

INNOVATION

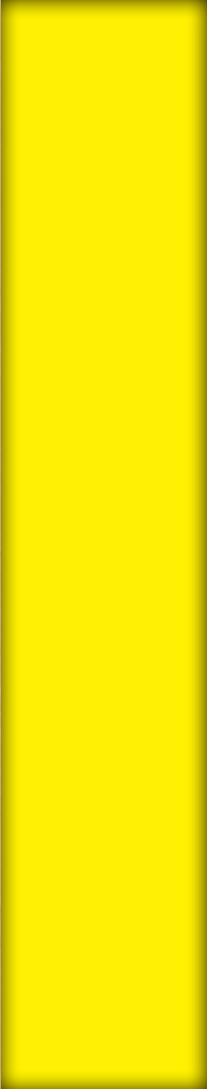
INCLUSIVITY

TRUST





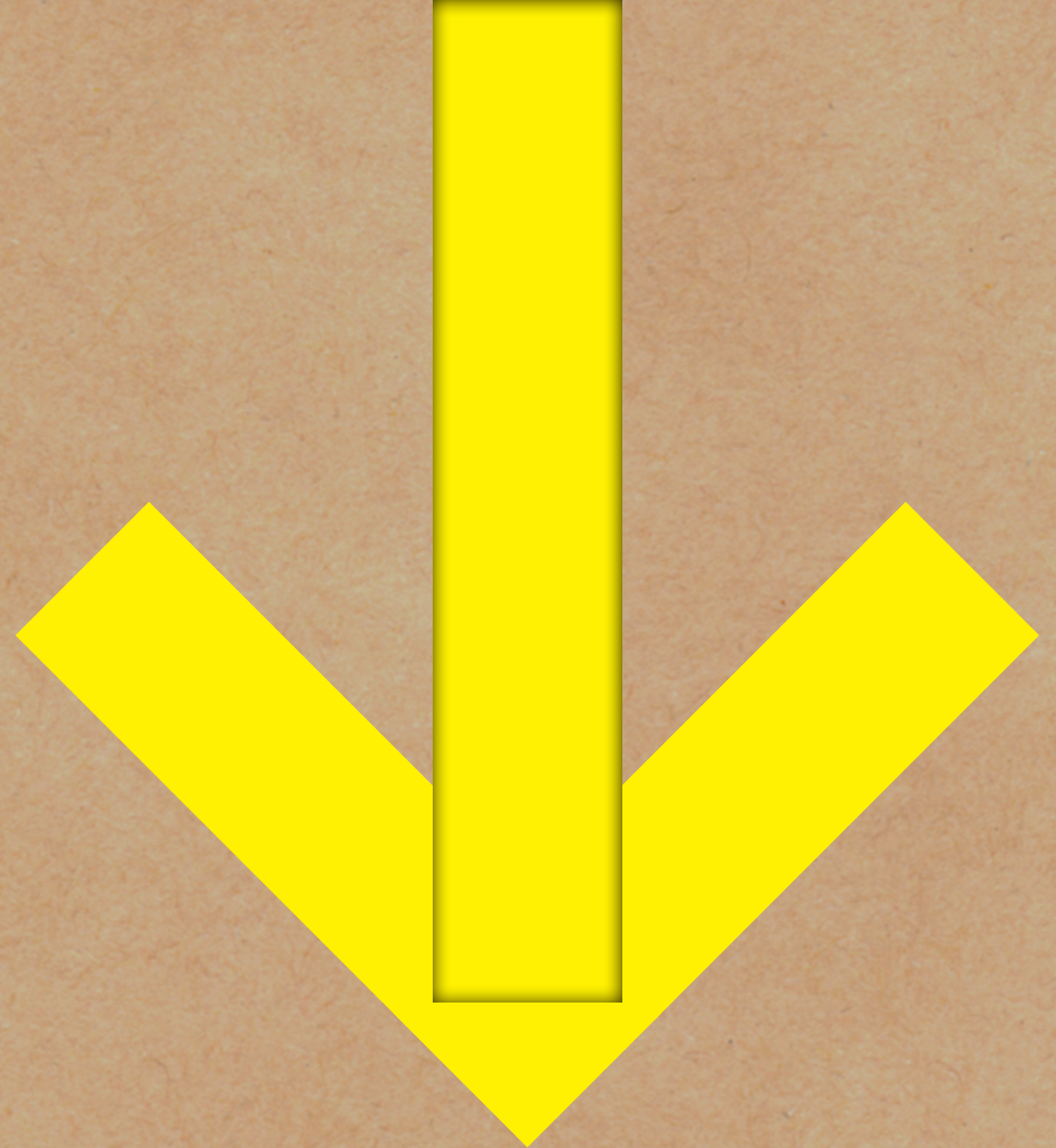


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When KakaoBank develops its products and services, we start by thinking from the customer's perspective. We innovate through "reinterpretation" and "new value creation." The KakaoBank ESG approach is also reinterpreted through our unique sensibilities and philosophy, and represents our latest and most evolved ESG activities.



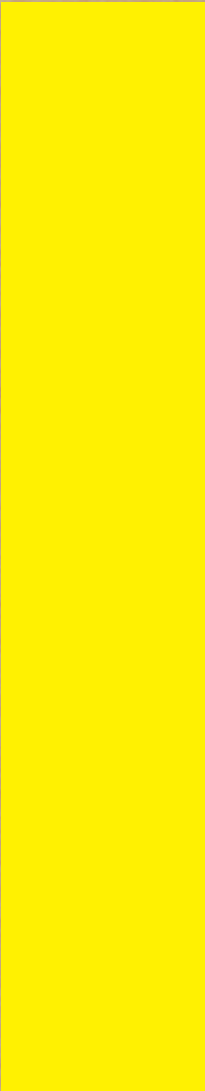
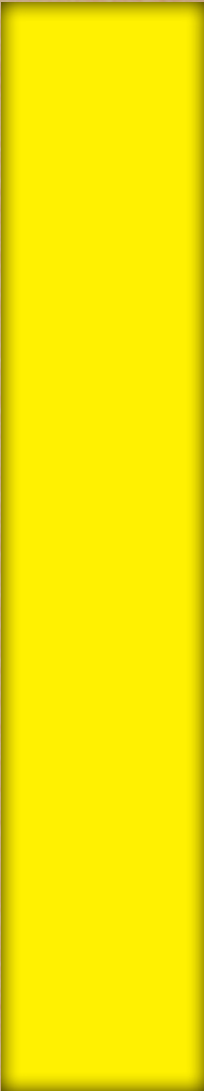
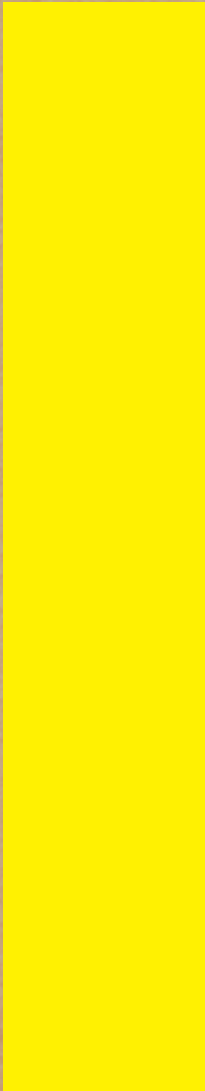
# LOWERING FINANCIAL BARRIERS



We lower the entry barriers to finance,  
making finance accessible to all.



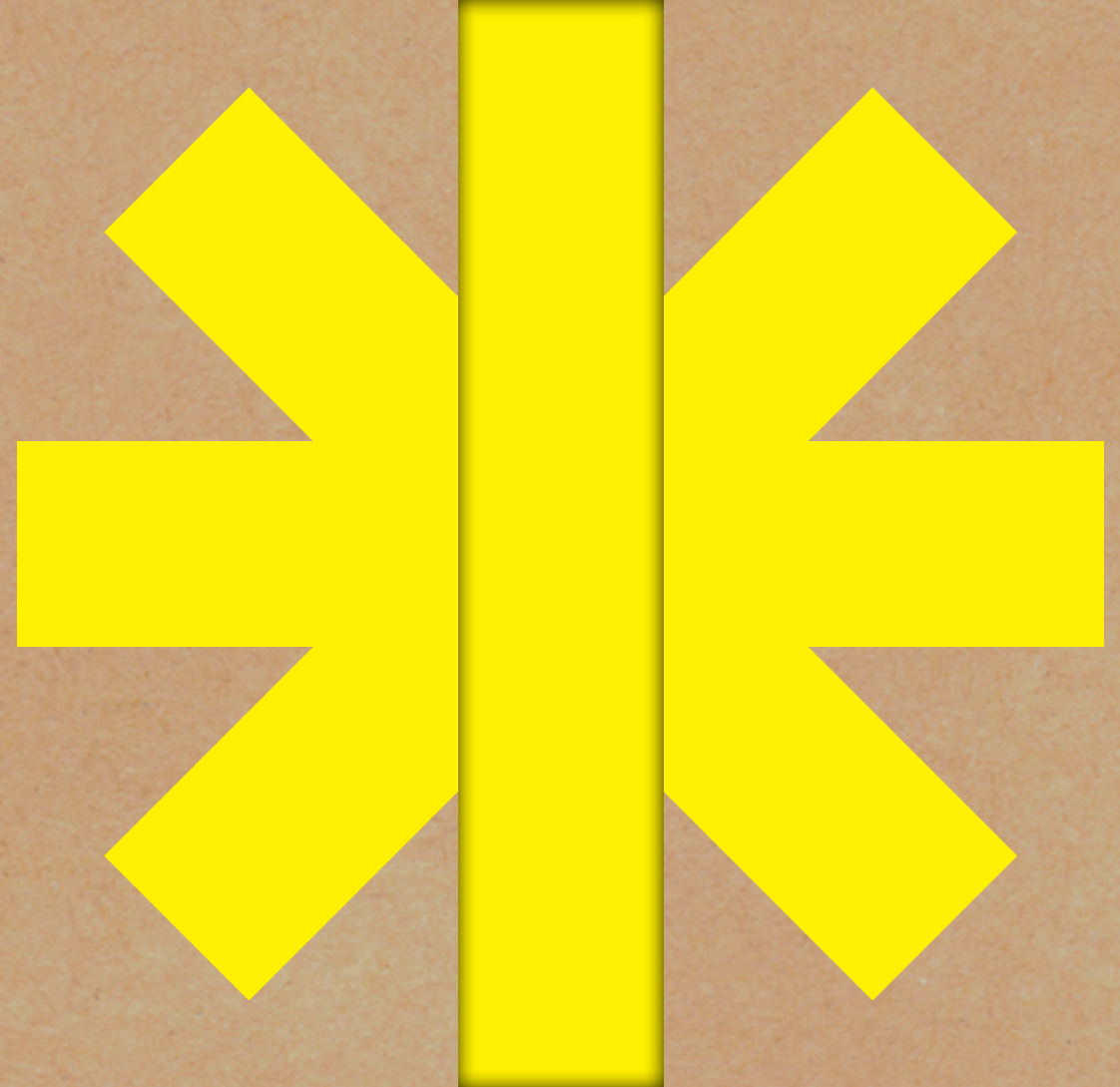
**PROTECTING  
THE ENVIRONMENT**



We protect the environment to make  
the world better for tomorrow.



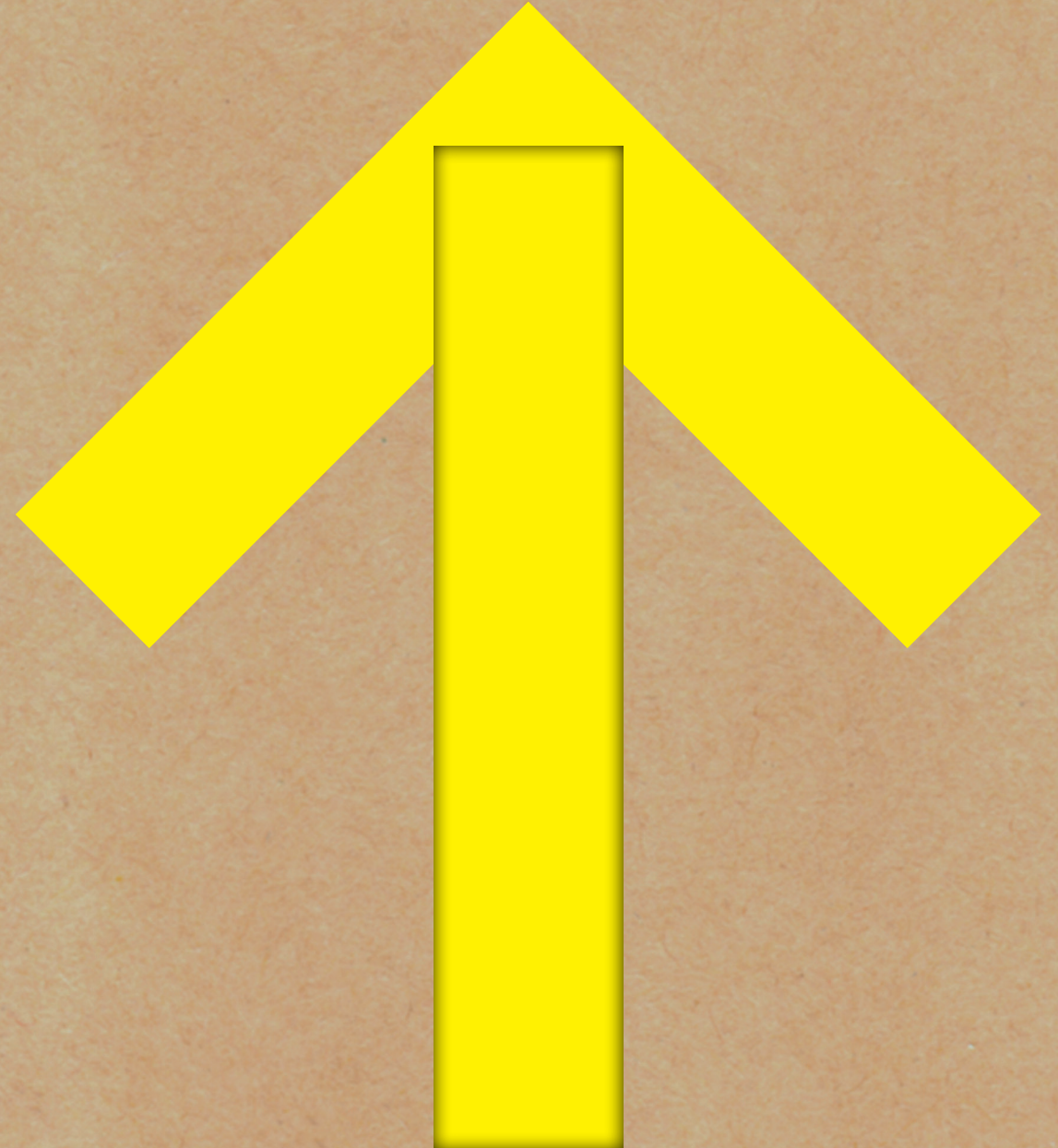
# EXPANDING SOCIAL RESPONSIBILITIES



We take on broad social responsibility,  
creating a world where no one is left behind.



# INCREASING TRANSPARENCY



Transparency in our governance,  
for the benefit of all stakeholders



**MAKING A  
BETTER WORLD**

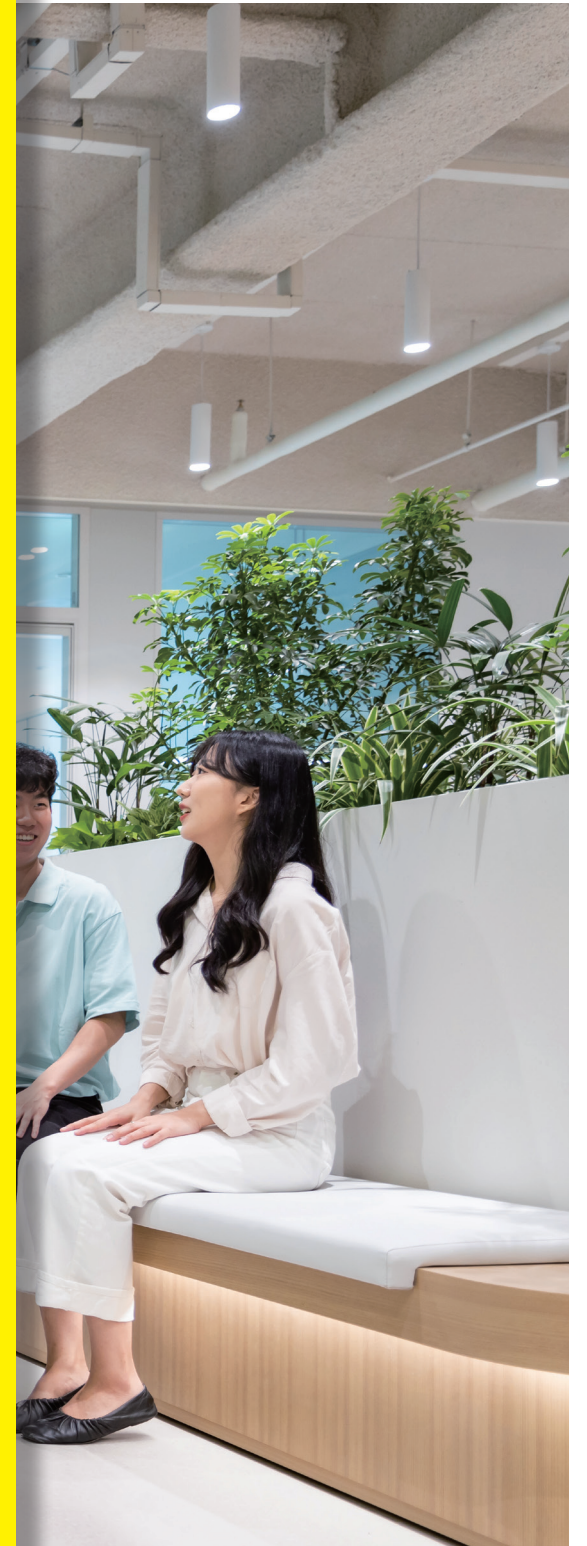
**WITH  
PEOPLE AND  
TECHNOLOGY**





# ABOUT KAKAOBANK

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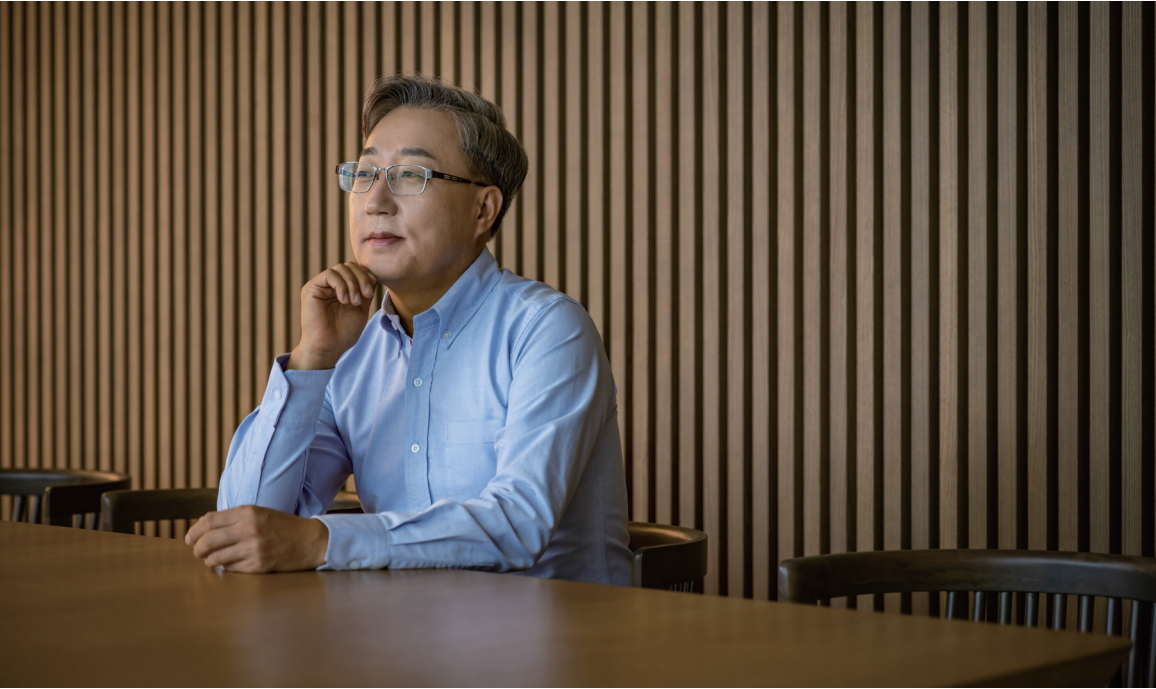
## YOUR VERY OWN BANK FOR EVERYDAY LIFE

Since acquiring our banking license in April 2017 and launching a new online-only banking service in July of the same year, we have gone through a period of accelerated growth. Breaking away from convention, KakaoBank's technology and innovation have created financial products and services that can be conveniently accessed by everyone. We link customers and finance in positive and varied ways which go beyond simple "convenience." KakaoBank is a new paradigm in finance, and a financial platform that is integrated into the daily lives of our customers.





CEO Message



We will do our utmost  
to bring people and technology  
together, to create a better world.

Greetings!

This is Daniel Ho-young Yun,  
the CEO of KakaoBank.

KakaoBank’s mission is to “bring finance and customers together through technology and innovation.” We thank all of our shareholders, investors, customers, partners, employees and executives for their interest and encouragement of our journey. We started off as a bank for the individual in July 2017, and since then have become a bank for the masses, serving close to 20 million customers. Through our initial public offering (IPO) last year, we have secured a sound financial foundation for sustainable innovation in finance. KakaoBank is widely recognized as the world’s fastest-growing mobile bank, and the most future-ready bank in existence.

