

KB Green Wave Report

2023 KB Green Wave Report







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CEO Message

We are committed to becoming
Customer First KB that places customers first.

I would like to express my deepest gratitude to our 34 million customers and all our stakeholders for their love and support for KB Kookmin Bank.

In 2023, high inflation, high interest rates and high exchange rates aggravated the uncertainty in the domestic and the international financial market, and the world experienced unprecedented turmoil, and financial and economic downturn.

Despite such circumstances, KB Kookmin Bank had been striving to practice the virtue of sharing and win-win, and to grow with the public by displaying inclusive leadership.

In our fifth KB Green Wave Report, we summarized the efforts and achievements of our environmental management of the past year. We are transparently presenting KB's ESG management strategies: expansion of ESG finance to support green growth; net-zero campaigns that promoted customer engagement; and

stronger financial and non-financial support for SMEs and MMEs including our corporate customers involved in the supply chain.

KB Kookmin Bank will continue to leverage our resources and capabilities to implement ESG & Win-win Management in various ways for our customers, the society and for a better future.

We believe that KB's growth is only meaningful when people's lives are richer and when everybody is happy- with this in mind, we will continue to do our best to become the lifelong financial partner that is most trusted and relied upon by the customers.

Thank you.

President & CEO

Lee, Jae Keun

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KB Kookmin Bank

KB Kookmin Bank is concentrating all capabilities across the organization to become the “No.1 KB Financial Group that grows together with the people.” We are committed to fulfilling our social responsibilities by reinforcing sustainable management based on fundamentals and principles.

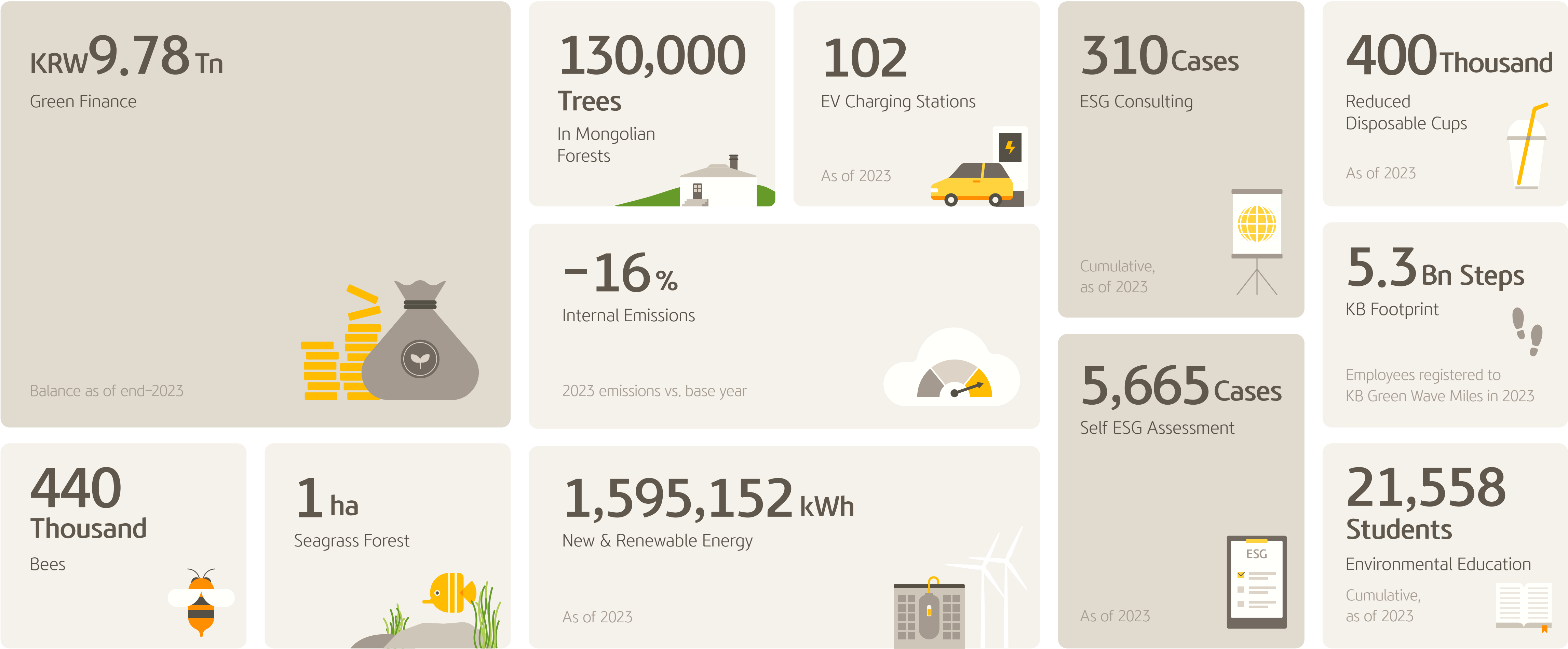
Status (as of end-2023)

Company Name	Kookmin Bank		
President & CEO	Lee, Jae Keun		
Foundation	Nov 1, 2001		
Total Asset	KRW 512 trillion	No. of Branches	797
Net Profit	KRW 3.3 trillion	No. of Employees	14,815
No. of Customers	34,123,190		
Head Office	26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea (Yeouido-dong)		
Credit Rating	Moody’s: Aa3 / Standard & Poor’s: A+ / Fitch: A		

Major Achievements in Sustainable Management in 2023 (KB Financial Group)

	Included in DJSI (Dow Jones Sustainability Indices) World Index for 8 consecutive years
	First Korean financial institution to receive AAA ESG ratings from MSCI (Morgan Stanley Capital International) for 2 consecutive years
	Selected as the Honors in the finance sector by CDP (Carbon Disclosure Project)
	The First Korean company included in the GEI (Bloomberg Gender-Equality Index) for 5 consecutive years
	First Korean financial institution to receive A+ in all areas by Korea ESG Standards Institute for 4 consecutive years 
	First Korean financial institution to acquire APEC CBPR (APEC Cross-Border Privacy Rules) certification
	KB Good Job won National ESG Social Contribution Brand Award for 12 consecutive years
	First Korean financial institution received Top 1% in the 2023 Corporate Sustainability Assessment(CSA) by S&P Global

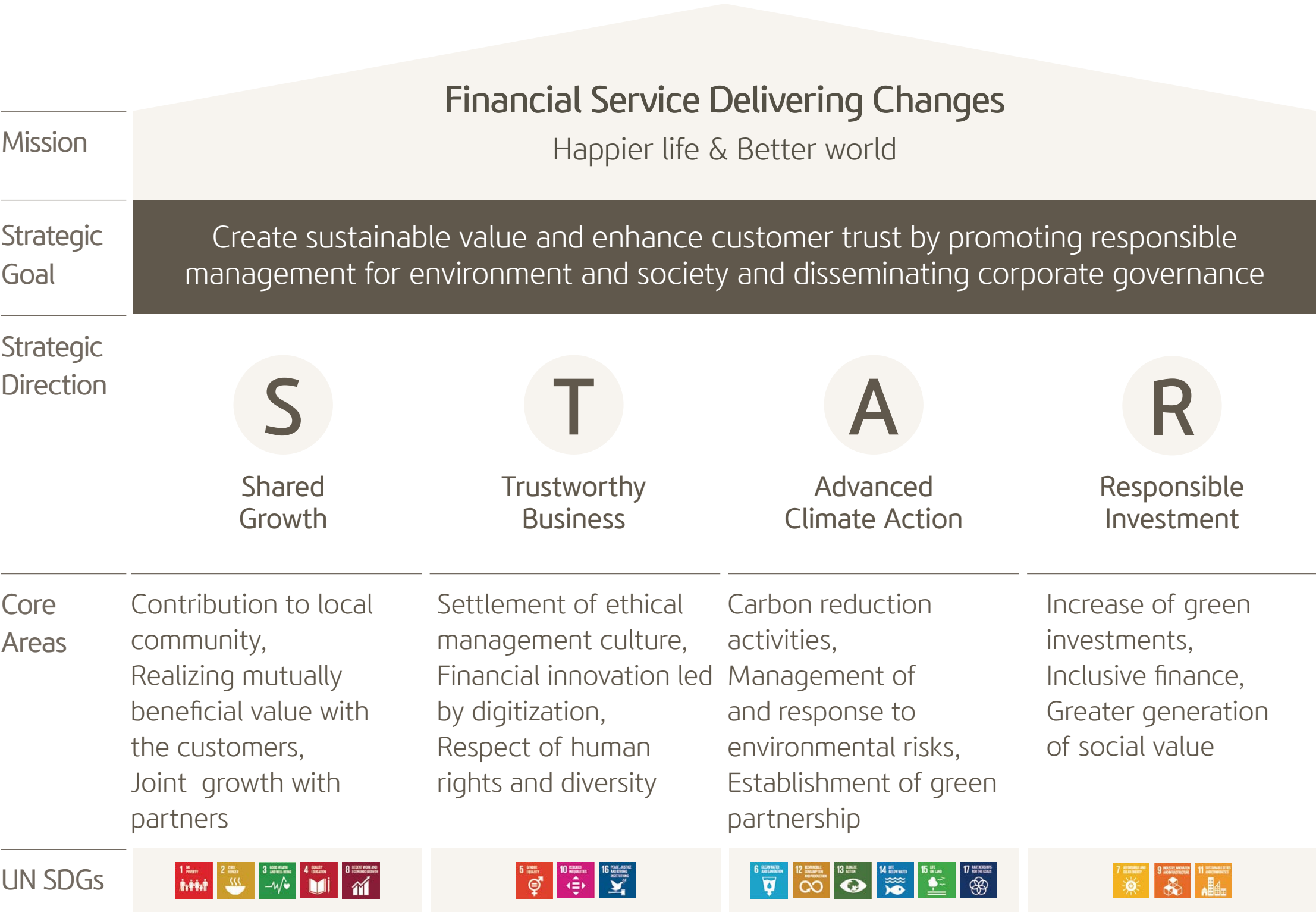
ESG Index



ESG Strategy

ESG STAR Strategy

KB Kookmin Bank’s mission is to offer financial services that deliver changes. To better execute ESG practices in line with our mission, we implemented the KB ESG STAR Strategy in connection with the 17 UN Sustainable Development Goals (SDG). KB Kookmin Bank will display positive impact on the society through ESG management and will do our best to make our world sustainable.



KBFG ESG Goal

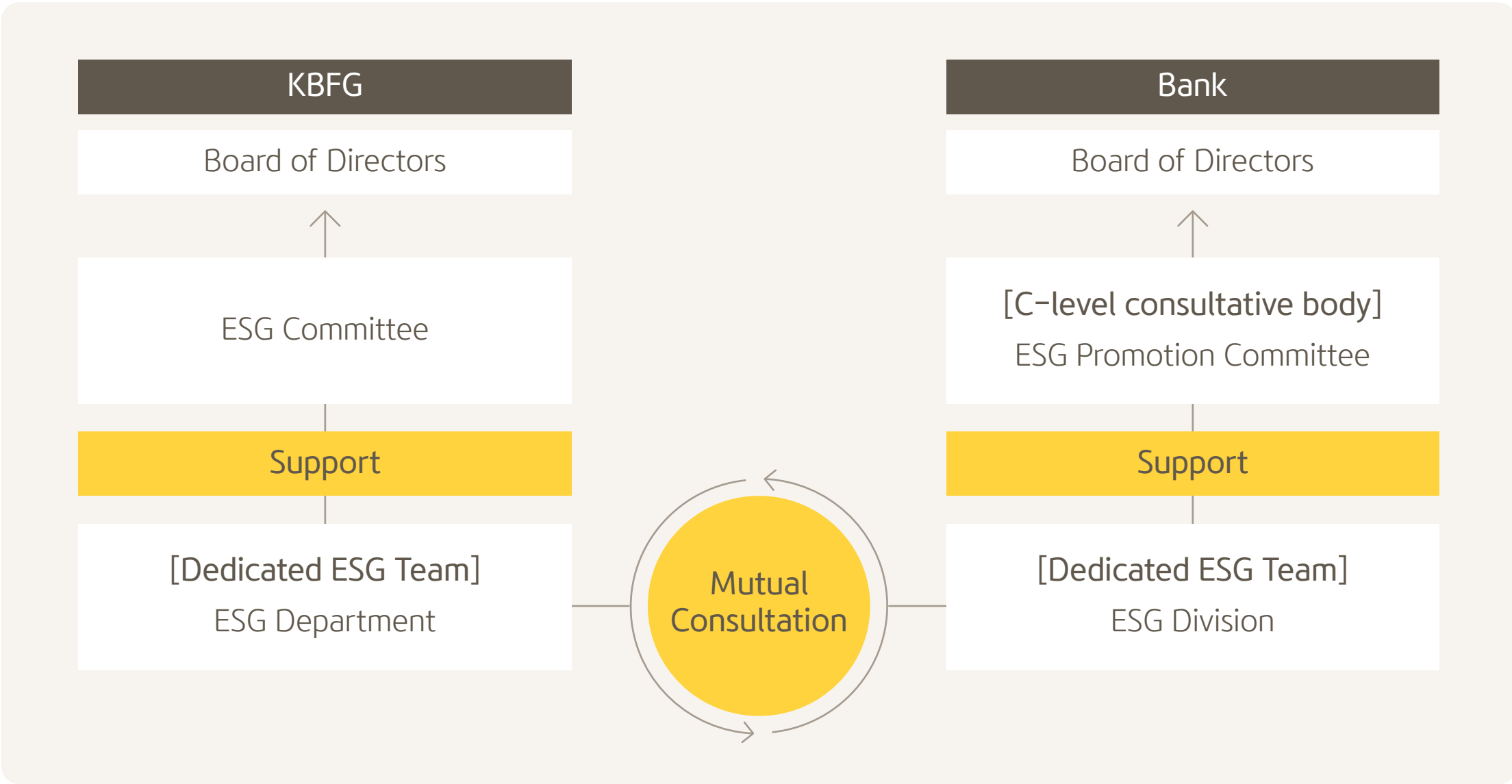
KB Financial Group (KBFG) established 3 cross-organizational ESG goals aiming to make a better world. KBFG is committed to fulfilling its role as a leading ESG enterprise through KB Green Wave 2030 that seeks to increase ESG financing, KB Net Zero S.T.A.R. designed to address climate change, and KB Diversity 2027 that promotes social and gender inclusion.

Sustainable Financing	Carbon Emission	Diversity & Inclusion
KRW 50Tn ESG products, investments and loans	Carbon Neutrality Internal emissions (by 2040) Financed emissions (by 2050)	Diversity & Inclusion Diversity hiring 15% Gender diversity 20% Capability diversity 30%
<div>KB GREEN WAVE 2030</div>	<div>NET ZERO S.T.A.R. 0</div>	<div>KB Diversity 2027</div>
2030 KRW 50Tn of ESG financing (KRW 25Tn of Green Finance)	Internal Emissions 2020: base year 2030: reduction by 42.0% 2040: net-zero Financed Emissions 2019: base year 2030: reduction by 33.3% 2040: reduction by 61.0% 2050: net-zero	2027 Diversity hiring 15% Gender diversity 20% Capability diversity 30%

ESG Governance

KBFG established a [group-level ESG governance structure](#) to promote ESG across the whole organization. It was the first financial institution to establish the ESG Committee under the Board of Directors in 2020, and is deepening ESG management through organic communication with the Bank’s ESG teams. KBFG also has a dedicated ESG department to ensure disciplined and proactive ESG management.

ESG Organization Structure



ESG Governance Structure

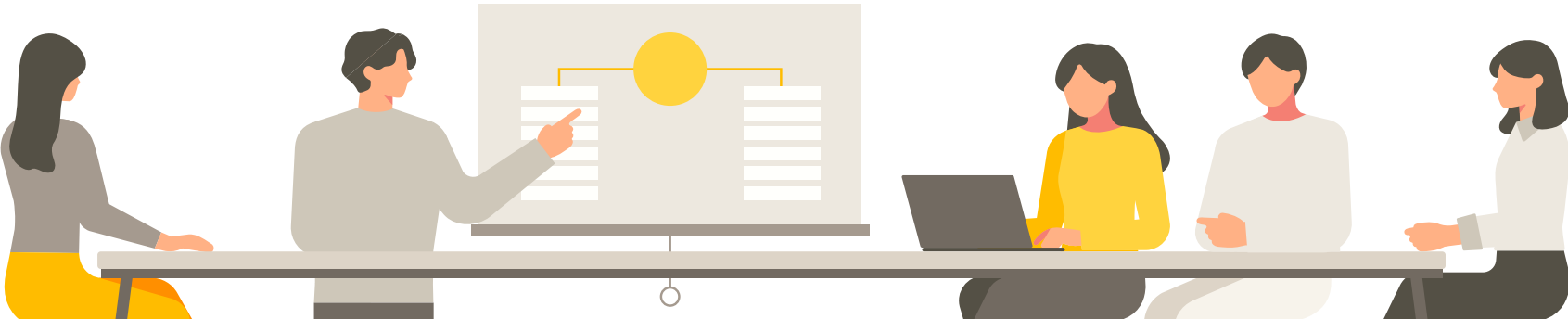
KB Kookmin Bank holds the ESG Promotion Committee every quarter to promote and internalize ESG management. The ESG Promotion Committee consists of Bank CEO and 8 Group Heads, and drives and supervises the implementation of Bank’s ESG strategies and policies. The members convened 4 times in 2023 to discuss 14 items including ESG task implementation plan, and key action items and plans for Mutually Beneficial finance.

Furthermore, KB Kookmin Bank updates the Board of Directors on ESG-related progress once a year. The highest decision-making body for ESG tasks monitors and provides feedback on the Bank’s ESG activities during this periodical reporting. In 2023, 2023 ESG achievements and 2024 ESG plan were shared with the Board.

Special Column

Mutually Beneficial Finance Council

KB Kookmin Bank developed a practical bank-wide Mutually Beneficial Financial Support Program to fulfill its social responsibility. First, ESG Division was expanded and renamed as ESG Mutual Benefit Division, and we created the Mutually Beneficial Finance Council in 2023 to promote mutually beneficial financing that is timely and in accordance with the social demand. The Council consists of key relevant departments (eg: product, service, communication) to develop and implement Mutually Beneficial Finance-related tasks, and meets on a quarterly basis. Total 6 meetings were held in 2023, and efforts were made to offer mutually beneficial finance in consideration of government policies and social issues.



