

Samsung Securities, a trustworthy partner accompanying customers in their journey to financial success, is a socially **responsible** company moving towards **achievable** goals to build a **sustainable** future.

# CONTENTS

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## intro

- 02 2021 ESG HIGHLIGHTS & HISTORY
- 04 CEO MESSAGE
- 06 MANAGEMENT BRIEFING

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## overview

- 10 BUSINESS PERFORMANCE HIGHLIGHTS
- 16 INVESTMENT PORTFOLIO
- 18 CORPORATE OVERVIEW
- 19 BUSINESS NETWORK

---

## vision & strategy

- 22 NEW VISION
- 24 SUSTAINABLE MANAGEMENT STRATEGY

---

## future focus

- 28 INDUSTRY TRENDS
- 30 **01** DIGITALIZATION
- 36 **02** CONSUMER PROTECTION
- 44 **03** GREEN MANAGEMENT
- 48 **04** SUSTAINABLE INVESTMENT
- 52 OUR GOAL & FUTURE

---

## ESG data pack

- 55 ENVIRONMENTAL DATA
- 58 SOCIAL DATA
- 81 GOVERNANCE DATA
- 93 SUSTAINABLE FINANCE

---

## appendix

- 99 FINANCIAL DATA
- 106 DOUBLE MATERIALITY ASSESSMENT
- 112 RISK MANAGEMENT
- 116 STAKEHOLDER COMMUNICATION
- 117 SASB
- 120 TCFD
- 124 GRI STANDARDS INDEX
- 127 UN SDGs
- 128 THIRD PARTY ASSURANCE
- 130 ASSOCIATION MEMBERSHIP
- 131 CORPORATE INFORMATION

# 2021 ESG HIGHLIGHTS & HISTORY

## 2021 ESG Highlights

Acquired

### ISO 14001 certification

Launched the

### ESG Committee

### Rated A in the MSCI ESG Ratings,

the first achievement among domestic securities firms

ESG-certified green bonds surpassing

### KRW 100 billion

for the first time in Korea

### Rated A in the ESG integrated evaluation

by KCGS (Korea Corporate Governance Service)

### Included in DJSI World Index

for 12 consecutive years

### Ranked 1<sup>st</sup> in K-BPI

(Korea Brand Power Index) for 24 consecutive years

### Maintained the No.1 place in KS-SQI

(Korean Standard Service Quality Index) for two consecutive years in the securities sector

### Maintained the No.1 title in KCSI

(Korean Client Satisfaction Index) for 16 consecutive years in the securities sector

## History

### 2011~2021

#### 2021

- Launched 'Direct IRP', the first commission-free IRP in Korea
- Hit one million subscribers to our YouTube channel
- Rolled out the Korea's first brokerage-type ISA
- Issued ESG bonds for the first time in Korea

#### 2020

- Became the first to provide online stock trading service for the stock market of Singapore
- Achieved KRW 200 trillion in retail client deposit assets
- Rolled out Nationwide How-to-Invest Campaign
- Launched 'Multi Family Office' equivalent to the level of investment partner for the first time in Korea
- Hit 100,000 subscribers to our YouTube channel, Samsung POP

#### 2019

- Ranked 1<sup>st</sup> in the 2018 Fund Sales Assessment in the financial sector by Korea Financial Investors Protection Foundation
- Promulgated 'Overseas Investment 2.0 Era' to drive the globalization of Korean wealth management
- Expanded SNI (Samsung & Investment) service to all offices

#### 2018

- Introduced Korea's first 'Integrated Deposit' service for overseas stocks
- Acquired stakes in Dunkirk LGN terminal in France
- Signed an MOU with Societe Generale (SG) of France

#### 2017

- Built a comprehensive business partnership with HSC Securities (Vietnam)
- Built a comprehensive business partnership with KGI Securities (Taiwan)

#### 2016

- Proclaimed a new brand slogan
- Opened the 1<sup>st</sup> Samsung Securities CEO Forum
- Held a signing ceremony with KGI Securities (Taiwan)
- Launched Samsung Financial Center

#### 2015

- Declared Customer Protection Charter
- Hit KRW 2 trillion in the sales of POP UMA

#### 2014

- Introduced a client-oriented product recommendation system
- Forged a business partnership with global independent research institutions, Lombard Street Research & BCA Research