Season 2: The start of another journey

2022 signals the start of a new season for KakaoBank. Season 1 was about realizing convenient finance at your fingertips, and Season 2 will go one step further in bolstering our corporate social responsibility and forging closer connections with society, implementing management practices based on our top priorities of environment-consciousness and good governance. Our new ESG Team, which reports directly to me, the CEO, was established last year to this end, and works alongside the ESG Committee in our Board of Directors to guide our sustainable management practices. Season 2 of KakaoBank will further improve access to finance. We are using Big Data to advance our credit rating system for low and middle credit customers, and to prepare new financial services for small business owners. In this new season, we will accelerate our innovation of inclusive finance, making more convenient services available to everyone. From youth to senior citizens, and from small business owners to office workers alike, we will accelerate the innovation of financial service provision.

Thinking while standing in your shoes

The cost reductions and economic gains achieved through technology innovation truly can translate into more benefits for the customer. Since launching our services, KakaoBank has given back benefits worth around KRW 272.8 billion to customers in the form of ATM withdrawal fee exemptions across the country and waived prepayment penalties on loans. We are committed to further increasing the convenience and safety of financial services, and to reducing intangible costs for better customer benefits.

Change and innovation the KakaoBank way

Advances in digital and mobile technology have accelerated the digital transition, bringing mobile finance into the mainstream. But at the same time, the threats against convenient mobile finance have been on the rise. In 2021, KakaoBank became the first-ever bank to establish a "Financial Technology Lab" for R&D in the area of new electronic financial transaction technologies. The aim of the Financial Technology Lab is to “reinforce safety nets for mobile finance” to prevent voice phishing and fraud in second-hand items trading. As a mobile bank, we are more environmentally conscious. The IT equipment used to handle the vast and ever-increasing amounts of traffic and data is creating a continuously growing footprint. Under KakaoBank’s “Green IT” policy, our servers are virtualized to reduce physical equipment purchases and limit the physical space occupied by our equipment.

KakaoBank – growing together with society

At KakaoBank, we hope to make 2022 a year of better engagement and communication with society, and of living up to our social responsibility as a banking institution. As CEO, I hope to make KakaoBank a place where our sons and daughters will want to work. We will continue to innovate, contributing to the progress of our economy and the financial industry, harnessing financial technology toward the benefit and convenience of society.

Thank you.

Daniel Ho-Young Yun  
CEO, KakaoBank Corp.



Company Overview

A Bank Beyond Banking

Your Very Own Bank for Everyday Life

At KakaoBank, we believe that a bank should be more easily accessible and readily available for its customers. We want to be your very own bank at your fingertips, made possible through innovative, user-focused technology. KakaoBank isn't just another bank, but a new beginning for banking itself.

General Information

(As of December 31, 2021)

Corporate Name	KakaoBank Corp.
Date of Incorporation	2016.1.22
CEO	Ho-young Yun
Number of Employees	1,022
Locations	Pangyo Office: Unit 1, 11F, Pangyo TechOne Tower 2, 131, Bundangnaegok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do <sup>1)</sup> Yeouido Office: 35F, Parc One Tower II, 108, Yeoui-daero, Yeongdeungpo-gu, SeoulGangseo Office: 15F, Korail Retail, 612, Gukhoe-daero, Yeongdeungpo-gu, Seoul Data center: Sangam-dong, Mapo-gu, Seoul <sup>2)</sup>
Credit Rating	AA+ (Stable) Korea Investors Service AA (Positive) Korea Ratings

2021 Financial Highlights

2021 was a year of sustained growth for KakaoBank.  
Key financial outcomes of KakaoBank in 2021 include the following.

Total assets	(KRW)	Revenue	(KRW)
36	trillion	1.0649	trillion
Operating income	(KRW)	Total deposits outstanding	(KRW)
256.9	billion	30	trillion
Total loans outstanding	(KRW)		
25.9	trillion		

1) Head office relocated June 2022

2) Partial address disclosure according to company security policy

Bank for the Planet

A Bank Coexisting With Nature, and Moving Toward a Sustainable Future

As an exclusively mobile bank with zero brick-and-mortar branches, KakaoBank has been working since its beginnings to realize low-carbon management, environmental protection and environmental value advocacy through innovative finance and technology.

ZERO CARBON FOOTPRINT	ZERO PAPER USAGE	GREEN IT
<ul style="list-style-type: none"><li>• Zero establishment and operation of offline locations</li><li>• Mobile-only policy to allow for zero in-person bank visits</li><li>• No energy consumed for cash storage and transport</li></ul>	<ul style="list-style-type: none"><li>• 100% mobile passbooks and digital invoices</li><li>• Fully digitized loan applications, reviews and result notifications</li><li>• Paperless electronic transfers with no need for paper checks and notes</li></ul>	<ul style="list-style-type: none"><li>• Harnessing innovative technologies such as virtual servers to improve energy efficiency and combat climate change</li></ul>

The KakaoBank Journey

KakaoBank: Inception and Growth

Launched in July 2017, KakaoBank offers a diversified range of easily accessible financial services that offer customers the maximum benefits and convenience.

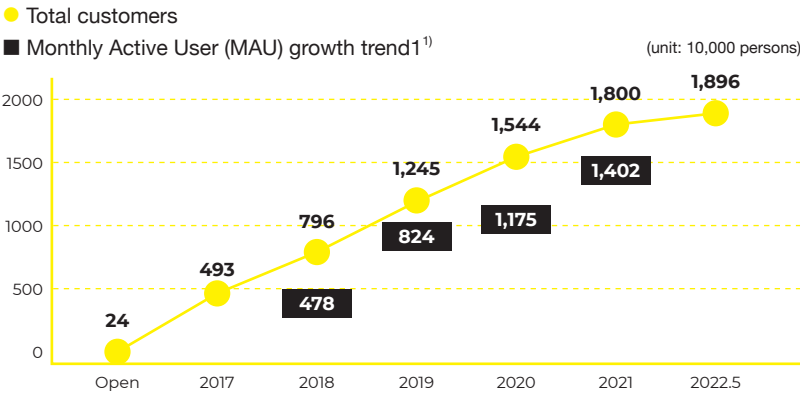
Nov. 2015	Granted preliminary approval	July 2019	Second anniversary of KakaoBank Exceeded 10 million customers
Jan. 2016	Korea Kakao Corp. (to-be KakaoBank) established	Aug. 2019	"Mid-credit Loan" launched
Nov. 2016	Capital increase with consideration completed (capital stock KRW 300 billion)	Oct.2019	"My Credit Information Season 2 (Credit Score Raise)" launched
April 2017	Banking license issued	Dec.2019	"Piggy Bank" launched
July 2017	KakaoBank launched Exceeded 1 million customers	April 2020	"Co-branded Credit Card" issuance service launched with four credit card companies (Shinhan, KB, Citi, Samsung)
Jan. 2018	Exceeded 5 million customers "Housing Deposit Loan" launched	July 2020	"Open Banking" service launched
June 2018	AI-based customer hotline chatbot opened "26-week Installment Savings Account" launched	Oct. 2020	KakaoBank mini launched "Sunshine Loan" launched
Nov. 2018	"My Credit Information" service launched	Jan. 2021	Selected as "Best Bank in South Korea" by AsiaMoney
Dec. 2018	"Group Account" service launched	July 2021	"Dormant Account and Insurance Benefits Finder" service launched
Jan. 2019	"WU International Money Transfer" and "Saitdol Mid-credit Loan" launched	Aug. 2021	Listed on KOSPI "Mid-credit Plus Loan" and "Mid-credit Micro Loan" launched
March 2019	"Securities Brokerage Account Opening" service launched	Oct. 2021	"Mini 26-day Savings" launched
April 2019	"Loan Referral" service launched	Nov. 2021	National treasury revenues handling service launched
May 2019	"Saitdol Mid-credit Loan for SOHO Business Owners" launched		



Business Overview

A Customer-centered Innovative Finance Platform

KakaoBank harnesses technology and innovation to link customers with finance in various ways, providing novel and convenient financial services to our customers. KakaoBank’s innovative, paradigm-shifting financial services have turned the financial markets, which have traditionally been supplier-centric, into customer-centric. Our endless efforts to change and innovate to bring customers an entirely new financial experience have been tremendously successful: as of the end of 2021, we serve approximately 18 million customers, with KRW 30 trillion in total deposits outstanding and KRW 25.9 trillion in total loans outstanding. In 2021, we expanded our platform business by partnering with other financial institutions to provide a variety of co-branded and partnership services. 5.2 million securities brokerage accounts have been opened through these partnerships, and KRW 4.1 trillion in partner loans have been taken out. KakaoBank mini, targeting those from age 14 to 18, has attracted upwards of 1 million customers within a single year of its release. In recognition of KakaoBank’s outstanding corporate value, we were successfully listed on the KOSPI index in August 2021. At KakaoBank, we believe in a sustainable future for our customers. Through unprecedented, innovative technologies and a single-minded dedication to user convenience, we hope to become Korea’s bank of choice.



Banking as Usual, but Different

KakaoBank: Banking as Usual, but Different

Banking as usual, but anywhere and everywhere	Banking as usual, but more inclusive	Banking as usual, but easier
<b>Mobile First Full Banking Service</b> <ul style="list-style-type: none"><li>24/7, year-round mobile access to banking services wherever you are</li></ul>	<b>Equal benefits to all</b> <ul style="list-style-type: none"><li>Competitive interest rate and benefits for all, without preferential terms or complicated eligibility conditions</li></ul>	<b>Easily open accounts and transfer funds through the intuitive UI and UX</b> <ul style="list-style-type: none"><li>You can open a new account in just 7 minutes through our mobile authentication system</li><li>Simple transfers without certificates or security codes</li><li>Transfer funds to KakaoTalk friends without an account number</li></ul>
Banking as usual, but more benefits	Banking as usual, but more freedom	
<b>Zero remittance and withdrawal fees</b> <ul style="list-style-type: none"><li>No fees for deposits / withdrawals / transfers between KakaoBank and other banks – not only on the app, but also at ATMs nationwide</li></ul>	<b>Customize to your taste</b> <ul style="list-style-type: none"><li>Customize your profile and accounts (order, color, hiding the balance, etc.) as well as notifications to tailor our services to your preferences</li></ul>	

1) Average January to December MAU for each year; internal data used for 2018-2019 / KoreanClick reference data used for 2020-2021

Core Products and Services

At KakaoBank, we aspire to become not only Korea's leading retail bank but also the country’s No.1 financial platform. We provide a diversified range of 100% mobile products and services through a single, unified app.

BANKING			PLATFORM
DEPOSITS	LOANS	SERVICES	PLATFORMS
<ul style="list-style-type: none"><li>Checking Account</li><li>Timed Deposits</li><li>Flexible Savings</li><li>26-week Installment Savings</li><li>Group Account</li><li>Safe Box</li><li>Piggy Bank</li></ul>	<ul style="list-style-type: none"><li>Credit Loans, Mid-credit Loans</li><li>Overdraft Loan</li><li>Micro Loans</li><li>Housing Deposit Loan</li><li>Business Owner Loan</li></ul>	<ul style="list-style-type: none"><li>Friends Check Card</li><li>Credit Information and Insurance Benefits Finder service</li><li>Overseas Remittance</li><li>Open Banking</li><li>Firm Banking</li></ul>	<ul style="list-style-type: none"><li>KakaoBank Mini</li><li>Securities Brokerage Account Opening Service</li><li>Loan Referral</li><li>Co-branded Credit Card</li><li>Advertising Platform</li></ul>

KakaoBank by the Numbers

(As of March 2022)

Total cumulative customers	Highest MAU among banking apps <sup>1)</sup>
18.61million	15.03million
Fee and platform income ratio	Working population penetration <sup>2)</sup>
22%	65%
Turnaround achieved in	First-in-Asia exclusively mobile bank IPO
1.5years	No.1

1) Based on Nielson Media Digital Data and internal statistics (including both mobile Android OS and mobile iOS)  
2) Number of customers divided by 28.63 million (economically active Korean population as of March 2022 according to Statistics Korea)





# KEY ESG ISSUES

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# EXTENDING ACCESS

WE LOWER THE ENTRY BARRIERS TO FINANCE, MAKING FINANCE ACCESSIBLE TO ALL.

KakaoBank is about innovative and inclusive technology and finance. In the past few years, amid the rapid digitization of the finance industry and the prolonged COVID-19 pandemic, local communities have faced numerous difficulties. As a responsible member of the community, we are taking the lead in creating a financial ecosystem that grows together with all members of society. Turning an attentive ear to the voices of various stakeholders, we have selected the Key ESG Issues through which we intend to become a trustworthy and sustainable enterprise in terms of the environment, society and governance.



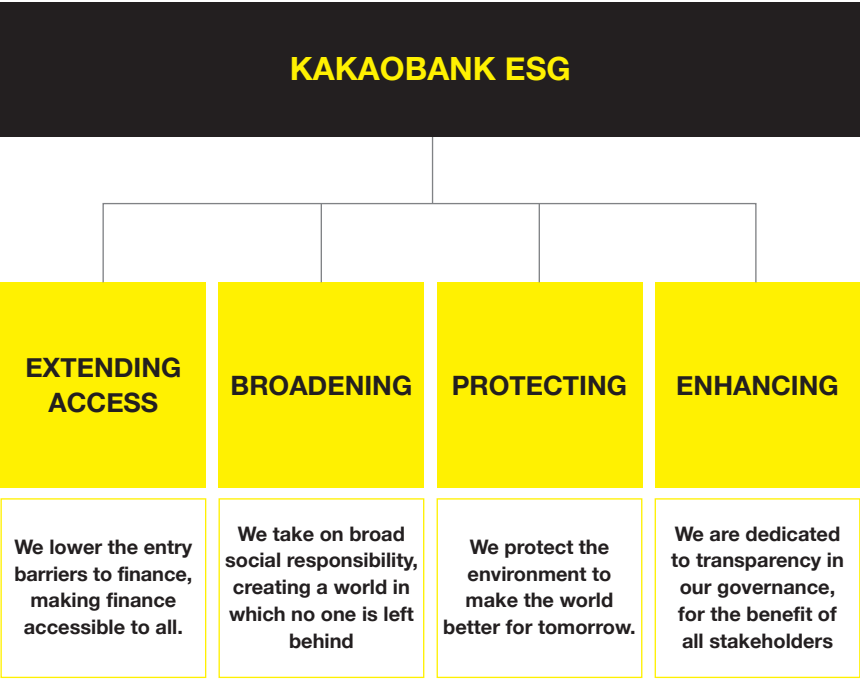


ESG  
Management

Creating environmental and social value through business has been a key consideration at KakaoBank since our foundation. Through technology and innovation, KakaoBank has shifted the center of finance from the supplier to the consumer. We are a leader in the creation of social value in finance, improving financial access by all members of society including those marginalized by the conventional finance systems. As an exclusively mobile bank, we have radically lowered carbon emissions and energy use compared to traditional brick-and-mortar banks, and have instituted a paperless, e-document based banking model. KakaoBank promises a sustained commitment to innovation, inclusiveness and trust. We will strive to protect the environment and further our positive influence on society.

ESG  
Mission and  
Vision

“BRINGING FINANCE AND  
CUSTOMERS TOGETHER THROUGH  
TECHNOLOGY AND INNOVATION”



Under our motto of “Bringing finance and customers together through technology and innovation,” KakaoBank works to bring convenient and beneficial financial services to the masses. Today’s society requires business institutions to demonstrate a commitment to the non-financial elements of Environment, Society and Governance as part of their corporate value, and KakaoBank’s stakeholders also hold the bank to higher sustainable management standards.

In keeping with these demands, to manage ESG-related risks and provide KakaoBank stakeholders with long-term value and confidence, we are actively implementing an ESG environment unique to KakaoBank. 2022 signals the start of true ESG management at KakaoBank. We will further improve the transparency of governance, lower financial barriers and broaden our social and environmental responsibility as we continue to grow together with the community.

ESG  
Management  
Roadmap

**2030 ESG Roadmap**

Through 2022, we will lay the groundwork for ESG management at KakaoBank in earnest. Starting in 2023, we will spur efforts to implement advanced ESG management practices. 2026 will see our ESG activities further advanced and improved, establishing KakaoBank’s leadership in ESG management through an expanded ESG products and services portfolio.

~ 2022	2023 ~ 2025	2026 ~
ESG groundwork	Advanced ESG management practices	Leadership in ESG management
<ul style="list-style-type: none"><li>Establishing ESG governance systems</li><li>Identifying ESG tasks and establishing medium- to long-term roadmaps</li><li>Improving internal and external ESG communications</li><li>Participation in global initiatives</li></ul>	<ul style="list-style-type: none"><li>Implementation of ESG strategy and roadmaps</li><li>ESG-related product development and environmentally friendly investment</li><li>Greenhouse gas emissions control and reduction activities</li><li>Improved ESG evaluation readiness</li></ul>	<ul style="list-style-type: none"><li>Leadership in inclusive finance and the ESG investment market</li><li>Expansion of ESG products and services portfolio</li><li>Attaining carbon neutrality</li></ul>

**Key Activities for Implementation of the ESG Roadmap**

**KakaoBank ESG diagnostics and identification of core tasks**

Toward the implementation of a medium- to long-term roadmap for ESG groundwork, advanced ESG management practices and ESG management leadership, we have performed an objective assessment of the current state of KakaoBank in the areas of the environment, society and governance. This assessment has identified 16, 18, and 13 core tasks in the environment, society and governance sectors, respectively. Completion of these tasks will firmly establish ESG management systems in KakaoBank that meet or exceed global requirements. The tasks identified will be pursued and implemented through our ESG Task Force Team, working in close coordination with the related departments.

**ESG training for KakaoBank employees**

ESG training is administered to related departments and staff at KakaoBank. Online training contents are made available to all staff with an interest in ESG management practices. The training is aimed at furthering the understanding and awareness of social and environmental issues among members of the KakaoBank family, and creating a management atmosphere in which ESG elements are given due consideration throughout all of our management activities.

**Establishment of ESG investment guidelines**

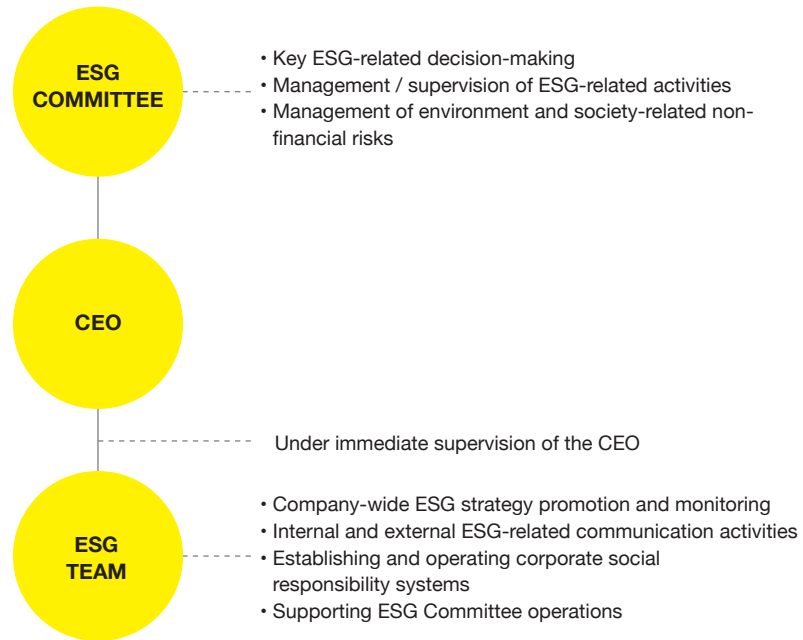
ESG elements have been incorporated into the KakaoBank investment guidelines to ensure that sufficient consideration is given to environmental, social and governance elements in investment decision-making. The need and social demand for ESG-based investment continue to grow. Keeping up with this demand, we intend to advance our ESG investment practices further through the various activities including the development of ESG checklists.

To stimulate ESG investment, KakaoBank has invested approximately KRW 20 billion into ESG funds comprised of high ESG-rated businesses, ESG special-purpose bonds, etc. in the first half of 2022.



## ESG Governance

### ESG Governance at KakaoBank



### ESG Committee

To bolster our ESG management activities in earnest and lay the foundations for systematic ESG operations, the 6th General Meeting of Shareholders of KakaoBank made a resolution on March 29, 2022 to newly form the ESG Committee. The ESG Committee is a subcommittee of the Board of Directors, and is comprised of all members of the Board of Directors.

The ESG Committee establishes and resolves KakaoBank's ESG strategy and plans, while providing general management and supervision for ESG-related activities. The ESG Committee represents a stepping-stone from which KakaoBank aims to grow further as a sustainable enterprise.

2022

## ESG Committee meetings convened twice

Committee chair appointed and KakaoBank ESG directions established <sup>1)</sup>

1) ESG Committee formed in 2022

### ESG Team

The ESG Team at KakaoBank has been newly organized and tasked exclusively with ESG operations. The ESG Team is responsible for carrying out and ensuring the systematic company-wide implementation of ESG-related strategies and activities.

## UN SDGs

### Creating value at KakaoBank through the implementation of the Sustainable Development Goals

KakaoBank stands behind the UN Sustainable Development Goals (SDGs) and partakes in the implementation of the goals by means of the value created through our business activities.





Customer-centered Innovation

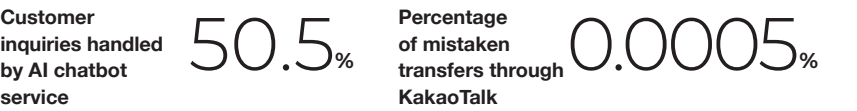
Innovation and technology at KakaoBank are always centered around the customer. KakaoBank is constantly committed to innovation to provide new version of convenience and financial experiences to customers, and to protect their rights and interests. We intend to further diversify our customer-focused efforts in technology and innovation investment and R&D, better linking customers to financial services.

Maximizing Customer Convenience

Maximizing Customer Access

Quick and convenient banking services

KakaoBank offers a wide range of online services to improve access for customers. KakaoBank is a 100% mobile, 24/7, 365 days-a-year banking service, tended to by AI customer service chatbots around the clock to serve customers regardless of the time and their location. As of 2021, approximately 50.5% of customer inquiries were handled through the customer service chatbot service. The chatbot service is continually trained in handling frequently asked questions and inquiries, helping to quickly and conveniently resolve issues for customers without having to call in or hold the line to speak to one of our customer service representatives. KakaoBank has also made remittance easier for its customers. Customers can simply click the name of the recipient from the KakaoTalk friends list and transfer funds without having to enter an account number. In addition to being more convenient, this way of transferring funds is safer as well: compared to conventional account number-based remittance methods, users seldom ended up sending money to the wrong person on KakaoTalk.