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Sustainable Finance

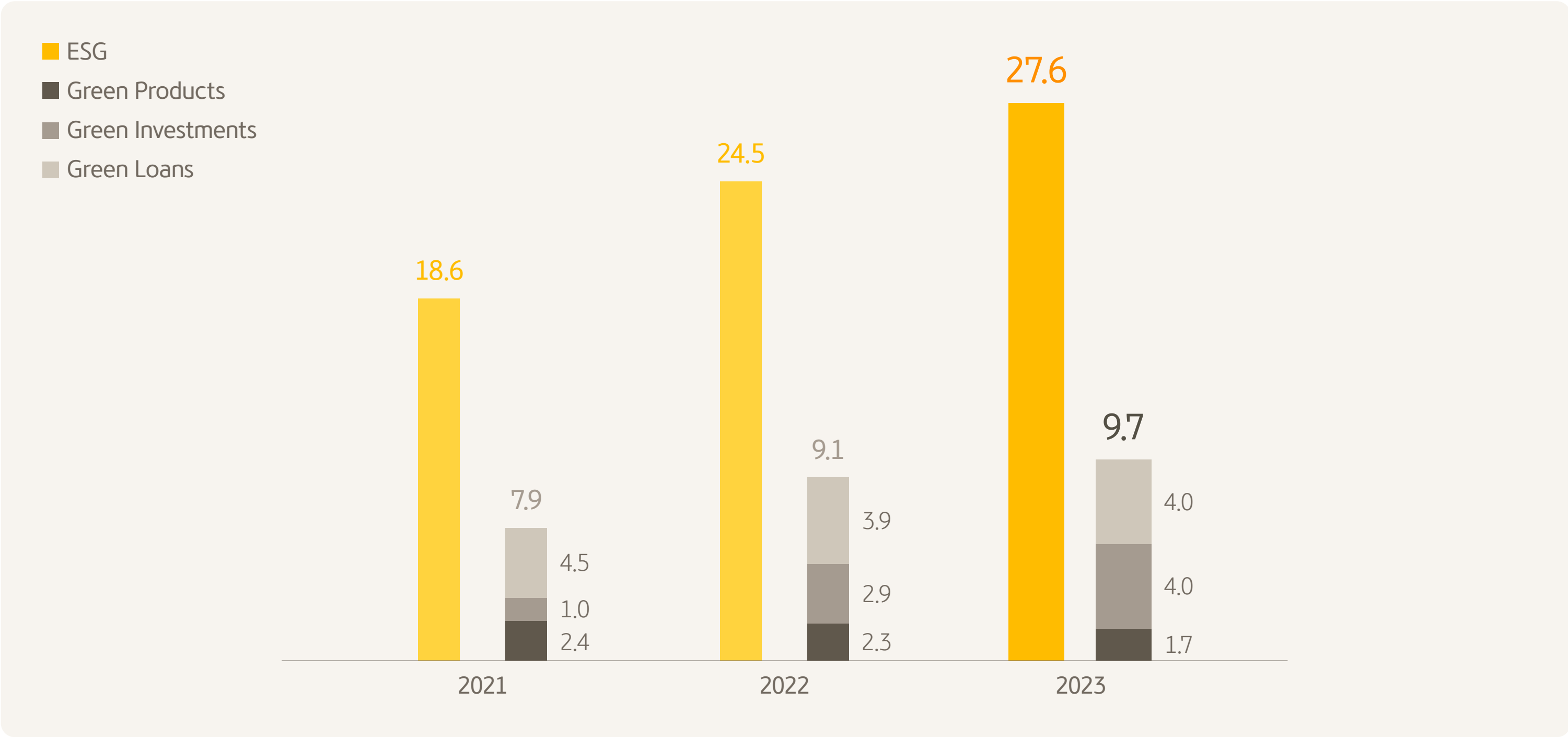
KB Green Wave 2030

KB Kookmin Bank endeavors to contribute to the transition to a low-carbon economy and fulfill its social responsibilities through financial activities that incorporate ESG. The purpose of KB Green Wave 2030 is to achieve KRW 50 trillion of ESG products, investments and loans, and to increase green finance to KRW 25 trillion. The booking of green finance has been continuously increasing since we set our target, and green finance accounted for approximately 35% of total ESG finance in 2023.



ESG and Green Finance

Unit: KRW Tn; balance



Milestones of Sustainable Finance

- 2021
 - February Adopted Equator Principles (EP)
MOU on Promotion of Green Bond
 - October Launched Best Practice Guideline for Environmental and Social Risk Management (ESRM Guideline)
- 2022
 - March Created KBFG ESG Financial Product Council
 - April Participated in pilot project for application of Korean Green Taxonomy led by Ministry of Environment
- 2023
 - January Issued sustainability bond (EUR 15 million)
Created Environmental and Social Risk Deliberation Committee
 - October Participated in KTSS pilot application TF initiated by Financial Supervisory Service (FSS)

Sustainable Finance

ESG Financial Product Governance

In order to accomplish KB Green Wave 2030 systematically, KB Kookmin Bank takes part in the KBFG ESG Financial Product Council. The Council convenes every quarter, where heads of 10 relevant divisions and departments discuss the selection and the management of ESG financial products, and make decisions related to ESG financial products.

ESG Financial Product Selection Process

KB Kookmin Bank submits feedback to the KBFG ESG Financial Product Council regarding the inclusion of new products in the category, after which the Council selects the ESG product suite after verifying upon ESG criteria and risk screening. The Council first validates whether each product satisfies ESG criteria and whether it is suitable for the purpose, and then analyzes the potential risk of ESG greenwashing. KB Kookmin Bank distinguishes ESG financial products into 4 categories according to the objective and the user: Environment, Social Responsibility, Corporate Governance and Integrated ESG.

KBFG ESG Financial Product Council



Classification of ESG Financial Products



Environment	Social Responsibility
<div>1. Use of core net-zero technology</div> <div>2. Production of new and renewable energy</div> <div>3. Enhancement of energy efficiency</div> <div>4. Use of eco-friendly traffic & transportation</div> <div>5. Increase of green buildings</div> <div>6. Use of natural resources and land</div> <div>7. Sustainable water resource management</div> <div>8. Creation of circular economy</div> <div>9. Prevention and management of pollution</div> <div>10. Preservation of biodiversity</div>	<div>11. Job creation</div> <div>12. Improvement of access to basic social services</div> <div>13. SME & microfinance support</div> <div>14. Housing support for the underprivileged and ordinary people</div> <div>15. Socio-economic development and improvement of human rights</div> <div>16. Provision of accessible basic infrastructure</div> <div>17. Sustainable increase of food</div> <div>18. Development of sustainable cities</div>
Corporate Governance	ESG
<div>19. Enhancement of shareholder value</div> <div>20. Improvement of corporate governance structure</div>	<div>ESG financial products that cover the entire E&S&G aspects</div>

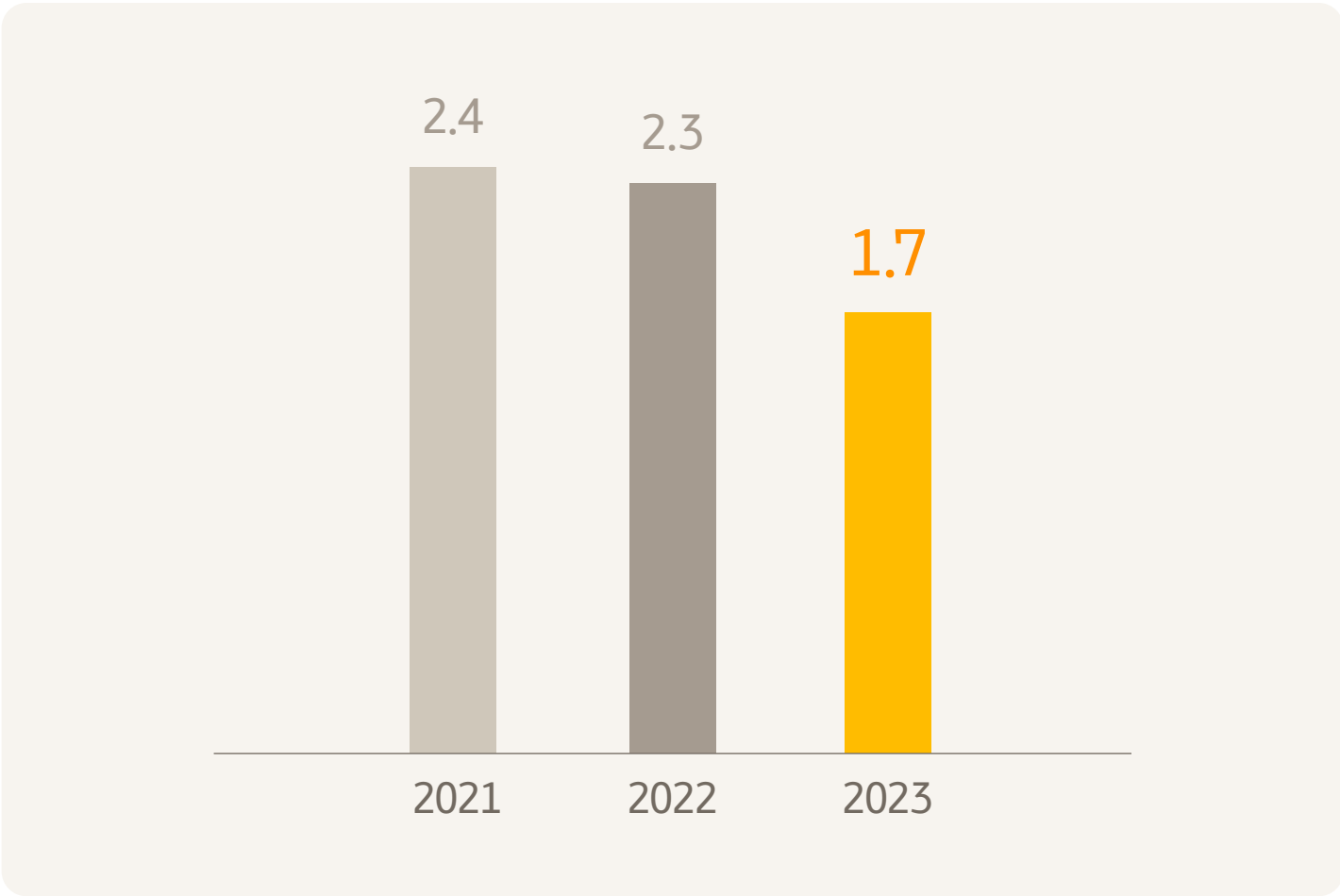
Green Products, Investments and Loans

Green Products

In order to raise our customers’ awareness on the severity of the climate crisis that is affecting the entire humanity and to address such crisis together, KB Kookmin Bank is offering green financial products to the customers. We plan to provide more diverse green finance to make our planet cleaner for the future generations, and practice low-carbon lifestyle with our customers.

Performance

(Unit: KRW Tn; balance)



KB Clear Sky Installment Savings

KB Clear Sky Installment Savings was launched in 2019 to engage customers in resolving the fine dust issue. It offers various environment-related benefits to encourage customers to voluntarily participate in reducing fine dust. We propose daily activities or give missions to the customers such as not issuing paper passbooks or taking the public transportation, and offer insurance for public transportation and bicycle accidents for free.

- Balance as of end-2023: KRW 297.1Bn
- Love-your-environment Missions (as of end-2023)

Category	Description
Less paper passbooks	Not issuing any paper passbook until the account is closed upon maturity
Less paper documents	Subscribing to KB Clear Sky Installment Savings without using paper documents (eg: via branch digital window)
Public transportation mission	If customer uses public transportation for more than half of the contracted term, differentiated benefits are provided according to the number of months he/she used public transportation
Quiz mission	If customer answered all fine dust-related quiz

※ Product details can be found on KB Kookmin Bank website

Special Column

KB Youth Leap Financial Package

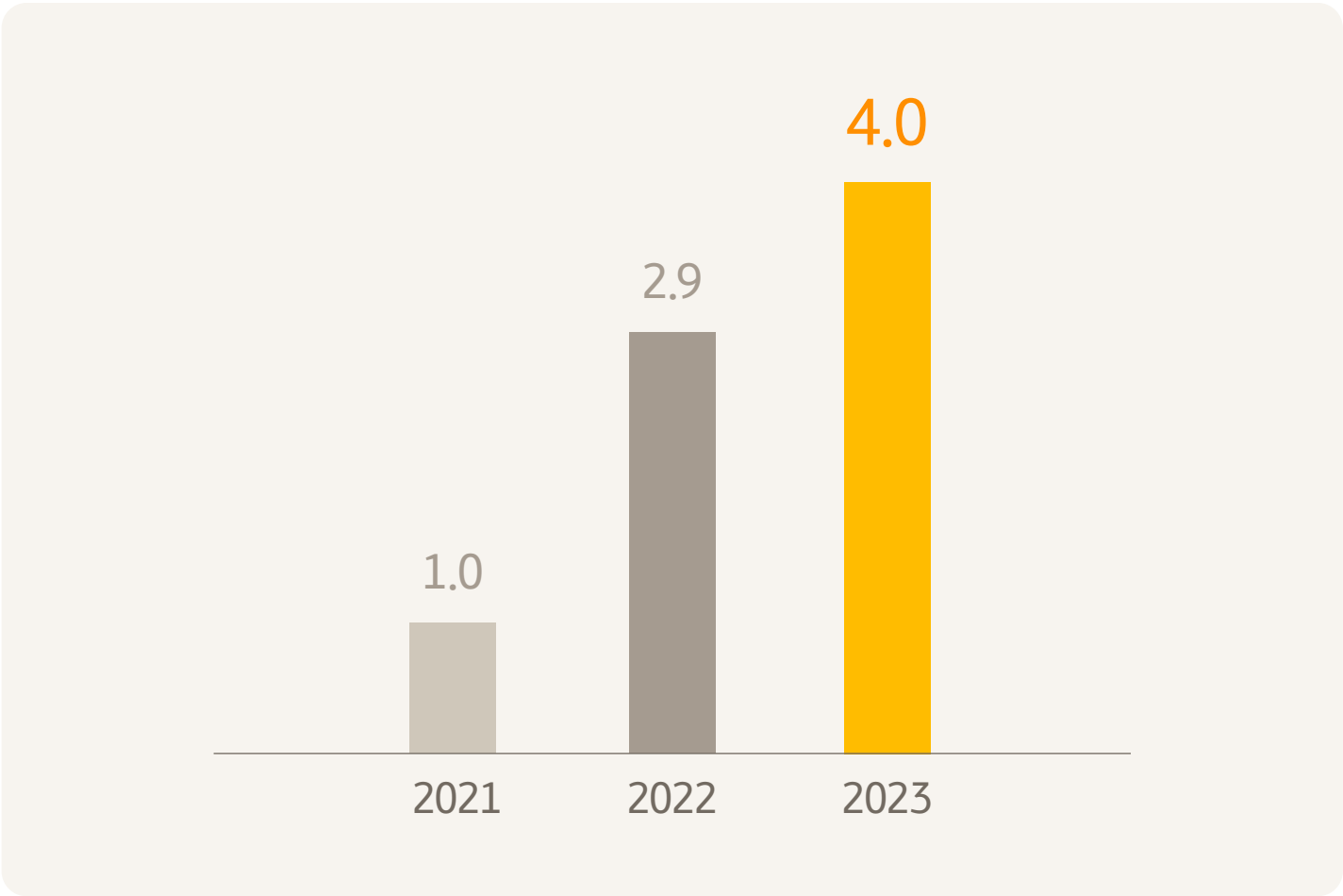
KB Kookmin Bank launched the KB Youth Leap Financial Package in July 2023 as a means to fulfill our corporate social responsibility by supporting the young people who are about to make a fresh start as a member of the society. The Package consists of [KB Youth Leap Installment Savings](#), KB Youth Leap Charitable Trust and KB Youth Leap LTE Payment Plan. As for KB Youth Leap Charitable Trust and KB Youth Leap LTE Payment Plan, we make a donation upon customers’ subscription to create a fund to support the youth. In the case of KB Youth Leap Charitable Trust, if the customer consents to donate when subscribing to the product, 10% of the fee paid to the Bank is donated in customer’s name, for which we make a matching donation. We created and used a fund of KRW 200 million to support temporary housing and living expenses for young people preparing to stand own their own feet and those who need financial support. KB Youth Leap LTE Payment Plan enables young people to save telecommunications cost; KRW 10,000 is donated for each mobile line and we accumulated KRW 100 million to support young single parents. KB Kookmin Bank will continue to provide various financial and non-financial support to extend a helping hand to the underprivileged and to live together with the local communities.

Green Products, Investments and Loans

Green Investment

KB Kookmin Bank proactively makes green investments to achieve green economy. We are committed to facilitating the transition to green economy, encouraging companies’ active efforts to reduce carbon emissions, and to fulfilling our responsibility as a leading ESG institution.

Performance (Unit: KRW Tn; balance)

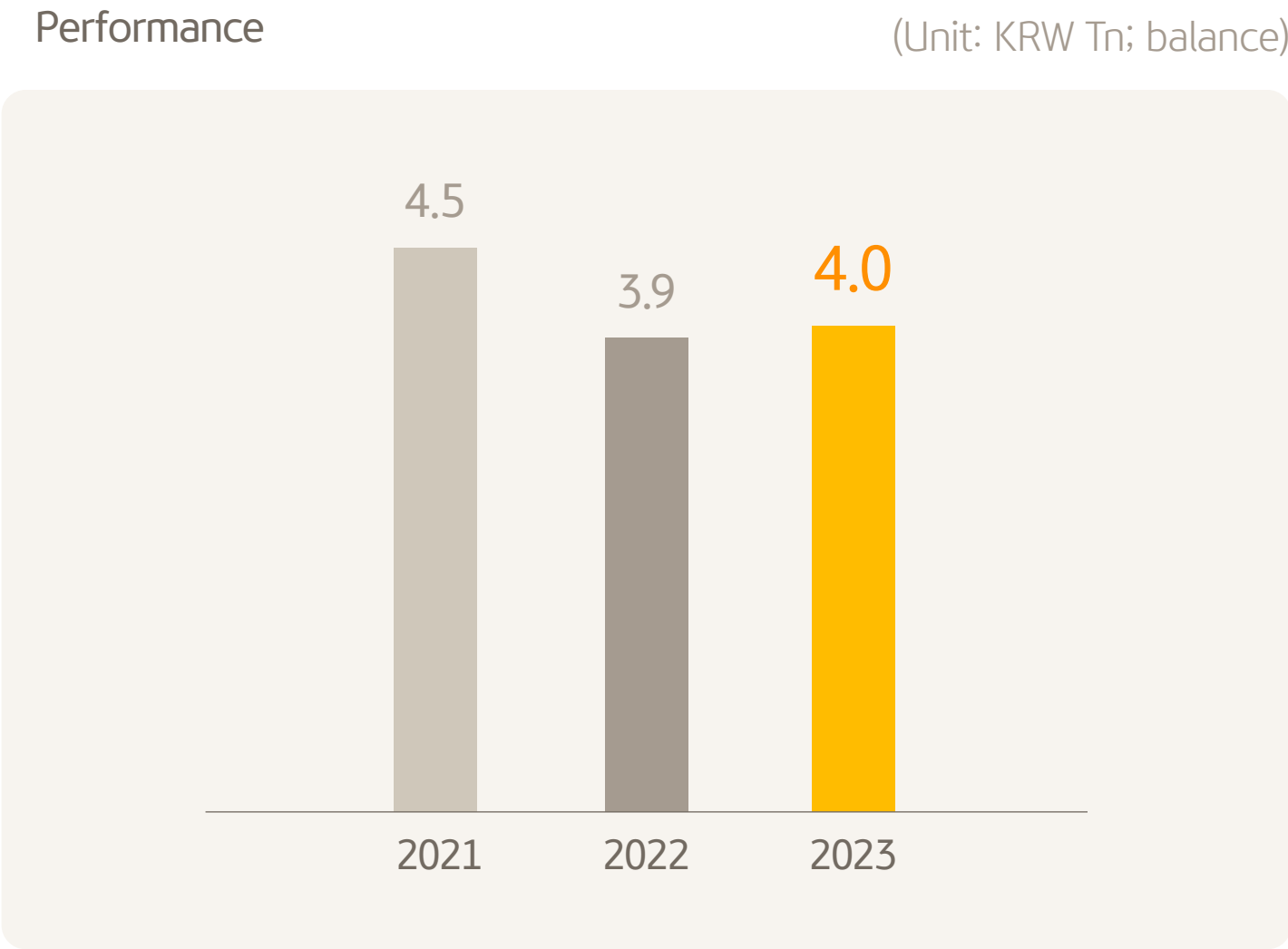


Overseas	Financing of Construction of Solar Power Plant in Texas, USA (2023)		<ul style="list-style-type: none">· Total lending: USD 100 million· A renewable power generation project that will build and operate 2 solar PV power plants with the total capacity of 395MWh in Texas, USA; This project complies with policies designed to boost renewable energy, such as the Texas Renewable Portfolio Standard (RPS) and the Inflation Reduction Act (IRA), and is contributing in reducing greenhouse gas emissions by using green energy.
	Refinancing for Wampu Hydroelectric Power Plant in Indonesia (2023)		<ul style="list-style-type: none">· Total lending: USD 60 million· A project investing in building a 45MWh-scale hydroelectric power plant near Wampu River, North Sumatra, Indonesia; the construction of this plant began in July 2012 and was completed in April 2016, and the plant produces energy using hydropower.
In Korea	Yeosu Sewage Treatment Water Reuse BTO (2023)		<ul style="list-style-type: none">· Total lending: KRW 8 billion; fund investment: KRW 5.3 billion· A project aiming to recycle sewage water from Yeosu City into industrial water to be supplied to Yeosu Industrial Complex; the project is in line with the government’s low-carbon green economy policy as it efficiently uses and recycles limited water resource. It is expected to help immensely in resolving the water scarcity issue in Yeosu, and contribute to building a sustainable water resource management system
	Jeju Hallim Offshore Wind Farm (2022)		<ul style="list-style-type: none">· Total lending: KRW 119.5 billion· A project to build and operate a 100MWh-scale offshore wind farm in the public waters of Hallim-eup, Jeju Island. Korea has abundant wind resource and wind power is highlighted as a promising alternative energy source as it does not produce greenhouse gas during operation. The project will contribute to the development of the local economy, as proceeds from this project will be partially shared with the local residents.