#### 2013

- Held a value statement proclamation ceremony
- Opened a next-generation financial IT system comparable to advanced financial companies

#### 2012

- Declared retirement planning at all branches

#### 2011

- Signed an MOU with Huaxia Wealth Management, the largest Wealth Management company in China
- Proclaimed CS Innovation (Gonggam 36.5)
- Obtained the international certification of BCM (Business Continuity Management)

### 2001~2010

#### 2010

- Launched UHNW brand and SNI (Samsung & Investment), an exclusive branch for UHNW
- First adopted the DJSI World Index among Korean financial companies

#### 2009

- Declared the launch of brand management (brand slogan: Create with You)
- Launched 'POP', an advanced wealth management brand

#### 2008

- Launched optional commission-based and customized fee service for the first time in the industry

#### 2007

- Acquired inflation-linked government bonds
- Selected as 'Korea's Best Private Bank' by Asiamoney

#### 2006

- Designated as Korea's Top Research Company by Institutional Investor Magazine (U.S.)
- Ranked 1<sup>st</sup> in three client satisfaction indexes (KS-SQI, KCSI, and NCSI) among securities companies
- Swept the nine categories of finance in the Asiamoney Brokers Poll 2006

#### 2005

- Launched Fn Honors Club, a PB service brand

#### 2004

- Rolled out Samsung Cash Management Account (SMA) service
- Held Annual Samsung Global Investor Conference
- Promulgated Samsung Securities Way

#### 2003

- Obtained the full membership of London Stock Exchange
- Launched Samsung Wrap accounts

#### 2002

- Named as 'Best Investment Bank in Korea' by Finance Asia
- Set up a subsidiary in Shanghai

#### 2001

- Selected as 'Best Equity House' by Euromoney (three consecutive years)

### 1982~2000

#### 2000

- Set up a subsidiary in Hong Kong
- Acquired and merged with Samsung Investment Trust & Securities

#### 1999

- Korea's largest call center up and running

#### 1998

- Set up a subsidiary in New York
- Commenced the sales of mutual funds for the first time in Korea

#### 1996

- Set up a subsidiary in London

#### 1992

- Incorporated into the Samsung Group
- Changed the company name to Samsung Securities

#### 1991

- Changed the company name to Kookje Securities and beginning securities business

#### 1988

- Executed IPO (initial public offering) (listed on the Korean Stock Exchange)

#### 1982

- Hosted Meeting of Promoters for Hanil Investment & Finance
- Held the inaugural General Meeting, registering the foundation of the company, and paid KRW 20 billion in capital

# CEO MESSAGE

KRW 2.24 trillion  
Net Operating Revenue

KRW 1.32 trillion  
Pre-tax Income



Dear esteemed stakeholders,

I appreciate the unwavering trust and support you have shown to us on behalf our employees.

Amid the unfavorable business environment marked by the prolonged COVID-19 pandemic, global supply chain crisis, and intensifying competition with the other industries such as FinTech, we hit the record-high for four consecutive years since our inception, delivering KRW 2.24 trillion in net operating revenue and KRW 1.32 trillion in pre-tax income.

However, we are not complacent about this remarkable achievement. With the aim to take up ourselves a notch, we are going to establish and implement organized strategies to put into action our new vision, 'the most esteemed financial company.'

**We will shape the paradigm suitable for the fast-evolving investment environment, and solidify our grip on the market as a leading player, thereby reinforcing our profitability foundation.**

As for the retail business, our area of strength, the efforts will be made to consolidate our market influence by innovating sales channels and furnishing distinguished services. To begin with, we will create an organization dedicated to new well-off classes such as startup founders, to preoccupy the market for the super-rich class. Our focus will also be on the expansion of our influence over the market for companies and their owners.

The creation of the ecosystem for venture capital is one of our focuses. To this end, we will provide solutions required to help promising venture companies grow as Unicorn companies while offering clients new investment opportunities. When it comes to IB and sales, we will strategically take advantage of capitals, and diversify our investment portfolio, thereby placing ourselves at the top in the industry and generating profitability in a stable manner.

**We will put spurs to innovation and digital transformation.**

The first launch of innovative services has drawn attention from generation MZ, such as brokerage-type ISA, zero commission for non-face-to-face IRP accounts, and day trading on U.S. stocks. We continue to invent new services palatable to investors' needs, thereby taking the initiative in market innovation.

