

  
**KB**  
  
**GREEN**  
  
**WAVE**  
  
**REPORT**



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### Interactive PDF User Guide

2021 KB Green Wave Report was created in the interactive PDF format to facilitate readers' understanding. Click Table of Contents, Previous Page or Next Page to move to the respective sections.



# Introduction



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## Introduction

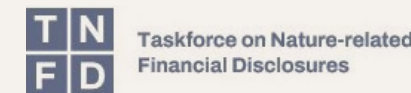
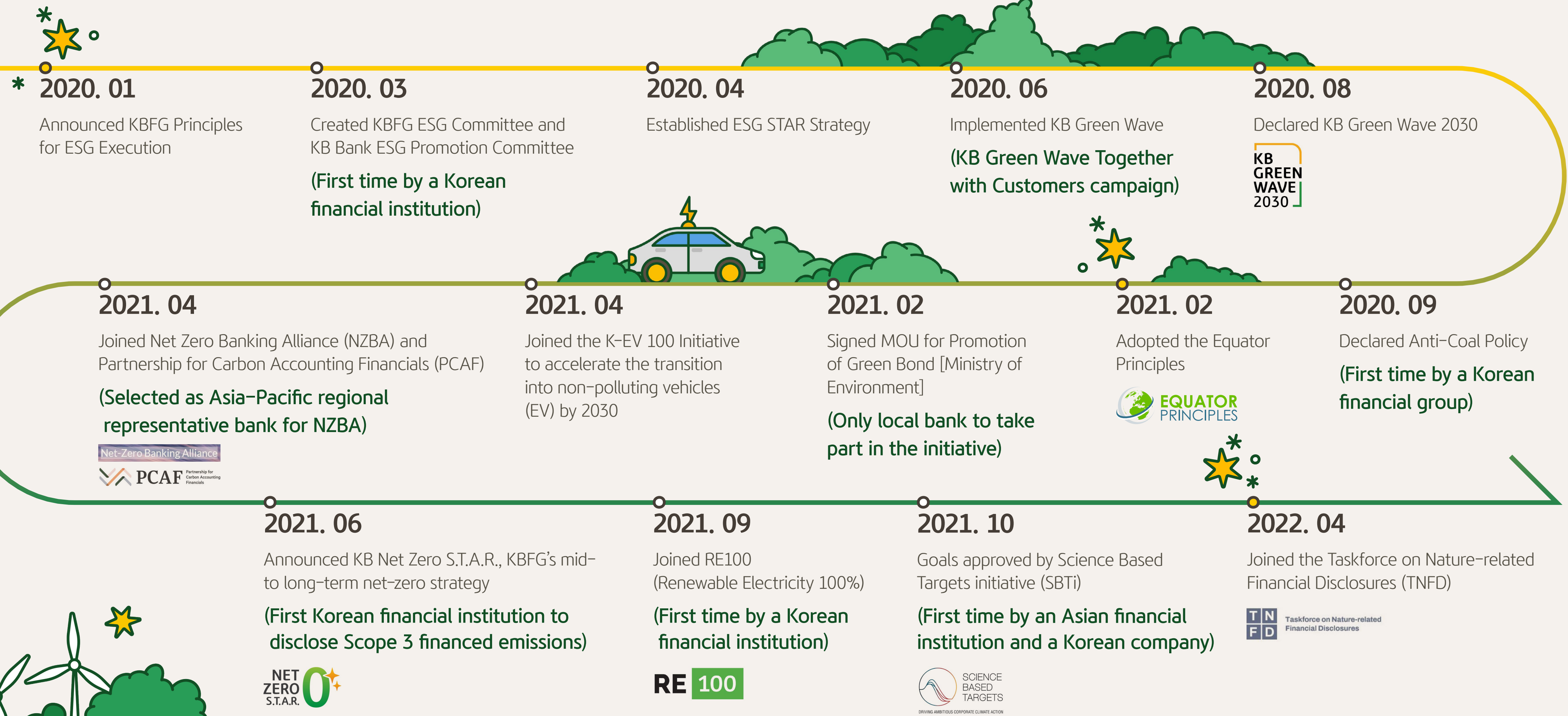
KB Kookmin Bank offers the greatest value and ceaselessly endeavor to become a ‘customer-centered bank’ that leads digital innovation. We try our best to fulfill our social responsibility through diverse ESG management activities to ensure customers’ happiness and to make a better world.

Status		(as of end-2021)	
Company Name	Kookmin Bank	CEO	Jae keun Lee
Foundation	Nov 1, 2001	No. of Branches	929 (domestic & overseas)
Total Asset	KRW 465 trillion	No. of Customers	33 million
Net Profit	KRW 2,563.4 billion	No. of Employees	15,681
Head Office	26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea		
Credit Rating (long-term)	Moody’s [Aa3] / S&P [A+] / Fitch [A]		

### Major achievements in sustainable management (KB Financial Group)

	Included in DJSI World Index for 6 consecutive years		Received AA ESG ratings from MSCI (Morgan Stanley Capital International)
	Only Korean financial institution to achieve ‘A List’ in addressing climate change by CDP (Carbon Disclosure Project)		
	Only Korean financial institution to receive A+ in all ESG sectors for 2 consecutive years in ESG evaluation by KCGS (Korea Corporate Governance Service)		
	Included in BGEI (Bloomberg Gender Equality Index) for 4 consecutive years		Only Korean financial institution to receive the highest ‘Gold Class’ rating by S&P Global 2022 Sustainability Award
	First bank to be selected as Green Finance Leader in 2021 (Ministry of Environment)		

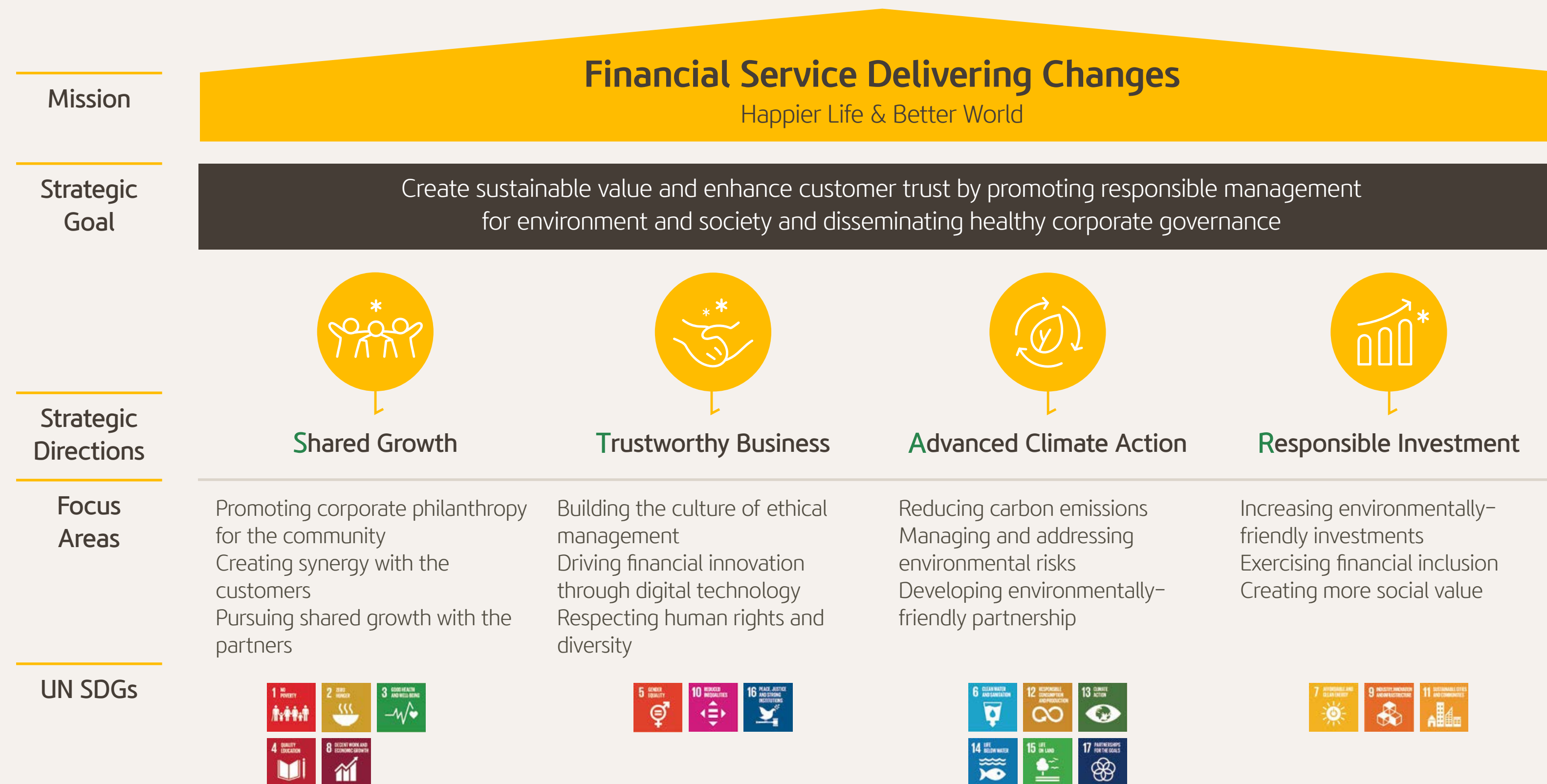
# Zoom in on ESG!



# ESG Strategy Framework and Goal

## ESG Management Strategy

KB Kookmin Bank established the ESG S.T.A.R. Strategy to pursue ESG management in a structured manner and become a reliable partner for the stakeholders.



### KBFG's ESG Goal

**₩ 50Tn by 2030**

**ESG products, investments and loans**

Through the KB Green Wave 2030 Strategy, KB Financial Group ("KBFG") plans to increase ESG products, investments and loans to KRW 50 trillion by 2030 and thereby create ESG value.



### Carbon Neutrality

**Internal emissions by 2040**  
**Financed emissions by 2050**

KBFG aims to achieve net-zero based on our mid- to long-term net-zero strategy, the KB Net Zero S.T.A.R. We will reduce the KBFG-wide internal emissions by 42% by 2030 and cut financed emissions by 33% by 2030 to reach net-zero, respectively, by 2040 and 2050.



We seek to contribute to addressing the global issue by developing 4 strategic directions in line with the Bank's business areas and selecting 12 focus areas (our commitment) in connection with all 17 Sustainable Development Goals (SDG).

\* UN SDG (Sustainable Development Goals): a global commitment adopted at the 2015 UN General Assembly aiming to address universal human related matters, protect the environment, and resolve economic and social issues.

# ESG Governance

## KBFG / Bank ESG Governance Status

Category		Role (Composition)	Remark
KBFG	ESG Committee	<b>Establishing KBFG-wide ESG strategies and policies; managing and supervising the progress</b> (CEO and all external, standing and non-standing directors)	2020
	ESG Financial Product Council	<b>Screening and discussing KBFG-wide ESG financial products(products, investments, loans)</b> (heads of ESG and relevant departments at the holding company and affiliates)	2022
Bank	ESG Promotion Committee	<b>Establishing ESG strategies and agenda for the Bank; monitoring the progress of the tasks</b> (CEO and 9 group representatives)	2020
	ESG Working-Level Council	<b>Discussing Bank's ESG issues and collaborative tasks ex ante and ex post facto</b> (team leaders of ESG promotion team and relevant departments of each agenda)	2020

## KBFG ESG Committee

KBFG established an enterprise-wide decision-making system to accelerate ESG management, and set up the ESG Committee under the Board of Directors together with dedicated ESG units for the first time in the domestic financial industry in March 2020.

All of our standing, non-standing and external directors are members of the ESG Committee; this allows us to incorporate external stakeholders' perspective regarding ESG and facilitate execution within the organization. The ESG Committee supervises the respective subsidiaries' ESG management agenda at the KBFG level, monitors the performance of key ESG products, investments and loans in addition to the carbon emissions reduction activities, and functions as the highest-level decision-making body that assures ESG management.

## KB Kookmin Bank ESG Promotion Committee

KB Kookmin Bank formed the ESG Promotion Committee for efficient ESG operations. The CEO and nine Group Heads are members of the ESG Promotion Committee; the membership had been extended from seven to nine Groups in 2021 in order to expand the areas of focus, spread ESG culture across the bank and to reinforce ESG implementation.

The ESG Promotion Committee meets regularly to facilitate the cooperation for ESG tasks and to embed ESG in staff's mindset so as to accelerate the accomplishment of ESG product and net-zero goals and build the ESG culture. The Committee convened six times in 2021 to discuss 21 agenda including selection and monitoring of ESG tasks and 「KB NET Zero S.T.A.R.」, net-zero action plans.

A separate ESG Working-Level Council is also in place, consisting of team-head level members of the respective relevant departments, for efficient promotion and speedy execution of ESG tasks.

## Establishment and Expansion of Environmental Performance Evaluation

KB Kookmin Bank incorporated ESG-related indexes in the executives' performance evaluation (KPI) to promote effective fulfillment of ESG tasks and strengthen the accountability of the management. Also in 2022, new branch KPIs were defined to expand ESG management and bolster social responsibility across the bank. Increasing ESG financial products for environmentally-friendly and shared growth and reducing carbon emissions are good examples of such indexes. Likewise, KB Kookmin Bank endeavors to achieve sustainable finance through performance-based ESG management.

# Invest Green!



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# Target and Performance of Green Financial Products

