Global Leading
Financial Enabler

2022 Korea Investment & Securities Sustainability 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

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Intro
CEO Message

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 (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.

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.

Leading Financial Group In Asia
Vision
Advance into Asia beyond Korea, Move Customers' Hearts beyond Satisfaction

Core Values
- Expand overseas stock brokerage/loans
- Strengthen and expand OCIO business
- Make active investments and build a foundation to expand overseas business
- Reinforce preemptive risk management
- Improve profitability by making the most of risky resources
- Maximize work efficiency through digitalization

Key Strategies
- Completion of the IB-AM Model
- Bolstering of Investment Performance through Overseas Expansion
- Improvement of Customer Satisfaction and Profitability
- Innovation of Financial Services

Strategic Tasks
1) ① ability to repay short-term debts
   ② ability to repay long-term debts

Date of Foundation: August 1974
Employees: 2,968 persons
Assets: Equity KRW 68,402 billion, KRW 7,148 billion
Domestic Sales: Branches 77, Overseas Subsidiaries 8, Overseas Offices 2
ROE*: 16.3%
Operating Income: KRW 1,294 billion
Net Income: KRW 1,450 billion

Credit Rating:
- Korea Rating AA
- Moody’s Aa2
- S&P A-2

2022 Sustainability Report
Intro ▶ Corporate Overview
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

<table>
<thead>
<tr>
<th>Location</th>
<th>Type of subsidiary</th>
<th>Main business</th>
</tr>
</thead>
<tbody>
<tr>
<td>London, UK</td>
<td>Corporation</td>
<td>Stock brokerage, Investment advising</td>
</tr>
<tr>
<td>New York, USA</td>
<td>Corporation</td>
<td>Stock brokerage, Corporate loans and other investments</td>
</tr>
<tr>
<td>New York, USA</td>
<td>Corporation</td>
<td>Stock &amp; futures brokerage, Financial investments</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Corporation</td>
<td>Stock brokerage, Finance investments</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Corporation</td>
<td>Equity sales, Fixed income trading, IB (M&amp;A/IPO/Underwriting)</td>
</tr>
<tr>
<td>Jakarta</td>
<td>Corporation</td>
<td>Stock brokerage, Financial investments, Asset management</td>
</tr>
<tr>
<td>Beijing</td>
<td>Investment advisory</td>
<td>Research</td>
</tr>
<tr>
<td>Singapore</td>
<td>Corporation</td>
<td>Equity sales</td>
</tr>
</tbody>
</table>

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**Employees (person):**

- London, UK: 3
- New York, USA: 3
- Hong Kong: 3
- Vietnam: 242
- Jakarta: 156
- Beijing: 4
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.

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.

Total assets (Unit: KRW trillion)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. FY21</td>
<td>7,322</td>
<td>3,578</td>
<td>6,365</td>
</tr>
<tr>
<td>Jun. FY21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep. FY21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec. FY21</td>
<td></td>
<td></td>
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</tbody>
</table>

AM revenue (Unit: KRW 100 million)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.4</td>
<td>8.2</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Market size (Unit: KRW trillion)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99</td>
<td>1,249</td>
<td>243</td>
</tr>
</tbody>
</table>

Revenue (Unit: KRW 100 million)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,244</td>
<td>13,371</td>
<td>15,017</td>
</tr>
<tr>
<td></td>
<td>1,820</td>
<td>4,201</td>
<td>3,819</td>
</tr>
</tbody>
</table>

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.

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.
ESG At a Glance

**Economy**
- Selected as a carbon credit trading market facilitator
- ESG bond Underwriting: KRW 4,395 billion

**Operating income**
- Up 70% year over year (end of Dec. 2021, consolidated basis)

**ESG investments**
- KRW 1,177 billion
- USD 5.3 billion

**Social**
- Expansion of the risk management organization
- Launch of the ESG Committee
- 'Right mind, right behavior' ethics pledge ceremony

**Governance**
- Customer Satisfaction Score 87 points
- Accumulated amount of the matching grant fund KRW 3.2 billion
- Full compensation for insolvent PEF to restore customer confidence

**Environment**
- Designated as a carbon credit trading market facilitator in 2021 and serving to close the price vacuum in the market
- "Carbon Solution Division" dedicated to carbon credit management (first among domestic securities companies)

**Expansion of the Risk Management Organization**
- Jointed a media business acquisition deal by Apollo, a global PEF, as a co-underwriter
- Preemptively build a total solution for carbon neutrality and for early entry into related markets

**Continued direct & indirect investment in green industries**
- E: KRW 265.3 bil., S: KRW 587.3 bil., G: KRW 324.5 bil
- Full compensation for insolvent PEF to protect financial consumers

**Achieved stable operating results based on a solid business foundation**
- Increased by 108% year over year and plan to actively underwrite ESG bonds moving forward

**Continued direct & indirect investment in green industries**
- E: KRW 265.3 bil., S: KRW 587.3 bil., G: KRW 324.5 bil
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2022 Korea Investment & Securities Sustainability Report
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.
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.

**Establishment Procedure**

1. 12th BOD meeting, FY21 2021.05.07
2. 2021.05
3. 2021.05~06

- **BOD approval**
- Enforcement and disclosure of internal regulations
  - Launched the ESG Committee and appoint the committee members
  - Established/revised corporate regulations
    - Establishment of regulation for the ESG Committee
    - Revision of the company’s regulation on governance
  - Enforced new/revised regulations
  - Disclosed revisions to the company’s regulations on governance
- **Set up ESG strategies and goals (planned)**
  
1st ESG Committee meeting 2022

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**Current ESG Investments**

KRW 1,177 billion

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social Responsibility</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRW 265.3 bil.</td>
<td>KRW 587.3 bil.</td>
<td>KRW 324.5 bil.</td>
</tr>
</tbody>
</table>

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**ESG Support Department**

1. Request for investment review
2. Request to check ESG-related information
3. Request to check ESG-related information and provision of supporting materials
4. Confirmation on ESG-undermining factors

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**ESG-Related Investments**

(As of the end of December 2021)

- Make direct & indirect investments in eco-friendly service providers, such as waste disposal and renewable energy companies, to cope with environmental risks and climate change
- Expand areas for investment to include power generation by hydrogen fuel cell, as well as solar and wind power
- As an oligopolistic shareholder (3.74%) of Woori Financial Group, actively participate in its decision-making by exercising voting rights on agenda items, such as the remuneration ceiling for directors, the appointment of inside/outside directors, and financial statements

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**Screening Investments that Undermine ESG**

- **ESG Support Department**
  - Requests for review
  - Requests to check ESG-related information
  - Requests to check ESG-related information and provision of supporting materials
  - Confirmations on ESG-undermining factors

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**Intro | Advancing Green Governance**

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2022 Korea Investment & Securities Sustainability Report
Sustainability Report

Scope of Compensation

Exception

Roles of the Investment Product Management Department

Response to the Act on the Protection of Financial Consumers

Before sales

• Operate and manage retail books
• Support responses to external institutions regarding private equity operation firms
• Take legal action regarding products with delayed redemption
• Manage the current status of controversial products and products with delayed redemption

During sales

• Examine and improve the sales process to comply with the tightened regulation on product descriptions
• Record the sales process of products
• Apply six major regulations on sales to loan deals as well as other financial strategies
• Avoid customers falling into high-risk products

After-the-fact compensation

• Failure of internal control
• Responsibility of the seller
• Compensation first & recovery and indemnity later
• Incomplete sales
• Market risks
• Inaction of recovery or indemnification

Scope of Compensation

• Currently, all products eligible for compensation
• Clear notice and execution of investment targets and the guarantee
• Market risks
• Inaction of recovery or indemnification

Work Processes for Consumer Protection

• Reinforce preliminary product review
• Improve internal regulations to manage the committee that evaluates and selects private equity due diligence
• Select a pool of management firms that handle product sales through face sales channel
• Collect products subject to compensation
• Customer complaints, measures by the Audit Committee/Dispute Mediation Committee

- Inappropriate trust/wrap operation
- Others (prevention of consumer complaints, etc.)
- Inappropriate procedures for product launch
- Errors in product descriptions
- Inconsistency of management strategy and assets in product descriptions
- Inconsistency in or nonexistence of the credit rating of the guarantee
- Non-existence of assets under management, different fund names and figures

- Risk of omission in product descriptions
- Risk of non-compliance with the standards for consumer protection
- Incomplete sales
- Failure of internal control

Standard for judgment

- Judgment depending on case/product
- Incomplete sales
- Failure of internal control
- Compensation first & recovery and indemnity later
- Responsibility of the seller
- Inaction of recovery or indemnification

Exception

- Inconsistency of management strategy and assets in product descriptions
- Inconsistency in or nonexistence of the credit rating of the guarantee
- Non-existence of assets under management, different fund names and figures

Exception

- Risk of omission in product descriptions
- Risk of non-compliance with the standards for consumer protection
- Incomplete sales
- Failure of internal control
- Compensation first & recovery and indemnity later
- Responsibility of the seller
- Inaction of recovery or indemnification

- Inconsistency of management strategy and assets in product descriptions
- Inconsistency in or nonexistence of the credit rating of the guarantee
- Non-existence of assets under management, different fund names and figures

- Risk of omission in product descriptions
- Risk of non-compliance with the standards for consumer protection
- Incomplete sales
- Failure of internal control
- Compensation first & recovery and indemnity later
- Responsibility of the seller
- Inaction of recovery or indemnification

KIS is expanding inclusive finance by improving the access of underprivileged persons to finance while taking the lead in promoting mutual growth with customers, governments, related organizations, and local communities. We provide education to our employees on service strategies to better engage in financial activities. KIS cooperates on government policies aimed at stabilizing the financial market in emergencies, such as the COVID-19 pandemic, and carries out active CSR programs to ease challenges facing the financially vulnerable.