In addition, our emphasis will be on the provision of a variety of digital-based premium services tailored to investors' propensity. Digital transformation will be accelerated at the company level to establish a platform where customers can have easier and more convenient access to investment information and make safer financial transactions.

**Stable business system will be established underpinned by proactive risk management and diversified revenue streams.**

Risks that may have a far-reaching impact on our profit will be managed in a preemptive manner through multifaceted efforts. To this end, we will pay constant attention to the changes in the financial market, such as global inflation or hike in interest rates, and improve the possible vulnerable points of our process through tightened activities for internal control. Furthermore, our revenue streams will be more diversified through the balanced growth and collaboration among all our business sectors, which, in turn, will culminate in the unwavering, robust foundation for business.

**We will embed ESG management into every corner and fulfill our social responsibilities, thereby becoming a company that deserves respect.**

We will be committed to internalizing ESG management by establishing the ESG Research Institute and ESG Committee to achieve sustainable growth. Furthermore, our social contribution activities will be expanded, such as education support for adolescents or financial assistance for the underprivileged. By doing so, we will be fully responsible for our society in pursuit of the shared growth with our community.

Dear stakeholders,

Samsung Securities will make all-out efforts to position ourselves as the best financial company esteemed and beloved by each and every stakeholder, including shareholders, clients, employees, and other members of our society.

I look forward to your constant trust and support.

Thank you very much.

광석훈

Seok Hoon Chang  
CEO of Samsung Securities



# MANAGEMENT BRIEFING



**Senior Executive Vice President, Jae Hun Sa**  
Retail Division

We provide individual, corporate, and institutional clients with optimized financial investment solutions that fit into their investment propensity and purposes. Based on our outstanding services, 'customized global wealth management' proposed by our professional asset managers 'total tailored solution service' for companies, and 'brokerage and financial product portfolio service' for institutional investors, we always deliver optimal solutions to our clients. In addition, our strong platform for financial investment enables us to offer one-stop financial service that suits various needs of customers.



**Senior Vice President, Tae Young Kim**  
Digital Division

We are committed to becoming a client- and user-oriented digital platform that underlies a safer financial transaction and investment environment. With our unique digital premium services, such as Research Talk, Gooling, Pension S Talk, day trading on U.S. stocks, and digital PB consulting, we will underpin customers' investment success. In addition, we will help clients make more rational decisions regarding investment by providing quality investment data, diverse financial products and customized, non-face-to-face consulting service, thereby contributing to their better life.



**Senior Vice President, Chung Hun Lee**  
IB2 Division

The scope of our business spans the whole life cycle of real estate development ranging from the initial stage to operation to redevelopment, based on which we propose financing plans while offering clients investment opportunities with high levels of stability and marketability. On the strength of our specialized expertise, we render solutions that cater to clients' needs throughout diverse sectors including funding for PF (Project Financing), property and infra development, consulting and advisory service, and takeover business. Furthermore, our REITs products enable companies to secure liquidity, and we boast the best-in-class network that encompasses a wide range of sectors at home and abroad. We will be agile to respond to the rapidly-changing market in order to stay with our clients as a partner for their growth.



**Senior Executive Vice President, Han Yong Cho**  
S&T Division

In line with the changing investment environment, we will discover the best investment opportunities to be in the interests of our shareholders, clients, and employees. On the basis of our human resources with expertise and networks, we boast the optimal portfolio that embodies conventional investment assets, such as stocks or bonds, and alternative assets including both domestic and overseas properties and unlisted companies. In particular, we will directly invest in alternative assets, thereby laying the foundation for venture capital investment ecosystem while scaling up ESG investments with the purpose of fulfilling our social responsibilities. Taking advantage of our investment capabilities, we will deliver top-notch investment products that satisfy our clients.



**Senior Executive Vice President, Ihn Kim**  
Planning Division

Staying on top of changes in the business environment, such as digital transformation, we will become a company that is worthy of respect from various stakeholders including clients and shareholders. We will make all-out efforts to accomplish sustainable growth by establishing mid- to long-term business strategies, keeping up with the trends of overseas and domestic competitors, embedding ESG management, and communicating in a responsible and transparent manner.



