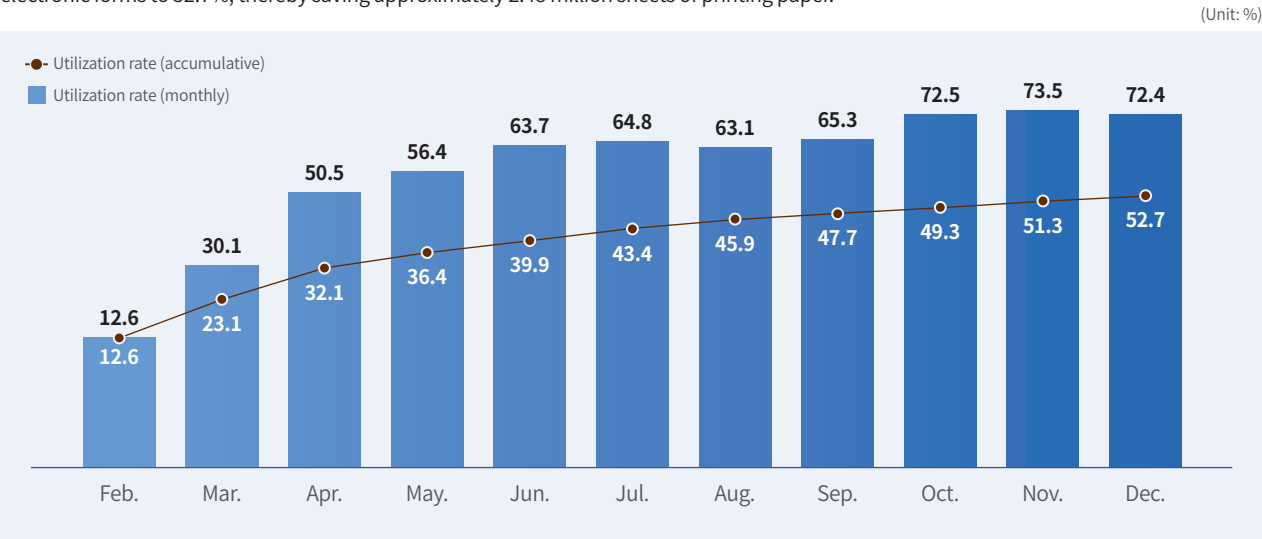
Customer Center

Task | Explanation of maturity dates, receivables, etc.
No. of tasks | 1,800 cases/day
Work hour reduction | 938 mins/day

* The success rate for outbound tasks by the center's agents is generally low.
* Estimation of work hour reduction: 15 seconds/case (no response to call), 80 seconds/case(with response)

Expanded Use of Electronic Forms at Sales Branches

KIS adopted digital teller counters at all sales branches on February 1, 2021. With the goal of helping all walk-in customers save 50% of the time they spend at our branches, we replaced the paper forms they are required to fill in with electronic ones and simplified the signing & sealing procedures, thereby significantly improving the convenience and service experience of customers. In 2021, we raised the ratio of electronic forms to 52.7%, thereby saving approximately 2.48 million sheets of printing paper.



* Estimation of paper savings: no. of electronic forms used per form*no. of sheets per form

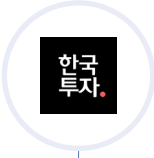


Expanded Use of RPA, a Work Automation Solution

KIS is expanding the use of RPA, a robotics-based solution for work automation, to enhance work efficiency. Using robotics software, RPA automates simple, repetitive tasks, such as writing daily reports or preliminary materials for audits at sales branches, registering documents on the provision of financial transaction information and sending replies, and helps employees to concentrate on more productive tasks. In 2020, we applied RPA to 72 tasks saving 60,470 work hours, and in 2021, to 27 tasks saving 19,450 hours.

Enhanced Competitiveness of Digital Platforms

With the launch of Korea Investment MTS, the decimal point trading platform for overseas stocks Ministock, and the MyData-based asset management platform MOIDA, KIS is building up a competitive portfolio of digital platforms. We strive to address customer complaints about existing financial services and satisfy diverse needs that may arise in the non-face-to-face environment.

KIS renewed the Korea Investment MTS by improving overall UI/UX, investment-related content, and the sales function, for individual customers who are active investors and prefer free and timely investing in July 2022. Ministock enables automatic decimal-point investment so as to cope with increasing customer demand for overseas stock investment. MOIDA, launched in January 2022, provides personalized asset management services through a robo-advisor for customers who put asset management before investment. Furthermore, we plan to build a financial platform that covers the entire life cycle of customers by adding cross-alignment and supplementation among channels so that we can respond to the investment propensity of consumers, which changes by age and experience.

	 MTS	 Ministock	 MOIDA
Customer propensity	Aggressive investor Autonomous, immediate service	Interest in long-term investments Convenient investments	Non-aggressive investor Need personalized asset management
KIS strategy	Good quality investment information Fast & professional functions	Intuitive UX/UI Automated decimal point trading	MyData service Discretionary investment by a robo-advisor

KISRA, the Robo-Advisor Service

KIS has reinforced its retirement preparation services for customers in the modern aging society. We have developed an advisory & discretionary service called KISRA to help our customers prepare for retirement. In November 2021, KISRA passed KOSCOM's evaluation on robo-advisor test bed operation, demonstrating its outstanding functions of setting a ceiling on risky asset investments and investing only in ETF shares listed in the domestic stock market.

A key feature of KISRA is that it incorporates asset management for retirement pensions. It pursues a stable yield rate by choosing portfolios that effectively satisfy the investment propensities of customers and exposes customers with a neutral risk propensity or above to additional yield rates. Currently, KISRA provides KIS' recommended retirement pension fund portfolio. Mounted in the diverse investment platforms of KIS, KISRA provides personalized advisory services for investment and discretionary trading, and is expected to create synergy with other services.

Open API, a Trading Service for Customers

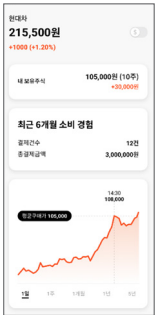
KIS has launched KIS Developers, providing an open application program interface (API) to foster the ecosystem of innovative finance. KIS Developers has adopted simple authentication via tokens based on a rest API, the first such system among domestic securities companies, and it can be used in diverse environments with no need to log into HTS or install a specific program. Furthermore, it comes with detailed guidelines for various program languages, including Python, to help users easily develop trading services. We also support community activities among the users to enable active information sharing on trading services and development.



KIS Developers

MyData

KIS provides integrated asset management services using MyData, which passed a functional feasibility test in 2021. Based on such a reliable data service, we officially launched MOIDA, the platform for MyData, in January 2022. MOIDA operates on three modules, Today, Investment, and Discovery, and provides services combining assessment, investment, and content. In the Today module, users can check information on assets managed by different financial institutes, such as bank deposits, securities, insurances and credit cards, all at one glance and can even register information on non-financial assets, including properties, for integrated asset management. In Investment, users can use services that help them make investments closely aligned with their daily life, such as stock recommendations based on consumption patterns and searching for shares with a barcode. In Discovery, users can find insights into daily life and customized investment opportunities. Starting with MyData, KIS plans to provide digital PB services using big data and robotics-based advisors, thereby turning itself into a “comprehensive asset management platform where investment experience in daily life extends to investments for a lifetime.”



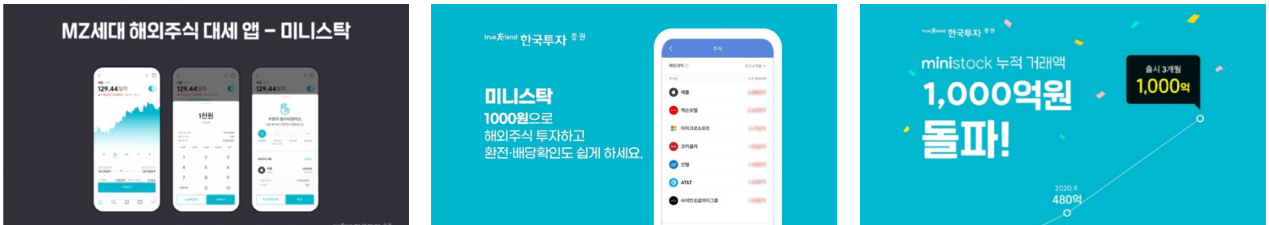
Search results from MyData service

Modules of MyData

Today	Investment	Discovery
<p>Present all assets and consumption patterns of a customer at a glance</p> <ul style="list-style-type: none">Financial/non-financial assets and consumption status compared with a peer groupCredit rating check/management <p>The PB service provides investment/job landing solutions after checking a customer’s preparation for retirement</p> <ul style="list-style-type: none">Provide personalized pension/investment solutions after checking a customer’s readiness for retirementCustomized information on job landing (for living expenses/investment funds)	<p>Investment in daily life, accessible with pictures and topics of interest</p> <ul style="list-style-type: none">Provide intuitive investment information by taking pictures of a product/bar codeProvide investment advice tailored to a customer’s consumption pattern	<p>Provision of highly personalized information and service</p> <ul style="list-style-type: none">Customized guidelines on investment, news, topics, and recommendations of related stocksAI-based, customized information and robo-advisor

Ministock, a Mobile Trading Platform for Generation MZ

KIS has launched a mobile investment platform called Ministock to enable first-time investors and Generation MZ, rather than the traditional target customers of conventional financial institutions, to experience financial services with small investment amounts. With this, we have lowered entry barriers to investment by providing easy-to-understand information and a mobile, intuitive UI/UX so that those new to overseas shares can easily make stock investments. We also introduced a decimal point investment service to enable customers with small seed money to start making investments with just KRW 1,000. Ministock is said to suit the tastes of Generation MZ, who prefer simplicity and practicality. Ministock recorded an accumulated transaction amount of more than KRW 100 billion in just three months after it was launched and the accumulated app downloads surpassed the one million mark in August 2021, less than a year after its launch. In April 2021, Ministock won the main award in the user interface category at the 2021 iF Design Awards, one of the top three design awards in the world. In June 2021, we expanded the scope of service available on Ministock by letting users make investments in ETFs in units of KRW 1,000, a first in Korea, thereby improving customer convenience. Moving forward, KIS will continue to upgrade its mobile platform to enhance its customers’ access to investment.



Convenient Digital Services for Customers

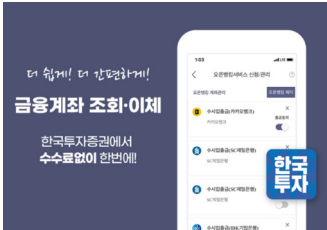
Opening of Non-contact Accounts via Visual Recognition

KIS has expanded its methods of self-authentication by introducing facial recognition technology to its non-face-to-face account opening service. Previously, users had to choose two out of four self-authentication methods: using an ID card, a video call, confirmation via the access medium, and through an existing account (receipt of KRW 1). However, the most used method of all, video calls, consumed too much time and required staff for authentication, while the use of an existing account (a receipt of KRW 1) increased the number of customers opting out of the app. We developed a self-authentication service using facial recognition to make up for these shortcomings and this new service was approved as an innovative financial service and will be officially introduced in October 2023.

	As-Is	To-Be
	⋮	⋮
 Faster Work Processing	User authentication via a video call with the customer center takes 15 seconds, which is inefficient for both customers and financial institutes.	User authentication is done by facial recognition in just 1 second, with no need to call the customer center.
 Used by Diverse Age Groups	KRW 1 remittance to a different bank and a video call is challenging to super-agers and works as a barrier to non-contact service.	Facial recognition is simple, intuitive, and can be easily used by super-agers.
 Prevention of Financial Fraud	Stolen IDs, bank books and mobile phones could be used to open bank accounts and get loans.	Facial recognition can completely root out financial fraud.

Open Banking Service

In December 2020, KIS launched an open banking service whereby its customers can check their accounts at other financial institutions and wire transfers through MIS and HTS. Customers who register their accounts at other financial institutes with our open banking service can check balances, wire transfers, and check the results of transfers and transaction history, and with the via the Bring to My Account service, they can also make quick transfers from these accounts to their KIS account for the purpose of making financial investment, such as buying shares or subscribing to public offerings. Furthermore, they can save on transfer fees when wiring funds from multiple financial institutions, as our open banking service charges no transfer fees.



Chatbot Service via KaKaoTalk

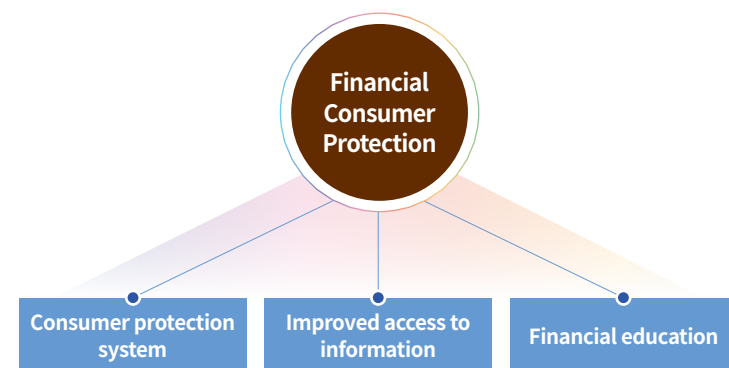
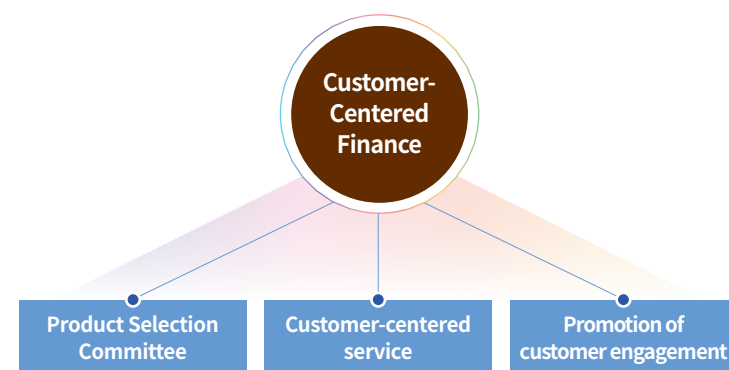
KIS introduced a KakaoTalk chatbot service in 2021 to help its customers access financial services with greater convenience. The KakaoTalk chatbot is an AI-based consultation service whereby customers can perform major tasks anytime and anywhere, such as subscriptions to public offerings, share transactions, deposits, and withdrawals. Customers who write a question on KakaoTalk can receive an answer, additional information offered with keywords, and links to the concerned menu on MTS so they can complete their tasks right away. For this service, we provide user-friendly UX/UI based on a dialogue-type interface, use natural language processing to provide accurate answers along with images and links in addition to text to help with user understanding. KIS has adopted this AI-based chatbot to provide a consultation service for the next generation and will further apply the chatbot service to MTS, HTS, and our homepage to expand its contact points with customers.

Sustainable Financial Leadership

Customer-Centered Finance

As more and more people are taking an interest and participating in the financial market, we are seeing an increase in customers of diverse age groups. KIS pursues customer-centered management by providing unique, comprehensive financial services that satisfy the diverse needs of customers and reinforcing communication with them, and at the same time is spearheading the protection of financial consumers by establishing a financial consumer protection system and adopting step-by-step risk management from product planning to after-sales management to prevent any potential damages to customers.

TrueFriend Approach



Promoting Customer Value
Strengthening Customer Communication

TrueFriend Performance

Ministock

- Accumulated downloads: **1 million** in just one year after the launch
- Registrations: over **300,000** in 3 months after the launch

VOC Channels

- **75%** out of 2,444 suggestions collected via the VOC channel were implemented or are in the process of being implemented. (2019~2021)

Customer Satisfaction Survey

- Result on satisfaction with sales branches: **85 points on average** (2021)

Customer Complaint Managers

- Resolved **124 out of 142 cases** (2020)
- **6 deputy general managers** and **1 assistant manager** assigned as dedicated staff (2021)

AIR (AI-based Research)

- Over 100,000 items of data are studied by machine learning. Information is provided by analyzing over **30,000** news articles every day

Group Training for Investors

- **18** group training sessions for **568 customers** (Jan. ~ Feb. 2020)

Reinforcing Finance Centered on Customers

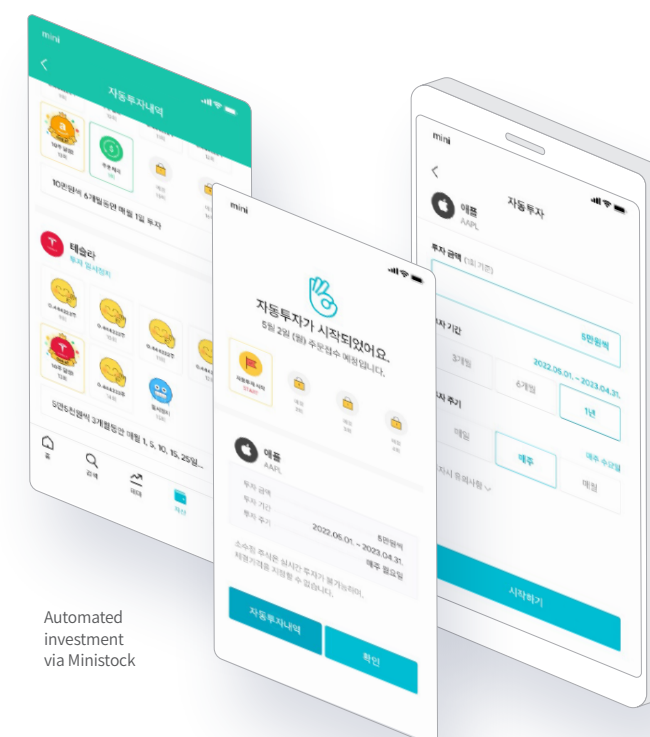
Product Selection Committee

KIS has upgraded the positions of all members of the Product Selection Committee to the level of division head to enhance expertise and responsibility in its product deliberation system. Furthermore, we have expanded the scope of deliberation targets to include complicated products and products sold to corporate & individual investors so as to preemptively respond to the regulations of the financial authorities and strengthen our internal control processes. We have also introduced a reapproval system by reshuffling the work process of the Product Selection Committee and are taking measures to mitigate risks related to products and customer notification by reflecting the opinions of committee members in the reapproval process.

Customer-Centered Service

The First ETF Decimal Point Trading System among Domestic Securities Companies

KIS has introduced the first ETF decimal point trading system for overseas stocks among domestic securities companies, allowing for investments in overseas ETFs with seed money as low as KRW 1,000. ETFs (Exchange Traded Funds) are listed on a stock market and can be traded just like shares. Overseas ETFs are priced higher than domestic ETFs per share, and a number of customers requested trading below the decimal point. In June 2021, KIS introduced Ministock to enable ETF trading below the decimal point, the first such system among domestic securities companies.



Automated investment via Ministock

Automated Investment Service for Decimal Point Trading

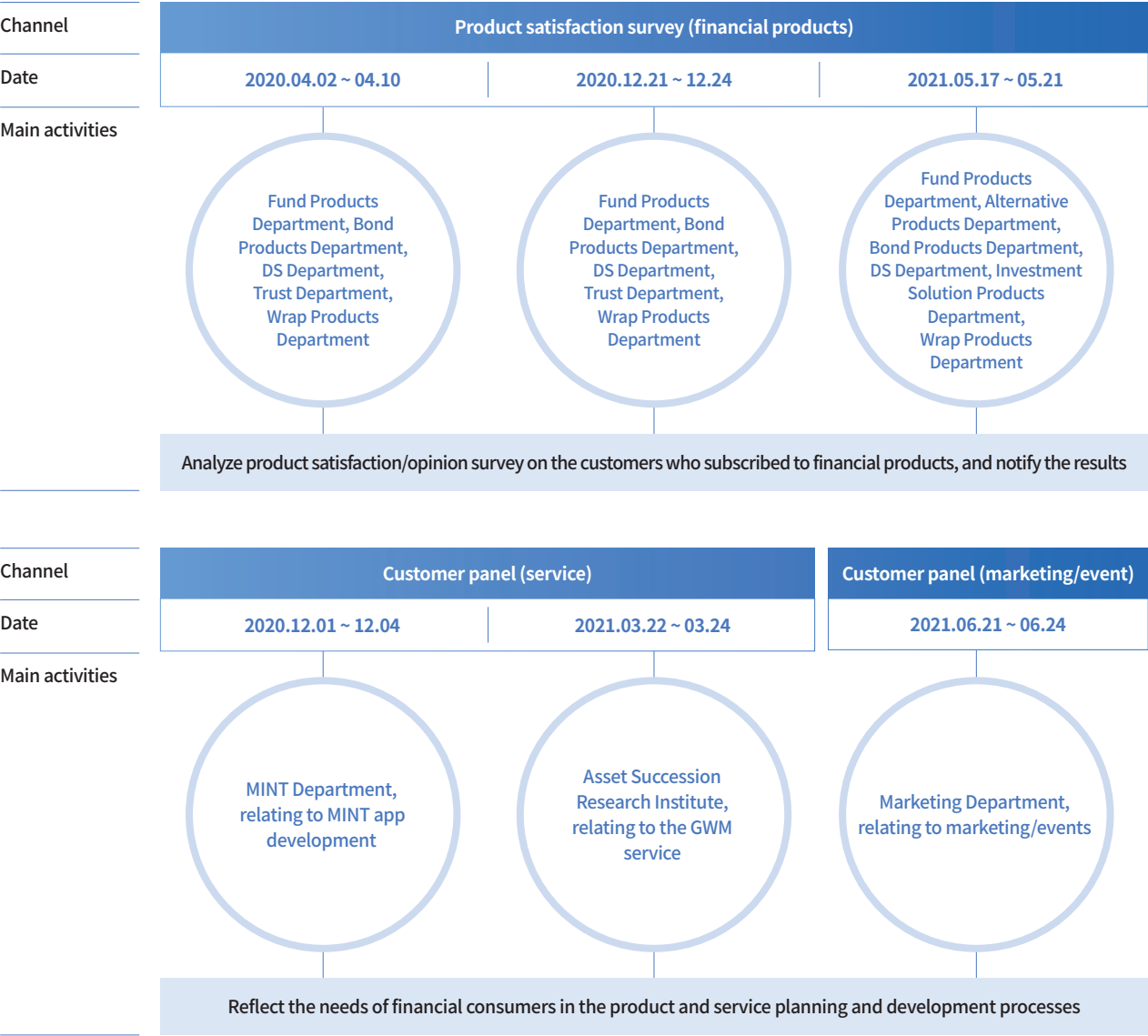
KIS added an automated investment service to Ministock in September 2021 to meet the needs of customers who want to make regular, steady investments. This automated service enables users to invest a certain amount on a regular basis, such as every day, week, or month, by setting their preferred investment cycle and investment amount for shares or ETFs. In addition to decimal point trading for overseas stocks, Ministock also received positive feedback on its automated service that it helps users mitigate risks by lowering the purchase unit price, and over 300,000 investments were processed in just three months following the launch.

Invigoration of Customer Engagement

Systems to Engage Customers

KIS operates diverse channels to collect and reflect the demands of financial consumers in product development. The Guidelines on VOC Service Operation sets forth the operating procedure of the customer suggestion system including the review, evaluation, implementation, and award of suggestions to directly collect the opinions of financial consumers. The Financial Consumer Protection Committee and the Financial Consumer Protection Subcommittee actively reflect our customers’ opinions in our business. These two consultative bodies share and discuss tasks to protect financial consumers and provide their discussion results to the responsible departments so that improvements can be made. We operate a customer panel during the development and planning of products and services and monitor consumers’ opinions and complaints after the launch of products and services. We survey consumers highly relevant to newly launched products and services on their satisfaction, and the survey results are forwarded to the responsible departments and actively used for the improvement of products and services.

Operation and Utilization of the Customer Engagement System



Channel to Collect the Voice of Customers (VOC)

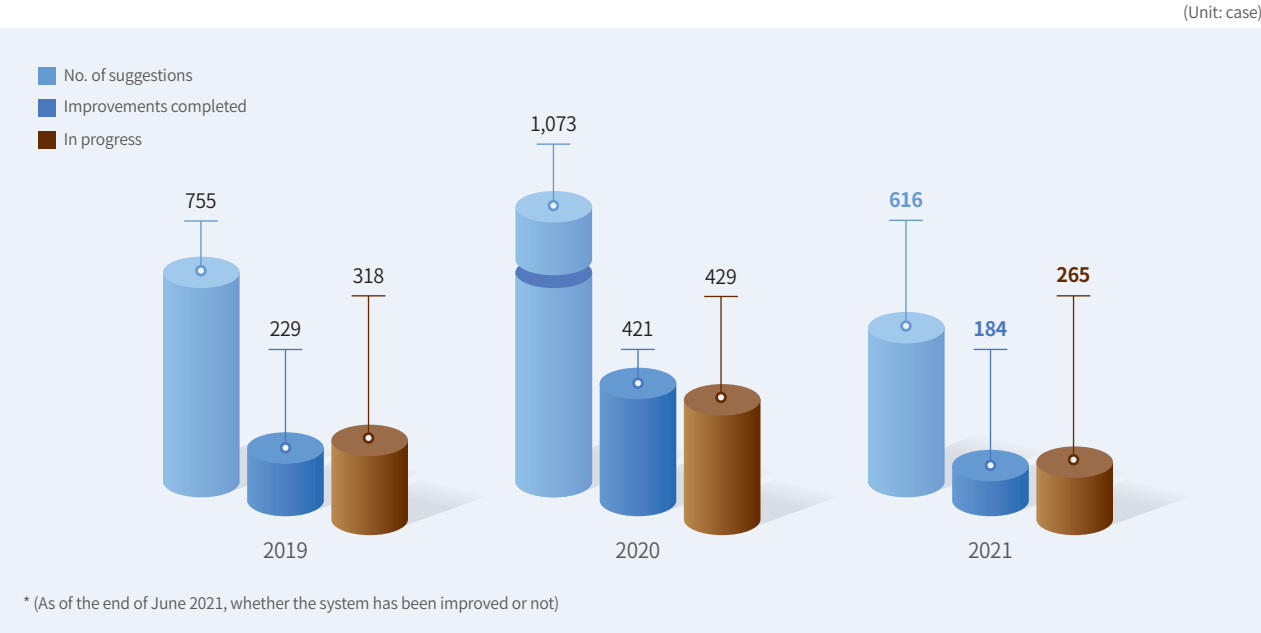
KIS conducts consumer surveys and operates a customer panel to reflect financial consumers’ opinions in its business under Article 14, Paragraph 4 of the Regulation on Financial Consumer Protection, and also operates a VOC channel following the Guidelines on VOC Service Operation. We also monitor and periodically analyze consumer complaints, and actively share the results across the company.

We run in-depth analysis on the causes and major cases of consumer complaints and their implications, and the analysis results are reported to the representative director so they can be reflected in work plans. The Financial Consumer Protection Committee and the Financial Consumer Protection Subcommittee manage issues relating to consumer complaints and actively provide feedback to the responsible departments, such as the Product Development Department, to improve product development and planning. We also share the trends of consumer complaints and actual cases every quarter on our intranet to help all departments reflect them in their work.

Customer Panel

KIS introduced the customer panel in 4Q 2020 to reflect the demands of financial consumers in the development of financial products. By raising customer engagement in the planning stage through the operation of the panel, we aim to enhance customer satisfaction with our products and services.