Green Products, Investments and Loans

Green Loans

KB Kookmin Bank strives to contribute to creating a sustainable corporate ecosystem by increasing green finance and financial support for excelling ESG companies. We aim to provide better financial and non-financial support for eco-friendly companies so that we can grow together with our stakeholders and be a financial institution that creates a low-carbon society.



Interest Rate Gap Compensation Agreement Loan to Promote Green Policy Financing

To support companies’ efforts to reduce greenhouse gas emissions, KB Kookmin Bank launched the Interest Rate Gap Compensation Agreement Loan to Promote Green Policy Financing in September 2023. This product lends facility purchase funds necessary for companies that are included in the K-Taxonomy to reduce greenhouse gas at their business sites through process or business conversion. Up to 100% of the total cost is granted as loan limit, if the GHG and energy reduction facilities account for 20% or more of the business conversion cost, and the minimum limit is KRW 3 billion. And in proportion to the company size and expected greenhouse gas reduction rate, compensation for interest rate gap and additional interest rate discount are provided- KB Kookmin Bank fully bears the cost paid to external agencies for the appraisal of Greenhouse Gas Reduction Plan, based on which the scope of benefits is determined.

KB Green Wave_Loans for Outstanding ESG Companies

KB Green Wave_Loans for Outstanding ESG Companies customers are offered preferential rates and limits when they satisfy KB Kookmin Bank’s ESG evaluation criteria. This product motivates companies’ sustainable management, as preferential benefits are not applied if companies do not fulfill the criteria after account opening. KB Kookmin Bank is continually refining the evaluation criteria to promote K-Taxonomy and prevent greenwashing.



- Loan balance as of end-2023: KRW 905.3Bn
- KB ESG Evaluation Criteria

Category	Description
Integrated ESG	<div>· Companies selected and recommended by institutions that signed MOU with KB Kookmin Bank</div> <div>· Companies that received ESG-Grade 4 or above using KB ESG Self-Assessment Tool</div>
E (Environment)	<div>· Companies that received BBB or above in the environmental evaluation of Green Management Company Financial Support System (enVinance) of Korea Environmental Industry & Technology Institute</div> <div>· Companies that received the guarantee letter following “K-Taxonomy Based Guarantee” of Korea Technology Finance Corporation</div> <div>· Companies that use KB Carbon Management System</div>
S (Social responsibility)	<div>· Social economy enterprises & companies that create jobs</div>
G (Corporate governance)	<div>· Companies that hold general shareholders’ meeting or pay dividends regularly; companies that have an Audit Committee or full-time auditors</div>

ESG Bonds

ESG Bond Management System

KB Kookmin Bank issues ESG bonds to create positive and green social value. With the issuance of sustainability bonds (USD 300 million) in 2018 as the first Korean bank, we have been making socially responsible investments through issuance of diverse sustainability bonds, green bonds and social bonds. In 2018, KB established the [Sustainable Finance Management System](#) in line with the Green Bond Principles, Social Bond Principles, and Sustainable Bond Guidelines managed by the International Capital Market Association (ICMA), and in 2022, KB established the Green Bond Management System in line with the Green Bond Guidelines of the Ministry of Environment and Financial Services Commission (FSC), and the Korean Green Taxonomy (K-Taxonomy) Guidelines of the Ministry of Environment. Both management systems have been validated and approved by independent [external certification agencies](#). ESG bonds issued by KB Kookmin Bank are allocated to projects that comply with the Sustainable Finance Management System and the Green Bond Management System, and KB Sustainable Finance Committee makes decisions on fund allocation and management. In addition, KB published 5 [Sustainable Financing Reports](#) since 2019 to enhance the credibility of ESG bonds' follow-up management.

Project Evaluation and Selection

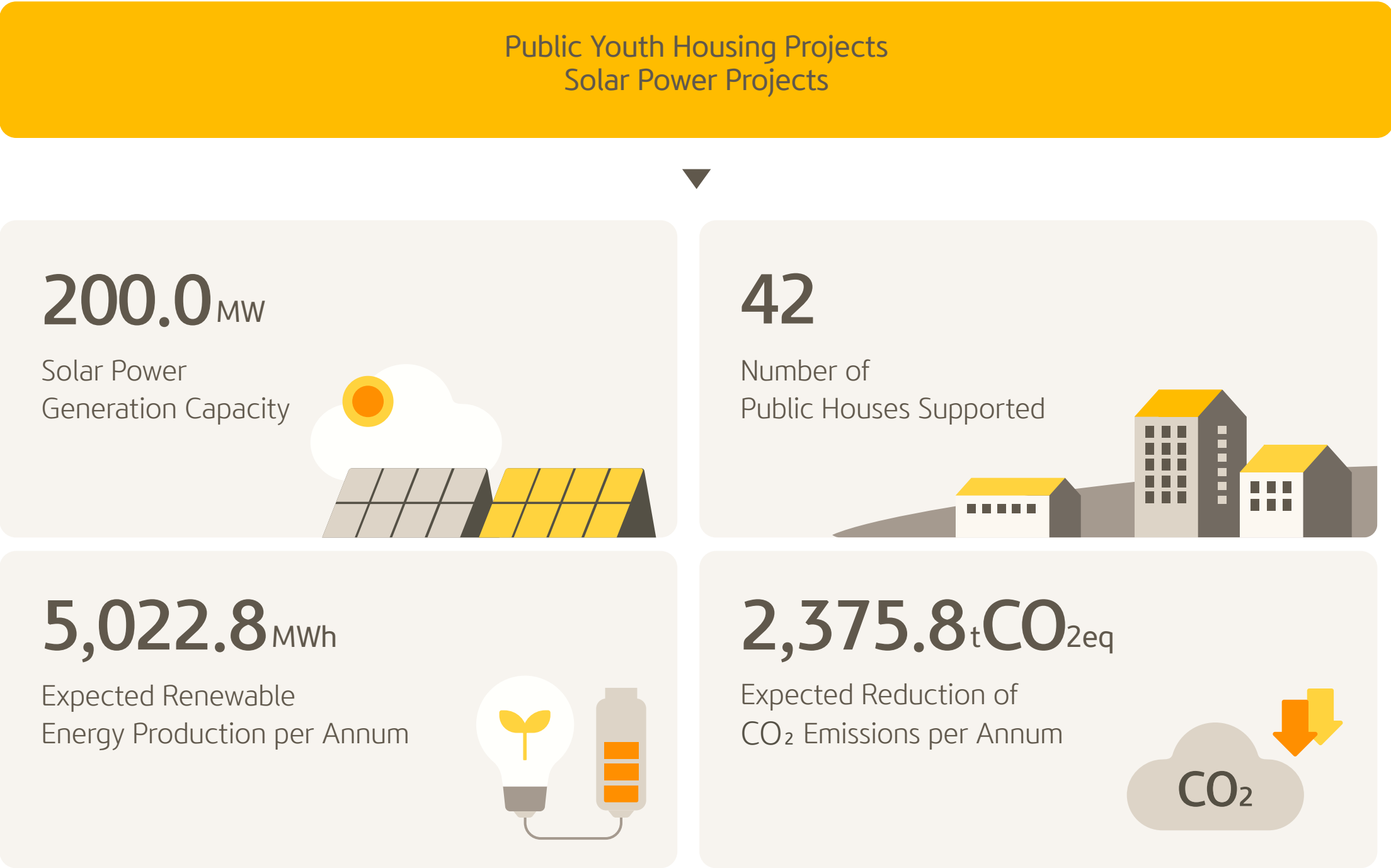
KB Kookmin Bank Sustainable Finance Steering Committee
Treasury Dept, Financial Planning Dept, Retail Credit Dept (P), Corporate Product Dept, Corporate Customer Analysis Dept, Investment Banking Dept, Infrastructure Finance Dept, ESG Finance Dept, General Affairs Dept, Global Initiative Dept, ESG Dept (KBFG)

Project selection	Project review	Fund allocation	Fund management monitoring
· Check whether the project satisfies KB Kookmin	· Sustainable Finance Committee verifies	· Approve allocation after verifying whether the qualifying project complies with Sustainable Finance Management System	· Publish annual reports on qualifying asset allocations · Report on the impact of fund utilization

ESG Bond Issuance

Issue Date	Type	Currency	Amount	Term	Coupon	ISIN
Jan 27, 2023	Sustainability bond	EUR	15Mn	2 years	FRN	XS2581368458

Allocation of Green Qualifying Asset and Environmental Effect



Green Partnership

MOU on Preservation of Marine Ecosystems with Ministry of Oceans and Fisheries (May 2023)

KB Kookmin Bank entered into an MOU with the Ministry of Oceans and Fisheries to preserve marine ecosystems, which accelerated the KB Sea Forest Project, jointly with the Ministry of Oceans and Fisheries, focusing on the southern coastal areas. Since 2022, we have been working hard to preserve marine biodiversity by planting sea grass forests and collecting underwater garbage layers in areas where sea desertification is in progress. We will continue to strive to create synergy in public-private partnership to make Korea more sustainable.

MOU to Increase ESG Synergy in Energy Supply Chain with Korea Southern Power (August 2023)

KB Kookmin Bank entered into an MOU with Korea Southern Power to support the expansion of ESG management among supply chain companies in the energy sector. With the growing emphasis on the environment, safety, and ethical management in the energy industry, social demands for ESG management are intensifying not only for prime contractors but also for suppliers participating in the supply chain. KB Kookmin Bank provides KB ESG Consulting Service for suppliers that are experiencing difficulty responding to ESG management requirements systematically due to the recent surge in raw material prices and high exchange rates, and provides preferential interest rates and foreign exchange fee discounts to companies that successfully complete the consulting service and satisfy the criteria, along with the KB Green Wave_Sound ESG Company Loan.

MOU on ESG Management Expansion and Social Value Enhancement with SK Group (September 2023)

KB Kookmin Bank signed an MOU on ESG Management Expansion and Social Value Enhancement with SK Group. We provide preferential interest rates through sustainability-linked loans to SK Group's ESG-excelling suppliers, and offer KB Preferential Loan for Growing Companies in Promising Sectors to companies that possess good eco-friendly technologies. In addition to ESG Consulting, we also invite these companies to the KB Good Job program, where they could hire talents, so that SMEs can strengthen their ESG competitiveness and grow in the global market.



Practice Green!

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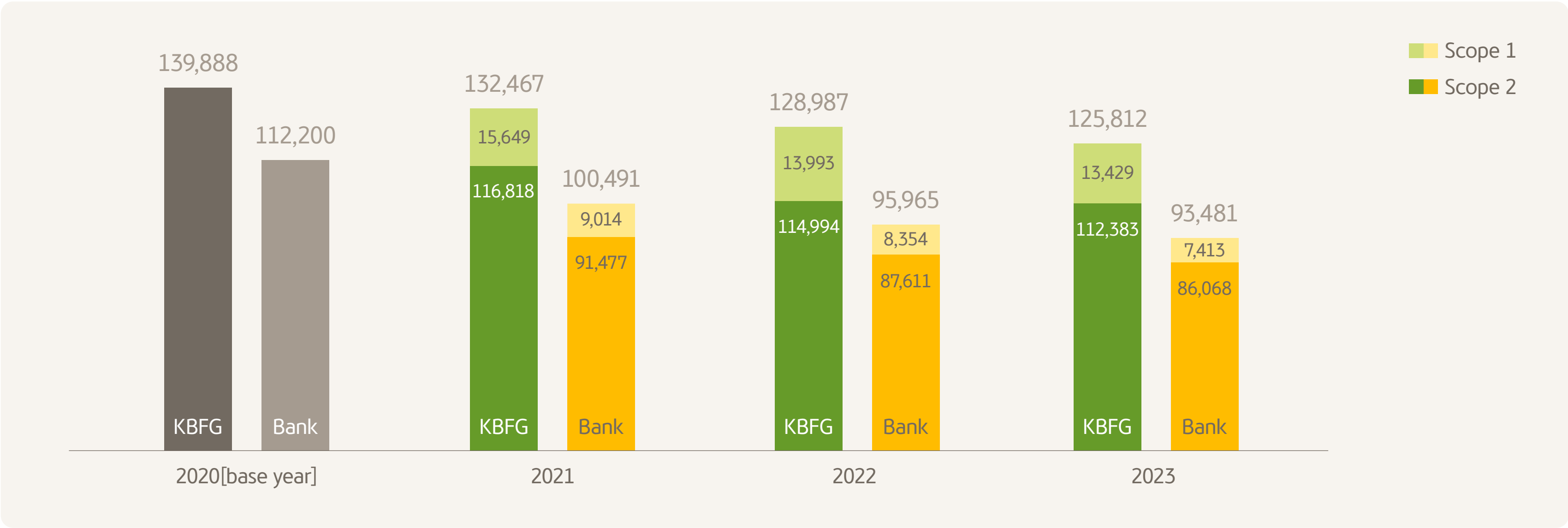


Net-zero Emissions Activities

KB Net Zero S.T.A.R.

KBFG has set the net-zero target utilizing the methodology presented by SBTi^{Note)} and obtained approval on the carbon reduction target from SBTi in October 2021. With 2020 as the base year for internal emissions (Scope 1 & 2) and by applying the 1.5°C scenario, we plan to reduce greenhouse gas emissions by 42% by 2030 and achieve net-zero by 2040. KB Kookmin Bank reduced the internal emissions by approximately 2,484 tCO₂eq year-on-year by increasing the use of renewable energy and switching to eco-friendly business vehicles.

Internal Emissions (Scope 1 & Scope 2)



※ These figures were extracted from the GHG Emissions Statement and may differ from the government’s final figures.
Note) An initiative that provides overall services (methodology development; advisory) required for companies to set greenhouse gas reduction targets based on scientific scenarios and approves the reduction targets for the purpose of accomplishing the goals of Paris Agreement.

Carbon Reduction Milestone

2021

April

Joined 2030 K-EV100 Initiative

May

Implemented Green Monday, day of eating low-carbon diet

2022

January

Launched KB Green Wave Miles

June

Green Month, Green Maru

2023

March

Launched KB Green Wave Together with Customers Season 2

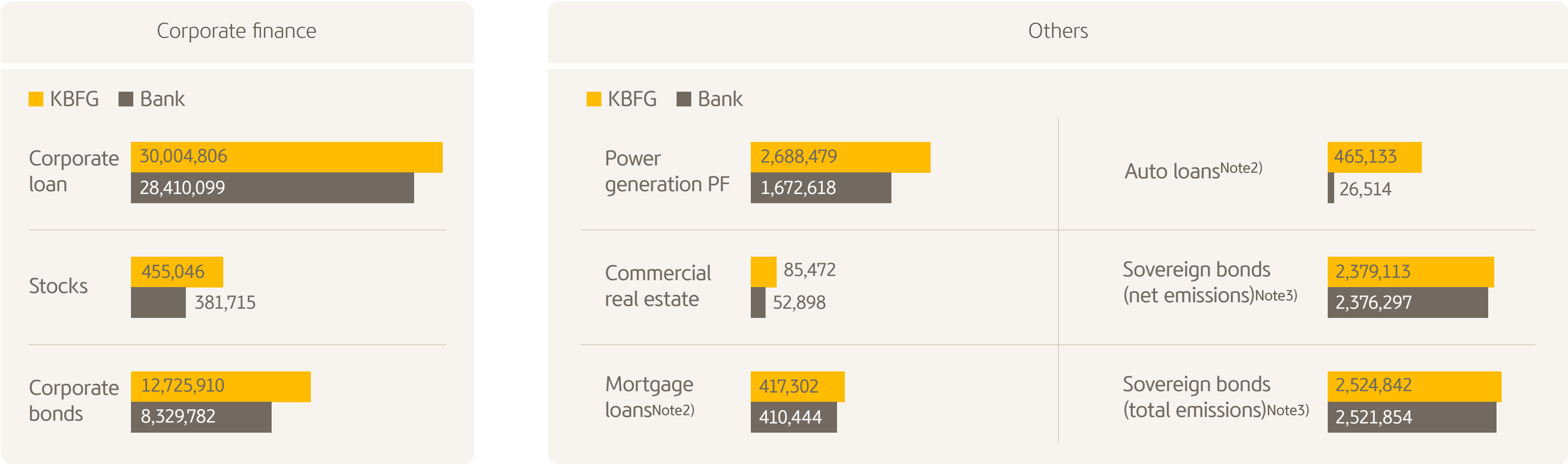
Net-zero Emissions Activities

KB Net Zero S.T.A.R.