Improved web accessibility

Web access is being continually improved to ensure the convenient use of the KakaoBank website by the disabled and senior citizens. Based on the four core principles of ease of recognition, ease of operation, ease of understanding, and robustness, KakaoBank strives to ensure that everyone can conveniently use KakaoBank’s services without being marginalized. The accessibility of our desktop website is regularly assessed based on the requirements of “Korean Web Contents Accessibility Guideline 2.1.” Since acquiring the web accessibility quality certification in August 2019, the website has undergone three further assessments and follow-up improvements to maintain certification. KakaoBank will continue to improve web access to make our services conveniently accessible to everyone - in all senses of the word.

Key web accessibility improvement activities in 2021

Overall result of review	“Pass” in all 24 items
Review category	National Information Communications Accessibility Quality Certification Renewal Review
Review type	Secondary review by web accessibility expert
Review criteria	Standard: Korean communications Standard “Korean Web Contents Accessibility Guideline 2.1” Guideline: Ministry of Science and ICT: “Guidelines for Standardized Review, Web Accessibility Quality Certification (151030)”

Smart withdrawals

KakaoBank customers enjoy improved access to financial services offline as well as online: The “Smart Withdrawal” service allows customers to make ATM withdrawals using a QR authentication code instead of an ATM card or passbook. The Smart Withdrawal service is being introduced to more and more CD/ATM machines throughout the country, and as of the end of 2021, approximately 100,000 ATMs nationwide offer KakaoBank Smart Withdrawal.



Reducing Customer Costs Through Technology

Zero-fee policy

Business and operation costs are reduced at KakaoBank through the adoption of innovative IT, and these cost savings translate directly into added benefits for customers. KakaoBank has maintained a no-fee ATM policy since the beginning, and customers can deposit, withdraw and transfer funds at ATMs installed in convenience stores and banks throughout the country without additional fees. Between 2017 and December 2021, KakaoBank customers have saved approximately KRW 188.9 billion in ATM fees. At other banks, paying off a loan early typically incurs an early repayment penalty. But KakaoBank has done away with these penalties entirely, and also charges approx. 1/10 the overseas remittance fees of other banks. Reducing unnecessary expenses for our customers is an important motivation for technological innovation at KakaoBank.



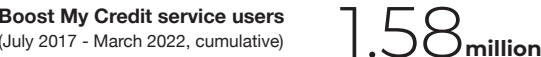
Advocating Customers’ Financial Rights

Dormant Account and Insurance Benefits Finder service

KakaoBank provides customers with diversified range of convenient financial services, minus the complicated procedures. In July 2021, we launched our Dormant Account and Insurance Benefits Finder service. Through the KakaoBank app, customers can easily look up and retrieve dormant funds and insurance benefits. As of the end of 2021, some 888,000 dormant accounts and insurance benefits have been found, returning around KRW 20.5 billion to customers. In particular, it is noteworthy that 64% of customers who used the service to retrieve dormant funds and insurance benefits were in their 40s or older. This is a testament to how easily accessible KakaoBank services are to even the less technologically savvy.

Credit management service

After a simple authentication process, anyone can look up their credit information using the “My Credit Info” service, even without a KakaoBank account. Users can view their current credit score and credit history, and use the “Boost My Credit” service to update the tax and health insurance premium payment information to improve their credit score. Customers with an improved credit score may exercise their rights to a reduced interest rate on loans.





Protecting Consumer Rights

Improving Mobile Banking Safety

Voice phishing prevention activities

KakaoBank carries out active monitoring to protect financial consumers from voice phishing. The KakaoBank voice phishing monitoring system analyzes and trains itself using voice phishing data accumulated through machine learning to continually enhance its accuracy of detection. In addition to passive monitoring, we send out warning messages to customers suspected of having been victims of voice phishing, and follow up on transfers suspected to be associated with voice phishing. Customers are promptly informed of new types of telecommunications fraud through KakaoBank’s official social media channels, helping raise customer alertness.

Preventing suspicious frauds in C2C transactions

KakaoBank operates a “fraud prevention model in C2C (Consumer to Consumer) transactions,” detecting suspicious C2C transactions and displaying warning messages on the app screen. In 2021, warnings were issued for 65,747 suspicious transactions with a high fraud risk. In 9.4% (6,191) of cases, transfers were cancelled on the sender side, successfully preventing fraudulent transactions. Starting in 2022, KakaoBank will commit a total of KRW 20 billion over 5 years to help reinforce safety for mobile finance, while continuing to engage in technological R&D for financial fraud prevention. Furthermore, we intend to collaborate with other financial institutions and mobile communications providers to explore the means of dealing with financial fraud from a social perspective.

Assuring Marketing Process

At KakaoBank, we continually inspect and monitor our product/service advertisements and detailed product information pages on our mobile app for elements that infringe consumer rights, and ensure that we use language that consumers can easily understand. We thoroughly examine all materials and advertisements for compliance with related laws and statutes, and also enforce strict follow-up monitoring to make sure that the findings from preliminary examination are properly reflected in the final outcomes. Too often at banking institutions, setting mandatory sales quotas causes staff to fixate on performance results, ending up in incomplete or forced sales. KakaoBank enforces no such quotas.

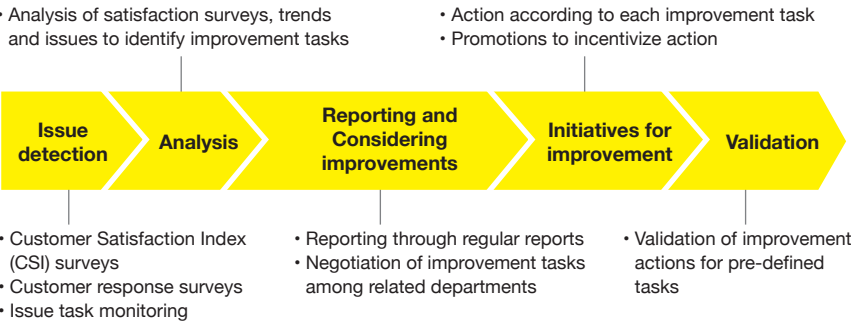
Marketing process



Customer Satisfaction Management

KakaoBank holds regular, as-needed, and irregular (upon launch of new products and services) monitoring and customer satisfaction response surveys to improve the customer experience and provide more convenient and accurate financial consultation services. Our Customer Satisfaction Index (CSI) surveys help us to stay up to date on customer responses and issues, and also to identify and carry out specific tasks for customer satisfaction improvement. Officers are designated for each task, ensuring tasks are seen all the way through. We also operate diverse complaints and grievance handling channels to guarantee inconveniences are dealt with promptly.

Customer Satisfaction Management Process



Customer Advisory Group

KakaoBank operates a 60-person advisory board representing customers of various age groups ranging from teens to 60s, and of various regions and genders. This advisory group provides us with diversified and balanced feedback on our products and services. The advisory group meets regularly online to gather opinions for service quality enhancement and identify improvement tasks to be referred to the competent teams.

Customer Advisory Group activities in 2021

Customer Advisory Group questionnaire

Subject Matter	Comparative survey of KakaoBank products and services against commercial bank and Internet-only bank products and services
Survey Period	December 23, 2021 - January 14, 2022
Method	Online survey
Result	<b>KakaoBank</b> Easy to subscribe and use compared to other banks; positive opinions on fee exemptions, etc. <b>Internet-only banks</b> Majority of responses indicating the intent to continue use due to user-friendliness and ease of use

Mystery Shopper program

Purpose	Customer service satisfaction survey
Subject Matter	1. Dormant Account and Insurance Benefits Finder service 2. Mortgage loan
Survey Period	December 23, 2021 - January 24, 2022
Method	Online survey
Results	Satisfaction score of 87.9 out of a possible 100; high score for being able to quickly grasp the gist of customer inquiries, and for attentively hearing out customer inquiries until the end



Inclusive Finance

KakaoBank’s dream is a world in which convenient access to financial services is extended to everyone. Accordingly, we provide services and products that address difficulties and alleviate burdens for various customer types, including adolescents, youths, persons with medium credit, small merchants, and the socially disadvantaged. Actively engaging in our social responsibility, we will continue to lower entry barriers to finance for all.

Inclusive financial products and services from KakaoBank

	Adolescents	Youth
Products and Services	<div><b>KakaoBank mini</b><ul style="list-style-type: none"><li>A mobile app product through which adolescent users can use financial services such as transfers, payments and savings without the need for intervention by an adult or guardian</li><li>mini 26-day savings service: Fixed amount daily deposits over a 26-day period</li></ul></div> <div><b>KakaoBank mini card</b><ul style="list-style-type: none"><li>Prepaid card designed for adolescents, which can be used at all online and offline locations (public transportation card function included) except designated harmful facilities</li><li>“Clean Affiliates” system to block payments at designated harmful facilities</li></ul></div>	<div><b>Youth housing lease loan</b><ul style="list-style-type: none"><li>Low-interest housing lease deposit loans for young non-homeowning users</li><li>Documents submitted through KakaoBank app certificate</li><li>Loans executed on an as-needed basis at any time desired, even weekends and public holidays</li></ul></div>
Expected Benefits	<ul style="list-style-type: none"><li>Encouragement of sensible financial service usage by adolescents</li><li>Extending convenient finance to adolescents, beyond conventional public transit cards and gift certificates</li><li>Developing proper finance and expenditure habits among adolescents</li><li>Keeping adolescents out of harmful facilities</li></ul>	<ul style="list-style-type: none"><li>Contributing to housing stability for adolescents</li><li>Convenient and easy loan services for mobile-savvy youth</li><li>Document submittal and loan execution without time and space constraints for maximum customer convenience</li></ul>
Outcomes	<div>Number of users</div> <div>1.3million</div> <div>More than</div> <div>55%</div> <div>of Korean adolescents using KakaoBank mini</div>	<div>Young adult housing deposit loan</div> <div>KRW 5.8564 trillion</div> <div>Exceeding</div> <div>50%</div> <div>of all loans provided to youth by the financial sector</div>

Convenient Finance for All

Improving Access to Finance

KakaoBank is about inclusive finance, which we achieve by extending convenient and beneficial financial services to more customers through sustained technological innovation. We provide a variety of inclusive finance products and services to enable easy and safe financial access by all, while enforcing strict customer protection policies and contributing to making the finance industry ecosystem more sustainable as a socially responsible bank.

(As of March 2022)

Persons with low and medium-credit	Socially disadvantaged persons	Small business owners
<div><b>Development of a new credit rating model</b><ul style="list-style-type: none"><li>Development of a new credit rating model for medium-credit persons and “thin filers” using KakaoBank customer data, communications big data and machine learning methodologies, subcategorizing customers with insufficient financial histories and enabling better assessment of low- and medium-credit customers</li></ul></div> <div><b>Medium credit and medium credit plus loans</b><ul style="list-style-type: none"><li>Extended-coverage loans for medium-credit customers through precise credit scoring</li></ul></div> <div><b>Medium credit micro loans</b><ul style="list-style-type: none"><li>Overdraft account-type small loans for medium-credit customers meeting internal credit scoring standards, regardless of occupation or income level</li></ul></div>	<div><b>Sunshine Loan 15 (Formerly Sunshine Loan 17)</b><ul style="list-style-type: none"><li>Government-guaranteed credit loans for low-income and low-credit persons</li></ul></div> <div><b>Inclusive finance support services</b><ul style="list-style-type: none"><li>A variety of financial services offered in partnership with the Korea Inclusive Finance Agency’s “individualized loan service”</li><li>Financing provided by KakaoBank to individuals who have completed Korea Inclusive Finance Agency training</li></ul></div>	<div><b>Small business owner credit ratings</b><ul style="list-style-type: none"><li>Use of small business owner credit rating model based on data from small business owner platform</li><li>Fair and transparent credit ratings based on business credit information instead of individual business owner scores, to provide credit loan products to small business owners</li></ul></div>
<ul style="list-style-type: none"><li>Improving access to finance to medium-credit persons unable to access conventional finance due to low credit scores</li></ul>	<ul style="list-style-type: none"><li>Improving access to finance to socially disadvantaged individuals who are unable to access conventional finance due to a low credit score and income</li></ul>	<ul style="list-style-type: none"><li>Data exchange and cooperation consortium partners to improve the utilization of small business owner data, and continued improvement of credit rating models</li><li>Fair and accurate credit ratings to develop loan products for small business owners</li></ul>
<div>Loans extended to low- and medium-credit persons</div> <div>KRW 5.1 trillion</div>	<div>Second-tier financial company linked loans</div> <div>KRW 4.6 trillion</div> <div>Sunshine Loans</div> <div>KRW 133.3 billion</div>	



Reliable Technologies

At KakaoBank, we work to protect our customers’ privacy and provide the safest possible services. While implementing improved information protection through KakaoBank’s enhanced data protection technologies, we operate a scientific data protection management system to build customer confidence. For KakaoBank, regulatory requirements represent only the bare minimum for data protection. Our proactive data protection and management efforts through sustained R&D, investment and external cooperation go far beyond ensuring compliance with regulations.

Information Security and Management Systems

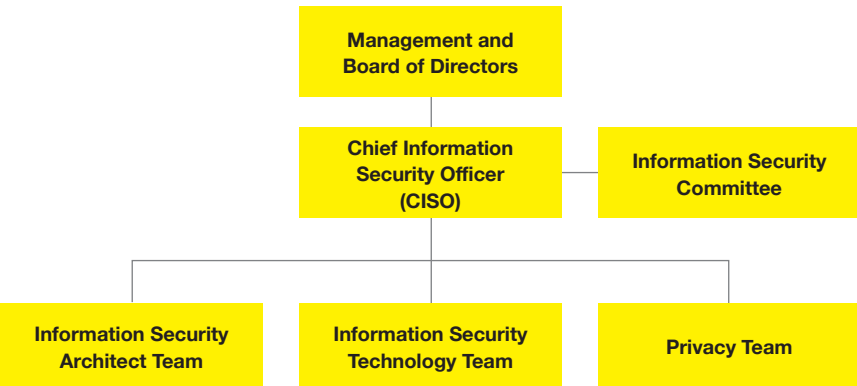
Information Security Management Systems

Safety in electronic financial transactions and customer information protection are among the utmost priorities of KakaoBank. Our industry-leading information security organization operates information security and management systems trusted both within and outside of the industry.

Information Security Organization

The Chief Information Security Officer (CISO) at KakaoBank is an executive-grade officer. Under the information Security Organization, a number of specialized task organizations are operated: the Information Security Architect Team, in charge of information security policy; the Information Security Technology Team, in charge of technical response to internal and external intrusion attempts; and the Privacy Team, in charge of operating the privacy protection systems. These teams operate independently of the rest of the organization, in a well-coordinated system of checks and balances. We also operate an Information Security Committee chaired by the CISO. Key information security decisions are made based on discussions at the management level.

Information Security Organization



Information security policies

KakaoBank maintains compliance with all related laws and regulations and ensures safety against internal and external intrusion attempts. We operate under an internal information security policy that is comprised of regulations, guidelines, and work manuals. We carry out systematic information security activities that are guided by key policies, including: the Human Security Guidelines, which prescribe information security training and other efforts to improve the security awareness of employees and executives; the Information Security Inspection Guidelines, which provide for risk and vulnerability analysis/assessment of internal information assets and follow-up measures and management; the Physical Security Guidelines for protection against physical intrusions; and the Security Incident Response Guidelines, which prescribe procedures for responding to security incidents. Further, customer information access permissions at KakaoBank are granted on a strictly

restricted, need-to-know basis. Customer information is accessed through enhanced authentication procedures in environments to which upgraded technical security measures are applied. Access logs are inspected regularly to detect and address any anomalies.

Information security inspections

Regular inspections are carried out at KakaoBank to ensure internal information security policies are operated appropriately. These include annual management systems operation evaluation, and vulnerability analysis and assessment for all information assets of the Company to identify and eliminate risk factors. KakaoBank operates a world-class team of “white hat” hackers who carry out simulated hacking attacks on our customer services 3 times annually. These simulations allow us to preemptively assess and address our risks and vulnerabilities to external attacks. New services are subjected to a security review process including vulnerability assessment pre-launch, ensuring services are only launched once all vulnerabilities and risks have been removed.

Information security certifications

KakaoBank has acquired and maintains various domestic and international information security management system certifications. We acquired the Financial Security Agency’s Information Security Management System (ISMS) certification for electronic financial transaction services operation in 2018, and acquired the ISO 27001 International Information Security Certification in 2019. Each of these certifications is maintained through annual re-evaluations. KakaoBank will continue to further improve our information security management systems to ensure the safe use of financial services by our customers.

Certification	Matters certified	Certifying institution	Validity
ISMS	Systematic establishment, management and operation of information management systems for protection of key information assets	Financial Security Agency	Jan. 28, 2022 - Jan. 27, 2025
ISO 27001	Systematic planning, inspection and management of 133 items across 11 areas including information security policy, communications and operations, access control, and information security incident response	BSI	Nov. 6, 2019 - Nov. 5, 2022

Improving Information Security Technology

Security Architecture

At KakaoBank, our customer information and banking systems networks are physically isolated from external communication networks. In this way, our systems are fully isolated from external attack. In cases where external access to protected systems is inevitably necessary, technical measures must be taken in advance and access must be approved by the responsible officer. Strict procedures are enforced to maintain airtight security. Furthermore, networks are zoned based on their use and the importance of the data they carry. This allows for an effective response against intrusion attempts and minimizes damage in the event of incidents.



External Cooperation in Information Security

Intrusion Response Technologies

R&D into security technologies for better responses to external intrusion attempts is continuously ongoing at KakaoBank to keep ahead of the game. We are implementing security response systems that employ the latest technologies, and operate a combined security analysis system developed in-house under which various internal and external system log correlations are analyzed to enable smart monitoring practices. The system allows us to apply a wide variety of threat scenarios, address customer information access anomalies, and manage attempts by employees and contractor staff to leak important internal information. We continually evaluate state-of-the-art security technologies and products as they advance (signature-based response solutions for response to zero-day attacks, next-generation firewalls, etc.) and adopt the newest solutions as needed. Commercial off-the-shelf (COTS) security programs are inevitably limited in their application, and so at KakaoBank we research and develop in-house app protection logics for a better response to hacking attacks. Access to internal information processing systems is strictly controlled, and our security management systems are continually updated with the latest technologies to guarantee a seamless intrusion response system.

Improving Our Information Security Capacity Through External Cooperation

Information security at KakaoBank is maintained through security evaluations by outside experts and cooperation with outside institutions for effective incident response. Our internal security organization carries out regularly scheduled electronic financial services vulnerability inspection and simulated cyber attack response training with the Financial Security Institute, the Korean financial sector's designated cyber attack response body. In particular, we carry out annual simulated hacking attack training with the world's leading white hat hacker organizations. These organizations help us to think from the intruder's perspective when responding to attacks. Our cooperative relationship with the Korea University School of Cybersecurity helps us keep up-to-date with the latest security technology trends, and to receive advice on methods to utilize state-of-the-art attack response technologies. Together, we are discussing responses to advanced electronic finance threats and security technologies and architecture for electronic finance services.

External cooperation in information security

Cooperation with the Financial Security Agency	<ul style="list-style-type: none"><li>• Electronic financial service vulnerabilities inspection</li><li>• Simulated attack training</li></ul>
Improving response capability through simulated hacking attacks	<ul style="list-style-type: none"><li>• Annual simulated hacking attacks with white hat hacker organizations</li><li>• Improving response capabilities to real-world hacking attempts by simulating attacks from the attacker's perspective</li></ul>
Information security advisory	<ul style="list-style-type: none"><li>• Discussion of the latest security technology trends and intrusion response technologies</li><li>• Discussion of electronic finance service security technology architectures</li><li>• Discussion of response measures to ever-increasing electronic finance security risks</li></ul>

Information Security Incident Management and Awareness Improvement

Preventing Information Security Incidents

KakaoBank operates advanced information security systems to prevent security incidents. Anomalies are monitored to prevent security accidents, including personal information leaks. In particular, our Fraud Detection System gathers various customer data to generate patterns and detect abnormal transactions deviating from these patterns. This system runs 24 hours a day, and alerts customers and blocks transactions when suspect transaction attempts are detected. We also allow our customers to block overseas in-app purchases to prevent the fraudulent use of stolen and forged cards.

Response to Information Security Incidents

In accordance with the KakaoBank Security Incident Response Guidelines and Personal Information Leak Response Manual, we have organized and operate an information security incident response organization and emergency contact system. We enforce 24/7 security monitoring 365 days a year through our Combined Security and Control Center, and cooperate with financial security institutions such as the Financial Security Institute to ensure a prompt response to security anomalies.

Information Security Training and Awareness-building Activities

In keeping with our Personal Security Guidelines, KakaoBank enforces mandatory privacy and information security training for all employees and executives. New training topics appropriate to actual operations are chosen each year for the security training programs administered to all members of the organization, ensuring improved, up-to-date and valid security awareness for all employees and executives. In 2021, all employees and executives completed the privacy and information security training. In addition to regular annual training, we provide the organization with outside training on consignment as needed. All members of the organization are required to sign and submit information security pledges for close management and compliance.



# Business Ethics and Compliance

KakaoBank recognizes that transparent, ethical and compliant management practices are the most basic social responsibility of any enterprise. We strive to establish ethical and compliant practices across all of our management activities. In particular, as corporate compliance has become an important issue of late, we are proactively reinforcing our internal controls and expanding training for employees and executives. Sound ethics awareness and compliant management practices at KakaoBank will continue to help us better protect our customers and improve our corporate value.

## Business Ethics

### Ethical Management Systems

Transparent ethical management practices and sound ethics awareness in KakaoBank employees and executives help us protect our customers better, increase our corporate value, and establish a sound credit society. To this end, we have established the “Code of Ethics,” a standard for ethical judgment to which all employees and executives are held in the performance of their duties. Our “Practice Guidelines for the Code of Ethics” provides guidance on practicing the Code of Ethics, and we also operate the Code of Ethics Violation Reporting Center to enforce a high standard of ethics, transparency and diligence across the organization.