Social Contributions to Shared Growth

Expansion of Inclusive Finance

KIS is expanding inclusive finance by improving the access of underprivileged persons to finance while taking the lead in promoting mutual growth with customers, governments, related organizations, and local communities. We provide education to our employees on service strategies to better engage in financial activities. KIS cooperates on government policies aimed at stabilizing the financial market in emergencies, such as the COVID-19 pandemic, and carries out active CSR programs to ease challenges facing the financially vulnerable.

Quality certification

• Visual ARS to help the financially vulnerable
• Manual on Serving the Financially Vulnerable
• Improvement of the environment for the customers' convenience

Customer Services for the Elderly and the Disabled

• Provide a training course on the guarantee
• Set up a counter for the elderly and the disabled in branches
• Provide appropriate support services to tackle the aging society

KIS is taking steps to encourage childbirth and strengthen the family by providing various programs for children and the community. We are promoting CSR activities such as writing contests, soccer classes, economic classes, and children's programs as well as related institutions to support and nurture the future generation.
Creating Sustainable Values

Sustainable Financial Leadership

Pursuing Value of Coexistence

Transparency & Risk Management
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.

**Sustainable Financial Leadership**

**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 1 million mark in August 2021

**Creating Sustainable Values**

**Sustainable Financial Leadership**
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.

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.

- Establish the MyData business
- Respond to digital finance and platform policies
- Plan platform-based new business
- Operate/improve the MOICE app service
- Develop financial products (e.g., robo-advisor) and content
- Build a data lake and develop products based on data
- Build and operate a data analysis platform and cloud infrastructure

Platform Engine Department

- Develop and upgrade major channels (e.g., MTS)
- Form platform-based alliances and connect services
- Develop and operate cloud-based new business

Platform Development Department

- Build a customer-friendly investment/asset management platform (Ministock)
- Develop and operate new services for first-time investors

MINT Department

- Digital Platform Division
- Fostering a data analysis environment
- Internalizing digital capabilities
- Building a log data analysis environment
- Provide an on-premise environment for sensitive customer information
- Provide a cloud environment for service development and analysis using financial & investment information
- Increase digital workforce (e.g., security/infra experts, data analysts, engineers, AI experts)
- Observe user responses through various channels like MTS and the MyData asset management platform and improve customer experience

Continuous product development based on big data

Hybrid infrastructure design

Automated marketing solutions to be introduced

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 of 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

Voice recognition

Speech to Text

Acoustic model learning / Language model learning

Speech synthesis

Text To Speech

* No. of the call agent service channels: 20

PDS

IVR

PBX

Voice recording

Consultation system (IPCC)

Work system (Nurse)

Creating Sustainable Values ─ Sustainable Financial Leadership

Creating Sustainable Values
In 2020, we applied RPA to 72 tasks saving 60,470 work hours, and in 2021, to 27 tasks saving 19,450 hours. RPA automates simple, repetitive tasks, such as writing daily reports or preliminary materials for audits at sales branches, registering documents electronically, and sending replies, helping employees concentrate on more productive tasks.

KIS is expanding the use of RPA, a robotics-based solution for work automation, to enhance work efficiency. Using robotics software, RPA can save 90% of work time at 1,000 cases per day with efficiency estimated at 15 seconds per case (no response to call), 80 seconds per case with response. For outbound tasks by the center's agents, the success rate is generally low.

## Expanded Use of Electronic Forms at Sales Branches

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

KIS has launched the Korea Investment MTS, the decimal point trading platform for overseas stocks Ministock, and the MyData-based asset management service MOIDA. These new platforms can help users to enable active information sharing on trading services and development.

Furthermore, KIS has launched KIS Developers, providing an open application program interface (API) to help users easily develop trading services. We also support community activities among the KIS Developers.

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.

KISRA, the Robo-Advisor Service

KISRA is a key feature of KISRA that incorporates asset management for retirement pensions. It pursues a stable yield rate by choosing portfolios that effectively satisfy the investment propensities of customers and expose customers with a neutral risk propensity or above to additional investments in domestic equities, foreign countries, and other types of financial instruments. KISRA has enabled asset management services through a robo-advisor for customers who put asset management before investment. Furthermore, we plan 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 has been using it for KISRA.

KISRA provides KIS' recommended retirement pension fund portfolio. Mounted in the diverse investment platforms of KIS, that effectively satisfy the investment propensities of consumers, which changes by age and experience. KISRA is mounted on the homepage of the official website and app and is expected to help build a financial platform that covers the entire life cycle of customers by adding cross-alignment and supplementation among channels so as to cope with increasing customer demand for overseas stock investment.

MOIDA, launched in January 2022, provides personalized services and the registration of investment propensity, explanation of maturity dates, and the registration of securities, receivables, etc. Furthermore, it comes with detailed guidelines for various program languages, including Python, so it can be used in diverse environments with no need to log into HTS or install a specific program. It also provides the first such system among domestic securities companies, and has been using it for KISRA.

KIS has launched KISRA, the Robo-Advisor Service, in order to help users easily develop trading services.

KIS has launched KISRA, the Robo-Advisor Service, in order to help users easily develop trading services. We also support community activities among the KIS Developers. Furthermore, it comes with detailed guidelines for various program languages, including Python, so it can be used in diverse environments with no need to log into HTS or install a specific program. It also provides the first such system among domestic securities companies, and has been using it for KISRA.
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 invest with just KRW 1,000. Ministock is said to suit the tastes of Generation MZ, who prefer simplicity and practicality. Ministock recorded an investment of more than KRW 1 trillion in just over a year from its launch in August 2021. Furthermore, the number of Ministock investors 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 of the Mobile Financial Innovation Awards, which recognize the best mobile financial services in Korea. Ministock is also said to suit the taste of Generation MZ, who prefer simplicity and practicality.

To further improve customer convenience, Ministock is expanding its investment options. In addition to ETFs, which were launched in February 2021, Ministock is considering expanding its investment options to include overseas shares, allowing users to invest in core assets of the world's 20 largest market indices. In order to provide a seamless investment experience, Ministock plans to continue improving its mobile platform. In the fourth quarter of 2021, KIS plans to introduce a web platform to allow users to perform transactions at any time and in any place. Moreover, in order to provide a user-friendly investment experience, Ministock plans to continuously improve its mobile platform to provide an intuitive UI/UX for users. KIS plans to launch a new version of Ministock in 2022.
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.

**Customer-Centered Finance**

**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)

**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.

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**Promoting Customer Value**

**Strengthening Customer Communication**

**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.

**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.
Customer Panel (marketing/event)

**Main activities**

<table>
<thead>
<tr>
<th>Date</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2021.06.21 ~ 06.24</strong></td>
<td>Customer panel is operated during the development and planning of products and services and consumer complaints and actual cases every quarter on our intranet to help all departments reflect them in their work. 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 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 discuss tasks to protect financial consumers and provide their discussion results to the responsible departments so that improvements can be made.</td>
</tr>
<tr>
<td><strong>2021.05.17 ~ 05.21</strong></td>
<td>Financial Consumer Protection Subcommittee actively reflect our customers' opinions in our business. These two consultative bodies share and award of suggestions to directly collect the opinions of financial consumers. 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 discuss tasks to protect financial consumers and provide their discussion results to the responsible departments so that improvements can be made.</td>
</tr>
</tbody>
</table>
| **2021.03.22 ~ 03.24** | KIS manages the entire process of handling customer complaints under an integrated system, from the collection of complaints to follow-up measures. Procedures and Systems to Handle Customer Complaints

**Operation and Utilization of the Customer Engagement System**

1. **Analyse product satisfaction/opinion survey on the customers who subscribed to financial products, and notify the results to the representatives of departments.**
2. **Invigoration of Customer Engagement**
3. **Creating Sustainable Values**

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**Sustainability Report**

- **Creating Sustainable Values**
- **Sustainable Financial Leadership**

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**Channel**

- **Main activities**
  - Analyse product satisfaction/opinion survey on the customers who subscribed to financial products, and notify the results to the representatives of departments.

**SVTPHFIFSMFM**

- **Main activities**
  - Invigoration of Customer Engagement
  - Creating Sustainable Values

---

**Channel**

- **Main activities**
  - Reflect the needs of financial consumers in the product and service planning and development processes.

- **Marketing Development, relating to marketing/events**

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**Channel**

- **Main activities**
  - Marketing Development, relating to marketing/events
When issues needing 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.

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

<table>
<thead>
<tr>
<th>Unit: point / company average on scale of 0 to 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2021</td>
</tr>
<tr>
<td>85.2</td>
</tr>
</tbody>
</table>

Customer Complaint Collection Channels

Customer Satisfaction Survey Results for Sales Branches (2021)

KIS homepage
Customer Center, Consumer Protection
Square, channel for customer complaints, electronic submission of customer complaints
Online
Visits to sales branches and the Consumer Support Department at the head quarters
Walk-in
minwon@koreainvestment.com
E-mail
02-3276-4334 or the VOC channel upon customer request
Telephone

Chaired by the CEO. Sets directions for KIS' consumer protection policy and makes decisions on key issues.

Chaired by the CCO. Discusses consumer protection issues among relevant departments.
KIS has internal standards for the sale of financial products. We share our sales process manual and checklist through the company’s compliance system.

### Compliance Cafe

Before the sale of financial products is initiated, the department responsible for financial product development checks the completeness of the checklist, and if incomplete, requests the sales department to immediately fulfill the procedures.

#### Preliminary Consultation before Financial Product Development

KIS has established a preliminary consultation procedure to reflect the perspectives of financial consumers in product development following the revision of laws and regulations related to financial consumer protection. After the establishment of these procedures, KIS will conduct a process review and update the checklist and checklist-related guidelines.