**Senior Executive Vice President, Jong Wan Lee**  
Management Support Division

Samsung Securities will strain every nerve on all fronts. To achieve stable financial performance, we will efficiently utilize capitals and create synergy among business sectors while elevating shareholder value through the identification of new businesses to secure a future growth engine. Risk management and internal control activities are also one of our primary focuses. As part of the endeavor to discharge our social responsibilities, we will step up our social contribution activities such as employees' donation and volunteer work.

This chapter provides a business **overview** including our business performance, management philosophy and core values. Samsung Securities will make strides towards the most esteemed financial company. Through investment, we will go hand in hand with our clients to further grow, contributing their better life.

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**10**

BUSINESS PERFORMANCE  
HIGHLIGHTS

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**16**

INVESTMENT PORTFOLIO

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**18**

CORPORATE OVERVIEW

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**19**

BUSINESS NETWORK

# BUSINESS PERFORMANCE HIGHLIGHTS

## 2021 Financial Snapshot

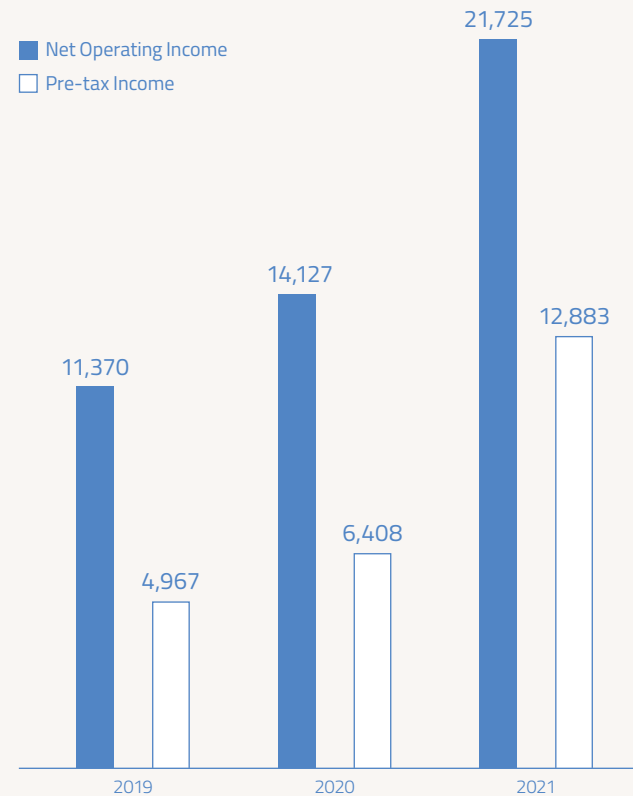
In the aftermath of the COVID-19, the financial market suffered uncertainty. Despite the challenge, Samsung Securities hit the record high for four consecutive years, delivering KRW 2.17 trillion in net operating income and KRW 1.28 trillion in pre-tax income. This remarkable achievement is attributed to business diversification and reinforced capabilities on all fronts.

Especially in the retail sector, we made strategic progress in the wealth management market for the super-rich class as well as the retirement market. The boom in the international stock transaction was a driving force of our strengthened foundation for foreign stock trading. Our expanded influence over domestic and overseas brokerage market led to the increment in stock brokerage commissions, which, in turn, accelerated the growth in the IB sector.

Risk management will come to the fore with intensifying market volatility, such as the stock market taking a turn for the worse. This situation requires a company to diversify its business portfolio to generate profitability in a stable manner. In addition, the entry of other industries, especially FinTech companies, into the financial business, adds fuel to the competition for the survival in this field. Against this backdrop, Samsung Securities will constantly pursue the diversification of revenue streams based on a variety of financial products and asset management services in order to build a balanced business portfolio and make stable profits. In addition, the scope of capital utilization business will be expanded to sharpen our competitiveness. Through all these efforts, we will solidify our stature in the market.