Improvements Following Upon VOCs

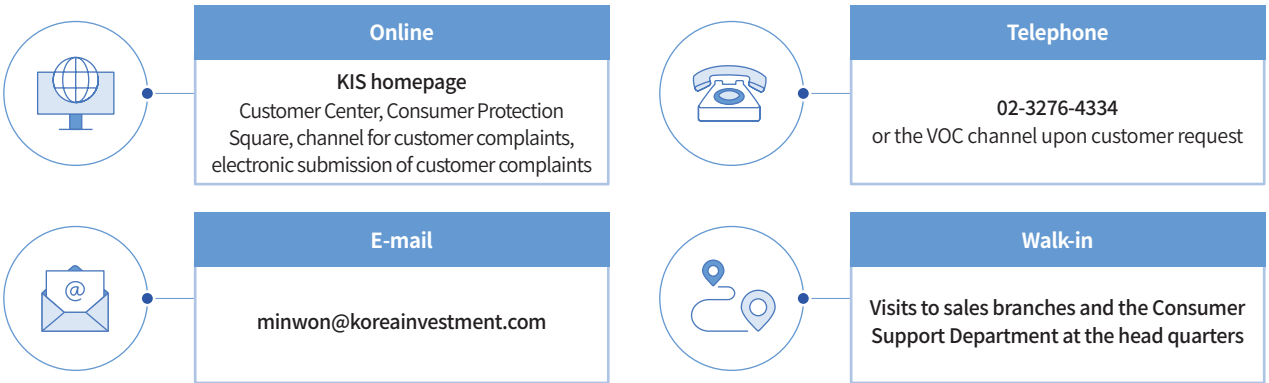


Procedures and Systems to Handle Customer Complaints

KIS manages the entire process of handling customer complaints under an integrated system, from the collection of complaints to follow-up measures. Statistics and dispute cases relating to customer complaints are also available on our computer system. Customers can submit their views and complaints through diverse channels (e.g., walk-in, telephone, e-mail, online) and easily find out how to submit and handle their complaints in the guidelines posted on the customer bulletin board at sales branches or on our homepage.

Once customers submit a complaint, we inform them of the manager that will handle their case, including their name, position, and telephone number, and keep them updated on the progress, from fact-finding to resolution result, via the LMS (Learning Management System). We record all information relating to complaints in our customer complaint handling system—the type of complaint, resolution result, type of result, cause of complaint, responsible department, product, duration of cause, internal/external complaint, concerned employee, head of sales branch which received the complaint, and head of sales branch at the time the cause of complaint occurred—and use it in the analysis and evaluation of complaints. We are efficiently managing customer complaints through this system by computerizing the entire process, from submission to resolution, and managing relevant information in our database and using it for long-term trend analysis.

Customer Complaint Collection Channels



Dedicated Workforce

When issues the need improvement are found with our systems for dealing with customer complaints, VOC service, and consumer protection, we register these issues with the institutional improvement system and request the responsible departments to take corrective measures, thereby systematically managing feedback, improvement results, etc.

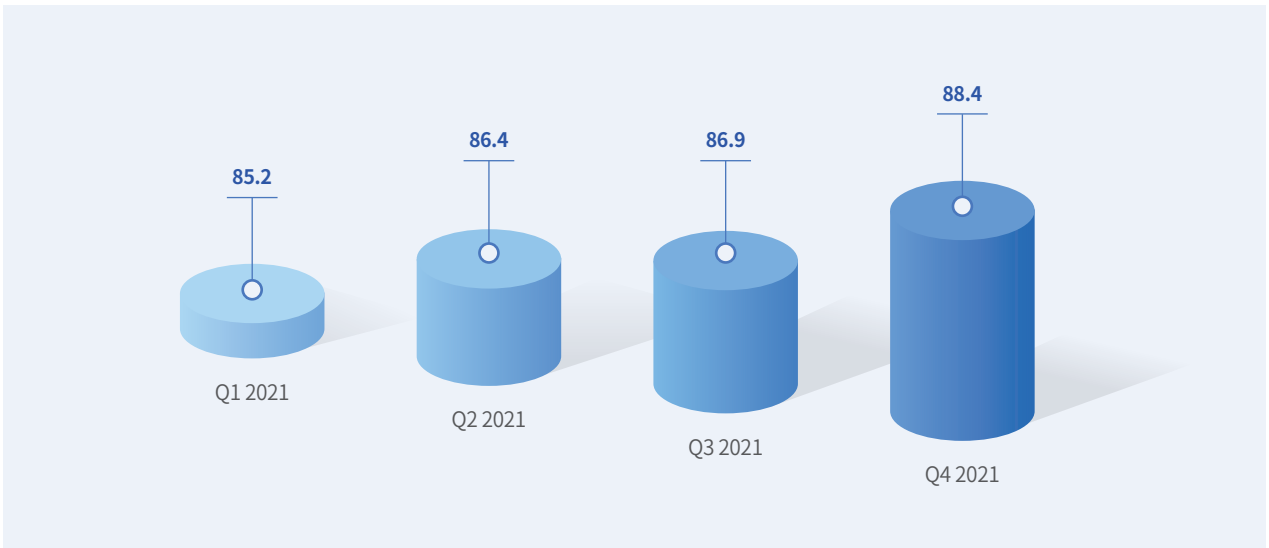
In 2020, four deputy general managers exclusively dealt with customer complaints and 124 out of 142 cases were resolved. The Consumer Support Department was assigned as the dedicated department for handling customer complaints in 2021. Six deputy general managers and one assistant manager were assigned as dedicated staff as of June 2021, and they promptly undertake consultations and coordination with professionalism.

Customer Satisfaction Survey

KIS surveys customers on their satisfaction with the environment, the service and the professionalism of sales attendants at each sales branch for the purpose of improving overall customer satisfaction. We conduct the survey on customers who visited each branch during a set period and incorporate the quarterly survey results into the comprehensive evaluation of each branch. Employees with excellent service are given rewards in order to encourage their voluntary efforts to improve service.

Customer Satisfaction Survey Results for Sales Branches (2021)

(Unit: point / company average on scale of 0 to 100)

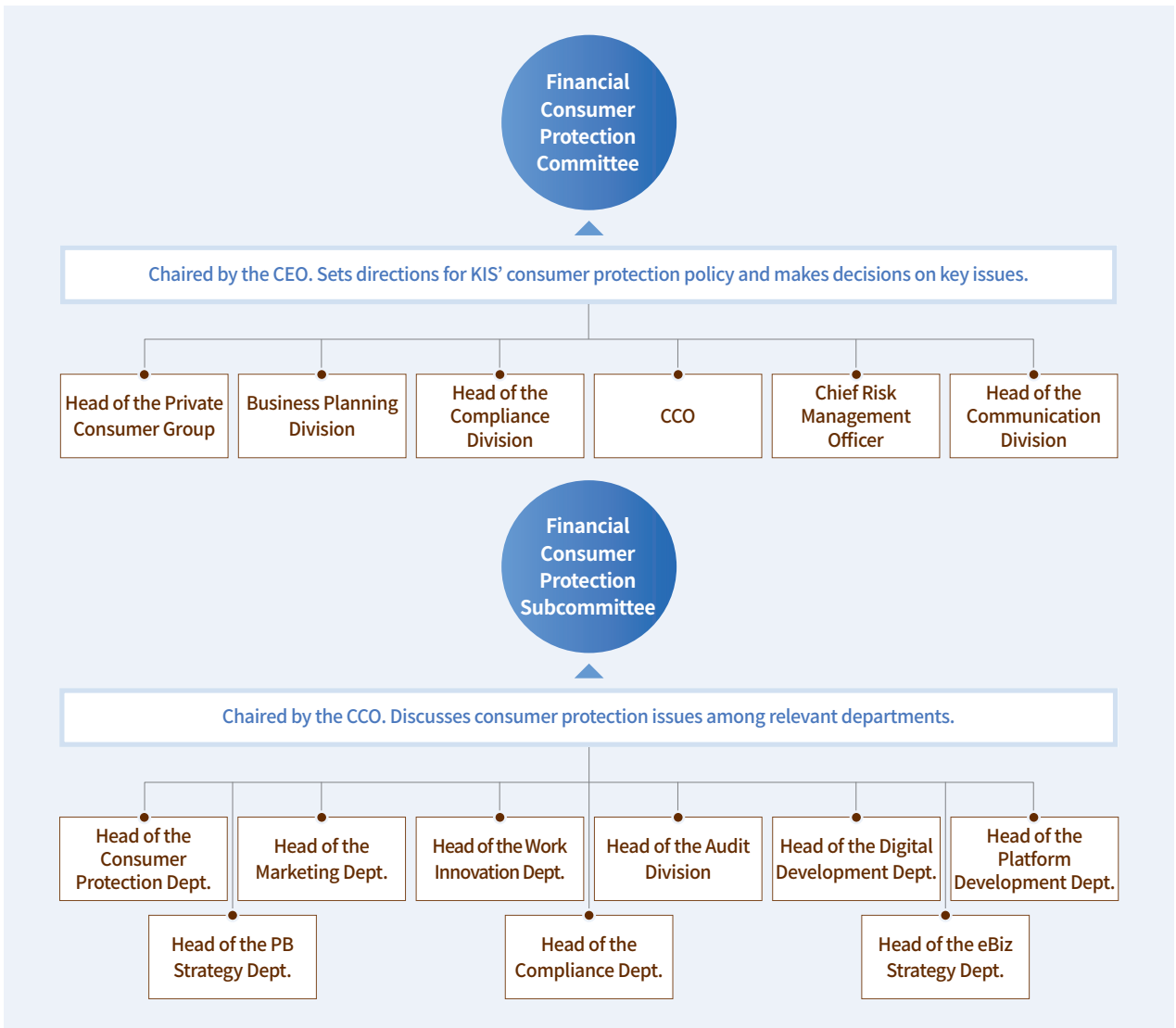


Financial Consumer Protection

Consumer Protection Systems

In 2021, KIS established the Consumer Protection Department and the Consumer Support Department under the direct control of the CCO (Chief Consumer Officer) to strengthen the protection of financial consumers and has steadily increased its workforce in charge of consumer protection. The Consumer Protection Department oversees the overall activities of the company for financial consumer protection and reserves the authority to demand corrective measures by the responsible departments, which then have the obligation to follow up on such demands. These roles and responsibilities are clearly set forth in our internal regulations. Even before the Act on Financial Consumer Protection came into effect in March 2021, we had preemptively adopted policies to protect consumers, such as building a three-step protection process: pre-sales, during sales, and post-sales. Furthermore, we examined all PEFs in 2020 and reinforced post-sales management through phased risk management from planning to after sales of PEFs. KIS will further expand its consumer protection efforts to include the prevention of financial accidents, unfair transactions, unsound transactions, and money laundering, and build an effective internal control system.

Organization



Response to ‘Financial Consumer Protection Act’



Preliminary Consultation before Financial Product Development

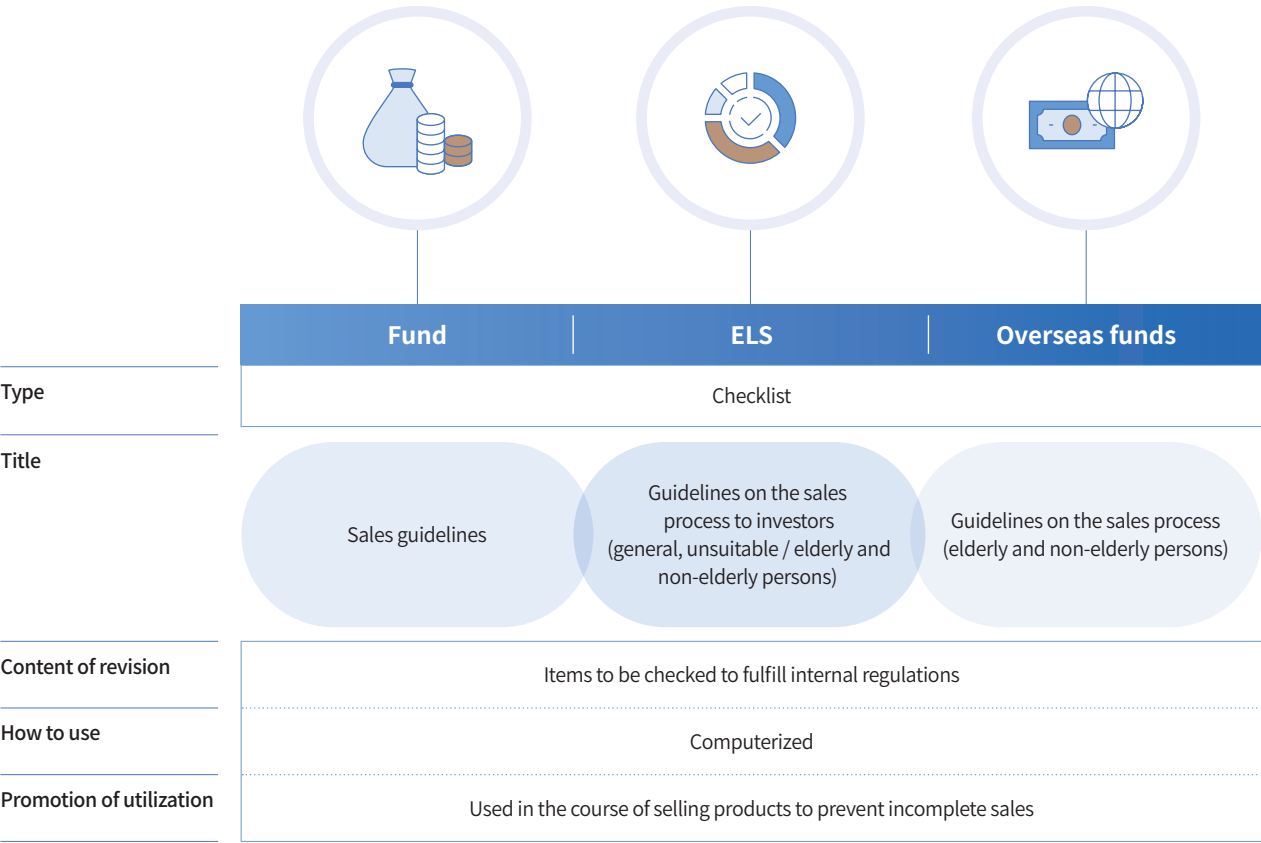
KIS has established a preliminary consultation procedure to reflect the perspectives of financial consumers in product development following Article 13 of the Regulation on Financial Consumer Protection. We have internal regulations, specific manuals, and checklists to protect financial consumers and record whether or not procedures are duly followed with the BPM (business process management) system.

We develop financial products through the following process. The Consumer Protection Department has developed a checklist for detecting potential disadvantages to financial consumers when we develop a new product or establish a marketing policy. This checklist contains cautions concerning elderly investors. It reviews newly planned products based on whether they are suitable to sell to elderly investors and, if not, requests a ban on their sale to the elderly. The departments responsible for financial product development check the checklist and hold preliminary consultations through the BPM system, including consultations on product proposals and description reviews. The Product Selection Committee deliberates on the sales feasibility of products, their marketability, and risks. After an agreement is reached on a proposal, the product is finally launched on the market.

Internal Standards for Selling Financial Products

KIS has internal standards for the sale of financial products. We share our sales process manual and checklist through the company’s Compliance Cafe and require all employees to follow the procedure for complete sales by filling out the checklist in the ledger system, etc., before selling funds, ELS and bonds. Further, we have developed a program that bans product sales if the checklist is not filled out beforehand.

Manuals and Checklists for Product Sales



Process Adequacy before Sales

KIS has put in place a procedure to explain and confirm the main details of its financial investment products following Article 14 (1) and (6) of the Rules on Investment Recommendation. KIS does not recommend that general financial consumers sign transaction contracts, but complies with its duty to provide and explain briefing materials that contain the main details of financial products upon receiving consumer requests for explanations in accordance with the Financial Consumer Protection Act. To confirm the details of the explanations, we have put in place a confirmation procedure whereby consumers state in writing or verbally their understanding of the products and the maximum risks, rather than simply checking, and likewise, our sales attendants state in writing or verbally the level of consumer understanding of the products and product information they have explained.

Process Adequacy after Sales

KIS makes happy calls to customers in accordance with related regulations, including the Rules on Investment Recommendation. The results of happy calls are compiled and reported every quarter following the happy call operating guidelines and the current status of happy calls and cautions are communicated across the company to encourage improvement activities among employees. Furthermore, we incorporate LMS happy call response rates into the compliance indicator of each sales branch, and conduct on-site inspections, self-inspections and education sessions on branches that score low in evaluations. We also take measures to enhance our sales attendants’ awareness of consumer protection, such as by incorporating incomplete sales in our employee KPI evaluations. KIS conducts mystery shopping to evaluate all sales attendants on their awareness of the financial product sales process. As a result, we acquired grade A+ in the 2021 mystery shopping evaluation.

Protection of the Financially Vulnerable

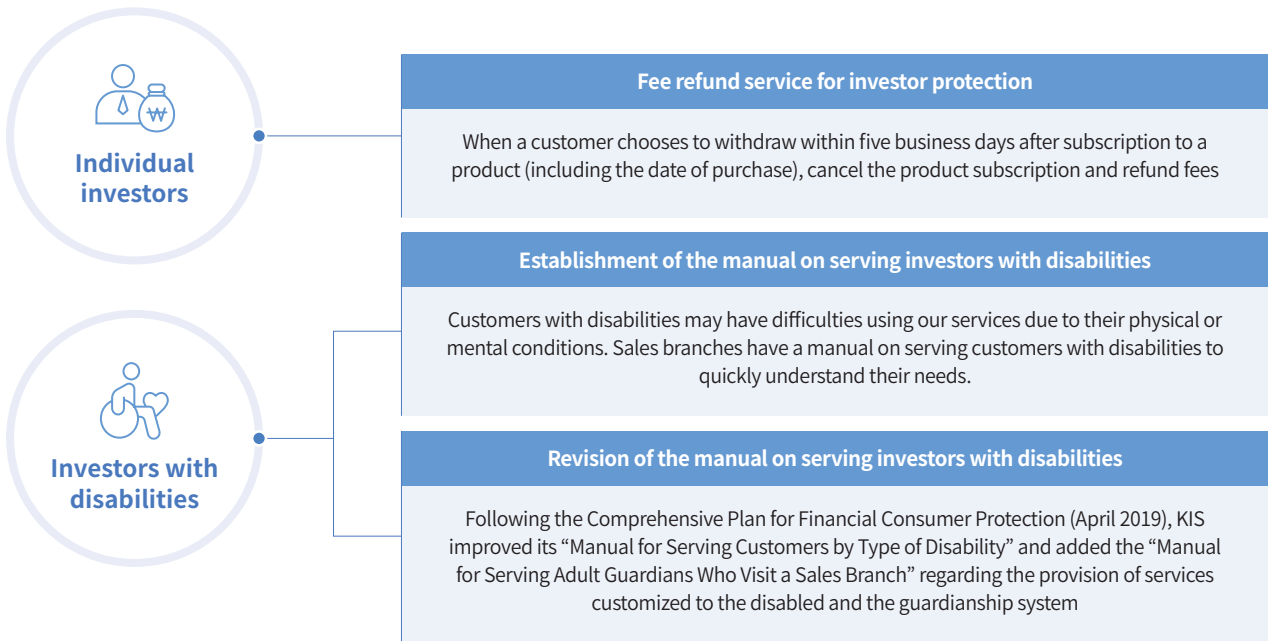
In its internal Rules on Investment Recommendation, KIS stipulates specific matters concerning the recommendation of financial products to financially vulnerable consumers, such as the elderly and the disabled. We have added the sales checklist to the computer system and require voice recordings to make sure the rules are observed. We have developed a computerized system to allow for sales only if these requirements are met, and we also provide sales attendants with sales manuals that include the sales checklist and scripts for each financial product.

In Article 14-2 of the Rules on Investment Recommendation, we define the elderly investor, a minor, and an illiterate as financially vulnerable consumers. In the case that a financially vulnerable consumer registers his/her information as an investor for a particular product, our sales attendants explain the potential disadvantages to the consumer and confirm that they have understood properly. Article 8-2 provides that “In principle, the sale of a product which requires caution with an investment recommendation is prohibited to super-agers (80-year-old and above). However, if a customer wants to subscribe to such a product for an inevitable reason, the subscription shall be approved by the head of the sales branch.”



Subscription to derivative-linked securities (PC screen)

Sales Regulations for Financially Vulnerable Consumers (Internal regulations of KIS)



Access to Information

Improving Consumers’ Access to Information

KIS strives to enhance financial consumers’ access to information. To this end, we have arranged the product menu by category at the top of the main page of our website and made it accessible from any page on the website. Without having to log in, visitors to our website can see product information and general information that does not require user ID confirmation, and they can check diverse information provided by external institutions on our consumer information portal (Consumer Protection Square). KIS acquired homepage accessibility certification in July 2020 for its improved online user environment for the financially vulnerable, and provides a visual ARS service to enhance the convenience of all customers using the ARS.

AIR (AI-based Research)

KIS has provided an AI-based research service, AIR, since July 2020. For this service, our computer system has studied, via machine learning, over 100,000 cases of data generated by analysts in research centers, and it analyzes over 30,000 news articles every day and issues a daily report of economic news and company information deemed necessary to investors. Our customers can receive information about companies they are interested in through this service.



Example of how to use AIR

Financial Education for Consumers

Group Training for Investors

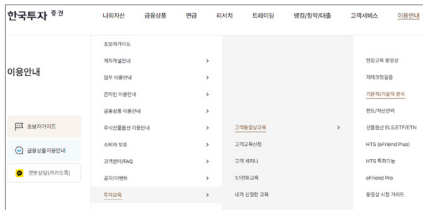
KIS provided 18 education sessions to 568 customers who applied for group education in January and February 2020. During these sessions, participants learned about how to use and analyze HTS, the overall systems of the domestic stock market, the current status of the domestic/overseas stock markets, and financial products and systems, all of which were taught on individual computers. The sessions were designed as monthly education courses but were temporarily suspended after February 2020 due to the spread of the COVID-19 pandemic and were resumed afterward. Moving forward, KIS plans to expand financial education for customers through online channels such as YouTube to help them keep pace with the changing educational environment.

Education for Financial Consumers

Training course	No. of training sessions	Trainees (No. of attendees)	Hours	Content
Group training	18 times	Customers who applied for training (568)	1.5~2	How to use HTS, basic/technical analysis, overseas futures, overseas stocks, economic news, pension system, consumer protection, etc.

Online and Customized Remote Training for Investors

KIS provides education services for investors through its corporate website throughout the year. Customers can watch videos on diverse topics, including user manuals for HTS/MTS, investment in financial products (e.g., stocks, futures options, and beneficiary certificates), trading methods by financial product (e.g., ELW, FX margin), and consumer protection. Furthermore, we provide remote education services to customers at home via their computers or telephones for greater convenience. Customers have only to make a reservation on our website or customer center and then our instructors will contact them on the specific date and time they selected and provide one-on-one training on how to use E-Friend and its key functions.



Online education for investors

Financial Consumer Protection Training for Employees

KIS conducts education courses on financial consumer protection for employees at its headquarters (group training), the heads of sales branches (on site), employees at sales branches (on site), all employees (online), and managers of departments that oversee consumer protection. These education courses cover various topics, such as consumer protection systems, major cases of complaints, and prevention measures, and also include qualification courses.

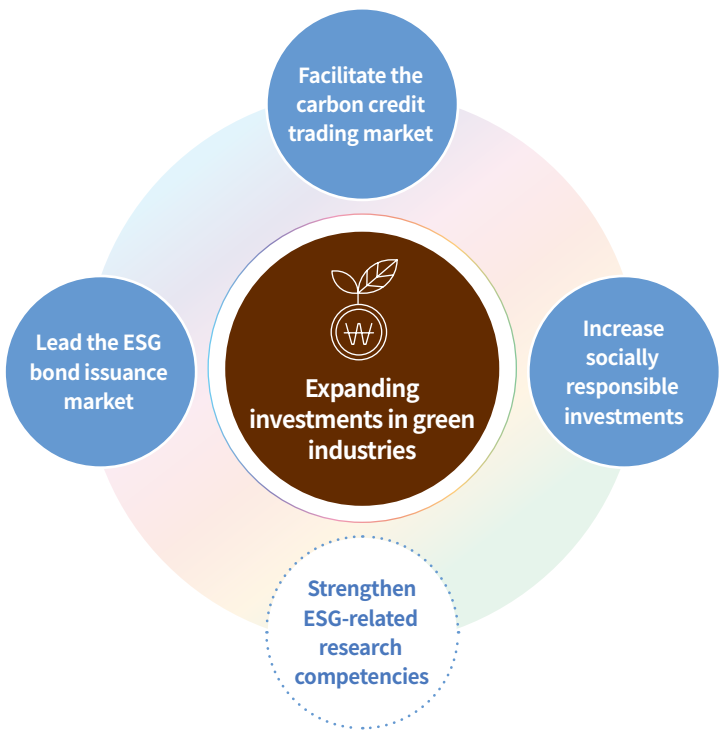
The Consumer Protection Department and the Consumer Support Department, which oversee financial consumer protection across the company, conduct their own training sessions for staff members assigned to consumer protection activities, when necessary, on regulations and best practices. After online education is conducted, we conduct surveys on employee satisfaction and suggestions regarding the courses and make improvements to education content on a periodic basis.

Sustainable Financial Leadership

Expansion of ESG Investments

Making eco-friendly investments is one of the most effective ways for financial institutions to respond to climate change. KIS upholds the principle of socially responsible investment, factoring in impact on the environment as well as financial performance, and makes strenuous efforts to discover and provide socially responsible financial products. Under the strategy set by the ESG Committee to promote ESG-related investment, KIS is continuing to expand investments in ESG bonds and socially responsible investments. We will increase both direct and indirect investments in green industries and strengthen ESG-related research capabilities to fulfill our environmental responsibility as part of our diverse efforts across all areas of ESG.

TrueFriend Approach



TrueFriend Performance

Coal-Free Finance

- **Declared an end to investments relating** to the coal industry (2020)

Increasing Investments in Renewable Energy

- **KRW 30 billion** invested in German wind power gear box maker Flender GmbH, senior acquisition financing (2021)

ESG Investments

- **KRW 1,177 bil.** (end of 2021)
* E: KRW 265.3 bil., S: KRW 587.3 bil., G: KRW 324.5 bil.

ESG Bond Underwriting

- Underwriting ESG bonds worth **KRW 4,393.5 bil.** (2021)
* up 108% from the previous year

Facilitator of the Carbon Credit Trading Market

- **Named as a facilitator** of the carbon credit trading market for closing the price vacuum (2021)

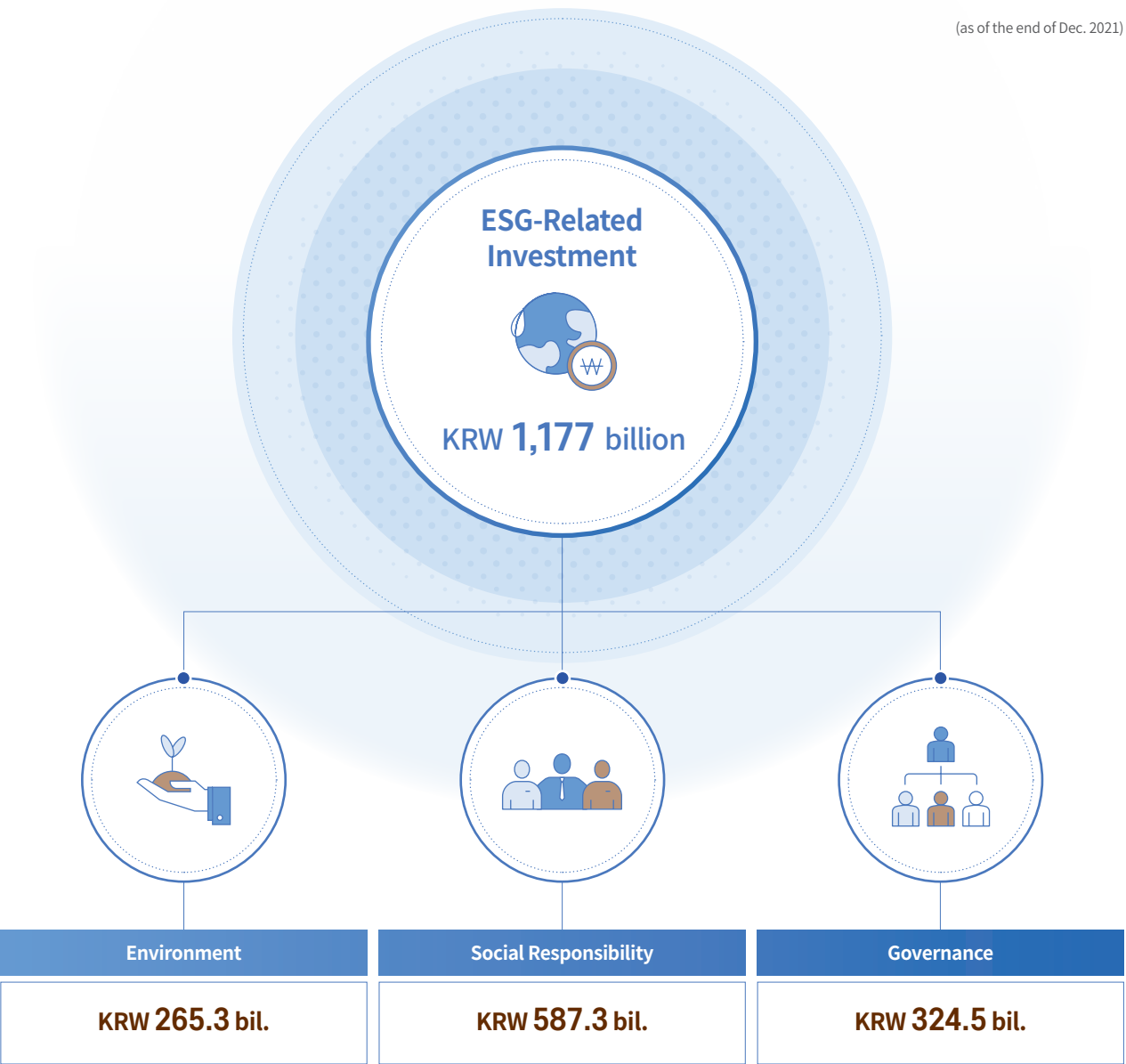
Increasing Socially Responsible Investments

- Securities market stabilization fund (**KRW 40 bil.**), bond market stabilization fund (**KRW 22.8 bil.**), corporate bond market stabilization fund (**KRW 3.6 bil.**), 2020

Increasing Investment in Green Industries

KIS has continued to make both direct and indirect investments in green industries to proactively respond to climate change and fulfill its corporate social responsibility for the environment. In 2020, we expanded ESG-related investments and declared a stop to investments relating to the coal industry so as to join the global movement to cut carbon emissions pursuant to the Paris Agreement and the Korean government's green new deal policy. KIS formed a consortium with Korea Hydro & Nuclear Power and acquired a stake in a large-scale onshore wind power generation complex in the US to take part in the joint development of renewable energy. In 2021, we expanded our investment in the renewable energy sector by investing KRW 30 billion in senior acquisition financing for Flender GmbH, a German wind power gearbox manufacturer. Furthermore, the company invested KRW 10 billion each in Korea Investment on Business Green Mobility No. 1 and Navigator Eco-Friendly Vehicle Value Chain Active ETF and, as such, is making active investments in the EV and eco-friendly vehicle sectors.