#### KIS’s Internal Standards for Selling Financial Products

KIS has established internal standards (internal regulations) for the sale of financial products. According to the Financial Consumer Protection Act, the sales guidelines for financial products must be adhered to, and KIS establishes the following process if any legal regulations are updated.

<table>
<thead>
<tr>
<th>Title</th>
<th>Type</th>
<th>Content of revision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Guidelines</td>
<td>Sales guidelines</td>
<td>Experienced sales attendants must explain the main details of financial products to consumers.</td>
</tr>
<tr>
<td>Fund</td>
<td>Sales guidelines</td>
<td>After the explanation, the sales attendants must make sure the consumers understand the main details of financial products by asking them to write their understanding.</td>
</tr>
<tr>
<td>Process Adequacy before Sales</td>
<td>Sales guidelines</td>
<td>All sales processes are reviewed to ensure they are adequate according to the South Korean Financial Consumer Protection Act.</td>
</tr>
<tr>
<td>Process Adequacy during Sales</td>
<td>Sales guidelines</td>
<td>After the sales process, the sales attendants must ensure that the customers understand the financial products and their risks.</td>
</tr>
<tr>
<td>Process Adequacy after Sales</td>
<td>Sales guidelines</td>
<td>The sales attendants must ensure the financial products are understood by the customers.</td>
</tr>
<tr>
<td>Manual and Checklist for Product Sales</td>
<td>Sales guidelines</td>
<td>The sales attendants must ensure that the customers understand the financial products and their risks.</td>
</tr>
<tr>
<td>Value Creation</td>
<td>Sales guidelines</td>
<td>The customers must confirm their understanding of the financial products and their risks.</td>
</tr>
</tbody>
</table>

#### Response to ‘Financial Consumer Protection Act’

- Reinforce preliminary product review to fulfill the obligation to prepare product standards for consumer protection
- Revise internal regulations to fulfill the obligation to prepare internal control standards for consumer protection
- Promote utilization of guidelines and checklists for product sales
- Promotion of utilization

### Rule on Investment Recommendation

KIS does not recommend that general financial consumers sign transaction contracts, but complies with its rules on investment recommendation.

1. 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 Financial Consumer Protection Act.

#### Promotion of utilization

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 Financial Consumer Protection Act.

KIS is continuously improving to provide better service to customers. KIS is not only conducting mystery shopping evaluations, but also explaining the utilization of checklists, and using such information to improve and improve the sales process.

**Content of revision**

- **Rule on Investment Recommendation**

KIS does not recommend that general financial consumers sign transaction contracts, but complies with its rules on investment recommendation.
### No. of Training Sessions

<table>
<thead>
<tr>
<th>Content</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability Report</td>
<td>1.5~2</td>
</tr>
<tr>
<td>Improving Consumers’ Access to Information</td>
<td></td>
</tr>
<tr>
<td>Creating Sustainable Values</td>
<td></td>
</tr>
</tbody>
</table>

### Customers who applied

<table>
<thead>
<tr>
<th>Content</th>
<th>No. of attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 times</td>
<td>41</td>
</tr>
</tbody>
</table>

### 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 the subscription requirement and how much money is required.

### Protection of the Financially Vulnerable

- In its internal Rules on Investment Recommendation, KIS stipulates specific matters 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.

### 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.

### Online education for investors

- Following the Comprehensive Plan for Financial Consumer Protection (April 2019), KIS 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.

### HTS/MTS, investment in financial products (e.g., stocks, futures, overseas stocks, economic news, pension)

- The sessions were designed so that 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 in such a way that people with disabilities and the guardianship system can quickly understand their needs.

### Revision of the manual on serving investors with disabilities

- In Article 14-2 of the Rules on Investment Recommendation, we define the elderly as an investor, a minor, and an illiterate as financially vulnerable consumers. In the case of a financially vulnerable consumer registering his/her information as an investor, the sales branch must confirm that the information is correct and that the customer understands all the implications of the subscription. 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 shall be approved by the head of the sales branch.”

### Establishment of the manual on serving investors with disabilities

- Investors with disabilities may have difficulties using our services due to their physical or mental disability. Therefore, we provide customers with disabilities the right to withdraw from a service and product subscription within five business days after subscribing. When a customer chooses to withdraw within five business days after subscription to a service or product subscription, the service or product subscription shall be approved by the head of the sales branch.

### Creation of AIR (AI-based Research)

- AIR (AI-based Research) is a part of our computer system that issues a daily report of economic news and company information generated by analysts in research centers, and it analyzes over 30,000 news articles it has studied, via machine learning, over 100,000 cases of data concerning the recommendation of financial products to financially vulnerable customers. Our customers can receive information about our computer system has studied, via machine learning, over 100,000 cases of data concerning the recommendation of financial products to financially vulnerable customers. Our customers can receive information about their investment.”
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.
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 RE100, 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.

Investments in Green Companies

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

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

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.

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

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

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

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.

Underwriting of ESG Bonds

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

<table>
<thead>
<tr>
<th>Bond Description</th>
<th>Amount (KRW 100 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability bond</td>
<td>1,400</td>
</tr>
<tr>
<td>Green bond</td>
<td>13,260</td>
</tr>
<tr>
<td>Social bond</td>
<td>18,301</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43,935</strong></td>
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</tbody>
</table>

Korea Investment & Securities Sustainability Report

Creating Sustainable Values
Pursuing Value of Coexistence

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 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**

- Establish CSR strategies and the annual plan
- Decide on and execute the annual budget
- Review and decide on CSR programs
- Systemized volunteering by individual employees
- No. of members: 155 persons (2021)
- Raising a CSR fund
- Total donations in 2013~2021: KRW 3.2 billion (KRW 360 mil. in yearly average)
- Total number of beneficiaries in 2013-2021: 12,917 children

**CSR Committee**

**TrueFriend Sharing Volunteers Group**

**Matching Grand Fund**
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.

Support for the Growth of Future Generations

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.

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.
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.

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.

"Children with Dreams" Project
Mural Painting
"Dream Writing Contest"
Support for Children of Families Victimized by Crime
Making Hickman Line Pouches
Soap Making

<table>
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<td>250</td>
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<tr>
<td>994</td>
<td>1,022</td>
<td>1,312</td>
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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.

Business Case
Vitalization of Non-contact Volunteering by Employees

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.

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.
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

- **Hwaseong**
  - Nursing Home (Hwaseong Welfare Foundation)
- **Milal Rehabilitation Center**
- **Home of True Love**
- **Dooul Angels Home**
- **Hanju Foundation**
- **Sangrokwon**
- **Samsung Welfare Center for Hearing Impaired Persons**
- **Seolsong Scholarship Foundation**
- **Seongbuk Welfare Center for Visually Impaired Persons**
- **Holt Children's Service/Home for Single Mothers**
- **School of Equality for the Disabled**
- **Community Chest of Korea/Branch in Jeollanam-do**

#### 2020

- **PB1 Division**
  - Supporting education for children of low-income families
  - Speech rehabilitation for hearing impaired persons
- **PB2 Division**
  - Welfare program for the elderly
- **PB3 Division**
  - Rehabilitation of persons with mental disabilities
  - Rehabilitation for visually impaired persons
  - Medical rehabilitation for persons with mental disabilities
- **Central PB Division**
  - Support for children with disabilities
  - Scholarships for children of low-income families
- **Honam PB Division**
  - Scholarships for children of low-income families

**Total** KRW 13,600,000

#### 2021

- **PB1 Division**
  - Welfare program for the elderly
  - Speech rehabilitation for hearing impaired persons
- **PB3 Division**
  - Financial support for the underprivileged
  - Financial independence for single mothers
  - Medical rehabilitation for persons with mental retardation
- **Central PB Division**
  - Support for children with disabilities
  - Scholarships for children of low-income families
- **Youngnam PB Division**
  - Subsidizing welfare facilities of the elderly
- **Honam PB Division**
  - Scholarships for children of low-income families

**Total** KRW 14,200,000

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$\text{CSR Programs by Sales Branches}$

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**Total** KRW 13,600,000

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- **Honam PB Division**
  - Scholarships for children of low-income families

**Total** KRW 14,200,000
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. The Code of Ethics consists of 11 provisions, including Customers First, Good Faith, Legal Compliance, and Respect for Market Order. The company and all employees recognize that they are members of civil society and fulfill their social responsibilities and roles. The company and all employees share the management principles and core values of the Korea Investment and Securities Group, the ethical culture of the company, and the ethical management culture of all employees. The management strives to internalize an ethical culture in the company, such as by providing ethical education for employees. 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.