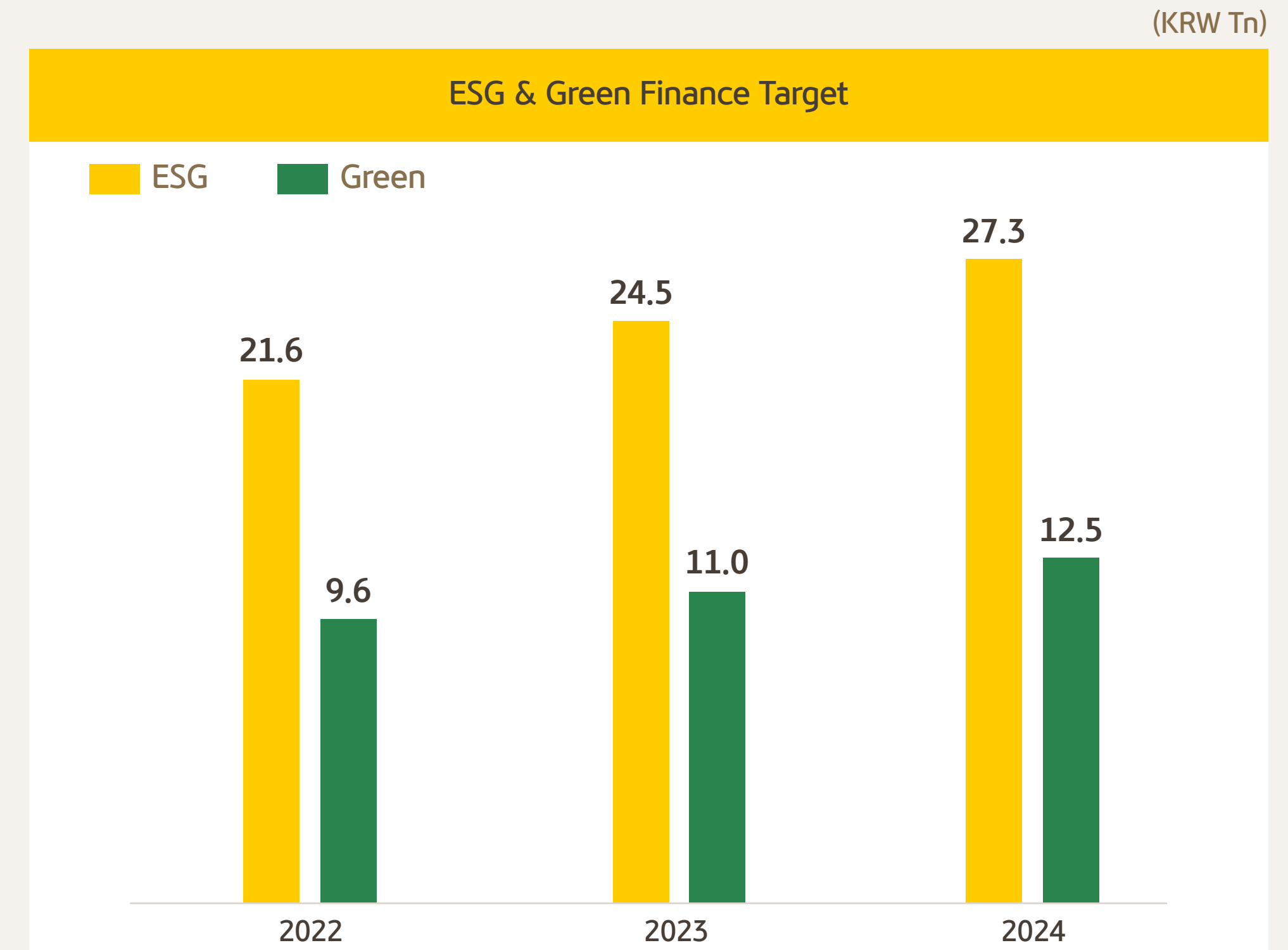
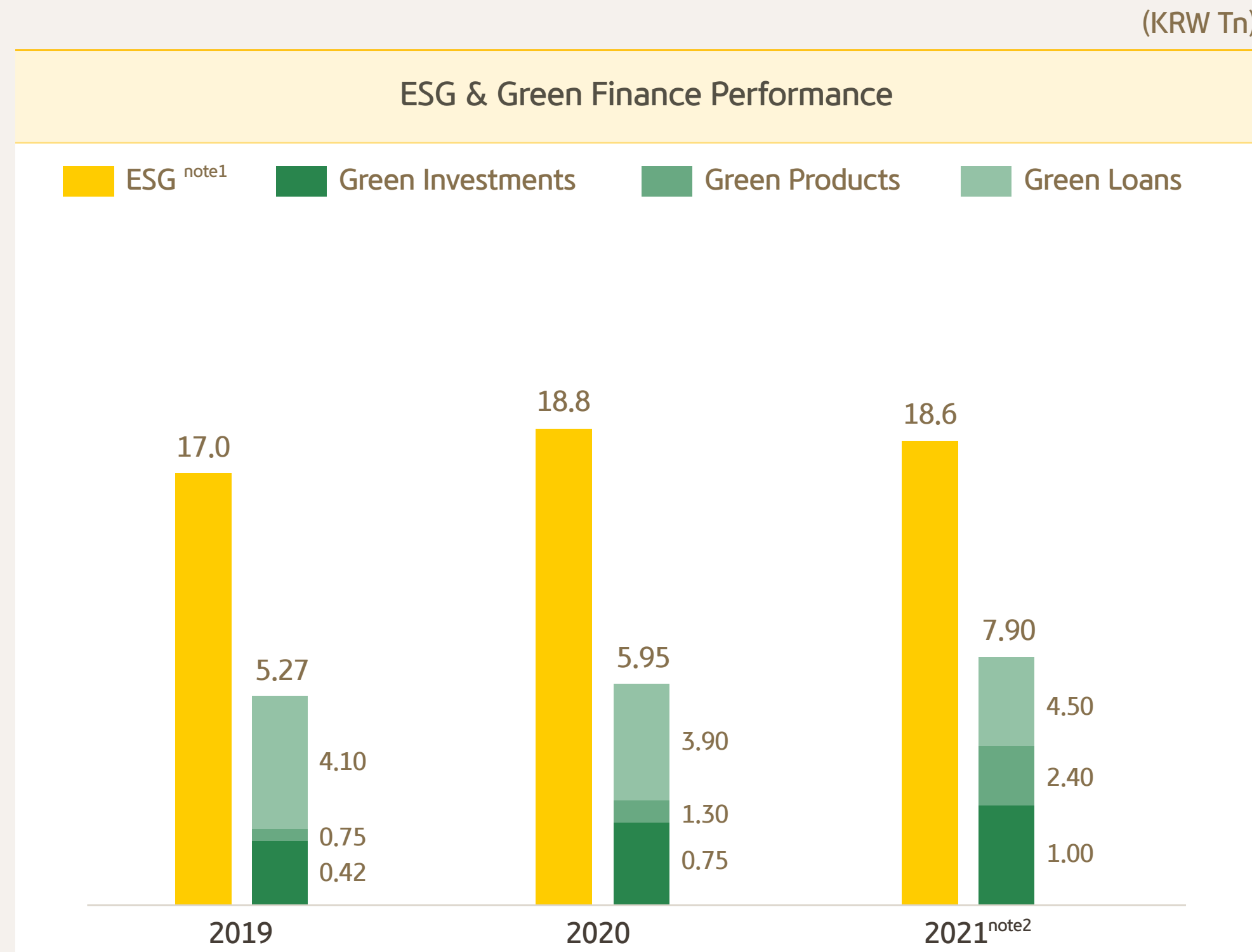


## Bank's ESG & Green Financial Product Performance

Even when there was no standardized process, KBFG internally developed the ESG Financial Product Process. The Process enabled KB Kookmin Bank to source approximately 42% of its ESG related financial performance from green finance in 2021 and pursue sustainable finance proactively.

## Bank's Mid- to Long-term Goals to Achieve ESG Financial Product Targets

KBFG plans to increase ESG products, investments and loans including green financial products to KRW 50 trillion by 2030. Accordingly, KB Kookmin Bank established the mid- to long-term goal up to 2024 to attain visible achievements and strengthen its impact on the environment and the society.



note1) ESG performance: E (environmental) · S (social) · G (governance) products

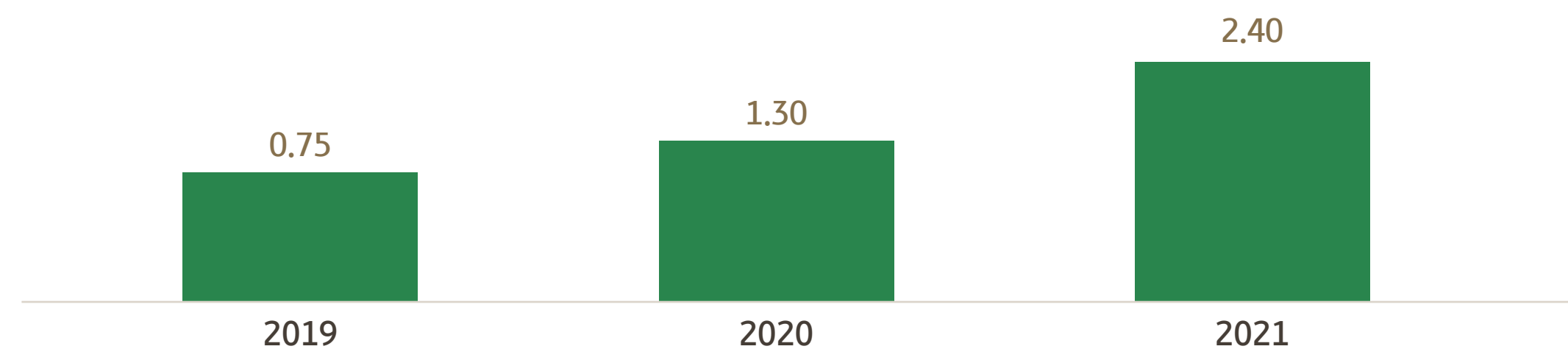
note2) Decrease caused by fine-tuning of ESG financial product classification criteria

# Introduction of Green Products, Investments and Loans

KB Kookmin Bank is continuously developing diverse green products to respond to environmental issues and climate change, and as a gesture to invite our customers on the journey to shifting to an eco-friendly society.

## Performance of Green Products

(KRW Tn)



## Major Public Environment and ESG Funds (as of end-December 2021)

Fund Title	Balance
<b>Korea Investment Global Electronic Vehicle &amp; Battery Securities Investment Trust (equity)</b> <ul style="list-style-type: none"> <li>• Focused investment in companies leading mobility innovation including EVs, autonomous driving and shared cars</li> </ul>	KRW 238.6 Bn
<b>MIDAS Responsible Investing Securities Investment Trust (equity)</b> <ul style="list-style-type: none"> <li>• Investment mainly in blue-chip companies considering ESG</li> </ul>	KRW 198.7 Bn
<b>Schroder ISF Global Sustainable Growth Fund (equity- fund of funds)</b> <ul style="list-style-type: none"> <li>• Investment in companies that satisfy Schroder's in-house ESG sustainability criteria</li> </ul>	KRW 121.8 Bn
<b>KB ESG Growth Leaders Securities Feeder Investment Trust (equity)</b> <ul style="list-style-type: none"> <li>• Selective investment in companies with sustainable growth potential considering environment, social responsibility and governance factors</li> </ul>	KRW 43.1 Bn
<b>KB Global Hydrogen Economy Securities Feeder Investment Trust (equity)</b> <ul style="list-style-type: none"> <li>• Selective investment in companies whose business is highly relevant with hydrogen or that have core technologies related to hydrogen</li> </ul>	KRW 16 Bn

## Launch of 'KB Net Zero S.T.A.R. Financial Product Package' (April 2022)



In the spirit of joining forces toward net-zero and climate crisis, KB Kookmin Bank launched a new financial product package on the Earth Day (April 22). 'KB Net Zero S.T.A.R. Financial Product Package' consists of charitable trust (ELS), ETF (2 types) and funds (6 types) that have direct and/or indirect impact on reducing carbon emissions. In addition, a fund will be created in proportion to product sales, which will be used to finance environmentally friendly corporate social responsibility (CSR) activities that support net-zero.

Category	Product Title
Charitable trust	KB Net Zero S.T.A.R. Charitable Trust
ETF (2 types)	Hydrogen economy ETF trust
	Secondary battery industry ETF trust
Funds (6 types)	- KB Global Hydrogen Economy Securities Feeder Investment Trust (equity)
	- Shinhan Global Carbon Neutrality Solution Securities Investment Trust (H) (equity)
	- Schroder ISF Global Climate Change Equity (fund of funds)
	- Samsung Energy Transition Securities Investment Trust H (equity- fund of funds)
	- Fidelity Sustainable Water & Waste Securities Investment Trust (equity- fund of funds)
	- Korea Investment Global Electronic Vehicle & Battery Securities Investment Trust (equity)

## Eco-friendly CSR activities to support net-zero

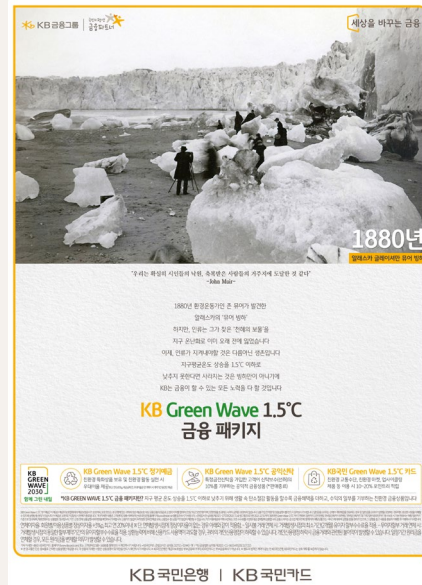
**Blue carbon sea forest** : construction of blue carbon habitats such as the seagrass bed that absorb large quantities of carbon in areas of urchin barren and areas that require restoration of the ecosystem.

**Green carbon school forest and classroom forest** : creation of forests in spare spaces at schools and classrooms to provide ecosystem education and resting area for the students.

※ **Blue carbon** : carbon stored in the marine ecosystem such as tidelands, sea forests, halophytes (salt-tolerant plants) and mangroves

※ **Green carbon**: carbon stored in the biosphere such as rain forests and coniferous forests

# Introduction of Green Products, Investments and Loans



## 「KB Green Wave 1.5°C Financial Products」 for a Sustainable Earth (May 2021)

- KB Kookmin Bank launched a suite of financial products as an effort to reduce greenhouse gas (GHG) emissions so as to limit the increase of the average temperature of the earth to 1.5°C higher than the pre-industrial levels according to the Paris Climate Change Accord. We make matching donation in proportion to the product sales as a means of our eco-friendly CSR activities.
- Eco-friendly CSR activities: developing EV charging infrastructure and creating school and urban forests



## 「KB Clear Ocean Financial Products」 to Promote Clear Oceans (June 2020)

- In acknowledgement of the serious damage caused by ocean litter on the sea life, KB Kookmin Bank launched the KB Clear Ocean products (installment savings and charitable trust) to address the issue together with the customers.
- Eco-friendly CSR activities: restoring clear Jeju sea and cleaning up ocean litter



## 「KB Clear Sky Financial Products」 to Reduce Fine Dust (March 2019)

- First green financial products launched by KB Kookmin Bank that encourages customers' participation, aiming to address fine dust which recently emerged as a serious social issue
- Eco-friendly CSR activities: replacement of old boilers with eco-friendly boilers at welfare facilities and creating urban forests to reduce fine dust

Category	Composition
KB Green Wave 1.5°C Time Deposit	Eco-friendly products (KB Clear Sky installment savings or KB Clear Ocean installment savings); preferential rates offered for eco-friendly actions
KB Green Wave 1.5°C Charitable Trust (discontinued)	Matching Grant product that donates 10% of the trust fee to carbon reduction in customer's name, with KB Kookmin Bank making a matching donation
KB Green Wave 1.5°C Card	ESG-specialized card that accumulates points when using the card for eco-friendly mobility or brands

Category	Composition
KB Clear Ocean Installment Savings	Preferential rates offered for eco-friendly actions such as consenting to take part in reducing ocean litter and not using paper passbook
KB Clear Ocean Charitable Trust (discontinued)	Matching Grant product that donates 10% of the trust fee for ocean sustainability in customer's name with KB Kookmin Bank making a matching donation

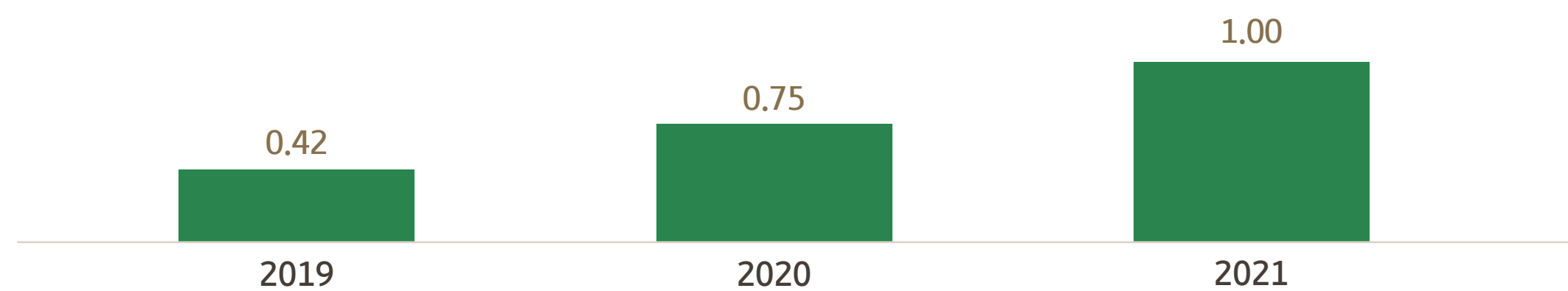
Category	Composition
KB Clear Sky Installment Savings	Preferential rates offered for eco-friendly actions that contribute to making the sky clearer such as using public transportation and not using paper documents
KB Clear Sky (Charitable) Trust- 2 types (discontinued)	Compensation (i.e. tax deduction or fee discount) offered for contribution to the society through efforts to reduce fine dust (contribution type or fee discount type)

# Introduction of Green Products, Investments and Loans

KB Kookmin Bank is continuously increasing the green investment in new and renewable energy including solar and wind power, domestic and abroad, and environmentally friendly vessels and vehicles, thereby strengthening its influence in the capital market.