### Net Operating Income / Pre-tax Income (on a separate basis)

(Unit: KRW 100 million)



### Key Financial Indicators (on a consolidated basis)

KRW 65.70 trillion

Total Assets

KRW 6.80 trillion

Equity

KRW 2.24 trillion

Net Operating Income

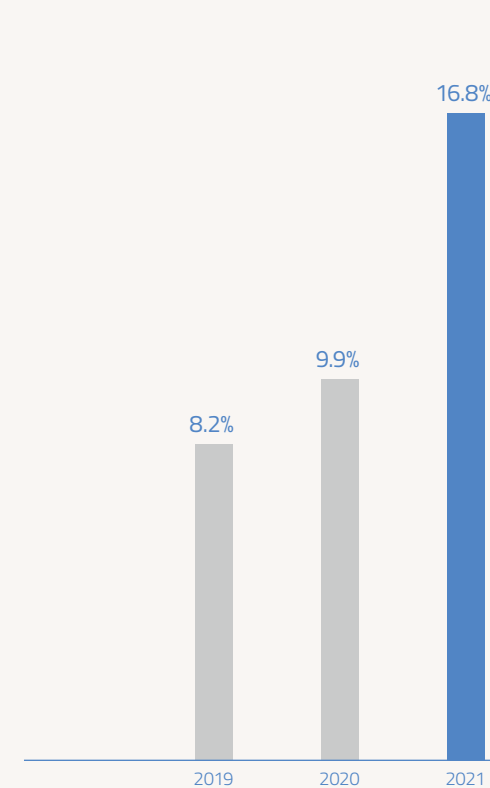
KRW 1.32 trillion

Pre-tax Income

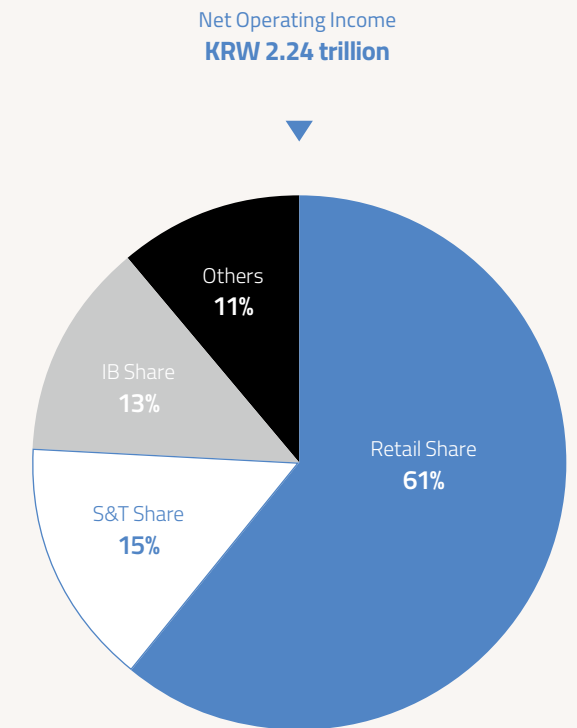
KRW 965.3 billion

Net Income

### ROE (annual Return on Equity)



### Revenue Share by Division (on a consolidated basis)



## Retail Business

The retail business is seeing the rapid transformation marked by the intensification of competition in the digital-based financial service sector and the diversification of clients' needs. In particular, the entry of IT-specialized FinTechs comes with the growing demand for IT system innovation and non-face-to-face consulting service for wealth management.

Against this backdrop, Samsung Securities will sharpen our asset management service competitiveness while putting our focus on the wealth management market for the super-rich class and retirement market that are expected to sustainably rise. On top of that, we will launch digital management services to preoccupy the market for the mass affluent, and attract new digital-based clients, thereby nurturing a future growth engine. And at the same time, fee-based assets will be expanded with the aim to stabilize our revenue structure.