	Overview and applicability	Content
Code of Ethics	<ul style="list-style-type: none"><li>Foundation for ethical value judgment, applicable to all employees and executives</li></ul>	<ul style="list-style-type: none"><li>Basic principles for employee ethics</li><li>Obligations of the bank to customers and employees</li><li>Management responsibility</li><li>Responsibility for mutually beneficial cooperation with partners</li><li>Obligation to model business practices</li><li>Environmental protection and social responsibility obligations</li></ul>
Practice Guidelines for the Code of Ethics	<ul style="list-style-type: none"><li>Detailed guidance on ethical practices under the Code of Ethics for all employees, including general staff, office staff, special services staff and contract workers</li></ul>	<ul style="list-style-type: none"><li>Basic guiding principles for employee conduct</li><li>Regulations for employee financial transactions</li><li>Declaration of financial investment instruments trading</li><li>Integrity pledge system</li><li>Ethics compliance self-inspection</li></ul>

### Ethics Training for Employees and Executives

KakaoBank administers ethics training to all employees and executives, who are required to sign and submit an Ethics Pledge. In 2021, ethics training was attended by 916 members of the organization. An average of 0.9 hours of ethics training was received by each individual.

(As of December 2021)

Item	General curriculum	Attended	Completed
Ethics Pledge	Pledge to abide by the Code of Ethics and Practice Guidelines for the Code of Ethics	1,022	1,022
Ethics training	Code of Ethics and Whistleblower System, etc. <sup>1)</sup>	916	916

1) For currently employed staff as of training in March 2021

## Compliance Management

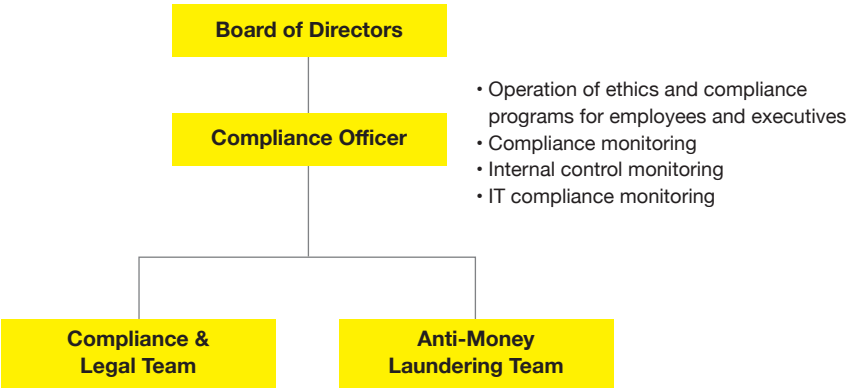
### Compliance Systems

To protect shareholders, financial consumers and other stakeholders through ensuring sound management practices and compliance with the Act on Corporate Governance of Financial Companies, KakaoBank has adopted its “Internal Control Standards,” which provide the standards and procedures for employees and executives to observe in the performance of work. The Internal Control Standards provide for an internal control organization and its roles, appointment of a compliance officer, compliance monitoring systems, and employees’ terms of compliance relating to internal control. Furthermore, as per the Act on the Protection of Financial Consumers, we operate the Internal Control Standards on Financial Consumer Protection to provide improved protection of financial consumer interests and build consumer trust.

### Compliance Officer System

At KakaoBank, we recognize that compliance management practices based on ethics and trust are the most basic social responsibility of an enterprise. We operate a compliance officer system to ensure the systematic implementation of compliance management practices. The role of the Compliance Officer is to provide supervision and management to ensure strict compliance with the standards and procedures set forth by the Internal Control Standards, and to perform a thorough investigation of any violations. To ensure effective internal control, we operate the Compliance & Legal Team and Anti-Money Laundering Team in support of the duties of the Compliance Officer. The Compliance Officer is appointed to a term of at least two years by resolution of the Board of Directors, from among candidates meeting the qualifications prescribed by the Act on Corporate Governance of Financial Companies.

### Compliance System Organizations





Anti-Money Laundering (AML)

At KakaoBank, we operate AML frameworks that reflect our nature as an Internet-based bank and in accordance with related laws and statutes, including the Act on Reporting and Use of Certain Financial Transaction Information. Specifically, as part of a risk-based approach (RBA) to guarantee the efficient and effective implementation of Anti-Money Laundering (AML) systems, we operate the Customer Due Diligence (CDD) and Suspicious Transaction Report (STR) procedures and risk mitigation measures to discriminate according to risk levels of individual customer and products.

To guarantee that internal controls are soundly established across the organization, AML officers are appointed in each department to encourage the participation of employees and executives in AML efforts.

In 2020, in recognition of our proactive AML risk management and employee AML capacity-building efforts, we received the Financial Services Commission Chairman’s Award at the “Anti-Money Laundering Day” event organized by the Korea Financial Intelligence Unit under the Financial Services Commission. Mindful that the bank is both the first line of defense and a key player in AML efforts, KakaoBank will continue to streamline and improve our AML frameworks.

Whistleblower system

KakaoBank operates a whistleblower system to prevent financial incidents and control damage should financial incidents occur. Reporting channels have been installed so that employees or executives who become aware of illegal or unfair work-related activity may report the matter to our Compliance & Legal Team or HR Team, initiating a prompt response. Whistleblower identities and report details are kept strictly confidential.

Whistleblowers are also protected under our bylaws, which prohibit discrimination against and unfair treatment of whistleblowers, including through unfavorable assignments and placement. All members of the organization are encouraged to report problematic behavior without hesitation.

Handling process for whistleblowing reports



Enactment of provisions to restrict sale of directors’ stock

In a move to improve responsible management practices of our directors and prevent harm to KakaoBank’s corporate value due to sale of Company stock by our directors, we introduced new provisions restricting the sale of KakaoBank stock by directors in March 2022. These provisions restrict the sale of KakaoBank stock by directors from the date of KakaoBank’s registration statement submittal to up to two years after listing, and also prohibit co-sale of Company stock. Directors are also required to report Company stock sales in advance. This allows us to examine internal and external risks prior to the sale of stocks held by our directors, pre-inspect prospective impact on stock prices according to volume of sale, and minimize any risks detected.

Compliance Training for Employees and Executives

AML training

To improve AML awareness across the organization, we administer AML training under programs that are tailored according to individual position and duties. In 2021, 87 sessions of 4 different programs were administered at KakaoBank, and these were attended by a total of 1,495 employees. In 2020, administration of specialist courses was expanded compared to the previous year to allow the organization to make better use of our appointed AML officers. 45 sessions were administered internally or through external training to 104 persons in the areas of STR(Suspicious Transaction Report) quality improvement and AML/CFT (Combating the Financing of Terrorism) affairs. In addition to the regularly administered AML training, we continually monitor external AML trends and distribute an AML journal to maintain high AML awareness.

AML training administered to employees and executives in 2021

Program	General	Practical	Executive	Specialist	Other
Sessions	24	13	5	45	3
Attendees	1,149	202	40	104	6

Internal controls training

Our Compliance & Legal Team administer compliance monitoring training at least once a year, with the aim of instilling basic work-related legal knowledge and improving ethics and compliance awareness throughout the organization. Training sessions in 2021 covered the topics of our Code of Ethics, prohibition of unreasonable discrimination, the whistleblower system, matters of note relating to the IPO, and the preparation and reporting of Terms of Service. Compliance training was also administered to registered directors at meetings of the Board of Directors.

Internal controls training administered to employees and executives in 2021

Program	General	Executive	Other
Sessions	4	4	1
Attendees <sup>1)</sup>	3,768	45	9

1) Includes personnel attending multiple sessions



# Sound Corporate and Workplace Culture

At KakaoBank, we believe that a sound corporate and workplace culture have been the driving force behind our growth. We actively engage members of the organization in communication to further advance our corporate culture, and spare no efforts when it comes to supporting sustained employee growth within the bank. KakaoBank believes in providing workplace environments in which members of the organization can have fun and relax, while also becoming fully immersed when they are working. We intend to see to it that no one is left behind as KakaoBank continues to grow.

## Active Communication Toward Better Corporate Culture

### Better Corporate Culture

KakaoBank faces the challenge of maintaining stable service operations for our 20 million users and expanding our role as not only a bank but also a platform. This is a task that calls for flexible thinking, proactive collaboration, and creative discussion among members of the organization, and a corporate culture under which these are possible. Toward the goal of a “better corporate culture,” KakaoBank transparently discloses the current state and future directions of our corporate culture to the entire organization. Numerous activities are conducted to encourage in depth discussion with employees. Culture Talk sessions engage employees 1:1 to discuss existing strengths and potential improvements in the way we work, and Culture Surveys are conducted to gather feedback on workplace practices and organizational culture. Opinions and feedback contributed have been analyzed and reflected in implementing Season 2 of KakaoBank corporate culture.

### The Way We Work at KakaoBank: Season 2

The Way We Work is not just a collection of good ideas. The Way We Work at KakaoBank describes the way our organization communicates, collaborates, and creates outcomes.

The Way We Work at KakaoBank

- We think and make user-centric decisions.
- We work cross functionally with self-empowerment.
- We turn challenges into possibilities.
- We state our opinions through direct and open communication.
- We share our process of working and help one another for growth.
- We respect differences and commit to our decisions.
- We reflect for better outcomes.

The Way We Work at KakaoBank Season 2 - Significance

- The Way We Work has been the driver of our success until now, and describes how we operate on a daily basis.
- The Way We Work is essential to sustaining positive outcomes moving ahead.
- The Way We Work depicts the ideal colleague as described by members of our organization.

### Corporate Culture and HR Systems

Our HR systems and leadership are a testament to the KakaoBank corporate culture. In keeping with the redefinition of The Way We Work for Season 2, we have updated the Culture Fit standards for recruitment, evaluation and team operation. The philosophies and standards behind institutions and policies impacting corporate culture have also been reestablished accordingly.

KakaoBank's corporate culture is a work in progress, and the entire process is shared transparently with all members of our organization. We are always eager to hear more from the members of the organization about our corporate culture, and their workplace experiences. We operate several corporate culture communication programs and encourage in depth discussion. New leadership onboarding and culture team-building programs are in the works, and are expected to make the corporate culture at KakaoBank even more healthy and robust.

### Sound Labor-management Relations Through Communication

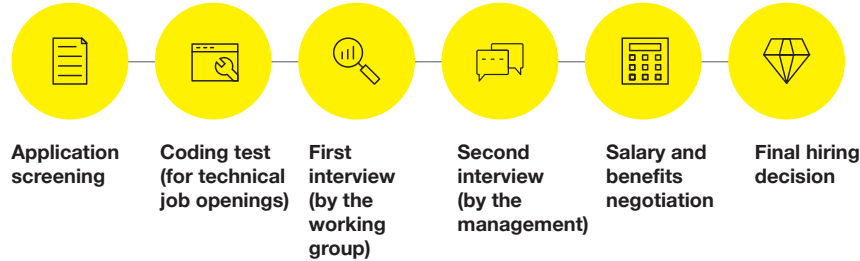
“Round Table” is KakaoBank's joint labor-management council. Round Table meets regularly once a month and operates communication channels to gather input and discuss topics including working conditions and grievance handling. Topics discussed range from work environments and welfare and benefits to corporate culture and strategic directions for KakaoBank. Outcomes of the discussions are then reflected in our systems. KakaoBank respects the right to organize, the right of collective bargaining, and the right of collective action. We strive to communicate actively and maintain sound labor-management relations. The KakaoBank Labor Union was established in March 2021, and the first round of collective bargaining was carried out in April of the same year. Collective bargaining was completed by December 2021, and the collective agreement was signed in January 2022.

## Recruiting Talent and Supporting Growth of Employees

### Talent-seeking Efforts

The most important asset for sustained growth at KakaoBank is talent. Our aggressive hiring practices are aimed at recruiting the best talent out there. We recognize that at an Internet bank, good developers are critical. We have been hiring developers in large numbers since 2018. To make the applications process more convenient for prospective employees, the hiring process seldom takes more than 40 days, with primary and secondary interviews conducted on the same day in principle. We believe the screening and interview process needs to be a positive one for all applicants, and regularly train our interviewers in interviewee engagement. At our bank, evaluation is conducted strictly on the basis of competence. Discrimination on the basis of gender, age, disability or place of birth is strictly prohibited. In recognition of our efforts to create jobs in finance, establish a family-friendly corporate culture, and afford fair employment opportunities to women, we were named Best Korean Job Creator in 2019 and received a government Citation for Merit in Job Creation in 2020. In 2022, we received the National Assembly Environment and Labor Committee Award for merit in youth job creation and an employee-friendly corporate culture. KakaoBank intends to continue to create more and better jobs, extending employment opportunities to young talent fresh out of college.

### Hiring process





Assisting Self-initiated Employee Growth

Self-initiated growth as experts

At KakakoBank, we encourage all staff to become experts in their field who continually grow and progress in a self-initiated manner. As experts in their respective fields, we encourage each member of our staff to set their own growth goals, check their own competency levels and progress, and sustain growth. We believe that employees whose autonomy is respected will exercise their full potential and creative capacity in the workplace. In a departure from conventional top-down work instruction and duty assignment practices, individual employees at KakaoBank establish annual goals and work performance plans at the start of each year.

Programs to support employee growth

KakaoBank operates various programs to support employee growth. Job&KakaoBank is an in-company transfer and reassignment system under which employees can design and modify career paths according their individual areas of interest and expertise. KakaoBank encourages employees to take advantage of our overseas conference participation support programs, on-the-job training schemes and leadership training courses to develop and advance their professional capacities.

Total training hours in 2021

9,183 hours

Average per-person training hours in 2021

9 hours

Training programs for employees

Common	New recruits	Job skills		Leadership
Information security training	Onboarding training	Excel master course	Python basics	Organization leader training
Anti-Money Laundering training		IT basics	IT advanced	Organization leader coaching
Internal controls training		Introduction to data analysis	General SQL/DB	Leadership assessments based workshops
		AWS training	Overseas conferences	
		Financial fraud prevention training	Finance-related legal training	
		Internal management accounting training	Credit operations training	

Transparent and Equitable Performance Evaluations

KakaoBank believes that performance evaluations should support the growth of the individual and the organization, and acknowledges and encourages the creation of outcomes through collaboration. Evaluations at KakaoBank serve as the standard for all personnel decisions, including rewards, talent development, placement and reassignment. Evaluations at KakaoBank include self-evaluation, colleague and leadership evaluation, outstanding outcomes recommendation, and department head reviews. Including members of the organization in the evaluation process improves the acceptance of results, and serves to ensure the evaluations are as objective and equitable as possible. Evaluations were carefully designed in 2017 through a company-wide task force, establishing the basic framework and objectives based on input from the organization. Performance indicators for leadership evaluation are developed based on keywords identified in group brainstorming sessions. In addition, questionnaire surveys are administered following each annual evaluation to gather feedback and suggestions. Processes for performance evaluation development and execution are disclosed transparently at KakaoBank, with regular idea-storming and discussion sessions held to improve evaluation systems and their acceptance. In addition to evaluation scores, members of the organization are provided with qualitative comments and earnest feedback on potential directions for future individual growth and progress. Evaluators are provided the option of giving feedback on a real-name basis, allowing for our performance evaluations to be as frank and substantive as possible.

Work-life Balance at KakaoBank

Employee Welfare and Benefits

Welfare and benefits at KakaoBank mainly focus on creating an ideal work environment supporting self-initiated growth, and ensuring employees' health and their family.

Creating sustainable work environments

- 1-month sabbatical leave after 3 years' continuous employment
- Flexible working system
- 15 days annual leave
- Various rest and recuperation facilities at the office
- Operation of commuter buses

Assisting self-initiated employee growth

- Welfare mileage (points) system
- Numerous training programs offered

Familial support

- Congratulations & condolences support
- Tuition support
- Systems for protection of maternity: reduced work hours for expectant mothers, pre- and post-childbirth leave, childcare leave, leave for fertility treatment, and operation of breastfeeding rooms
- Partial coverage of loans interests

Employee health

- Regular medical checkup
- Medical expense support (group accident insurance)
- Influenza vaccinations
- Discount (offers) at partner hospitals





# ENVIRONMENTAL

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## ENVIRONMENTAL: PROTECTING

**WE PROTECT THE  
ENVIRONMENT  
TO MAKE  
THE WORLD  
BETTER FOR  
TOMORROW.**

We recognize that it is the responsibility of all enterprises to work toward the sustainability of the environment. KakaoBank is serious about battling climate change and minimizing our environmental footprint. Our environmental management efforts at KakaoBank are being revamped in 2022. The environmental management systems established throughout our organization under a phased plan will help manage environmental risks and outcomes. Reducing our impact on the environment is another way KakaoBank is helping to make the world a better place.





Environmental Management Systems

Environmental Management: Making the World a Better Place

The goal of environmental management at KakaoBank is “protecting the environment to make the world better for tomorrow.” We believe our efforts to minimize our environmental impact throughout our business activities will help realize a more sustainable future. We recognize that the sustained growth of KakaoBank’s business will inevitably increase our environmental footprint, including our greenhouse gas emissions. We appreciate that environmental risks need to be managed as key risks through a company-wide effort. 2022 marks the start of Season 2 of KakaoBank. In keeping with the Season 2 goal of “growing together with society,” we will establish and enforce company-wide environmental management strategies and policies as a foundation for proactive practices for protecting the environment.

Key Environmental Management Practices

Specifically, our environmental management practices will include establishing environmental management systems; managing environmental risks and outcomes; identifying short-, medium- and long-term tasks for environmental impact reduction; and applying a phased approach to implementation.

	Short-term	Medium-term	Long-term
Establishing environmental management systems	<ul style="list-style-type: none"><li>Establishing company-wide environmental management policies</li><li>Establishing green procurement guidelines</li></ul>	<ul style="list-style-type: none"><li>Establishing environmental management organizations and systems</li></ul>	<ul style="list-style-type: none"><li>Establishing environmental impact assessment systems</li></ul>
Managing environmental risks and outcomes	<ul style="list-style-type: none"><li>Establishing and managing environment-related performance indicators</li></ul>	<ul style="list-style-type: none"><li>Management systems for environmental risks including climate change</li></ul>	<ul style="list-style-type: none"><li>Environmental accounting and internal carbon pricing to manage environmental costs</li></ul>
Reducing environmental footprint	<ul style="list-style-type: none"><li>Managing use of resources (water, waste, energy)</li></ul>	<ul style="list-style-type: none"><li>Scope 1 and 2 greenhouse gases management</li></ul>	<ul style="list-style-type: none"><li>Scope 3 greenhouse gases management</li><li>Increasing use of new and renewable energy</li><li>Establishing foundations for green bonds issuance</li></ul>

Dedicated Environmental Management Organizations

ESG affairs including environmental management at KakaoBank are planned, executed, and reviewed by the ESG Committee and ESG Team. Recognizing the profound importance of environmental management, the scope of environmental management-related affairs under the ESG Team is gradually being expanded. A company-wide environmental task force will be organized to carry out environmental management innovation tasks. This foundation for sustainable environmental management will allow KakaoBank to more proactively engage in environmental issues.

Embedding ‘Green’ in Business Practices

Environment as a Priority Consideration in Business

KakaoBank is dedicated to reducing the environmental footprint of our business operations, and is playing a part in addressing global climate change and environmental issues.

Environmentally friendly banking infrastructure

Under KakaoBank’s “mobile only” strategy, all services are made available through our mobile app. Physical movement to access financial services is entirely unnecessary for our customers. In other words, doing away with the need for customers to use means of transportation helps to reduce carbon emissions. Further, KakaoBank operates no offline branches, ruling out the potential carbon emissions and energy consumption of brick-and-mortar locations.

Paperless services

KakaoBank services are provided on a zero-contact basis, and accordingly, most of our operations are paperless. Electronic forms are used for everything from opening new accounts and applying for loans to document submission, application review, and results notification. Key notices are issued through our notification message system, adding user convenience and reducing unnecessary paper consumption to protect forests and reduce carbon emissions.

The Cardless Project

As our business grows, we are issuing upwards of 2 million cards on average per year. The number of cards (aggregate, as of 2022) issued since the launch of KakaoBank stands at a staggering 19 million, and these cards are made primarily of plastic. KakaoBank’s Cardless Project is an effort to reduce the environmental impact of card issuance, expand our environmentally friendly business practices, and also to further customer convenience. Future cards issued by our bank will come pre-registered for simple payment services, and a card information service will be introduced. Customers issuing, re-issuing or renewing KakaoBank cards will have the option of going “cardless,” skipping physical plastic cards altogether. By gradually reducing the issuance of physical plastic cards, we intend to involve customers in our environmental protection efforts and minimize the environmental impact of our business operations.

Green Procurement

When outsourcing operations, KakaoBank requires its contractors to adopt green procurement practices. This means that environmentally friendly products are given priority consideration when procuring supplies for KakaoBank operations, reducing energy and resource consumption and minimizing pollution.

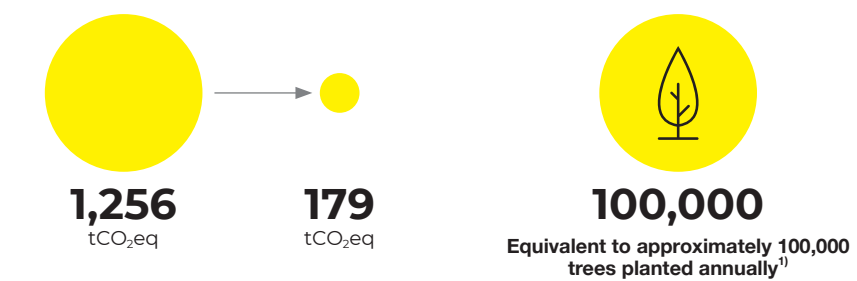


# Climate Change Response

## Greenhouse Gas and Energy Reductions

### Green IT Through Server Virtualization

For sustainable management of ever-increasing data volumes, KakaoBank harnesses HCI (Hyper Converged Infrastructure) to operate approximately 2,000 virtual machine servers. Server virtualization is more energy-efficient than physical server operation, and effectively reduces our carbon emissions. Virtual servers mean reduced equipment purchase costs, lower space requirements for equipment installation, and less electricity consumed to dissipate heat from server equipment. In fact, virtualized servers have been found to consume just 1/7 the power of physical servers. Replacing all the physical servers operated by KakaoBank with the virtualized option is expected to reduce carbon emissions from 1,256 tCO<sub>2</sub>eq to 179 tCO<sub>2</sub>eq, the equivalent to planting some 100,000 trees every year. We will continue to increase our use of virtualized servers as part of our ongoing efforts to combat climate change and streamline our energy consumption.