## Performance of Green Investments

(KRW Tn)



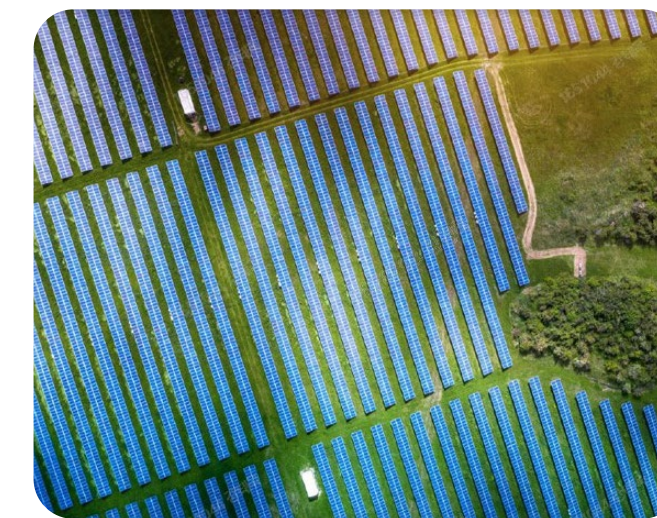
## Drive to predominate the future market with ESG as the core value

When making investment decisions, KB Kookmin Bank proactively seeks to identify investment opportunities in new business areas in consideration of the environment, and continues to expand eco-friendly investment. Our Investment Banking Customer Group (IB) established an internal ESG investment and lending target to increase investments in an organized manner. According to the plan, IB will increase its new ESG acquisition to KRW 100 trillion and balance to KRW 25 trillion by 2030, of which KRW 10 trillion would be related to hydrogen economy industries and contribute to the promotion of hydrogen economy. As of the end of December 2021, the size of committed deals related to ESG and the respective balance at KB Financial Group level were, respectively, KRW 15.2 trillion and KRW 3.9 trillion. KB Kookmin Bank's committed deals and balance were, respectively, KRW 4.5 trillion and KRW 1.5 trillion.

## Cooperation for the Korean New Deal

Based on the plan to invest KRW 10 trillion in the Korean New Deal by 2025, KB Kookmin Bank will exert utmost efforts to fulfill the role of a financial institution. Out of the ten key projects selected by the government, KB Kookmin Bank will leverage the traditional strength of the Investment Banking Division in infrastructure financing, focusing on "Green energy," "Digital safety SOC," "Digital new deal," "Green mobility" and "Green remodeling," which are part of the Green New Deal and are more relevant with the ESG theme.

### Financing of Construction of Solar Power Plant and ESS in California, US (Total lending: USD 70 million)



2021

A new and renewable energy power project intending to construct and operate solar power plants (346MW) and ESS (1,050MWh) in the Mojave Desert (Kern County) in California, US; this project is expected to have positive ESG impact including increased use of eco-friendly energy and GHG reduction. ESG risks were evaluated before commencing the project factoring in diverse social and environmental impact, and all environment related regulations and guidelines of the US federal and state governments have been complied with from the construction stage.

### Solaseado Solar Energy Project in Haenam (Total lending: KRW 104 billion)



2020

A project to build the largest solar power plant (98MW) and energy storage system (ESS, 306MWh) in Korea; ESS seeks to enhance the efficiency of the power plant operations and share a part of the proceeds with the local community and thereby contribute to the regional economy.

### Yeongam Solar Power Plant Project (Total lending: KRW 73 billion)

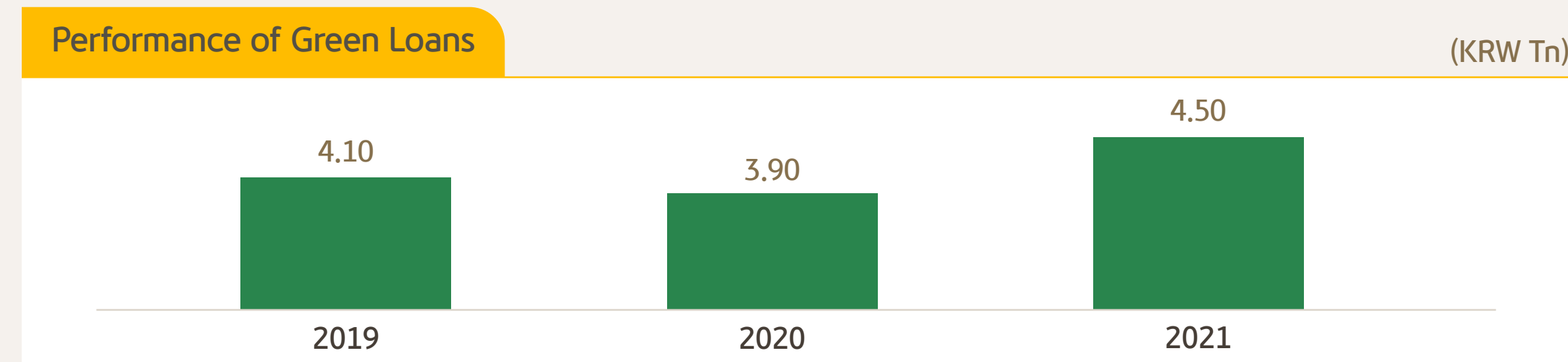


2019

A project to construct and operate solar power plants (94MW) and ESS (251MWh) in Yeongam-gun, which laid the foundation for efficient production and supply of power by connecting the existing wind farm with the new solar power plants. These solar power plants are anticipated to produce, in average, approximately 121,039MW per annum, and contribute to decreasing environmental pollution by reducing the use of fossil energy and GHG emissions (55.51 tCO<sub>2</sub>eq).

# Introduction of Green Products, Investments and Loans

Reflecting the trend of strengthening policies toward low-carbon economy, KB Kookmin Bank is developing and launching diverse green lending products to fulfill the social responsibility of a financial company.



## 「KB Green Wave\_Sound ESG Company Loan」 to Nurture Sound ESG Companies (April 2021)

- Preferential rates are offered to those companies that suffice KB Kookmin Bank’s ESG evaluation criteria upon new acquisition; this product encourages sustainable business management of corporate customers, as preferential rates are no longer applied if the company fails to pass the criteria for credit transactions afterwards.
- Performance (balance) as of end-2021: KRW 415.7 billion



Category	Evaluation Criteria
Environment	Companies that received ESG-Grade 4 or above in the 「KB ESG Self-Assessment Tool」
Society	Social economy enterprises, companies that create jobs
Governance	Companies that convened four or more board meetings in the previous year

## 「KB Green Growth Loan」 to Provide Customized Financing to Support Eco-friendly Preservation and Growth of Green Industries

- The Green Finance product is designed to provide financing for eco-friendly preservation and growth of green industries as per the government’s “Low-Carbon Green Growth” policy. It is a socially conducive product that contributes to establishing the basis for green economy by offering special loans and additional financial services that are required by “Green Growth Companies.”
- Performance (balance) as of end-2021: KRW 634.6 billion

## 「Energy Use Rationalization Fund」, the Road to Future Energy

- Lending program that offers low interest rate for a long term for a part of the investment that goes into energy-saving facilities to rationalize energy use and reduce GHG; designed to support small and medium-sized enterprises (SME) and middle market enterprises (MME)
- Performance (balance) as of end-2021: KRW 296 billion

## The Best Choice for Solar Power Generation Businesses! 「KB Special Loan for Solar Power Businesses」

- A loan product that offers higher limits to companies that engage in solar power generation, aiming to provide financing to support the government-led growth of new and renewable energy sectors; loans are repaid by the proceeds of selling electricity (SMP, System Marginal Price) and REC (Renewable Energy Certificate).
- Performance as of end-2021 (loan balance): KRW 102.3 billion

## [Special Column] Strengthening ESG Capabilities of Small and Medium-sized Enterprises and Middle Market Enterprises

### Memorandum of Understanding (MOU) to Support SMEs' ESG Management (April 2022)

KB Kookmin Bank entered into the MOU to Support SMEs' ESG Management with Korea SMEs and Startups Agency. Based on this MOU, both institutions will develop programs to incentivize companies that implement ESG and provide ESG assessment and consulting to help strengthen SMEs' ESG competitiveness.

#### Agreement



- To increase financial support for leading ESG companies
- To support ESG self-assessment and share best practices
- To provide in-depth ESG consulting
- To support ESG talent development by SMEs

### KB ESG Self-Assessment Tool

KB Kookmin Bank offers KB ESG Self-Assessment Tool to SMEs and MMEs for free ESG evaluation. ESG Self-Assessment Tool is a non-financial service for corporate customers that allows them to receive ESG evaluations without document procedures by configuring evaluation items based on quantified data.

Key Areas of Diagnosis	E	Environmental policies, environmental performances, compliance with environmental laws and regulations
	S	Job security, safety and health, safety certification, welfare, growth of sales
	G	Transparency of accounting, management stability

Companies are graded according to their level of ESG management (grades 1~7) and provided with an ESG evaluation report. Financial and non-financial benefits including preferential interest rates and partial fee reduction are offered to companies with good evaluation outcome.

### Launch of KB ESG Consulting Services

KB Kookmin Bank launched the KB ESG Consulting Services to assist those SMEs and MMEs that are finding ESG management difficult due to lack of know-how and experience. KB ESG Consulting Services help the companies achieve non-financial improvements and provide customized solutions for free so that they can grow sustainably. Any SMEs or MMEs that currently work with or will be working with large enterprises, companies exporting their products through global supply chains and companies cooperating with the government or other government-related institutions that are interested in ESG management can apply for the KB ESG Consulting Services, and the contents of the Service are as below:

Consulting on ESG Management	<b>Introduction of Basic Concepts of ESG and Why It is Important</b> One-day program to provide basic ESG education for members of companies in early stage of adopting ESG management or companies that not yet adopted ESG management and to share practical skills required for ESG operations for ESG-related personnel
Assessment for ESG Management	<b>Assessment and Solution Offering for Non-financial Aspects</b> Evaluating the company's non-financial aspects using ESG criteria that meets the global standards; supporting respective company's ESG management by identifying areas for improvement and offering solutions through site visit

KB Kookmin Bank is seeking various ways to build win-win partnerships with SMEs and MMEs to support their systematic adoption of ESG management.

KB Kookmin Bank will continue to fulfill the role of a financial institution and pursue shared growth as a means to encourage voluntary participation of SMEs and MMEs in ESG management.



# ESG Bond Issuance

KB Kookmin Bank is issuing more ESG bonds to finance environmentally and socially friendly businesses. We were the first local bank to issue USD 300 million worth of sustainability bonds in 2018, and are continuously making efforts to generate social value by such as issuing USD 500 million worth of global sustainability bonds for the first time in 2020, aiming to support companies hit by COVID19.

Furthermore, we have implemented the Sustainable Finance Management System to manage the funds. KB Kookmin Bank's Sustainable Finance Management System complies with the Sustainability Bond Guidelines prescribed by the International Capital Market Association (ICMA) and has been certified by external institutions. The issued ESG bonds are allocated to projects that meet the criteria set out by the Sustainable Finance Management System, and the funds are managed transparently by the KB Sustainable Finance Committee through assessment of suitability and social and environmental impact of the projects.

## ESG Project Assessment and Management Process

Project selection

Project review

Fund allocation

Fund management  
monitoring

KB Kookmin Bank was the only local bank to enter into the MOU on Promotion of Green Bond with the Ministry of Environment (MOE) in February 2021. In March 2021, we became the first bank in Korea to issue KRW 100 billion worth of green bond. And in October 2021, we issued EUR 500 million of green covered bond denominated in Euro for the first time in Korea, and the fund will be used to finance eco-friendly projects that satisfy the criteria defined by KB Kookmin Bank's Sustainable Finance Management System including those projects that aim to reduce GHG or deal with new and renewable energy.

## Status of ESG Bond Issuance

Timeline	Bond Type	Denomination	Amount	Key Characteristics
Oct 2018	Sustainability bond	USD	300 Mn	First sustainability bond issued by local bank
Feb 2019	Sustainability bond	USD	450 Mn	First subordinated sustainability bond denominated in foreign currency in Asia
Jun 2019	Sustainability bond	USD	500 Mn	
Sep 2019	Sustainability bond	KRW	400 Bn	
Apr 2020	Social bond	KRW	400 Bn	
May 2020	Sustainability bond	USD	500 Mn	First bond issued to address COVID19 in Korea
May 2020	Sustainability bond	KRW	450 Bn	
Jul 2020	Sustainability bond	EUR	500 Mn	First Euro-denominated covered bond issued by local bank (sustainability bond)
Aug 2020	Sustainability bond	KRW	500 Bn	
Nov 2020	Sustainability bond	USD	500 Mn	
Nov 2020	Social bond	KRW	400 Bn	
Feb 2021	Sustainability bond	KRW	500 Bn	
Mar 2021	Green bond	KRW	100 Bn	
May 2021	Sustainability bond	USD	500 Mn	
Jun 2021	Sustainability bond	KRW	330 Bn	
Oct 2021	Green bond	EUR	500 Mn	First green covered bond in Korea
Feb 2022	Sustainability bond	USD	700 Mn	Issued in Dual-Tranches

# Developing Green Partnership

## MOU on Nurturing Leading Green Companies and Supporting Export Voucher Program (March 2022)

Following the government's announcement of the K-Taxonomy, KB Kookmin Bank entered into an MOU with KOTRA (Korea Trade Promotion Corporation) to accelerate the shift to net-zero and identify new business opportunities. We plan to consistently support the journey of SMEs and MMEs to net-zero and their sustainable economic activities in order to nurture companies with superior green capabilities and strengthen their export capabilities.

In addition, the ESG Consulting Team at KB Kookmin Bank provides customized ESG consulting service to develop the ESG management capability of SMEs and MMEs. We will vigorously take part in creating the ESG ecosystem by supporting the Korean companies in building up their ESG capability.

<b>KB Kookmin Bank</b>	To provide financial and non-financial services to participating companies
<b>KOTRA</b>	To identify promising SMEs and MMEs eligible for the Export Voucher Program
<b>Common</b>	To offer ESG consulting service and share domestic and international information on carbon neutrality



## Participation in Pilot K-Taxonomy Project (March 2022)

KB Kookmin Bank is taking part in the pilot project hosted by the Ministry of Environment for application of the Korean Green Taxonomy (K-Taxonomy). The objective of the project is to establish the principles and the criteria to identify truly "green" economic activities and increase the flow of funds into those activities, thereby facilitating and promoting green finance. To ensure that the taxonomy is practically applicable, a consultative body consisting of financial, government and industry sectors conducts proactive discussions on policies and institutions and case studies (every month).

## MOU on Fulfillment of ESG Values and Successful RE100 Execution (November 2021)

To contribute to overcoming the climate crisis and the transition to a low-carbon economy, KB Kookmin Bank entered into an MOU with POSCO Energy to ensure proactive cooperation in new and renewable energy.

<b>KB Kookmin Bank</b>	To primarily cooperate with POSCO Energy when driving the RE100 initiative
<b>POSCO Energy</b>	To primarily cooperate with KB Kookmin Bank for new and renewable energy projects
<b>Common</b>	To share domestic and international policies and information pertaining to new and renewable energy

## MOU on Development and Promotion of Hydrogen Economy (September 2021)

KB Kookmin Bank entered into the MOU on Development and Promotion of Hydrogen Economy with H2Korea and Engineering Guarantee Insurance. Based on the MOU, we will facilitate the support for hydrogen related companies to discover promising companies, and endeavor to lay the infrastructure so that diverse companies can take part in the hydrogen industry.

Also, KB Kookmin Bank will offer tax, accounting and management consulting services to member companies of the MOU to proactively participate in fostering companies with expertise in hydrogen that have high growth potential.