### Business Performance

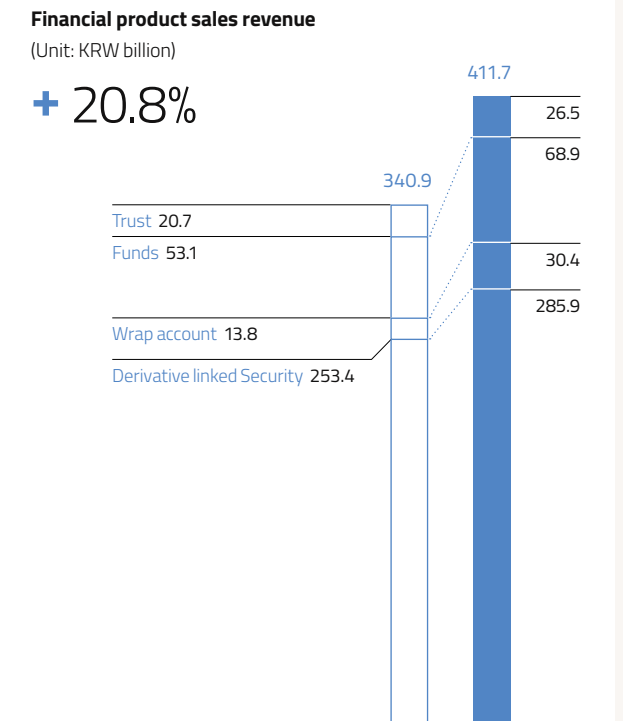
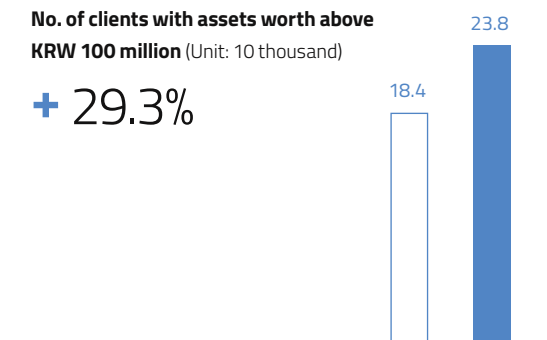
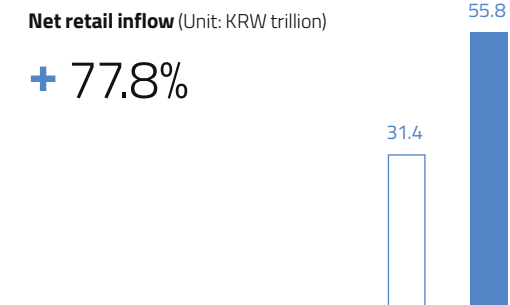
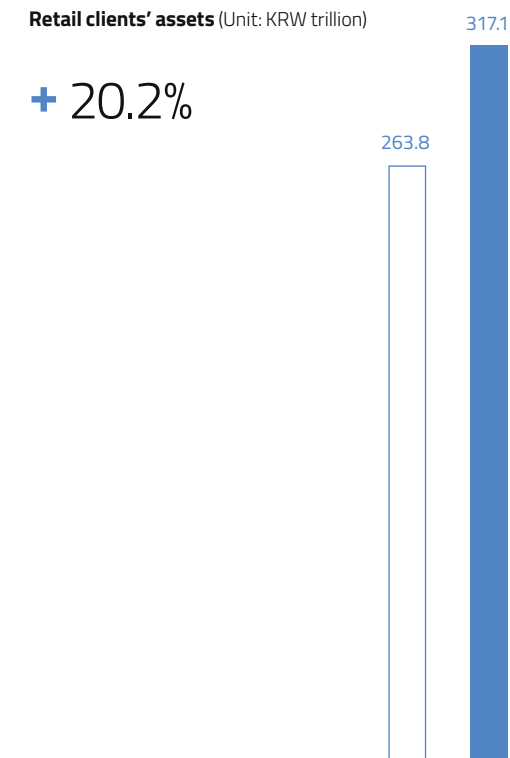
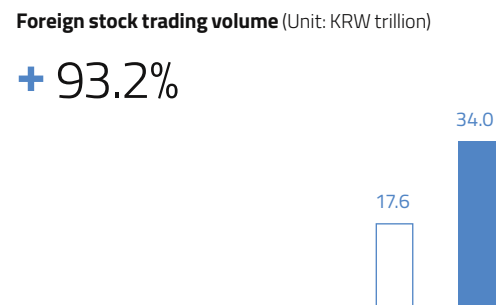
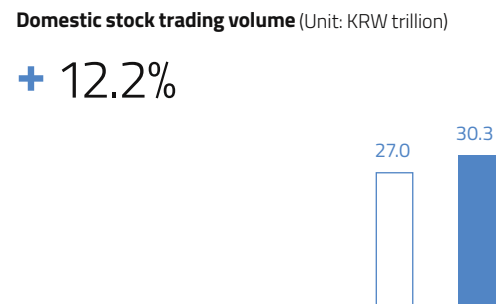
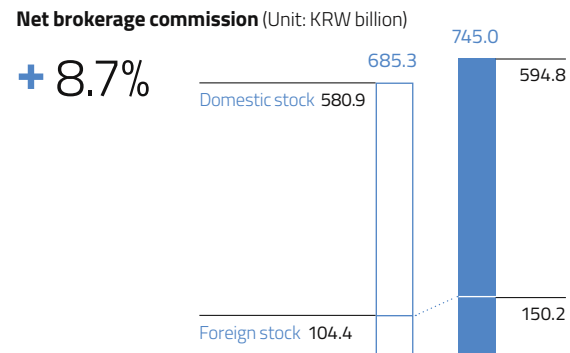
The retail sector saw its net brokerage commission increase by 8.7% on the strength of its reinforced customer base and the boom in trading on overseas stocks. In particular, we recorded KRW 150.2 billion in overseas brokerage commission, a 43.9% increase from the previous year while hitting KRW 18.3 trillion in overseas stock deposit assets, a 67.9% increase from previous year, which gave rise to the increasing share of overseas stocks.