**TrueFriend Approach**

**Anti-Corruption Ethical Management**

- **Prevention of Money Laundering and Conflicts of Interest.**
- **Promote the Financial Industry Norm of Fair Transactions,** which includes providing education on ethical management. Furthermore, we strive to **reinforce corporate culture** by collecting compliance pledges from all employees and appointing a compliance officer, and have internalized compliance in our **strengthened internal control over the legal compliance of employees** by the Code of Conduct, and the Rules for Ethical Sales Activities. We have declared our **commitment to ethical management** by establishing the **Code of Ethics**, that all employees can practice ethical management. KIS has declared its **Legal compliance should be internalized as a part of corporate culture** so **Ethical management** means more than simply abiding by laws and regulations. **Companies should ensure transparency and fairness in business management** to win the confidence of major stakeholders and live up to their expectations. **We disclose the Code of Ethics on our homepage to promote awareness among employees and encourage their active implementation.**

**Sustainability Report**

- **Creating Sustainable Values**
- **Transparency & Risk Management**

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**2021:**
- **Employees:** 2,676 persons
- **Cases:** 75%
- **Cases resolved:** (2019: 7 cases, 2020: 1 case)

**2020:**
- **Employees:** 2,676 persons
- **Cases:** 75%
- **Cases resolved:** (2019: 7 cases, 2020: 1 case)

**2019:**
- **Employees:** 2,599 persons
- **Cases:** 100%
- **Cases resolved:** (2019: 7 cases, 2020: 1 case)

**Zero Violations of Regulations**

- **Cases reported:**
  - **2021:** 5 cases
  - **2020:** 5 cases
  - **2019:** (2019: 5.2 hours)

**Employees trained:**
- **2021:** 1,393 employees
- **2020:** 1,284 employees
- **2019:** (2019: 2,887 hours)

**Per capita training hours:**
- **2021:** 9.5 hours
- **2020:** 8.9 hours
- **2019:** (2019: 5.2 hours)

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**Creating Sustainable Values**

- **Transparency & Risk Management**

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**Total investment amount:**

- **2021:** $1,234
- **2020:** $1,234
- **2019:** (2019: $1,234)

**Total investment amount:**

- **2021:** $1,234
- **2020:** $1,234
- **2019:** (2019: $1,234)

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**Respect for Market Order**

- **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. 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. 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. 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.
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.

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.

Report Handling Process

Conduct random investigations and request an audit when necessary

Analyze and verify (fact finding) the report, and report to the compliance officer

Notify the reporter

STEP 1
STEP 2
STEP 3
STEP 4

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.
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.

### Latest issues related to compliance and consumer protection, and countermeasures

- **Prevention of unfair/unsound trade, work ethics, and investor protection**
- **Cautions about compliance issues, and resolution of difficulties**
- **Cautions for consumer protection and compliance**
- **Procedures to prevent conflicts of interest when selling owned stocks to perform the company's duty as an underwriter**

### Compliance systems

- **Stakeholder Corporations Management Procedure**

### 2019-2021 Trends of internal control

<table>
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<th>Year</th>
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<th>Registration with the stakeholder corporation management system</th>
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<td>IB 1 Division, new employees</td>
<td>2,804</td>
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<tr>
<td>2020</td>
<td>IB 1 Division, new employees</td>
<td>2,676</td>
</tr>
<tr>
<td>2021</td>
<td>IB 1 Division, new employees</td>
<td>2,599</td>
</tr>
</tbody>
</table>

### Trainees

- Heads of regional divisions, sales branches
- Employees at the headquarters
- Department heads, compliance managers
- Employees at sales branches
- New department heads, new department leaders at sales branches, new employees

### Key Performance Indicators

- **Suspicious Transaction Report (STR)**
- **Currency Transaction Report (CTR)**
- **Risk-Based Approach (RBA)**

### Other Countermeasures

- **Prohibition of wrap/trust underwriting within 3 months**
- **Restriction on the publication of research data (prohibition/notice of interest)**
- **Restriction on trading via the accounts of employees at concerned departments**
- **Self-trading by Employees**

### References

Transparency & 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 crisis in the financial market and operate warning-phase-specific strategies to respond.

TrueFriend Performance

TrueFriend Approach

Increasing Workforce of the Risk Management Division


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%

Reorganized Expansion of the Risk Management 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 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.

• 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.
Key Risks to be Managed

Risks subject to rigorous management by financial institutions are classified into financial risks and non-financial risks. Financial risks arise from market, credit, liquidity, and operational risks, and respond systematically through risk-specific monitoring and contingency plans.

Non-financial risks are attributable to unquantifiable factors, such as operational status and laws, and are further divided into internal and external risks.

Risk Management Process

KIS operates an integrated risk management system to prevent various risks arising from changes in the market environment. We monitor the impact of our risk management system, such as by upgrading and computerizing the database to reinforce follow-up management.

System to measure the fair value and degree of risk of over-the-counter derivatives. Furthermore, we are making continuous efforts to raise the level of our risk management system, with the view to more effectively identify and manage risk.

Recognition

The company has set early warning indicators to detect the occurrence of crises in the financial market in advance. These indicators classify the company’s financial soundness into five categories—good, weak, serious, crisis, and deadlock—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.

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Creating Sustainable Values | Transparency & Risk Management

| Category | 2022 FY 2019 FY 2020 FY 2021 |
|----------|-----------------|-----------------|-----------------|
| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Liquidity ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |

| Category | 2022 FY 2019 FY 2020 FY 2021 |
|----------|-----------------|-----------------|-----------------|
| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Liquidity ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |

Creating Sustainable Values

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|----------|-----------------|-----------------|-----------------|
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| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |

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| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
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| Category | 2022 FY 2019 FY 2020 FY 2021 |
|----------|-----------------|-----------------|-----------------|
| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Liquidity ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |

Creating Sustainable Values

| Category | 2022 FY 2019 FY 2020 FY 2021 |
|----------|-----------------|-----------------|-----------------|
| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Liquidity ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |

Creating Sustainable Values

| Category | 2022 FY 2019 FY 2020 FY 2021 |
|----------|-----------------|-----------------|-----------------|
| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Liquidity ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |

Creating Sustainable Values

| Category | 2022 FY 2019 FY 2020 FY 2021 |
|----------|-----------------|-----------------|-----------------|
| Net capital ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Liquidity ratio | %FDCNFS | %FDCNFS | %FDCNFS |
| Financial Supervisory Service Leverage ratio | %FDCNFS | %FDCNFS | %FDCNFS |
The Way to Sustainable Future
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.

The Carbon Solution Department started investing in voluntary carbon credit projects it had discovered on its own in the first half of 2022, the 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.

The Carbon Solution Department puts a priority on developing projects that have excellent carbon reduction effects and marketability. As a 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.

- **Operation Business**
  - Large-scale funding and carbon credit brokerage

- **Solution Business**
  - Project development and carbon credit generation

### Voluntary Carbon Credit Projects

#### Water Purification Facilities Installation Project

The Carbon Solution Department is planning to complete the construction of the water purification facilities 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 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 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 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.

- **Objective**
  - To purify and desalinate salty groundwater in six provinces of Bangladesh.

- **Implementation**
  - Working with local partners and acquiring carbon credits in return for local residents using these facilities.

- **Milestones**
  - Feasibility study: '21.09
  - Start of installation: '22.04
  - 1st contract: '22.04
  - Issuance of carbon credits (first round): 1.5 years after the initial investment.
  - 960,000 tons (estimation) of water purification facilities
  - 123 water purification facilities

### Environmentally Friendly Actions

#### KIS Group Office

- **Green Management**
  - Promoting environment-friendly actions
  - Encouraging employees to cut paper usage
  - Installing paper dispensers in the office

- **Environmental Voluntary Action**
  - Promoting voluntary carbon offset credits
  - Voluntary carbon credits for the KIS Office
  - Promoting voluntary carbon credits
  - Encouraging employees to use personal cups and tumblers
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.

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.

<table>
<thead>
<tr>
<th>Country</th>
<th>Certification Institute</th>
<th>Project Period</th>
<th>Project Costs</th>
<th>Carbon Credits</th>
<th>Overview</th>
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<tr>
<td>Nepal</td>
<td>Gold Standard (GS)</td>
<td>5 years</td>
<td>KRW 12 billion</td>
<td>2.5 million tons</td>
<td>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.</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Verra (VCM)</td>
<td>10 years</td>
<td>KRW 12 billion</td>
<td>5 million tons</td>
<td>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.</td>
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<table>
<thead>
<tr>
<th>Feasibility study</th>
<th>1st contract</th>
<th>Supply of cook stoves</th>
<th>GS business registration</th>
<th>Issuance of carbon credits (first round)</th>
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<th>Feasibility study</th>
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<th>Milestones (plan)</th>
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<tr>
<td>20,255,584</td>
</tr>
<tr>
<td>21,178,746</td>
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</table>

Results of Good Recycling We Made Together

- Job creation for the disabled
- Jobs in diverse areas (e.g., reception/collection of donations, commercialization of donated goods, sales)
- GHG reduction of 6,064 kg
- Same effect as 918 30-year old pine trees
- Water consumption reduced by 7,797,600 liters

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.
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 our 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.

KIS strives to comply with employment and labor laws and protect human rights. Our Code of Ethics and Code of Conduct set forth protection against discrimination and arbitrary dismissal. We have also 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 discrimination on the basis of race, gender, disability, or social status. In education, assignments and promotions, we abide by the principle of gender equality and ban discrimination against women.

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KIS operates a mentoring program for junior employees which is managed by the HR Department. Under this mentoring program, junior employees are paired up with mentors from all different job groups, and 63 cases of mentoring were participated in this program. We pair up junior employees with mentors from all different job groups, and 63 cases of mentoring were participated in this program. We pair up junior employees with mentors from all different job groups, and 63 cases of mentoring were participated in this program. We pair up junior employees with mentors from all different job groups, and 63 cases of mentoring were participated in this program. We pair up junior employees with mentors from all different job groups, and 63 cases of mentoring were participated in this program.
Composed of an equal number of members representing each labor and management, the Labor-Management Council is an official body established to ensure 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.