<b>Description</b>	<ul style="list-style-type: none"> <li>To provide financial and non-financial support to promote companies with expertise in hydrogen</li> <li>To develop a sustainable business model to facilitate the supply of hydrogen energy</li> <li>To develop new guarantee and tax deduction products for hydrogen businesses</li> </ul>
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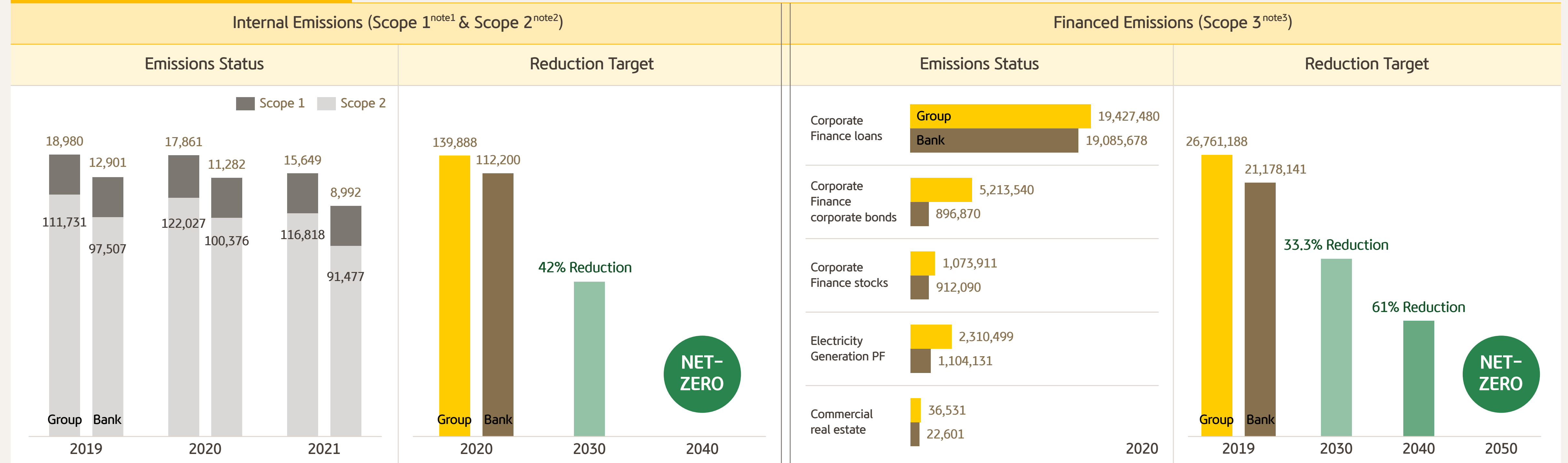
Creating ESG Culture ····· 30

# Target and Performance regarding Carbon Emissions

KBFG plans to reduce the Internal emissions (Scope 1&2) by 42% until 2030 compared to 2020 and achieve net-zero by 2040. We are also aiming to cut financed emissions (Scope 3) by 33.3% until 2030 compared to 2019 and achieve net-zero by 2050. Accordingly, KB Kookmin Bank is engaging in various carbon reduction activities and monitoring key environmental indicators on its journey to net-zero.

## Carbon Emissions Targets and Performance

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



note1) Scope 1: GHG generated directly from the source of emission owned and controlled by a company (e.g. use of company-owned vehicles)

note2) Scope 2: GHG generated indirectly through use of power; GHG emitted from the power purchased and consumed by a company (e.g. power usage)

note3) Scope 3: GHG generated due to a company's business activities but from the source of emission owned and controlled by another company (e.g. investment and loan)

# Emissions Reduction Activities

## KB Kookmin Bank Green Building

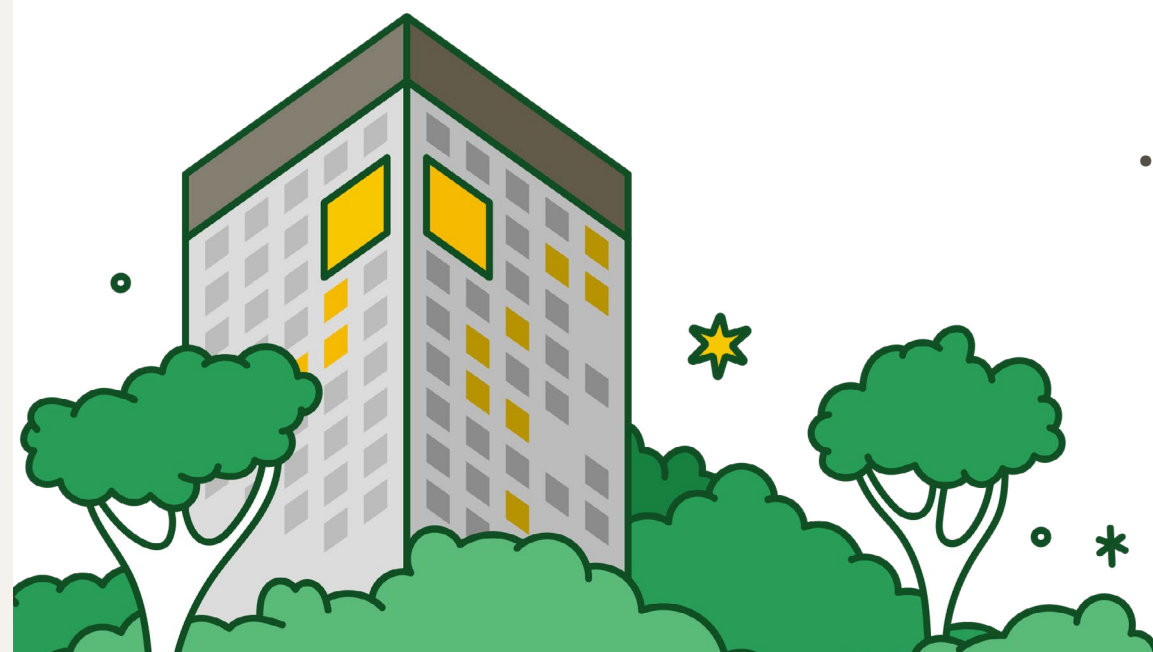
The new KB Kookmin Bank Building completed in September 2020 is an eco-friendly intelligent building with 25 floors above the ground and 6 floors in the basement. It was designed to save energy by using eco-friendly materials and eco-friendly energy (geothermal and solar power, fuel cells). In particular, the building was engineered to use energy efficiently throughout the whole lifecycle from construction to maintenance.



### Intelligent Building Design to Save Energy



- Tracking and optimizing energy consumption in the building through BEMS (Building Energy Management System)
- Certified G-SEED (Green Standard for Energy and Environmental Design) Excellent Grade [Green 2 grade], designed to reduce energy consumption and pollutant generation
- Certified Building Energy Efficiency Grade 1, managing energy consumption and CO2 generation
- Saving approximately 20% of energy consumption by adopting Heating, Ventilating and Air Conditioning (HVAC; containment) exclusively for the server room
- 9% of annual energy consumption to be powered by new and renewable energy



### Facilities to Reduce Water Consumption

#### Water Resource Recirculation

##### Wastewater recycling facility

To treat reclaimed wastewater in the wastewater

##### Rainwater recycling facility

To collect rainwater for use in gardening



Rainwater tank – collection screen

#### Water Resource Saving

##### Plumbing equipment

Eco-labelled water-saving faucets, urinals and toilets (10% water saving effect compared to ordinary equipment)



Water-saving faucet

# Emissions Reduction Activities

## Increased Development of New and Renewable Energy

KB Kookmin Bank constructed 8 new solar power facilities in 2021 alone, and is currently operating total 19 solar power facilities. Total 833,126kwh of solar power was produced in 2021 and GHG (carbon) emissions was reduced by 380.4 tons. KB Kookmin Bank aims to continuously increase new and renewable power generation facilities.

- Daejon eunhaeng-dong, Dunsan galleria, Mok-dong PB Center, Seohyun-dong, Jeonju, Pyeongchon beomgye, Pyeongtakjung-ang, Ulsan

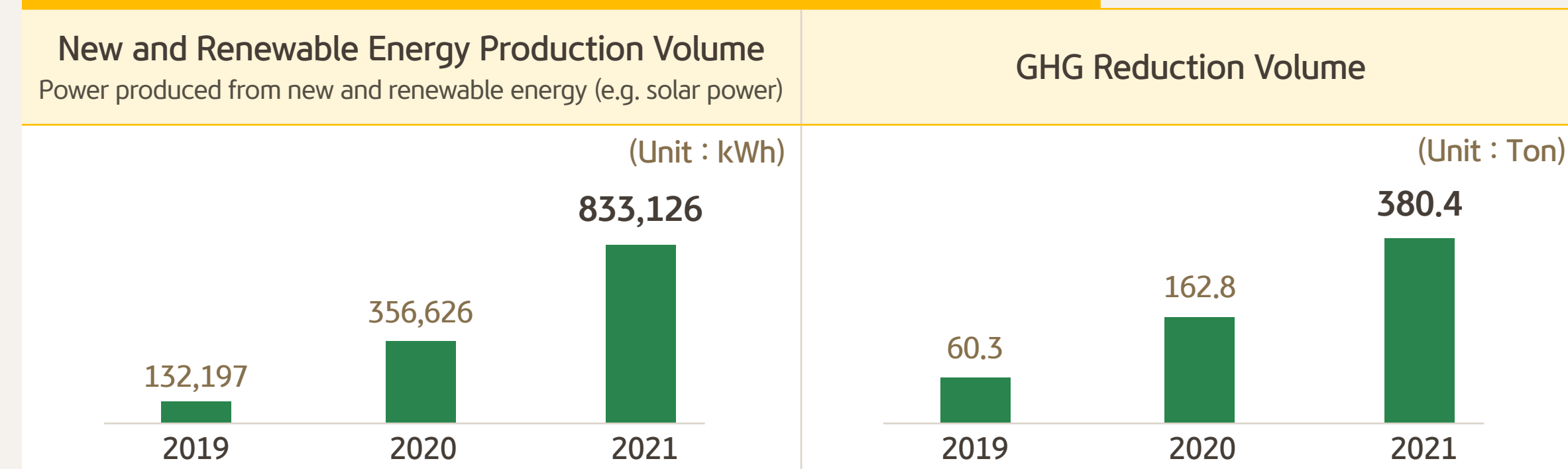


Solar power generation facility at Pyeongtaek Central Finance Center



Solar power generation facility at Mokdong PB Center

### GHG Reduction Following Production of New and Renewable Energy



## Ensuring Efficient Energy Consumption in Buildings in Possession

KB Kookmin Bank is exerting efforts to reduce energy use and GHG (carbon) emissions when fully refurbishing the branches by, for example, replacing low energy-efficiency fluorescent lights with high energy-efficiency LED lights and using standby power cut-off devices. We invested KRW 2.37 billion in the past four years and reduced total 2,481 tons of GHG.

### Power System Improvement to Save Energy in Branches

- Reduced LED light illumination: branches (1000lx → 900lx)
- Increased installation of LED sensor lights: ancillary rooms (e.g. office equipment rooms, libraries)
- Standby power cut-off: use of switches that simultaneously turn off all the electronic devices on the counters  
→ Expected to reduce 430,000kwh of energy consumption and 182 tons of carbon emissions per annum from 100 branches

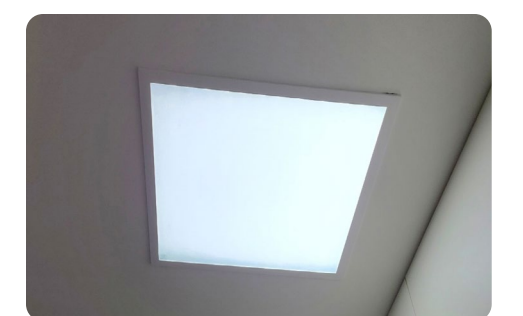
### LED Lighting Replacement

Category	2019	2020	2021
Branches with LED installation	166	98	75
LED Installed	24,126	17,590	11,480
Annually Saved Energy	1,493,399kW	1,617,729kW	802,224kW

Before - ordinary fluorescent lights



After - hi-efficiency LED lights



# Emissions Reduction Activities

## Increased Use of Eco-Friendly Vehicles and Infrastructure Development

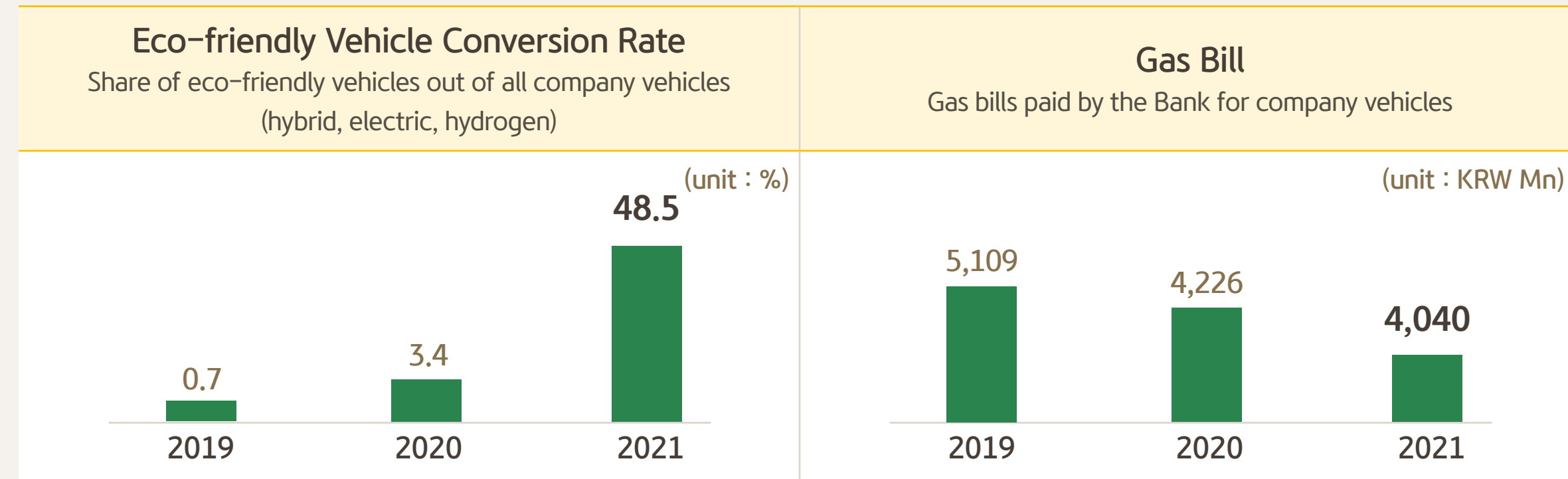
As a means to reduce its carbon emissions, KB Kookmin Bank has joined K-EV100, an initiative to convert all its vehicles to non-polluting vehicles (electric and hydrogen vehicles) by 2030; while replacing its company vehicles to non-polluting vehicles, it is also building electric vehicle charging facilities to supplement the infrastructure. Before full conversion to non-polluting vehicles, it will replace all of its gasoline vehicles with hybrid vehicles by 2023. In 2022, 15 electric vehicles and 15 charging facilities will be introduced in the branches.

### What is K-EV100?

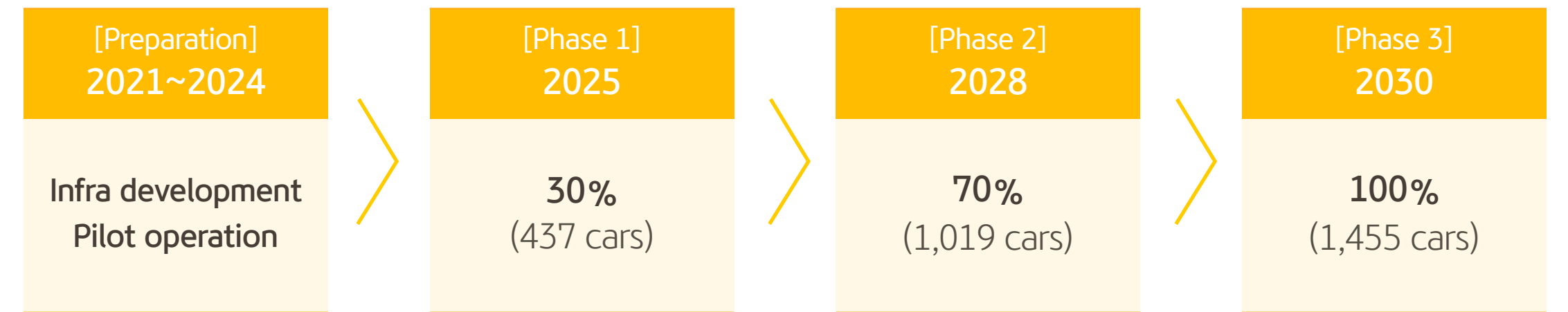
K-EV100 is a campaign that brings together private companies that make the public commitment to switch their owned and contracted vehicles to EV or hydrogen vehicles by 2030.