Financed emissions (Scope 3) are measured using PCAF^{Note1)}'s methodology. Based on the asset classification proposed by PCAF, KBFG primarily designated the exposures of 7 asset types as the target for financed emissions measurement. In line with PCAF's ongoing updates to the asset classification criteria, KBFG significantly expanded the scope of its financial emissions calculation. When initially setting the SBTi reduction target, in the case of corporate assets, KBFG calculated financed emissions for companies whose aggregate exposure was KRW 3 billion or above; but from 2022, the scope of financed emissions measurement was expanded to include all corporate assets regardless of the amount of exposure. In addition to corporate assets, KBFG is gradually expanding the scope of measurement to include mortgage loans, auto loans and sovereign bonds for accurate identification of financed emissions.

Financed Emissions (Scope 3) by PCAF Asset Type in 2022

(Unit : tCO₂eq)



Note1) An initiative that develops and shares methodologies to measure financed emissions connected with financial institutions' loans and investments.
Note2) Began measurement at end-2021
Note3) Began measurement at end-2022





Net-zero Emissions Activities

Environmental Management Policy

KBFG enacted the [Environmental Management Policy](#) to conduct business in an environmentally accountable manner for the future generation. The Environmental Management Policy prescribes KBFG’s 7 principles pertaining to the environment: Compliance with environment-related laws and regulations; Saving and recycling of resources; Responding to climate change; Preservation of biodiversity; Communication for the environment; Operation of environment information system; and Establishment of environmental management framework. By upholding this Policy, KB Kookmin Bank seeks to display positive green leadership in the financial ecosystem.

Contents of Environmental Management Policy	
Compliance with environment-related laws and regulations	· Comply with environment-related laws and regulations and standards; promptly incorporate international best practices
Saving and recycling of resources	· Reduce waste; use renewable energy
Responding to climate change	· Reduce and manage internal carbon emissions
Preservation of biodiversity	· Increase awareness on the need to preserve nature; conduct activities to protect biodiversity
Communication for the environment	· Implement environmental campaigns; provide more green financial products
Operation of environment information system	· Manage environment data systematically
Establishment of environmental management framework	· Set environmental management goals; advance strategies to address climate change; establish governance structure

Certifications on ESG Management Framework

KB Kookmin Bank acquires and maintains credentials from specialized organizations for official recognition of our internal and external environmental management and ESG management framework.

Environment	ISO 14001 Environmental Management System	· Certification on systematic identification, evaluation, management and improvement of environmental issues
	ISO 50001 Energy Management System	· Certification on efficient utilization, management and improvement of energy
Safety & Health	ISO 45001 Occupational Health and Safety Management System	· Certification on occupational hazard prevention and creation of pleasant work environment
Information Security	ISO27001 Data Protection Management System	· Certification on data protection including data protection policies and access control
	ISMS Information Security Management System	· Certification on information security management system and protection measures developed to protect information asset
	ISMS-P Personal Information Security Management System	· Certification on information security management system and protection measures, and personal data processing
	APEC CBPR APEC Cross-Border Privacy Rules	· Certification jointly developed by APEC member countries to ensure protection of cross-border movement of personal information

Net-zero Emissions Activities

Use of New and Renewable Energy

To achieve net-zero and meet RE100 requirements, KB Kookmin Bank is actively participating in government-led energy initiatives by installing solar power generation facilities in large buildings and branches that we own nationwide. We installed 6 new solar PV systems in 2023 and are currently operating 37 in total. We produced total 1,595,152kWh of solar energy and emitted 728.5 tons less greenhouse gas (GHG) throughout 2023.

New Solar Power Systems (as of 2023)

Namsan-dong Branch
Seongseo Branch
Yeoju Branch
Jangan-dong Branch
Yeosu Branch
Changwon Branch



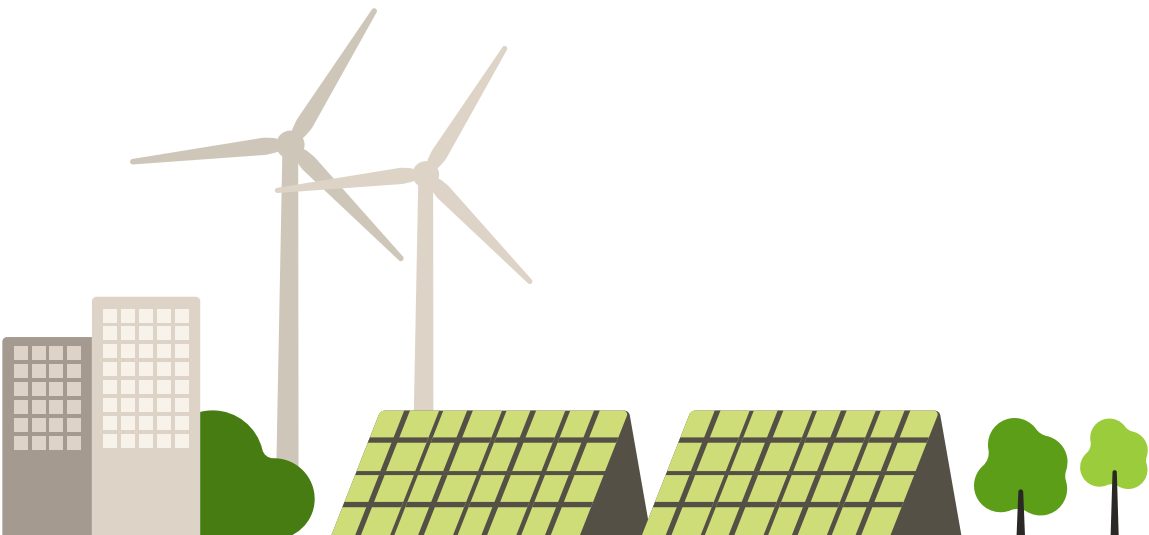
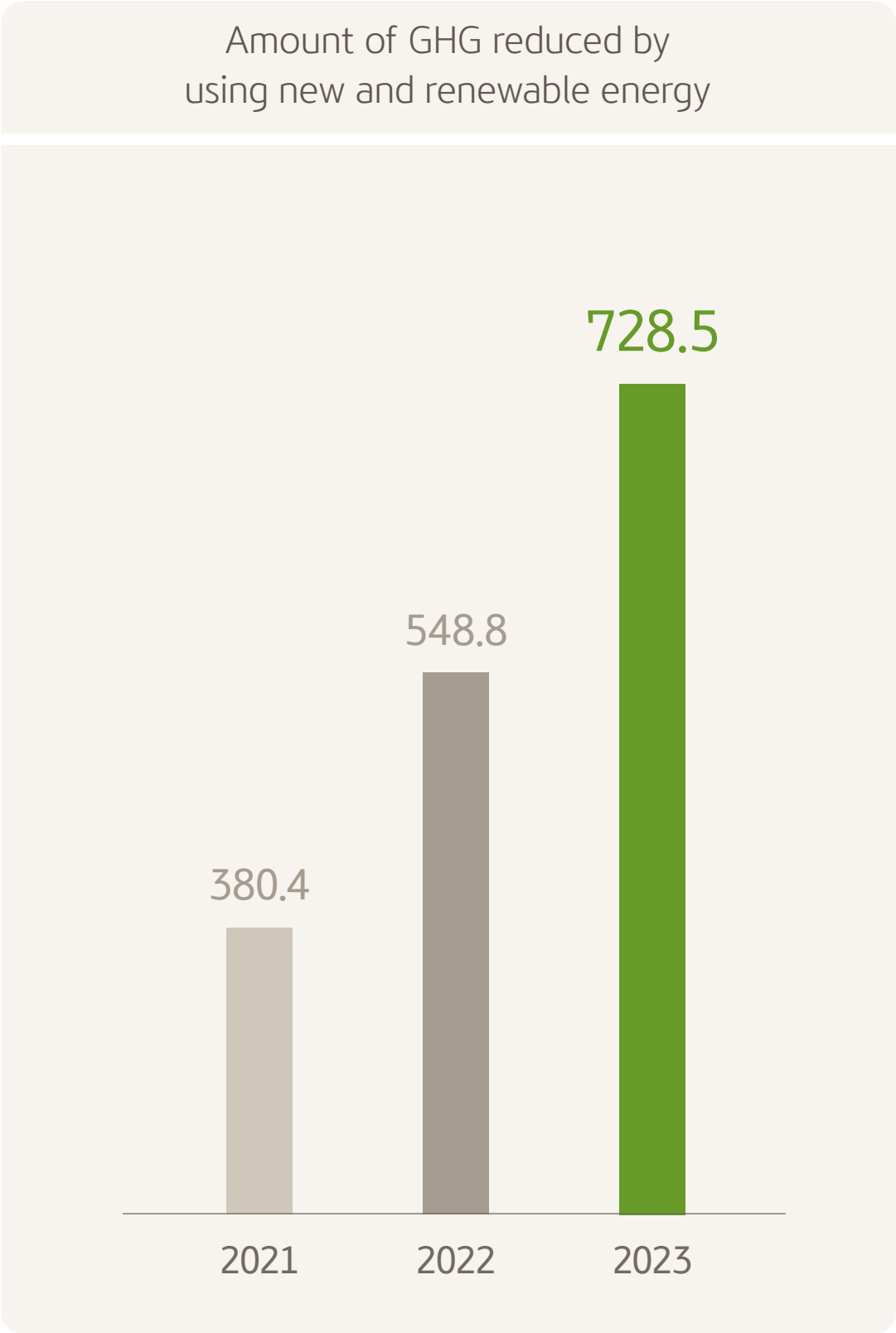
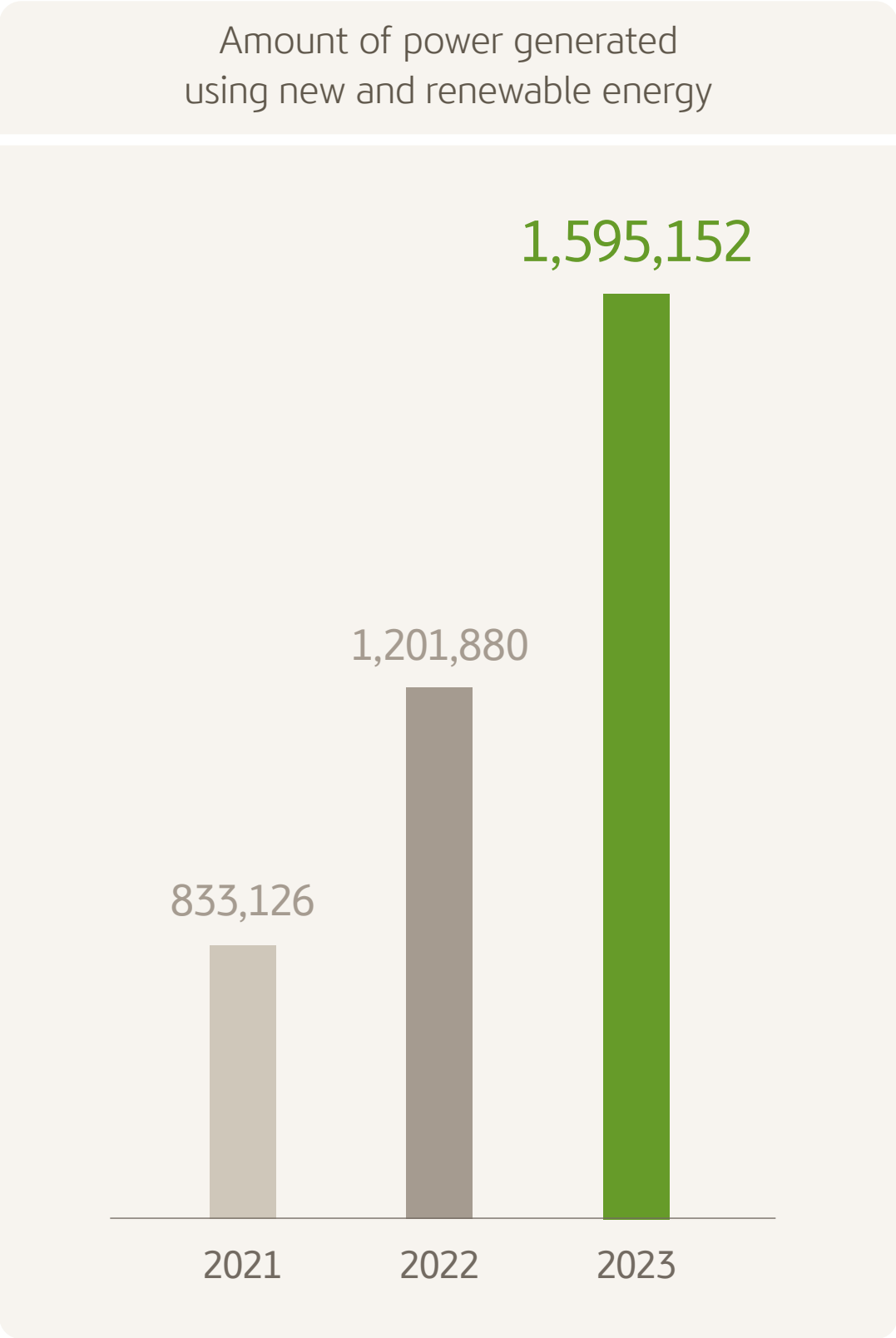
Sinam-dong Branch



Yeoju Branch

New and Renewable Energy
Production Volume (Unit: kWh)

GHG Reduced (Unit: ton)



Net-zero Reduction Activities

Eco-friendly Company Vehicles

KB Kookmin Bank publicly adopted the “2030 Korean-type pollution-free vehicle conversion 100 (K-EV100) program” initiated by the Ministry of Environment in 2021 and has been investing in eco-friendly vehicles ever since. As of 2023, cumulatively 1,289 vehicles were replaced by eco-friendly vehicles including hybrid vehicles (cumulative conversion rate: 82.3%), and we established total 74 EV charging facilities. We will continue to replace company vehicles with pollution-free vehicles and build more EV charging facilities so as to reduce GHG emission from vehicles.

Number of Eco-friendly Vehicles (as of end-2023)

EV	93
Hydrogen	2
Hybrid	1,194



Company Vehicle Hydrogen Company Vehicle



EV Charging Facility

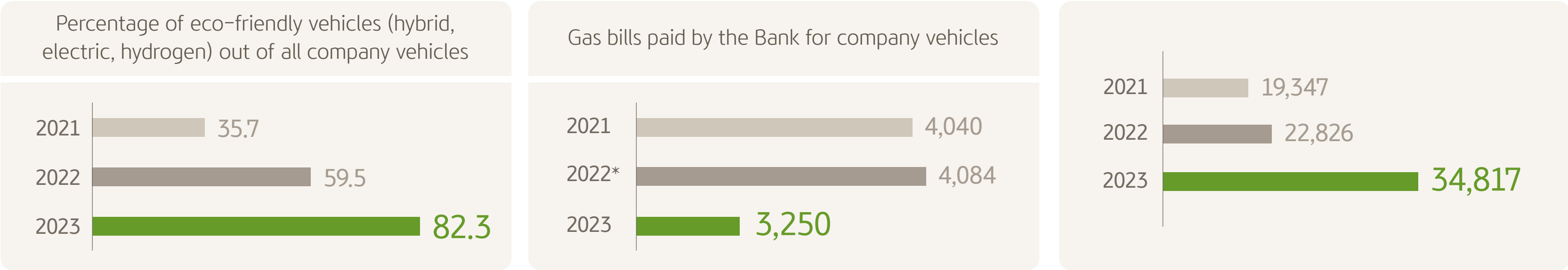
Purchase of Green Certified Products



Business Cards with Bamboo Paper

As a means to relieve the burden of waste on the environment, KB Kookmin Bank is promoting the purchase of eco-friendly products. We are leading the No Plastic lifestyle by using energy efficiency grade 1 HVAC systems, products made of low-carbon and biodegradable materials, and eco-friendly packaging. We also replaced all business cards with bamboo paper cards (3 times less GHG emission) in 2023, and are using braille stamps on the cards to aid customers with visual impairment. Throughout 2023, we spent total KRW 34.817 billion to purchase green products.

Eco-friendly Vehicle Conversion Rate (Unit: %) Gas bill (Unit: KRW Mn) Purchase of Green Products (Unit: KRW Mn)



* Higher gas bill due to fuel price increase

Net-zero Reduction Activities

ESG Disclosure System

The International Financial Reporting Standards (IFRS) and the US Securities and Exchange Commission (SEC) announced the establishment and the enactment of the standard on mandatory disclosure of sustainability-related information, and KBFG is planning to build a group-level ESG Disclosure System for systematic management of sustainability data. Fragmented ESG data will become concentrated and structured, and data credibility and efficiency will be enhanced so that we can fulfill our global ESG disclosure duty and maintain all ESG-related data in one system including carbon emissions of our affiliates. KB Kookmin Bank will proactively comply with the strengthened global disclosure standards and regulations using the ESG Disclosure System, and continue to increase investments and corporate value through consistent and trustworthy sustainability disclosure.

Key Features of the System

Category	Description
Financed Emissions ¹⁾	· Collects consistent exposure data of respective affiliates, then measures and monitors financed emissions automatically
Climate Scenario ²⁾ Analysis and Financial Impact Analysis	· Analyzes KBFG climate risk scenarios and monitors outcome · Comprehensively manages the outcome of financial impact analysis following climate change in the system
GHG Emissions Measurement and Monitoring	· Comprehensively manages KBFG GHG emissions data in line with disclosure standards
Comprehensive Management of Other ESG Data	· Centralizes and automates various ESG data (quantitative & qualitative) · Enhances data consistency by standardizing basic ESG financial product information and performance data

Note1) GHG generated indirectly by a financial institution by offering investments, loans and insurance to companies

Note2) Scenario analysis conducted to identify companies’ physical damage (physical risk) from climate change (eg: increase of average temperature) and negative impact (transition risk) of carbon reduction policies (eg: cost increase)

Special Column

Environmental Data Management System

As the environmental data disclosure requirements are continuously strengthening, KBFG developed the Environmental Data Management System for disciplined management of environmental data. The Environmental Data Management System measures and comprehensively manages the Group’s major GHG emissions (scope 1, 2, 3 emissions). KB Kookmin Bank uses this system to implement net-zero strategies and monitor reduction of carbon emissions.

Key Features of the System

Category	Description
Recording Environment-related Information	Records utilized volume or amount by items
Measurement of GHG Emissions	Converts and measures carbon emissions based on environment data
Statistics	Analyzes emissions statistics by affiliates, business sites, period and items

KB Green Wave Campaign Season 2

Green Tomorrow Together

KB Kookmin Bank launched the [KB Green Wave Campaign Season2](#), an expanded version of the previous environmental campaign, in 2023 under the slogan, “Green Tomorrow Together.” The missions of KB Green Wave Campaign Season 2 are Less Paper, Save Energy, No Plastic and Care Us, and the objective of the Campaign is for customers and employees to jointly conduct diverse environmentally friendly activities to maintain the health of humans and the earth. This year, we are dedicating our efforts to promote CSR activities so as to make the bodies and the minds of our community healthier, and thereby making the environment, the societies and the earth healthier too.