### Major Labor-Management Meetings

- **Safety and Health Act,** address employees’ grievances through an internal organization, and foster a corporate culture of mutual respect.
- **Mutual interests.**

### Improvement of Organizational Culture based on Open Labor-Management Relations

- **Mutual interests.**

### Housing 〮 Livelihood Support

- **Relocation expense**
- **Living expense loans**
- **Housing loans**

### Other regular meetings

- **Gifts for children starting education**
- **Money on birthdays, wedding anniversaries,** and **medical expenses, health checkups**
- **Support for condominiums**
- **Support for club operations**
- **Children's tuition**
- **Self-development expenses**

### Work-Life Balance

- **Gift money on birthdays,** **congratulatory/condolence expenses**
- **Medical expenses, health checkups**
- **Group accident insurance**
- **Support for club operations**

### Others

- **Training for employees at the legal retirement age**
- **Support for club operations**

### Welfare Programs

- **Gifts for children starting education**, **Money on birthdays, wedding anniversaries,** **Medical expenses, health checkups**
- **Support for condominiums**
- **Support for club operations**
- **Children's tuition**
- **Self-development expenses**

### Discussed ways to promote employee welfare and take joint actions to address grievances

- **Comprehensive/general medical expenses**
- **Dental care, fertility**
- **Medical expenses, health checkups**
- **Group accident insurance**
- **Support for club operations**

### Key initiatives

- **Provide various performance solutions as a strategic partner to nurture and manage global financial talent and top-tier competitiveness so as to enhance capabilities for executing management strategies**

### The Way to Sustainable Future

- **Enhance customer value and contribute to corporate profits**
- **Establish and propose investment strategies to enhance customer value**
- **Build education infrastructure and provide job training and recruitment solely based on an evaluation of the candidates' competency and potential, disregarding personal background such as school**
- **Reinforce educational training for customers and the company perspective to contribute to corporate customers to enhance customer value and corporate profits**

### Talent Cultivation System

- **Academy to Cultivate Global Financial Talent and Top-tier Expertise by Field**
- **Key capabilities to support self-development**
- **An IB expert who deals with trading and strategy and contributes to corporate customers to enhance customer value and corporate profits**
- **An operation expert who manages the assets of corporate customers to contribute to corporate profits**
- **An IT expert who oversees information technologies and contributes to the achievement of the company's goals**

### Social

- **KIS makes its utmost efforts to cultivate global talent with top-notch competitiveness in finance.**
- **We chose to build education infrastructure and provide job training and recruitment solely based on an evaluation of the candidates' competency and potential, disregarding personal background such as school.**

### The Way to Sustainable Future

- **Enhance customer value and contribute to corporate profits**
- **Establish and propose investment strategies to enhance customer value**

### Social

- **Enhance customer value and contribute to corporate profits**
- **Establish and propose investment strategies to enhance customer value**
In 2021, 1,229 employees completed this course and were trained on establishing investment strategies tailored to changes in global stock markets. This course covers two main themes: the analysis of U.S. stock reports and stock valuation for overseas investment in global stock analysis.

Global Stock Analysis: Introductory Course

More than 1,000 employees participate every year, with a total of 1,044 attending in 2021. PB Academy is the main education program of KIS and offers courses focused on global investment. More than 2,900 employees strengthen the competencies 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.

The HNWI (high-net-worth individual) program is designed to train employees on global asset allocation and various consulting practices. By 2022, KIS will complete the development of a systematic curriculum and train employees further strengthen their knowledge and skills in financial products, law, taxation, real estate consulting, IB, and VIP management, while improving their ability to respond to the changing business environment.

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 strengthen the competencies and build competencies that meet global standards for IB.

The PB Academy operates the Smart Work Academy, in which Smart Friends cover over 4,000 educational programs through a systematic and practical learning system. In 2021, a total of 1,046 employees did courses, and we invested KRW 40 million to support 66 employees in self-development training. KIS operates the Smart Work Academy, which offers courses on the practical skills necessary to perform jobs, such as Excel skills, coding, report writing, and handling big data, and enhances work performance. The academy offers courses on the practical skills necessary to perform jobs, such as Excel skills, coding, report writing, and handling big data, and enhances work performance.

PB Academy

Fostering of Financial Experts

KIS operates the PB Academy to enhance the global investment expertise of all wealth managers, and timely courses are provided by a sufficient number of instructors. The PB Academy is the main education program of KIS and offers courses focused on global investment. More than 2,900 employees and the company build competencies that meet global standards for IB.

KIS operates a smart learning system, Edu Friend, to help employees further strengthen their knowledge and skills in financial products, law, taxation, real estate consulting, IB, and VIP management, while improving their ability to respond to the changing business environment.

KIS throws its full support behind the Energy Efficiency Education Program and the Foreign Languages and Self-development Program. In 2022, the Foreign Languages and Self-development Program was launched and focused on building up the knowledge and skills for global asset allocation and consulting and establishing a workforce with a unique value to the company.

KIS’s personnel evaluation system is aimed at raising work efficiency and performance, and enhancing the contribution of each employee. 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 by evaluators and the evaluated employees, such as supervisors and human resource managers, provide feedback on performance and competency development. The evaluators and the evaluated employees check progress on targets thus far, find reasons for slow progress, and come up with solutions. Evaluation feedback is provided twice a year. This interim feedback contributes to improvements in employee performance by having both evaluators and evaluated employees. KIS conducts the personnel evaluation process to establish work plans for the second half of the year in the personnel evaluation system and evaluate annual performance during 1H and establish work plans for 2H. KIS evaluates and provides feedback on performance and competency development in an objective, comprehensive manner.

Social

The talent cultivation program is a development program aimed at cultivating employees with a unique value and empowered leaders that can meet the global standards of IB. The talent cultivation program is divided into two categories: talent cultivation and development for core employees, which aims at cultivating employees with a unique value and empowered leaders that can meet the global standards of IB. Talent cultivation is conducted through a systematic and practical learning system, and evaluation results and performance of the employees are assessed. The talent cultivation and development for core employees is divided into two categories: talent cultivation and development for core employees, which aims at cultivating employees with a unique value and empowered leaders that can meet the global standards of IB. 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**Promotion of Safety for Online Financial Transactions**

KIS analyzes cases of privacy violations database 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 banking and mobile 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. Moreover, KIS carries out simulation drills to prepare for cyber hacking and intrusions. For instance, we conduct mock drills against server hacking, system, and global certification (ISO27001) of our information security management system led by Information Protection Department dedicated to information protection. Our Information Security Department, Chief Information Security Officer (CISO) / Chief Privacy Officer (CPO), and representative director (CEO) perform analyses and simulations 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. These inspections are conducted on our electronic finance infrastructure once a year and on our homepage twice.

**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.

**Response to Infringements**

KIS analyzes cases of privacy violations database 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 banking and mobile hacking.

**Management of Customers' Personal Information**

No. of cases of leaks, theft, or loss of customer data

- **Category**
  - **2019**
  - **2020**
  - **2021**
  - **2022**

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<tr>
<td>Total</td>
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</table>
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.

### Expertise

<table>
<thead>
<tr>
<th>CEO</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Tae Kyun Oh</td>
<td>President &amp; Chairman, Korea Investment &amp; Securities</td>
</tr>
<tr>
<td>F</td>
<td>CEO, Korea Investment &amp; Securities</td>
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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-executive director, and six outside directors. A majority of members of the BOD are outside directors whose independence from management is verified and maintained.

### Establishment of Principles and Policies on Governance

- **Board of Directors**
  - CEO (Chairman), Korea Investment & Securities
  - President, PH & Company
  - Professor, Graduate School of Public Health, Seoul National Univ.

### Roles and Current Status

- **Non-standing Director**
  - Young Tae Cho
  - Han Sung KB

- **Inside Director**
  - Young Rok
  - Su Mi Choi
  - Ham

- **Outside Director**
  - Namgoo Kim
  - Young Tae Cho
  - Il-Mun Jung

### Composition

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<tr>
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<th>Classification</th>
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<tbody>
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<td>BOD meeting</td>
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<tr>
<td>General Meeting of Shareholders</td>
<td>Inside</td>
<td>Young Rok</td>
</tr>
<tr>
<td>ESG Committee</td>
<td>Outside</td>
<td>Il-Mun Jung</td>
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<tr>
<td>Risk Management</td>
<td>Outside</td>
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<td>Nomination Committee</td>
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<td>Compensation Committee</td>
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<td>Audit Committee</td>
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### Attendance Rate

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<tr>
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<td>Audit Committee</td>
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### Agenda Items

1. Appointment of the Chairperson
2. Establishment of the BOD's principles and policies
3. Election of the Board's standing director
4. Selection and appointment of the Board's non-executive director
5. Determination of the compensation of the BOD members
6. Determination of the appointment of the internal audit director
7. Determination of the appointment of the audit committee director
8. Approval of the BOD's annual report
9. Approval of the BOD's financial statements
10. Approval of the BOD's financial statements
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98. Approval of the BOD's financial statements
99. Approval of the BOD's financial statements
100. Approval of the BOD's financial statements

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.
Governance

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.

2022, the BOD had five experts in financial investment, two in economics and one each in business management and financial accounting.

KIS assures the BOD's independence from management by allocating a majority of BOD positions to outside directors who have expertise capabilities and expertise to satisfy the company's strategic goals.

The Director Candidate Recommendation Committee, which is also mainly composed of outside directors, reviews 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 the areas such as financial investment, economics, financial accounting, business management, and legal affairs. The committee is composed of five outside directors, and at least two-thirds of the committee members must be independent directors.

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 is responsible for recommending candidates to the general meeting of shareholders. The BOD, as the final decision-making body, appoints the candidates recommended by the committee.

The BOD appoints outside directors who are independent, diverse, and have expertise to improve the quality of the BOD and align the interests of the directors and shareholders. The BOD shall consist of at least two-thirds independent directors, with at least one-third being outside directors.

The BOD's performance evaluation is conducted by the BOD itself to periodically check whether the BOD appropriately fulfills its roles and responsibilities required by the laws and the internal regulations, the compensation system approved by the BOD and the Compensation Committee. The purpose of the BOD's performance evaluation is to support the efficient operation of the company and to maintain strong governance.

The Way to Sustainable Future
The ESG Committee established the company's strategies and policies on the environment (E), social responsibility (S), and governance (G), and handled four agenda items, including one resolution item and three reporting items.