#### Use of Environmentally-friendly Vehicles (as of April 2022)

EVs	Hydrogen Vehicles	Hybrid Vehicles
24	2	734



#### Pollution-free Vehicle Adoption Plan in Connection with K-EV100



※ Excluding existing bank-owned electric vehicles and passenger cars



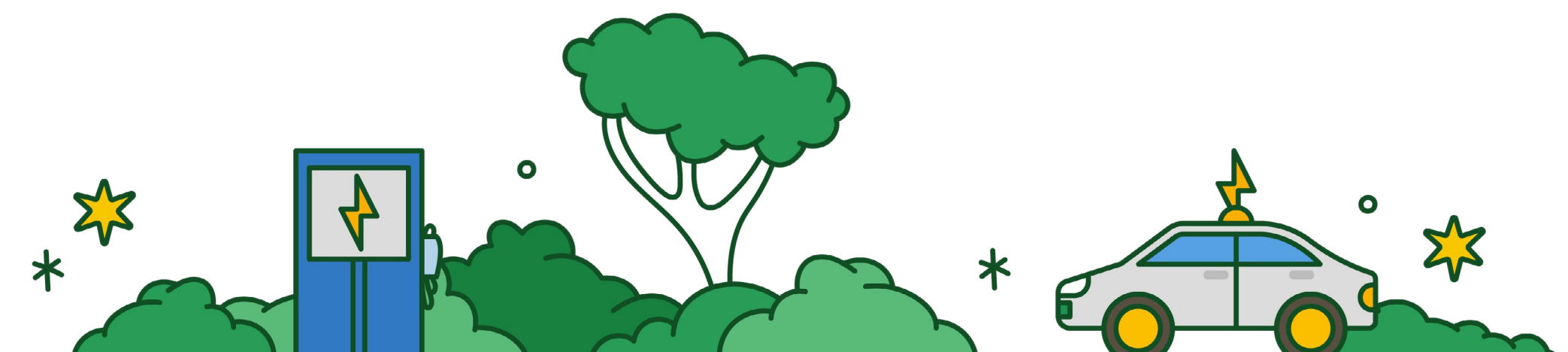
EV Charging Station



KB Kookmin Bank EV





KB Kookmin Bank Hydrogen Vehicle



# Emissions Reduction Activities

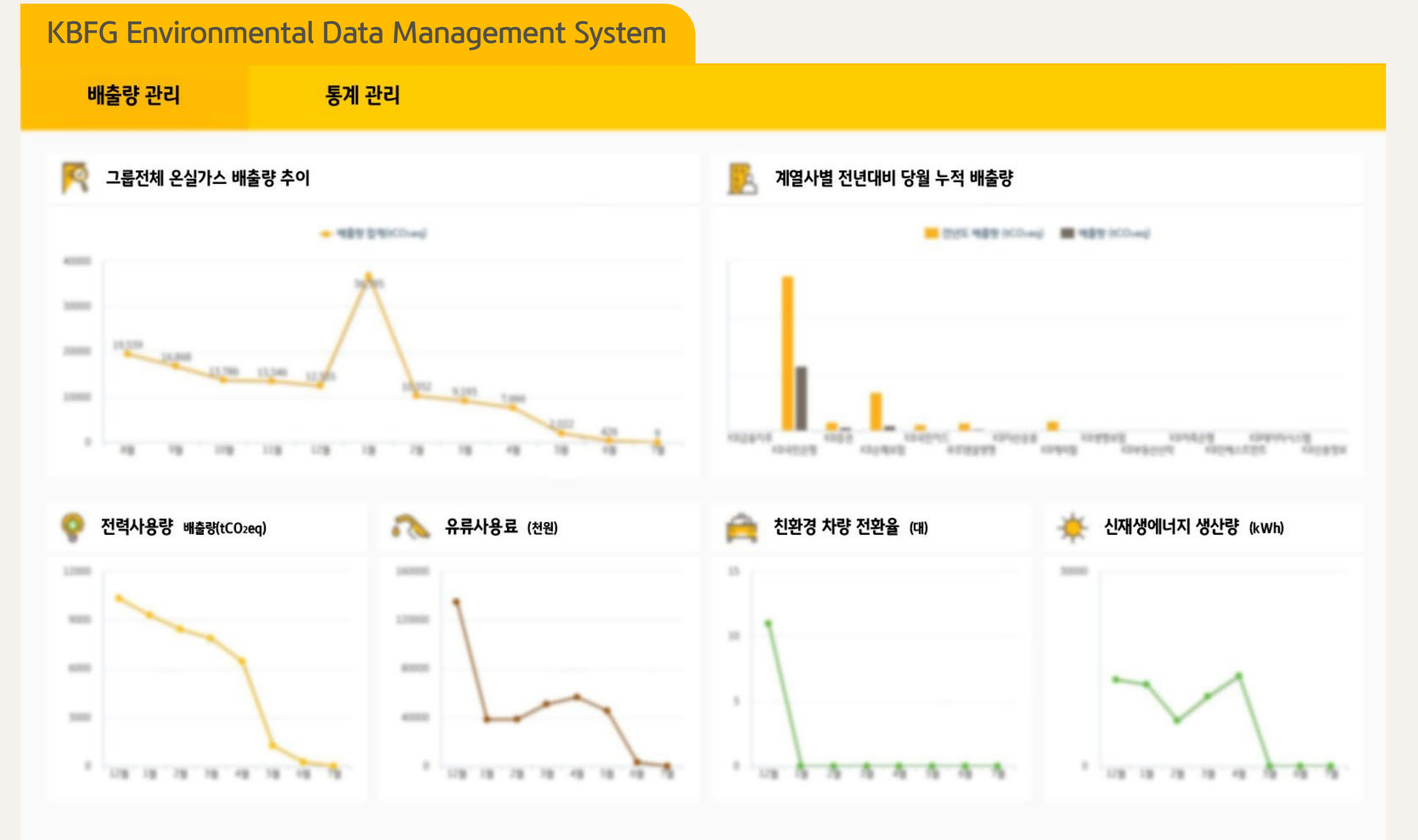
## Maintaining the Environmental Management System Certification

KB Kookmin Bank is systematically implementing environmentally-friendly management that meets the ISO 14001 requirements, the highest international standard in environmental management. It has been maintaining the certified status since acquiring the ISO 14001 certification for the first time in the financial industry in 2010. Furthermore, KB Kookmin Bank acquired the ISO 50001 certification in 2021 for energy data collection and management to support the Energy Management System.

Environmental Management System Certification (ISO 14001)	Energy Management System Certification (ISO 50001)
	
<ul style="list-style-type: none"> <li>An internationally agreed standard that defines the requirements for an environmental management system that can be applied to any industry areas and activities. Companies can use the environmental management system to systematically perceive, assess, manage and improve the environmental issues, and thereby efficiently manage environmental risks.</li> <li>ISO 14001 particularly emphasizes environmental protection and compliance and seeks to enhance internal and external communication and awareness; hence, it is an effective tool to conduct anti-pollution and continuous improvement activities in a disciplined manner.</li> </ul>	<ul style="list-style-type: none"> <li>An internationally agreed standard that provides a framework of requirements for organizations to develop and operate policies for more efficient use of energy in order to be more competitive and to reduce GHG emissions. Companies can use the energy management system to systematically perceive, assess, manage and improve the energy issues, and thereby efficiently manage energy consumption and GHG emissions.</li> </ul>

## Environmental Data Management System

In line with the KB Net Zero S.T.A.R., declaration of our mid- to long-term net-zero strategy, KBFG developed the Environmental Data Management System (EDMS) for organized management of the Group's environmental data and to ensure data-based implementation. EDMS is used to measure, aggregate and manage GHG emissions (scope 1, 2 & 3 emissions) across KBFG. GHG emissions are calculated when environmental data is registered in the system, We, then, generate the statistics by affiliate, period and business site (building) so that we could achieve net-zero through systematic management of the emissions.



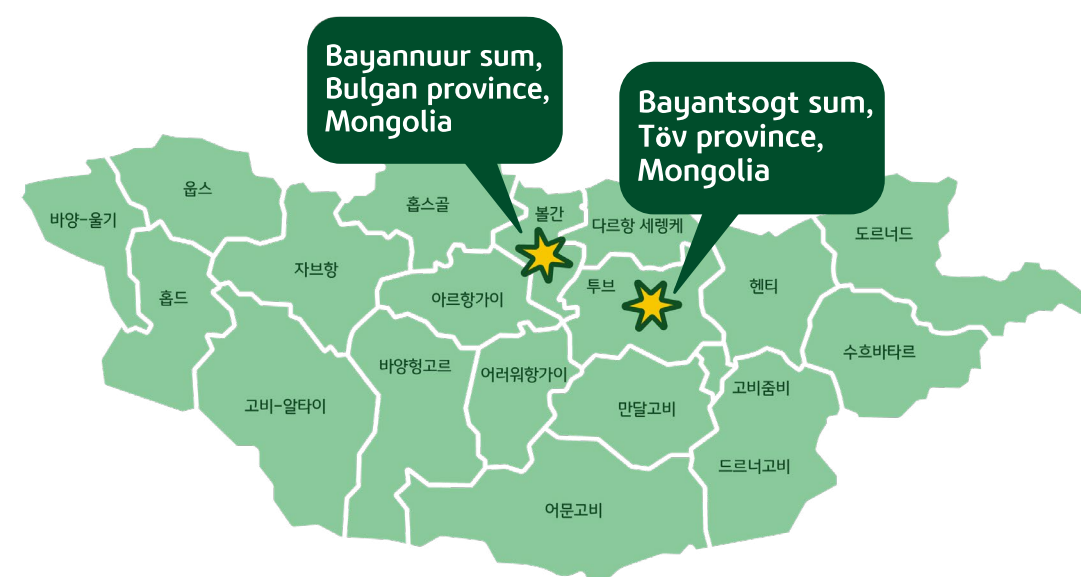
# Bio-Diversity Preservation Activities

## KB Kookmin Clear Sky Forest to Save Lives

KB Kookmin Bank has taken the initiative to reduce yellow sand and fine dust that adversely affect the Korean peninsula by taking measures in the places of their origin. Currently, around 90% of Mongolia is at risk of desertification due to rapid climate change and human actions. KB Kookmin Bank is planting local tree species to create forests to restore the ecosystem and prevent desertification, and is seeking to enhance self-reliance of the local communities by helping them process and sell the fruits they reap from the trees.

- MOU on CSR for Fine Dust Resolution, entered into by KB Kookmin Bank, MOE and Green Fund (June 2018)
- MOU to Address Climate Change and Fine Dust Origin in Mongolia, entered into by KB Kookmin Bank, KOICA and Green Asia (December 2018)

### Forestation: to plant 110,000 trees in six years (2018~2023)



Fruit trees planted in Mongolia

2018 (Pilot)	2019	2020	2021	2022	2023(expect)
10,000 trees [wind breaks <sup>note1</sup> (6,000) + fruit trees <sup>note2</sup> (4,000)]	20,000 per annum [wind breaks(10,000) + fruit trees(10,000)]				

note1) Siberian Elm (Mongolian Ulmus Davidiana): a tree species that survives extremely well across Mongolia and is less damaged by livestock

note2) Sea buckthorn (Vitamin tree): trees with special root system that fixes nitrogen (N2) which enhances soil fertility and prevents soil erosion, gradually restoring the soil

### Increased self-reliance: complete economic independence achieved through training and employment



Laying the foundation for residents' self-reliance

#### Cultivation of fruit trees

- To increase communities' income and help regional development
- To harvest 530kg (cumulative) of Sea buckthorns

#### Development of agriculture

- To provide food and income in the long-term
- Can cultivate, e.g. carrots, potatoes, watermelon, cucumber



Training and hiring local residents

#### Training

- Description of forestation plan and jobs
- E.g. how to plant trees, environmental preservation, plantation management

#### Employment

- Hired 31 residents who completed training(2021)
- Priority on low-income families, single moms, unemployed, single-parent & children households

# Bio-Diversity Preservation Activities



## K-Bee Project to Restore the Ecosystem

KB Kookmin Bank understands the importance of bees in the nature and is making efforts to increase the number of bees and restore the ecosystem by creating bee habitats.

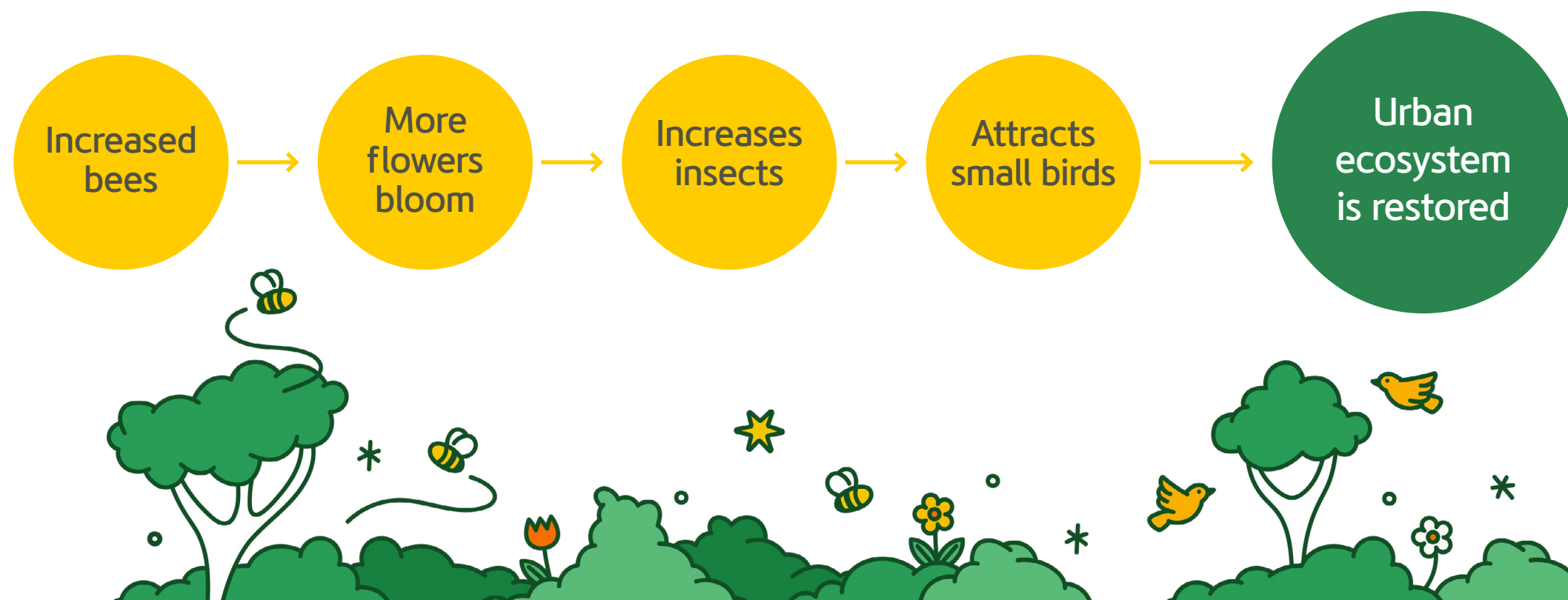
To increase the rapidly disappearing bees, we have created the K-Bee Urban Bee Farm on the rooftop of KB Kookmin Bank Head Office in Yeouido and planted honey plants for the honey bees. We provide education for children to send out the message on why it is important to preserve the bee ecology. Honey harvested from the Urban Bee Farm will be delivered to low-income households in the community and will contribute to the local economy.

Furthermore, we plan to build 'Bee Hotels' for wild bees in the botanical garden together with Seoul Botanical Garden, and provide education on bee ecology and environmental issues. Bee hotels are created for wild bees that live independently unlike honey bees and are designed in a way that is fit for the wild bees to build their hives. KB Kookmin Bank will do our best to make a positive impact on the ecosystem.



### The Role of Bees within the Ecosystem

Honey bees pollinate 70 of the around 100 human food crops



K-Bee Urban Bee Farm



KB Kindergarten Field Trip to Learn About Honey Bee Ecology

# Bio-Diversity Preservation Activities




## Star Friends Garden, Forest Playground for Children

KB Kookmin Bank engages in various activities together with our employees to preserve bio-diversity and protect the environment.

KB Kookmin Bank created the Star Friends Garden in Seoul Grand Park, Korea National Arboretum and Seoul Botanical Garden. Children can appreciate and experience nature in the Star Friends Gardens which have been built through voluntary services of the KB Kookmin Bank staff.

The Gardens are leading the efforts to protect endangered animals, forest wildlife and plants, and the plants in the Gardens are replaced and taken care of with cooperation from relevant institutions.

### Star Friends Gardens (as of May 2022)

Garden #1 (Seoul Grand Park, Gwacheon)	Garden #2 (Korea National Arboretum, Gwangneung)	Garden #3 (Seoul Botanical Garden, Magok)
9 types of trees, 31 types of herbaceous plants	16 types of trees, 10 types of herbaceous plants	43 types of trees, 50 types of herbaceous plants
E.g. Black Jetbead, hydrangea, Kerria, Blazing Stars	E.g. Heavenly bamboo, Azalea, Lace shrub, Rodgersia	E.g. Juniper, Oriental Arbor-vitae, Willow, Crab apple
2018	2021	2022
		



## [Special Column] Internal and External ESG Education

### Environmental Education and ESG Capacity Building for Employees

KB Kookmin Bank offers diverse ESG education to our employees so as to respond to climate crisis and enhance the awareness on being eco-friendly.