Less Paper

- Less paper passbook
- Less DM
- Less photocopies



Save Energy

- Less energy consumption
- Less food waste
- Use more new and renewable energy



No Plastic

- Buy eco-friendly products
- Less disposable goods
- Launch green products



Care Us

- Caring for myself
- Maintaining healthy body
- Participate in CSR activities

KB Green Wave Campaign Season 2



Less Paper Passbooks

KB Kookmin Bank offers various services such as the “Withdrawal by Hand” service to enable bank transactions without paper passbooks. With the “Withdrawal by Hand” service, customers can withdraw money from their accounts at the branch window using biometric authentication, without having to use their passbooks, seals or passwords. Furthermore, since May 2023, customers can add-on to their existing current accounts and savings accounts (CASA) without going through separate account opening process, and we offer “[KB Kookmin Admin Service](#)” that supports easy and convenient management of small-group gatherings (membership fees, members, scheduling). KB Kookmin Admin Service can be used for group and membership fee management, and does not require opening of a new account.

Less Use of Photocopy Paper

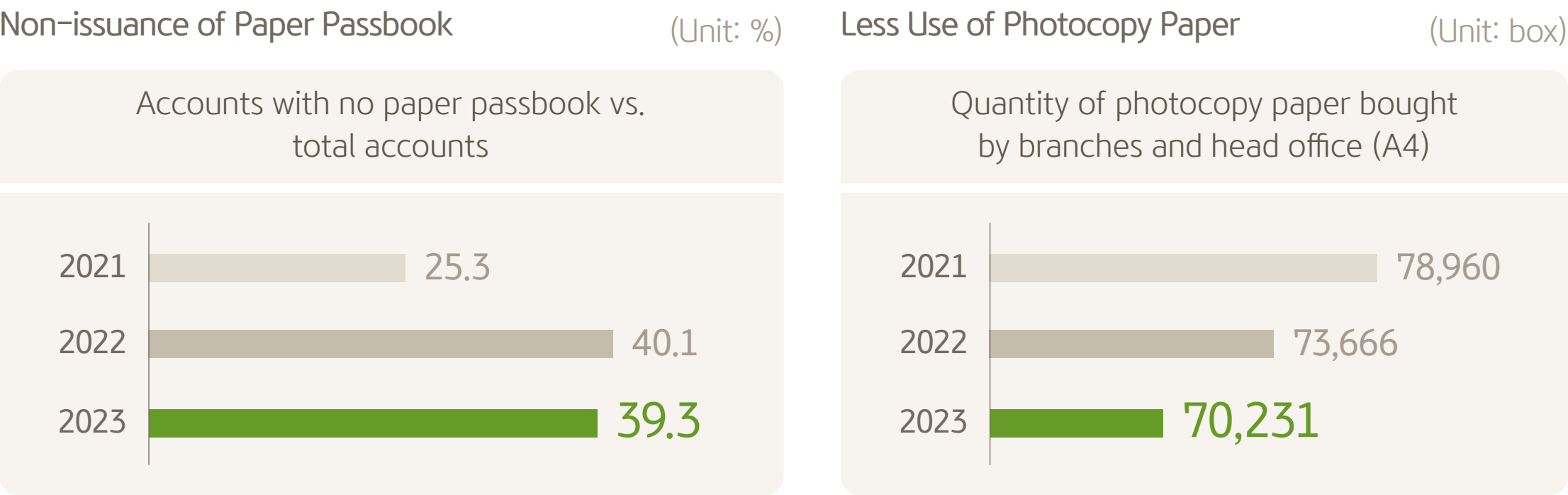


Less Paper, More Pizza Campaign

To reduce use of paper in our daily lives, KB Kookmin Bank launched the Less Paper, More Pizza Campaign and awarded the team that saved the most paper. Special KB Green Wave mileage was presented to the members of the winning team to motivate further reduction of paper usage. We plan to continue monitoring and implement diverse promotions aiming to cut use of paper by our employees.

Further Efforts to Reduce Use of Paper at Branches

KB Kookmin Bank implemented the “Mobile Queueing Process” that uses the QR code; by taking a picture of the QR code on the screen of the queue ticket dispenser, customers will be notified via their mobile phones of their place in the queue. As soon as the customer takes the picture of the QR code on the ticket dispenser, he/she will be automatically directed to the Star Banking mobile queueing screen; customers can use this convenient service which is also paper-free. In addition, KB Kookmin Bank was the first financial institution to sign the MOU with the Ministry of Environment on the Carbon Neutral Practice Point Scheme, which awards KRW 100 to the customers per every e-receipt issued. Any user of [Kookmin Wallet](#), which is a digital wallet platform, can have e-receipts issued via their Wallet for all purchases and bank transactions. Carbon Neutral Practice Points are earned for all e-receipts received after payments using card, cash, coupon, point or mobile, and for any e-receipts issued after a transaction at the KB Kookmin Bank branch.



KB Green Wave Campaign Season 2



Energy Saving Campaign

KB Kookmin Bank is continuously launching staff campaigns so that employees can reduce carbon emissions while working. The Save Energy Challenge implemented in summer in the branches and the head office building to raise employees’ awareness of higher energy use and the Staying Warm and Chic Campaign implemented in winter designed to motivate employees to dress warmer so as to reduce indoor temperature and save energy are good examples of our daily efforts to achieve net-zero. In addition, the cloud PC in the head office automatically shifts to low-energy mode or shuts down the power supply when the PC is idle for a specific length of time, which is another way of saving energy in our daily lives.

We also took part in the Lights Out Event on the 53rd Earth Day to share our environmental value with external stakeholders and create consensus on the environmental issues, and are participating in the Demand Response market so as to join hands in addressing the electricity situation and support people with limited access to energy.

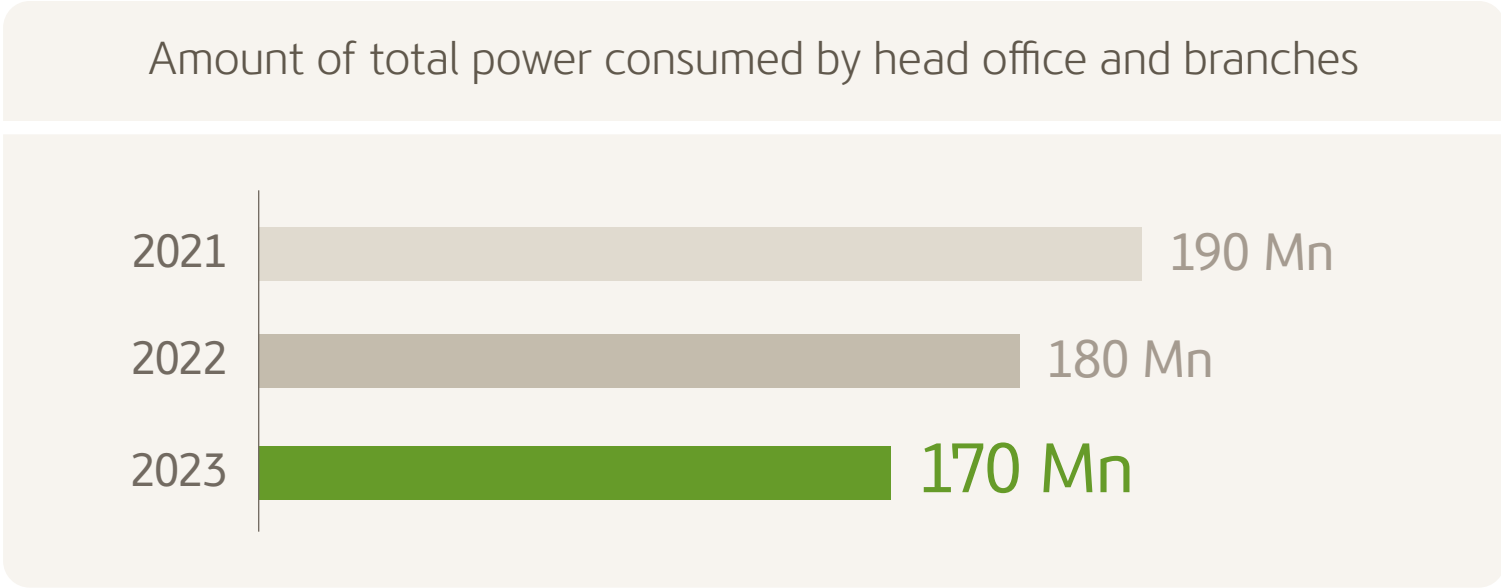
Collective Small Actions Every Day! ‘Making My Own Routine!’,

- ✓ Set air conditioner temperature 1℃ higher (27℃ recommended; 1℃ higher corresponds to 7% energy save)
- ✓ Turn off air conditioner 1 hour before closing
- ✓ Turn off lights in unused areas such as libraries and hallways, and maintain appropriate luminous intensity in the office
- ✓ Turn off monitors when going for lunch, business trip or meetings
- ✓ Check standby power status and turn off monitor before going home!

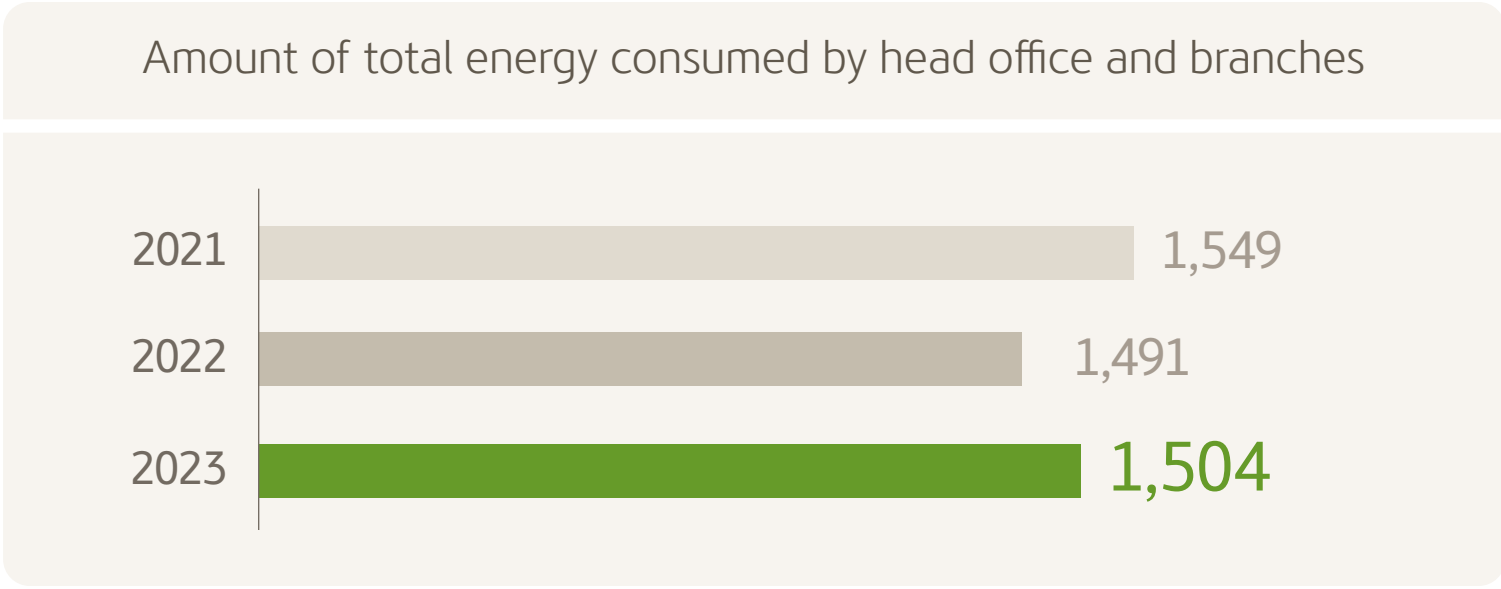
Practice individually,
then together with colleagues



Power Consumption (Unit: kWh)



Energy Consumption (Unit: TJ)



※ The source of above figures is the GHG emissions statement and may differ from the government’s published figures.

KB Green Wave Campaign Season 2



No Plastic

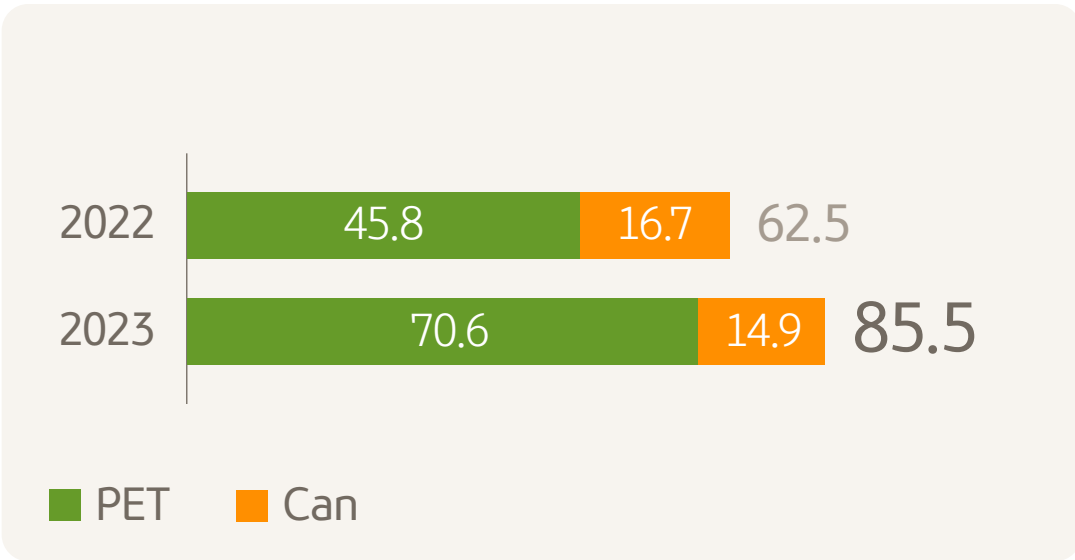
Zero-waste



To spread the [No Plastic](#) culture during the summer vacation season when the use of disposable goods tend to increase, KB Kookmin Bank launched the Zero-waste Staff Campaign during vacation. Employees who participated in the event were entered into a lucky draw, and reward was provided to encourage staff engagement. We will continue to encourage our staff to engage in zero-waste activities in their everyday lives such as participating in the plastic-free challenge, using reusable shopping bags and eco-friendly products such as natural sponges or bamboo toothbrushes.

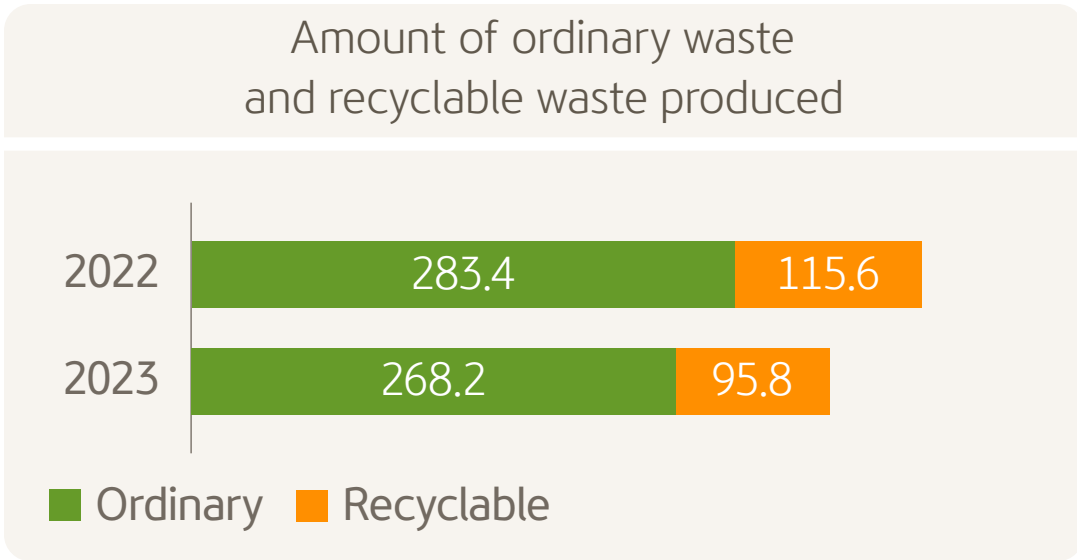
Waste Collected by Nephron

(Unit: kg)



Wastes Produced

(Unit: ton)



※ Each liter of pay-as-you-throw garbage bag was converted to 0.25kg. (Coefficient used by Korea Environmental Industry & Technology Institute)

Nephron



Nephron is a reverse vending machine, using Artificial Intelligence (AI) and Internet of Things (IoT), designed to collect recyclable materials. KB Kookmin Bank installed Nephron in the head office and the new building to promote recycling by the staff. Through campaigns designed to encourage the use of Nephron, we are continuously educating our employees on the circular economy and the recycling journey. Our employees are refreshing their awareness of wastes, hands-on learning the process of resource circulation, and are increasingly using Nephron to dispose of used cans and plastic bottles. All members of KB Kookmin Bank will take the lead in promoting circular economy.

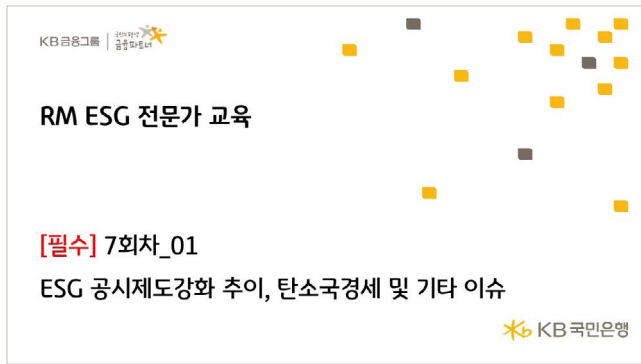


Experience Nephron Event

Staff ESG Training

ESG Expert Training

KB Kookmin Bank is offering ESG & environmental training to the employees in an on-going basis to support companies’ transition to low-carbon economy. In 2023, we conducted ESG expert training for all large enterprise RMs, from basic to specialized ESG competencies, to strengthen the ability of corporate finance personnel to perform ESG-related tasks. Through the ESG expert training, employees learned about the ESG-related characteristics of major industries and the impact of ESG issues, and reviewed how ESG finance is deployed in different industries to improve their ability to propose appropriate ESG finance to large corporate clients.



ESG Expert Training Plan



ESG Expert Training Course

[STEP1] Basic	[STEP2] Specialized I	[STEP3] Specialized II
<ul style="list-style-type: none">· Basic concept and need of ESG· Environment, labor and human rights, ethics, safety and health related risks and ESG assessment case study, etc	<ul style="list-style-type: none">· E&S issues and status by industries including oil and petrochemical· Potential impact of key ESG regulation/policy changes by industry	<ul style="list-style-type: none">· In-depth analysis focusing on 3 major ESG-related industries (steel, oil & chemical, utility)

ESG Training by Position and Function

KB Kookmin Bank implements various training programs to foster ESG expertise for each position and job function to ensure sustainable growth of our employees. From new employees to top executives, we are providing customized ESG training for each position to ensure that employees have the right ESG-related competencies for their respective roles. In addition, we provide phased ESG training as part of our core business training course, KB ACE Academy–Corporate Finance, to provide financial services with ESG expertise. KB will continue to develop ESG talents so that everyone in the organization can fully demonstrate their ESG capabilities to lead the change in the financial paradigm.