1) ) Calculated using the Korea Forest Service's Carbon Tree Calculato

### Green Office

We are serious about reducing carbon emissions and energy use at the office. Our restrooms have sensor-equipped lighting fixtures to reduce unnecessary energy consumption, and all members of the organization are reminded to turn the lights off after using conference rooms. In addition, our security staff regularly patrol the premises to turn off unused equipment. Plants and flowers are kept throughout our offices for environmentally friendly humidity regulation and air purification. Space heating and air conditioning is centrally controlled, maintaining appropriate indoor temperatures and preventing energy misuse. Our new headquarters at TechOne Tower in Pangyo was designed from the ground up with the environment and energy efficiency in mind. Existing finish materials were used as-is along with environmentally friendly construction materials, and all lighting fixtures were replaced with high-efficiency LEDs. Stairs are installed in the middle of each floor to allow movement between floors without passing through security gates, encouraging employees to use the stairs and helping to conserve energy with minimal effort on an everyday basis.



Environmentally friendly staircases



KakaoBank office cafe

# Reducing Our Environmental Impact

## Efficient Use of Resources and Minimizing Our Environmental Footprint

### Everyday Efforts to Reduce Our Impact on the Environment

The way work is done and the spaces where work is done at KakaoBank are continually being improved, to involve all employees and executives in reducing our environmental footprint.

**Paperless culture**

All employees are issued laptops and monitors, and all reporting is done using electronic documents. We are serious about reducing the environmental impact not only of our own staff but of our partners as well. Proposals from prospective contractors are accepted only by e-mail, and hard copies are kept to a minimum for in-company presentations. Restrooms at our new headquarters are equipped with hand dryers to cut down on the use of paper towels.

**Improved recycling infrastructure**

KakaoBank employees are encouraged to make a habit of environmental protection. Recycling bins are installed throughout our office spaces to ensure recyclables are disposed of and collected separately from landfill waste.

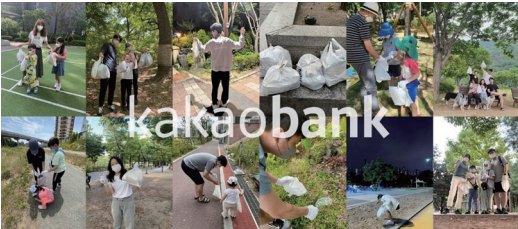
**Ban on single-use plastics at the office cafe**

Use of tumblers is encouraged to cut back on plastics and disposables at the office, and kitchenettes are equipped with cleaning tools to make it more convenient for staff to partake in environmental efforts. Our office cafe uses biodegradable, environmentally friendly cups and straws, and has a tumbler washing station to increase the use of reusable cups. Employees who bring their own tumbler are also offered a discount on beverages at the office cafe. Upon moving to our new location in 2022, we distributed tumblers and trays made of environmentally friendly, recycled materials to all employees.

## Environmental Training and Awareness Activities for Employees

### Improving Environmental Awareness

Numerous environmental campaigns and awareness-building training programs are administered at KakaoBank. In the first half of 2022, KakaoBank employees and their families were invited to take part in a neighborhood clean-up ("Plogging") campaign to encourage environmentally friendly practices in daily life and a sustained interest in the local community environment. A total of 400 employees and family members took part in the activities from May through June, picking up some 2,160 liters of garbage from nearby neighborhoods and along the Tancheon Stream in Bundang. KakaoBank will continue to develop various environmental campaigns and programs to encourage all members of our organization to actively engage in environmental protection activities, both in and outside the office.



KakaoBank Plogging Campaign





# SOCIAL

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## SOCIAL: BROADENING

**WE TAKE ON  
BROAD SOCIAL  
RESPONSIBILITY,  
CREATING A  
WORLD IN  
WHICH NO ONE  
IS LEFT BEHIND.**

The growth of members of our organization, our partners and society at large is as important to KakaoBank as the growth of the bank itself. We believe in growing together with society. Through open communication and close cooperation, we are developing innovative financial technologies to lead the future. We particularly stress mutual beneficial cooperation with our partners, and spare no effort when it comes to lending all available support to ensure the growth of all members of the KakaoBank ecosystem in a safe and happy environment. Our responsibility to society reaches beyond the business realm. We embrace corporate responsibility to society at large, through providing assistance and financial education to the socially disadvantaged.





Growing Together  
as an Innovative  
Financial Platform

Open Innovation Through Open Source

KakaoBank is the first financial institution in Korea to implement Linux-based open-source systems. This means that our operating systems not only are more flexible and scalable, they also are less costly to implement than conventional systems. We have established a sound open-source policy, and process and address security vulnerabilities as part of a systematic open-source compliance scheme. In January 2022, we became the first Korean financial institution ever to receive "OpenChain" project compliance certification (ISO/IEC 5230:2020 Information technology - OpenChain Specification) from the International Organization for Standardization.

KakaoBank's open-source utilization competencies allow us to provide our customers with more convenient services and build customer trust. By spreading international open-source standards compliance practices and know-how, we contribute to the progress of open-source ecosystems. We intend to build on our open-source compliances to improve the reliability of open-source software supply chains, and introduce global open-source software in the areas of artificial intelligence (AI), Cloud technology, Big Data, etc. to create new value in financial business.

The KakaoBank Financial Tech Lab

The Financial Tech Lab at KakaoBank was established in January 2021 with the goal of research and development of new electronic financial transaction technology. The three core research fields of the Financial Tech Lab, whose aim is to improve the safety of electronic financial transactions, are authentication, recognition, and security. The lab works with financial institutions, fintech firms and university labs to conduct research in the area of AI-based image processing, natural language processing, and credit rating. The lab has been designated and acknowledged as an innovative financial service by the Financial Services Commission for two consecutive years. This designation gives us access to a fast-paced and liberal R&D environments like that of global IT firms, and we apply these resources toward R&D of new and core technologies to maximize consumer's financial benefits.



The KakaoBank Financial Tech Lab

Achievements of the Financial Tech Lab

Task	Description
Facial recognition R&D	<ul style="list-style-type: none"><li>• Bio-recognition systems performance certification from Korea Internet &amp; Security Agency (KISA)</li></ul>
Implicit authentication R&D	<ul style="list-style-type: none"><li>• Implicit authentication R&amp;D cooperation agreement with Korea University</li><li>• Patent registration of touch pattern-based user authentication method</li><li>• Patent application filed for "user age estimation and method for controlling application using the same"</li></ul>
Credit ratings R&D	<ul style="list-style-type: none"><li>• "Can System Log Data Enhance the Performance of Credit Scoring? – Evidence from an Internet Bank in Korea" published in Sustainability (SCI) academic journal</li><li>• "Method for operating credit model using auto-encoder" patent pending</li><li>• "Method for operating credit model using time-series auto-encoder" patent pending</li><li>• "Method for operating credit model using two stage logistic regression" patent pending</li></ul>
Natural language processing models R&D	<ul style="list-style-type: none"><li>• MOU for joint R&amp;D with Kakao Brain</li></ul>

Facial recognition technology development

The facial recognition technology developed in-house by KakaoBank Financial Tech Lab boasts 100% recognition rates in testing, and received bio-recognition systems performance certification from the Korea Internet & Security Agency (KISA) in November 2021. This facial recognition technology has been incorporated into KakaoBank's own user authentication service. The technology will be harnessed to further advance customer convenience and prevent financial fraud, together with anti-spoofing technologies to prevent photo and video-based intrusion attempts.

Industry-academia cooperation in R&D

The KakaoBank Financial Tech Lab is a leader in innovative financial technology development, working together with talents in Korea and overseas through industry-academia cooperation in a wide variety of areas. In 2021, the lab and the Korea University Research and Business Foundation conducted a joint research project that examined implicit authentication technologies through smart phone usage pattern recognition. The lab will continue to pursue cooperative R&D with institutes of higher learning in Korea and abroad, to develop future talents and further advance innovative finance R&D ecosystems.



Mutually Beneficial Cooperation With Partners

Partnerships Based on Communication and Mutual Trust

Our contractors and vendors are partners in KakaoBank’s pioneering journey toward non-face-to-face financial services. We are a trusted name to the financial consumer, and this consumer confidence is the result of the high quality in services we have realized through organic cooperation with our partners and a range of support measures we offer to enhance partners’ professionalism and expertise. Certain aspects of our customer service-related affairs are consigned to key partners through agency agreements. As we don’t have any on-site branch office, our partners are crucial in customer communications and quality control for services and products. As of December 2021, KakaoBank has signed partnership agreements with a total of six key partners: Hyosung ITX, Transcosmos Korea, MetaM, Zeniel, KBSJOB, and UBASE.

KakaoBank operates a consultative body on safe contracting to gather and address feedback on the difficulties experienced by partners and KakaoBank staff. Our systems are continually improved based on the opinions gathered. We will continue to develop directions for cooperation to harness the competencies of our partners, and explore means of furthering mutually beneficial cooperation and effective partner assistance.

Strategies for Shared Growth

Win-win Cooperation Reinforcement Project

KakaoBank operates the “Mutually Beneficial Cooperation-building Project” to initiate shared growth with our partners, and all consigned affairs are managed under a single system. In 2021, we gathered opinions and feedback from all partners to improve our cooperation-building projects, carried out analysis of existing indicators and data, and reassessed our existing operational processes in full. Through these efforts, we identified four key tasks: partner competency-building projects, partner incentivization projects, operations streamlining projects, and zero-complaints projects. Our mutually beneficial cooperation-building projects in 2022 will mark a new chapter for shared growth between KakaoBank and our partners.

Four key tasks for mutually beneficial cooperation-building projects

Task	Description
Partner competency-building projects	<ul style="list-style-type: none"><li>• Settling-in period in operation for new partner staff</li><li>• Supporting re-establishing training curricula to increase stability of operations</li><li>• Supporting staff expertise building programs</li><li>• Conducting performance diagnostics and improvements by type for customer service engagements</li></ul>
Partner motivation projects	<ul style="list-style-type: none"><li>• Increasing welfare expenses for partners</li><li>• Selection and awarding of partners with excellent performance</li><li>• Proposing Knowledge Management System (KMS) and conducting improvement promotions</li></ul>
Operations improvement projects	<ul style="list-style-type: none"><li>• Improving work environments necessary for training</li><li>• Reorganizing training support processes</li><li>• Streamlining customer service operations by expanding ARS self-services</li><li>• Improving customer service scripts and addition of scripts for each scenario</li></ul>
Zero-complaints projects	<ul style="list-style-type: none"><li>• Improving work functions with the potential for customer information mishandling</li><li>• Sharing of best practices in customer complaint handling, identifying matters for improvement, and implementation of improvements</li></ul>

Support Programs for Partners

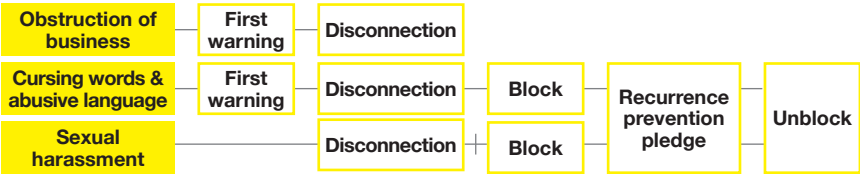
Protecting Customer Service Representatives

Providing protection and affording better treatment to workers who do emotional labor is an important duty of both KakaoBank and society in general. We take the lead in creating healthy environments in which all KakaoBank customer center employees can work in safety and comfort. Some of the measures implemented by KakaoBank to protect the interests of and provide better treatment for workers who perform emotional labor are as follows.

Prescribed response processes for red-flag customers by channel (phone, chat, etc.)

The KakaoBank Customer Center operates a range of customer service channels including chat, e-mail and phone. We are establishing red-flag customer response processes for each channel. To ensure real protection for our customer service representatives, we leave the task of red-flagging particularly difficult customers to the customer service staff. Our staff are instructed to issue stern "disconnection warnings" for verbal abuse or harassment before disconnecting the customers. Customers who sexually harass our staff are disconnected immediately without warning, preventing any secondary abuse our customer service staff may experience in the process of issuing warnings. Since adopting our red-flag customer response processes, a total of 259 abusive customers have been blocked as of December 2021. Red-flag customer response procedures at KakaoBank are more than just a formal procedure; they are substantive and effective. All customers calling in hear a message warning against verbal abuse or sexual harassment before being connected to our representatives.

Red-flag customer response process



Pre-connection message for customer center call-ins

“Please remember the customer service representative you are about to speak to is someone’s precious family member.”  
“A little kindness to our customer service representatives goes a long way.”  
“You are about to speak to a valued member of the KakaoBank family.”  
“Please remember the customer service representative you are about to speak to is someone’s precious son or daughter.”  
“Please remember the customer service representative you are about to speak to is someone’s precious mother or father.”

“Your call will be recorded to protect the human rights of our representatives and to improve service quality. Please hold while we connect you.”

Partner evaluations to protect customer service representatives

When choosing new customer service partners for KakaoBank, prospective partners are required to submit an "emotional laborer protection and management plan." This plan is an important aspect of partner evaluation. We believe that forcing customer service representatives to always be positive or to always apologize first when dealing with customers is inhumane treatment that unduly suppresses emotions. Accordingly, we have removed the "positivity" item from the “hospitality” criterion in our partner evaluations.



Providing support for the mental and physical health of customer service representatives

Work stress assessments are carried out twice a year to identify and manage stress and difficulties experienced by customer service representatives in the course of work. A grievance handling system for our customer service staff is in place, and mental counseling is provided through external expert institutions. Furthermore, we provide training for emotional coping to all employees, alongside regular stress-relieving programs. At KakaoBank, we believe that customer service representatives should be able to provide accurate and effective customer engagement services. As our representatives have the right to refuse unfair customer demands and stand up for their interests, we will continue to implement effective measures and activities to provide our support.

Use of mental counseling services for customer service representatives



Improving Work Environments for Partners

KakaoBank provides close-up support to ensure our partners operate the best possible working environments. Face masks were issued to all partner staff to protect partner staff and contain the spread of COVID-19. Grace periods were provided on performance of specific partner contract terms to allow our partners to implement sound disease containment measures.

We provide active support, such as through the installation of rest and recuperation facilities in partner workspaces on par with those at our own establishments, so that partner staff may work in a state of both physical and psychological stability. KakaoBank communicates closely with each partner to further improve the work environment for our partner staff.

People-centered Management

Human Rights Management System

Human Rights Management

"People-centered management" practices at KakaoBank guarantee respect for the human rights of all stakeholders across all business and management areas. Strict human rights management is enforced at KakaoBank, and we closely monitor and proactively manage human rights-related issues involving KakaoBank establishments and personnel, as well as partners and partner staff, customers, and local communities. Furthermore, we plan to introduce a human rights impact assessment to allow us to more systematically identify, assess and manage all present and potential human rights-related issues. Close and systematized management of key issues will further advance the human rights management practices at KakaoBank.

Strategies for reinforcing human rights management



Managing Key Human Rights Issues

KakaoBank operates a grievance counseling channel through which members of the organization can receive consultation on difficulties experienced at work, including workplace bullying and sexual harassment. The five key human rights priorities below are checked and managed at regular intervals.

Non-discriminatory hiring practices	We do not discriminate on the basis of gender, religion, disability, age, social status, place of origin, etc. when hiring. Persons of distinguished service to the state, the disabled and other persons eligible for employment protection under applicable law are afforded due preferential treatment.
Freedom of association and right to collective bargaining	We respect the right of workers to free association, collective bargaining and collective action as guaranteed by the constitution. A labor union is currently established (KakaoBank branch and Kakao chapter, Korean Chemistry & Textile Federation of Unions) and active at KakaoBank.
Prohibition of forced labor	We operate a flexible work schedule system and allow employees to come to and leave work at the hours most convenient to each.
Prohibition of child labor	We do not hire minors under 18 years of age.
Prohibition of workplace bullying	Education and training in relation to workplace bullying have been held annually since 2019, and we operate counseling and reporting channels to curb all harassment at the workplace.



## Human Rights Education and Grievance Counseling Programs

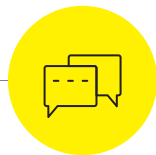
### Human Rights Management Programs for Employees

Human rights training in the areas of sexual harassment prevention, improving disability awareness, and workplace bullying prevention is administered to all KakaoBank employees on an annual basis. Also, additional training is provided on key human rights management issues each year, with the goal of improving awareness of potential human rights violations at the workplace, and preventing the occurrence of such violations. Channels such as HR Hotline, Round Table, and HR interviews are provided, through which our personnel can report and receive counseling for various grievances including sexual harassment and workplace bullying. We create healthy work environments in which the human rights of all are respected.

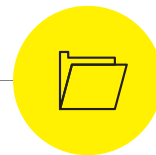
#### Grievance counseling channels at KakaoBank



Request for counseling (written or verbal) to grievance handling officer from KakaoBank personnel



Grievances heard by grievance handling officer while keeping the reporter's identity anonymous



Investigation and handling of case, notification of reporter; the committee discusses measures to protect the reporter and prevent recurrence of reported case

### Respect for Diversity and Prohibition of Discrimination

We respect the individual characteristics and value systems of all members of the organization. We do not discriminate on the basis of gender, religion, disability, age, social status, place of origin, etc. when hiring. Persons of distinguished service to the state, the disabled and other persons eligible for employment protection under the applicable laws are afforded due preferential treatment. As of the end of 2021, 47.7% of KakaoBank employees are women. Personnel appointments and promotions are based on performance-centered evaluations and are managed closely to prevent gender-based discrimination. The number of female managers is also consistently growing, up from a mere 6 in 2019 to 27 in 2021, more than four times the number. We are making consistent efforts toward gender diversity in executive management.

Category		Unit	2019	2020	2021
Employee count	Total	Persons	777	903	1,022
	Gender	Male	408	464	535
		Female	369	439	487
Gender diversity status	Number of male managers	Persons	22	103	115
	Number of female managers	Persons	6	26	27
	Percentage of females in executive management	%	21.4	20.2	19.0

## Employee Safety and Health

### Occupational Safety and Health

#### Occupational Safety and Health Policies

The health and safety of all workers at KakaoBank - employees, contractors' workers and employers alike - is a core value we pursue in our management activities. We make every effort to make our workplaces safer and happier. The occupational safety and health policies have been implemented and are enforced systematically to prevent occupational accidents and injuries, and all members of the organization are actively engaged in establishing a culture of safety throughout the bank.

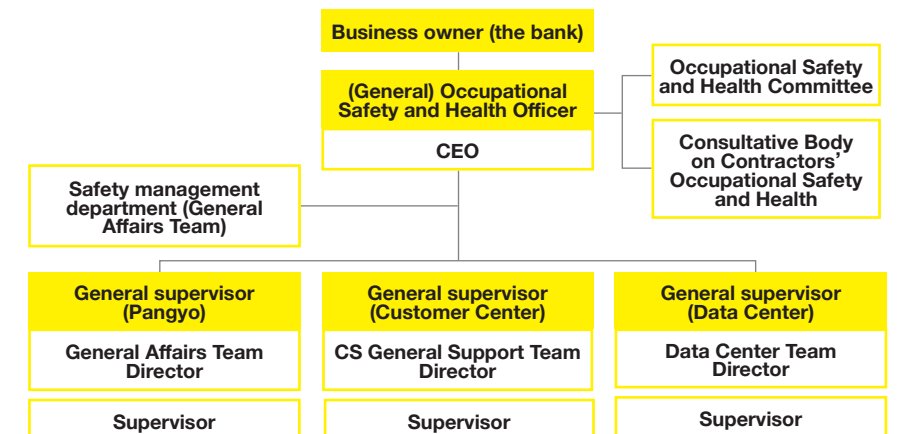
#### Occupational Safety and Health Management Systems

The 2021 "Occupational Safety and Health Management Regulations" of KakaoBank set forth our safety and health organization and duties, worker safety and health management items, safety and health training programs, and accident investigation and recurrence prevention planning procedures. Occupational Safety and Health Officer has been designated to identify and address risk factors at our workplaces, and an Occupational Safety and Health Committee comprised of employer and employee representatives deliberates on and resolves key safety and health-related matters in our operations. A Consultative Body on Contractors' Occupational Safety and Health is also operated for monthly discussions of safety and health issues affecting contractors supplying the workforce to KakaoBank establishments. We operate a safety and health feedback channel to hear the opinions of all workers on KakaoBank premises, and appropriate measures are taken through the Occupational Safety and Health Committee or the Consultative Body on Contractors' Occupational Safety and Health.

#### Occupational Safety and Health Management Organizations

The occupational safety and health management organizations at KakaoBank are operated under the supervision and management of our general occupational safety and health officer, a position served concurrently by the CEO. The general occupational safety and health officer is responsible for establishing our Occupational Safety and Health Policy and Occupational Safety and Health Management Plans, and all occupational safety and health management activities including workplace safety inspections.