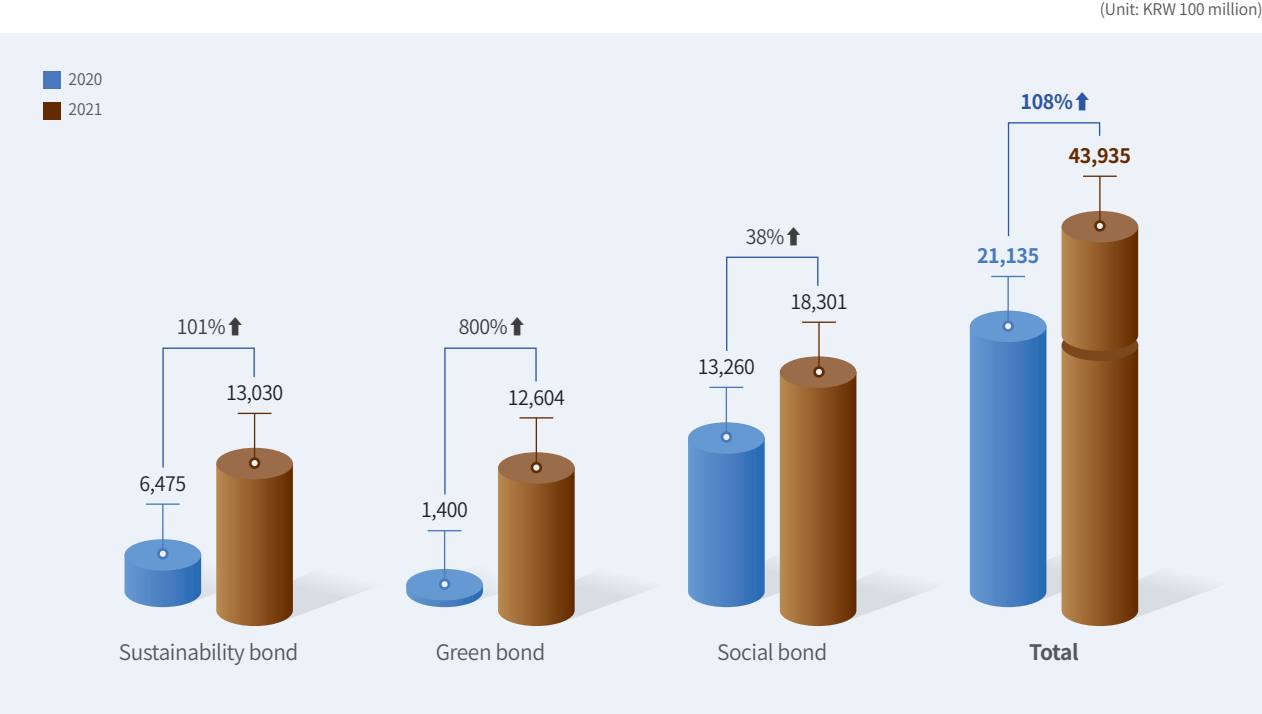
(as of the end of Dec. 2021)



Market Leader in ESG Bond Issuance

In addition to making direct investments in green companies, KIS is also actively engaged in the underwriting of ESG bonds. In 2021, we acquired ESG bonds worth about KRW 4.4 trillion, marking a sharp increase from the year before. The issuance of ESG bonds has continued to increase amidst growing interest in ESG, and KIS plans to make more active efforts to underwrite ESG-related bonds.

Underwriting of ESG Bonds



Investments in Green Companies

(as of June 2022, Unit: KRW 100 million)

Assets	Investment
UK Equity in RO solar PV, beneficiary certificate	502
Finland Investment in an onshore wind power facility	476
Germany Equity in onshore wind power FIT, beneficiary certificate	471
US Equity in wind power portfolio, beneficiary certificate	406
Germany Senior acquisition financing for Flender GmbH, a German wind gearbox manufacturer	298
Brain Eco Private Equity Fund J/V	200
Japan Yamaguchi solar PV senior/subordinated loan, beneficiary certificate	189
Korea Investment On Enterprise Green Mobility No. 1	100
Navigator Eco-friendly Vehicle Value Chain Active ETF	100
UK Equity in FIT Solar PV, beneficiary certificate	50
Others	411
Total	3,203

Creator of the Carbon Credit Trading Market

In 2021, KIS was named a carbon credit trading market facilitator along with SK Securities and Hana Finance & Investment. The role of carbon credit trading market facilitators is to close the price vacuum by suggesting bid & ask prices and thereby stimulating the supply of liquidity to the market. We expect the participation of market facilitators such as KIS to boost carbon credit trading among domestic companies, and we will use this as momentum to expand our business area to include carbon credit brokerage and further promote ESG-related investment.

Expansion of Socially Responsible Investment

KIS has entered into a financial market stabilization business agreement to actively cooperate with the government on the plan it announced in 2020 to stabilize the financial market amidst the COVID-19 pandemic. That year, we created three funds to promote financial market stabilization: a stock market stabilization fund (KRW 40 billion), a bond market stabilization fund (KRW 22.8 billion), and a corporate bond stabilization fund (KRW 3.6 billion). We also increased the supply of financial resources to SMEs, small business owners, and the self-employed, thereby helping them recover from the pandemic.

(as of June 2022, Unit: KRW 100 million)

Assets	Investment
Seoul Digital Industrial Complex SH-purchased public rental officetel PF loan	365
Korea Investment Growth Company New Technology Business Investment Association	357
Life Korea ESG Improvement Fund	235
Bond Market Stabilization Fund	228
Korea Value ESG Fund	200
KIS-SG Corporate Financial Stability PEF	198
Korea Investment Innovation Growth Scale-up PEF	189
KOSME P-CBO ABL Loan	161
VIG4-1 PEF	153
Korea Investment Growth Company-Specialized Investment No. 3 Fund	139
IBKC-EQP Innovative Technology Investment Association	128
Korea Investment Growth Company-Specialized Investment No. 1 Fund	107
Public Sector-supported Bridge Loan for Private Rental Housing in Ulsan Bangu-dong	100
Paper Korea Debt Refinancing Loan	100
Navigator ESG Active ETF	100
IBKKIP Growth Stepping Stone PEF	97
Corstone Good Job Growth Strategy MNA No.2	81
Woori Innovative Growth-Specialized Investment Private Equity Trust No. 2	81
Project Speed Seonjin Transportation Co., Ltd. Project Fund LP investment	70
DSC Investment Initial Enterprise PEF	50
Investment in HB Growth Support Investment Association	50
SBI Job Creation Fund	50
Suseong KOSDAQ Venture Fund	50
A-One Galaxy KOSDAQ Venture Investment Private Equity Trust	50
Others	2,680
Total	6,019

Strengthening of ESG Research Competencies

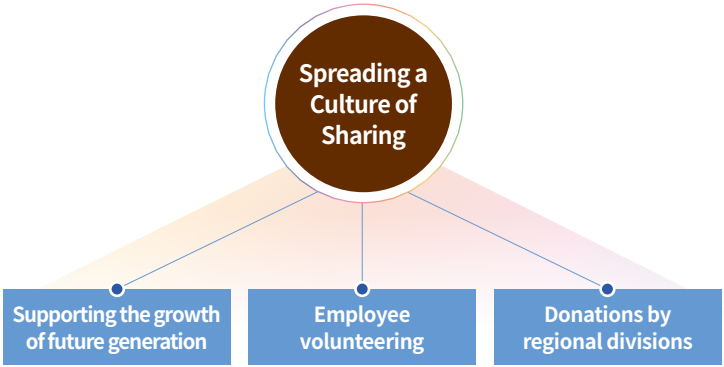
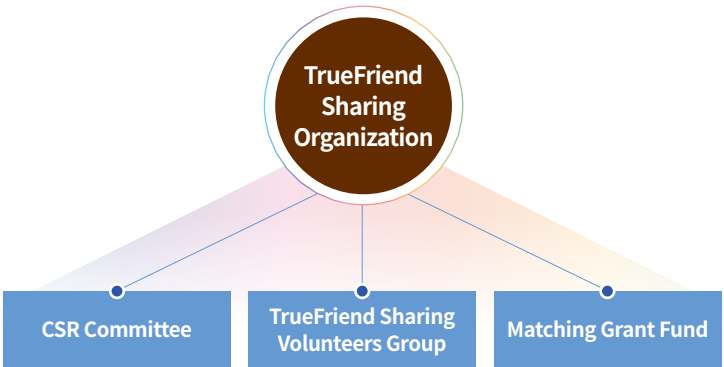
KIS has published the ESG Digest since March 2022 based on its analysis of responses to climate change, ESG finance, ESG-related policies, and trends, for the purpose of providing useful information to domestic companies engaged in ESG promotion activities. Every month, the ESG Digest delivers analyses of 2~3 issues relating to ESG, such as EU CBAM, biodiversity, the increasing members of RE1000, and the carbon credit trading market. KIS plans to expand the scope of content in this report and provide more diverse ESG issues and analyses to its stakeholders.

Pursuing Value of Coexistence

Leading Management for Sharing

KIS is committed to realizing warm-hearted finance that addresses problems facing local communities and creating value for all by drawing on the strengths of the financing business and the expertise of its employees. We place a particular focus on CSR programs that support the healthy growth of underprivileged youth and are concentrating our abilities on fostering the growth and self-reliance of future generations. In addition to donations, we also operate a 1:1 matching grant program with employees to raise resources to fund CSR programs. Our employees participate in diverse volunteering activities, led by the TrueFriend Volunteers Group, to support marginalized persons, including youth.

TrueFriend Approach



TrueFriend Performance

Dream, Children’s Writing Contest

- Accumulated no. of participants: **4,759 persons (382 winners)**
- Published “Our Dreams,” a compilation of award-winning works, on the 5th anniversary (**15,000 copies**)

Big Walk, Walk Donation Campaign

- Joined by **1,948 employees**
- Achieved **573%** of the target (50 million steps)

Good Recycling Campaign

- Donated over **2,900 articles** of clothing, shoes, bags, and household goods

TrueFriend Sharing Volunteers Group

- No. of participants increased by **124** vs. its foundation in 2013
* 2021: Headquarters (104 persons), Regional Divisions (51 persons)

Matching Grant Fund

- Donations in 2021: KRW 470 mil. (Accumulated total: **KRW 3.2 bil.**)
- No. of beneficiary children: **12,917 persons**

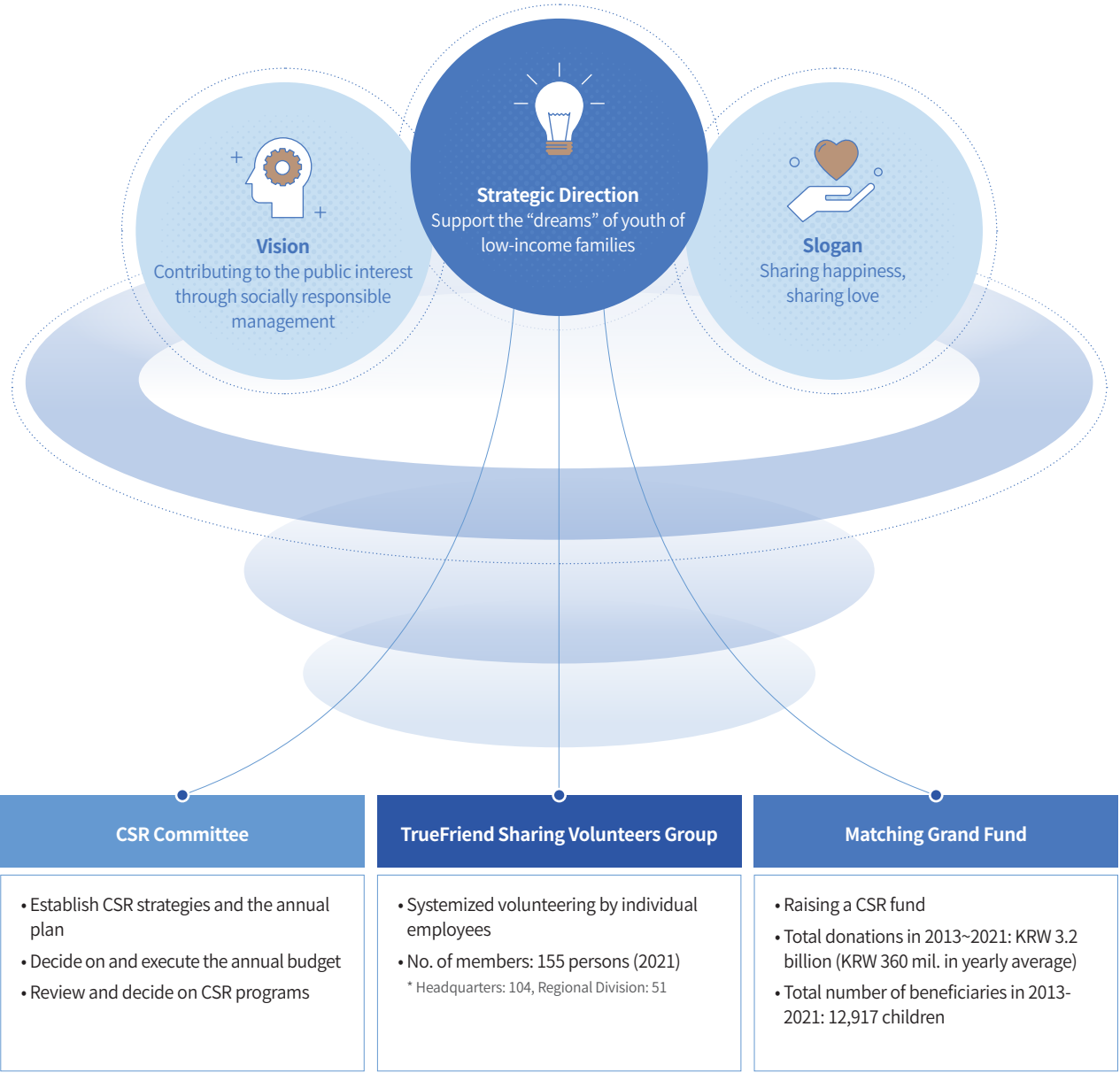
Donations by Regional Divisions

- Donated **KRW 14.2 million** through the matching grant fund (2021)
* KRW 13.6 mil. In 2020

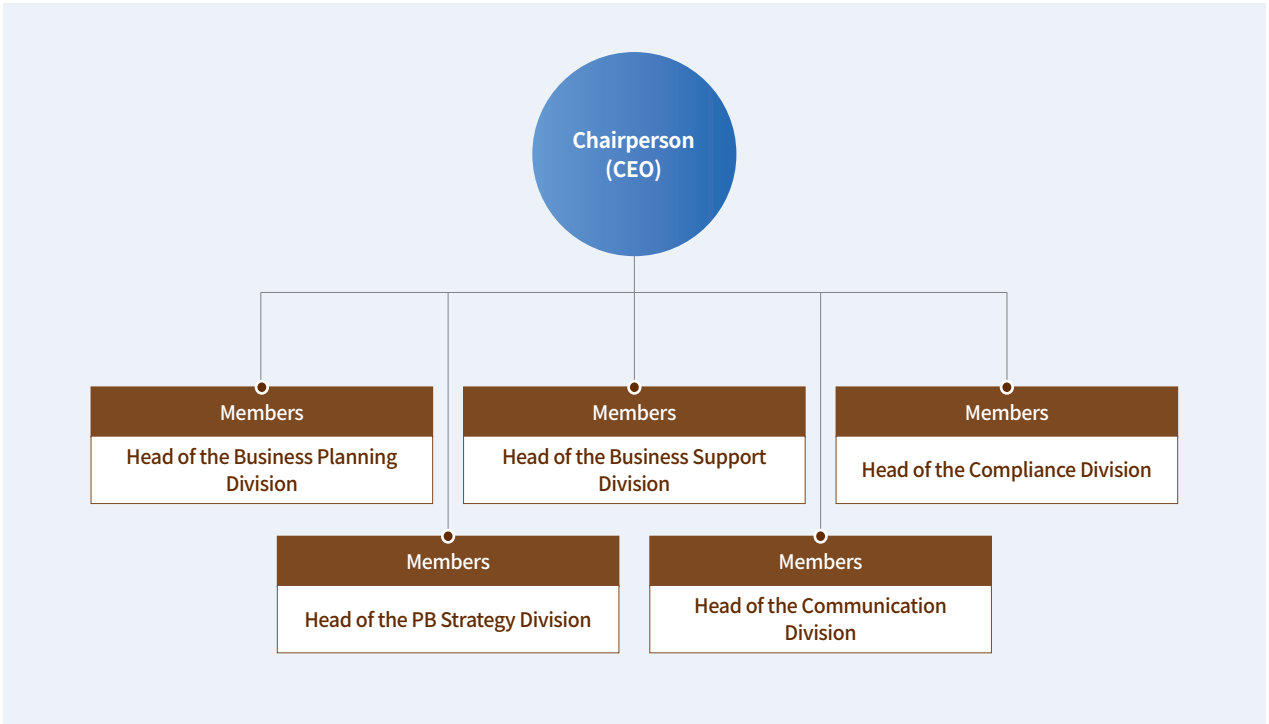
TrueFriend Sharing Promotion Structure

KIS pursues the practice “sharing” through its CSR programs. We have set “sharing happiness, sharing love” as the aim of our CSR activities and are making proactive efforts to “spread a culture of sharing” and “practice warm-hearted finance.” Our activities are directed at supporting diverse groups of underprivileged persons, and we put a particular focus on supporting the growth and independence of future generations by helping youths of low-income families who face difficulties in pursuing their dreams. Moving forward, KIS will continue to implement various programs for sharing through organic cooperation with its employees.

Values for TrueFriend Sharing



CSR Organization



CSR Committee & TrueFriend Sharing Volunteers Group

Under the slogan, “contributing to the public interest through socially responsible management,” the CSR Committee sets directions for KIS’ overall CSR programs and oversees their systematic, organized implementation. This committee is the highest decision-making body for our CSR programs, and it deliberates and makes resolutions on CSR strategies, annual plans, major programs, other projects, annual budgets (including execution), and program implementation.

The TrueFriend Volunteers Group is our employees’ volunteering group launched in 2013 and has since conducted a variety of CSR activities, including weekend volunteering, mural painting with employees’ children, and soccer class for children. The Volunteers Group has 155 members participating from the headquarters and sales branches across the country.

Matching Grant Fund

KIS operates a “matching grant” program whereby the company matches donations made by its employees. Accumulated donations thus far have reached KRW 3.2 billion and the total number of children who benefited from this program is 12,917.

Donations raised under this program in 2021 were spent on various activities for students of low-income families, including talent development and learning expenses, writing contests, and financial self-reliance. KIS will continue to diversify its CSR programs in pursuit of management for sharing.

Spreading the Culture of Sharing

Support for the Growth of Future Generations

Children with Dreams

Children with Dreams is a long-term education sponsorship program of KIS. In partnership with Child Fund Korea, we select around 50 students who have talent in academic fields, the arts, and sports every year and subsidize the expenses for their talent development. This program started in 2013 with the goal of supporting students who have dreams and a passion for learning but are challenged by poor circumstances. To help them make their dreams come true, we also hold Concerts with Dreams, where the students sponsored by this program come together to showcase their talents. Furthermore, we provide self-reliance funds to teenagers when they turn 18 and can no longer get support from welfare facilities so that they can still work toward their dreams and grow into healthy members of society. In 2020 and 2021, students who were excluded from the Children with Dreams program upon their graduation from high school received self-reliance funds raised by our matching grant program.

Opening of KIS Dream Library No. 1

KIS’ Dream Library is a mid-to-long-term CSR program that remodels libraries at child welfare centers across the country. This program is aimed at providing underprivileged children with a pleasant environment for reading in line with the core values pursued by our CSR policy. We opened our first Dream Library by renovating a library at Shinmangwon, a daycare center in Yangpyeong, and donated 1,000 books. Moving forward, KIS will continue this program to renovate libraries, fostering a healthy and pleasant reading environment for children.



Dream Writing Contest for Children Nationwide

In 2021, KIS hosted the 5th Dream Writing Contest for Children in partnership with Child Fund Korea. This contest has been held since 2017 with the goal of helping underprivileged children improve their writing skills and gain emotional composure. The winners of the contest attended the award ceremony held at the company’s headquarters, where they received a plaque, prize money, and a flower. After the ceremony, we prepared a session where the winners recited their works, which gave them a meaningful memory to cherish. Over the past five years, a total of 4,759 children participated in the writing contests and 382 of them won awards. In 2021, which marked the 5th anniversary of the writing contest, we shared the writing of many boys and girls and published a compilation of their award-winning stories, named “Our Dreams,” to support their aspirations.



Support for Children of Families Victimized by Crime

KIS has conducted a CSR program jointly with Seoul Metropolitan Police Agency since 2020 to support the children of low-income families that have fallen victim to crimes and are suffering from financial distress. In 2020, we donated emergency living expenses and medical expenses totaling KRW 100 million as well as necessities to make sure these children in victimized circumstances can receive support within the golden time and grow in good health and safety.



Economics Academy for Growth

KIS has also implemented an economic education program for teenagers who have to leave child welfare centers at the still young age of 18. The Economics Academy for Growth provides diverse courses on practical finance, careers, jobs, self-reliance, and housing, thus helping these teenagers to make a soft landing in society and achieve financial self-reliance. The Economics Academy for Growth was operated from July to November 2021 and participated in by over 230 students who left or were scheduled to leave 49 child welfare centers affiliated with Good Neighbors, an NGO that supports children.

Sponsoring “Yeouido Economy Bus for Youth” with MTN

Korea Investment & Securities has steadily implemented economic education for children and adolescents, and was a sponsor for the Yeouido Economic Bus with MTN (Money Today Broadcasting) starting in 2018 as part of its economics education program for youth. The Yeouido Economic Bus was a hands-on program where students visited Yeouido, the center of the Korean capital market. In 2020, it was replaced by Visiting Economic Bus, where professional instructors with knowledge and experience visit schools nationwide.

Volunteering with Employees

“Good Walk” Campaign

Following 2021, KIS also conducted the Good Walk campaign and donated funds to children with a walking disability in 2022. We counted the total number of steps taken by our employees who participated in this campaign by using a mobile walk donation platform, “Big Walk,” and every time the target number of steps was met, we donated the fund raised through the campaign, which was spent to purchase wheelchairs and cover rehabilitation expenses of children with a walking disability. We held sideline events to encourage more employees’ participation, such as a lottery event and participants’ selfies event for fun. KIS has strived to make genuine, social contributions through non-face-to-face methods, such as “non-contact donation by walking” overcoming constraints caused by the spread of the COVID-19 pandemic.



Campaign main image



Campaign result poster

Painting Murals with Employees’ Children

The TrueFriend Volunteers Group, which is the volunteering group of KIS employees, has carried out volunteering activities on weekends with family members to spread a culture of sharing across the company. One of these activities was mural painting, where our employees brought their children to decorate old buildings by painting murals together. In 2020, this mural painting event took place at Bakmi Love Village in Gumcheon-gu, Seoul, and was joined by CEO Il-Mun Jung, employees and their children. They painted large-scale murals of nature, including flowers, trees, and oceans, on the walls along the entrance to a community center and daycare center, and spent a meaningful time together.



Business Case Vitalization of Non-contact Volunteering by Employees

The TrueFriend Volunteers Group knitted Hickman line pouches for child cancer patients in June 2021. A Hickman line pouch is used to hold a Hickman catheter (a tube inserted into a large vein in a cancer patient’s chest), and hangs from the chest of a patient receiving chemotherapy. These pouches are necessary to protect the Hickman catheter and carry it around safely, but they are hard to come by in the market. Aware of such difficulties, members of the group knitted 100 pouches in one month and donated them to 20 child cancer patients.

In November 2021, the TrueFriend Volunteers Group carried out a soap making event to teach children of low-income families to stay clean, and donated 250 sanitation kits containing hand-made soap, hand sanitizer and masks to children in need through Child Fund Korea.



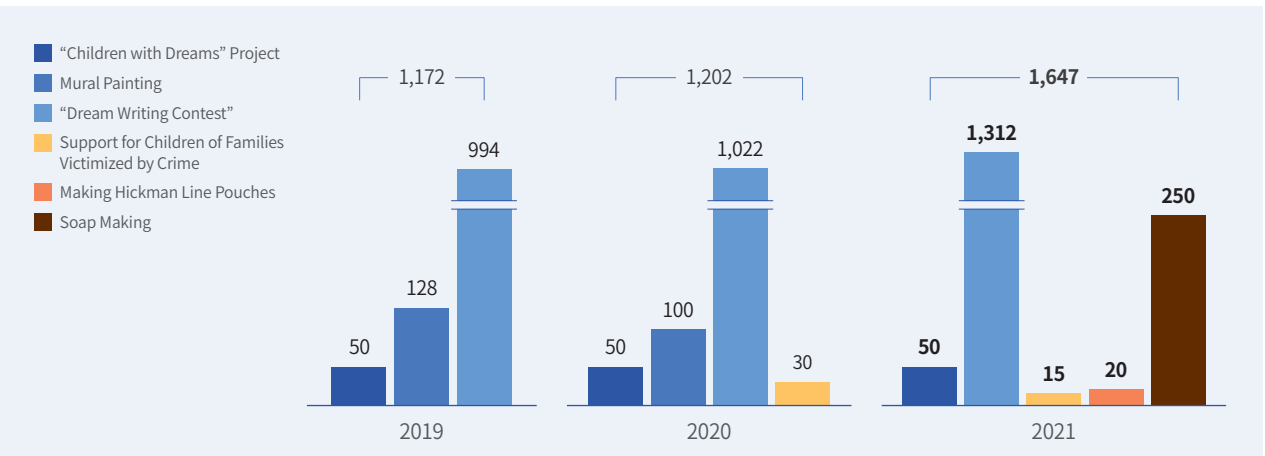
Hickman Line Pouch Making



Sharing Love, Soap Making

Beneficiaries of TrueFriend Programs

(Unit: person)



CSR Programs by Sales Branches

In 2018, KIS sponsored the CSR activities of regional divisions following a resolution of the CSR Committee by donating CSR funds up to 30% of the funds raised through a matching grant program. In 2020~2021, regional divisions donated a total of KRW 27.8 million to support welfare programs for the elderly, financially support marginalized persons, support the rehabilitation of persons with intellectual disabilities, sponsor children with disabilities, and subsidize the operation of welfare facilities for the elderly.