Category	Program	Audience	Description
Position	CEO Course for Executives	Executive management	ESG course for CEOs, etc
	Jump-up Course	BM & Division Head	Diversity training
	Value-up for Leaders	New BM	KB ESG management implementation status
	Value-up after Promotion	Promoted employees	Diversity training
	Value-up before Promotion	Employees to be promoted	Diversity training
	New-hire Training	Newly hired employees	KB ESG strategic direction and business activities
Function	KB ACE Academy STEP II	Corporate finance employees (to-be)	ESG overview and understanding ESG consulting service, etc
	KB ACE Academy STEP IV	RM	Special lecture on global ESG management trend, KB ESG consulting service

ESG Culture

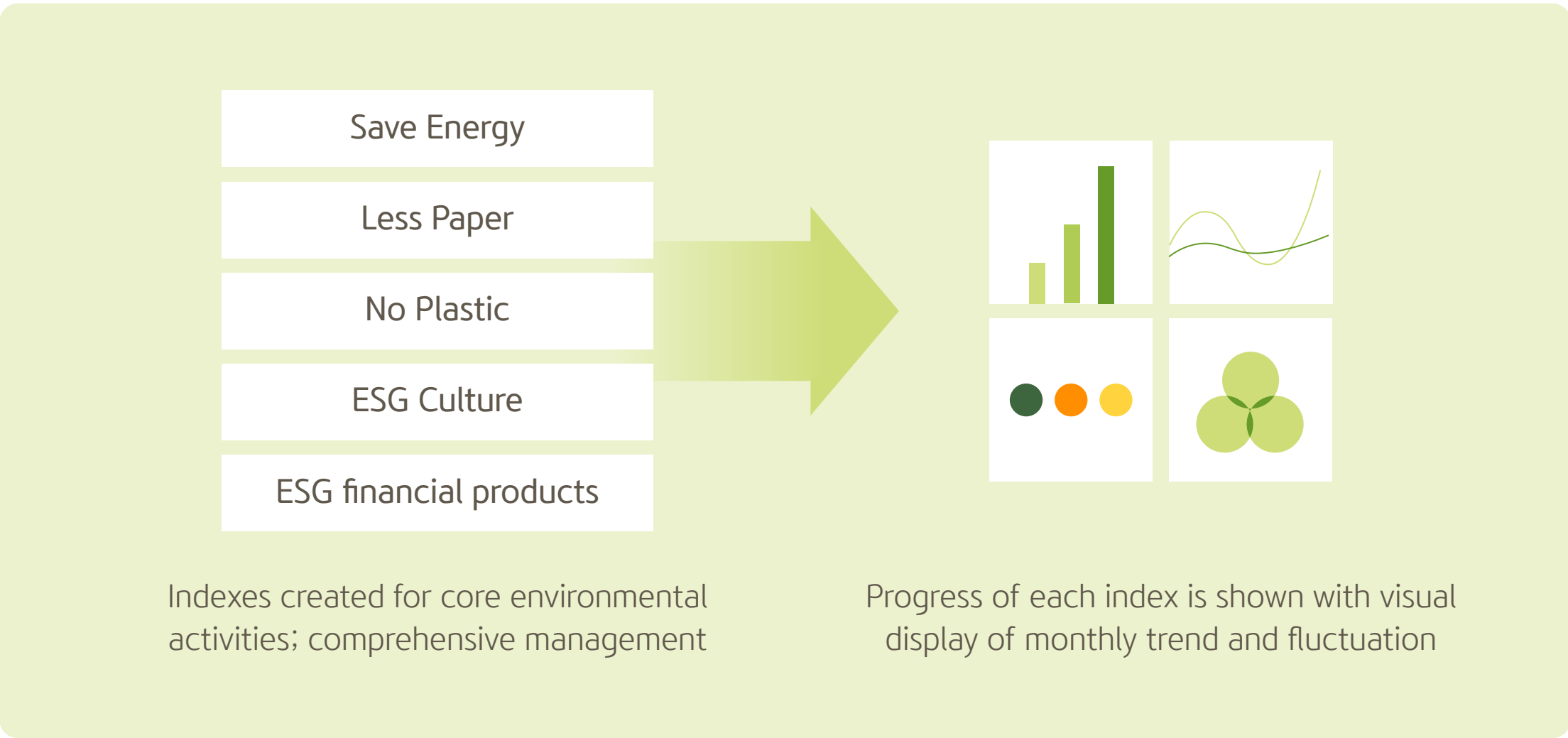
Bringing Environmental Education To You Campaign

KB Kookmin Bank signed the MOU on Cooperation on Environmental Education for Sustainable Future with the Ministry of Environment in June 2022 in order to provide environmental education for students. Bringing Environmental Education To You Campaign teaches students about the UN Sustainable Development Goals with contents tailored at their eye-level, and contributes to establishing the right value system for solving environmental and social problems. Professional instructors visit middle schools and teach students using tablet PCs and board games containing the aforementioned contents, and students engage in constructive discussions to find ways to solve environmental and social issues. In 2023, 6,647 students of 50 middle schools in Seoul and metropolitan area took part in the program, and total 21,558 students, cumulatively, have completed the program since 2021.



Environmental Performance Index (EPI)

KB Kookmin Bank developed the Environmental Performance Index (EPI) to effectively share the progress of our environment-related activities with visual aid. EPI summarizes the important environmental data that used to be scattered across the Bank in one screen, allowing us to focus our energy on carbon reduction. 5 key areas and 15 indexes are used to show the progress of each activity and the monthly trend in graphs, and year-on-year fluctuation is indicated with traffic light signs (●●●). Simple and clear display of information enables all employees to strengthen their execution of net-zero activities.



ESG Culture

KB Green Wave Miles

In order to encourage the employees to voluntarily practice environmentally and socially responsible actions in everyday lives, KB Kookmin Bank introduced the KB Green Wave Miles in 2022. Under the scheme, every environmentally (E) and socially (S) responsible activity is converted to KB Green Wave miles, for which KRW 2 of donation is matched per each mile earned; a virtuous cycle has been created, as the cumulated donation is used to conduct CSR projects. Throughout 2023, approximately 10,000 employees participated in the mileage scheme, and the fund of KRW 100 million generated from matching donation is currently being used to create the KB Green Wave Palace Forest in Changgyeonggung Palace.



How to earn KB Green Wave Miles

Environment	Use of public transportation, possession of pollution-free vehicle, non-issuance of paper passbook, less use of paper, etc
Social	Volunteer services, financial education, blood donation, walking, etc
Others	Watching ESG education videos, etc

KB Green Wave Palace Forest and Volunteer Services with Citizens

KB Kookmin Bank entered into the MOU on Creation of KB Green Wave Palace Forest with Changgyeonggung Palace management office and Seoul Green Trust in April 2023. As part of this MOU, we will restore trees and create a green belt along the walls of Changgyeonggung Palace, and host volunteer activities with citizens from 2023 to 2025. In 2023, we held 4 Palace Forest Gardening events, where 80 citizens participated to plant 187 trees and remove weeds within the Palace Forest. We also hosted book talks, for which speakers were invited to raise citizens’ awareness on planting. These events contributed in building public empathy and support for sustainable management and value enhancement of our cultural assets.

1st (2023)	Planted shorter plants such as camellias, rhododendrons and azaleas
2nd (2024)	Planted taller trees such as maple and zelkova trees and ferns to fill up lower space



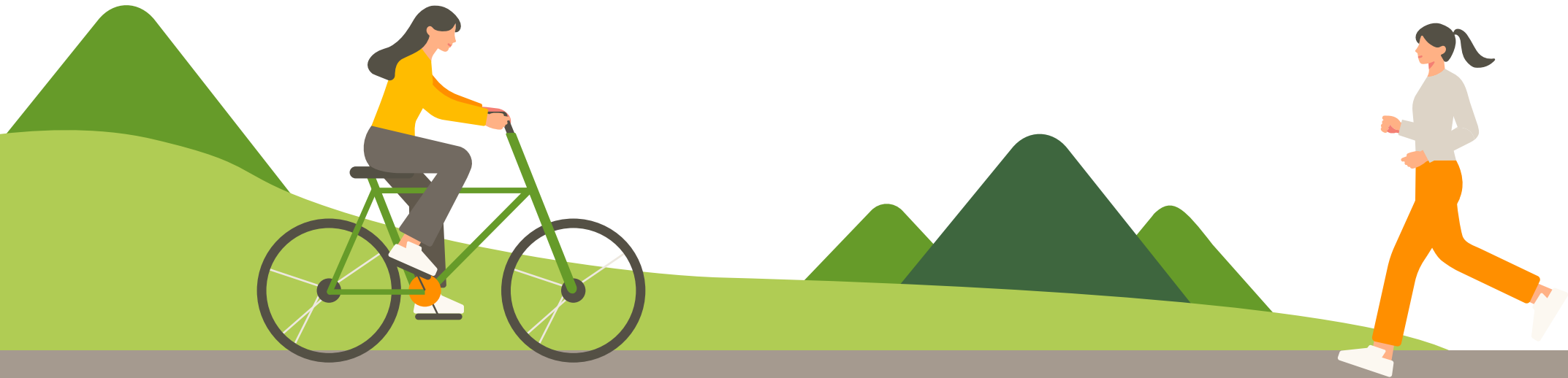
Palace Forest Signboard



Palace Forest Exhibition Hall



Volunteer Gardening Event



Promote Green!

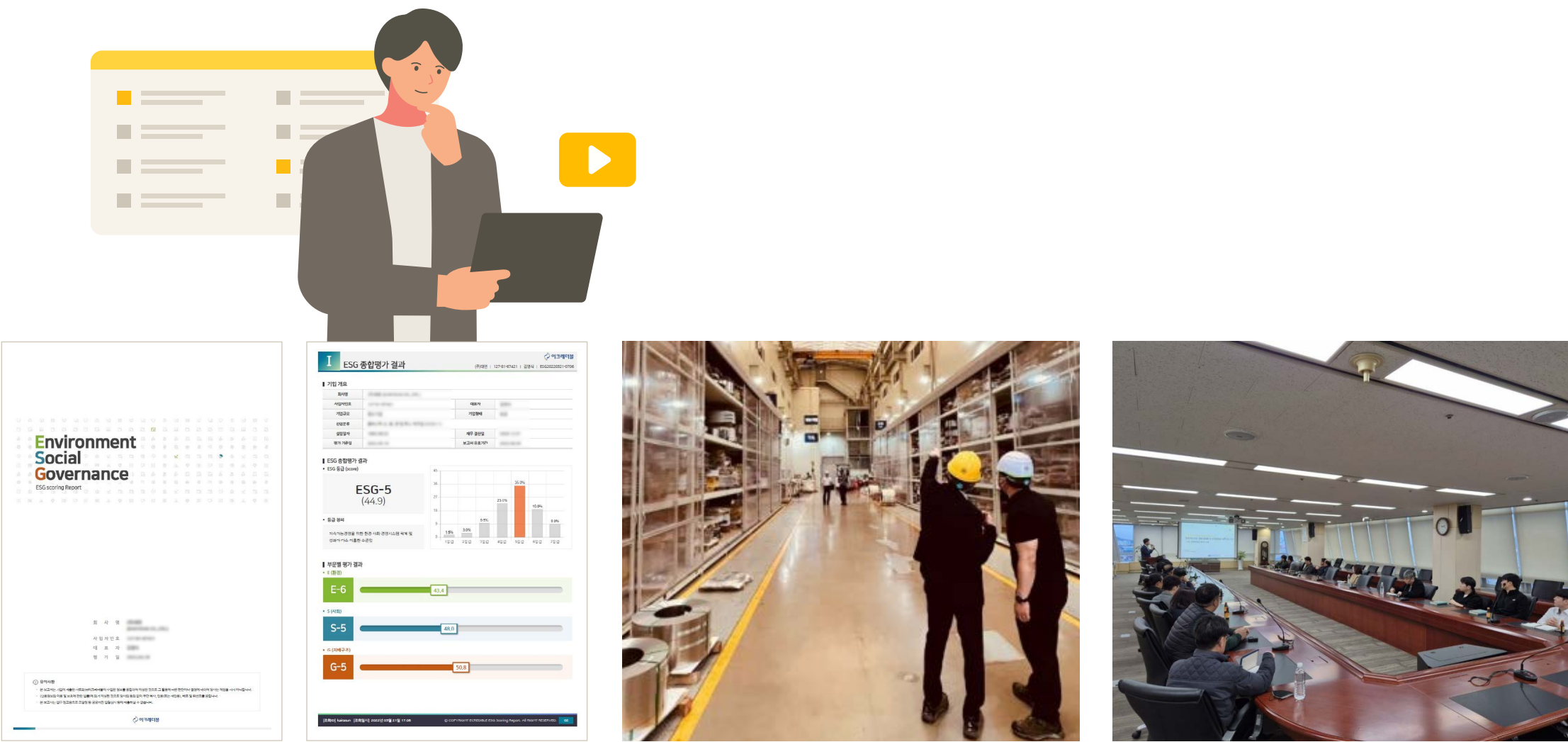
- 32 ESG Service
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- 40 Green Initiatives



ESG Service

KB ESG Self-assessment Service

KB Kookmin Bank was the first local bank to launch [KB ESG Self-assessment Service](#) in April 2022 to enable SMEs and MMEs to self-assess their ESG status. With KB ESG Self-assessment Service, corporate clients can effortlessly find out their consolidated ESG grade, respective E, S and G grades and analyze their current status without charge and with a single click. Companies whose (consolidated) ESG rating is grade 4 or above can apply for KB Green Wave_Loans for Outstanding ESG Companies and are offered preferential limits and interest rates; companies that are (consolidated) grade 2 or above are provided with additional non-financial benefits such as company signboard and preferential fees. In addition, we also offer access to ESG Library and ESG Video Hub.



ESG Evaluation Report





Site visit for ESG Management Status Assessment

ESG Training & Coaching

KB ESG Consulting Service

KB Kookmin Bank has been offering KB ESG Consulting Service since July 2022 to support successful ESG management of SMEs and MMEs. KB ESG Consulting Service helps companies to improve their non-financial performance so that they can grow sustainably and offers customized solutions free-of-charge. Reflecting the recent ESG trend and customers’ needs, KB Kookmin Bank expanded and specified KB ESG Consulting Service from 2 to 4 areas. We are supporting companies in developing ESG management strategies under their respective circumstances by providing consultancy in the areas of ESG Management Status Assessment, Responding to Net-zero, Addressing ESG in Supply Chain, and ESG Training & Coaching. Since its launch in July 2022, we completed total 310 consultancies until 2023.

KB ESG Consulting Services

 <h4>ESG Training & Coaching</h4> <p>Offering customized training to enhance employees’ ESG awareness, sharing practical know-how to practice ESG management, proposing ways to address ESG issues</p>	 <h4>ESG for Supply Chain</h4> <p>Sharing information on ESG trend of respective industries and proposed action plans for large enterprises’ suppliers or exporting companies that are requested to submit ESG evaluation reports</p>
 <h4>Addressing Net-zero</h4> <ul style="list-style-type: none">· Measuring carbon emissions, providing information on recent trend and practical education to respond to net-zero· Supporting greenhouse gas inventory development using KB Carbon Management System	 <h4>Diagnosis of ESG Management Status</h4> <p>Evaluating companies’ non-financial aspects using ESG Self-Assessment Tool(Note1)developed by KB Kookmin Bank and providing comprehensive ESG solutions(Note2)</p>

Note1) Developed to be suitable for SMEs and MMEs based on global ESG assessment criteria and K-ESG Guideline
Note2) Proposing what and how to improve for labor & human rights, safety & health, environment and corporate ethics

ESG Service

KB Carbon Management System

KB Kookmin Bank launched the [KB Carbon Management System](#) in February 2024 to support low-carbon business of SMEs and MMEs. [KB Carbon Management System](#) is an online platform that calculates and manages direct and indirect (scope 1 and 2) GHG emissions based on the amount of energy consumed by a company, and online corporate banking users can use the System for free. The System allows carbon emissions goal setting and carbon emissions measurement at entity or business site level, and affiliates, subsidiaries and suppliers can share emissions data, which enables effective emissions management.

In addition, we also provide consulting service to help companies achieve net-zero.

How to use KB Carbon Management System

- Stage1

Enterprise registration

Registration of enterprise and business site information
- Stage2

Facility registration

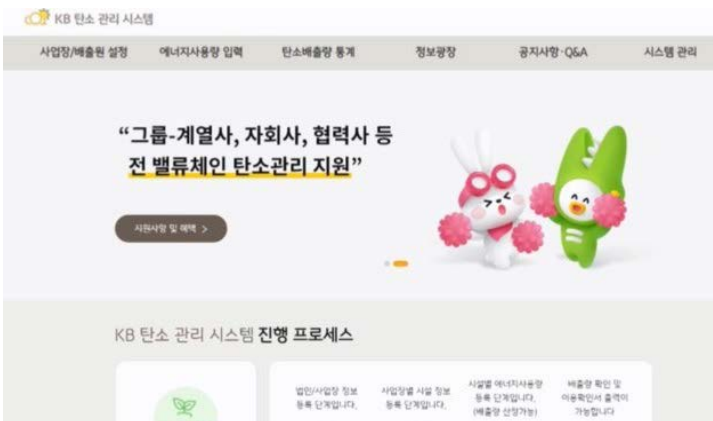
Registration of combustion facilities, electrical facilities, etc
- Stage3

Usage information entry

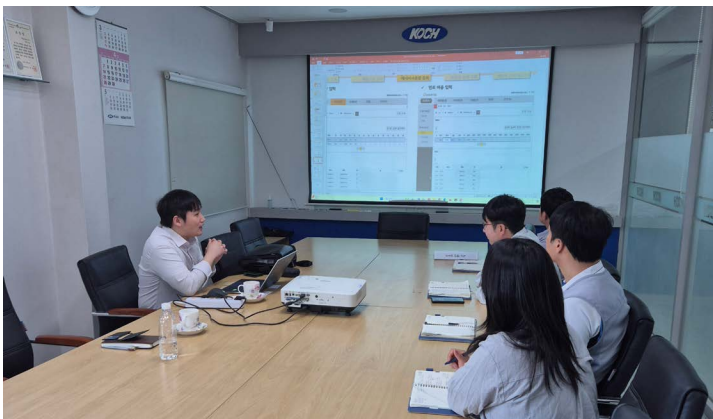
Registration of amount of energy consumed in KRW denomination (together with reduction target and production amount)
- Stage4

Emissions verification

Confirmation of emissions statistics (share with suppliers; use validation/certification)



KB Carbon Management System



Consulting service to Achieve Net-Zero

Special Column

KB Carbon Management System Customer Interview

We are a company specializing in satellite communication equipment production. Exports take up a large share of our business due to the nature of the industry, and our EU customers have been asking for ESG management and the submission of ESG management reports. In response, we are making great efforts to promote ESG management throughout the company. We were particularly concerned about how to manage the environmental (climate change) aspect among ESG, and concluded that we should accurately identify and minimize the environmental impact of our production process.