#### Occupational safety and health management organizations

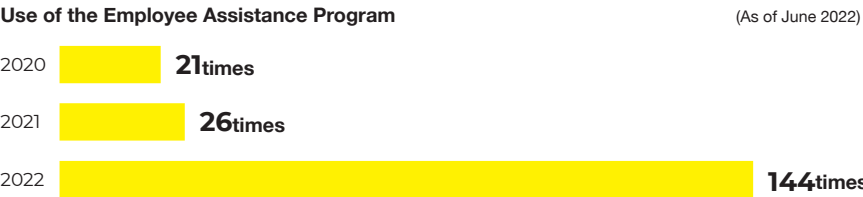




Employee Health

Supporting the Health and Happiness of the KakaoBank Employees

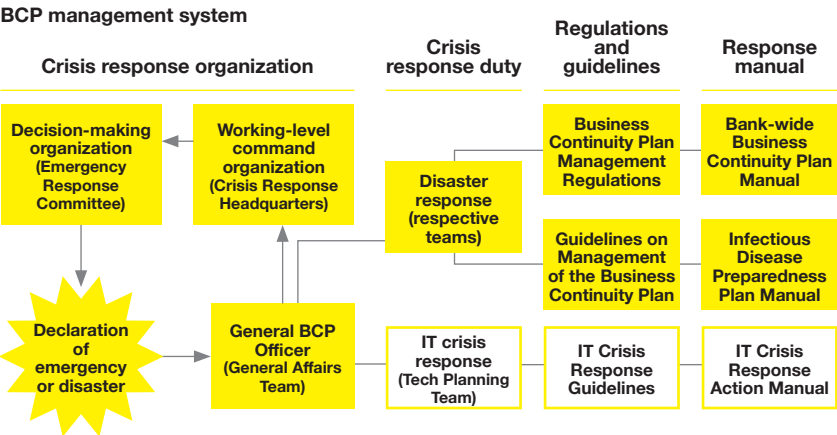
KakaoBank operates an Employee Assistance Program (EAP) under which employees are provided professional mental counseling services for emotional stability and health management. The EAP is designed to aid employees in managing stress from workplace duties, interpersonal relationships, emotional issues, family relations, and more. Since its was introduced in 2020, the program has been gaining momentum and popularity, with an increased number of counseling sessions and participants involved. Initially offered to those who work as a point-of-contact with customers, the program has now been extended to all members of our organization. Our employees are covered by group accident insurance, under which actual medical expenses for items included in the policy are covered. Employees and their family members are provided annual medical examinations. Moreover, employees are provided pneumonia vaccinations each year, and discounts are offered at KakaoBank partner hospitals for therapies not covered by health insurance.



Disaster Response

Business Continuity Management

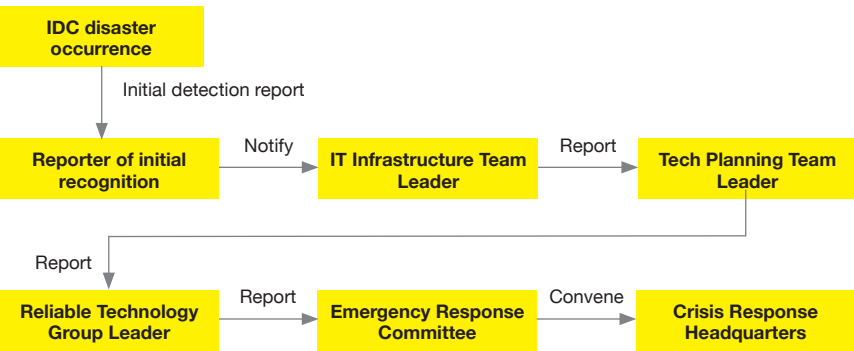
KakaoBank operates a Business Continuity Plan (BCP) to protect customer interests and minimize risks from the interruption of key operations due to crises such as natural disasters and calamities. The comprehensive KakaoBank BCP spans not only the IT aspect (IT systems and data restoration) but all business areas to ensure our services and products are provided to customers without interruption. To this end, we have established a series of guidelines and manuals, including the “Business Continuity Plan Management Regulations,” “Guidelines on Management of the Business Continuity Plan,” “Bank-wide Business Continuity Plan Manual,” “Infectious Disease Preparedness Plan Manual,” “IT Crisis Response Guidelines,” and the “Work Manual for Disaster Recovery.” In support of the BCP policy, we operate reserve facilities from which operations can be continued in the event of a crisis, and run remote-work enabled environments throughout our establishments.



BCP Processes

To protect customer and employee data and systems in the event of interruptions to core business operations due to natural disasters and calamities, KakaoBank operates detailed per-scenario work breakdown systems and crisis response processes. Our General Affairs Team and Tech Planning Team are responsible for all BCP establishment procedures. In the event of an actual disaster, the Emergency Response Committee and Crisis Response Headquarters will be formed and charged with key decision-making. Response processes have been established with the aim of resuming services within three hours of an interruption, and employees are regularly trained and drilled to ensure a prompt response in the event of a real-life situation. In addition, existing BCP management systems are continually improved through regular business impact assessments, risk assessment, and BCP management strategy reviews.

IT crisis response process



Disaster Response Drills

To ensure effective BCP implementation in the event of a real-life crisis and improve our crisis response capabilities, employee training and disaster response drills are conducted annually. Each training session and drill is followed by a team review to identify points for improvement, which are then reflected in our crisis response systems and processes. In 2021, BCP drills were conducted based on the scenarios of an infectious disease outbreak at our Pangyo Office and an earthquake occurring at the Sangam Data Center. Points for improvement identified during the drills were promptly reflected in our processes to further improve our crisis response capacity.



KakaoBank’s  
COVID-19  
Response

To contain the spread of COVID-19 and protect members of our organization, KakaoBank enforces systematic disease containment measures according to the "Infectious Disease Preparedness Plan Manual." Workplace disease control plans were officially established following the implementation of social distancing measures by the government, and disease control officers have been designated to conduct daily inspections. Face masks, disinfecting hand sanitizers and other personal hygiene supplies have been issued to all employees to make our workplaces safer, and home test kits and PCR test expenses are covered by the bank to encourage a proactive COVID-19 response. KakaoBank’s COVID-19 response has been aggressive and proactive. Videoconferencing has replaced face-to-face meetings to prevent the spread of the virus among members of the organization, and remote work options have been provided to employees. To make working from home as convenient as possible, the bank furnishes computer equipment, monitors, keyboards and all other remote work equipment. Facilities improvements were also made: at KakaoBank’s Gangseo Office, high partitions were installed between individual workspaces. All confirmed cases among KakaoBank employees and partner staff are followed by emergency disinfecting procedures and issuance of company-wide notices, while the affected and persons in close contact are advised to take leave or work from home. Infected persons are referred to partner medical institutions for further examination, preventing further spread of the virus and impact on business operations.



PERSONAL  
HYGIENE  
SUPPLIES

- Face masks given to all on-premise workers, including partner staff
- Hand sanitizer in all conference rooms and offices

One face mask  
per person per  
day provided to all  
employees

SUPPORT FOR  
COVID-19 TESTING

- Self-testing kits provided to all employees
- Proactive COVID-19 response through free PCR testing for all personnel

A total of KRW  
21.15 million  
subsidized for  
COVID-19 testing



IMPROVEMENTS  
TO THE OFFICE  
ENVIRONMENT

- Higher partitions installed in offices as preventive measure
- Temperature check at entry points to restrict access by persons showing symptoms
- Regular disinfection of all establishments
- Distributed work through shared offices



SUPPORT FOR  
REMOTE WORK

- High-risk individuals and persons showing symptoms required to work remotely
- Issuance of equipment to improve the remote work environment



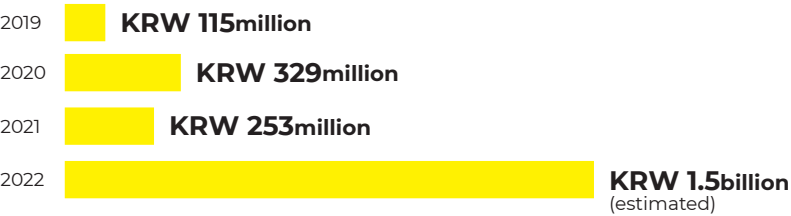
# Giving Back to Local Communities

## Corporate Social Responsibility (CSR) Systems

### "Same but Different" CSR Strategy of KakaoBank

KakaoBank plans and operates corporate social responsibility programs in connection with our ESG direction. We hope to grow qualitatively as an enterprise fulfilling our social responsibilities and roles. 2022 marks the start of a new system of corporate social responsibility fulfillment at KakaoBank. This year, we will lay the groundwork for better achievement of our social responsibilities, and substantially expand our CSR activities.

#### Donations made



#### KakaoBank's CSR strategy

- **Development and operation of unique CSR programs under the KakaoBank motto of "Bringing finance and customers together through technology and innovation"**
  - Projects to prevent phishing and establish social safety devices for finance
  - Collaboration with financial companies, communications providers and educational institutions
- **Development of a diversified CSR program pool and operation of pilot programs**
  - Developing and operating various CSR activities suited to KakaoBank
  - Analysis of program operation outcomes to select and operate long-term programs that are representative of KakaoBank CSR
- **Planning of CSR programs for voluntary participation by members of the KakaoBank family**
  - Planning of CSR programs for participation by KakaoBank family members, with no time or space constraints
  - Planned employee donation program (1:1 matching grants)
- **Social service programs engaging local communities**
  - Reinforcement of existing CSR activities related to neighborhood communities, environment and culture
  - Planning and operation of CSR programs reflecting the needs of local communities

## CSR Activities

### Assisting the Socially Disadvantaged

#### IT equipment for children from low-income families

The protracted COVID-19 pandemic has made remote education the norm, and the right to education of many children and adolescents of low-income households is being violated for want of suitable IT equipment. To cultivate digital competencies and bridge the learning gap for socially disadvantaged children and adolescents, KakaoBank has donated IT equipment such as laptops and tablet PCs worth KRW 100 million to approximately 120 beneficiaries.

### Support measures for small business owners affected by COVID-19

The economic recession and social distancing that persisted in the face of COVID-19 have hit small business owners hard. KakaoBank has donated a total of KRW 100 million toward helping small business owners overcome these hard times and make a comeback.

### Support for young adults leaving foster care

Orphaned adolescents who are at the end of their foster care period and have to make it on their own often have a difficult time. Suits and food supplies worth KRW 30 million were provided to 107 adolescents in the community who were recently discharged from foster care, which helped them to make a substantial first step in the world as independent persons.

### Donation of office furniture

Our office furniture and fixtures were replaced as we relocated the KakaoBank offices in 2022. Office furniture from the previous Pangyo office was donated to youth centers, social welfare centers, transportation worker shelters and other welfare facilities in Seongnam. The donations helped to better equip these welfare facilities that support the socially disadvantaged, while reducing the environmental impact by ensuring the reuse of furniture.

### Coal briquette donations to low-income neighborhoods

Korean winters are harsh, and many needy households rely on coal briquettes to stay warm. KakaoBank has been donating and delivering this much-needed heating fuel to neighborhoods in need since 2018. In 2021, coal briquettes worth around KRW 20 million were delivered door-to-door by KakaoBank employees, ensuring a warm winter for our community members in need.

## Financial Education and Training Activities

### Financial fraud prevention education for senior citizens

Senior citizens aged 60 and above are particularly vulnerable to fraud in this era of mobile, zero-contact finance. KakaoBank provides financial fraud prevention and response education to seniors in order to curb the rising cyber and mobile-based financial fraud crimes. A total of 19 sessions have been held from 2017 to 2021. These financial fraud prevention training sessions will continue alongside our efforts to develop technologies and systems to prevent voice phishing and other financial cyber-crimes.

### Financial education for youth

KakaoBank is planning and providing financial education in various forms for youth and young adults, so as to help develop sound financial value systems. University students are offered programs in basic financial knowledge and voice phishing prevention, while adolescents are educated in finance through games, musicals, etc. Under the Financial Supervisory Service's "1-Company 1-School Financial Education Program" that matches financial institutions and companies with elementary schools in the country, KakaoBank provides elementary-level financial education to students at our partner schools.





# GOVERNANCE

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## GOVERNANCE: ENHANCING

### TRANSPARENCY IN GOVERNANCE FOR THE BENEFIT OF ALL STAKEHOLDERS.

We believe that the sustainable growth of KakaoBank is only possible from a foundation of a governance structure of integrity and transparency. We recognize that our explosive growth thus far is the result of customer trust. Accordingly, we strive to operate stable, efficient and transparent governance structures to earn and retain customer trust, furthering both corporate value and customer value. We work to improve communication and protection of shareholders' rights. In particular, we have increased disclosures to allow better access to KakaoBank management information by all stakeholders, including shareholders. Moving forward, KakaoBank promises to pursue responsible management practices, in recognition of the fact that sound governance in corporate operations is a basic obligation.

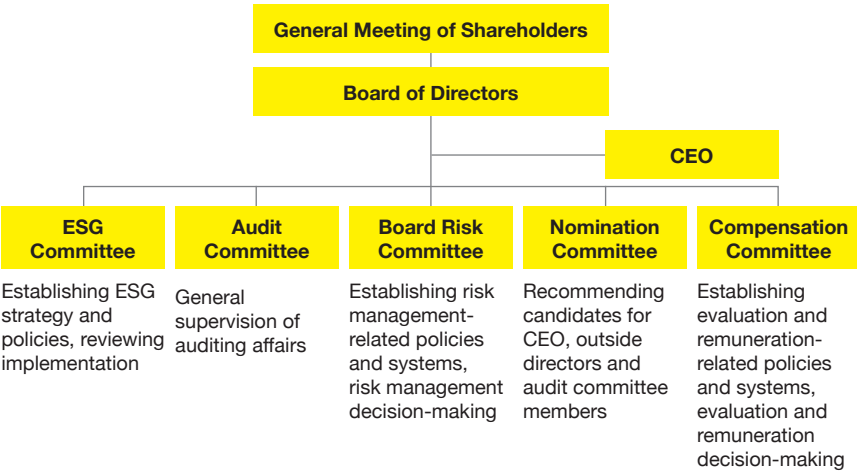




Governance  
- General

Governance Organization

The KakaoBank Board of Directors is comprised of nine directors, and is organized into five committees: the Audit Committee, the Board Risk Committee, the Compensation Committee, the Nomination Committee, and the ESG Committee. The respective committees are composed of directors with professional knowledge and experience in the applicable fields, and perform functions of the Board of Directors delegated to each under the applicable law and our Articles of Association.



Principles of Governance

At KakaoBank, we strive to further corporate and customer value through stable, efficient and transparent governance. The KakaoBank governance principles are as follows: stability, through checks and balances; efficiency, through professionalism and diversification of perspectives; transparency, through work handling standards, procedures and disclosure of outcomes.

Stability

Decision-making authority at KakaoBank is delegated to the Board of Directors, while executive authority and responsibility is assigned to the management. The management is required to report progress on the execution of affairs in an arrangement of sound checks and balances. Key matters of management are approved and supervised by the Board of Directors, as a means of keeping the activities of the management in check. Moreover, multiple outside directors verified to have no conflicts of interest are appointed to prevent collusion between the management and the Board of Directors.

Efficiency

To ensure professionalism and a diversity of perspectives among the members of our Board of Directors, we avoid bias for or against specific backgrounds when appointing directors. To improve efficiency of decision-making, meetings are held on an as-needed basis so that the expertise of our directors who hail from varied professional backgrounds may converge and mutually supplement one another.

Transparency

KakaoBank transparently discloses the work standards, procedures and outcomes through disclosures of the Articles of Association, Regulations of the Board of Directors, Regulations for Committees of the Board of Directors, and Internal Corporate Governance Policy. Regular disclosures of activities of the Board of Directors and committees within the Board of Directors are made through the websites of KakaoBank and the Korea Federation of Banks.

Board of Directors

Board of Directors - Composition and Responsibilities

The Board of Directors helps the management practice sound and responsible management and ensures reasonable management judgment is exercised by requiring that any problems found in standards, procedures and methods for management activity be promptly addressed. In accordance with the Act on Corporate Governance of Financial Companies, which requires a majority of outside directors on the Board of Directors, and our own Articles of Association, the KakaoBank Board of Directors is currently comprised of two inside directors, six outside directors, and one non-executive director. Terms of office for directors are decided by the General Meeting of Shareholders and do not exceed three years. Terms of office for outside directors are two years, but are one year if serving a consecutive term unless separately provided for. The extended term for inside directors is intended to ensure accountability in management, while the term of outside directors is limited as a check against outside director authority.

Composition of the KakaoBank Board of Directors

(As of May 2022)

Name	Executive / Outside / Non-executive	Remarks	Committee memberships				
			ESG Committee	Audit Committee	Board Risk Committee	Nomination Committee	Compensation Committee
Woong-seob Zhin	Outside	Chairman of the Board of Directors	Chair	-	-	Member	-
In-san Hwang	Outside	-	Member	-	Member	-	Chair
Pyung-seob Oh	Outside	Audit Committee Member	Member	Chair	Member	-	-
Soo-yeol Choi	Outside	Audit Committee Member	Member	Member	Chair	-	-
Eun-kyung Lee	Outside	-	Member	-	-	Chair	Member
Sam-jae Sung	Outside	Audit Committee Member	Member	Member	-	-	-
Sung-su Kim	Non-executive	-	Member	-	-	Member	Member
Kwang-ok Kim	Executive	Executive Vice President	Member	-	Member	-	-
Ho-young Yun	Executive	CEO	Member	-	-	-	-



Activities of the Board of Directors in 2021

The KakaoBank Board of Directors convened a total of 14 times in 2021. Attendance of directors at the meetings was 100%, and all directors exhibited responsibility and dedication to their duties by engaging in active discussion. A total of 87 agenda items - 62 resolution items and 25 reporting items - were referred to the Board of Directors in 2021. All 62 resolution items were passed.

Principles for Appointment of Outside Directors

Outside directors of KakaoBank are nominated by the Nomination Committee based on the principles below, and appointed at the General Meeting of Shareholders.



Systems for Evaluation and Compensation of the Board of Directors

At KakaoBank, regular review is carried out to ensure the Board of Directors appropriately fulfills its roles and responsibilities as prescribed by the laws, statutes and company bylaws. To this end, a document review of activities of the Board of Directors is performed at the start of each year. Evaluation includes self-evaluation through questionnaires, peer evaluation by members of the Board of Directors, and evaluation by supporting departments. Results are reported to the General Meeting of Shareholders. Compensation caps for directors are decided by a resolution of the General Meeting of Shareholders, and specific methods for payment of directors' compensation are decided by the Board of Directors (Article 49 of the Articles of Association). The Compensation Committee of the Board of Directors deliberates on and resolves matters relating to compensation, appropriateness of design and operation of compensation systems, etc. for directors and persons in charge of financial investment affairs as defined in the Act on Corporate Governance of Financial Companies.

Compensation of directors and auditors

(Unit: KRW 1 million; as of the end of December 2021)

Category	Persons	Total compensation	Average compensation per person
Registered directors <sup>1)</sup> (excluding outside directors and members of the Audit Committee)	3	1,838	613
Outside directors (excluding members of the Audit Committee)	2	141	71
Audit Committee members	4	265	66

1) Amounts for registered directors are non-inclusive of gains from the exercise of stock options

Risk Management

Risk Management Systems

Risk Governance

KakaoBank maximizes shareholder value through a strong risk management system. Risk management system stands with the company's strategic objective, and aiming sustainable and stable growth. In accordance with the Act on Corporate Governance of Financial Companies and the Internal Regulations on Governance of KakaoBank, we operate the Board Risk Committee as the highest decision-making and arbitration body related to risk management affairs. Also, we operate a risk management organization independent from business functions under our Chief Risk Officer (CRO), who is tasked with establishing risk-related policies and strategy.

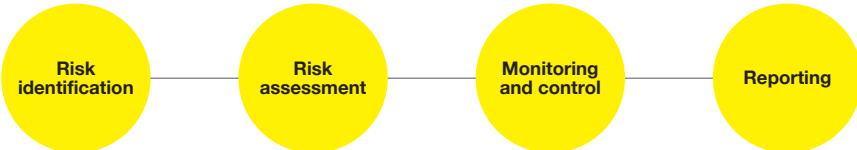
Risk management organization and key roles



Risk Management Procedures

KakaoBank implements comprehensive management for all key risks, through a procedure that consists of risk identification, assessment, monitoring & control, and reporting procedures. Internal capital adequacy is assessed based on the management indicators of risk appetite (ratio of allocated internal capital limit versus available capital) and limit utilization ratio (ratio of internal capital used versus internal capital limit) for identified risks. If adequacy is identified to be insufficient, the company takes proper actions such as increasing available capital and reinforcing risk management. Key risk indicators and the overall risk management status is regularly analyzed and reported on to the Board Risk Committee and Risk Management Council.

Risk management procedures





Management of Key Risks

KakaoBank operates integrated risk management system by setting internal capital limits for each type of risk that may arise across overall business activities, and reflecting risk monitoring results in management decision-making. The Board Risk Committee has identified credit, market, interest rate, liquidity, operations, and strategic and reputational risks for internal capital management. Limits are established and operated for each of these key risks.