Donations by Regional Divisions

2020		
Regional Division	Beneficiary Organization	Activities
PB1 Division	Sangrokwon	Supporting education for children of low-income families
	Samsung Welfare Center for Hearing Impaired Persons	Speech rehabilitation for hearing impaired persons
PB2 Division	Hanju Foundation	Welfare program for the elderly
PB3 Division	Milal Rehabilitation Center	Rehabilitation of persons with mental disabilities
	Home of True Love	Rehabilitation for visually impaired persons
	Dooul Angels Home	Medical rehabilitation for persons with mental disabilities
Central PB Division	School of Equality for the Disabled	Support for children with disabilities
	Seolsong Scholarship Foundation	Scholarships for children of low-income families
Honam PB Division	Community Chest of Korea (branch in Jeollanam-do)	Scholarships for children of low-income families
⋮		
Total ▶ KRW 13,600,000		

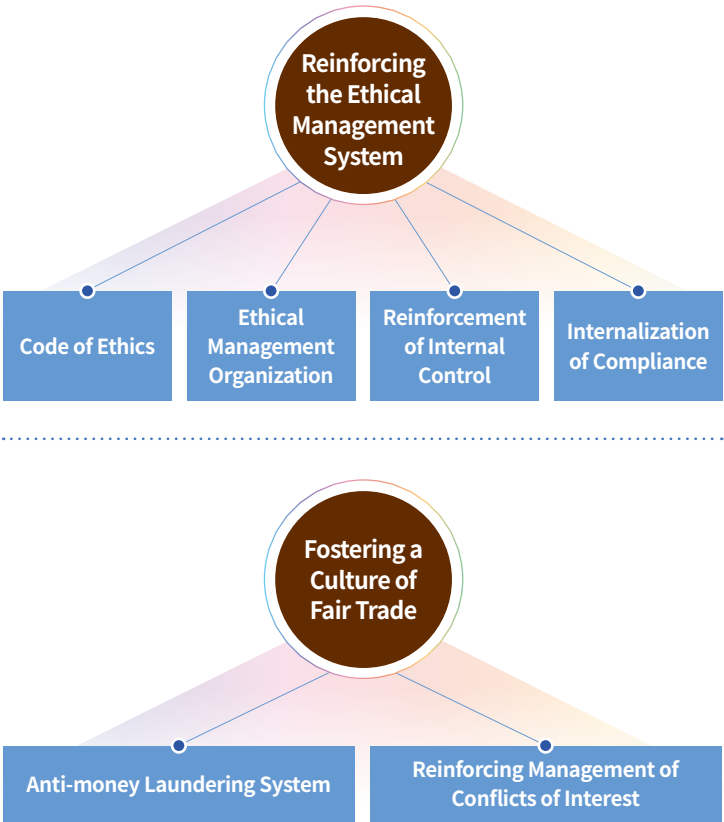
2021		
Regional Division	Beneficiary Organization	Activities
PB1 Division	Hanju Foundation	Welfare program for the elderly
	Samsung Welfare Center for Hearing Impaired Persons	Speech rehabilitation for hearing impaired persons
PB3 Division	Seongsbuk Welfare Center for Visually Impaired Persons	Financial support for the underprivileged
	Holt Children's Service/Home for Single Mothers	Financial independence for single mothers
	Milal Rehabilitation Center	Medical rehabilitation for persons with mental retardation
Central PB Division	School of Equality for the Disabled	Support for children with disabilities
	Seolsong Scholarship Foundation	Scholarships for children of low-income families
Youngnam PB2 Division	Hwaseong Nursing Home (Hwaseong Welfare Foundation)	Subsidizing welfare facilities of the elderly
Honam PB Division	Community Chest of Korea (branch in Jeollanam-do province)	Scholarships for children of low-income families
⋮		
Total ▶ KRW 14,200,000		

Transparency & Risk Management

Anti-Corruption Ethical Management

Companies should ensure transparency and fairness in business management to win the confidence of major stakeholders and live up to their expectations. Ethical management means more than simply abiding by laws and regulations. Legal compliance should be internalized as a part of corporate culture so that all employees can practice ethical management. KIS has declared its commitment to ethical management by establishing the Code of Ethics, the Code of Conduct, and the Rules for Ethical Sales Activities. We have strengthened internal control over the legal compliance of employees by appointing a compliance officer, and have internalized compliance in our corporate culture by collecting compliance pledges from all employees and providing education on ethical management. Furthermore, we strive to promote the financial industry norm of fair transactions, which includes the prevention of money laundering and conflicts of interest.

TrueFriend Approach



TrueFriend Performance



Ethical Violation Reporting Center

- 2020: **5 cases** reported, **5 cases** resolved (100%)
- 2021: **4 cases** reported, **3 cases** resolved (75%)



Compliance Pledge

- **2,887 employees** signed the pledge. (2022)



Zero Violations of Regulations

- **Zero violations** (2019: 7 cases, 2020: 1 case)



Ethical Education for Employees

- **2,804 employees** (2019: 2,599 persons, 2020: 2,676 persons)
- Per capita training hours: **9.5 hours** (2019: 5.2 hours)

Reinforcement of the Ethical Management System

Code of Ethics

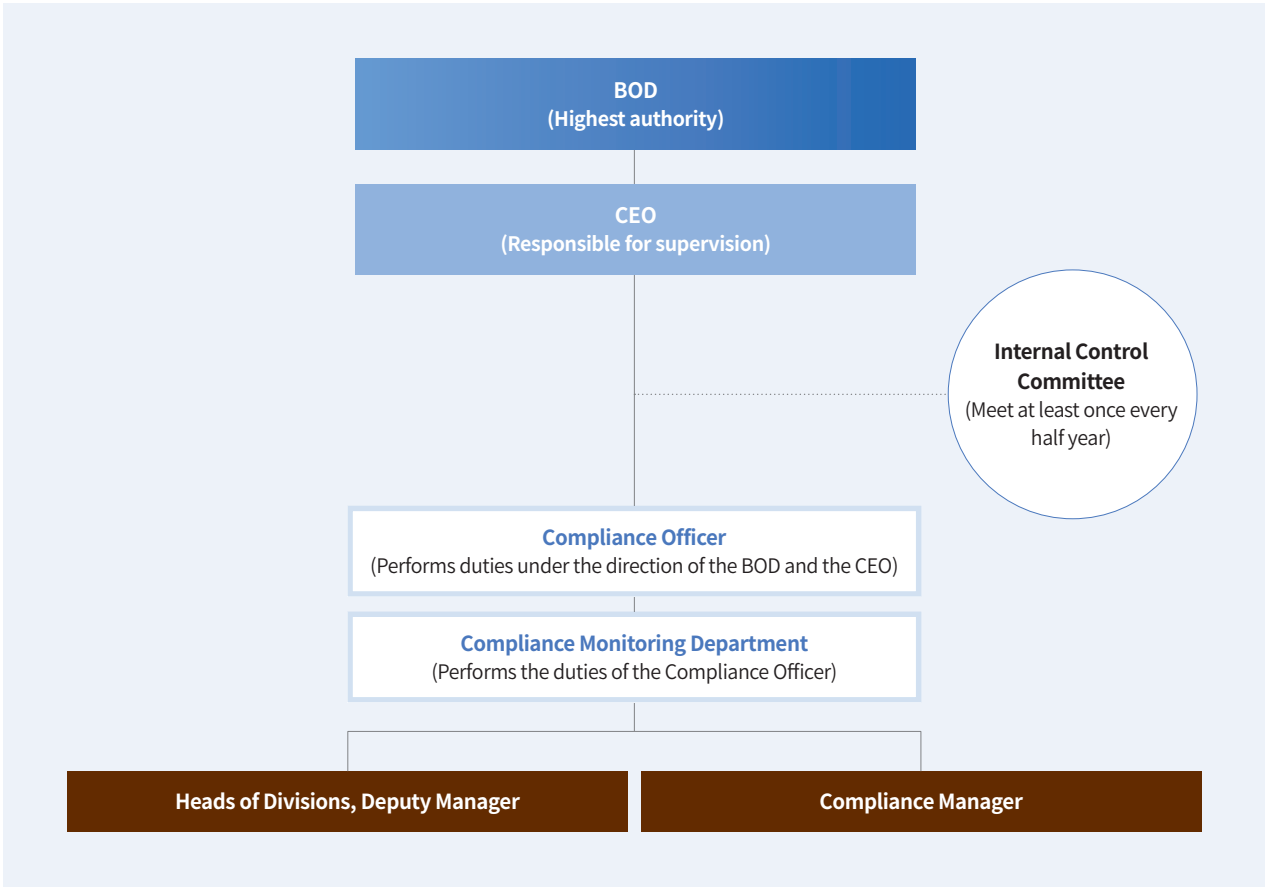
As a provider of asset management solutions to consumers, KIS pursues sustainable management and puts the its highest priority on ethical management to win the confidence of major stakeholders. We have declared our commitment to ethical management by establishing the Code of Ethics, the Code of Conduct, and the Rules for Ethical Sales Activities. The Code of Ethics consists of 11 provisions, including Customers First, Legal Compliance, and Good Faith. We disclose the Code of Ethics on our homepage to promote awareness among employees and encourage their active implementation.

The Code of Ethics

All members of KIS are committed to putting customers first and maximizing shareholder interests in good faith, and hereby establish and will actively implement the Code of Ethics.

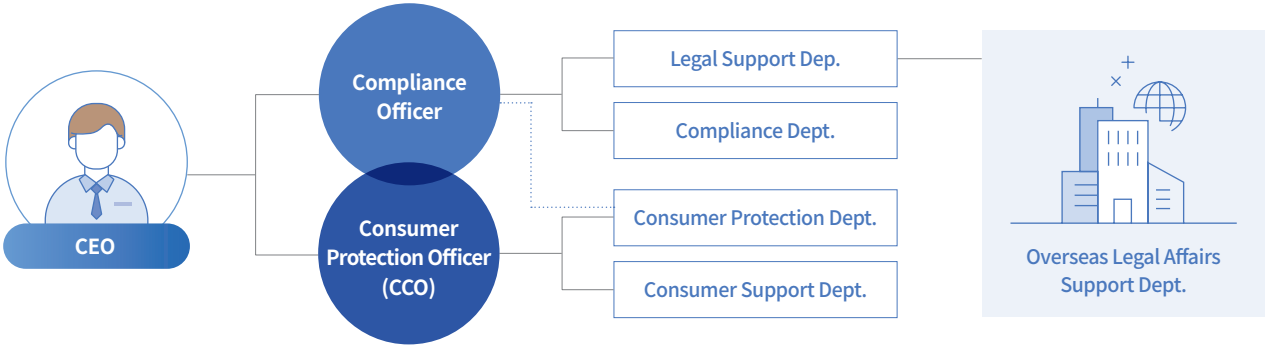
- **Customers First**
The company and all employees make their best efforts to provide better financial services to customers with the belief that the customers' happiness is our happiness.
- **Legal Compliance**
All employees are aware of relevant laws and regulations and comply with them in performing their duties.
- **Good Faith**
All employees pursue honesty and trust as the most important values and perform their duties in good faith.
- **Respect for Market Order**
The company and all employees respect the order of the market economy, refrain from acts of unfair/unsound trade, and compete on a level playing field to establish an order of sound financial transactions.
- **Information Protection**
The company and all employees protect all business information and customer information they come to know in the course of performing their duties, prevent the leakage of such information, and do not use such information for personal interest.
- **Self-innovation**
All employees make ceaseless efforts to innovate themselves with creative thinking in order to flexibly adapt to changes in the financial market.
- **Mutual Respect**
The company respects the autonomy and creativity of individual employees and strives to improve their quality of life, and all employees respect one another and maintain smooth communication and active cooperation.
- **Maximization of Shareholder Value**
The company and all employees make their best effort to maximize value for shareholders and all other stakeholders through rational decision-making and transparent business management.
- **Responsibility of the Management**
The management strives to internalize an ethical culture in the company, such as by providing ethical education for employees.
- **Creation of Synergy**
The company and all employees share the management principles and core values of the Korea Investment and Securities Group, create synergy among business areas, and efficiently utilize management resources to maximize value creation for the Group.
- **Social Responsibility**
The company and all employees recognize that they are members of civil society and fulfill their social responsibilities and roles.

Organization



Strengthening of Internal Control

KIS has appointed a compliance officer who performs internal control to ensure employee compliance and placed the compliance officer under the direct control of the representative director to guarantee his/her independence. The compliance officer is supported by the Legal Affairs Support Department and the Compliance Department, which carry out internal control activities relating to legal compliance, legal risk management and the correction of loopholes in internal control. All sales branches and departments in the headquarters appoint their own internal controllers and conduct self-compliance monitoring on a daily, monthly, and quarterly basis. Furthermore, we operate the legal compliance support system to prevent legal violations, including unsound sales practices in the financial investment business.

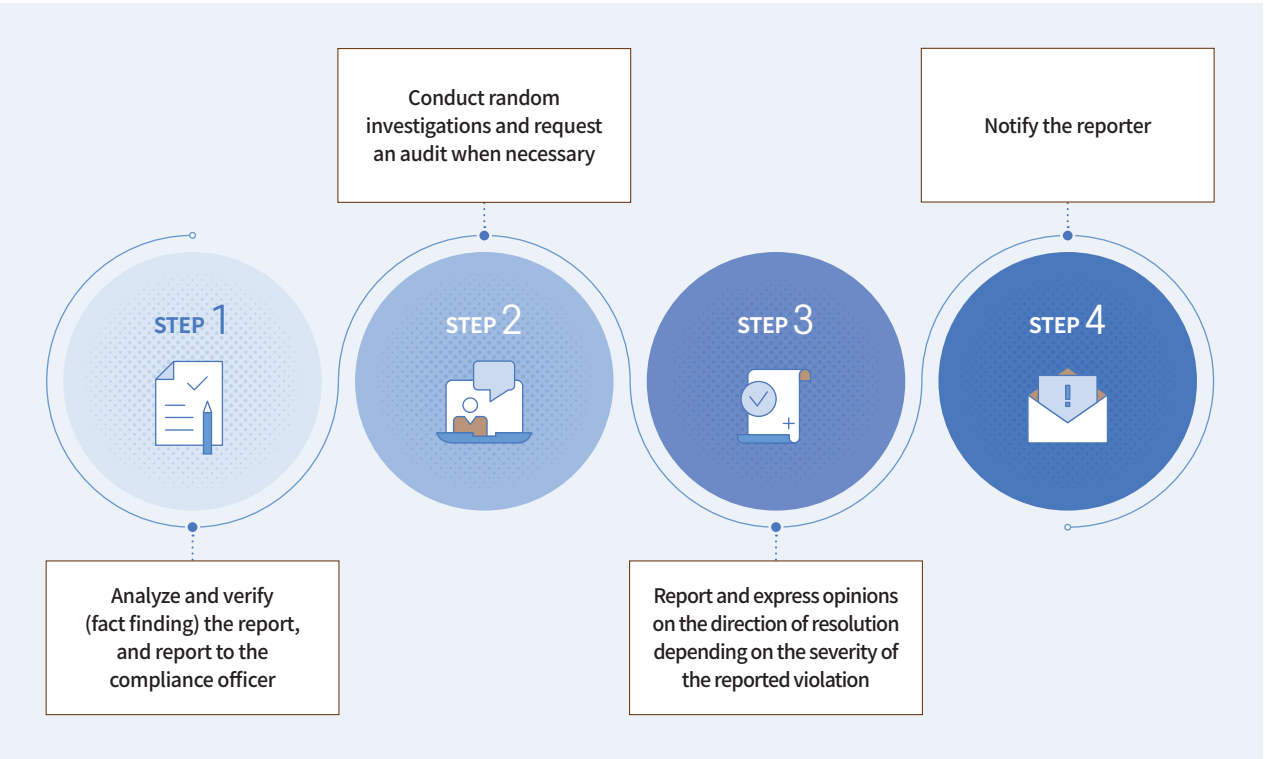


Internalization of Compliance in the Organizational Culture

Ethical Violations Reporting Center

To internalize ethical management, KIS operates the Ethics Violation Reporting Center where anyone can report fraudulent acts by employees, including legal violations and corruption, that they became aware of in the course of performing duties or sales activities. We collect reports all the time through diverse channels, such as our online reporting center, e-mails, and walk-in reports, and the contents of reports can be accessed only by the official in charge at the Ethics Violation Reporting Center. We guarantee confidentiality for reporters and protect them from any disadvantages, thereby fostering an atmosphere that encourages fair whistleblowing.

Report Handling Process



Compliance Indicators

KIS evaluates the compliance indicators of all departments in the headquarters on a bi-annual basis and of sales branches on a quarterly basis in order to internalize compliance in its corporate culture. The evaluation items include internal control, consumer protection activities, the possibility of unfair/unsound trade, prevention of money laundering, management of conflicts of interest, and other matters of legal compliance. Employees, departments, and sales branches with excellent evaluation results receive awards. Of particular note, since 2019 we have given awards to employees in sales branches who score high in the consumer protection category of the evaluation in order to prevent unfair/unsound trade, enhance compliance awareness, and encourage active participation in consumer protection.

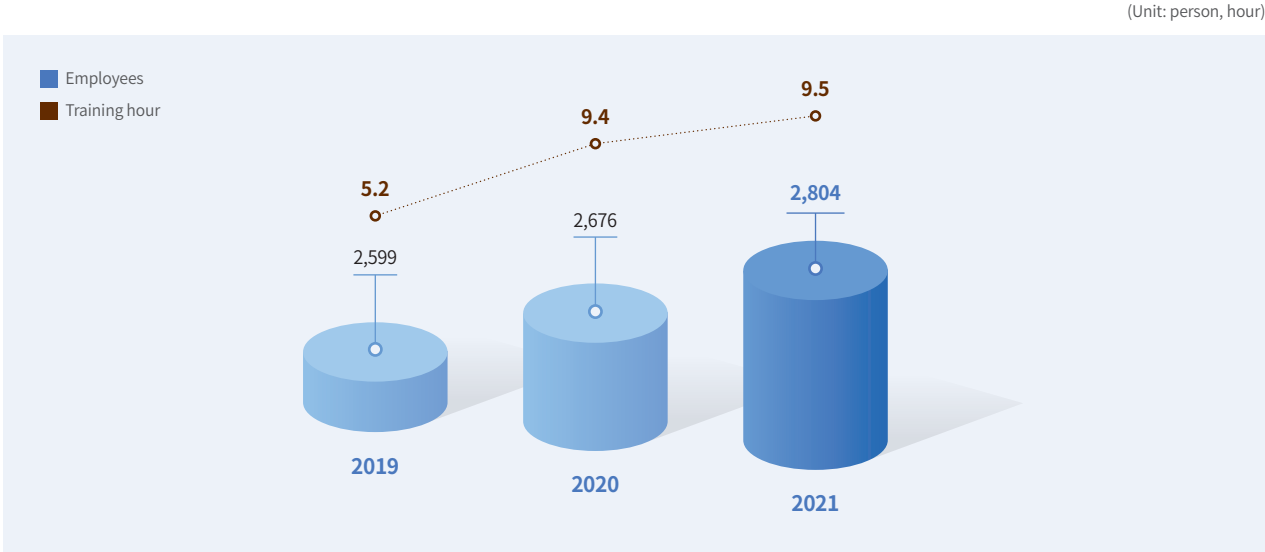
Employee Compliance Pledge

KIS strives to minimize problems associated with the violation of regulations, systems, and procedures, and to promote compliance awareness among employees. All employees submit a legal compliance pledge every January and in 2022, for instance, 2,887 employees signed an online compliance pledge. By collecting these pledges on compliance with laws, regulations, and procedures to prevent operation risks for the company, protect the security of business and customer information, etc., we are making ongoing efforts to promote compliance in our organizational culture.

Ethics & Compliance Education

KIS offers various ethical education programs for employees at its headquarters and sales branches to enhance their ethical awareness. We have conducted group education on compliance for all employees at the headquarters every month since April 2019 to prevent financial accidents and raise their awareness of work ethics to a level that satisfies the standards of the market and the financial authorities. With online, offline, and pop-up courses, employees can access education conveniently through various channels, while employees in charge of compliance management take courses at external training institutes, all of which add to our efforts to promote internal compliance. In 2022, we are planning to raise the effectiveness of education by focusing our programs on high-priority issues such as financial accident prevention, legal risk management, and consumer protection, and to enhance the ethical awareness of employees through checklists and work manuals and by collecting pledges to prevent conflicts of interest.

Ethical Education



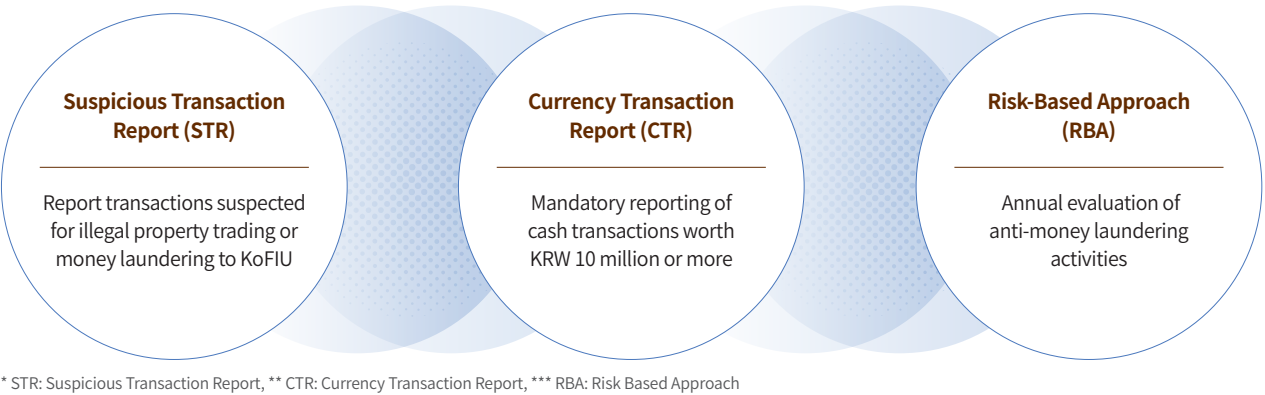
Ethical & Compliance Education for Employees

Trainees	Topics of education
Heads of regional divisions, sales branches	Latest issues related to compliance and consumer protection, and countermeasures
Employees at the headquarters	Prevention of unfair/unsound trade, work ethics, and investor protection
Department heads, compliance managers	Cautions about compliance issues, and resolution of difficulties
Employees at sales branches	Cautions for consumer protection and compliance
IB 1 Division	Procedures to prevent conflicts of interest when selling owned stocks to perform the company's duty as an underwriter
New department heads, new department leaders at sales branches, new employees	Compliance systems, such as the prevention of unfair/unsound trade

Promotion of a Fair Trade Culture

Prevention of Money Laundering

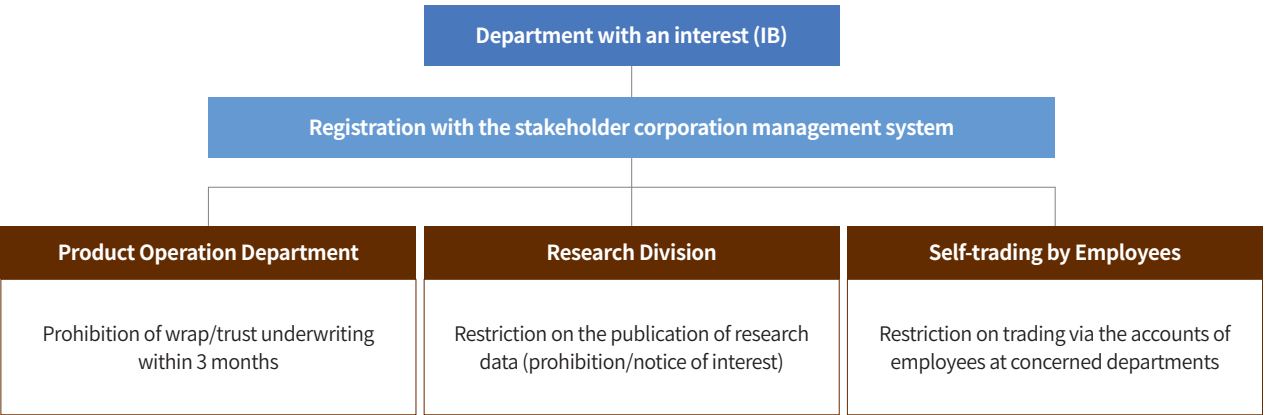
Money laundering refers to any act of hiding the source of illegal gains made from criminal activities and disguising them as legitimate assets. To prevent money laundering, KIS monitors cash transactions (CTR) worth KRW 10 million or more and STRs (suspicious transactions) suspected for illegal property trading or money laundering, and reports the monitoring results to KoFIU (Korean Financial Intelligence Unit). Furthermore, we conduct an anti-money laundering performance evaluation every year following an RBA (risk-based approach), and actively cooperate on the comprehensive performance evaluation of the anti-money laundering system conducted by KoFIU. In 2022, we are planning to cultivate more staff specialized in anti-money laundering.



Reinforced Management of Conflicts of Interest

Preventing conflicts of interest, or acts of seeking one's own or another investor's gain while infringing upon someone else's interest, is critical for promoting fair trade. In principle, KIS prohibits information exchange between areas highly prone to conflicts of interest, and allows it only in exceptional situations. We manage specially-related corporations using a computer system whereby we operate the company's assets in the corporations, announce research and analysis results, and restrict employees with information on the corporations from individual trades. We periodically monitor the records of communication by e-mail, messenger, etc., between parties prohibited from information exchange. Furthermore, we collect employee pledges and checklists to prevent conflicts of interest and provide education to promote employee awareness and strengthen self-management.

Stakeholder Corporations Management Procedure

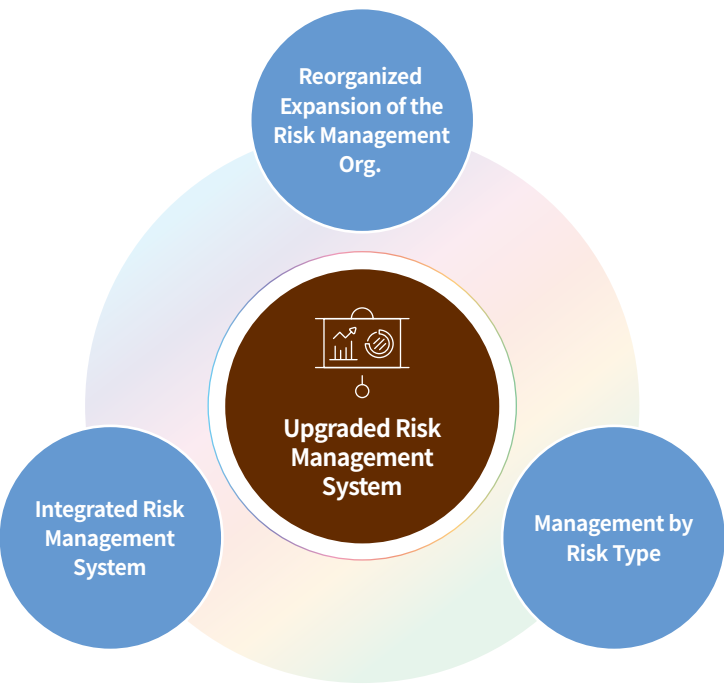


Transparency & Risk Management

Integrated Risk Management

Risks mean potential danger factors that might arise from future uncertainties and have an adverse impact on the company, and it is important to have a system in place to ensure prompt and systematic responses to risks in order to maintain customer confidence amidst the rapidly changing business environment. KIS has strived to sharpen its expertise in risk management to foster a stable business environment. We have built a risk management system to prevent various risks and strategies to manage different types of risks and respond to various crises. Furthermore, we have developed early warning indicators to preemptively detect a crises in the financial market and operate warning phase-specific strategies to respond.