#### ESG Education Program

Live Special ESG Lecture	Date	June 10, 2022 (Live Special Lecture on Environment in connection with the 1st Environmental Education Week)	Around 870 persons
	Speaker	Tyler Rasch	
	Title	How to overcome climate crisis together	
Special Lecture on ESG Jobs	Frequency	Quarterly • 1st lecture: ESG in Korea and Overseas, and the Role of Finance (Lee Sun-Kyung, Chief of Daishin ESG Center)	Around 120 persons
	Curriculum	• Carbon neutrality and companies' legal risk • Case study on business management and investment of Global Impact • Global investment cases and issues related to ESG	
ESG Video	May 2022	Story of ESG	All employees
	Apr 2021	KB Green Wave Together with Customers	
	Sep 2020	Mastering ESG in 5 Minutes!	
	May 2019	[Invitation] Hearing From Market Experts (Corporate governance & ESG theme)	
	Others	Internal/external ESG education contents (9)	



ESG Special Live Lecture



Story of ESG

#### Education provided in 2021 specifically on environment

December	Green Bubble: Expansion of Private Carbon Credit Market and its Problem (Nikkei Newspaper)	Internal mail	All employees
September	Trend of Global Hydrogen Economy and Direction of National Policies • Speaker : Lee, Seung-Hun (H2KOREA)	In-class	Around 30 persons
September	Offshore Wind, a New Challenge in Wind Power	Internal mail	All employees
August	Extending the Effort to Erase Carbon Footprint to Scope 3	Internal mail	All employees
August	Current Status and Prospects of China's Green Bond Market	Internal mail	All employees
July	Energy Transition and Our Future • Speaker : Professor Kim, Sun-Kyo (Associate Research Fellow, Korea Institute of Science & Technology Evaluation and Planning)	Online	All employees
June	Briefing on Global ESG Trends	Online	Around 30 persons
June	KB ACE Live Quiz Show - ESG Special	Mobile app	All employees
June	Climate Crisis, Bold Transition amidst Colossal Acceleration • Speaker : Professor Cho, Chun-Ho (Kyung Hee Cyber University, former Director General of National Institute of Meteorological Science)	Online	All employees
May	Staff Training for Implementation of Equator Principles	In-class	Around 50 persons
February	Domestic and International Trend and Tasks of ESG and Green Finance • Speaker: Lim, Dae-Woong (CEO, ECO & PARTNERS 2°C)	In-class	Around 30 persons

## [Special Column] Internal and External ESG Education

### Green Maru, Together with MZ Generation

In June, the month of World Environment Day, KB Kookmin Bank rolled out ESG education for the customers. Green Maru inspires our customers to take interest in the environmental issues including climate actions and carbon emissions reduction and encourage customers to participate in the education programs, and thereby promote mutual communication with the MZ generation and raise their ESG awareness. Green Maru, which is hosted at KB Cheongchun Maru in Mapo, Seoul from June to mid-August 2022, designates different themes to the respective spaces and offers various environment related experiences to our customers.

We invite environment experts for lectures and prepare exhibition and experience halls to effectively convey our ESG message. Also, we plan to raise a fund for donation in proportion to the number of visitors to the Green Maru to support the sea ecosystem currently under destruction through sea environment purification projects.

※ World Environment Day (June 5) : designated by the international society as a commitment to join hands to protect the environment.

### Bringing Environmental Education To You Campaign for a Sustainable Earth

KB Kookmin Bank launched the Bringing Environmental Education To You Campaign for teenagers. Bringing Environmental Education To You Campaign is an environmental education program that utilizes games designed to meet the eye level of teenagers. The games help teenagers understand the Sustainable Development Goals (SDG) set up by the United Nations (UN) to ensure environmental protection and sustainable development, and students discuss ways to resolve social issues and protect the environment.

In 2021, we introduced a board game type education program using tablet PCs for students of 40 middle schools in Seoul and metropolitan area, giving them an opportunity to solve issues by themselves to ensure a sustainable future. In 2022, we extended the program to 10,000 students of 80 middle schools in Seoul and metropolitan area so as to support more teenage students establish a proper value system regarding environmental and social issues.

KB Kookmin Bank plans to implement various environmental education programs and campaigns so that we can achieve net-zero in our daily lives and create ESG culture together with the youth population.

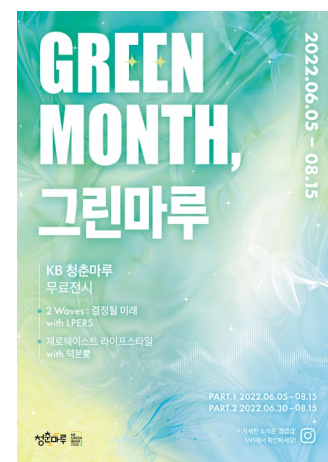
#### Green Maru



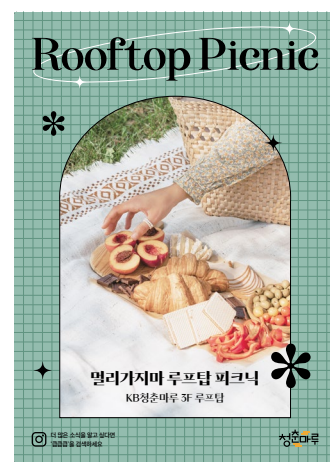
**B1 Talk Green**  
Lecture  
(e.g. Tyler Rasch)



**1F Join Green**  
Donation campaign  
& Fun Event zone



**2F See Green**  
Media art & Zero  
waste Exhibition



**3F Feel Green**  
Picnic zone  
in the city

#### Contents



**Bringing Environmental Education  
To You Package**

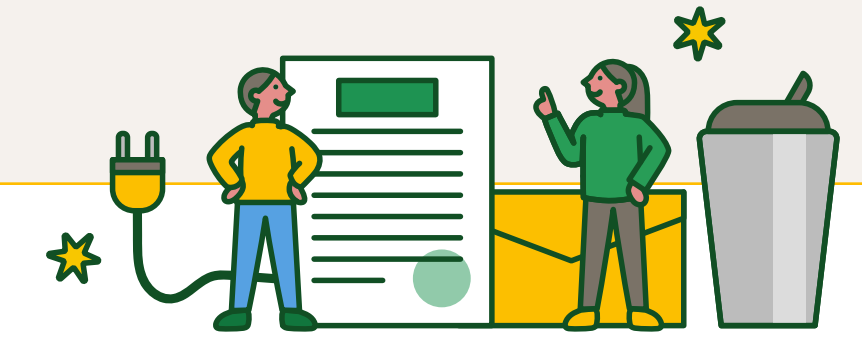
#### Photos from the Program



**Bringing Environmental Education  
To You Program**

# KB Green Wave Go Green Campaign

KB Green Wave Go Green Campaign is KB Kookmin Bank’s representative ESG activity seeking to reduce carbon emissions and lead climate actions for the current and the future generations. The Campaign consists of three pillars: Less Paper, No Plastic and Save Energy; we put in proactive efforts, for example, to use less paper passbooks and photocopy paper, save energy and increase awareness on energy saving, buying eco-friendly products and using less disposable products. Through the KB Green Wave Go Green Campaign, KB Kookmin Bank will actively fulfill environmentally and socially responsible business management together with our employees and our customers.



## Donation of Costs Saved from Going Green

From the costs saved from being eco-friendly, KB Kookmin Bank is donating KRW 100 million in the employees’ name every year. Throughout 2021, the fund for donation was raised by issuing less paper passbooks and direct mails and saving energy. 32,904 customers who took part in the KB Green Wave Go Green Campaign donated KRW 46,058,400 through the Happy Bean collection box. The accumulated fund was utilized to remove the marine litter along the coastline and to provide uniforms and backpacks to students of low-income households at the beginning of the new school year.



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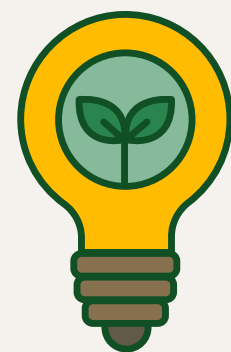
## Green Tomorrow Together

Joining Hands with Customers for Future Generations  
Go Green Campaign



### Less Paper

- Use less paper passbook
- Send less direct mails
- Use less photocopy paper



### Save Energy

- Cut energy consumption
- Reduce food waste
- Use new and renewable energy

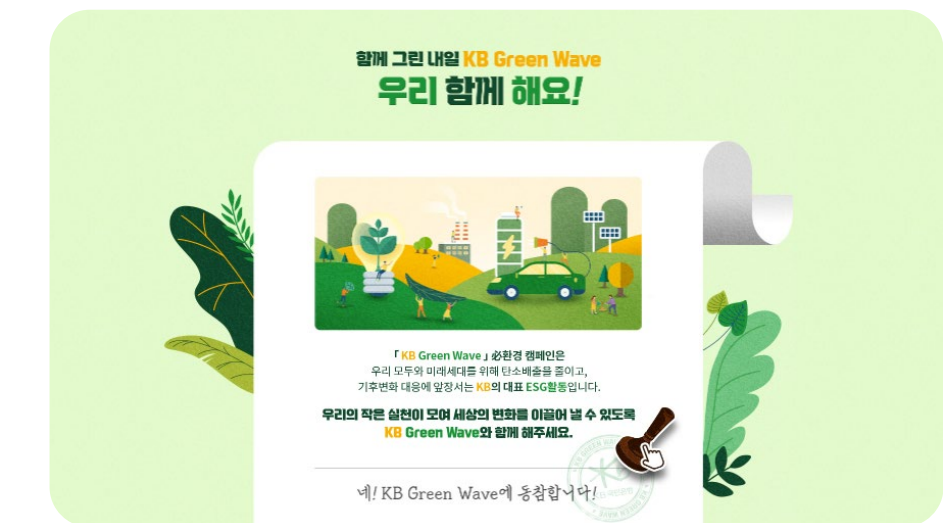


### No Plastic

- Buy eco-friendly products
- Reduce use of disposable products
- Launch green products



Happy Bean donation campaign screen 1



Happy Bean donation campaign screen 2



Cleaning marine litter



Presenting uniforms and backpacks to students of low-income households before new school year

# KB Green Wave Go Green Campaign



## Less Paper

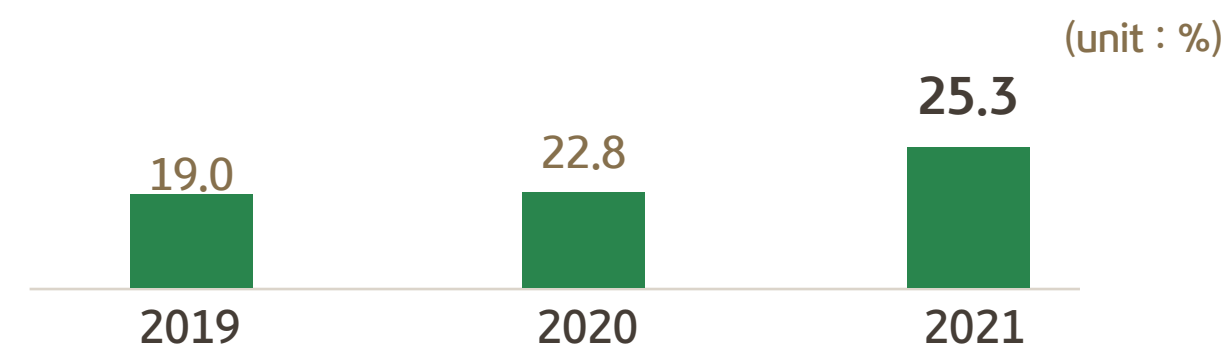
### Issuing Less Paper Passbooks

KB Kookmin Bank offers services such as “Withdrawal By Hand” which enable banking transactions without paper passbooks; through bio-certification, customers can withdraw their deposits without passbooks, seals or passwords at the branches. Withdrawal by Hand service helps the Bank to reduce passbook issuance and the customers to enjoy effective “untact (contact-free)” banking services.

- Setting No Paper Passbook as Default When Opening New Accounts

#### Share of Accounts without Paper Passbooks

Share of accounts for which paper passbook was not issued out of total accounts opened



## Save Energy

### Energy Saving Campaign, Economic Energy Consumption Playbook (EEC Playbook)

In order to remind our employees of net-zero in their daily lives, KB Kookmin Bank has been operating the energy saving campaign since 2020. EEC Playbook is the title of the campaign to reduce electric power consumption, which takes up the largest share of KB Kookmin Bank’s internal emissions. Events are held at times of high power consumption to encourage the employees to save energy.

- Maintaining appropriate indoor temperature: 26°C or above in summer, 20°C or below in winter
- Turning the lights off in unused spaces
- Turning the monitors off during lunch break
- Winter campaign, Staying Warm and Chic (wearing warm clothes to lower heating temperature)
- Operation of ECO Star Power Station in summer (generating the effect of power production by raising the air conditioner temperature)



## No Plastic

### Buying Eco-friendly Products

KB Kookmin Bank purchases office equipment made with eco-friendly materials, HVAC (e.g. air conditioning and heating system) in consideration of energy efficiency rating, and eco-friendly paper (e.g. photocopying paper, envelopes, shopping bags) as an effort to preserve the environment. We spent total KRW 19,347 million to buy eco-friendly products in 2021, and plan to purchase more eco-friendly products going forward.

- Sourcing eco-label products and gifts: equipment with eco-label on used materials, FSC-certified paper
- Continuing to purchase “KB Standard Products” whose energy efficiency have been certified, when purchasing electronic devices
- Increasing the use of eco-friendly packaging (e.g. sugar cane, biodegradable) and No Plastic packaging

\* What is FSC certification? : FSC (Forest Stewardship Council) is an international non-profit certification and program that enables customers to easily recognize trustworthy timber and forest products. FSC certification proves that the forest product has been produced from responsibly managed forests.

## [Special Column] Creating ESG Culture

### KB Green Wave Mileage, Meaningful Steps Taken by KB Employees

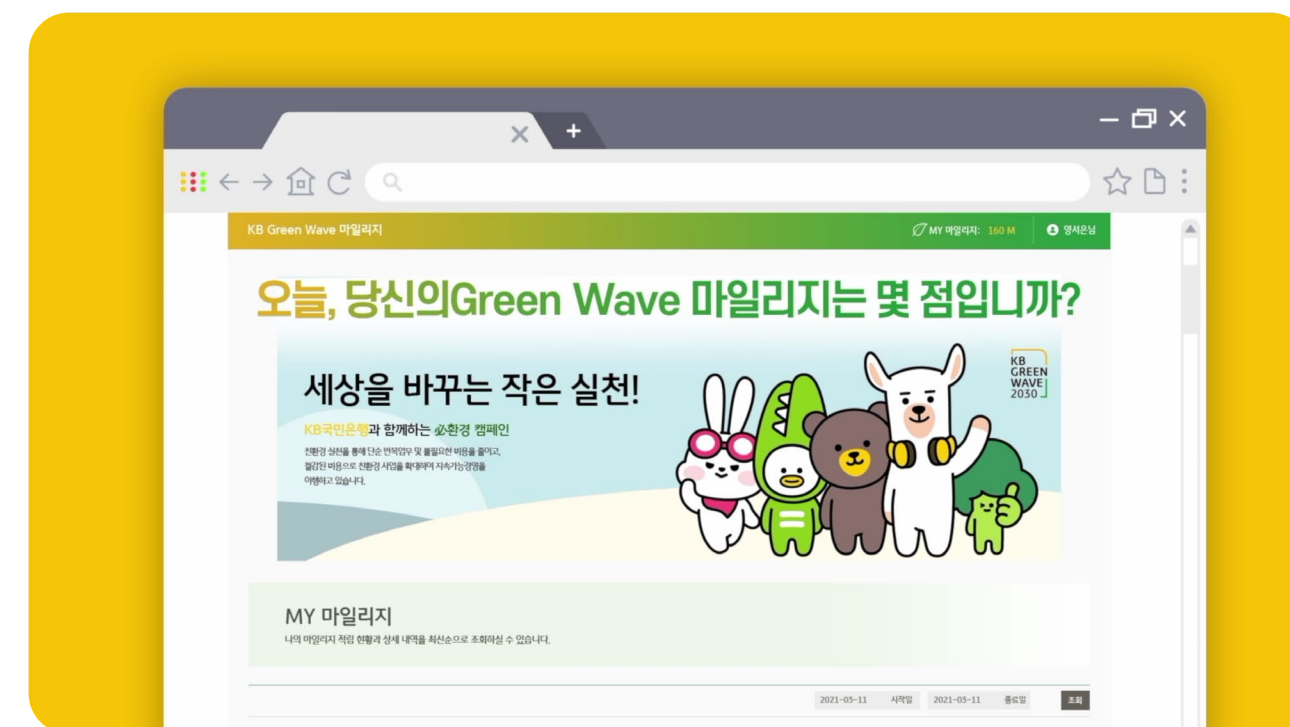
KB Kookmin Bank introduced the KB Green Wave Mileage, in order to build an ESG culture that encourages employees' participation and to raise their ESG awareness.