Management of risks by type

Type		Management
Financial risks	Credit risks	<ul style="list-style-type: none"><li>• Measuring credit risk-weighted assets for compliance under various regulatory requirements and assessing capital adequacy</li><li>• Diversified asset management to minimize risks arising from asset concentration, portfolio management to optimize risk adjusted return</li><li>• Regular monitoring of internal capital levels relating to credit risk</li><li>• Credit scoring to support reasonable decision-making in assets management, and improve asset quality</li></ul>
	Market risks	<ul style="list-style-type: none"><li>• Establish, manage and monitor market risk limits; report to the Board of Directors and the management when limits are exceeded</li><li>• Market risk stress testing to regularly assess financial impact of risk situations on bank and adequacy of capital levels</li></ul>
	Interest rate risks	<ul style="list-style-type: none"><li>• Establishing and assessing the interest rate risk limits</li><li>• Regular monitoring of risk limits adherence and fluctuations of each risk source</li><li>• Review of interest rate risk in the event of changes to policies or launching new services</li><li>• Quarterly stress testing to assess the impact of crisis situations on interest rate risk</li></ul>
	Liquidity risks	<ul style="list-style-type: none"><li>• Identifying the source and assessing the impact of key liquidity risks throughout the scope of business activities</li><li>• Setting and managing liquidity risk limits with due consideration for financial and risk management strategy, market interest rate environment and money market circumstances, and external regulations</li><li>• Inspection of early warning indicators and liquidity risk crisis, and reporting to the Board of Directors</li><li>• Quarterly stress testing to assess impact of crisis situations on liquidity risk</li></ul>
Non-financial risks	Operational risks	<ul style="list-style-type: none"><li>• Identification and evaluation of operational risks inherent in key business activities through Risk &amp; Control Self Assessment (RCSA)</li><li>• Examination potential operational risks based on the results of diagnostics, to derive improvement plans</li><li>• Establishing and monitoring key risk indicators; reporting monitoring results to the Board of Directors and the management</li><li>• Formation of operational risk management organization and assign an operational risk officer in each organization</li></ul>
	Strategic and reputational risks	<ul style="list-style-type: none"><li>• Establishing procedures and organizations to manage strategic and reputational risk</li><li>• Full-time risk monitoring and improvements by the organizations including the strategy, PR, and risk group based on Strategic Risk Management Guidelines and Reputational Risk Management Guidelines, and reporting of results to the Board of Directors and the management</li></ul>

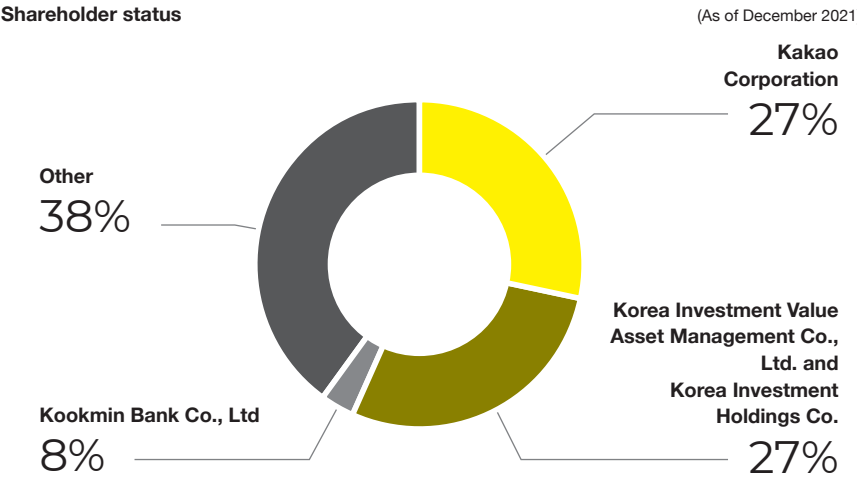
Protection of Shareholder Rights

Shares and Capital Structure

Stock Ownership

KakaoBank was listed on the KOSPI index on August 6, 2021. Kakao Corporation is KakaoBank’s largest shareholder, and foreign shareholders hold approximately 17.56% of shares. The KakaoBank Article of Incorporation prescribe the issuance of up to 1 billion shares, and in accordance with the 1 share-1 vote principle, the total number of voting shares currently stands at 475 million shares.

Shareholder status



Protection of Shareholder Interests

Protection of Shareholder Rights

As of the end of 2021, KakaoBank has 758,315 small sum shareholders, consisting of a total of 20.79% of shares issued. To protect shareholders’ rights, KakaoBank guarantees the exercise of voting rights by small sum shareholders, and we make various efforts to enable shareholders to exercise their right to vote. General meetings of shareholders are broadcast live across the meeting halls to ensure the participation of all shareholders in an open environment for discussion. To further shareholder rights, general meetings of shareholders are announced two weeks prior to convocation. Electronic voting and proxy solicitation have been adopted to guarantee the exercise of all voting rights, and decision-making processes are transparently disclosed. We also provide English disclosures to improve communication with foreign shareholders. For enhanced independence, agenda items are submitted individually, and audit committee member appointment agenda items are referred separately. By appointing an outside director in charge of communication and introducing shareholders’ return policies, we will further improve our advocacy for shareholder interests.



KOSPI listing in August 2021



6th Ordinary General Meeting of Shareholders



Management



**CEO**  
**Ho-young Yun (daniel.yun)**

- B.A. in Business Administration, Hanyang University
- Office of Planning and Coordination, Daehan Fire & Marine Insurance
- Management Planning Team Director, ERGO Daum Direct
- Management Support Division Head, Daum Communications
- Vice President, Kakao Mobile Bank TFT



**Executive Vice President**  
**Kwang-ok Kim (jade.kim)**

- B.A. in Trade, Korea University
- Head of Corporate Finance, Korea Investment & Securities
- Compliance Officer, Korea Investment Holdings
- Executive Director, Korea Investment Partners

Appointment and Succession of the Management

KakaoBank practices accountable management through competency-based appointment of the management. We stipulate specific evaluation criteria and procedures for the appointment and dismissal of the management officers, as well as grounds for dismissal and retirement.

The CEO of KakaoBank is appointed by the General Meeting of Shareholders from among qualified candidates nominated by the Nomination Committee in accordance with the Articles of Association and Internal Corporate Governance Policy. The CEO of KakaoBank must have expertise in the affairs and objectives of the bank, share KakaoBank’s vision, and be committed to sound management practices and furthering the public interest. Additional qualification requirements include sufficient professional experience, outstanding and consistent business performance, and general competency as a leader. In the event of managerial succession, our regulations provide for prompt conclusion of appointment procedures from the time managerial succession procedure commences. In addition, the Board of Directors reviews the CEO's managerial succession plans at least once annually for appropriateness.

Performance Evaluation and Compensation for the Management

Performance evaluations for KakaoBank management are carried out based on performance indicators for long-term performance, profitability, and integrity. Long-term performance and profitability-related indicators are core to the final evaluation. To better connect risk evaluation to performance evaluations, integrity-related indicators appropriate for KakaoBank’s characteristics are reflected to at least a certain degree. Performance bonuses for the management are deliberated on and resolved by the Compensation Committee. Performance bonus payout rates are determined based on a general assessment of the evaluation results.

Management Goals and Strategies

The 2021 Management Goal established by KakaoBank’s management was "KakaoBank First."

Through the past year, we have worked hard to establish ourselves as a "No. 1 bank" in the public eye, and to accelerate the progress of "Re:Bank," our transformation into a future-ready and customer-trusted banking institution. In 2022, tighter household loan regulations will be enforced, and MyData and open banking services will begin in earnest, sparking even more heated competition among the financial platforms for leadership. In addition, the relationships among our stakeholders have changed substantially since our initial public offering. We intend to innovate and grow in a manner that is appropriate given these changes, in line with our internal and external environments.



The management and executives of KakaoBank

Tax Transparency

Tax Regulations

Tax Principles

KakaoBank faithfully fulfills its basic corporate obligation to pay taxes, and maintains strict compliance with domestic tax law. We recognize that tax law compliance and risk management are an important basis for accountable management practices. We do not engage in tax evasion activity by taking advantage of differences in tax law in different countries, and do not operate legal entities for tax evasion purposes.

Tax Risk Management

KakaoBank operates a department dedicated to tax affairs for preliminary review, close monitoring, and effective response to tax risks which may arise in the course of business activities. We consult various experts for added professionalism in tax risk management. The more important and complex tax issues are referred to the competent tax authorities for an authoritative interpretation, and decisions are made based on the interpretations provided.

Improving Tax Transparency

Annual KakaoBank Audit Reports submitted through the Financial Supervisory Service’s Data Analysis, Retrieval and Transfer (DART) System transparently disclose tax-related information to all internal and external stakeholders. The financial statements and annotations of our audit reports provide information on standards for assessment of corporate tax expenses, deferred tax assets and liabilities, corporate tax expenses and tax rates. Transparency and objectivity are ensured by engaging an external auditor.



# APPENDIX

90	Materiality Assessment
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94	ESG Data
105	GRI Standards
108	Third-Party Verification Statement



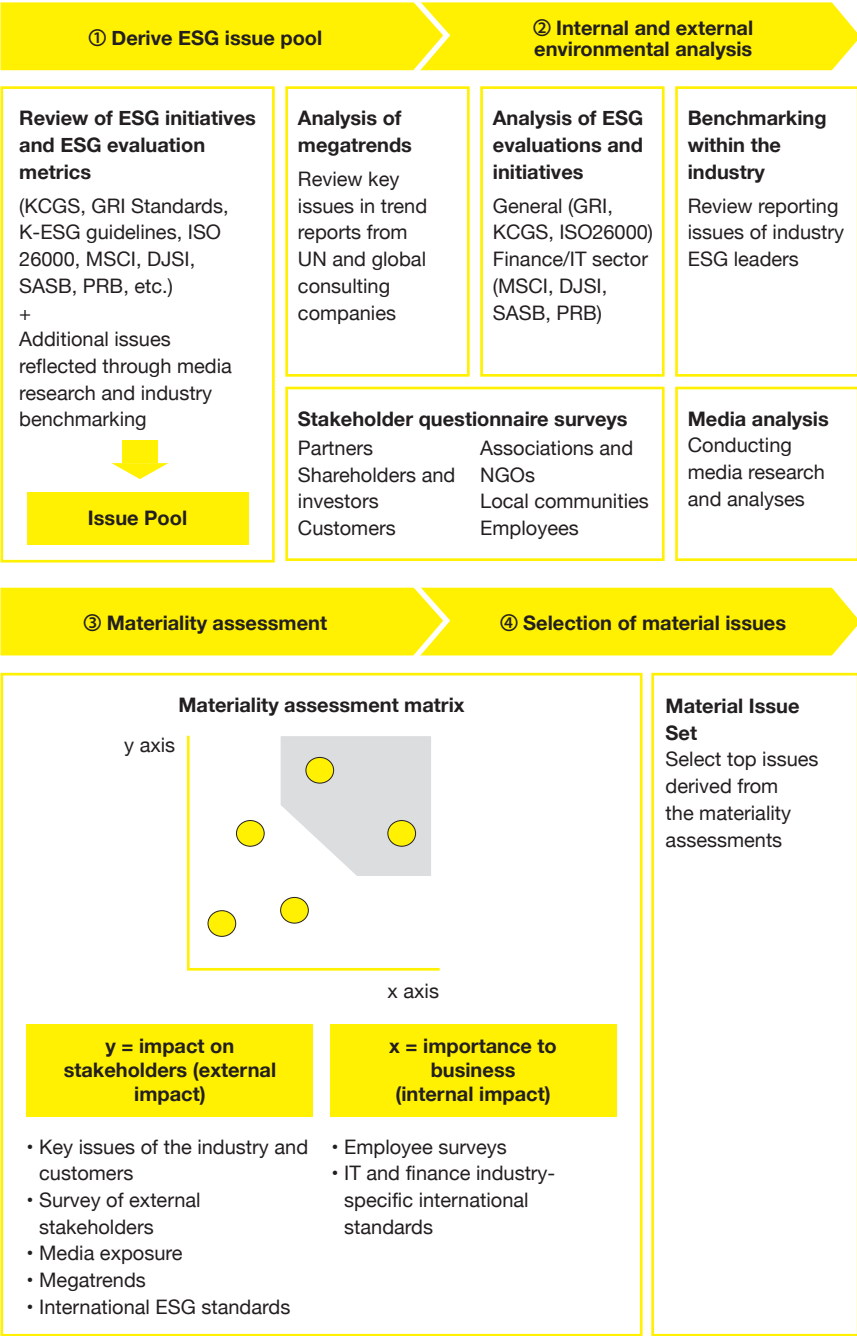
Materiality Assessment

Materiality Assessment Process

Testing Methodology

For the issuance of KakaoBank’s first-ever ESG report, we have carried out a materiality assessment based on global ESG disclosure initiatives (GRI Standards, SASB, TCFD, UNGC) and evaluations (KCGS, MSCI, DJSI), domestic and overseas industry issues, and internal ESG-related issues at KakaoBank.

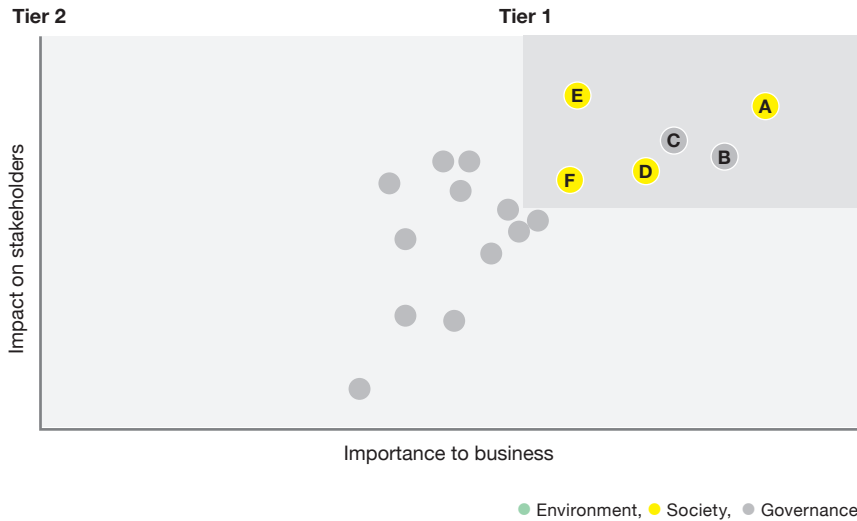
Materiality assessment process



Materiality Assessment Results

Identification of Six Material Issues for KakaoBank

A total of 19 issues were subjected to the materiality assessment on the criteria of "impact on stakeholders" and "importance to KakaoBank business." Through this process, material issues which need to be addressed as a priority by KakaoBank’s ESG management systems were identified. A quadrant matrix analysis was carried out, defining tiers using median values along the x and y axes. The six issues located in Tier 1 were chosen as our material issues.



Importance	Material issue	Page number
Tier 1	<b>A</b> Information security and customer information managemen	p. 38~41
	<b>B</b> ESG management practices	p. 28~31
	<b>C</b> Advanced ethical and compliance management practices	p. 42~45
	<b>D</b> Creating value through inclusive finance	p. 36~37
	<b>E</b> Securing and training talent	p. 46~49
	<b>F</b> Improving service quality and protecting customer interests	p. 32~35
Tier 2	Expanding human rights management	p. 67~68
	CSR activities and local community engagement	p. 74~75
	Environmentally friendly data centers to combat climate change	p. 56
	Shared growth with partners	p. 64~66
	Improving stakeholder communication and disclosures	p. 90~92
	Reinforcing integrity of the Board of Directors	p. 81~82
	Implementing and substantiating operation of environmental management systems	p. 54~55
	Minimizing our environmental footprint	p. 57
	Improving tax transparency	p. 87
	Protection of shareholder rights	p. 85
	Managing labor-management relations	p. 47
	Managing occupational safety and health, and employee well-being	p. 69~70, 72~73
	Environmentally friendly procurement	p. 55

Communication With Stakeholders

Key Stakeholders

Stakeholder Communication and Engagement

Key stakeholders of KakaoBank are: customers, shareholders and investors, employees, partners, central and local governments, and local communities. We operate various communication channels to listen carefully to stakeholder opinions, and reflect their input in our management activities.

Stakeholder	Topics of interest	Communication channels
Customers	<div><div>• Convenience of products and services</div><div>• Protecting customer interests</div><div>• Expanding inclusive finance services</div><div>• Sound governance</div></div>	<div><div>• KakaoBank website</div><div>• Customer center</div><div>• Disclosures</div></div>
Shareholders and investors	<div><div>• Improving corporate value</div><div>• Risk management</div><div>• Sound governance</div></div>	<div><div>• General meetings of shareholders</div><div>• Earnings calls</div><div>• Disclosures</div><div>• Investor meetings</div></div>
Employees	<div><div>• Work-life balance</div><div>• Improving employee competencies</div><div>• Fair evaluation and rewards</div><div>• Sound labor relations</div></div>	<div><div>• Hotline</div><div>• Joint labor-management council</div><div>• Round Table</div><div>• Grievance Handling Center</div><div>• Employee workshops</div></div>
Partners	<div><div>• Improved communication with partners</div><div>• Partners support measures</div></div>	<div><div>• KakaoBank website</div><div>• Disclosures</div></div>
Central and local governments	<div><div>• Expanding inclusive finance</div><div>• Creating jobs</div><div>• Innovative finance</div><div>• Environmental law and policy response</div><div>• Reducing our environmental impact</div></div>	<div><div>• KakaoBank website</div><div>• Consultative bodies on policies of financial authorities</div><div>• Government finance policy briefing sessions</div><div>• Round tables with Financial Supervisory Service</div><div>• Disclosures</div></div>
Local communities	<div><div>• Expanding inclusive finance</div><div>• CSR activities</div><div>• Reducing our environmental impact</div></div>	<div><div>• KakaoBank website</div><div>• Disclosures</div></div>

Association Memberships

Name of association	
Korea Federation of Banks	<a href="https://www.kfb.or.kr/main/main.php">https://www.kfb.or.kr/main/main.php</a>
Korea Banking and Financial Law Association	<a href="http://www.kbfla.org">http://www.kbfla.org</a>
Financial Information Security Conference	N/A
The Institute of Internal Auditors Korea	<a href="https://www.theiia.kr/kr/index.php">https://www.theiia.kr/kr/index.php</a>
Korea Listed Companies Association	<a href="https://www.klca.or.kr/sub/info/listed_company.asp">https://www.klca.or.kr/sub/info/listed_company.asp</a>

Key Awards and Accolades

Year awarded	Awarding body	Award
2022	eDaily	Special Award, Korean Consumer Awards
	Newsis	National Assembly Environment and Labor Committee Award
2021	Maekyung Economic Daily	Award for Excellence, 26 <sup>th</sup> Maekyung Financial Instrument Awards
	National Information Society Agency	Overall Winner, Anonymized Data Utilization Best Practices Competition
	eDaily	Special Award, Korean Consumer Awards
	AsiaMoney	Named Asia's best bank
2020	The Presidential Committee on Jobs	Citation for Merit in Job Creation 2020
	Financial Intelligence Unit	Financial Services Commission Chairman's Citation, "Anti-Money Launderings Day"
2019	Ministry of Employment and Labor	Best Korean Job Creator
	Financial Services Commission	Presidential Citation for innovation in finance, on "National Finance Day"
	AsiaMoney	Named "Best Digital Bank" for third consecutive year
	Seoul Creative Award of Film Advertising	Bronze Prize, Seoul Creative Award of Film Advertising
2018	Fast Company	Named one of World's Top 50 Innovative Businesses
	Asian Banker	"Best Digital Bank" award
	Financial Supervisory Service	"Plaque of Appreciation for Voice Phishing Prevention Efforts" awarded for second consecutive year
	Seoul Economic Daily	Special Award, Korean Best Banker Awards



ESG Data – Economic Outcomes

Statement of Financial Position

(Unit: KRW 1 million / As of the end of each year)

Description	2019	2020	2021
Assets			
I . Cash and due from financial institutions	226,048	1,195,937	1,219,158
II .Financial assets at fair value through profit or loss	-	250,093	1,501,913
III. Financial investments	2,877,132	4,011,277	6,139,020
IV. Loans	19,193,789	20,662,809	26,362,098
V . Property and equipment	47,119	46,157	70,229
VI. Intangible assets	56,394	44,878	33,460
VII. Current tax assets	4,853	-	-
VIII. Deferred tax assets	-	-	20,467
IX. Net defined benefit assets	318	997	4,134
X . Other assets	318,455	437,842	689,589
Total assets	22,724,108	26,649,990	36,040,068
Liabilities			
I . Deposits	20,711,908	23,539,282	30,026,133
II . Provisions	14,396	22,415	26,010
III. Current tax liabilities	-	3,613	14,076
IV . Other liabilities	319,083	287,718	452,479
Total liabilities	21,045,387	23,853,028	30,518,698
Equity			
I . Share capital	1,825,482	2,038,265	2,375,796
II . Capital surplus	-	759,805	2,956,238
III. Capital adjustment	-22,074	4,921	26,784
IV . Accumulated other comprehensive income (loss)	2,772	7,794	-27,749
V . Retained earnings (accumulated deficit)	-127,459	-13,823	190,301
(Provision of regulatory reserve for credit losses)	-	-	-
(Provision of unearned reserve for credit losses)	(72,581)	(125,593)	(178,432)
(Amount required to reserve for credit losses)	(53,012)	(52,839)	(15,122)
(Amount estimated to be appropriated)	-	-	(190,301)
Total equity	1,678,721	2,796,962	5,521,370
Total liabilities and equity	22,724,108	26,649,990	36,040,068

Statement of Comprehensive Income

(Unit: KRW 1 million)

Description	2019	2020	2021
I . Operating income	664,940	804,157	1,064,933
1. Interest income	494,598	599,390	785,985
2. Fee and commission income	118,420	184,887	254,068
3. Gain related to financial assets at fair value through profit or loss	40,450	14,116	7,704
4. Gain related to financial investments	8,289	97	-
5. Other operating income	3,183	5,667	17,176
II . Operating expenses	615,248	620,713	715,743
1. Interest expenses	247,036	191,360	164,685
2. Fee and commission expenses	172,611	178,048	201,863
3. Loss related to financial investments	-	-	10
4. Selling and administrative expenses	162,447	200,585	285,988
5. Other operating expenses	33,154	50,720	63,197
III. Provision for credit losses on financial assets	36,437	60,893	92,254
IV. Operating profit	13,255	122,551	256,936
V . Non-operating income	48	135	304
VI. Non-operating expenses	136	354	514
VII. Profit before income tax	13,167	122,332	256,726
VIII. Income tax expense (benefit)	-566	8,696	52,602
IX. Profit for the year	13,733	113,636	204,124
Adjusted profit after provision of regulatory reserve for credit losses	-39,279	60,797	189,002
X . Other comprehensive income (loss) for the year, net of tax	2,433	5,022	-35,543
Items that may be subsequently reclassified to profit or loss:			
1. Gain (loss) on valuation of financial assets at fair value through other comprehensive income	3,648	6,503	-35,148
Items that will not be reclassified to profit or loss:			
1. Remeasurements of net defined benefit asset	-1,215	-1,481	-395
XI. Total comprehensive income for the year	16,166	118,658	168,581