We recognized the need to manage the carbon emitted at our business sites, but did not know specifically how we could calculate and manage the emissions. Then we found out that KB Kookmin Bank launched the KB Carbon Management System, and thought it could be useful for us.

At first, measuring and managing carbon emissions felt difficult, but we followed the KB Carbon Management System process and started to gain confidence in emissions measurement. And we were able to obtain information on how to measure GHG emissions and how to use the System through KB Kookmin Bank’s consulting program.

It is difficult for a company to measure and manage carbon emissions on its own, and we deeply thank KB Kookmin Bank for its support. I hope many more companies can easily measure and manage carbon emissions using the KB Carbon Management System.

Hye Joo Kang, ESG Manager, Intellian Technologies

Preservation of Biodiversity

K-Bee Project






KB Kookmin Bank started the K-Bee Project in 2022 to help restore the ecology of honey bees that are rapidly disappearing. The K-Bee Project aims to engage the public in saving bees by preserving the habitat of disappearing bees and making people more familiarized with bees. The K-Bee Urban Bee Farm that aims to let honey bees live in the cities, K-Bee Hotel designed to provide habitat for wild bees, Honey Tree Forest that offers food for honey bees, and Experience Honey Bee Event that reminds us of the importance of honey bees are the main pillars of the K-Bee Project. Currently, KB Kookmin Bank runs 3 K-Bee Urban Bee Farms and 2 K-Bee Hotels, and is creating 2 Honey Tree Forests.

First Honey Tree Forest is located in the degraded forest area in Hongcheon, Gangwon Province; we are planting or seeding 100,000 honey trees with different flowering time so that honey bees can enjoy abundant supply of food in the Honey Tree Forest that blooms throughout the year. In 2024, we plan to plant 45,000 honey trees in Uljin, North Gyeongsang Province, which was damaged by a huge forest fire. We will plant broadleaf trees that are relatively resistant to fire, so as to create a forest that can endure forest fires so that honey bees and many other creatures could remain healthy.

In-city K-Bee Projects = **Habitat of 440,000 Honey Bees**



Poster for K-Bee Honey Tree Forest

K-Bee Urban Bee Farms			K-Bee Hotels	
				
No. 1: Yeouido	No. 2: Seoul Forest	No. 3: Seodaemun-gu Office	No. 1: Seoul Botanical Garden	No 2: Seoul Forest
120,000 bees (6 colonies)	120,000 bees (6 colonies)	200,000 bees (10 colonies)	-	-



Experience Honey Bee event at K-Bee Seoul Forest



Preservation of Biodiversity

KB Sea Forest Project

KB Kookmin Bank launched the KB Sea Forest Project to create a healthy coastal ecosystem and to increase blue carbon. KB Sea Forest Project aims to build seagrass forests, which was named one of the top 3 blue carbon ecosystems by the Intergovernmental Panel on Climate Change (IPCC), and we are making outstanding private–public partnership success stories in restoring seagrass forests. While offering spawning ground and shelter for ocean lives, seagrass forests also purify the ocean environment and prevent the red tide. They are one of the most critical marine ecosystems.

As part of the KB Sea Forest Project, we are planting grown seagrasses and sowing seagrass seeds so as to accelerate the restoration of the seagrass ecosystem. The sea forest that we built in Unpo, Changseon–myeon in Namhae, South Gyeongnam Province between 2022 and 2023 currently boasts of 5.3 times growth density and the survival rate of 533%, and seeds were successfully collected from adult bodies less than 1 year of transplantation. In 2024, we plan to select the second sea forest site, and contribute to keeping our society healthy and safe against sea desertification.

KB Sea Forest Project = To Create 3–ha of Seagrass Forest over 6 Years



Considering the restoration effect of seagrass forest, each project will last for minimum 2 years
(To plant grown seagrass and seagrass seeds)

2022	2023	2024	2025	2026	2027
Namhae-gun		2nd site		3rd site	
Plant seagrass (0.25ha)	Plant seed (0.75ha)	Plant seagrass (0.25ha)	Plant seed (0.75ha)	Plant seagrass (0.25ha)	Plant seed (0.75ha)

- 【Year 1】 Plant grown seagrass: gather seagrass from neighboring coast and plant them at project site
- 【Year 2】 Plant seagrass seeds:: collect seagrass seeds and sow at project site
- 【Monitoring】 Monitor on quarterly basis; plant again if survival rate is less than 30%



Plant Grown Seagrass



Plant Seeds



View after Seeding



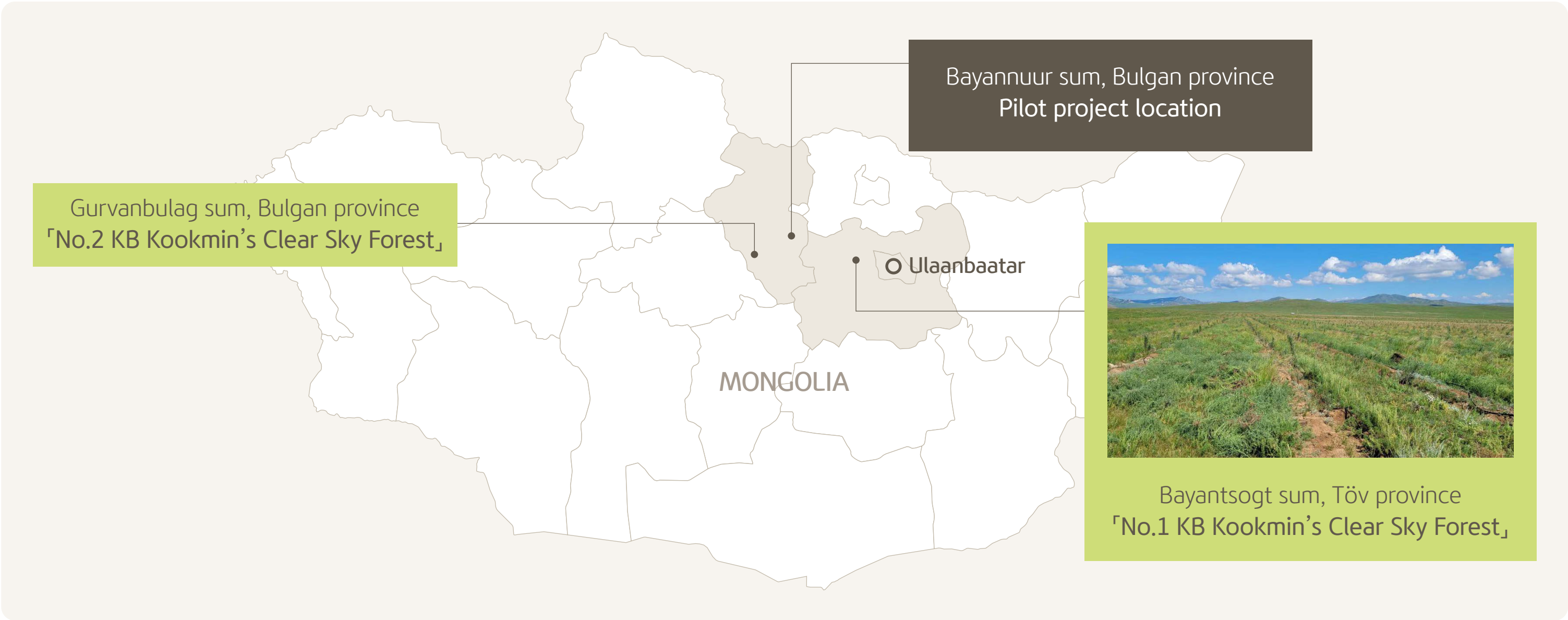
Preservation of Biodiversity

KB Kookmin’s Cleary Sky Forest

KB Kookmin Bank is developing KB Kookmin’s Clear Sky Forest in Mongolia, where 90% of its land is facing the risk of desertification due to global climate change. KB Kookmin’s Clear Sky Forest project is a comprehensive E&S project as it seeks to improve the air quality of the Korean peninsula by restoring forests in the origins of fine dust in Mongolia and to create a self-supporting economic model in the local communities and thereby contribute to building a sustainable society. Following the pilot project that began in 2018 in Bayannuur sum, Bulgan province, Mongolia, KB Kookmin Bank spent 5 years from 2019 to create No.1 KB Kookmin’s Clear Sky Forest of 70ha in Bayantsogt sum, Töv province. We hired local residents to oversee the forestation, and supported self-reliance of local communities by letting the residents grow and cultivate fruit trees in the forests so that they can earn income in the long-term. We will begin working on our second KB Kookmin’s Clear Sky Forest that will stretch over 100ha in Gurvanbulag sum, Bulgan province in 2024. We will be planting 20,000 wind breaks and fruit trees every year- in total 100,000 trees over 5 years- and proactively support the local residents to become economically self-sufficient by educating them on seeding, farming and selling of edible plants.

KB Kookmin’s Clear Sky Forest = Planting 210,000 Trees

Category	Pilot	No.1 KB Kookmin’s Clear Sky Forest	No.2 KB Kookmin’s Clear Sky Forest
Year	2018	2019~2023	2025~2028
No. of Trees	10,000	20,000 trees planted per annum [wind breaks 10,000 + fruit trees 10,000]	



KB Kookmin’s Clear Sky Forest Map




Preservation of Biodiversity


Star Friends Garden

Members of KB Kookmin Bank are voluntarily making donations to lead environmental protection and biodiversity preservation. KB Kookmin Bank is creating family-friendly Star Friends Gardens in the cities using the fund donated by our employees for the public to enjoy nature in the city.

After the opening of the first Star Friends Garden in Seoul Grand Park Zoo in 2018, second, third and fourth third Gardens were opened in Korea National Arboretum in Gwangneung, Seoul Botanical Garden in Magok and Seoul Children's Grand Park, respectively. We offered education for children on environmental protection through environmentally friendly programs such as forest exploration and plogging. The 4th Star Friends Garden that opened in 2023 is located inside the Folktale Village in Children's Grand Park. We re-interpreted the space using existing structures and developed the Star Friends Garden workbook and children's garden exploration program so that children can enjoy the Garden more creatively. Star Friends Gardens will provide valuable opportunities for children living in the city to enjoy and experience the nature that changes along the passage of seasons.

Garden #1 (Seoul Grand Park, Gwacheon)


Scenery: 


Program: 

Signed MOU on **Protection of Biodiversity and Endangered Species** with Seoul Grand Park (Dec 2023)

2018


Garden #2 (Korea National Arboretum, Gwangneung)


Scenery: 

Program: 

2021


Garden #3 (Seoul Botanical Garden, Magok)

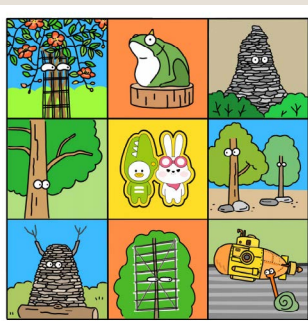
Scenery: 

Program: 

2022

Garden #4 (Children's Grand Park)

Scenery: 

Program: 

2023



Preservation of Biodiversity

Special Column

Emergency Disaster Relief

Recently, the global community has been experiencing an increasing number of disasters such as heat waves, droughts, floods, extreme cold, earthquakes, typhoons, and wildfires due to the effects of climate change. According to the 2000–2019 World Disaster Report published by the UN Office for Disaster Risk Reduction (UNDRR), 7,348 natural disasters have occurred around the world in the past 20 years, affecting 4 billion people, and 60,000 people are losing their lives due to disasters each year. The number of disasters have increased 1.7 times compared to 20 years ago.

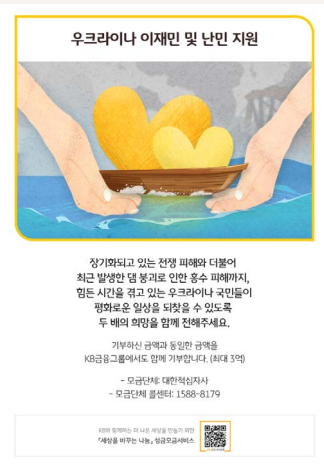
KB Kookmin Bank is conducting emergency relief activities to address disasters occurring domestically and globally due to the global climate crisis. In 2023, we provided emergency support for damage restoration and relief for victims of the earthquake in Türkiye, forest fires in Gangwon and Chungnam region, floods in Ukraine (dam collapse), and heavy rains in Chungcheong, Jeolla, and Gyeongsang regions. Also, in case of domestic natural disasters, we helped victims and volunteer workers by utilizing our emergency relief kits and food trucks. In addition, KB Kookmin Bank implemented a fundraising campaign with the customers to demonstrate the joy of sharing. KB Kookmin Bank will continue to provide prompt and ungrudging support in the event of disasters and calamities, and plans to expand its eco-friendly initiatives to prevent natural disasters.



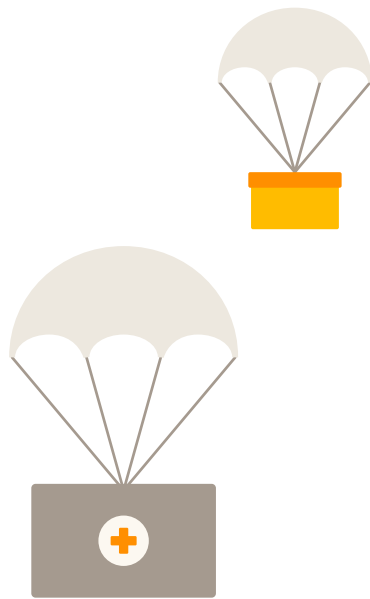
Emergency Disaster Relief



KB Disaster Aid Food Truck



Customer Fundraising Campaign



Green Volunteer Services

Plogging Together

As part of the KB Green Wave Care Us program, KB Kookmin Bank went on Plogging Together to practice green in our daily lives to make humans and the earth healthier. Approximately 280 customers, employees and their families took part in the plogging event to collect wastes and clean the environment in 2023 in Seoul, Busan, Cheongju and Gwangju to spread the culture of eco-friendly and healthy leisure. We also provided preliminary environmental education and held mini quiz events for participants to learn about the severity of environmental pollution. In 2024, we plan to implement the KB Hope Project, an annual CSR event, for employees to participate in volunteer services sincerely and voluntarily, and to share KB’s unique win-win culture with the local communities.



Seoul (Han River Banpo Citizens Park)



Busan (Gwangalli)



Cheongju (Cheongju Gymnasium)



Gwangju (Sangmu Square)

Other Green Volunteer Activities

Since 2012, KB Kookmin Bank has regularly hosted cemetery maintenance volunteer activities twice a year at 1,587 gravesites in 21 cemeteries that have formed sisterhood relationships with the Seoul National Cemetery. In 2023, more than 120 employees and their families participated in volunteer activities such as placing/replacing artificial flowers and the national flags and cleaning up the environment in honor of the National Veterans' Month and the Armed Forces Day. They also visited the memorial tower and the memorial hall to remember and express their gratitude for the noble sacrifices of those who gave their lives for the country.

KB Kookmin Bank regularly conducts volunteer activities to improve the environment of Seoul National University Park in Gwacheon, Gyeonggi-do. In April 2024, more than 100 employees and family members of KB Kookmin Bank participated in planting various flowering plants such as Adam’s needle, silver grass, Korean winter hazel and Big blue lilyturf to help reduce fine dust and protect the natural ecosystem. KB Kookmin Bank created the first Star Friends Garden in Seoul Grand Park in 2018, and entered into an MOU on Protection of Biodiversity and Endangered Species in 2023 as part of our continuing effort to improve the biological habitat environment.




Grave Maintenance at Seoul National Cemetery



Cleaning Seoul Grand Park

Green Initiatives

KBFG is actively taking part in various [global initiatives](#) to fulfill the corporate responsibility as a member of the society.
KB Kookmin Bank is committed to working more closely with the global network to identify and respond promptly to ESG issues in and out of the financial industry quickly.

Category		Description	Joining Date
	UN Global Compact	The world’s largest voluntarily formed private initiative for promoting companies’ sustainable management and the implementation of the ten principles in relation to human rights, labor conditions, environment, and anti-corruption	April 2009
	CDP (Carbon Disclosure Project)	A global initiative evaluation organization that promotes systems and implementations in the environmental sector through companies’ disclosure of climate actions	April 2009
	UNEP FI (United Nations Environment Programme Finance Initiative)	Sole international partnership between UNEP (UN Environment Programme) and the global financial sector, participated by over 300 financial institutions around the world	August 2018
	TCFD (Task Force on Climate-related Financial Disclosure)	An initiative that recommends corporations to incorporate climate change risk into their financial data	October 2018
	UN PRB (United Nations Principles for Responsible Banking)	Set of principles on the roles and the responsibilities of the banking sector for implementation of the Paris Agreement and achievement of the UN Sustainable Development Goals (SDGs) ★ KBFG was included in the Core Group of PRB that consists of 30 global banks in March 2023, to participate in mid- to long-term planning and guidance development	September 2019
	BNBP (Biz N Biodiversity Platform)	An initiative to promote companies’ preservation and sustainable use of biodiversity	May 2020
	CoREi (Corporate Renewable Energy initiatives)	An initiative aiming to support corporations voluntarily pledge to move into renewable energy, and establish and implement renewable energy-related targets	June 2020
	Equator Principles	Voluntary agreement between financial institutions to not provide financial support when large-scale development projects entail environmental destruction or human rights violation	February 2021
	NZBA (Net-Zero Banking Alliance)	A leadership group of global banks with the aim of bringing all GHG emissions to net-zero by 2050 ★ KBFG is taking part in the working-level committee that establishes the guideline on transition finance, and is contributing in developing the NZBA Progress Report	April 2021
	PCAF (Partnership for Carbon Accounting Financials)	An initiative designed to develop unified standards for assessing and reporting GHG emissions and to encourage financial institutions to implement the Paris Agreement	April 2021
	SBTi (Science Based Targets initiative)	An initiative designed to provide guidelines and methods for corporation to set GHG emissions targets, and to reinforce climate actions	April 2021
	RE100	A global campaign on converting 100% of enterprise power source to renewable energy	September 2021
	TNFD (Task Force on Nature-related Financial Disclosures)	A global consultative body that seeks to reduce companies’ impact on the ecosystem to protect biodiversity	April 2022
	GFANZ (Glasgow Financial Alliance for Net Zero)	Global alliance for net zero transition and overcoming climate crisis through finance APAC Network ★ KBFG is acting as an advisor for GFANZ APAC since June 2022	May 2022

Manage Green!

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Responding to Climate Change

TCFD

[TCFD](#) is a global consultative body established by the Financial Stability Board (FSB) for disclosure of data pertaining to climate change as per the request of G20 finance ministers and governors of central banks.

The TCFD recommendations published in 2017 aim to encourage data disclosure for 4 core areas so that companies can incorporate climate change-related risks and opportunities in their risk management and decision-making. KB Kookmin Bank declared its support for TCFD in 2018, and published a separate TCFD Report for the first time as a local financial institution in 2021 to help stakeholders make right decisions and contribute to establishing a robust financial system.