TrueFriend Approach



TrueFriend Performance



Increasing Workforce of the Risk Management Division

- 2019: 44 persons,
2020: 44 persons
2021: 61 persons



Reorganized Expansion of the Risk Management Organization

- 2020: Risk Engineering Dept.
2021: Investment Management Dept.
2022: Risk Strategy Dept.



Maintaining Financial Ratios at Appropriate Levels

- Net Capital Ratio **2,365.9%**
- Financial Supervisory Service Liquidity Ratio **123.4%**
- Financial Supervisory Service Leverage Ratio **745.4%**

Advancing Risk Management Systems

Organization

KIS has expanded its risk management organization and professional workforce to reinforce risk management capabilities across the company. The Investment Management Department and Risk Strategy Department were established in within the Risk Management Division in 2021 and 2022, respectively, bringing the total number of departments to five, and the workforce has been increased accordingly.

The Risk Management Committee under the BOD is the highest decision-making body for risk management at KIS. It is responsible for establishing risk management policies and strategies, setting the company's maximum risk tolerance, and executing investments. The Risk Management Subcommittee supports the efficient operation of the Risk Management Committee by conducting preliminary reviews of agenda items. The roles of the five departments under the Risk Management Division are as follows: the Risk Strategy Department establishes risk management strategies, the Risk Management Department manages maximum risk tolerance by risk type, the Risk Engineering Department calculates the fair value and degree of risk of derivatives, the Evaluation Department conducts pre-investment screening, and the Investment Management Department carries out post-investment management. They operate organically and collaborate with one another, and the approval process is flexibly operated depending on the materiality of the issue. Working through these departments and committees, KIS will minimize potential damages associated with markets, liquidity, and operational risks, and maintain its financial soundness to bolster consumer confidence.



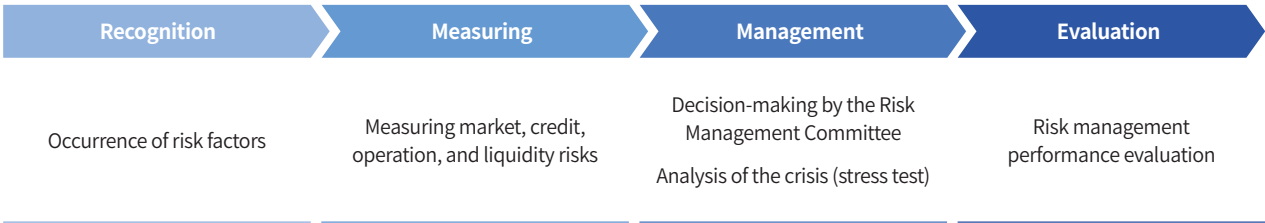
New departments

- The Investment Management Department was established in 2021 to strengthen the follow-up management of investment assets, which have increased with the issued note business, etc. This department monitors investment assets and markets, detects signs of insolvency, and responds accordingly, is responsible for overall follow-up management, including the monitoring of recovering investment assets when issues arise.
- The Risk Strategy Department was established in 2022 to set up risk management strategies following changes in the business environment and internalize a culture of risk management. It is responsible for preemptively building a foundation for risk management by analyzing the macro environment, operating early warning indicators, and reviewing risks associated with management strategies, and for internalizing a culture of risk management among all employees by conducting self-diagnosis and assessments on risk management activities and providing educational programs.

Integrated Risk Management System

KIS operates an integrated risk management system to prevent various risks arising from changes in the market environment. We monitor risk limits, assess risks, run integrated scenario tests and analyze reverse crisis situations through this system, and for more effective risk management, we have advanced the RDM (risk data market) by innovating our companywide information system and our self-evaluation system to measure the fair value and degree of risk of over-the-counter derivatives. Furthermore, we are making continuous efforts to raise the impact of our risk management system, such as by upgrading and computerizing the database to reinforcing follow-up management.

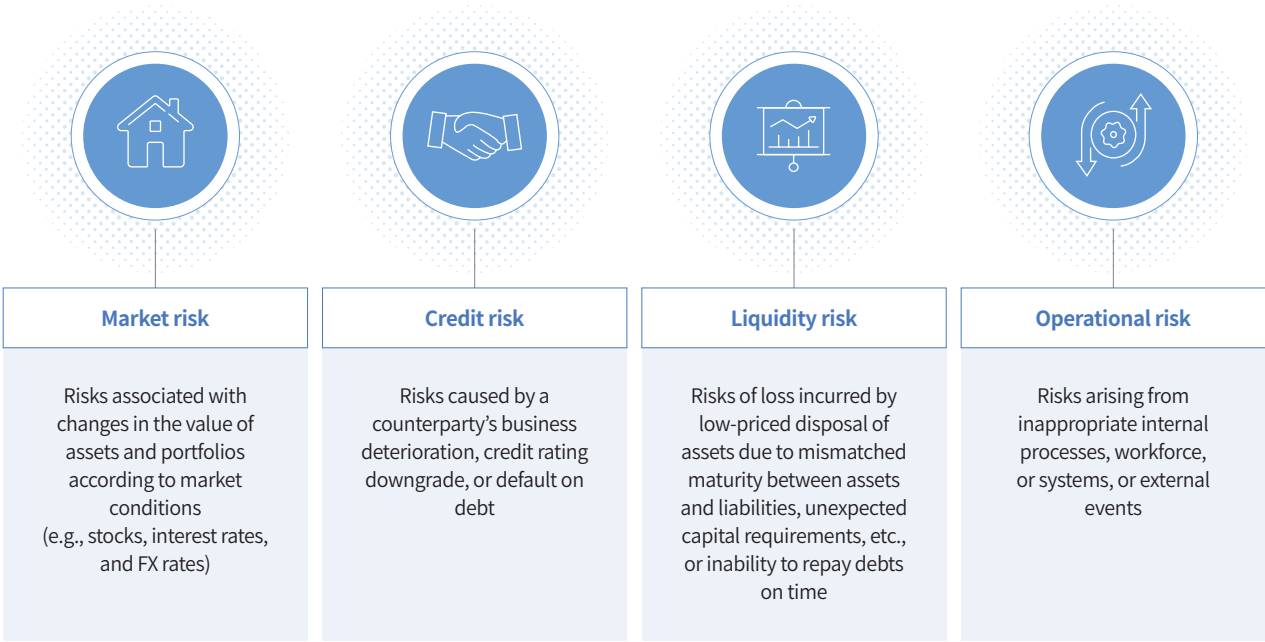
Risk Management Process



Management by Risk Type

Risks subject to rigorous management by financial institutions are classified into financial risks and non-financial risks. Financial risks arise from quantifiable factors, such as changes in markets, business conditions, and credit ratings, and are broken down into market risk, credit risk, and liquidity risk. Non-financial risks are attributable to unquantifiable factors, such as operational status and laws, and are further categorized into operational risk, compliance risk, and reputation risk. KIS classifies the key risks it needs to manage into four groups—market risk, credit risk, liquidity risk, and operational risk—and responds systematically through risk-specific monitoring and contingency plans.

Key Risks to be Managed



Response strategies by crisis scenario

	Step 1 Caution	Step 2 Semi-crisis	Step 3 Crisis
 Financial Soundness (Contingency Plan)	<ul style="list-style-type: none">Strengthen monitoring of problem areas and assets and limit exposureExplore response strategies to raise the ratio	<ul style="list-style-type: none">Ban and reduce company-wide exposureSell disposable assets under operation and fixed assetsIf necessary, execute a capital increase (e.g., subordinated debts)Reduce company-wide limits	<ul style="list-style-type: none">Reduce company-wide limits and control positions of increased risksConduct forced sale of owned assets and hedge non-disposable assetsConvert stores with a rental deposit into a monthly leaseClose loan transaction positions and reduce RPConduct additional capital expansion (e.g., subordinated debts, capital increase)
 Liquidity (Contingency Plan)	<ul style="list-style-type: none">Strengthen monitoring of problem areas and assets and limit exposureList up assets available for sale	<ul style="list-style-type: none">Ban and reduce company-wide exposureSell assets under operation/fixed assets, and cut costsRaise capital	<ul style="list-style-type: none">Request support from the financial authorities, Korea Securities Finance Corp. the Bank of KoreaConduct business restructuring and sell disposable assets at discountTake emergency loans by putting up the head office building as collateralIn the case of large-scale withdrawals of deposits by customers, withdraw deposits in Korea Securities Finance Corp

Risk Management Status

KIS strives to maintain its financial ratios at appropriate levels or above by efficiently allocating and utilizing limited resources. To manage our net capital ratio, we set a limit on the total value of risky assets and allocate risk limits by department, product, and operational purpose within the total limit.

Key Financial Soundness Indicators (FY19~FY21, previous 3 years)

Category	December FY19	December FY20	December FY21	Standard
Net capital ratio ^(consolidate)	1,260.1%	1,829.9%	2,365.9%	100% or more
Financial Supervisory Service Liquidity ratio ^(3M)	118.0%	120.6%	123.4%	100% or more
Financial Supervisory Service Leverage ratio	773.3%	752.3%	745.4%	1,100% or less

The company has set early warning indicators to detect the occurrence of crises in the financial market in advance. These indicators classify the market situation into four stages, need to observe, caution, serious, and crisis, and we implement response strategies based on the warning level of the indicator. We monitor the early warning indicator every day and report it to the management. When necessary, we take preemptive actions such as checking liquidity to prepare for potential crises.

The Way to Sustainable Future

66 Environmental

- Response to Climate Change

70 Social

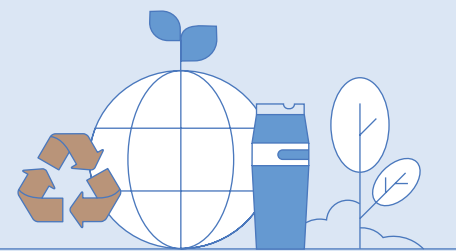
- Respect for Employees
- Healthy Labor-Management Culture
- Promotion of Information Security

78 Governance

- Board of Directors



Environmental



KIS is implementing green management to respond to climate change, a global crisis that requires the collective efforts of all humankind. We have been operating a voluntary carbon credit investment business since the first half of 2022, the first among domestic securities companies, and our newly established Carbon Solution Department is pushing ahead with business diversification under two business models: operation and solution. We also practice a paperless policy as part of our internal campaign to go green and are striving to foster a greening culture and enhance the environmental awareness of employees by encouraging them to use personal cups and tumblers.

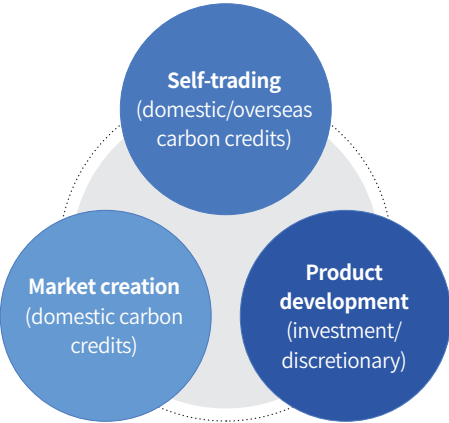
Response to Climate Change

Investment for Carbon Offset Credits

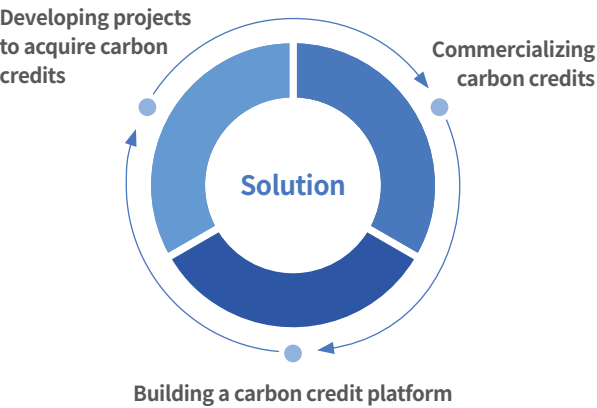
The Carbon Solution Department started investing in voluntary carbon credit projects it had discovered on its own in the first half of 2022, a first among domestic securities companies. Voluntary carbon credits are granted to companies that voluntarily make efforts to cut greenhouse gas emissions outside the company to achieve carbon neutrality. The Carbon Solution Department’s business is classified into two parts: operation and solution. The operation business covers large-scale funding and carbon credit brokerage, while the solution business deals with project development and carbon credit generation. In this way, KIS is consolidating its leading position in areas relating to the carbon market in Korea.

Business Model

Operation Business

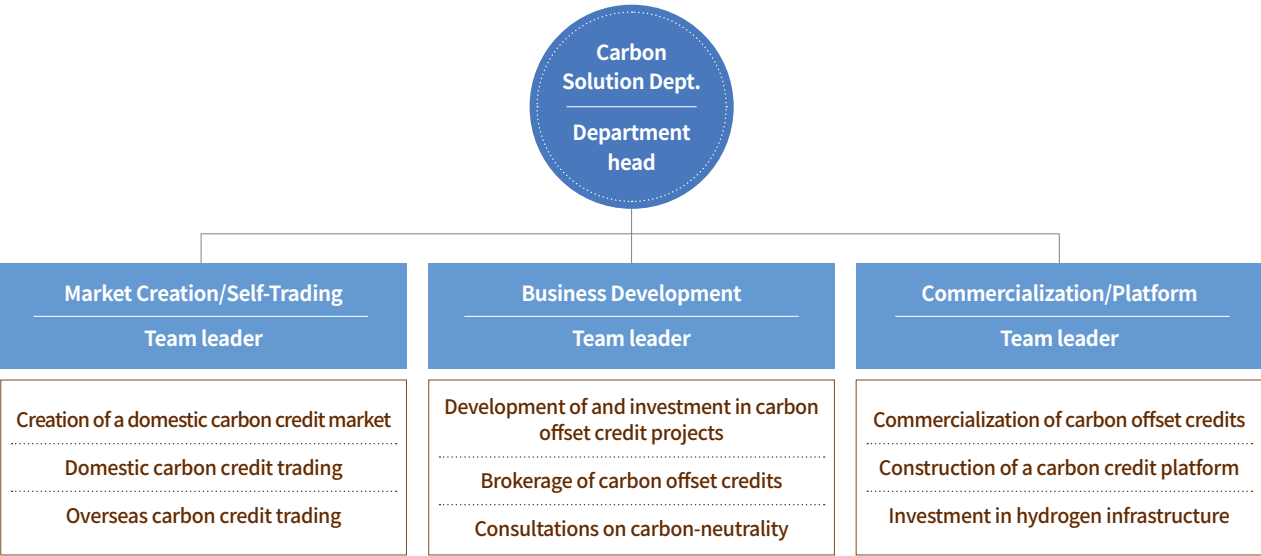


Solution Business



The Carbon Solution Department deals with overall business relating to the carbon market and is composed of three departments, market creation/self-trading, business development, and commercialization/platform, which are responsible, respectively, for operating and trading carbon credits, developing carbon credit business and investing, and commercializing carbon credits and building trade platforms.

Carbon Solution Department



Water Purification Facilities Installation Project

The Carbon Solution Department puts a priority on developing projects that have excellent carbon reduction effects and marketability. As part of our voluntary carbon credit projects, We are currently pushing ahead with a project to construct 123 water purification facilities in six provinces of Bangladesh by working with local partners and acquiring carbon credits in return for local residents using these facilities.

Currently, about 80% of residents in rural areas of Bangladesh obtain drinking water by boiling water from nearby ponds and rivers, which poses a grave threat to their health. What is worse, the act of burning wood to boil water causes air pollution and deforestation, thus aggravating climate change. To address these issues, KIS is implementing a project to construct facilities to purify and desalinate salty groundwater in six provinces of Bangladesh. These facilities pretreat groundwater with activated carbon filters and membrane filters and are powered by electricity from 18 solar panels and 12 batteries. We can acquire carbon credits proportional to the greenhouse gas emissions reduced through this project. The Carbon Solution Department is planning to complete the construction of the water purification facilities through local partners by the end of this year and expects to start earning carbon offset credit from the end of 2023.



- **Country** | Bangladesh
- **Certification institute** | Gold Standard (GS)
- **Project period** | 10 years
- **Project costs (Our standard)** | KRW 6.5 billion
- **Carbon credits** | 960,000 tons (estimation)
- **Overview** | Following our investment in the initial installation costs, the remaining payments will be made upon receipt of carbon credits. Carbon credits (first round) will be issued 1.5 years after the initial investment.

- **Milestones (plan)**

Feasibility study	'21.09
1st contract	'22.04
Start of installation of water purification facilities	'22.04
GS business registration	'22.12
Issuance of carbon credits (first round)	'23.12

Cook Stove Distribution Project

KIS is exploring opportunities to conduct voluntary carbon offset credit projects in many countries, such as Nepal and India. Nepal is one of the least developed countries in Asia and it has great potential for GHG reductions similar to Bangladesh. Nepal has launched many GHG reduction projects and one major example is a project for distributing cook stoves. KIS is an investor in this project, which aims to distribute high-efficiency, eco-friendly cook stoves in underdeveloped areas across Nepal. Using cook stoves can help to reduce GHG emissions compared to burning wood for cooking at home, and investors in this project can acquire carbon credits proportional to the GHG reductions. The Carbon Solution Department has entered into partnerships with local companies specializing in renewable energy technology distribution and drinking water sanitation. We plan to start distributing cook stoves extensively from the end of 2022 and expect to start acquiring carbon offset credits from the end of 2024.

• Country Nepal	• Milestones (plan)	
• Certification institute Gold Standard (GS)	Feasibility study	’22.06
• Project period 5 years	1st contract	’22.10
• Project costs KRW 12 billion	Supply of cook stoves	’22.10
• Carbon credits 2.5 million tons (estimation)	GS business registration	’22
• Overview Following our investment in the initial installation costs, the remaining payments will be made upon receipt of carbon credits. Carbon credits (first round) will be issued 1.5 years after the initial investment.	Issuance of carbon credits (first round)	’24.12

Agroforestry Project in India

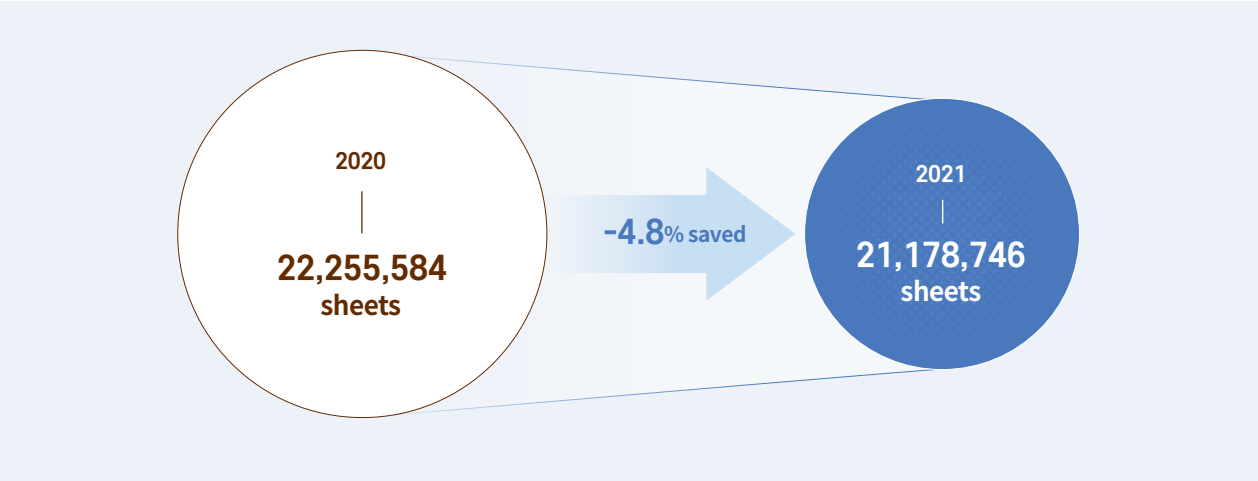
Carbon Solution Department is pushing ahead with an agroforestry project in Harda, central India. This project is aimed at growing trees that provide fruits, nuts, and wood products and letting local residents manage them as a source of income. Agroforestry not only serves to absorb carbon but also contributes to the local economy, thus drawing a great deal of attention as a forestation program for social contribution.

KIS expects to acquire carbon offset credit of 1 ton per tree over the next ten years through this project. Currently, we are planning to plant about 5 million trees, equivalent to 5 million tons of carbon credit, and make an investment during the first half of 2023.

• Country Bangladesh	• Milestones (plan)	
• Certification institute Verra(VCM)	Feasibility study	’23.02
• Project period 10 years	1st contract	’23.05
• Project costs KRW 12 billion	Start of afforestation	’23.05
• Carbon credits 5 million tons	Project registration with Verra	’23.11
• Overview After investing the afforestation cost, the remaining payment will be made upon receipt of carbon credit. Carbon credit (first round) will be issued 1.5 years after the first investment is made.	Issuance of carbon credit (first round)	’24.12

Environmental Campaigns at KIS

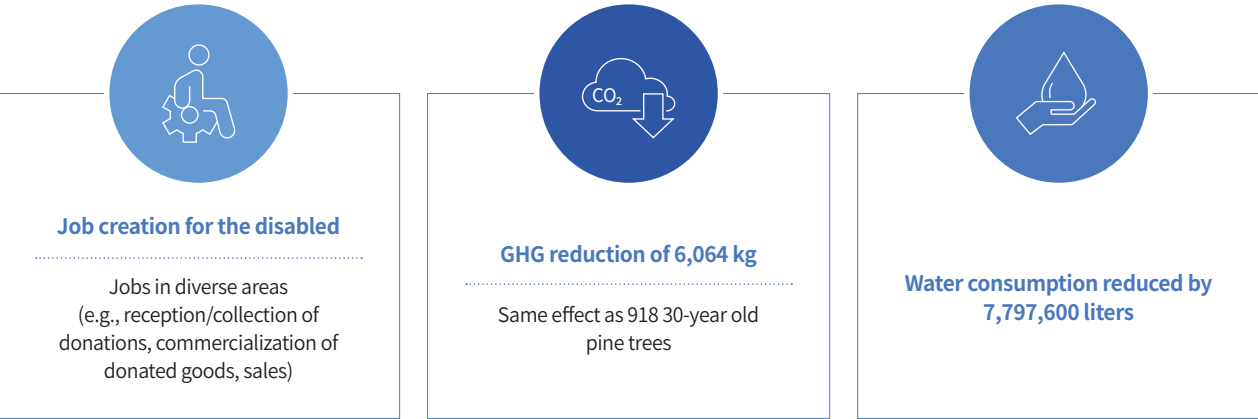
KIS has adopted a paperless policy across the company to cut back on paper consumption. For instance, we have replaced direct mail with electronic notices and, at the end of December 2021, had decreased the use of printer paper by 4.8% year on year. We also encourage employees to use personal cups and tumblers to reduce the use of disposable and plastic products at work. Moving forward, we plan to conduct various green campaigns to foster an eco-friendly corporate culture and enhance the environmental awareness of employees.



Good Recycling Campaign

For the occasion of World Environment Day, KIS conducted the “Good Recycling” donation campaign in June 2022 to protect the environment and support the underprivileged. This is a green campaign where we practice resource recirculation in daily life. Our employees donate personal goods and the proceeds from selling them at good will stores, which are workplaces for persons with disabilities, are spent on creating more workplaces for the disabled. In 2022, employees at our headquarters and regional branches brought in over 2,900 items, including clothes, shoes, bags, domestic goods, and books, which were donated to good will stores along with financial contributions.

Results of Good Recycling We Made Together



Social



KIS is committed to respecting the dignity and value of its employees through human rights management. To this end, we have implemented a variety of programs to enhance employee engagement, such as grievance handling, healthy labor management, fringe benefits, capacity building, and talent cultivation. We have also put in place a well-organized information security system to protect customer information and assets. IT risk management is a core capability of a financial institution, and we are making preemptive responses to digital financial security risks by conducting anti-cyber terrorism drills, reinforcing our information protection management system, analyzing loopholes, and taking corrective measures.

Respect for Employees Enhancement of Human Rights Awareness

KIS strives to comply with employment and labor laws and protect human rights. Our Code of Ethics and Code of Conduct set forth protection for human rights, while our collective agreement prohibits discrimination in working conditions by reason of marriage, nationality, religion, disability or social status. In education, assignments and promotions, we abide by the principle of gender equality and ban discrimination on the grounds of marriage, pregnancy, childbirth, or gender. The Code of Ethics and Code of Conduct also stipulate that all employees have the obligation to fulfill their social responsibility and respect colleagues, and employees pledge to abide by them in good faith. We have also adopted the Guidelines to Prevent Sexual Harassment and Bullying at the Workplace and the Guidelines to Prevent the Acts of Unreasonable Discrimination. All employees undergo training on the prevention of workplace bullying and sexual harassment to enhance their awareness of respect for human rights.

Grievance Handling Channel

KIS takes active measures to address grievances relating to human rights. We opened an in-house channel for grievance consulting and reporting on our intranet, Kiss, in September 2021 to address grievances relating to working conditions, colleagues, etc., that employees to deal with at work, as well as work-related grievances caused by mental, psychological, and physical issues. Employees can receive a consultation at any time through a non-face-to-face channel for reporting and consultation. Once a violation is confirmed, we take prompt action to redress the issue. In 2021, five cases of grievances were reported through this channel and appropriate remedies were taken after non-face-to-face consultation. Moving forward, KIS will continue to listen to the voices of employees through this channel and create a corporate culture of mutual respect.

Grievance Handling Process



Prevention of Workplace Bullying and Sexual Harassment

Committed to protecting the human rights of employees and creating a safe work environment, KIS has adopted regulations on bullying and sexual harassment, which are two common types of human rights violations at work. We have a clear no tolerance policy when it comes to bullying and sexual harassment at work and prioritize the protection of victims by changing their work location or team, or by granting paid leave as per the investigation results and the victims' wishes.

Workplace Bullying Reporting Process

01	Report or Finding	<ul style="list-style-type: none">• Anyone (i.e., victims, witnesses) can report a case of harassment to the HR Team.• The HR Team initiates an investigation at its own discretion.
02	Consultation	<ul style="list-style-type: none">• Grievance-handling staff initiate a consultation (e.g. face-to-face, phone, messenger, e-mail), assess damages due to the harassment and set directions for resolution.
03	Investigation	<ul style="list-style-type: none">• An examination is conducted into the detailed facts of the harassment case, the repetitiveness/continuity of the harassment, the degree of damage, the victim's demands, etc.• Remedies are reviewed based on the investigation report.
04	Remedy	<ul style="list-style-type: none">• The victim's demands are communicated and an agreement is reached.• Actions are taken to penalize the violator, protect the victim, and separate the victim from the violator.
05	Monitoring	<ul style="list-style-type: none">• Monitoring is conducted for recurrence, or retaliatory or secondary damages, and support is provided to the victim.• The implementation of the agreement is checked.

Healthy Labor-Management Culture Work-Life Balance

Fostering a Healthy Work Environment

PC Off System and Flextime

KIS introduced a PC off system in 2019 and complies with legal working hours. As a measure to cut unnecessary overtime work, our employees can use their computers only during working hours and can continue working after-hours only with the approval of their department head. We also introduced a flextime policy to help employees strike a work-life balance in an effort to foster a corporate culture of efficiency and a healthy work environment. Flextime schedules have been diversified to let employees adjust their working hours according to the circumstances of their departments and their personal life, and include flexible/selective working hours and a staggered commuting system.

Mentoring Program

KIS operates a mentoring program for junior employees which is managed by the HR Department. Under this mentoring program, junior employees gather for regular or ad-hoc meetings where they express various opinions about the company, learn about systems and cultures to help with their adjustment, and find ways to address issues they face in settling down in their organizations. In an effort to boost participation in this program, we pair up junior employees with mentors from all different job groups, and 63 cases of mentoring were conducted in 2021. We also visit sales branches across the country to listen to the grievances and challenges of employees. Employees from all job groups and positions freely express their opinions about pending issues within the company and we try to reflect these in company policies and systems, such as personnel management. In 2021, we paid a total of 70 visits to sales branches and activity reports were prepared after each visit so as not to neglect any simple opinions.