ESG Data – Environmental

Energy Use

Category		Unit	2019	2020	2021
Energy consumption					
Energy consumption by office	Pangyo Office	MJ	N/A	N/A	14,485,354
	Seoul Office <sup>1)</sup>	MJ	3,819,782	5,548,982	5,347,440
	Gangseo Office	MJ	N/A	N/A	4,386,365
Total office energy consumption		MJ	3,819,782	5,548,982	24,219,159
Data center energy consumption	Main center	MJ	21,141,114	24,856,013	26,526,950
	DR Center	MJ	6,643,469	8,451,187	10,588,867
	Backup Center	MJ	267,782	335,831	446,410
Total data center energy consumption		MJ	28,052,365	33,643,031	37,562,227
Basic energy units (KRW)					
Total energy consumption		MJ	31,872,147	39,192,013	61,781,386
Revenue		KRW 1 million	664,940	804,157	1,064,933
Energy intensity		MJ/KRW 1 million	47.93	48.74	58.01

1) Energy consumption during lease of KDB Life Insurance Tower at Seoul Station prior to relocating to Yeouido

Greenhouse Gas Emissions

Category		Unit	2019	2020	2021
Estimated greenhouse gas emissions <sup>1)</sup>					
Estimated greenhouse gas emissions	Scope 1 emissions	tCO <sub>2</sub> eq	N/A	N/A	N/A
	Scope 2 emissions	tCO <sub>2</sub> eq	1,525.22	1,875.50	2,956.50
Greenhouse gas intensity					
Total greenhouse gas emissions (Scope 1+2)		tCO <sub>2</sub> eq	1,525.22	1,875.50	2,956.50
Revenue		KRW 1 million	664,940	804,157	1,064,933
Greenhouse gas intensity		tCO <sub>2</sub> eq/ KRW 1 million	0.0023	0.0023	0.0028

1) Estimates based on emissions calculator of Combined Energy and Greenhouse Gases Information Platform

Water Usage

Category		Unit	2019	2020	2021
Water usage					
Water usage by office	Pangyo Office	m <sup>3</sup>	N/A	N/A	1,665
	Seoul Office	m <sup>3</sup>	N/A	N/A	N/A
	Gangseo Office	m <sup>3</sup>	N/A	N/A	N/A
Total office water usage		m <sup>3</sup>	0	0	1,665
Total data center water usage	Main center	m <sup>3</sup>	N/A	N/A	N/A
	DR Center	m <sup>3</sup>	N/A	N/A	N/A
	Backup Center	m <sup>3</sup>	N/A	N/A	N/A
Total data center water usage		m <sup>3</sup>	0	0	0
Total water usage		m <sup>3</sup>	0	0	1,665

ESG Data – Social

Employees and Executives

Category			Unit	2019	2020	2021
Composition of employees and executives						
Number of Personnel by gender	Male		Persons	408	464	535
	Female		Persons	369	439	487
By age	Under 30		Persons	93	110	131
	30s		Persons	502	548	612
	40s		Persons	172	234	262
	50s		Persons	8	10	16
	60s and above		Persons	2	1	1
Contract type	Full-time	Male	Persons	386	450	521
		Female	Persons	253	308	365
		Subtotal	Persons	639	758	886
	Contract worker	Male	Persons	22	14	14
		Female	Persons	116	131	122
		Subtotal	Persons	138	145	136
By function	Executives		Persons	0	6	10
	Office workers		Persons	489	559	622
	Technical / Production / Repairs		Persons	288	338	390
Total			Persons	777	903	1,022
Diversity						
Female employees and executives	Female employees		Persons	369	438	486
	Female executives		Persons	0	1	1
	Percentage of female employees		%	47.49	48.50	47.55
	Percentage of female executives		%	0.00	0.11	0.10
Females managers	Managers		Persons	28	129	142
	Female managers		Persons	6	26	27
Persons with a disability	Number		Persons	4	4	5
	Percentage		%	0.51	0.44	0.49
Patriots and veterans	Number		Persons	8	11	10
	Percentage		%	1.03	1.22	0.98
Compensation systems						
Gender	Male average		KRW 1 million	N/A	97	191
	Female average		KRW 1 million	N/A	59	94
	Female relative to male		%	N/A	60.82	49.21
Gender wage gap	Gap between average wage by gender	Difference between male and female employees (male-female/ male)				
			%	N/A	39.18	50.79



New Recruitment

Category		Unit	2019	2020	2021
New hires					
By age group <sup>1)</sup>	Under 30	Persons	60	54	84
	30s	Persons	157	124	189
	40s	Persons	24	26	24
	50s	Persons	3	2	5
	60s and above	Persons	3	1	2
	Total	Persons	247	207	304
Gender	Male	Persons	116	85	146
	Female	Persons	131	122	158
By grade	Executives	Persons	5	3	7
	Manager level	Persons	0	2	0
	Non-manager level	Persons	242	202	297
	Total	Persons	247	207	304

1) Includes registered executives

Employee Welfare and Benefits

Category		Unit	2019	2020	2021
Employee welfare and benefits support					
Welfare expenses		KRW 1 million	11,705	15,030	23,540
Employee stock ownership	Shares held	Shares	5,096,442	5,392,121	11,107,238
	Ownership ratio	%	1.40	1.32	2.34
Pension subscriptions	Defined benefits (DB)	Persons	540	696	718
	Defined contributions (DC)	Persons	12	13	21

Childcare Leave

Category		Unit		2019	2020	2021
Protection of maternity						
Childcare leave	Number of employees using childcare leave	Male	Persons	2	2	2
		Female	Persons	17	20	26
		Subtotal	Persons	19	22	28
Persons reinstated after childcare leave		Male	Persons	1	2	0
		Female	Persons	5	9	11
		Subtotal	Persons	6	11	11
Employees continually employed for over one year after reinstatement	Employees	Male	Persons	1	2	0
		Female	Persons	5	8	10
		Subtotal	Persons	6	10	10
	Percentage	Male	%	16.7	20.0	0
		Female	%	83.3	80.0	100

Labor-management Relations and Organizational Culture

Category		Unit	2019	2020	2021
Labor-management relations					
Labor union	Employees who are members	Persons	0	0	86
	Applicable employees	Persons	0	0	1,022
	Membership rate	%	0	0	8.41
Collective agreement <sup>1)</sup>	Employees who are members	Persons	0	0	0
	Applicable employees	Persons	0	0	0
	Membership rate	%	0	0	0
Organizational culture					
Employee grievance handling	Grievances reported	times	1	3	1
	Grievances handled	times	1	3	1
	Grievance handling rate	%	100	100	100

1) First collective agreement signed in 2022

Employee Training

Category			Unit	2019	2020	2021
Employee training						
Total hours of training			Hours	N/A	N/A	9,183
Total expenses for employee training			KRW	N/A	147,564,263	243,264,974
Training expenses per person			KRW	N/A	163,416	238,028
Average hours of training per person	All employees		Hours	N/A	N/A	9.0
	Gender	Male	Hours	N/A	N/A	9.0
		Female	Hours	N/A	N/A	9.0
	By function	Executive and outside directors	Hours	N/A	N/A	509
		Business	Hours	N/A	N/A	350
		Customer Service	Hours	N/A	N/A	2,535
		Management	Hours	N/A	N/A	1,467
		Risk	Hours	N/A	N/A	313
		Service	Hours	N/A	N/A	660
		Tech	Hours	N/A	N/A	3,349
		Employee training on human rights-related policies and procedures				
Total participating employees	Participating personnel	Persons	N/A	N/A	935	
	Training completion rate	%	N/A	N/A	91.4	
Statutory training <sup>1)</sup>	Total training hours		Hours	1,459	1,660	2,761
	Average per-person training hours		Hours	1.9	1.8	2.7

1) Three major statutory training programs: Sexual harassment prevention, disability awareness, workplace bullying prevention

Partners

Category		Unit	2019	2020	2021
Partners					
Number of partners	Total partners registered	Companies	3	4	6

Personal Information and Information Security

Category			Unit	2019	2020	2021
Information security / cyber security						
Information security or cyber security violations			Times	0	0	0
Information security or cyber security violations relating to customers' personal information			Times	0	0	0
Customers affected by data violations at the company			Persons	0	0	0
Total fines or penalties paid due to information security or cyber security violations			KRW 1 million	0	0	0
Complaints regarding customer privacy or personal information violations	Number of complaints received from outside parties and substantiated by authorities	Times	0	0	0	
	Complaints from regulatory authorities	Times	0	0	0	
Bug bounty performance	Number of bugs reported	Times	2	5	0	
	Number of reporters	Persons	2	4	0	
Personal information protection and information security training						
Personal information protection and information security training	Employees	Completed	Persons	747	820	934
		Completion rate <sup>1)</sup>	%	100	100	100
	Partners	Completed	Persons	442	644	1,647
		Completion rate <sup>1)</sup>	%	100	100	100

1) Persons employed at the time point of training

Occupational Safety and Health

Category		Unit	2019	2020	2021
Accident rates					
Occupational accidents	Cases occurred	Times	0	0	0
	Ratio	%	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	Employees	Persons	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)	Employees	Persons	0	0	0
Number of work-related deaths	Employees	Persons	0	0	0
	Ratio	%	0	0	0

Customer Satisfaction

Category		Unit	2019	2020	2021
Customer satisfaction index (CSI)					
Customer satisfaction index survey results	CSI score	Points	92.6	94.8	96.0
	Survey responses	Times	592,177	512,451	526,479
Customer complaints					
Total complaints reported		Times	158	55	246
Handling rate		%	100	100	100

Creating Social Value

Category		Unit	2019	2020	2021
CSR investments					
Local community CSR activities	Number of projects	Times	6	13	5
	Donations	KRW 1 million	115	329	253
Employee participation activities	Participants	Persons	105	0	25
	Hours of service	Hours	280	0	100
Inclusive finance					
KakaoBank mini	Subscribers <sup>1)</sup>	Persons	0	588,238	1,147,336
	Amount traded <sup>2)</sup>	KRW 1 million	0	102,283	1,342,153
Young Adult Housing Deposit Loan	Total loans extended <sup>3)</sup>	KRW 1 million	0	1,094,900	4,606,900
Low- and medium-credit loans	Total loans extended <sup>3)</sup>	KRW 1 million	2,325,400	2,793,300	4,509,800
Sunshine Loan 15 (Formerly Sunshine Loan 17)	Total loans extended <sup>3)</sup>	KRW 1 million	0	17,240	115,700

1) Mini subscriber count: Total subscribers at end of year

2) Mini transaction amount: Total in-bank transfers, transfers to/from other banks, and credit card payments

3) Total loans extended: Based on cumulative amount



ESG Data – Governance

Shareholder Composition

Category		Unit	2019	2020	2021
Shareholder composition					
Equity by shareholder	Government and government-managed enterprises	%	3.94	3.74	0.00
	Financial institutions	%	9.86	9.35	0.18
	Securities companies	%	0.00	0.00	23.52
	Insurance companies	%	0.00	0.00	3.25
	Investment trust companies	%	0.00	0.00	3.62
	Other corporate entities	%	80.86	76.63	39.37
	Individuals and other	%	1.40	1.32	12.50
	Foreigners	%	3.94	8.96	17.56
	Total	%	100	100	100
Total equity held by largest shareholder and related parties		%	33.53	31.78	27.26

Board of Directors

Category		Unit	2019	2020	2021
Structure of the Board of Directors					
Directorships	Inside (executive) directors	Persons	2	3	3
	Outside directors	Persons	6	7	6
	Total	Persons	8	10	9
Gender diversity in Board of Directors	Male	Persons	8	10	9
	Female	Persons	0	0	0
Social minorities represented in Board of Directors	Item	Yes/No	No	No	No
Efficiency of meetings of the Board of Directors	Average attendance rate	%	99.00	96.20	100
	Minimum attendance rate	%	90.10	92.80	100
	Average attendance rate of outside directors	%	100	96.80	100
	Number of outside directors with poor (less than 75%) attendance	Persons	0	0	0
Professionalism of the Board of Directors	Number of outside directors and non-executive directors with industry experience	Persons	1	2	2
	Number of Audit Committee members with accounting/finance expertise(CFA, CPA, accounting and finance-related experience, etc.)	Persons	1	1	1
Status of committees of the Board of Directors					
ESG Committee <sup>1)</sup>	Percentage of outside directors	%	N/A	N/A	N/A
	Number of meetings	Meetings	N/A	N/A	N/A
	Agenda items	Resolved	N/A	N/A	N/A
		Report	N/A	N/A	N/A
	Agenda items	Report	N/A	N/A	N/A
Audit Committee	Percentage of outside directors	%	100	100	100
	Number of meetings	Meetings	11	14	16
	Agenda items	Resolved	8	8	19
		Deliberated	18	20	23
		Report	10	11	12

1) Formed in 2022; no previous meetings

Category		Unit	2019	2020	2021
Board Risk Committee	Percentage of outside directors	%	63	78	76
	Number of meetings	Meetings	10	9	13
	Agenda items	Resolved	28	34	38
		Deliberated	2	0	1
		Report	25	16	21
Nomination Committee	Percentage of outside directors	%	60	60	67
	Number of meetings	Meetings	2	3	5
	Agenda items	Resolved	4	5	10
		Report	0	0	0
Compensation Committee	Percentage of outside directors	%	75	60	66.7
	Number of meetings	Meetings	6	4	8
	Agenda items	Resolved	10	9	21
		Report	0	0	0

Employee Compensation

Category		Unit	2019	2020	2021
Employee compensation and ownership structure					
CEO compensation	Total annual compensation <sup>1)</sup>	KRW 1 million	N/A	564	795
	Change from previous year	%	N/A	N/A	40.96
	Number of persons	Persons	N/A	1	1
Employee compensation	Total compensation for all employees excluding registered executives <sup>2)</sup>	KRW 1 million	N/A	70,760	139,510
Stock ownership by the management					
Shares held	CEO	Shares	0	0	0
	Executives other than the CEO	Shares	0	0	116,621
Compensation for directors and auditors					
Total amounts paid	outside directors and members of the Audit Committee <sup>3)</sup>	KRW 1 million	N/A	1,516	1,838
	Outside directors (excluding members of the Audit Committee)	KRW 1 million	N/A	134	141
	Audit Committee members	KRW 1 million	N/A	170	265
	Audit Committee	KRW 1 million	N/A	0	0
Average amount paid per person	Registered directors (excluding outside directors and members of the Audit Committee)	KRW 1 million	N/A	505	613
	Outside directors (excluding members of the Audit Committee)	KRW 1 million	N/A	45	71
	Audit Committee members	KRW 1 million	N/A	43	66
	Audit Committee	KRW 1 million	N/A	0	0

1) Total CEO compensation for 2021 excludes gains from the exercise of stock options  
2) Employee compensation for 2021 includes gains from the exercise of stock options  
3) Compensation for registered directors in 2021 excludes gains from the exercise of stock options

Ethical and Compliance Management

Category		Unit	2019	2020	2021
Code of Conduct and ethical and compliance management training					
Applicability of Code of Conduct	Members of the Board of Director	%	100	100	100
	Employees	%	100	100	100
Percentage provided with ethical and compliance management training <sup>1)</sup>	Members of the Board of Directors	%	100	100	100
	Employees	%	80	88	90
Ethical and compliance management training hours	Members of the Board of Directors	Hours	9	10	9
	Employees	Hours	2,709	3,247	3,971
	Total	Hours	2,718	3,257	3,980
	Average per-employee training hours	Hours	3.49	3.60	3.89
Ethical and compliance management evaluations and violations reported/addressed <sup>2)</sup>					
Confirmed cases of corruption and measures taken	Reports	Past corruption cases confirmed this year	Items	0	0
		Corruption cases confirmed this year among reported cases	Items	0	0
	Measures taken such as disciplinary measures		Items	0	0

1) Based on annual governance and compensation structure reports  
2) Based on external disclosures (measures taken by outside supervisory bodies)

Corporate Income Tax

Category		Unit	2019	2020	2021
Corporate Income tax paid					
Effective tax rate	Income before tax	KRW 1 million	13,167	122,332	256,726
	Nominal tax payment	KRW 1 million	2,875	29,142	61,666
	Nominal tax rate	%	21.83	23.82	24.02
	Effective tax payment	KRW 1 million	120	10,403	22,242
	Effective tax rate	%	0.91	8.50	8.66

Economic Value Creation and Distribution

Category		Unit	2019	2020	2021
Distribution of value among stakeholders					
Employees	Payroll costs and welfare & benefits	KRW 1 million	76,337	93,179	143,018
Partners	Expenses paid to customer service partners	KRW 1 million	11,987	15,810	26,506
Local communities	Donations	KRW 1 million	115	329	253
Association fees					
Expenditures to associations		KRW 1 million	169	210	240

GRI Standards

Universal Standards (GRI 100)

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Topic Specific Standards

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# Third-Party Verification Statement

	Dear Management and Stakeholders of kakaobank
Introduction	The Korean Standards Association (“KSA”) was commissioned by kakaobank (“kakaobank”) to perform a third-party Assurance Engagement of ‘kakaobank 2021 Sustainability Report’ (the “Report”). KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. kakaobank has sole responsibility for content and performance contained in this Report.
Independence	As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of kakaobank apart from undertaking a third-party assurance on the Report. We have no other contract with kakaobank that may undermine credibility and integrity as an independent assurance agency.
Assurance Standards and Level	This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level assurance. We checked the four principles of inclusivity, materiality, responsiveness and impact in combination with information credibility of the Report. We also reviewed whether the Report content was created in accordance with the GRI Standards.
Assurance Type and Scope	This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Type 2 assurance, which means that the assurance assessed the accuracy and reliability of the company’s statements and performance data provided in the Report. The assurance scope is from January 1 2021 to December 31 2021 and the assurance focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company’s sustainability management. While the company’s environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.
Assurance Methodology	We used the following methods to gather information, documents and evidence with respect to the assurance scope. <ul style="list-style-type: none"><li>• Analyses of articles related to kakaobank’s sustainability management published by domestic media outlets</li><li>• Review of management system and process used in improving the performance of sustainability management and preparing the Report</li><li>• Review of the consistency between the financial performance data and the company's audit report/publicly announced data</li><li>• Examination of internal documents and basic materials</li></ul>
Assurance Results and Opinions [On an assurance principle/ process level]	KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the kakaobank 2021 Sustainability Report as follows.  <b>Inclusivity</b> <ul style="list-style-type: none"><li>- Has kakaobank engaged its stakeholders in strategically responding to sustainability?</li><li>- KSA believe kakaobank is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. kakaobank has selected stakeholders including government and related customers, stakeholders and investors, employees, partner companies, local communities to receive diverse feedbacks and opinions.</li></ul>

	<b>Materiality</b> <ul style="list-style-type: none"><li>- Has kakaobank included material information in the Report to help stakeholders make informed decisions?</li><li>- We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that kakaobank conducted materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.</li></ul>
	<b>Responsiveness</b> <ul style="list-style-type: none"><li>- Has kakaobank appropriately responded to stakeholder requirements and interest in this Report?</li><li>- We verified that kakaobank responded stakeholders’ needs and interests through reflecting stakeholders’ opinions in the Report. We are not aware of any evidence that kakaobank ’s response to significant issues of stakeholders was reported inappropriately.</li></ul>
	<b>Impact</b> <ul style="list-style-type: none"><li>- Has kakaobank appropriately monitored its impact on the stakeholders?</li><li>- We verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.</li></ul>
GRI Standards Disclosure	We confirmed that this Report was prepared in accordance with GRI Standards Core Option. Based on data kakaobank provided, we also confirmed a validity of the contents related to General Standard Disclosure and Specific Standard Disclosure.
	<b>Universal Standards</b> <p>We have verified that the Report complied(s) with the requirements of the Universal Standards of Core Option, and (have) reviewed the following disclosures:</p> <p>GRI Index 102-1 ~ 102-13(Organizational profile), 102-14(Strategy), 102-16 ~ 102-17(Ethics and integrity), 102-18, 102-22, 102-23, 102-28, 102-29, 102-34, 102-35(Governance), 102-40 ~ 102-44(Stakeholder engagement), 102-45 ~ 102-56(Reporting practice), 103(Management Approach)</p>
	<b>Topic-specific Standards</b> <p>We have checked the material topics identified from a materiality test process in which content to be disclosed. We examined disclosures below: 201-1, 203-2, 205-2, 205-3, 302-1, 302-3, 305-2, 401-2, 401-3, 404-1, 417-2, 417-3, 418-1</p>
Opinions and Recommendations [Performance /Issues]	We present the following recommendations to help kakaobank establish a company-wide sustainability management strategy and respond to continuous issues of sustainability.
	<b>Economy</b> <p>This Report discloses, through quantitative figures, that KakaoBank brings customers closer to financial institutions through innovative financial services, and expands the scope of customers to include adolescents. By disclosing economic advantages that come along with innovation, including increase in the number of customers of financial services, fee waivers, and early redemption fee waivers — the company provides stakeholders with more comprehensive economic value than the generally disclosed financial information. We recommend that KakoBank should continue to carry out innovative activities based</p>



on stronger responsible management, enhanced accounting transparency, and system stability to help Korea grow into a financially advanced country. Moreover, it should disclose its social and economic performance generated as a result of its business management activities in accordance with global guidelines.

**Environment**

Recognizing the impact of its business activities on the environment, society, and the economy, and in line with the global environmental trends, KakaoBank has published the Sustainability Report. Despite publishing the report for the first time, its positive contributions include collecting and disclosing environmental indicators as part of its efforts to fulfill its responsibility for environmental improvement, and respond to climate change. These efforts are expected to contribute to reducing environmental pollution and mitigating climate change. We recommend that the company should expand its scope of indicators to manage, to include those on sustainable supply chain management and environmental impact associated with products, and establish objectives for each issue and a performance management system.

**Society**

In order to build a foundation for ESG management for 2022, KakaoBank has established an ESG roadmap and disclosed the details in its Sustainability Report. We have confirmed that the Report contains the status of the company's ESG activities and key challenges, and that the company has conducted ESG training for its employees. We recommend that the company should continue to manage its performance by setting specific goals and KPIs for tasks and challenges in each area. Anti-corruption issues are considered to be most important for financial businesses. With respect to sustainability management, anti-corruption management means more than compliance. We recommend that the company establish its anti-corruption principles and apply them to the supply chain, identify potential risks that may occur from its business activities, and carry out activities to prevent and improve on them.

July 2022  
Myung Soo Kang  
KSA Chairman & CEO



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