The ESG Committee makes resolutions on matters of strategy, planning, and major policies relating to ESG and receives reports on 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 non-financial factors that have serious implications for the company's sustainability, and oversees their implementation.

In May 2021, the BOD appointed three directors to the ESG Committee. In 2021, the committee was convened three times.

The ESG Committee consists of three directors and at least 2/3 of all members should be outside directors. As of June 2022, the ESG 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 ESG 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.

The ESG 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 company's overall performance.

### Nomination Committee

The Nomination Committee was newly established in 2021 to select suitable candidates for the positions of the representative director and outside directors.

The Nomination Committee held its first meeting on February 10, 2021, and approved candidates for the representative director and outside directors. 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 by the CEO and the BOD, and a majority of the committee members must be outside directors in order to ensure that the committee is independent and not subject to undue influence from management.

In its second meeting on March 10, 2021, the committee recommended director candidates to the BOD for appointment 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 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 compensation system, including bonuses, for the representative director and Audit Committee members.

The Nomination Committee held ten meetings in 2021 and made 16 resolutions, including the recommendation of the director candidates. The Nomination Committee also approved candidates for the Audit Committee.

### Compensation Committee

The Compensation Committee reviews and evaluates whether the performance-based compensation system for the management and employees is designed and operated appropriately following the principle that the compensation system should be designed and adjusted in line with individual performance. The Compensation Committee reviews and evaluates whether the performance-based compensation system for the management and employees is designed and operated appropriately following the principle that the compensation system should be designed and adjusted in line with individual performance.

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.

The Compensation Committee supports management in making 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 company's overall performance.

### Risk Management Committee

The Risk Management Committee was newly established in 2021 to focus on the company's risk management and controls risks across the company, such as determining the level of risk tolerance for a financial institute, approving transactions, and implementing internal controls.

The Risk Management 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.

The Risk Management Committee supports management in making 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 company's overall performance.
Appendix
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.

Selection of Key Reporting Topics

Assessment Process

- 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
- Measure business impact

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.

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)

Media research

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

Relevance to UN SDGs

- Sustainable Financial Leadership
- Transparency & Risk Management
- Sustainable Financial Leadership
- Sustainable Financial Leadership
- Sustainable Financial Leadership
- Pursuing Value of Coexistence
- Transparency & Risk Management
Stakeholder Engagement

Stakeholder

Shareholders & Investors

- Transparent tax payment
- Legal and regulatory compliance
- Prevention of unfair practices
- Strengthening of financial information protection
- Sharing and cooperation

Employees

- Employment security
- Improvement of the work environment and organizational culture
- Minimization of environmental impacts of business sites
- Strengthening of personal and social contributions and revitalization of the local economy

Suppliers

- Payment to 600 suppliers (as of September 2022)
- Supply of venture capital to 60 suppliers
- Investment and cooperation for social issues
- Shared growth and business portfolio

Customers

- Financial Services
- Meetings with the Financial Supervisory Service
- Public hearings
- Training programs for Bank of Korea
- Company's intranet
- Grievance Resolution Committee
- Meetings with customers
- Sales branches
- VOC
- Company's website
- General meeting of shareholders
- Business report
- Consideration of stability in risk management
- Management of customer assets
- Transparent performance disclosure through IR
- Increase in ESG products

Local Communities

- CSR programs
- Community development
- Social contributions and revitalization of local communities
- Improvement of the living conditions of people living in socially and economically vulnerable circumstances, thus reducing the education divide and contributing to the growth of future talents

World Vision has partnered with KIS for the "KIS Dream Library" program and we share its emphasized value of "sharing" and appreciate the 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

Child Fund Korea Seoul #3 Division

- Sharing Project Team
- Deep Search

KIS's activities

Communication channel

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.

KIS is striving to spread a culture of sharing and foster future generations in Korea by conducting CSR programs.

World Vision has partnered with KIS for the "KIS Dream Library" program and we share its emphasized value of "sharing" and appreciate the 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.

Moving forward, KIS will further expand its CSR activities across many parts of the world, beyond Korea.

Deep Search

Supplier

Corporate Partnership Team

Community

World Vision / ESG Social Contribution Division

Korea Investment & Securities

Hyun-mo Kim, Team Leader

Su-gyeong Lee, Teacher, Child Fund Korea Seoul #3 Division

Hye-in Seo, Manager, Corporate Culture Office
$$\text{SPOTPM|EBUF|BOBO|BM4UBUFHOU}$$

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Investment in ESG Bonds

Distribution of Financial Performance with Stakeholders

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<th>2020</th>
<th>2021</th>
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<tr>
<td>Employees (salary, bonus, severance pay, welfare)</td>
<td>KRW million</td>
<td>444,124</td>
<td>439,999</td>
<td>618,956</td>
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<tr>
<td>Shareholders/Investors</td>
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<td>430,560</td>
<td>240,025</td>
<td>300,014</td>
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<tr>
<td>Governments (income tax)</td>
<td></td>
<td>188,609</td>
<td>264,180</td>
<td>527,413</td>
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<td>Local Communities (donation)</td>
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<td>1,863</td>
<td>2,687</td>
<td>1,312</td>
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Remuneration of Directors

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<th>2020</th>
<th>2021</th>
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<td>Number of directors</td>
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<td>3</td>
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<tr>
<td>Registered directors</td>
<td></td>
<td>2,988</td>
<td>2,469</td>
<td>3,630</td>
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<tr>
<td>Independent directors</td>
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<tr>
<td>Total remuneration</td>
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<tr>
<td>Average remuneration per person</td>
<td></td>
<td>996</td>
<td>823</td>
<td>1,210</td>
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<tr>
<td>Registered directors</td>
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<td>-</td>
</tr>
<tr>
<td>Independent directors</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total remuneration</td>
<td></td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Average remuneration per person</td>
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Revenue by Region

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<th>2021</th>
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<td>Korea</td>
<td>KRW million</td>
<td>99,263</td>
<td>152,000</td>
<td>121,812</td>
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<td>Hong Kong</td>
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<td>1,351</td>
<td>523</td>
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<td>USA</td>
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<td>Singapore</td>
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<td>Vietnam</td>
<td></td>
<td>460</td>
<td>1,532</td>
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<tr>
<td>UK</td>
<td></td>
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<td>17</td>
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<tr>
<td>Indonesia</td>
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<td>71</td>
<td>116</td>
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Total | 153,954     | 124,084       |

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

ESG Data

<table>
<thead>
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<td>Sustainability Bonds</td>
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<td>500</td>
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<td>Hyundai Commercial</td>
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<tr>
<td></td>
<td>KB Kookmin Bank (conditional)</td>
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<td>Lotte Corporation</td>
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<td>Shinhan Capital</td>
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<td>Hana Capital</td>
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<td>KB Capital</td>
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<tr>
<td></td>
<td>Hana Card</td>
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<td>Samsung Card</td>
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<td>Green Bonds</td>
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<td>Hyundai Card</td>
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<td>Social Bonds</td>
<td>Korea Housing Finance Corporation</td>
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<td>KB Kookmin Card</td>
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<td>KB Kookmin Bank (conditional)</td>
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Total | 21,135 |

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<tr>
<th>Year</th>
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<td>2020</td>
<td>LG Chem</td>
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<td></td>
<td>Acuon Capital</td>
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<td>DGB Financial Holdings (conditional)</td>
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<tr>
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<tr>
<td></td>
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<tr>
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<tr>
<td></td>
<td>Woori Financial (conditional)</td>
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<tr>
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<tr>
<td>2021</td>
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</table>

Appendix
## Bond

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
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<tr>
<td></td>
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<td></td>
<td>Lotte Chemical</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Hana Capital</td>
<td>300</td>
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<tr>
<td></td>
<td>Hyundai Commercial</td>
<td>500</td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>Kyobo Life Insurance (new capital bond)</td>
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<tr>
<td></td>
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<td></td>
<td>POSCO</td>
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<td></td>
<td>Samsung Card</td>
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<td></td>
<td>Hyundai Electric</td>
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<tr>
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<td></td>
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<td></td>
<td>Hyundai Mobis</td>
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<tr>
<td></td>
<td>LG Display</td>
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<td>Doosan Fuelcell</td>
<td>184</td>
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<tr>
<td></td>
<td>Dongwon Systems</td>
<td>200</td>
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<tr>
<td></td>
<td>Korea South Power</td>
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<tr>
<td></td>
<td>Shinhan Bank</td>
<td>625</td>
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<td></td>
<td>Korea East-West Power</td>
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## Green bond

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<tbody>
<tr>
<td></td>
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<tr>
<td></td>
<td>Hyundai Mobis</td>
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<tr>
<td></td>
<td>LG Display</td>
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<tr>
<td></td>
<td>GS EPS</td>
<td>300</td>
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<tr>
<td></td>
<td>Doosan Fuelcell</td>
<td>184</td>
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<tr>
<td></td>
<td>Dongwon Systems</td>
<td>200</td>
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<td></td>
<td>Korea South Power</td>
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<td></td>
<td>Shinhan Bank</td>
<td>625</td>
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## Social bond

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<tbody>
<tr>
<td></td>
<td>Korea Housing Finance Corporation</td>
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<td></td>
<td>KB Kookmin Card</td>
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<tr>
<td></td>
<td>Woori Card</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>Shinhan Card</td>
<td>300</td>
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<tr>
<td></td>
<td>Lotte Shopping</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>NH Capital</td>
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</tr>
<tr>
<td></td>
<td>Hana Card</td>
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</tr>
<tr>
<td></td>
<td>Korea SMEs and Startups Agency</td>
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## Total

Total: 43,935

## ESG Data

### Electric power consumption

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<tr>
<th>Category</th>
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<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td></td>
<td>kW</td>
<td>15,859,440</td>
<td>16,858,800</td>
<td>17,407,200</td>
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### Heating (district heating water)