Welfare Programs

KIS has implemented various welfare programs to foster a family-friendly corporate culture. We value the health of employees and their families as our first priority and pay for their medical expenses and check-ups. In addition, to ensure a stable livelihood for employees, we provide loans for purchasing or renting a house and paying for living expenses. We celebrate the personal occasions of our employees, such as birthdays and wedding anniversaries, and provide allowances for various purposes, such as self-development, family events, home-coming on national holidays, and family month (May), all of which add up to an industry-leading welfare system that helps employees find happiness both at work and at home and feel greater satisfaction at work.

Housing · Livelihood Support	Work-Life Balance	Health · Medical	Others
<ul style="list-style-type: none">• Housing loans• House rental loans• Living expense loans• Relocation expense allowance	<ul style="list-style-type: none">• Children’s tuition (kindergarten, high school, university)• Medical expenses, congratulatory/ condolence money, health checkups• Gift money on birthdays, wedding anniversaries, national holidays (travel expenses), family month• Gifts for children starting elementary school	<ul style="list-style-type: none">• Medical expenses (e.g., dental care, fertility treatments)• Comprehensive/general health checkup for employees	<ul style="list-style-type: none">• Self-development expenses• Gifts and vacation time for long-term service employees• Vacation time for outgoing employees at the legal retirement age• Support for club operations and activities• Support for condominiums use• Group accident insurance

Improvement of Organizational Culture based on Open Labor-Management Relations

KIS pursues open labor-management relations based on dialogue and cooperation. We state three labor rights in the collective agreement, guarantee the autonomous operation of the labor union, and engage in labor negotiations in good faith and with respect for the collective bargaining right of the labor union. Every quarter, we convene the labor-management council, which represents both management and employees, to discuss major labor issues, such as working conditions, education and training, and health and safety, for the sake of promoting mutual interests. Furthermore, KIS strives to create a healthy and safe workplace, strictly abide by the Labor Standards Act and the Occupational Safety and Health Act, address employees’ grievances through an internal organization, and foster a corporate culture of mutual respect.

Ratio of Unionized Employees

Category	Unit	2019	2020	2021
No. of union members	person	544	526	577
Ratio of unionized employees	%	20	18	20

Major Labor-Management Meetings

Category	Details
Labor-Management Council	Discusses major issues every quarter
Grievance Resolution Committee	Composed of two commissioners, one representing labor and the other management, and take joint actions to address grievances
Labor Welfare Fund Council	Composed of an equal number of members representing each labor and management Discusses ways to promote employee welfare
Other regular meetings	Extraordinary meetings of the Labor-Management Council or other meetings to discuss emergency or non-regular agenda items

Talent Cultivation System

KIS makes its utmost efforts to cultivate global talent with top-notch competitiveness in finance. When necessary, we hire through open recruitment solely based on an evaluation of the candidates’ competency and potential, disregarding personal background such as school and gender. Under our strategy of fostering global, financial talent, we chose to build education infrastructure and provide job training and capacity-building education as key tasks, thereby striving to achieve growth for both individuals and the organization.

Talent Development Strategy



Competency Development Goals

KIS has built a competency development system to foster competitive financial experts. We have classified all tasks into five job groups, 16 series, and 29 jobs in our job system and set a competency system for each job, so as to help employees achieve their competency development goals. All employees at KIS develop the competencies they need under this job competency system by setting one out of seven career goals as their final career goal and striving to achieve it.



Talent Cultivation Program

“Edu Friend” Smart Learning System	Smart Work Academy	Foreign Languages and Self-development
Keeping up with the latest trend of digitalization, KIS operates a smart learning system, Edu Friend, to help employees further strengthen their financial expertise and job skills. Edu Friend covers over 4,000 educational programs through a systematic and convenient course management system, which is accessible online for all of our employees in Korea and overseas. We introduce content from outside education providers reflecting the latest trends in education as well as develop our own online content for in-house job education, so that we can proactively respond to the changing business environment.	KIS operates the Smart Work Academy, which offers training course to help employees improve task-related skills and enhance work performance. The academy offers courses on the practical skills necessary to perform jobs, such as Excel skills, coding, report writing, financial modeling, handling big data, and giving speeches. In 2021, 308 employees completed courses on the Smart Work Academy. In 2022, we have been conducting Python education aimed at raising work efficiency and data analysis skills, thereby helping our employees strengthen the competencies required for digital transformation.	KIS throws its full support behind the self-development of its employees by helping them to acquire job-related qualifications, language skills, etc. In 2021, a total of 1,046 employees did training at the Language Academy, and we invested KRW 40 million to support 66 employees in self-development training.

Global Competency Development

KIS provides various educational programs to enhance the expertise of its employees in the global IB business. These programs have a systematic curriculum and are centered on actual case studies to provide practical knowledge easily applicable to job tasks so as to help employees and the company build competencies that meet global standards for IB.

Fostering of Financial Experts

Comprehensive Asset Management: Expert Course

The HNW (high-net-worth individual) program is designed to train employees on global asset allocation and various consulting practices required to provide comprehensive consulting that meets the diverse needs of customers. This is a top-tier training program taught by the best instructors in each field and provided to those PB employees who are selected through strict screening. Participants can improve all areas required for asset management, from global asset allocation to law, taxation, real estate consulting, IB, and VIP management, while securing a strong competitive edge as a PB employee by providing more specialized asset management services to customers.

PB Academy

KIS operates the PB Academy to enhance the global investment expertise of all wealth managers, and timely courses are provided by a number of instructors. The PB Academy is the main education program of KIS and offers courses focused on global investment. More than 1,000 employees participate every year, with a total of 1,044 attending in 2021.

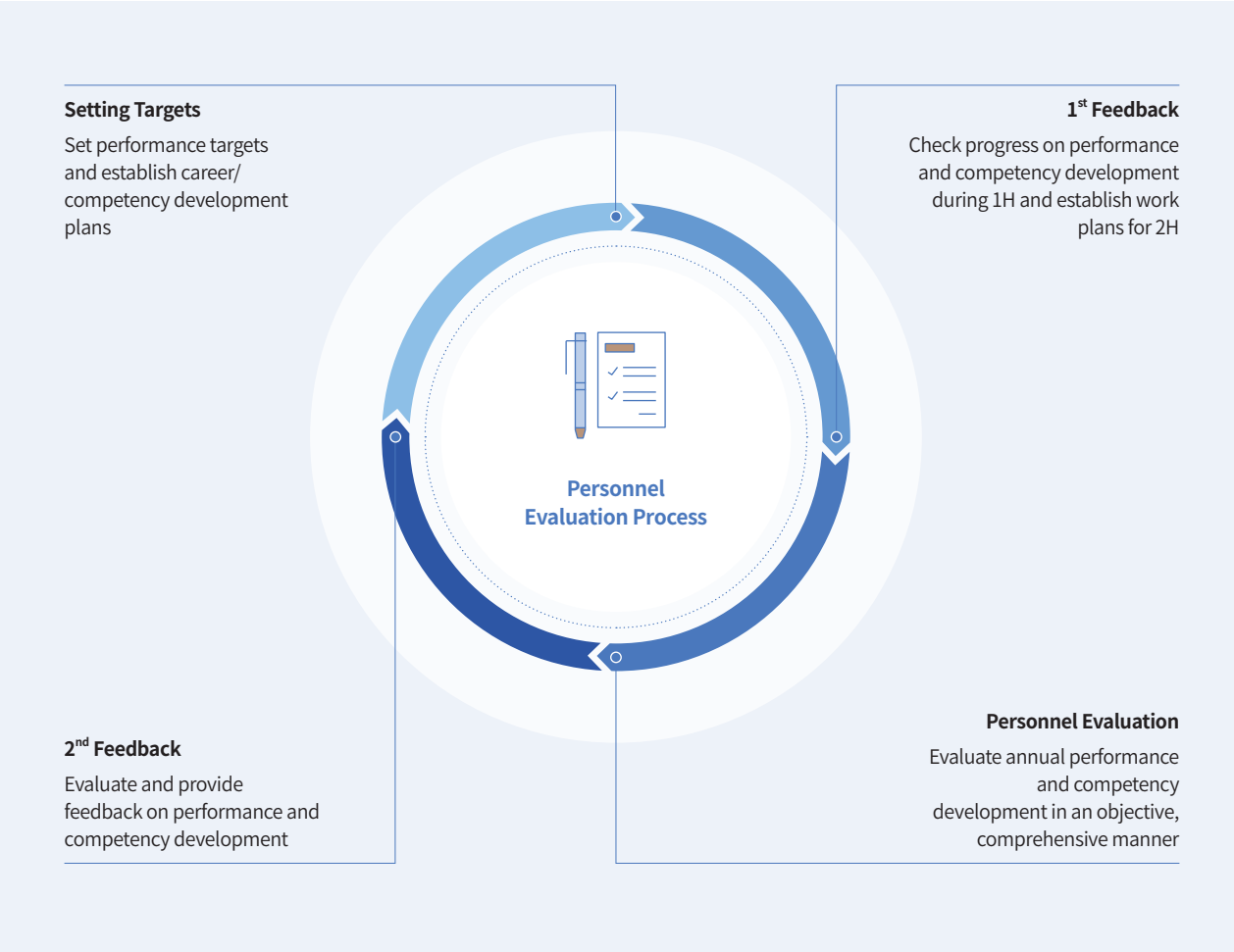
Global Stock Analysis: Introductory Course

In the “Introduction to Global Stock Analysis” course, trainees can learn essential knowledge and cultivate a mindset and philosophy for investing in global stock markets. This course covers two main themes: the analysis of U.S. stock reports and stock valuation for overseas companies. In 2021, 1,229 employees completed this course and were trained on establishing investment strategies tailored to changes in industries and companies through case studies.

Fair Performance Evaluation

Personnel Evaluation and Feedback

KIS has put in place a fair performance evaluation system, whereby all employees are assured equal opportunities, fair evaluation of their performance, and compensation corresponding to their individual and organizational contributions. Aside from the performance evaluation, evaluation feedback is provided twice a year. This interim feedback contributes to improvements in employee performance by having both the evaluators and the evaluated employees check progress on targets thus far, find reasons for slow progress, and come up with solutions to catch up.



Core Value Competency Diagnosis

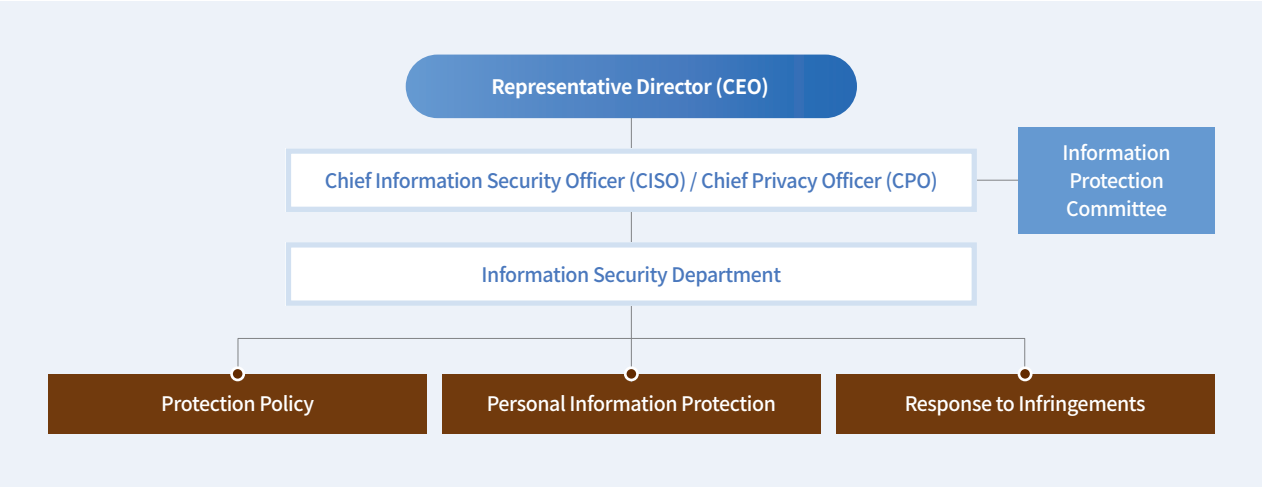
KIS conducts a 360-degree competency assessment to evaluate the collaboration and communication skills of employees, which could be overlooked in the conventional, vertical assessment that focuses on performance and results. In this assessment, employees are evaluated on nine assessment items centered on the core values of KIS. A core value-related competency assessment was also added in 2021 to foster talented employees who represent the company’s core values. We factor in both horizontal evaluation results among department members as well as personnel evaluation results when selecting key employees, and strive to enhance respect, consideration, communication and collaboration among employees.

Promotion of Information Security

KIS makes continuous efforts to strengthen its capabilities in responding to cyber security threats, which are taking on more diversified and malicious forms. By expanding infrastructure to protect against new types of cyber intrusions, constantly monitoring any leakage of customer or employee information, and reinforcing security loophole analysis of new information technology, such as MyData, open banking, and smart work, we are able to make timely responses to digital financial security risks.

Organization

KIS appoints the Chief Information Security Officer (CISO) following the Electronic Financial Transactions Act and the Regulation on Electronic Finance Supervision and strives to prevent and respond to cyber intrusions with greater readiness under the information protection & management system led by Information Protection Department dedicated to information protection.

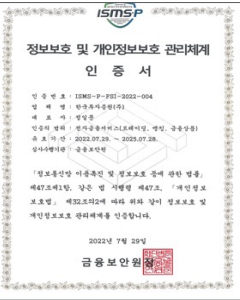


Certification of the Information Protection System (Domestic, Overseas)

KIS undergoes audits by certification institutes such as the Financial Security Agency every year to obtain assurance on the safe and reliable management of key information and assets. We had already acquired domestic (ISMS) and global certification (ISO27001) of our information security management system, and in July 2022, we also obtained ISMS-P certification, which combines PIMS (personal information management system) and ISMS.



ISO27001 Certificate



ISMS-P Certificate

Security Control Around the Clock

KIS guards itself against cyber intrusions and attacks from inside and outside the company by working with the Financial Security Institute and security control agencies. We monitor indicators of threats such as DDoS (distributed denial-of-service) attacks 24/7 and conduct regular inspections through digital forensics on high-risk devices to achieve our goal of zero cyber hacks. Furthermore, the constant monitoring of cyberattack threats against the company enables us to take preemptive actions, including analyzing intrusion threats and signs of planned hacking.

Analysis of Reference Cases of Cyber Attacks and Promotion of Safety for Online Financial Transactions

KIS analyzes cases of privacy violations databased by related organizations such as the Financial Supervisory Service, Financial Security Institute, Korea Internet & Security Agency, and other information security agencies and monitors the trends of security threats to fend off cyber hacking and intrusion. We have developed a system for detecting and cutting off malicious apps to protect customers from electronic financial fraud. Customers who download this system onto their smartphones can close off malicious apps that steal personal information or incur financial damages. Moving forward, the company will further prepare systems to protect customers from financial fraud, which is becoming more intelligent and sophisticated over time, and strive to provide a safer environment for electronic financial transactions.

Mock Drills against Cyber Attacks

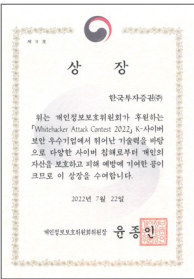
KIS carries out simulation drills to prepare for cyber hacking and intrusions. For instance, we conduct mock drills against server hacking, DDoS attacks, and malicious e-mails. In the mock drills, the company was found to have a lower average infection rate for malicious e-mails than industry peers, which showed our solid readiness against cyber hacking.

Vulnerability Analysis and Improvement of Electronic Finance Infrastructure

Every year, KIS runs vulnerability checks on its IT infrastructure and overall services by hiring specialized agencies and evaluates areas that require improvement. These inspections are conducted on our electronic finance infrastructure once a year and on our homepage twice a year. In addition to these regular analyses, we operate a vulnerability analysis lab including white hat hackers from an outside agency to fundamentally root out loopholes in our information protection systems for major services to customers and employees. We conduct simulation hacking on all of these major services and scenario-based mock intrusions based on malicious intrusion path analysis, and take corrective measures for any weaknesses found.

Information Protection Awards

At WACon 2022, Korea's largest simulation hacking contest, held in July 2022, KIS was named an excellent performer in K-cyber security and won the chairman's award from the Personal Information Protection Commission. We were recognized for the excellence of our cyber security strategy, information protection system, customer protection service, etc., in a strict evaluation by a panel of information protection experts. We were also selected as a securities company with outstanding security control in a digital finance cyber security survey conducted on white hat hackers. KIS recorded zero cases of leaks, theft, or loss of personal information from 2019 to 2022. The aforementioned award proves our top-tier management of personal credit information, thereby solidifying our status as a reliable financial institute.



Chairman's award by the Personal Information Protection Committee

Management of Customers' Personal Information

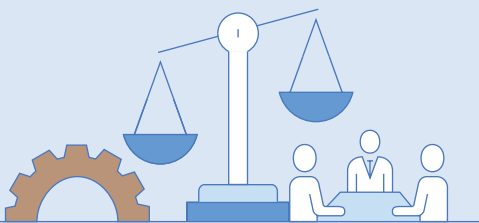
(Unit: case)

Category	2019	2020	2021	2022
No. of cases of leaks, theft, or loss of customer data	0	0	0	0

Enhancement of Employee Awareness of Information Protection

KIS provides diverse educational programs to enhance employee awareness of information protection. We encourage our employees to abide by security rules and stay alert by managing the security risk index based on the information protection evaluations of employees. We also comply with the Regulation on Electronic Finance Supervision, which sets forth annual employee training hours on information protection. Furthermore, we provide constant guidance on ways to protect personal information and provide training courses for new employees.

Governance



KIS is making its utmost efforts to promote continued growth and protect the interests of its stakeholders by building strong corporate governance. We guarantee the independence of the BOD (board of directors) so that it can effectively provide checks and balances. A majority of the BOD members are outside directors, as outlined in our internal regulations, to ensure that outside directors have substantial authority in the BOD’s decision-making process. Accordingly, six out of nine directors on the board are outside directors who have a good depth of knowledge and experience across the financial business, including business management and economics. Six committees under the BOD support the company’s management policies and business tasks and are also joined by outside directors.

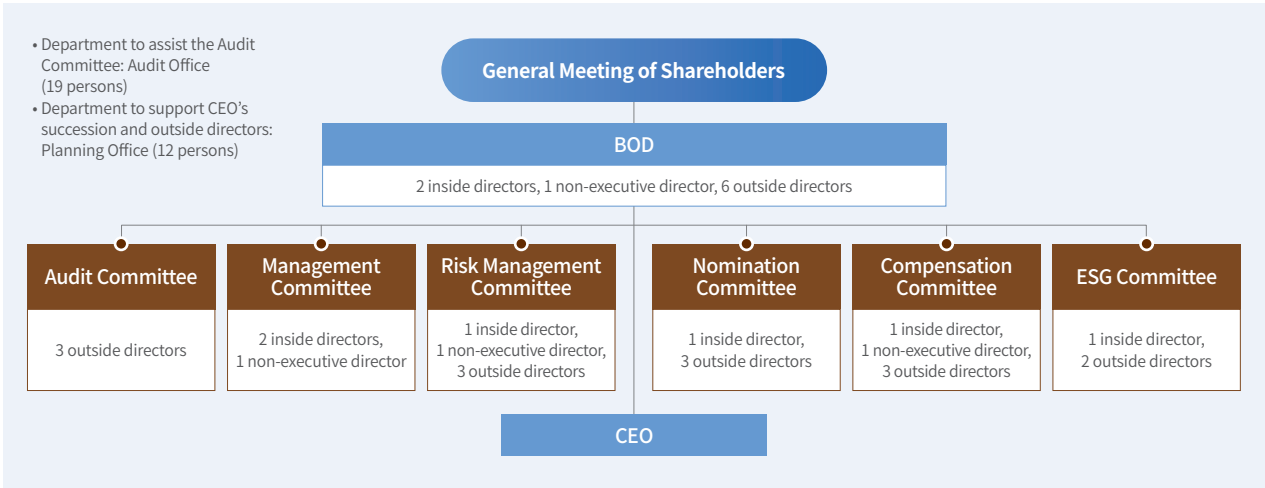
Board of Directors

Establishment of Principles and Policies on Governance

KIS is striving to build strong corporate governance to promote continued growth and protect the interests of its stakeholders. The BOD is the highest decision-making body of the company, and management implements decisions made by the BOD on key issues and reports the results back to the BOD. The BOD has the right to appoint and dismiss the representative director, thereby providing checks and balances on management. A majority of BOD members are outside directors whose independence is verified to ensure that the checks and balances of the BOD are not compromised through collusion with management. Furthermore, outside directors are selected from various fields, not oriented to a particular background, to ensure reasonable and effective decision-making. The composition, roles, and activities of the BOD and its committees are periodically disclosed through our business reports and quarterly/biannual reports. The appointment, evaluation, and activities of outside directors are also disclosed on a regular or ad-hoc basis. KIS will make continued efforts to uphold the principle of sound governance in compliance with the Act on Corporate Governance.

Organization

(as of the end of June 2022)



Roles and Current Status

KIS has established transparent and sound governance to pursue its long-term development and protect the interest of its stakeholders, including shareholders and financial consumers. As of June 30, 2022, the BOD was composed of nine directors: two inside directors, one non-standing director, and six outside directors. A majority of members of the BOD are outside directors whose independence from management is verified and maintained.

Under KIS’ internal regulation on corporate governance, diversity of race, gender, religion, region, nationality, etc., is a key factor in the composition of the BOD. Furthermore, we select directors with a good depth of knowledge and experience in various fields, rather than a particular field or job group, to promote the expertise of the BOD. As of June 30, 2022, the BOD had five experts in financial investment, three in economics and business management, and one in financial accounting.

Composition

(as of the end of June 2022)

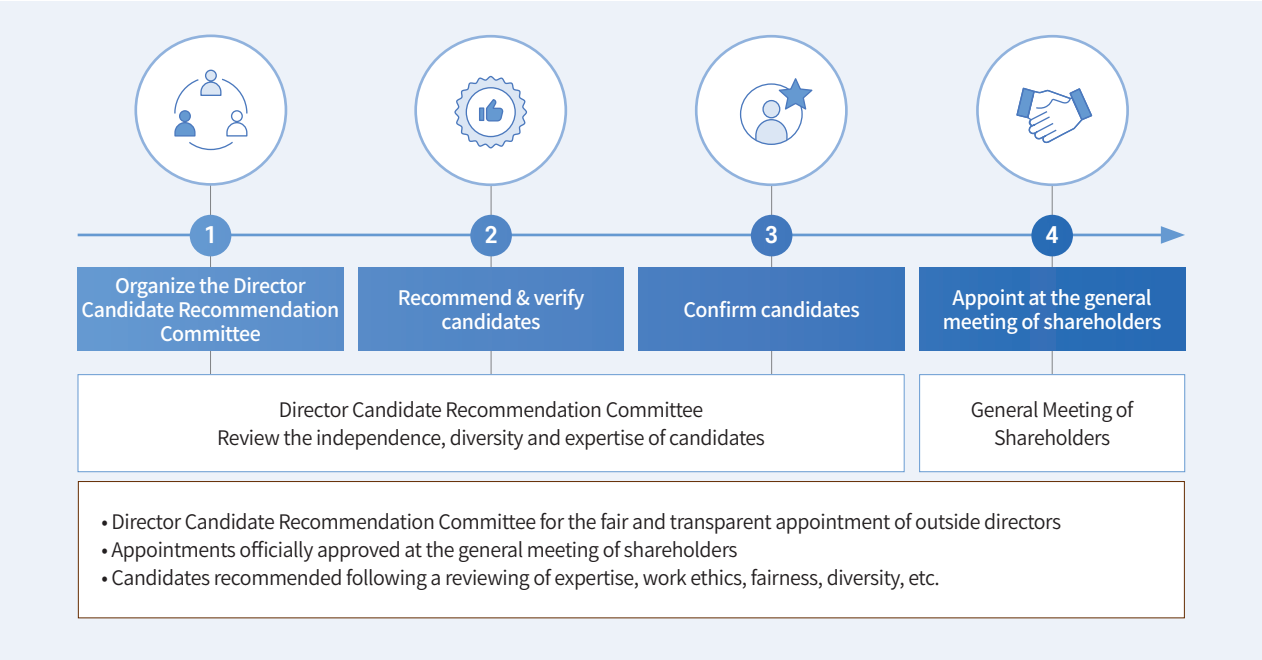
Category	Name	Gender	Expertise	Term of Office	Career
Inside Director	Namgoo Kim (Chairman)	M	Finance	210 months	President & Chairman, Korea Investment & Securities Chairman, Korea Investment Holdings
	Il-Mun Jung		Finance	45 months	CEO, Korea Investment & Securities
Non-standing Director	Tae Kyun Oh		Finance	3 months	President, Korea Investment Holdings
Outside Director	Young Rok Cheong		Economics	51 months	Professor, International Graduate School, Seoul National Univ.
	Jung Ki Kim		Finance	40 months	Former representative of KEB Hana Bank marketing group (vice-chairman of KEB Hana Bank)
	Young Tae Cho		Economics	40 months	Professor, Graduate School of Public Health, Seoul National Univ.
	Tae Won Kim		Business management	40 months	Executive Director, Google Korea
	Choon Seung Ham		Finance	15 months	President, PH & Company
	Su Mi Choi	F	Accounting	3 months	Professor, College of Economics and Management, Chungnam National Univ.

Operational Status

Classification		Unit	2019	2020	2021
BOD meeting		Number	32	25	35
Agenda item	Resolution	Case	54	46	71
	Report		34	43	36
Attendance rate	Inside	%	100	100	100
	Outside		100	100	100
	Total		100	100	100

Director Appointment Process

KIS operates the Director Candidate Recommendation Committee to support the appointment of outside directors with expertise and independence and Audit Committee members to oversee internal control and financial activities. The Director Candidate Recommendation Committee recommends and manages candidates for outside directors, representative director, and Audit Committee members, who are registered directors. It is currently composed of one inside director and three outside directors and operates under the BOD. According to the internal regulations on the Director Candidate Recommendation Committee, the committee establishes, examines, and supplements the executive appointment principles, reviews and decides on matters relating to the recommendation of executive candidates who will be appointed at the general meeting of shareholders, and verifies statutory qualifications in order to recommend candidates with the right capabilities and expertise to satisfy the company’s strategic goals.



Independence

KIS assures the BOD’s independence from management by allocating a majority of BOD positions to outside directors who have expertise in various fields. The Director Candidate Recommendation Committee, which is also mainly composed of outside directors, reviews the independence, diversity, expertise, etc., of outside director candidates and recommends them to the BOD for appointment at the general meeting of shareholders. All directors who are currently serving on the BOD satisfy the qualifications and independence standards required by the Commercial Act and the Act on Corporate Governance of Financial Companies and have a good depth of experience and expertise in various fields.

Expertise and Diversity

KIS promotes the expertise and diversity of the BOD by sourcing its members from various, not specific, fields and job groups. As of June 30, 2022, the BOD had five experts in financial investment, two in economics and one each in business management and financial accounting. We arrange regular and ad-hoc meetings among the board members to converge and complement the expertise among them to the best extent possible, thereby effectively dealing with various tasks and challenges facing the company. Furthermore, we provide research materials from Korea Investment Holdings and research centers to outside directors to help enhance their expertise. When necessary, our in-house experts provide briefings on key issues and sessions for discussion.

Evaluation and Remuneration

KIS pays its directors remuneration in a transparent and fair manner in accordance with the performance evaluation results of the BOD and the compensation system approved by the BOD and the Compensation Committee. The purpose of the BOD’s performance evaluation is to periodically check whether the BOD appropriately fulfills its roles and responsibilities required by the laws and the internal regulations, and it thereby supports the BOD in its function as the major body with a critical impact on governance. The evaluation items include the BOD’s roles and responsibilities, composition, independence, leadership, operational procedures, and information gathering. KIS also evaluates the activities of individual outside directors through a self-evaluation (survey), mutual evaluation among the BOD members, and activity evaluation by supporting departments and the BOD. Each director’s evaluation results are used as reference material by the Director Candidate Recommendation Committee in determining whether to extend his/her term of office.