Roadmap for the Advancement of Climate Change Response Strategy

	Setting the Basis for Climate Risk Management 2019 ~ 2021	Advancing the Climate Strategies 2022~2024	Securing Climate Change Leadership 2025~2030
Governance	<ul style="list-style-type: none">· Establish ESG Promotion Committee with CEO as chairman· Establish dedicated ESG teams and ESG Working-level Council· Incorporate ESG in the management’s KPI	<ul style="list-style-type: none">· Manage responses to climate change at KBFG board-level· Cultivate climate experts and internalize capability to address climate change	<ul style="list-style-type: none">· Expand leadership as a company leading efforts to address climate change
Strategy	<ul style="list-style-type: none">· Develop SBTi based net-zero strategies· Develop strategy to increase ESG finance· Execute “coal-to-clean transition” declaration· Analyze impact on portfolio using scenarios	<ul style="list-style-type: none">· Establish carbon emissions management system· Develop and implement net-zero implementation strategies· Strengthen engagement of high-emissions industries	<ul style="list-style-type: none">· Enhance integrated management and disclosure of financial and non-financial data· Implement strategies to strengthen climate resilience based on scenarios
Risk Management	<ul style="list-style-type: none">· Develop KBFG Environmental and Social Risk Management (ESRM) Guideline· Review environmental and social risks based on the Equator Principles· Assess ESG elements for investment decisions	<ul style="list-style-type: none">· Advance climate risk and scenario analytics	<ul style="list-style-type: none">· Reinforce comprehensive ESG risk management system· Fully internalize the corporate ESG risk assessment system
Metrics and Targets	<ul style="list-style-type: none">· Measure and disclose GHG emissions<ul style="list-style-type: none">– Scope 1 & 2 (internal emissions)– Scope 3 (financed emissions)· Disclose metrics on carbon emissions, green investment/loans	<ul style="list-style-type: none">· Fine-tune scope 1&2 measurement· Expand target assets for scope 3 measurement	<ul style="list-style-type: none">· Achieve ESG finance targets (by 2030)· Conduct interim check on the achievement of net-zero targets and re-establish targets

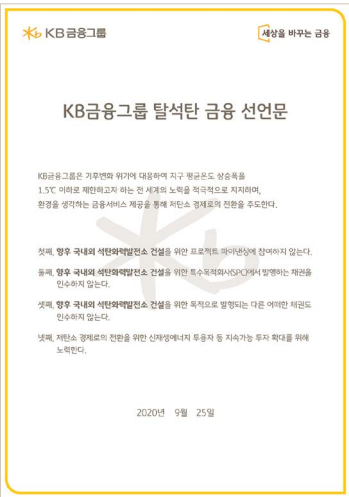
E&S Risk Management

Restriction of Investments and Lending against Companies with E&S Risk

KB Kookmin Bank restricts investment and lending if ESG risks including climate risk have significant adverse impact on the environment and the society. First of all, financing any activity that is against the public interest or is connected to violation or evasion of law is prohibited. In addition, KBFG, together with all affiliates, became the first financial institution in Korea to declare the [Statement on Exiting Coal Financing](#) in 2020, and has completely stopped participating in new project financing and bond underwriting projects related to the construction of coal-fired power plants in Korea and abroad.

Industries and Activities Subject to Investment and Lending Restriction

Manufacturing and Leasing of Unwholesome Entertainment Equipment	Illegal Pornography and Prostitution Brokerage
Management and Operation of Gamble Business	Escort Bars
Drugs	Smuggling
Nightclubs	Other Businesses Engaged in Violation or Evasion of Law
Distribution of Illegal Weapons	

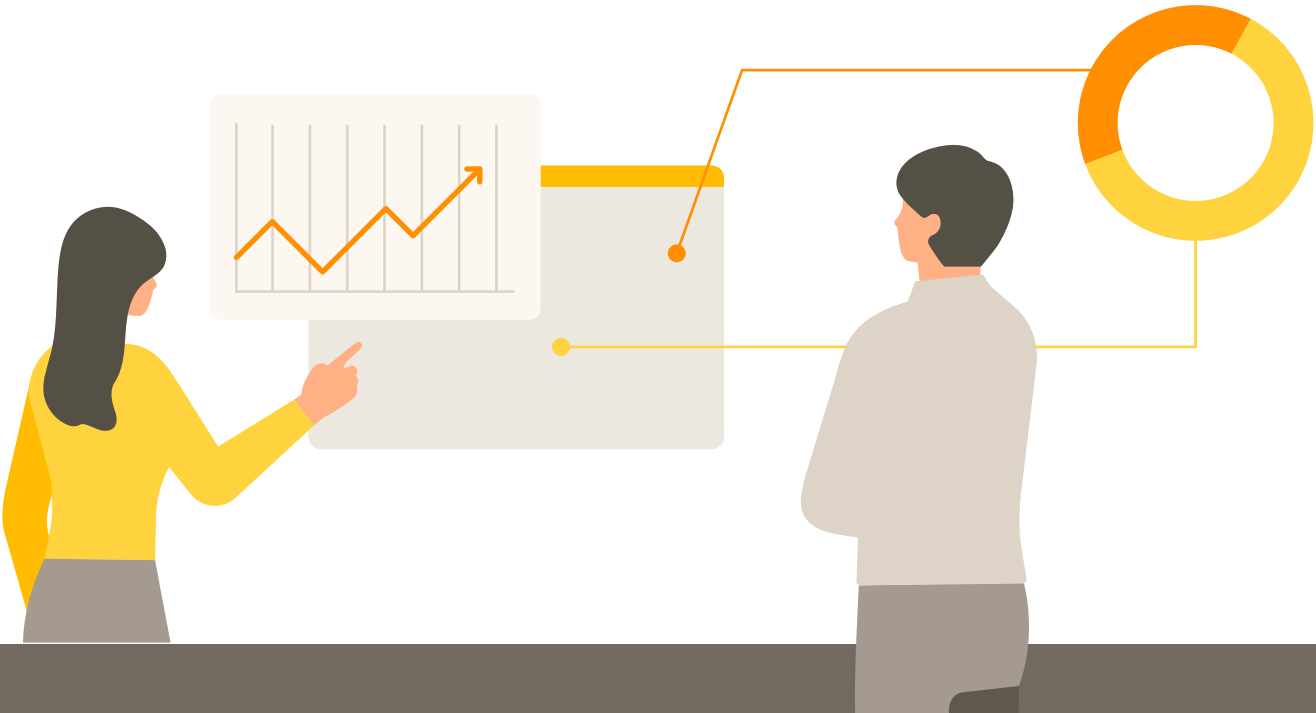


Statement on Exiting Coal Financing

ESG-Incorporated Investment and Loan Management

KB Kookmin Bank considers ESG aspects when making decisions for investment and lending. According to the Corporate Lending Operational Guideline, ESG-related factors such as a company's eco-friendly management, socially responsible management, and ethical management practices (including corporate governance) are reflected in credit rating adjustments and underwriting, and customers are informed that these factors may affect their credit ratings or loan approval decisions. For domestic real estate PF and SOC loans that are above a certain scale or are subject to environmental impact assessment (EIA), we use the ESG Checklist that consists of 20 items related to environmental and social responsibility to evaluate companies' ESG activities (grades A~E). We also introduced the ESG assessment process to assess ESG-related management strategies, management systems and performance upon credit evaluation.

Furthermore, to respond to the changing global business environment, we established the Best Practice Guideline for Blind Fund ESG Investment. LP affiliates that invest in funds encourage investments in ESG funds by reflecting the Integrated ESG Capability Assessment score when evaluating funds to invest in, and GP affiliates that manage funds uses the newly adopted Integrated ESG Capability Checklist so that ESG factors can be considered when managing assets. Through these measures, KB Kookmin Bank is enhancing sustainable investment returns, contributing to the reduction of the KBFG's mid- to long-term carbon emissions by promoting ESG investments in the indirect investment area, and closely managing ESG risks.



Internalization of ESRM

Environmental and Social Risk Management Framework

KBFG established the [Environmental and Social Risk Management \(ESRM\)](#) Framework to manage the direct and indirect risks caused by climate change and financing activities on the environment and the society in a structured and consistent manner.

The ESRM Framework categorizes the risks inherent in the respective industries into Areas for Exclusion, Areas for Attention on Climate Change and Areas for Support for Green Industries, and thoroughly monitors the environmental and social impact of the industries that we finance. KB Kookmin Bank incorporates the ESRM Framework in our internal policies and guidelines, to serve as the basis for consideration of environmental and social risks while evaluating loan and investment applications.

What is ESRM?

Definition
A comprehensive system designed to acknowledge, evaluate and manage how the economic activities of the recipients of financial services affect the environment and the society
Description
<ul style="list-style-type: none">· Establishment of Climate Risk Management System· Categorization of Areas for Exclusion, Attention and Support, and development of management plan· Review of environmental and social risks entailed by large scale projects (based on the Equator Principles) to systematically acknowledge, evaluate and manage the risks and the implications· Refine underwriting/credit rating procedures for the establishment of climate risk management system; seek to achieve net-zero target by stronger exposure management of industries for Attention

Management of Respective Areas According to ESRM

Category	Description
Areas for Exclusion	<p>Activities or industries that have profoundly negative implications on the environment and the society ► Excluded from financial support</p> <ul style="list-style-type: none">· 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	<p>Businesses or industries whose GHG emissions may inflict adverse impact on climate change, of which carbon reduction and relevant exposures require attention ► To refer to (Manual) Rationale for Designation of Areas for Attention Regarding Climate Change Note)</p> <ul style="list-style-type: none">· (existing exposure) Coal mining· (existing exposure) Coal fired power plant· Forestry (logging and lumbering on plantation, primary & secondary processing of forest products, pulp manufacturing, etc)· Other high-emissions industries (oil refining and petrochemical, steel, cement, aluminum)
Areas for Support for Green Industries	<p>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 ► Preferential treatment in direct & indirect financing</p> <ul style="list-style-type: none">· Activities designated by the K-Taxonomy and its application guideline· 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

Note) (Manual) Rationale for Designation of Areas for Attention Regarding Climate: the Manual that prescribes the rationale for selection of businesses and industries that are deemed to inflict negative impact on climate change (eg: high GHG emissions)

Internalization of ESRM

Environmental and Social Risk Deliberation Committee

KB Kookmin Bank set up the Environmental and Social Risk Deliberation Committee (Deliberation Committee) in January 2023 to facilitate the implementation of the ESRM Framework and to periodically review the internal E&S risks. The purpose of the Deliberation Committee is to make decisions and updates so that we can pre-emptively manage industries that may adversely affect the environment and the society. Experts in the areas of ESG, risk management, credit evaluation and asset management serve as the members of the Deliberation Committee for better accuracy and efficiency in the decision-making process. The Deliberation Committee convened 3 times in 2023 to monitor and discuss the status of asset management relevant to climate risk-related industries.

Members of Environmental and Social Risk Deliberation Committee



Global Environmental and Social Risk Management Framework

In order to promote respective countries’ green energy policies and to join forces with the global trend of phasing out coal, KB Kookmin Bank supports our global entities’ establishment of their own ESG policies and systems. Our entities in the global network are managing environmental and social risks using their own ESG processes that are in line with the KBFG ESG policies, and factor in the circumstances, government policies and the requirements of finance authorities of the respective countries. They report the status of assets managed in Areas for Exclusion and Areas for Attention for Climate Change as per the ESRM to the Deliberation Committee regularly as a means of addressing the global climate crisis.

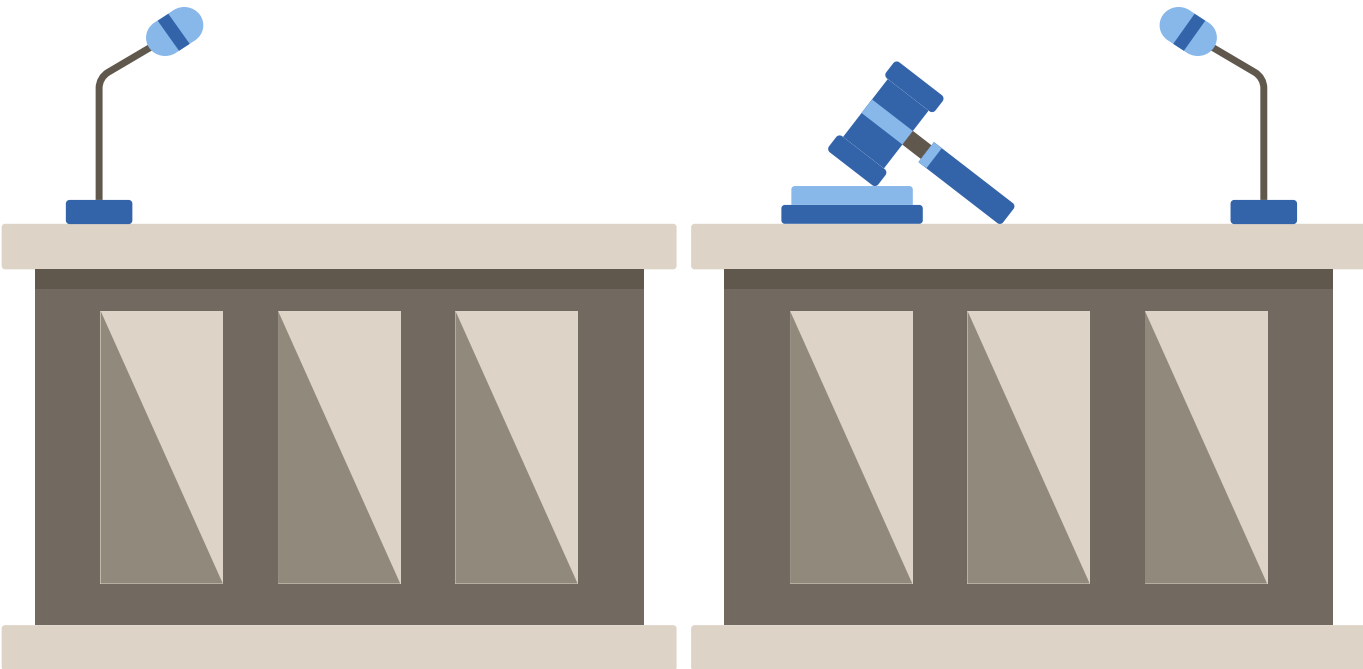


Report on Equator Principles Implementation

Equator Principles

KB Kookmin Bank adopted the Equator Principles (EP) in February 2021 as a means to identify, assess and manage the impact of large-scale infrastructure and industrial development projects on the environment and the society in a disciplined manner. EP represents the voluntary commitment of financial institutions to refrain from providing financial support to any large-scale development projects that may incur environmental and social issues including environmental destruction and violation of human rights.

As of May 2024, 128 global financial institutions have implemented EP. KB Kookmin Bank pre-emptively screens risks according to the 10 detailed principles and is disclosing the progress of implementation as per the EP guidelines.



EP Implementation Procedure



- ① **Pre-screening and Categorization**

If we decide that the proposed project is subject to EP, we preliminarily categorize the project with reference to the Preliminary Environmental and Social Checklist that was developed based on International Finance Corporation’s performance standard.
- ② **Environmental and Social Risk Categorization**

In order to identify the environmental and the social risks associated with the project in advance, we categorize the project based on the Preliminary Environmental and Social Checklist and other relevant submitted documents.
- ③ **Independent Environmental and Social Review**

For category A and also B, when deemed necessary, we check whether the project is equipped with risk management measures and action plans that are appropriate against the risk level, and develop additional enhancement measures.
- ④ **Covenants**

We incorporate covenants in the contract to ensure borrower’s compliance with EP.
- ⑤ **Monitoring**

Compliance with EP by projects subject to independent environmental and social review is monitored regularly throughout the period of lending.
- ⑥ **Reporting and Transparency**

Progress of EP implementation is disclosed once a year.

Report on Equator Principles Implementation

International Finance Corporation (IFC) Performance Standard



Assessment and Management of Environmental and Social Risks and Impacts



Labor and Working Conditions



Resource Efficiency and Pollution Prevention



Community Health, Safety, and Security



Land Acquisition and Involuntary Resettlement



Biodiversity Conservation and Sustainable Management of Living Natural Resources



Indigenous Peoples



Cultural Heritage

Environmental and Social (E&S) Risk Categories

Category	Description
A	Projects with significant potentially adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
B	Projects with significant potentially adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
C	Projects with minimal or no adverse environmental and social risks and/or impacts

Roles of EP-related Teams

KB Kookmin Bank has a dedicated EP department, sales department and credit analysis department to deliver the roles and responsibilities related to EP.

Dedicated EP Department	<ul style="list-style-type: none">· Categorize E&S risk level of proposed project· Propose measures to be compliant with EP· Disclose progress of EP implementation and communicate with external institutions· Maintain guidelines and internal policies pertaining to EP
Sales Department	<ul style="list-style-type: none">· Conduct pre-screening for application of EP and preliminarily review relevant documents· Communicate with customers to ensure compliance with EP· Follow up with customers' reporting and conduct monitoring
Credit Analysis Department	<ul style="list-style-type: none">· Conduct credit analysis of EP projects considering E&S risks



Report on Equator Principles Implementation



Implementation of Equator Principles

Throughout 2023, KB Kookmin Bank provided 18 project financing (PF) and 1 project related corporate loan (PRCL) by applying the EP Procedure, and all 19 projects were verified to be compliant with the EP requirements. Out of the 19 projects, 13 and 6 were defined, respectively, as E&S risk category B and C, and the detailed information regarding the categorization is summarized in the below table. We did not provide any financial advisory (FA), refinancing or acquisition financing.

Education on Equator Principles

KB Kookmin Bank is continuously offering EP education to build the capacity of departments responsible for EP. In 2023, we provided education on the structure of EP, IFC performance standard and EHS guideline, EP case studies and training on how to determine which projects are subject to EP. We also participated in annual meetings, webinars and workshops hosted by the Equator Principles Association to keep up with the latest trend, and are further developing our EP process through proactive communication with other financial institutions that adopted EP.

Sequence	Date	Training	Audience
1	May 30, 2022	Implementation and Application of Equator Principles	Executive Management [2022-2 ESG Promotion Committee]
2	Jul 14, 2022	E&S Risk Underwriting Criteria and Methodology Based on Equator Principles	Credit Analysis Department
3	Aug 18, 2022	Case Study Based on EP Operational Guideline and Manual	Sales Department
4	Sep 21, 2023	Case Study Based on EP Operational Guideline and Manual	Credit Analysis & Sales Departments

	Number of Projects		
	Category A	Category B	Category C
Total	–	13	6
Sectors			
Mining	–	–	–
Infrastructure	–	3	–
Oil & Gas	–	5	–
Power	–	2	2
Others	–	3	4
Region			
Americas	–	2	6
Europe, Middle East & Africa	–	–	–
Asia Pacific	–	11	–
Country Designation			
Designated Countries	–	13	6
Non-designated Countries	–	–	–
Independent Review			
Yes	–	2	–
No	–	11	6