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
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<th>2020</th>
<th>2021</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Gcal</td>
<td>996.70</td>
<td>851.50</td>
<td>1,092.20</td>
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### Water supply

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<tr>
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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>m</td>
<td>59,648</td>
<td>59,244</td>
<td>56,239</td>
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### Gas

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>m</td>
<td>213,830</td>
<td>241,100</td>
<td>250,197</td>
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### Waste

#### Food discharge

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<tr>
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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L</td>
<td>54,396</td>
<td>52,218</td>
<td>41,520</td>
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#### Paper

<table>
<thead>
<tr>
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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kg</td>
<td>66,170</td>
<td>66,422</td>
<td>70,364</td>
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#### Domestic waste

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L</td>
<td>415,425</td>
<td>444,450</td>
<td>607,200</td>
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* Scope of data collection: headquarters
### Employees by Employment Status

<table>
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<th>F</th>
<th>M</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular workers*</td>
<td>1,024</td>
<td>973</td>
<td>996</td>
<td>1,019</td>
</tr>
<tr>
<td>Contract workers (irregular)</td>
<td>512</td>
<td>241</td>
<td>591</td>
<td>264</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1,536</td>
<td>1,214</td>
<td>1,587</td>
<td>1,283</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,750</td>
<td>2,497</td>
<td>2,870</td>
<td>2,562</td>
</tr>
</tbody>
</table>

### Employees by Age

<table>
<thead>
<tr>
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<th>F</th>
<th>M</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees under 30</td>
<td>620</td>
<td>672</td>
<td>665</td>
<td>665</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>23%</td>
<td>23%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Employees between 30~50</td>
<td>1,800</td>
<td>1,855</td>
<td>1,929</td>
<td>1,929</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>65%</td>
<td>65%</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>Employees above 50</td>
<td>330</td>
<td>343</td>
<td>374</td>
<td>374</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>12%</td>
<td>12%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,750</td>
<td>2,497</td>
<td>2,870</td>
<td>2,562</td>
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### Employees by Job Rank

<table>
<thead>
<tr>
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<th>M</th>
<th>F</th>
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</thead>
<tbody>
<tr>
<td>Employees in non-managerial positions</td>
<td>374</td>
<td>653</td>
<td>387</td>
<td>661</td>
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<td><strong>Total</strong></td>
<td>1,027</td>
<td>1,214</td>
<td>1,048</td>
<td>1,283</td>
</tr>
<tr>
<td>Employees in managerial positions</td>
<td>1,118</td>
<td>561</td>
<td>1,152</td>
<td>622</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,679</td>
<td>1,774</td>
<td>1,863</td>
<td>1,923</td>
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<tr>
<td>Executives</td>
<td>44</td>
<td>0</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>44</td>
<td>0</td>
<td>48</td>
<td>0</td>
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### Employees with Disabilities

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<th>M</th>
<th>F</th>
</tr>
</thead>
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<td>Employees with disabilities</td>
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<td>24</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47</td>
<td>46</td>
<td>44</td>
<td>44</td>
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<tr>
<td><strong>Ratio</strong></td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
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### Female Employees

<table>
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<th>M</th>
<th>F</th>
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</thead>
<tbody>
<tr>
<td>Female employees in managerial positions</td>
<td>20</td>
<td>26</td>
<td>28</td>
<td>28</td>
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<tr>
<td><strong>Ratio</strong></td>
<td>9.3%</td>
<td>11.7%</td>
<td>11.9%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Female executives</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Newly hired female employees</td>
<td>102</td>
<td>134</td>
<td>181</td>
<td>181</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>8.4%</td>
<td>10.4%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total number of female employees</strong></td>
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<td>1,283</td>
<td>1,338</td>
<td>1,338</td>
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### Diversity

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<th>M</th>
<th>F</th>
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</thead>
<tbody>
<tr>
<td>Employees with disabilities</td>
<td>23</td>
<td>24</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Employees of national merit</td>
<td>68</td>
<td>69</td>
<td>66</td>
<td>66</td>
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<tr>
<td>Foreigners</td>
<td>11</td>
<td>15</td>
<td>13</td>
<td>13</td>
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### Employees on Parental Leave

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<th>F</th>
<th>M</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees on parental leave</td>
<td>2</td>
<td>64</td>
<td>3</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>51</td>
<td>109</td>
<td>44</td>
<td>154</td>
</tr>
<tr>
<td>Employees who returned from parental leave</td>
<td>2</td>
<td>56</td>
<td>2</td>
<td>56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102</td>
<td>114</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td><strong>Ratio of employees who returned from parental leave</strong></td>
<td>100%</td>
<td>88%</td>
<td>67%</td>
<td>67%</td>
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<tr>
<td><strong>Ratio of employees remaining 12 months after their return</strong></td>
<td>100%</td>
<td>80%</td>
<td>50%</td>
<td>50%</td>
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### Recruitment and Turnover

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<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Newly hired employees by age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 30</td>
<td>person</td>
<td>162</td>
<td>205</td>
<td>233</td>
</tr>
<tr>
<td>30-50</td>
<td></td>
<td>91</td>
<td>100</td>
<td>153</td>
</tr>
<tr>
<td>Above 50</td>
<td></td>
<td>23</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>%</td>
<td>26</td>
<td>31</td>
<td>35</td>
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<tr>
<td><strong>Newly hired employees by gender</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>person</td>
<td>174</td>
<td>183</td>
<td>224</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>102</td>
<td>134</td>
<td>181</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>%</td>
<td>11</td>
<td>12</td>
<td>14</td>
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### Outgoing employees by age

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<tr>
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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>person</td>
<td>22</td>
<td>25</td>
<td>68</td>
</tr>
<tr>
<td>30-50</td>
<td></td>
<td>48</td>
<td>48</td>
<td>85</td>
</tr>
<tr>
<td>Above 50</td>
<td></td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td>%</td>
<td>4</td>
<td>4</td>
<td>10</td>
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</table>

### Outgoing employees by gender

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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>person</td>
<td>57</td>
<td>58</td>
<td>95</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>18</td>
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<tr>
<td><strong>Ratio</strong></td>
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<td>4</td>
<td>6</td>
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### Statutory Education

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<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing awareness of the disabled at work</td>
<td>Training hours</td>
<td>2,280</td>
<td>2,481</td>
<td>2,749</td>
</tr>
<tr>
<td></td>
<td>Trainees</td>
<td>2,280</td>
<td>2,481</td>
<td>2,749</td>
</tr>
<tr>
<td>Prevention of sexual harassment at work</td>
<td>Training hours</td>
<td>2,265</td>
<td>2,430</td>
<td>2,754</td>
</tr>
<tr>
<td></td>
<td>Trainees</td>
<td>2,265</td>
<td>2,430</td>
<td>2,754</td>
</tr>
<tr>
<td>Personal information protection</td>
<td>Training hours</td>
<td>16,221</td>
<td>16,872</td>
<td>16,866</td>
</tr>
<tr>
<td></td>
<td>Trainees</td>
<td>2,644</td>
<td>2,752</td>
<td>2,770</td>
</tr>
<tr>
<td>Prevention of workplace bullying</td>
<td>Training hours</td>
<td>2,162</td>
<td>2,462</td>
<td>2,754</td>
</tr>
<tr>
<td></td>
<td>Trainees</td>
<td>2,162</td>
<td>2,462</td>
<td>2,754</td>
</tr>
</tbody>
</table>

### Employees Subject to Performance Evaluations

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>person</td>
<td>1,306</td>
<td>1,358</td>
<td>1,378</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>85</td>
<td>85.6</td>
<td>84.5</td>
</tr>
<tr>
<td>F</td>
<td>person</td>
<td>1,022</td>
<td>1,032</td>
<td>1,107</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>84.1</td>
<td>80.4</td>
<td>84.3</td>
</tr>
</tbody>
</table>

### Employees in the Labor Union

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unionized employees</td>
<td>person</td>
<td>544</td>
<td>526</td>
<td>577</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>20</td>
<td>18</td>
<td>20</td>
</tr>
</tbody>
</table>

### CSR Investments

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1) CSR investment</strong> = matching grant fund (the company + the employees) + additional donation by the company</td>
<td>KRW</td>
<td>100 mil.</td>
<td>18</td>
<td>27</td>
</tr>
<tr>
<td><strong>2) Volunteering hours</strong></td>
<td>hour</td>
<td>422</td>
<td>240</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Volunteering employees</strong></td>
<td>person</td>
<td>104</td>
<td>70</td>
<td>2,348</td>
</tr>
</tbody>
</table>

**Note:** In 2021, including employees who participated in the mobile walking donation campaign (1,948 persons).

### Financial Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of trainees</td>
<td>person</td>
<td>2,656</td>
<td>2,882</td>
<td>2,850</td>
</tr>
<tr>
<td>Total training hours</td>
<td>hour</td>
<td>197,812</td>
<td>187,090</td>
<td>185,444</td>
</tr>
<tr>
<td>Total training costs</td>
<td>KRW 100 mil.</td>
<td>22.1</td>
<td>20.4</td>
<td>19.5</td>
</tr>
<tr>
<td>Per capita training hours</td>
<td>hour</td>
<td>74.5</td>
<td>64.9</td>
<td>65.1</td>
</tr>
<tr>
<td>Per capita training costs</td>
<td>KRW 1000</td>
<td>830.7</td>
<td>708.2</td>
<td>683.4</td>
</tr>
</tbody>
</table>
### Restrictions on comprehensive financial investment companies offering credit to their subsidiaries

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions on comprehensive financial investment companies offering credit to their subsidiaries</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Standards for short-term financial business management