Remuneration (as of the end of December 2021)				
(Unit: person, KRW million)				
Classification	No. of people	Total remuneration	Average remuneration per person	Note
Registered director (excluding outside directors and Audit Committee members)	3	3,630	1,210	-
Outside director (excluding Audit Committee members)	4	-	-	-
Audit Committee Member	3	-	-	-
Auditor	-	-	-	-

BOD Committees

KIS operates six committees under the BOD to support key management policies and tasks, and each committee is joined by outside directors: the Management Committee, the Risk Management Committee, the Audit Committee, the Director Candidate Recommendation Committee, the Compensation Committee, and the ESG Committee. To support the efficient operation of the BOD, these committees discuss and resolve matters entrusted to them by the BOD, including monitoring and giving advice.

Management Committee

The Management Committee discusses and resolves matters entrusted to it by the BOD with regard to business management and properties. Internal regulations stipulate that the committee shall consist of at least two directors appointed by the BOD. In March 2021, the BOD decided to assign three directors to the committee. The Management Committee also discusses and determines general administrative matters such as the appointment and dismissal of non-registered executives, property matters such as the acquisition and disposal of assets, membership in the ISDA (International Swaps and Derivatives Association) and the CSA (Credit Support Annex) for over-the-counter derivative transactions, matters requiring the resolution of the Management Committee under internal regulations, and matters the committee chairperson deems necessary. In 2021, the committee convened 19 times with 100% attendance of all members. A total of 23 agenda items were discussed and resolved, including membership in the ISDA and the CSA for over-the-counter derivative transactions, the relocation and merger of branch offices and the appointment and dismissal of advisors.

Operation of the Management Committee			
(Unit: Number, Case, %)			
Classification	2019	2020	2021
No. of meetings	16	17	19
Reporting items	0	0	0
Resolution items	19	22	23
Attendance rate	100	100	100

Risk Management Committee

The Risk Management Committee establishes risk management policies and supervises their implementation. The committee is composed of directors selected by the CEO and the BOD, and a majority of the committee members must be outside directors in order to ensure that outside directors have substantial authority to make decisions. The Risk Management Committee sets up basic principles and strategies for risk management, and controls risks across the company, such as determining the level of risk tolerance for a financial institute, approving appropriate investment ceilings and allowable loss limits, and setting/revising risk management standards. In 2021, the committee was convened 19 times and handled 34 agenda items, including 21 resolution items and 13 reporting items.

(Unit: Number, Case, %)

Operation of the Risk Management Committee	Classification	2019	2020	2021
	No. of meetings	19	17	19
	Reporting items	13	12	13
	Resolution items	20	15	21
	Attendance rate	100	99	98

Audit Committee

The Audit Committee supports management to make reasonable decisions in business operations by supervising the legitimacy of their work activities and the proper operation of the company's internal control system, thereby contributing to raising work efficiency and the credibility of financial statements, minimizing overall risks relating to finance and rationalizing the company's business management. The Audit Committee consists of three directors and at least 2/3 of all members should be outside directors. As of June 2022, the Audit Committee was composed of three outside directors, Young Rok Cheong, Jung Ki Kim, and Su Mi Choi, who were appointed at the general meeting of shareholders in 2022, thus satisfying the composition requirements. The Audit Committee was convened eight times in 2021 and discussed 28 agenda items, including audit plans and matters relating to internal control systems. All resolution items were approved by the unanimous agreement of all committee members present.

(Unit: Number, Case, %)

Operation of the Audit Committee	Classification	2019	2020	2021
	No. of meetings	8	8	8
	Reporting items	11	13	13
	Resolution items	13	21	16
	Attendance rate	100	100	100

ESG Committee

The ESG Committee established the company's strategies and policies on the environment (E), social responsibility (S), and governance (G), which are non-financial factors that have serious implications for the company's sustainability, and oversees their implementation. More specifically, the committee makes resolutions on matters of strategy, planning, and major policies relating to ESG and receives reports on progress and results therefrom. The ESG Committee consists of at least three directors appointed by the BOD in accordance with internal regulations, and in May 2021, the BOD appointed three directors to the ESG Committee. In 2021, the committee was convened three times and handled four agenda items, including one resolution item and three reporting items.

(Unit: Number, Case, %)

Operation of the ESG Committee	Classification	2019	2020	2021
	No. of meetings	-	-	3
	Reporting items	-	-	3
	Resolution items	-	-	1
	Attendance rate	-	-	100

* newly established in 2021

Compensation Committee

The Compensation Committee reviews and evaluates whether the performance-based compensation system for the management and individual employees is designed and operated appropriately following the principle that the compensation system should be designed and operated based on reconciliation between work performance and associated risks and within an extent that does not threaten the continuity of the company as a financial institution.

A majority of members in the Compensation Committee shall be outside directors in accordance with Article 4 of the Regulation on the Compensation Committee to ensure that the committee performs its duty effectively. At least one of the committee members should be an expert in finance, accounting, or treasury, and also at least one member of the Risk Management Committee participates in the Compensation Committee so that risk management can be duly reflected in the compensation system. The Compensation Committee was convened five times in 2021, with 100% of all members present at all sessions. A total of eight agenda items, including payment of deferred bonuses, were discussed and resolved by unanimous agreement.

(Unit: Number, Case, %)

Operation of the Compensation Committee	Classification	2019	2020	2021
	No. of meetings	5	5	5
	Reporting items	0	0	0
	Resolution items	8	8	8
	Attendance rate	100	100	100

Nomination Committee

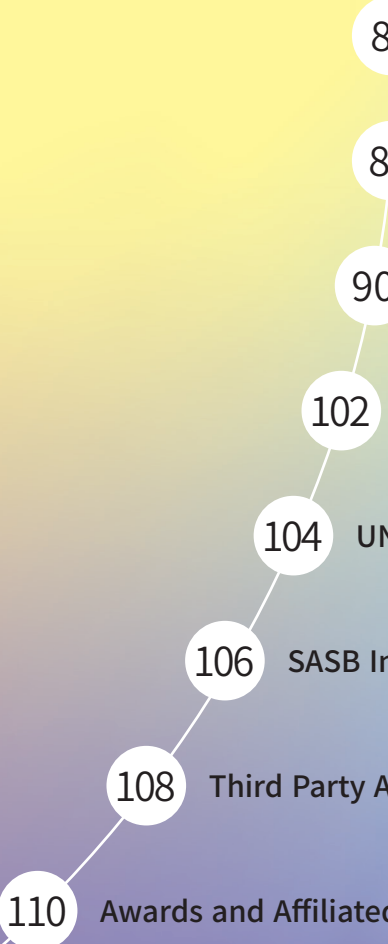
At KIS, executives are appointed through the following procedures: ① organization of the Nomination Committee, ② recommendation and verification of candidates, ③ confirmation of candidates, and ④ appointment at the general meeting of shareholders. The Nomination Committee recommends and manages candidates for outsider directors, the representative director, and Audit Committee members, who are registered directors. In accordance with internal regulations, the committee establishes, examines, and supplements the executive appointment principles, reviews and decides on matters relating to the recommendation of executive candidates who will be appointed at the general meeting of shareholders, and verifies statutory qualifications to recommend candidates with the right capabilities and expertise to satisfy the company's strategic goals. The Nomination Committee is composed of one standing director and three outside directors in accordance with the internal regulation that a majority of the committee members shall be outside directors. Outside directors are appointed from among candidates with experience in various fields, including finance, personnel management, and accounting, who can contribute to the interests of the company and its shareholders.

The Nomination Committee held its first meeting on February 10, 2021, and approved candidates for the representative director and outside directors. In its second meeting on March 10, 2021, the committee recommended director candidates to the BOD for appointment at the general meeting of shareholders.

(Unit: Number, Case, %)

Operation of the Nomination Committee	Classification	2019	2020	2021
	No. of meetings	2	2	2
	Reporting items	0	0	0
	Resolution items	2	2	2
	Attendance rate	100	100	100

Appendix



86	Materiality Assessment
88	Stakeholder Engagement
90	ESG Data
102	GRI Index
104	UN SDGs
106	SASB Index
108	Third Party Assurance
110	Awards and Affiliated Associations

Materiality Assessment

KIS conducted a materiality assessment to identify and select key issues in the fields of the economy, governance, the environment, and society that need to be managed with priority going forward. In this assessment, we followed the recommended process of the GRI (Global Reporting Initiative) for selecting report contents and chose seven issues that scored the highest in terms of stakeholder interests and business impact. Moving forward, KIS will align its sustainability strategies and goals with these key issues to reflect them in its business activities.

Assessment Process

Create a pool of issues

Prioritize issues

Select key issues

Analysis of global standards & industrial indicators

KIS analyzed ESG evaluation standards and initiatives (GRI, UN SDGs, DJSI, TCFD, SASB) and conducted industry peer benchmarking, media research, and an internal document review to identify economic, environmental, and social impacts across its business activities, and came up with a pool of 27 potential issues.

Measure stakeholder interests

Media research
Analyzed 902 news items (Jan. ~ Dec. 2021)

Evaluation by ESG experts
ESG experts evaluated the materiality of the issues to measure their external impact

External stakeholder survey
Surveyed shareholders, investors and suppliers on the materiality of responsibilities and activities for sustainable management

Measure business impact

Global ESG initiative
Reviewed sustainability-related international standards and initiatives (GRI, DJSI, ISO26000, SDGs, TCFD, SASB)

Industry peer benchmarking
Reviewed material issues identified in reports by eight industry peers

Internal stakeholder survey
Surveyed employees on the impact that the materiality of responsibilities and activities for sustainable management has on the company (in terms of costs, revenue, and risk)

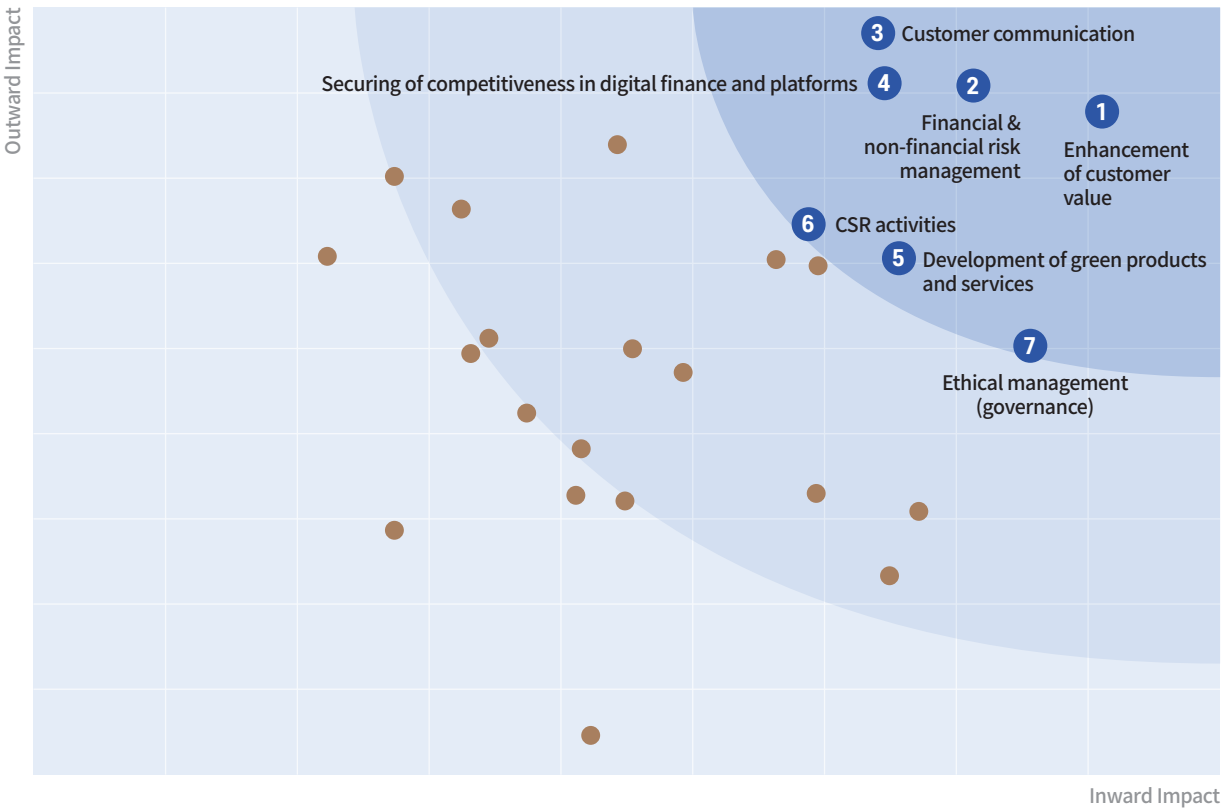
Selection of key topics for the sustainability report

We analyzed the actual and potential impact of each issue and selected seven key issues to be reflected in our sustainability report. These key issues were organized into three key reporting themes in the report, and detailed planning and content were developed therefrom.

Selection of Key Reporting Topics

No	Key issues	Relevance to stakeholders			Level of impact		
		Shareholders and investors	Employees	Suppliers	Costs	Revenue	Risk
1	Enhancement of customer value	✓	✓	✓	●	●	●
2	Financial & non-financial risk management	✓			●	○	●
3	Customer communication		✓	✓	●	●	●
4	Securing of competitiveness in digital finance and platforms	✓	✓	✓	●	●	●
5	Development of green products and services	✓	✓		●	●	○
6	CSR activities	✓	✓		●	○	●
7	Ethical management (governance)	✓		✓	○	●	●

Issue Prioritization Index









Relevance to UN SDGs	Key reporting themes	Page
	Sustainable Financial Leadership	32-41
	Transparency & Risk Management	60-63
	Sustainable Financial Leadership	32-41
	Sustainable Financial Leadership	24-31
	Sustainable Financial Leadership	42-25
	Pursuing Value of Coexistence	46-53
	Transparency & Risk Management	54-59

Stakeholder Engagement

Communication with Stakeholders

KIS divides its stakeholders into six groups (shareholders & investors, customers, employees, local communities, suppliers, and governments) and operates communication channels for each group. We respond to key issues, improve our management activities based on smooth communication with stakeholders and conduct sustainable management. Moving forward, we will continue to value our stakeholders’ opinions and identify key issues and make proactive efforts to improve sustainable management based on them.

Stakeholder	Stakeholder interests	Communication channel	KIS's activities
 Shareholders & investors	<ul style="list-style-type: none">• Business portfolio diversification• Strengthening of financial soundness	<ul style="list-style-type: none">• Business report• Governance report• General meeting of shareholders	<ul style="list-style-type: none">• Increase in ESG products• Transparent performance disclosure through IR• Transparent decision-making through the general meeting of shareholders
 Customers	<ul style="list-style-type: none">• Competitive product quality• Strengthening of personal information protection	<ul style="list-style-type: none">• Company's website• VOC• Sales branches• Meetings with customers	<ul style="list-style-type: none">• Consideration of stability in launching instruments• Management of customer assets from a mid- to long-term perspective• Reinforcement of responsibility and obligations for operating and managing customer assets
 Employees	<ul style="list-style-type: none">• Improvement of the work environment and organizational culture• Fair performance evaluations• Employment security	<ul style="list-style-type: none">• Labor-Management Council• Grievance Resolution Committee• Company's intranet	<ul style="list-style-type: none">• Equal treatment of female and male employees• Fostering of a horizontal corporate culture• Adoption of transparent personnel evaluation standards
 Local communities	<ul style="list-style-type: none">• Minimization of environmental impacts of business sites• Social contributions and revitalization of the local economy	<ul style="list-style-type: none">• CSR programs• CSR organization	<ul style="list-style-type: none">• Investment and cooperation for community development• Increasing contribution to resolving social issues
 Suppliers	<ul style="list-style-type: none">• Shared growth and business cooperation• Prevention of unfair practices and corruption	<ul style="list-style-type: none">• Training programs for suppliers• Meetings with suppliers	<ul style="list-style-type: none">• Supply of venture capital to innovative tech companies• Payment to 600 suppliers(as of September 2022)
 Governments	<ul style="list-style-type: none">• Legal and regulatory compliance• Transparent tax payment	<ul style="list-style-type: none">• Public hearings• Meetings with the Financial Supervisory Service• Financial Services Commission	<ul style="list-style-type: none">• Creation of decent jobs• Active cooperation with government policies to stabilize the financial market (e.g., the security market stabilization fund)

Interviews with Key Stakeholders

KIS conducted interviews with four key stakeholders to collect their opinions on its sustainable management activities. KIS is committed to listening to the valuable feedback of its stakeholders’ and reflecting it in its business management.



Korea Investment & Securities **Employee**
Hye-in Seo, Manager, Corporate Culture Office



KIS has carried out CSR programs under the slogan of “Sharing Love, Sharing Happiness” to help future generations make their dreams come true. We have introduced the matching grant program where employees can voluntarily participate in donations, and with the funds raised through this program we are actively conducting CSR programs for young people, such as “Children with Dreams” to cultivate talented children of low-income families, “Dream Writing Contest,” “Support for Children of Families Victimized by Crimes,” and “Dream Library.” The TrueFriend Volunteers Group composed of KIS employees is engaged in a variety of volunteering activities, including weekend visits to orphanages, mural painting, and soccer class for children, and we tried what we could do through non-face-to-face volunteering (e.g., Hickman Line Pouch Making) amid the pandemic. As we know that “S” is particularly important out of the three sectors of ESG, I expect KIS will be able to build and expand an institutional foundation to create social value, thereby pursuing mutual growth with its stakeholders and paving the way for corporate growth.



Child Fund Korea Seoul #3 Division **Community**
Su-gyeong Lee, Teacher, Sharing Project Team



Through its main CSR program, “Children with Dreams,” KIS supports children who have talent in academic fields, sports, and arts, but live in socially and economically vulnerable circumstances, thus reducing the education divide and contributing to the growth of future talent. KIS has spread a culture of sharing across local communities by carrying out CSR programs, and I hope that KIS will continue to step up these efforts and expand its positive influence on people, including children and teenagers.



World Vision / ESG Social Contribution Division **Community**
Min-woo Lee, Manager, Corporate Partnership Team



World Vision has partnered with KIS for the “KIS Dream Library” program and we share its emphasized value of “sharing” and appreciate its earnest efforts to create social value. KIS is striving to spread a culture of sharing and foster future generations in Korea by conducting CSR programs. Moving forward, I hope KIS will further expand its CSR activities across many parts of the world, beyond Korea.



Deep Search **Supplier**
Hyun-mo Kim, Team Leader



Building a relationship with customers based on trust is critical to financial investment firms. In the present market, where investors are engaged in financial activities via computers and mobile devices more than ever, KIS is earning trust from not only customers but also suppliers by providing the best services and being a reliable partner. I hope KIS will become a prime mover in the digital transformation and write the first success story of sustainable management.

ESG Data Economy

Consolidated Financial Statement

FY2021: as of December 31, 2021
FY2020: as of December 31, 2020

(Unit: KRW)

Account	FY2021	FY2020
Asset		
I . Cash and deposits	7,522,543,006,739	5,197,201,998,553
II . Term profit and loss - financial assets at fair value	41,211,664,510,579	40,404,913,708,923
III. Derivatives	1,047,534,932,840	1,195,172,411,125
IV. Other comprehensive income - financial assets at fair value	4,898,859,536,321	2,187,136,868,466
V . Shares invested in affiliated companies	2,757,851,109,087	2,126,427,229,163
VI. Amortized cost of financial assets	10,026,293,718,142	8,967,088,739,120
VII. Tangible assets	353,478,947,733	366,303,119,826
VIII. Intangible assets	310,093,864,664	298,132,437,410
IX. Property	162,300,366,311	161,540,394,374
X . Term income tax assets	9,673,211,416	7,469,549,959
XI. Deferred income tax assets	483,427,083	151,542,071
XII. Other non-financial assets	101,051,648,666	52,246,401,462
Total assets	68,401,828,279,581	60,963,784,400,452
Liabilities		
I . Deposit liabilities	9,173,210,396,769	9,195,092,940,447
II . Term profit and loss - financial liabilities at fair value	1,403,634,899,435	2,767,212,080,851
III. Derivative liabilities	1,760,061,092,194	1,823,686,389,685
IV. Term profit and loss - designated financial liabilities at fair value	10,725,548,029,479	11,165,816,142,559
V . Loans	33,358,308,644,977	25,917,560,736,683
VI. Defined benefit liabilities	4,819,386,257	4,065,090,455
VII. Estimated liabilities	15,193,896,240	15,050,241,226
VIII. Term income tax liabilities	3,472,112,517	2,966,390,336
IX. Deferred income tax liabilities	209,291,819,393	63,054,608,719
X . Other financial liabilities	4,213,550,267,469	3,896,763,716,476
XI. Other non-financial liabilities	386,924,954,124	298,774,949,719
Total liabilities	61,254,015,498,854	55,150,043,287,156
Equity		
I . Controlling interest	7,147,363,165,585	5,807,746,712,225
1. Capital	175,816,700,000	175,816,700,000
2. Capital surplus	3,826,895,944,653	3,826,886,905,722
3. Capital adjustment	(1,278,903,043)	-
4. Accumulated other comprehensive income	220,634,855,033	29,914,854,820
5. Retained earnings	2,925,294,568,942	1,775,128,251,683
II . Non-controlling interest	449,615,142	5,994,401,071
Total equity	7,147,812,780,727	5,813,741,113,296
Total Liabilities and Equity	68,401,828,279,581	60,963,784,400,452

Consolidated Statement of Income

FY2021: as of December 31, 2021
FY2020: as of December 31, 2020

(Unit: KRW)

Account	FY2021	FY2020
I . Operating income		
1. Fee income	1,578,721,382,540	1,228,792,453,480
2. Interest income	1,082,025,263,795	1,109,251,085,142
(1) Amortized cost estimation and other comprehensive income - Interest income on financial assets at fair value	533,612,230,421	479,942,661,212
(2) Term profit and loss - Interest income on financial assets at fair value	548,413,033,374	629,308,423,930
3. Dividend income	74,131,654,761	72,219,479,274
4. Evaluation and disposed income on financial assets (liabilities)	8,342,037,385,912	11,393,074,198,490
5. Foreign currency trading income	1,701,433,682,972	2,067,272,613,992
6. Other operating income	194,193,456,296	83,636,760,143
7. Reversal of credit loss allowance	33,198,175,220	521,371,407
II . Operating costs	(11,711,775,481,729)	(15,193,888,097,107)
1. Fee costs	(235,869,180,716)	(210,455,957,321)
2. Interest costs	(307,441,830,046)	(338,767,730,575)
3. Evaluation and disposal loss on financial assets (liabilities)	(8,201,466,937,620)	(11,603,598,820,215)
4. Foreign currency trading loss	(1,795,638,110,560)	(2,144,995,359,100)
5. Selling and administrative expenses	(1,033,714,174,208)	(799,708,342,486)
6. Other operating costs	(87,023,301,556)	(36,979,856,267)
7. Provision of credit loss allowance	(50,621,947,023)	(59,382,031,143)
III. Operating income	1,293,965,519,767	760,879,864,821
IV. Non-operating income	709,362,440,219	238,610,627,118
V . Non-operating costs	(25,680,238,760)	(27,530,146,513)
VI. Net profit before income tax expense	1,977,647,721,226	971,960,345,426
VII. Income tax expense	(527,413,672,663)	(264,180,270,086)
VIII. Net income	1,450,234,048,563	707,780,075,340
IX. Other comprehensive profit and loss		
1. Comprehensive profit and loss to be reclassified as term profit and loss	116,780,827,583	(69,191,619,988)
(1) Other comprehensive profit and loss - debt instruments at fair value - change in fair value	(5,578,952,586)	370,012,553
(2) Changes in equity under equity method	682,555,513	2,674,901,296
(3) Exchange difference	121,677,224,656	(72,236,533,837)
2. Items not to be reclassified as term profit and loss	73,978,673,625	(12,766,689,226)
(1) Other comprehensive profit and loss - equity instruments at fair value - change in fair value	72,199,712,866	(19,321,627,987)
(2) Remeasurement factors of defined benefit obligation	4,041,929,733	3,905,127,984
(3) Term profit and loss - Change in credit risk of designated financial liabilities at fair value	(2,262,968,974)	2,649,810,777
X. Total comprehensive income	1,640,993,549,771	625,821,766,126
1. Attribution of net income	1,450,234,048,563	707,780,075,340
(1) Net income attributable to parent company's interest	1,450,179,934,139	708,038,369,978
(2) Net income attributable to non-controlling interests	54,114,424	(258,294,638)
2. Attribution of total comprehensive income	1,640,993,549,771	625,821,766,126
(1) Total comprehensive income attributable to parent company's interest	1,640,899,934,352	626,517,367,151
(2) Total comprehensive income attributable to non-controlling interests	93,615,419	(695,601,025)

ESG Data Economy

Revenue by Region

Category	Unit	2019	2020	2021
Korea	KRW 100 mil.	99,263	152,000	121,812
Hong Kong		349	1,351	523
USA		25	37	58
Singapore		18	21	26
Vietnam		209	460	1,532
UK		11	15	17
Indonesia		57	71	116
Total		99,932	153,954	124,084

* Domestic revenue: operating income (separate standard), Overseas revenue: operating income of overseas subsidiaries (excluding collective investment vehicles and investment associations)

Remuneration of Directors

Category		Unit	2019	2020	2021
Number of directors	Registered directors (excluding independent directors, audit committee members)	person	3	3	3
	Independent directors (excluding audit committee members)		3	4	4
	Audit Committee members		5	3	3
Total remuneration	Registered directors (excluding independent directors, audit committee members)	KRW million	2,988	2,469	3,630
	Independent directors (excluding audit committee members)		-	-	-
	Audit Committee members		-	-	-
Average remuneration per person	Registered directors (excluding independent directors, audit committee members)		996	823	1,210
	Independent directors (excluding audit committee members)		-	-	-
	Audit Committee members		-	-	-

Distribution of Financial Performance with Stakeholders

Category	Unit	2019	2020	2021
Employees (salary, bonus, severance pay, welfare)	KRW million	444,124	439,999	618,956
Shareholders/Investors (dividend)		430,560	240,025	300,014
Governments (income tax)		188,609	264,180	527,413
Local Communities (donation)		1,863	2,687	1,312

Investment in ESG Bonds

2020

(as of the end of December 2020, Unit: KRW 100 million)

Category	Bond	Amount
Sustainability Bonds	Hyundai Capital	500
	Hyundai Commercial	500
	KB Kookmin Bank (conditional)	1,300
	Lotte Corporation	75
	Shinhan Capital	1,000
	Hana Capital	1,700
	KB Capital	300
	Hana Card	600
	Samsung Card	500
Green Bonds	ECORBIT	200
	Hyundai Card	900
	Hyundai Capital	300
Social Bonds	Korea Housing Finance Corporation	11,710
	KB Kookmin Card	200
	KB Kookmin Bank (conditional)	1,150
	Lotte Card	200
Total		21,135

2021

(as of the end of December 2021, Unit: KRW 100 million)

Category	Bond	Amount
Sustainability Bonds	LG Chem	1,850
	Acuon Capital	400
	DGB Financial Holdings (conditional)	600
	KB Kookmin Bank (conditional)	2,000
	DGB Capital	200
	POSCO E&C	400
	Woori Financial (conditional)	350
	Shinhan Capital	100

Category	Bond	Amount
Sustainability Bonds	IBK Capital	100
	JB Woori Capital	600
	Lotte Chemical	100
	Woori Bank (conditional)	500
	Hana Capital	300
	Hyundai Commercial	500
	KT	550
	KB Capital	500
	NH Capital	300
	Hanjin	180
	Hyundai Card	1,000
	Hyundai Capital	600
	Kyobo Life Insurance (new capital bond)	1,000
	Lotte Capital	100
	Lotte E&C	250
	POSCO	300
	Samsung Card	100
	Hyundai Electric	150
Green bond	Hyundai Steel	1,100
	Hyundai Oil Bank	500
	Lotte Global Logistics	100
	Hyundai Motors	950
	Samsung Securities	300
	Lotte Rental	570
	Kia	900
	Hyundai Heavy Industries	600
	Hyundai Card	900
	POSCO International	100
	Hyundai Capital	600
	GS E&R	200
	Mando	425
	Hanwha Aerospace	250
	GS Power	100
	LG Electronics	250
	Shinhan Card	400
	KB Finance (conditional)	700