The focus on the super-rich wealth management and retirement markets was the driving force behind the remarkable progress in the retail sector. The clients' assets stood at KRW 317.1 trillion, a 20.2% increase year-over-year, and the net retail inflow hit the record high, delivering KRW 56 trillion, a 77.8% increase year-over-year.

Amid the boom in direct investment, we gained profits generated from the sales of financial products rise. The increasing sales in overall financial products, including wrap accounts, funds, and trusts, enabled us to reach KRW 411.7 billion in sales, a 20.8% increase from the last year. Especially, the revenue from the sales of wrap account has more than doubled compared to the previous year to KRW 30.4 billion (a 120.4% increase), and its balance hit the record high of KRW 5 trillion, a 55.1% increase compared to KRW 3.3 trillion last year. We recorded KRW 285.9 billion in revenue generated from derivative-linked securities mainly due to the increasing gains from the ESL and DLS early redemption.

### Key Achievements in the Retail Business

□ 2020 ■ 2021





## IB Business

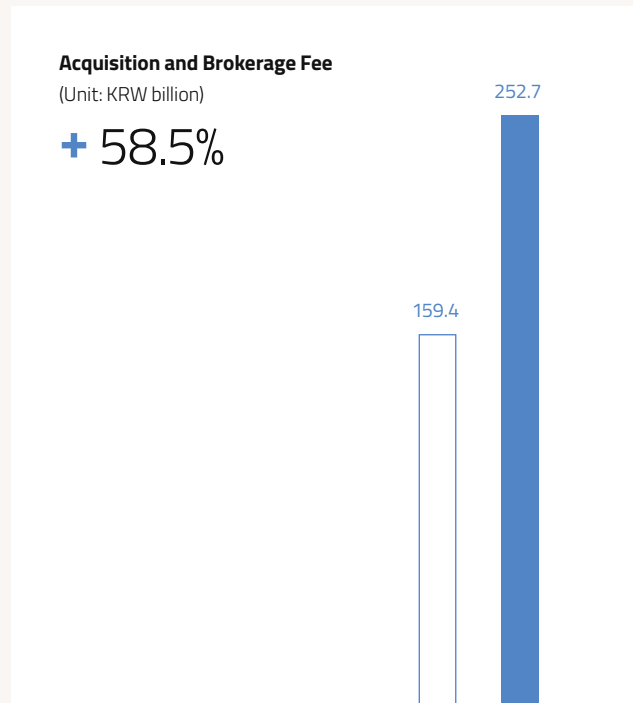
Despite the economic downturn due to interest rate spikes and real estate restriction policies, our IB business has seen growing opportunities for sales expansion along with a new paradigm shift in the industry. The scale of IPOs and rights offerings increased, particularly in the vitalized IPO market, which brought about high competition for IPO subscriptions. The IB performance has been raised as commission income rose while hosting the company listing. The M&A market also showed a stable condition at a similar level to the previous year's transaction due to the increasing demand for financial improvement of companies that can be supported by Samsung Securities' network and abundant market liquidity. In 2022, a large-scale IPO is also scheduled, and business capabilities in the IB sector are expected to be further reinforced in line with the optimistic anticipation for economic recovery.