#### What is 「KB Green Wave Mileage」?

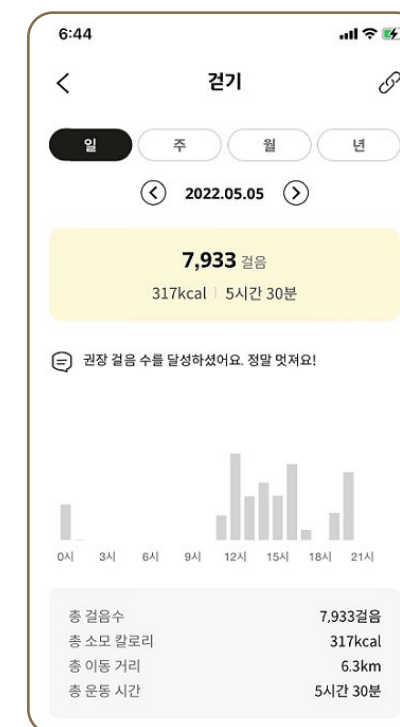
**KB GREEN WAVE**  
마일리지

The environmental (E) and social responsibility (S) activities conducted by the employees are converted to KB Green Wave Miles, for which a matching donation will be made.

- [E] e.g. use of public transportation, non-issuance of paper passbooks
- [S] e.g. volunteer services, economic & financial education, walking
- [Others] e.g. completing ESG training



KB Green Wave Mileage Screen



Step counter app

#### Face-to-face Volunteer Work, Creating Garden #1 in Seoul Grand Park (April 2022)

KB Kookmin Bank resumed the face-to-face volunteer service that had been temporarily suspended due to COVID19 in May; employees took part in the Work-Life-Balance project with their families in the Family Month. In abidance with the personal safety guidelines such as maintaining distances and wearing masks, employees pruned the trees and beautified the environment in the Seoul Grand Park Garden.



Face-to-face Volunteer Work

# [Special Column] Creating ESG Culture

## Green Mondays to Make the Day Greener

At the Head Office of KB Kookmin Bank, we have Green Mondays- serving mainly vegetarian food every Monday at the cafeteria as a means to get closer to net-zero and to enhance employees' health. The cafeteria in the Head Office serves low-carbon diet and vegetable food at the salad corner. Low-carbon diet mainly consists of vegetables and fruits; eating vegetables can reduce GHG emissions by up to 80% compared to eating meat.

The idea of Green Mondays was generated based on the Meat Free Monday Campaign proposed by Paul McCartney, member of the renowned UK band, the Beatles, to encourage people to not eat meat at least once a week to preserve the environment.

## Green Month, "Zero Leftover Challenge"

As a part of the KB Green Wave Activities, we designate a certain period during the year (1~2 months) that is relevant with any environmental issue, called the Green Month, to act upon an ESG theme.

KB Kookmin Bank chose the month after Chuseok as the Green Month, considering the highly increasing food waste during the period, and implemented the Zero Leftover Challenge. The intention was to encourage people to buy only what they would eat during the Chuseok holidays and to reduce leftovers in the cafeteria by taking only what they would actually eat. Also, those employees who submitted zero-leftover photos during their daily lives were entered into a lucky draw competition and the winners were gifted with Zero Waste Kits as an expression of encouragement.



## [Special Column] Creating ESG Culture

### Resource Circulation via Installation and Use of Nephron

KB Kookmin Bank installed Nephron, an AI robot that collects resources for circulation, for the staff environmental campaign. When someone places a plastic bottle or a can into Nephron, points will be awarded which could later be exchanged for cash.

KB is creating a unique ESG culture by letting the employees experience circular economy, where an individual gains benefit in exchange for his/her waste and the waste is regenerated into a new resource. All members of KB Kookmin Bank will join the efforts to circulate the waste produced inside the Bank for the circular economy to take root.

#### What is Nephron?

Reverse vending machine based on Artificial Intelligence (AI) and Internet of Things (IoT) that collects recyclable materials; points are awarded when placing cans and plastic bottles into Nephron

#### Installed Nephrons

- 2019 Entrance of Head Office of KB Kookmin Bank in Yeouido; 7 schools in Seoul
- 2020 Cafeteria in Head Office of KB Kookmin Bank in Yeouido; resting area in the new building

#### Performance of Nephron in H1 2022



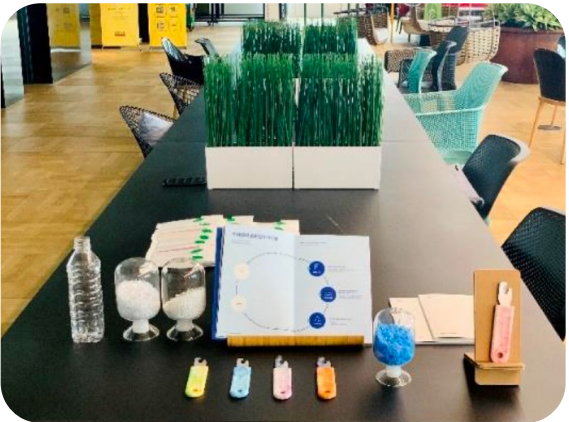
Total Collection Volume	PET Collected	Cans Collected
75.46kg	51.86kg	23.60kg



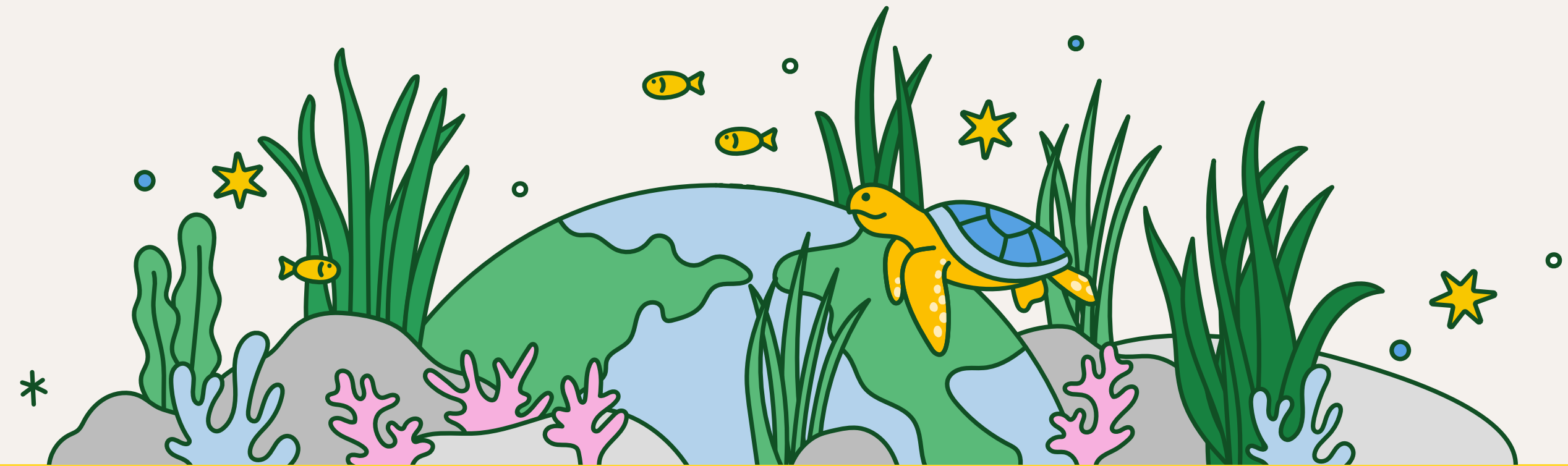
### Try-Nephron Campaign

As a means to celebrate the World Environment Day in June 2022, KB Kookmin Bank launched a staff campaign using Nephron. The objective of the campaign was to inform staff of the need and the value of resource circulation with the use of Cleaning Zones, Nephron and reward, and to enhance staff awareness on wastes and encourage the use of Nephron.



Cleaning Zone	Reverse Vending Machine for Resource Circulation	Reward
 <p>Learning how to remove rings, labels and lids on plastic bottles using a customized tool (detaching stick) and how to recycle PET bottles properly</p>	 <p>Experiencing how Nephron makes trash into “money”</p>	 <p>Encouraging continuance of eco-friendly actions by providing detaching sticks, created by using melted bottle lids</p>

# Manage Green!



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# Implementation of TCFD

## TCFD (Task Force on Climate-related Financial Disclosures)

Acknowledging that climate change is a critical risk that may have adverse impact on the financial industry, KBFG became a supporter for TCFD to address the issues proactively (KBFG, October 2018). KBFG will develop and implement the mid- to long-term roadmap to continuously assess and manage the risks and opportunities arising from climate change.

## TCFD Recommendations

TCFD defined governance, strategy, risk management, metrics and targets as the core elements to be addressed by the companies pertaining to climate change, and provides guidance on relevant disclosures. The TCFD Recommendations guide the companies to develop strategies and fulfill their goals in consideration of the climate change, and provide the investors with the necessary information for decision-making.



# Implementation of TCFD

## KB's Achievements and Efforts Regarding TCFD

In order to respond to the climate change in a disciplined manner, KB Kookmin Bank developed the roadmap to reinforce the climate strategy up to 2030 in tandem with the 4 TCFD categories



	2019 ~ 2021 Setting the Basis for Climate Risk Management	2022 ~ 2024 Advancement of Climate Strategy	2025 ~ 2030 Securing Climate Change Leadership
Governance	<ul style="list-style-type: none"> <li>Establish ESG Promotion Committee with CEO as the Chairman</li> <li>Establish ESG Working-Level Council</li> <li>Incorporate climate change in the management's KPI</li> </ul>	<ul style="list-style-type: none"> <li>KBFG Board to develop indexes and dashboard pertaining to actions against climate change</li> <li>Nurture climate experts and internalize capability to respond to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Increase leadership as the leader in tackling climate change</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Develop SBTi based net-zero strategy</li> <li>Develop strategy to expand ESG financing</li> <li>Analyze impact on portfolio using scenarios</li> </ul>	<ul style="list-style-type: none"> <li>Establish carbon emissions management system</li> <li>Develop and execute net-zero implementation strategy</li> <li>Develop scenario analysis methodology</li> </ul>	<ul style="list-style-type: none"> <li>Stabilize integrated management and disclosure of financial and non-financial data</li> <li>Implement strategy to strengthen climate resilience based on scenarios</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Implement Environmental and Social Risk Management (ESRM) Framework at Group level</li> <li>Review environmental and social risks based on the Equator Principles</li> <li>Evaluate ESG elements when making investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen engagement with high-emission industries</li> <li>Reinforce credit rating system reflecting climate risks</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce comprehensive ESG risk management system</li> <li>Stabilize the use of corporate ESG risk assessment system</li> </ul>
Metrics & Targets	<ul style="list-style-type: none"> <li>Measure and disclose GHG emissions               <ul style="list-style-type: none"> <li>Scope 1, 2 (Internal emissions)</li> <li>Scope 3 (Financed emissions)</li> </ul> </li> <li>Disclose quantity of carbon emissions, green investment/loan indices</li> </ul>	<ul style="list-style-type: none"> <li>Expand target for Scope 3 measurement in accordance with the development of the global measurement methodology</li> </ul>	<ul style="list-style-type: none"> <li>Achieve ESG finance target (by 2030)</li> <li>Conduct interim check on fulfillment of net-zero goals</li> </ul>

# Environmental and Social Risk Management Activities

## ESG Risk Management that Considers Environment and Society

KB Kookmin Bank is striving to manage and minimize the negative environmental and social impacts that arise directly and indirectly from our business activities, and is strengthening our management of environmental and social risks as well as the traditional financial risks to establish a comprehensive risk management system.

### Major Types of Risks of KB Kookmin Bank

<b>Financial Risk</b>	Risks that could arise due to financial issues; e.g. credit risk, market risk, interest rate risk, liquidity risk
<b>Environmental and Social Risk</b>	Risks that could arise in relation with environmental and social responsibility factors; e.g. climate change, environmental impact, social issue

## Investment and Lending in Consideration of ESG

KB Kookmin Bank conducts evaluation based on ESG criteria before investment and lending transactions. The Corporate Loan Operational Guideline stipulates that the level of ESG implementation of a company (i.e. eco-friendly management, socially responsible management and ethical management) shall be reflected in its credit rate adjustment and loan underwriting.

Furthermore, we updated the Guideline on ESG Evaluation for Credit Rating to establish the ESG Risk Management Framework, and are using the ESG checklist to manage the results of companies' ESG activity assessment in the corporate credit rating system.

### Restriction on Investment and Lending to Companies with Environmental and Social Risk

We restrict investment and lending to industries and companies with high environmental and social risk, and our investment and lending process prohibits any funding for actions that are considered to be contrary to public interest or actions that violate or evade the law.

#### - Industries and Activities Subject to Investment and Lending Restriction



# Environmental and Social Risk Management Activities

## Establishing an Environmental and Social Risk Policy Framework

KBFG established an Environmental and Social Risk Management (ESRM) to ensure sustainable growth of the Group and fulfillment of social responsibilities. KBFG selected the areas for risk management (i.e. Areas for Exclusion, Areas for Support for Green Industries and Areas for Attention on Climate Change), examines the risks of large scale projects and is further developing the Climate Risk Management Framework according to the ESRM Guideline for the purpose of managing the impact of KBFG's business activities on the environment and the society in a disciplined manner.



### Areas for Exclusion

**Activities or industries to be excluded from benefiting from financial support due to their profoundly negative implications on the environment and the society**

- Production or trade of products/activities that are construed to be illegal according to the respective countries' laws and regulations
- Productions that exploited child labor
- Transactions related to illegal gambling and pornography industries
- Production and education of, and transactions utilizing radioactive substances whose appropriate protection, management and oversight is deemed unfeasible
- Support for new coal mining projects or expansion of existing coal mining businesses
- Support for building of new coal power plants or extension of existing coal power plants



### Areas for Attention on Climate Change

**Businesses or industries whose greenhouse gas emissions accelerate global warming and inflict material adverse impact on the nature and the living environment**

- Coal mining, coal fired power plant businesses, forestry and other high-emissions industries
- Target for tighter monitoring and guided shift into carbon neutral economy



### Areas for Support for Green Industries

**Areas eligible for preferential financial support considering the positive impact on overcoming the climate risk (i.e. relevance with carbon neutrality and Green New Deal) and the possible support for industries that could serve as new eco-friendly growth engines**

- Activities designated by the K-Taxonomy and its application guideline as discussed under the leadership of Ministry of Environment
- Activities pertaining to the items designated by the New Deal Fund Investment Guideline that are also included in the scope of K-Taxonomy and its application guideline

# Declaration of Anti-Coal Policy

## KBFG, First Korean Financial Institution to Declare Anti-Coal Policy

Weather anomalies caused by global warming is exacerbating and natural disasters are rapidly increasing across the globe. Accordingly, more and more stakeholders are requesting to move away from coal and relevant policies and regulations are tightening.

With the Coal Phase-out Declaration in September 2020 as the start, KBFG stopped participating in new project financing and bond underwriting for domestic and overseas construction of coal power plants in order to reduce coal power generation, which is key to resolving global warming.

Also, in tandem with KBFG's anti-coal policy, KB Kookmin Bank implemented the policy to restrict coal-related lending and investments. Relevant policies were revised in early 2022 to limit new loans to or investments in coal mining and coal power generation projects.