Category	Bond	Amount
Green bond	Lotte P&D	680
	Korean Air	270
	Hyundai Mobis	200
	LG Display	1,000
	GS EPS	300
	Doosan Fuelcell	184
	Dongwon Systems	200
	Korea South Power	100
	Shinhan Bank	625
	Korea East-West Power	100
Social bond	KODIT	6,625
	Korea Housing Finance Corporation	6,823
	KB Kookmin Card	2,500
	Woori Card	400
	Shinhan Card	300
	Lotte Shopping	300
	NH Capital	300
	Hana Card	200
	Korea SMEs and Startups Agency	623
	OK Capital	230
Total		43,935

ESG Data

Environmental

Energy usage and waste emissions

Indicator		Category	Unit	2019	2020	2021
Electric power		consumption	kW	15,859,440	16,858,800	17,407,200
Heating (district heating water)			Gcal	996.70	851.50	1,092.20
Water supply			m³	59,648	59,244	56,239
Gas			m³	213,830	241,100	250,197
Waste	Food	discharge	L	54,396	52,218	41,520
	Paper		Kg	66,170	66,422	70,364
	Domestic waste		L	415,425	444,450	607,200

* Scope of data collection: headquarters

ESG Data Social

Employees by Employment Status

Category		Unit	2019	2020	2021
Regular workers*	M	person	1,024	996	998
	F		973	1,019	1,017
Contract workers (irregular)	M		512	591	632
	F		241	264	321
Subtotal	M		1,536	1,587	1,630
	F		1,214	1,283	1,338
Total				2,750	2,870

* Regular workers: employees in regular employment or with no defined term of service

Employees by Age

Category	Unit	2019	2020	2021
Employees under 30	person	620	672	665
Ratio	%	23	23	22
Employees between 30~50	person	1,800	1,855	1,929
Ratio	%	65	65	65
Employees above 50	person	330	343	374
Ratio	%	12	12	13
Total	person	2,750	2,870	2,968

Employees by Job Rank

Category		Unit	2019	2020	2021
Employees in non-managerial positions	M	person	374	387	395
	F		653	661	661
	Total		1,027	1,048	1,056
Employees in managerial positions	M		1,118	1,152	1,186
	F		561	622	677
	Total		1,679	1,774	1,863
Executives	M		44	48	49
	F		0	0	0
	Total		44	48	49

Female Employees

Category	Unit	2019	2020	2021
Female employees in managerial positions*	person	20	26	28
Ratio	%	9.3	11.7	11.9
Female executives	person	0	0	0
Ratio	%	-	-	-
Newly hired female employees	person	102	134	181
Ratio	%	8.4	10.4	14
Total number of female employees	person	1,214	1,283	1,338

* Team leader, branch head and above

Diversity

Category	Unit	2019	2020	2021
Employees with disabilities	person	23	24	24
Employees of national merit		68	69	66
Foreigners		11	15	13

Employees with Disabilities

Category		Unit	2019	2020	2021
Employees with disabilities	Mild	person	23	24	22
	Severe		0	0	2
	Total		23	24	24
Ratio*		%	1	1	1

* No. of employees with disabilities / total headcount

Employees on Parental Leave

Category		Unit	2019	2020	2021
Employees on parental leave	M	person	2	3	2
	F		64	45	51
Employees who returned from parental leave	M		2	2	1
	F		56	38	44
Employees remaining 12 months after their return	M	%	2	1	1
	F		51	33	40
Ratio of employees who returned from parental leave	M		100	67	50
	F		88	84	86
Ratio of employees remaining 12 months after their return	M		100	33	50
	F		80	73	78

Recruitment and Turnover

Category		Unit	2019	2020	2021
Newly hired employees by age	Under 30	person	162	205	233
	30-50		91	100	153
	Above 50		23	12	19
Ratio	Under 30	%	26	31	35
	30-50		5	5	8
	Above 50		7	3	5
Newly hired employees by gender	M	person	174	183	224
	F		102	134	181
Ratio	M	%	11	12	14
	F		8	10	14
Total		person	276	317	405
Outgoing employees by age	Under 30	person	22	25	68
	30-50		48	48	85
	Above 50		5	3	4
Ratio	Under 30	%	4	4	10
	30-50		3	3	4
	Above 50		2	1	1
Outgoing employees by gender	M	person	57	58	95
	F		18	18	62
Ratio	M	%	4	4	6
	F		1	1	5
Total		person	75	76	157

Employees Subject to Performance Evaluations

Category	Unit	2019	2020	2021
M	person	1,306	1,358	1,378
	%	85	85.6	84.5
F	person	1,022	1,032	1,107
	%	84.1	80.4	84.3

Employees in the Labor Union

Category	Unit	2019	2020	2021
Unionized employees	person	544	526	577
Ratio	%	20	18	20

Statutory Education

Category		Unit	2019	2020	2021
Enhancing awareness of the disabled at work	Training hours	hour	2,280	2,481	2,749
	Trainees	person	2,280	2,481	2,749
Prevention of sexual harassment at work	Training hours	hour	2,265	2,430	2,754
	Trainees	person	2,265	2,430	2,754
Personal information protection	Training hours	hour	16,221	16,872	16,866
	Trainees	person	2,644	2,752	2,770
Prevention of workplace bullying	Training hours	hour	2,162	2,462	2,754
	Trainees	person	2,162	2,462	2,754

Per Capita Education Hours

Category	Unit	2019	2020	2021
Total number of trainees	person	2,656	2,882	2,850
Total training hours	hour	197,812	187,090	185,444
Total training costs	KRW 100 mil.	22.1	20.4	19.5
Per capita training hours	hour	74.5	64.9	65.1
Per capita training costs	KRW 1000	830.7	708.2	683.4

CSR Investments

Category	Unit	2019	2020	2021
CSR investments ¹⁾	KRW 100 mil.	18	27	15
Volunteering hours	hour	422	240	1,200
Volunteering employees ²⁾	person	104	70	2,348

1) CSR investment = matching grant fund (the company + the employees) + additional donation by the company
2) In 2021, including employees who participated in the mobile walking donation campaign (1,948 persons)

ESG Data Governance

Operation of the BOD

Category		Unit	2019	2020	2021
No. of BOD meetings		Meeting	32	25	35
Deliberation of agenda items	Resolution	Case	54	46	71
	Reporting		34	43	36
Attendance rate	Inside directors	%	100	100	100
	Outside directors		100	100	100
	Total		100	100	100

Regulatory Violations

Category	Unit	2019	2020	2021
Restrictions on comprehensive financial investment companies offering credit to their subsidiaries	Case	1	0	0
Standards for short-term financial business management		1	0	0
Obligation to submit business reports		1	0	0
Prohibition on the resale of underwritten securities		1	0	0
Prohibition on the exercise of undue influence by the largest shareholder		1	0	0
Restrictions on OTC derivative trading		0	0	0
Obligation of due diligence		1	0	0
Obligation to report suspicious transactions		0	1	0

Internal and External Reporting Channels

Category		Unit	2019	2020	2021
Reports from inside the company	Report	Case	0	2	0
	Remedy		0	2	0
	Ratio	%	-	100	-
Reports from outside the company	Report	Case	0	3	4
	Remedy		0	3	3
	Ratio	%	-	100	75

Operation of the BOD Committees

Category		Unit	2019	2020	2021
Management Committee	No. of meetings	Meeting	16	17	19
	Reporting items	Case	0	0	0
	Resolution items		19	22	23
	Attendance rate	%	100	100	100
Risk Management Committee	No. of meetings	Meeting	19	17	19
	Reporting items	Case	13	12	13
	Resolution items		20	15	21
	Attendance rate	%	100	99	98
Audit Committee	No. of meetings	Meeting	8	8	8
	Reporting items	Case	11	13	28
	Resolution items		13	21	16
	Attendance rate	%	100	100	100
ESG Committee	No. of meetings	Meeting	-	-	3
	Reporting items	Case	-	-	3
	Resolution items		-	-	1
	Attendance rate	%	-	-	100
Compensation Committee	No. of meetings	Meeting	5	5	5
	Reporting items	Case	0	0	0
	Resolution items		8	8	8
	Attendance rate	%	100	100	100
Director Candidate Recommendation Committee	No. of meetings	Meeting	2	2	2
	Reporting items	Case	0	0	0
	Resolution items		2	2	2
	Attendance rate	%	100	100	100

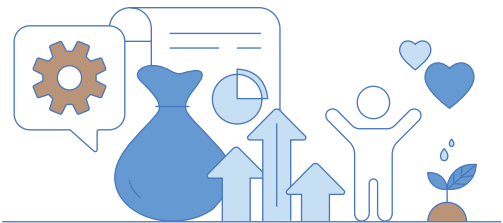
GRI Index

Category	Disclosure	Description	Page
Organization Profile	102-1	Name of the organization	1
	102-2	Activities, brands, products, and services	12-13
	102-3	Location of headquarters	8
	102-4	Location of operations	10-11
	102-5	Ownership and legal form	8
	102-6	Markets served	10-11
	102-7	Scale of the organization	8
	102-8	Information on employees and other workers	8, 96-98
	102-9	Supply chain	86, 88
	102-10	Significant changes to the organization and the supply chain	Not Applicable
	102-11	Precautionary Principle or approach	24, 32, 42, 46, 54, 60
	102-12	External initiatives	104-107
	102-13	Membership of associations	110-111
	102-14	Statement from the senior decision-maker	6-7
	102-15	Key impacts, risks, and opportunities	60-63
	102-16	Values, principles, standards, and norms of behavior	55
	102-17	Mechanisms for advice and concerns about ethics	71
	102-18	Governance structure	78
	102-22	Composition of the highest governance body and its committees	78
	102-28	Evaluation of the highest governance body's performance	2021 Corporate Governance Report
	102-35	Remuneration policies	81, 83
Stakeholder Engagement	102-40	List of stakeholder groups	88-89
	102-41	Collective bargaining agreements	70
	102-42	Identification and and selection of stakeholders	88-89
	102-43	Approach to stakeholder engagement	88
	102-44	Key topics and concerns raised	86-87
	102-45	Entities included in the consolidated financial statements	90-91

Category	Disclosure	Description	Page
Reporting Practice	102-46	Definition of report content and topic boundaries	86-87
	102-47	List of material topics	86-87
	102-48	Restatement of information	About This Report
	102-49	Changes in reporting	
	102-50	Reporting period	
	102-51	Date of most recent report	
	102-52	Reporting cycle	
	102-53	Contact point for questions regarding the report	
	102-54	Claims of reporting in accordance with GRI Standards	
	102-55	GRI Standards Index	102-103
	102-56	External assurance	108-109
Management Approach	103-1	Explanation of material topics and their boundaries	86-87
	103-2	Management approach and its components	86-87
	103-3	Evaluation of the management approach	86-87
Economic Performance	201-1	Direct economic value generated and distributed	92
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	48-53
Anti-corruption	205-2	Communication and training on anti-corruption policies and procedures	56-59
	205-3	Confirmed incidents of corruption and actions taken	54
Energy	302-1	Energy consumption within the organization	95
	302-2	Energy consumption outside the organization	
Water and Effluents	303-1	Interactions with water as a shared resource	
Employment	401-1	New employee hires and employee turnover	98
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72
	401-3	Parental leave	97
Training and Education	404-1	Average hours of training per year per employee	99
	404-2	Programs for upgrading employee skills and transition assistance programs	74
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	79, 97
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	46-53
Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	100
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	77
Compliance	419-1	Non-compliance with laws and regulations in the social and economic areas	107

UN SDGs

KIS is striving to address economic, environmental, and social issues around the globe by working towards the pledge of the international community to achieve the UN SDGs (Sustainable Development Goals), which consist of 17 goals and 169 specific targets, to realize sustainable development. KIS has created substantial social value by aligning its business goals and activities with 10 out of the 17 goals and, moving forward, we will expand our efforts to more diverse areas, thereby helping to achieve more goals.



Category	Principle	KIS' activities	Page
<div><div>1NO POVERTY</div><div></div><div>Goal 01</div></div>	No poverty	<ul style="list-style-type: none">• CSR activities by regional division• Economic education program to help with the financial independence of youth	<ul style="list-style-type: none">• 52-53• 49
<div><div>3GOOD HEALTH AND WELL-BEING</div><div></div><div>Goal 03</div></div>	Good health and well-being	<ul style="list-style-type: none">• Grievance consultation channel for employees• Welfare programs for employees• Non-contact donations from “Good Walk Campaign”	<ul style="list-style-type: none">• 70• 72• 50
<div><div>4QUALITY EDUCATION</div><div></div><div>Goal 04</div></div>	Quality education and life-long learning opportunities	<ul style="list-style-type: none">• Competency development programs (e.g., finance, foreign language)• Long-term education support project from “Children with Dreams”• Opening of Dream Library No. 1, a children’s library	<ul style="list-style-type: none">• 74• 49• 50
<div><div>6CLEAN WATER AND SANITATION</div><div></div><div>Goal 06</div></div>	Sustainable water and sanitation	<ul style="list-style-type: none">• Water purification installation projects (Carbon Solution Dept.)	<ul style="list-style-type: none">• 66-68
<div><div>7AFFORDABLE AND CLEAN ENERGY</div><div></div><div>Goal 07</div></div>	Sustainable energy	<ul style="list-style-type: none">• Joint participation in renewable energy development	<ul style="list-style-type: none">• 43

Category	Principle	KIS' activities	Page
<div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div></div><div>Goal 08</div></div>	Inclusive economic growth, decent work	<ul style="list-style-type: none">• Coaching program for the underprivileged• Development of customer-centered services• Customer engagement programs	<ul style="list-style-type: none">• 49-53• 33• 34-35
<div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div><div>Goal 09</div></div>	Building infrastructure and industrialization	<ul style="list-style-type: none">• Introduction of digital financial services• Supply of venture capital to innovative tech firms	<ul style="list-style-type: none">• 28-31• 21
<div><div>10REDUCED INEQUALITIES</div><div></div><div>Goal 10</div></div>	Reduced inequalities	<ul style="list-style-type: none">• Fair recruitment and performance evaluation• Improvement of access to finance for financially vulnerable persons• Internalization of compliance in corporate culture• Fostering of a fair trade culture	<ul style="list-style-type: none">• 73-75• 21, 40• 54-58• 59
<div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div><div>Goal 12</div></div>	Sustainable production and consumption	<ul style="list-style-type: none">• Development of green financial products• Expansion of ESG bond underwriting• Increase of socially responsible investments	<ul style="list-style-type: none">• 43-45• 44• 45
<div><div>13CLIMATE ACTION</div><div></div><div>Goal 13</div></div>	Response to climate change	<ul style="list-style-type: none">• Activities for the environment (paperless workplace campaign)• Good Recycling campaign	<ul style="list-style-type: none">• 69• 69

SASB Index

Integration of ESG factors into business

SASB Code	FN-IB-410a.1	FN-IB-410a.3
Accounting Metric	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating ESG factors.	Description of approach to incorporating environmental, social, and governance (ESG) factors in investment banking and brokerage activities.
Unit	N/A	N/A
KIS’ Activities	KIS has continued to increase investments in green industries to proactively respond to climate change and fulfill its corporate social responsibility. In 2020, we declared that we would to stop investments relating to the coal industry so as to join the Korean government’s Green New Deal policy. KIS formed a consortium with Korea Hydro & Nuclear Power and took part in the joint development of renewable energy. In 2021, we expanded our investment in the renewable energy sector by investing KRW 30 billion in senior acquisition financing for Flender GmbH, a German wind power gearbox manufacturer. Furthermore, the company invested KRW 10 billion each in Korea Investment on Business Green Mobility No. 1 and Navigator Eco-Friendly Vehicle Value Chain Active ETF and, as such, is making active investments in the EV and eco-friendly vehicle sectors.	KIS established the ESG Committee in May 2021 to enhance the implementation of ESG management, and also placed the ESG Support Department under the Planning Department to collect and manage ESG issues associated with departments and provide necessary materials to the ESG Committee. KIS is strengthening its expertise in risk management to create a stable business environment. To advance our risk management system, we established the Investment Management Department and Risk Strategy Department, and we operate risk management processes to prevent various types of risks. We manage risks by type and prepare response strategies by crisis. Furthermore, we operate early warning indicators and phased response strategies to detect crises in the financial market in advance.

Business Ethics

SASB Code	FN-IB-510a.1	FN-IB-510a.2
Accounting Metric	Total amount of monetary losses as a result of violations of financial market laws, such as fraud, insider trading, anti-trust violations, market manipulation, etc.	Description of whistleblower policies and procedures
Unit	KRW	N/A
KIS’ Activities	The monetary sanctions imposed on the company in 2020-2021 were due to simple business mistakes, and there were no serious sanctions for violations of the Financial Market Act such as fraud and corruption.	KIS operates the Ethics Violation Reporting Center to become a transparent company with integrity. We collect reports continuously through diverse channels such as an online reporting center, e-mails, and walk-in reports, and the content of reports can be accessed only by the official in charge at the Ethics Violation Reporting Center. We guarantee confidentiality for reporters and protect them from any disadvantages, thereby fostering an atmosphere that encourages fair whistleblowing.

Work Ethics

SASB Code	FN-IB-510b.1	FN-IB-510b.2
Accounting Metric	(1) Number and (2) percentage of employees with a record of investment-related investigations, consumer complaints, civil suits, or other regulatory violations.	Number of mediation and arbitration cases relating to business ethics, including due diligence
Unit	(1) person, (2)%	case
KIS’ Activities	In 2020-2021, there were no employees who violated laws or financial regulations.	No coordination or arbitration related to work ethics did occurred in the reporting year.

SASB Code	FN-IB-510b.3	FN-IB-510b.4
Accounting Metric	Firm-wide losses as a result of legal proceedings relating to business ethics, including due diligence	Description of approach to ensuring professional integrity, including duty of care
Unit	KRW	N/A
KIS’ Activities	There were total of 37 ongoing lawsuits at the end of 2021, but the final outcomes and impacts of the lawsuits are unpredictable. In the future, we plan to disclose related issues transparently.	KIS fosters a corporate culture that puts the highest priority on ethical management to win the confidence of major stakeholders. We have declared our commitment to ethical management by establishing the Code of Ethics, the Code of Conduct, and the Rules for Ethical Sales Activities. The Code of Ethics consists of 11 provisions, including Customers First, Legal Compliance, and Good Faith. We disclose the Code of Ethics on our homepage to promote the awareness of employees and encourage their active implementation.

System Risk Management

SASB Code	FN-IB-550a.1	FN-IB-550a.2
Accounting Metric	G-SIB (Global Systemically Important Bank) score by category	Description of approach to the incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities
Unit	Basis points(bps)	N/A
KIS’ Activities	N/A	KIS operates an integrated risk management system to prevent various risks arising from changes in the market environment. We monitor risk limits, assess risks, run integrated scenario tests and analyze reverse crisis situations through this system.

Third Party Assurance

To the stakeholders of Korea Investment & Securities,

Sustainability Lab (the “Assurer”) was requested by Korea Investment & Securities (the “Company”) to conduct an independent assurance engagement of the ‘2022 Korea Investment & Securities Sustainability Report’ (the “Report”). The Assurer hereby provides the following assurance statement, which applies only to the information included within the scope of the assurance engagement. The Company is solely responsible for all information and opinions presented within the Report.

Assurance Criteria and Scope

The Assurer carried out a Type 1, Moderate level of assurance in accordance with AA1000AS v3 (2020), an international assurance standard. Confirmation of compliance with the Core Option of the GRI Standards was included in the scope of the assurance engagement. Specific metrics for material topics derived through the materiality assessment are as follows.

<ul style="list-style-type: none">• GRI Standards – Reporting Principles• Universal Standards• Topic Specific Standards<ul style="list-style-type: none">- Management Approach- GRI 201: Economic Performance- GRI 205: Anti-Corruption	<ul style="list-style-type: none">- GRI 403: Occupational Health and Safety- GRI 406: Non-discrimination- GRI 412: Human Rights Assessment- GRI 416: Customer Health and Safety- GRI 418: Customer Privacy
---	--

Methodology

The assurance engagement for this Report was conducted in line with the following methods.

- Overall review of the contents of the Report
- Review compliance with the Core Option of the GRI Standards, as well as principles on content and quality
- Review the method for selecting key issues and the results of the materiality assessment
- Interview with responsible personnel regarding the preparation of the report
- Assess the credibility of the contents of the report, based on independent external sources
- Evaluate the appropriateness of the contents and check for errors in expression through comparative analysis with other sources
- Check evidence relating to key data and information through an on-site inspection of the headquarters in Seoul

Independence and competencies

Sustainability Lab is an independent assurance provider with ESG expertise. The Assurer was neither involved in the preparation of this Report nor has any conflicts of interest that could undermine its independence. This assurance statement applies only to the information included within the scope of the assurance engagement. The Company is solely responsible for all information and opinions presented within the Report.

Limitations

In accordance with the assurance criteria and scope detailed above, and based on the assumption that the data and information provided by the Company is accurate, the Assurer reviewed and analyzed the data collected by the Company and conducted a moderate level of assurance with limited scope. To overcome these limitations, the Assurer referenced independent, external sources and publicly available data, including the DARTS electronic disclosure system and business reports. Further, the quality and credibility of the data was ensured through on-site interviews and confirmation of documentary evidence.

Conclusions

The Assurer finds that this Report by the Company discloses the organization’s sustainable management activities and outcomes in a fair and transparent manner, in accordance with the Core Option of the GRI Standards. Specifically, in terms of the Universal Standards, the Report complies with the Core Option criteria. With respect to the Topic Specific Standards, disclosures for material topics – derived through the process for determining reporting topics – were reviewed as follows.

Inclusivity: Stakeholder engagement

The Company defines its key stakeholders and operates an engagement system that accounts for the characteristics of its industry. Through communication channels such as the homepage, satisfaction surveys, shareholder meetings, and social contribution activities, it collects the opinions of a wide variety of stakeholders, including customers, suppliers, employees, shareholders and investors, and local communities. The Assurer finds that no key stakeholders have been omitted in the preparation of this Report.

Materiality: Selecting and reporting on key issues

The Company prioritizes diverse sustainability issues based on stakeholder interest and business impact, and an inclusive and balanced materiality assessment – including an effective internal/external stakeholder survey, trend research, etc. – is used to select key issues. The Assurer finds that no key issues were omitted from this process.

Responsiveness: Organizational response to key issues

The Company develops sustainable management activities to respond to stakeholder opinions, and makes transparent disclosures in this regard. The Assurer finds that organizational activities and outcomes are appropriately reported within this process.

Impact: Considering the impacts of the organization

The Company monitors the impacts of its organizational activities on the economy, environment, society, and stakeholders, and discloses these impacts across the widest possible scope. The Assurer finds no evidence of insufficiencies in this reporting process.

Recommendations

Acknowledging the diverse efforts undertaken by the Company to improve its sustainable management capabilities, the Assurer proposes the following recommendations to improve future publications of the Report and enhance the Company’s standards of sustainability management.

- The consistency of future reports should be maintained by ensuring use of the same method to aggregate and disclose quantitative data.
- In addition to disclosing positive aspects of the Company, balanced reporting should be pursued by explaining insufficiencies and disclosing relevant improvement plans.



2022. 11. 22
CEO, Sustainability Lab Yangho Lee

Awards and Affiliated Associations

Awards for 2020-2021

2020

Host	Awards
Yonhap Infomax	The 9 th Yonhap Infomax Financial Awards (IPO category - Korea Exchange BOD Chairman Award)
the bell	2020 Korea Capital Markets the bell League Table Awards (Best Bond Deal, Best Equity Deal, Best Equity Linked Bond House, Best Rights Offering, Best IPO)
Money Today	The 17 th Korea IB Awards (Korea Exchange Chairman's Award - best ECM underwriter)
The Bell	2020 Korea Wealth Management Awards (Derivative-securities category - House of the Year)
News Pim	The 8 th Capital Market Awards (Best IB)
Hankung	The 11 th Korea IB Awards (ECM sector)
EDAILY	2020 EDAILY Financial Investment Awards (Korea Exchange Chairman's Award – digital innovation)
Herald Business	The13 th Capital Market Awards (Grand Award in the e-platform category)
Maeil Business Newspaper	The 6 th Korea Retirement Fund Awards (Best Award in the securities industry)
Consumer News	2020 Consumer Complaints Resolution Awards (securities category)
Money Today	The 11 th Korea Best Analyst Awards (Best Analyst Award - software category, Most Category Winning Award - profitability category)
Asia Today	2020 Financial Awards (Best Award in the IB category: securities industry)
Asia Business Daily	2020 Asia Smart Finance Awards (Best Award in the content category)
Hankung	2020 Hankung Fintech Awards (Best Award in the service category: securities industry)
HankungTV	2020 Global Financial Awards (overseas stocks category)
Herald Business	2020 Herald Investment Awards (Best Concentration Analysis Award)
Seoul Economic Daily	2020 Korea Securities Awards (Best Award in the IB sector)
Money Today	The 8 th Best MTS Awards (Excellence Award in the customer service category)
NEWSIS	2020 Korea Securities & IR Award (Financial Investment Association Chairman's Award - research category)
Asia Business Daily	2020 Asia Capital Market Awards (Best Award in the IB category)
E-Today	The 10 th Market Leader of the Year Award (innovative finance category)
NEWSIS	2019 Korea Job Creation Award (awarded by the chairman of the National Affairs Committee of the National Assembly)
Maeil Business Newspaper	2019 Korea Securities Awards (Gold Prize in the corporate analysis category)
Jose Ilbo	2020 Korea Taxpayers Festival (corporate category)
Ministry of SMEs	The 25 th Financial Support Awards of the Ministry of SMEs and Startups (Minister's Award)

2021

Host	Awards
Hankung Business	Best Securities Firms and Analysts Survey (Golden Bull Award)
Money Today	The 18 th Korea IB Awards (Financial Services Commission Chairman Award - best IB deal)
Yonhap Infomax	The 10 th Finance Awards (Korea Exchange Chairman's Award - IPO)
The Bell	2021 Korea Capital Markets the bell League Table Awards (Best Equity House, Best IPO House, Best Rights Offering House, Innovative Bond Deal of The Year)
KCA	Korea Consumer Evaluation 2021 KCA App Awards (finance category)
Chosun Ilbo	FN Guide's 2020 Innovative Research Awards (Outstanding Award)
NEWSIS	The 3 rd Korea Job Creation Awards (Special Grand Award - Vice Chairman Award of the Presidential Job Creation Committee)
Hankung	The 12 th IB Awards (Best Award in the ECM sector)
News Pim	The 9 th Capital Market Awards (Korea Exchange Chairman's Award for best innovation finance)
Maeil Business Newspaper	2021 Securities Awards (investment strategy category)
EDAILY	2021 Financial Investment Awards (Best Award in the digital innovation category)
Herald Business	2021 Capital Market Awards (IBAward)
International Forum, Germany	2021 iF Design Awards (Main Award in the user interface category)
Maeil Business Newspaper	2021 Retirement Pension Awards (Best Award)
Consumer News	2021 Consumer Complaints Resolution Awards (Grand Award in the securities category)
Korea Exchange	SRI (Socially Responsible Investment) Award for an outstanding securities underwriter
Consumer News	2021 Financial Consumer Protection Content Awards (Grand Award in the product development & sales process category)
Asia Today	2021 Financial Awards (Best Award in the customer satisfaction category: securities industry)
Asia Business Daily	2021 Smart Finance Awards (Best Award in the customer-friendly securities app category)
Money Today	The 9 th Best MTS Awards (Excellence Award in the trading category)
Asia Business Daily	2021 Asian Capital Investment Awards (Best Award in the financial consumer protection category)
E-Today	2021 Market Leader of the Year Awards (Excellence Award in the finance innovation category)
Seoul Economic Daily	2021 Korea Securities Awards (Best Award in the asset management category)

Affiliated Associations

Korea Capital Market Institute	Chamber of Commerce and Industry	Korean Securities Association	Korea Financial Investment Association
Asia Society Korea Center	Korea Center for International Finance	Korea CFO Association	Leading Future Agendas of Business & Society
Asia Business Council	Financial Saving Information Center	Korea Securities Law Association	Korea Derivatives Association
Seoul Financial Forum	Global Financial Network	Seoul IB Forum	Korean Finance Association

true**friend** **Korea Investment**
& Securities Co., Ltd.