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligation to submit business reports</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Obligation of due diligence

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligation to report suspicious transactions</td>
<td></td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

### Operation of the BOD

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of BOD meetings</td>
<td></td>
<td>32</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>Deliberation of agenda items</td>
<td></td>
<td>54</td>
<td>46</td>
<td>71</td>
</tr>
<tr>
<td>Reporting</td>
<td></td>
<td>34</td>
<td>43</td>
<td>36</td>
</tr>
<tr>
<td>Attendance rate Inside directors</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Attendance rate Outside directors</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total attendance rate</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Internal and External Reporting Channels

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports from inside the company</td>
<td></td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Remedy</td>
<td></td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Ratio</td>
<td></td>
<td>-</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>Reports from outside the company</td>
<td></td>
<td>0</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Remedy</td>
<td></td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Ratio</td>
<td></td>
<td>-</td>
<td>75</td>
<td>-</td>
</tr>
</tbody>
</table>

### Operation of the BOD Committees

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Committee</td>
<td></td>
<td>16</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Reporting items</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Resolution items</td>
<td></td>
<td>19</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Attendance rate</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Risk Management Committee</td>
<td></td>
<td>19</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Reporting items</td>
<td></td>
<td>13</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Resolution items</td>
<td></td>
<td>20</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Attendance rate</td>
<td></td>
<td>100</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td>Audit Committee</td>
<td></td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Reporting items</td>
<td></td>
<td>11</td>
<td>13</td>
<td>28</td>
</tr>
<tr>
<td>Resolution items</td>
<td></td>
<td>13</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Attendance rate</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>ESG Committee</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reporting items</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Resolution items</td>
<td></td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Attendance rate</td>
<td></td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td></td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Reporting items</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Resolution items</td>
<td></td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Attendance rate</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Director Candidate Recommendation Committee</td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Reporting items</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Resolution items</td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Attendance rate</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### KGSBUJPOGOUF#0%
Inclusive economic growth, decent work
• Coaching program for the underprivileged
• Development of customer-centered services
• Customer engagement programs

Building infrastructure and industrialization
• Introduction of digital financial services
• Supply of venture capital to innovative tech firms

Reduced inequalities
• 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

Sustainable production and consumption
• Development of green financial products
• Expansion of ESG bond underwriting
• Increase of socially responsible investments

Response to climate change
• Activities for the environment (paperless workplace campaign)
• Good Recycling campaign

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.
KIS operates an integrated risk management system that includes a whistleblower policy, a system for risk management, and an ethics program.

**Whistleblower Policy**
- The Ethics Violation Reporting Center is operated for employees to report any unethical behavior.
- We guarantee confidentiality for reporters and protect them from any disadvantages.
- Reports can be accessed only by the official in charge.
- We collect reports continuously through diverse channels such as an online reporting center.
- We make efforts to become a transparent company with integrity.

**System for Risk Management**
- The Risk Management Department monitors the business environment and changes in market conditions, thereby preventing various risks.
- The Risk Strategy Department establishes prevention and response strategies for risks.
- Risk management systems are established in the Investment Management Department and Risk Management Department.
- The ESG Committee is established to enhance the implementation of ESG management, and its functions are performed by the Planning Department to collect and manage ESG data.
- Necessary materials are provided to the ESG Committee, and the Planning Department monitors its effective implementation.

**Ethics Program**
- The Code of Ethics consists of 11 provisions, including customers first, legal compliance, good faith, and the rules for ethical sales activities.
- KIS declared its commitment to ethical management and making the confidence of major stakeholders its highest priority.
- KIS fosters a corporate culture that puts ethics at the highest priority.
- Procedures relating to business ethics, including due diligence, are included in the Code of Ethics.
- A record of investment-related investigations, consumer complaints, civil suits, or other regulatory violations is kept.

**Legal Proceedings**
- There were a total of 37 ongoing lawsuits at the end of 2021, but the final outcomes and impacts of the cases are unpredictable.

**Investment Management**
- KIS invested KRW 10 billion each in eco-friendly vehicle sectors.
- The company invested KRW 10 billion each in Korea Investment & Securities' Eco-Friendly Vehicle Value Chain Active ETF and, on Business Green Mobility No. 1 and Navigator, invested KRW 10 billion each in Korea Investment & Securities' Eco-Friendly Vehicle Value Chain Active ETF.
- The company invested KRW 30 billion in senior acquisition of a wind power gearbox manufacturer. Furthermore, the company invested KRW 30 billion in senior acquisition of a wind power gearbox manufacturer.
- KIS invested KRW 10 billion in Flender Gmbh, a German wind power gearbox manufacturer. Furthermore, the company invested KRW 30 billion in senior acquisition of a wind power gearbox manufacturer.
- KIS invested KRW 10 billion in Flender Gmbh, a German wind power gearbox manufacturer.
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To the stakeholders of Korea Investment & Securities,

Third Party Assurance

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

**Methodology**

- GRI Standards – Reporting Principles
- Universal Standards
- Topic Specific Standards
- GRI Standards – Topic Specific Standards
- Universal Standards

**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.
- The scope of the assurance engagement is limited to the content of the Sustainability Report, which includes information on market growth, sustainability, and the goals set for the future.
- 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.
- The quality and credibility of the data was ensured through on-site interviews and confirmation of documentary evidence.
- To ensure the accuracy of the data and information presented within the Report, the Assurer reviewed and analyzed the data collected by the Company and conducted a moderate level of assurance with limited scope. The Assurer referenced independent, external sources and publicly available data, including the DARTS electronic disclosure system and business reports.
- The quality and credibility of the data was ensured through on-site interviews and confirmation of documentary evidence.

**Limitations**

- The limitation of data and information provided within the scope of the assurance engagement.
- The Company is solely responsible for all information and opinions presented within the Report.
- 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.

**Conclusions**

- The Assurer finds that organizational activities and outcomes are appropriately reported within this process.
- The Company develops sustainable management activities to respond to stakeholder opinions, and makes transparent disclosures in this process.
- The Assurer finds that no key stakeholders have been omitted in the preparation of this Report.

**Recommendations**

- 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
- 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 related to key data and information through an on-site inspection of the headquarters in Seoul

- 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.

- The Assurer finds that this Report by the Company discloses the organization's sustainable management activities and outcomes in a fair and transparent manner.

**April 2022**

Korea Investment & Securities

Appendix

Third Party Assurance

Yangho Lee

CEO, Sustainability Lab

2022. 11. 22
Awards

2019 Korea Job Creation Award
2021 Korea Securities Awards (Best Award in the asset management category)
2021 Smart Finance Awards (Best Award in the customer-friendly securities app category)
The 25 SRI (Socially Responsible Investment) Award for an outstanding securities underwriter
2020 Korea Capital Markets the bell League Table Awards
2020 Korea Taxpayers Festival (corporate category)
2020 Global Financial Awards (overseas stocks category)
2021 Capital Market Awards (IBAward)
Chamber of Commerce and
The 9 2020 Asia Capital Market Awards (Best Award in the IB category)
Best Securities Firms and Analysts Survey (Golden Bull Award)
The 11 2020 Korea Securities Awards (Best Award in the IB sector)
2021 iF Design Awards (Main Award in the user interface category)
The 18 2020 Korea Securities & IR Award (Financial Investment Association Chairman’s Award - research
2020 Asia Smart Finance Awards (Best Award in the content category)
2021 Korea Capital Markets the bell League Table Awards
2021 Retirement Pension Awards (Best Award)
2019 Korea Securities Awards (Gold Prize in the corporate analysis category)
Korean Securities Association
111 2020 Consumer Complaints Resolution Awards (securities category)
The 9 2020 EDAILY Financial Investment Awards (Korea Exchange Chairman’s Award – digital innovation)
FN Guide’s 2020 Innovative Research Awards (Outstanding Award)
The 11 2020 Hankyung Fintech Awards (Best Award in the service category: securities industry)
The 3 Korea Finance Association
10 2020 Financial Awards (Best Award in the IB category: securities industry)
Korea Consumer Evaluation 2021 KCA App Awards (finance category)
The 10 2020 Korea Wealth Management Awards (Derivative-securities category - House of the Year)
The 12 Securities Awards (investment strategy category)
The 8 Leading Future Agendas of
Financial Saving Information
The 9 Korea Capital Market Institute
The 8 Korea Financial Investment Industry
The 9 Financial Support Awards of the Ministry of SMEs and Startups (Minister’s Award)
The 8 Market Leader of the Year Award (innovative finance category)
The 9 Korea Best Analyst Awards
The 8 Korea IB Awards (ECM sector)
The 8 Korea IB Awards (Korea Exchange Chairman’s Award - best ECM underwriter)
The 8 Best MTS Awards (Excellence Award in the customer service category)
The 8 Korea Retirement Fund Awards (Best Award in the securities industry)
The 8 Capital Market Awards (Best IB)
The 8 Capital Market Awards (Grand Award in the e-platform category)
The 8 Korea Job Creation Awards
The 7 IB Awards (Best Award in the ECM sector)
The 7 Finance Awards (Korea Exchange Chairman’s Award - IPO)
The 7 Korea IB Awards (Financial Services Commission Chairman Award - best IB deal)
The 7 Best MTS Awards (Excellence Award in the trading category)
The 7 Capital Market Awards (Korea Exchange Chairman’s Award for best innovation finance)
The 7 Korea Job Creation Awards
The 7 IB Awards (Best Award in the ECM sector)
The 7 Finance Awards (Korea Exchange Chairman’s Award - IPO)
The 7 Korea IB Awards (Financial Services Commission Chairman Award - best IB deal)
The 7 Best MTS Awards (Excellence Award in the trading category)
The 7 Capital Market Awards (Korea Exchange Chairman’s Award for best innovation finance)