Additional loan and investment restriction policies were developed to be applied to other (unconventional) fossil fuels, in addition to coal, that generate high volumes of carbon and are deemed to significantly damage the environment. These other (unconventional) fossil fuels refer to tar sands, arctic offshore oil and gas, and deepwater oil and gas. As of June 2022, KB Kookmin Bank has no exposure to other (unconventional) fossil fuel mining projects, and will continue to limit the financial support (e.g. lending and investment) for these areas.

 KB 금융그룹

 세상을 바꾸는 금융

### KB Financial Group Statement on Exiting Coal Financing

KB Financial Group actively supports global efforts to fight climate change crisis to limit the global average temperature increase below 1.5°C above pre-industrial levels, and we are committed to taking the lead in facilitating the transition toward a low-carbon economy by providing environmentally-friendly financial services.

First, we will not provide project financing to the **construction of new coal-fired power plants globally.**

Second, we will not underwrite bonds issued by a special purpose company (SPC) for the **construction of new coal-fired power plants globally.**

Third, we will not underwrite any other bonds issued for the purpose of the **construction of new coal-fired power plants globally.**

Fourth, we will strive to expand investment supporting sustainable development including investment in and lending to renewable energy sectors to support the transition toward a low-carbon economy.

Effective September 25, 2020



# Implementation of Equator Principles

## Adoption, Application and Implementation of the Equator Principles

KB Kookmin Bank adopted the Equator Principles in February 2021 as a means to establish the ESRM Framework and fulfill social responsibilities. We developed the internal process to apply the Principles, and are identifying and assessing the impact of potential environmental and social risks based on the Equator Principles for large scale development or construction projects including project financing. We are continuously fine-tuning the Equator Principle Process by establishing the Operational Guideline on Equator Principles in 2022.

### Equator Principles

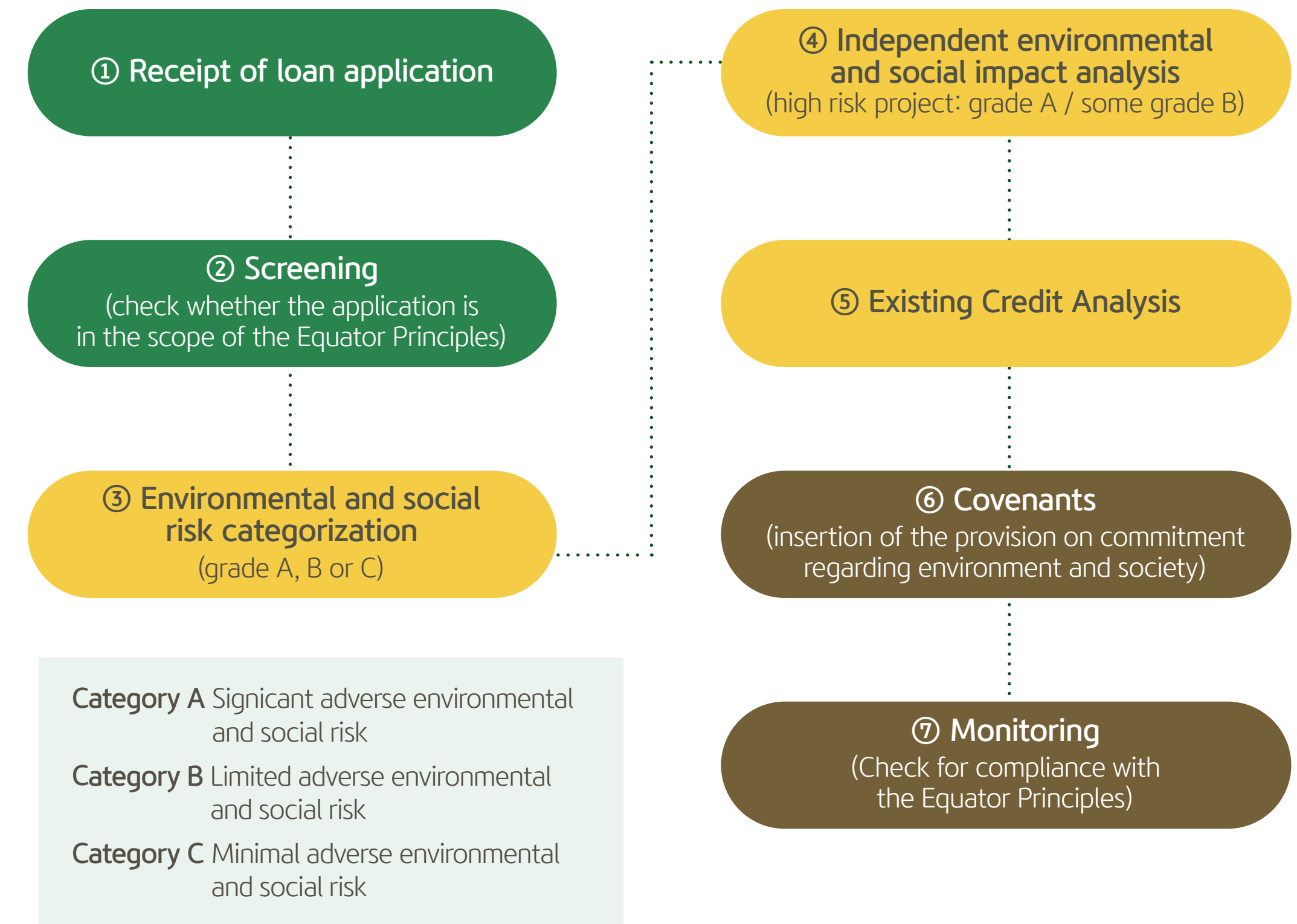


A voluntary agreement among financial institutions to not finance large scale development or construction projects if they entail potential destruction of environment or violation of human rights

· Equator Principles Financial Institutions (EPFI): 134 financial institutions of 38 countries (as of June 2022)

### Development of Internal Process to Implement the Equator Principles

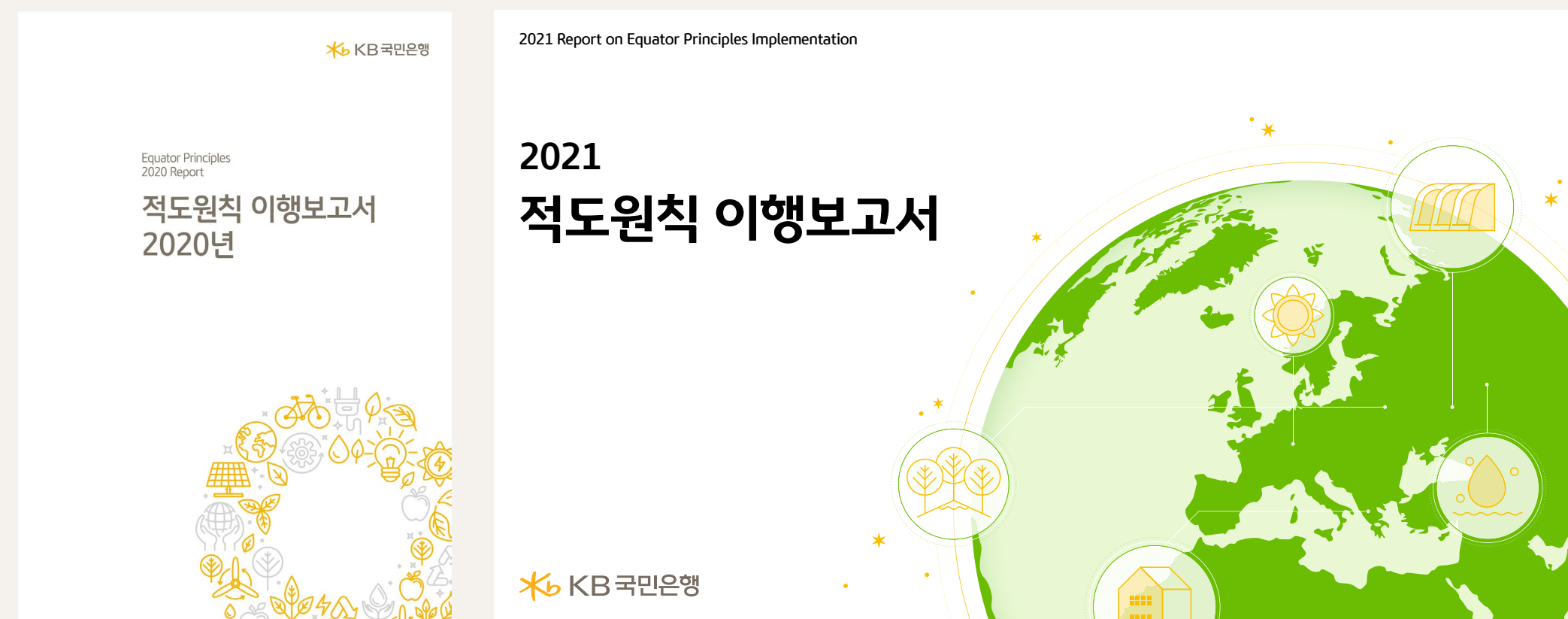
We completed the enhancement of E&S assessment procedure by distinguishing projects that are subject to or not subject to the Equator Principles and the development of detailed underwriting procedural manual for those projects subject to the Principles.



# Implementation of Equator Principles

## Equator Principles Implementation Report

As per Principle 10 Reporting and Transparency, the annual Equator Principles Implementation Report is displayed on KB Kookmin Bank and Equator Principles Association websites for internal and external disclosure, and for the first time as a Korean bank, we published and submitted the First Year Implementation Report in May 2021.



### Examples of EP Implementation

KB Kookmin Bank assesses environmental and social risks for project financing according to the Equator Principles.



#### Case 1) Onshore Wind Power Project in Sweden

- An onshore 74.4MW per annum wind farm is under construction in Gävleborg County located in east-central Sweden. Out of total EUR 90 million of the required financing, KB Kookmin Bank injected EUR 21 million and committed to invest EUR 9 million additionally. This project is a good example of Korean financial institutions joining hands with the public power corporation (Korea Midland Power Co., Ltd.) to enter an overseas new and renewable energy market, where KB Kookmin Bank conducted the environmental and social risk assessment while reviewing the project.

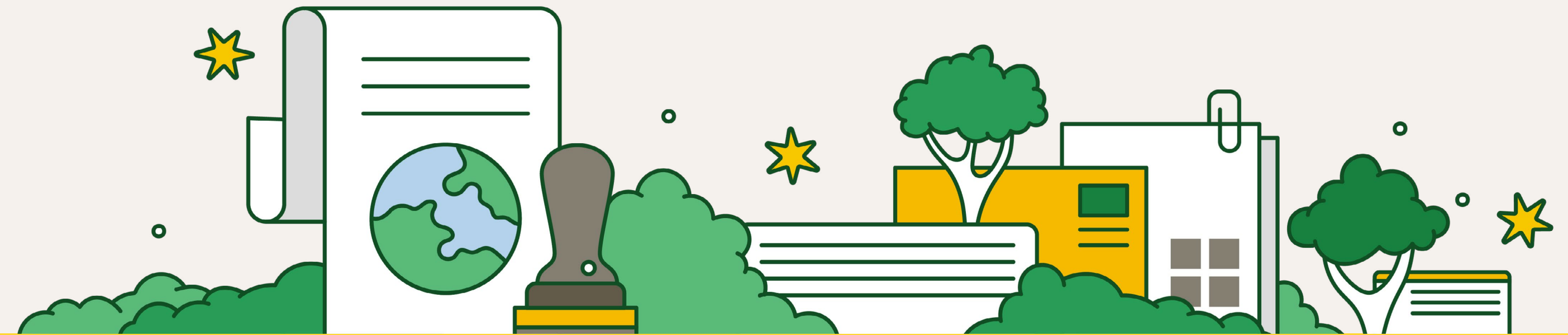


#### Case 2) New and Renewable Energy Project in US

- This is a new and renewable energy power project intending to construct and operate solar power plants (346MW) and ESS (1,050MWh) in the Mojave Desert (Kern County) in California, US. Out of total USD 400 million of the invested fund, KB Kookmin Bank injected and committed USD 70 million. The project is expected to have positive ESG impact including increased use of eco-friendly energy and GHG reduction. ESG risks were evaluated before commencing the project factoring in diverse social and environmental impact, and all environment related regulations and guidelines of the US federal and state governments have been complied with from the construction stage.



















# Appendix



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# Collaboration with Initiatives

KB Kookmin Bank is collaborating with various global initiatives for responsible implementation of ESG criteria. We will promptly identify ESG related issues and proactively take actions.

 <p><b>WE SUPPORT</b> UN GLOBAL COMPACT</p>	<p><b>UN Global Compact</b> </p> <ul style="list-style-type: none"> <li>World's largest scale voluntary initiative to promote the implementation of ten universal principles related to human rights, labor, environment and anti-corruption</li> <li>Joined in April 2009</li> </ul>	 <p><b>CDP</b> DRIVING SUSTAINABLE ECONOMIES</p>	<p><b>CDP (Carbon Disclosure Project)</b> </p> <ul style="list-style-type: none"> <li>A global not-for-profit organization that aims to make environmental reporting and risk management a business norm through disclosure of companies' climate actions.</li> <li>Joined in July 2009</li> </ul>	 <p><b>UN environment programme</b> finance initiative</p>	<p><b>UN Environment Programme Finance Initiative (UNEP FI)</b> </p> <ul style="list-style-type: none"> <li>An international partnership between UNEP and the financial sectors; a global initiative with participation of over 300 financial institutions worldwide</li> <li>Joined in August 2018</li> </ul>	 <p><b>TCFD</b> TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	<p><b>TCFD (Task Force on Climate-Related Financial Disclosures)</b> </p> <ul style="list-style-type: none"> <li>An initiative that encourages incorporation of climate risk in companies' financial information</li> <li>Became a supporter in October 2018</li> </ul>	 <p><b>UNEP FINANCE INITIATIVE</b></p>	<p><b>PRINCIPLES FOR RESPONSIBLE BANKING</b> </p> <p><b>Principles for Responsible Banking (PRB)</b></p> <ul style="list-style-type: none"> <li>Principles that define the roles and the responsibilities of the banking sector to achieve UN SDGs and the Paris Climate Agreement</li> <li>Joined in September 2019</li> </ul>	 <p><b>Climate Action</b></p>	<p><b>Collective Commitment to Climate Action</b> </p> <ul style="list-style-type: none"> <li>A global banking sector initiative supporting the implementation of PRB principles and low-carbon climate-friendly activities according to the Paris Climate Agreement</li> <li>Joined in September 2019</li> </ul>	 <p><b>BNBP</b></p>	<p><b>Biz N Biodiversity Platform</b> </p> <ul style="list-style-type: none"> <li>A local initiative to promote preservation and sustainable use of biodiversity by the companies</li> <li>Joined in May 2020</li> </ul>	 <p><b>CoREi</b> 기업 재생에너지 이니셔티브</p>	<p><b>Corporate Renewable Energy Initiative (CoREi)</b> </p> <ul style="list-style-type: none"> <li>An initiative that supports companies to voluntarily commit to transition to renewable energy and assists development and implementation of renewable energy plans</li> <li>Joined in June 2020</li> </ul>
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# Collaboration with Initiatives



## Equator Principles

KB Kookmin Bank

- A voluntary agreement among financial institutions to not finance large scale development or construction projects if they entail potential destruction of environment or violation of human rights
- Joined in February 2021



## Partnership for Carbon Accounting Financials (PCAF)

KB Financial Group

- An initiative designed to develop unified standards for assessing and reporting GHG emissions of the financial industry's investment projects and to encourage financial institutions to follow the Paris Agreements
- Joined in April 2021



## Net-Zero Banking Alliance (NZBA)

KB Financial Group

- A forum for global bank leaders who share the goal of achieving net-zero by 2050
- Joined in April 2021



## RE100

KB Financial Group

- Committed to sourcing 100% of electricity consumption from renewable energy
- Joined in September 2021



## Science Based Targets initiative (SBTi)

KB Financial Group

- An initiative that offers various methods and guidance for companies to set GHG targets and aims to strengthen the climate actions
- Joined in April 2021



## Taskforce on Nature-related Financial Disclosures (TNFD)

KB Financial Group

- A framework that helps companies with disclosure for the purpose of protecting and restoring the natural ecosystem
- Joined in April 2022

 KB Kookmin Bank