### ▶ Business Performance

As a result of pushing forward the strategy to strengthen our capabilities in the IB sector, the performance grew significantly, mainly driven by structured finance and ECM. The acquisition and advisory fees increased by 58.5% to KRW 252.7 billion year-on-year. ECM advisory revenue also recorded a strong performance at KRW 38.3 billion (up 192.9% compared to the previous year), which has trebled the previous year's level. DCM and M&A advisory revenues rose 39.5% and 19.5% year-on-year to KRW 9.5 billion and KRW 15.8 billion, respectively. Other revenues such as structured finance showed solid performance, up 49.7% year-on-year to KRW 189.1 billion.

### Key Achievements in the IB Business

□ 2020 ■ 2021



## Sales and Trading Business

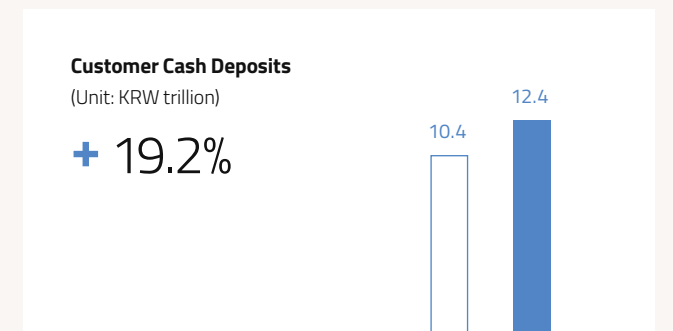
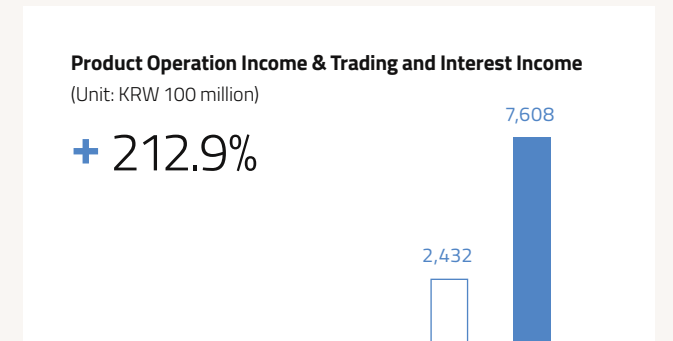
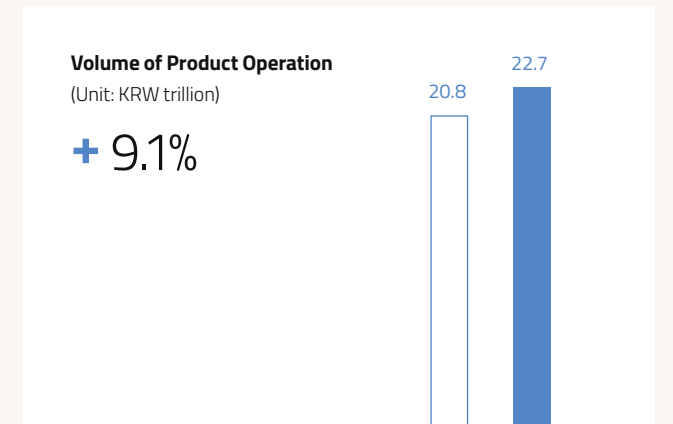
Amid high volatility, such as rising interest rates and inflation in the aftermath of the COVID-19 pandemic, there are both opportunities and risks in the investment market. Against this backdrop, S&T Business garners all our capabilities on sustainably creating profit despite this unfavorable environment. Based on careful risk management, we have responded to market changes and generated stable results while continuously researching and discovering new investment areas and expanding our coverage. In addition, we strive to develop and supply a variety of new products aiming to offer attractive investment opportunities for our customers.

### ▶ Business Performance

The income from product operation and trading and interest recorded KRW 760.8 billion, up 212.9% from the previous year, through normalization of operation based on risk management and improved trading and interest profitability. Our derivatives management sector, which has been sluggish due to rising volatility in the global stock market in the previous year, has normalized. The stock/PI sector showed high performance, recording KRW 130 billion thanks to full-fledged corporate investment and strong performance in strategic investments.

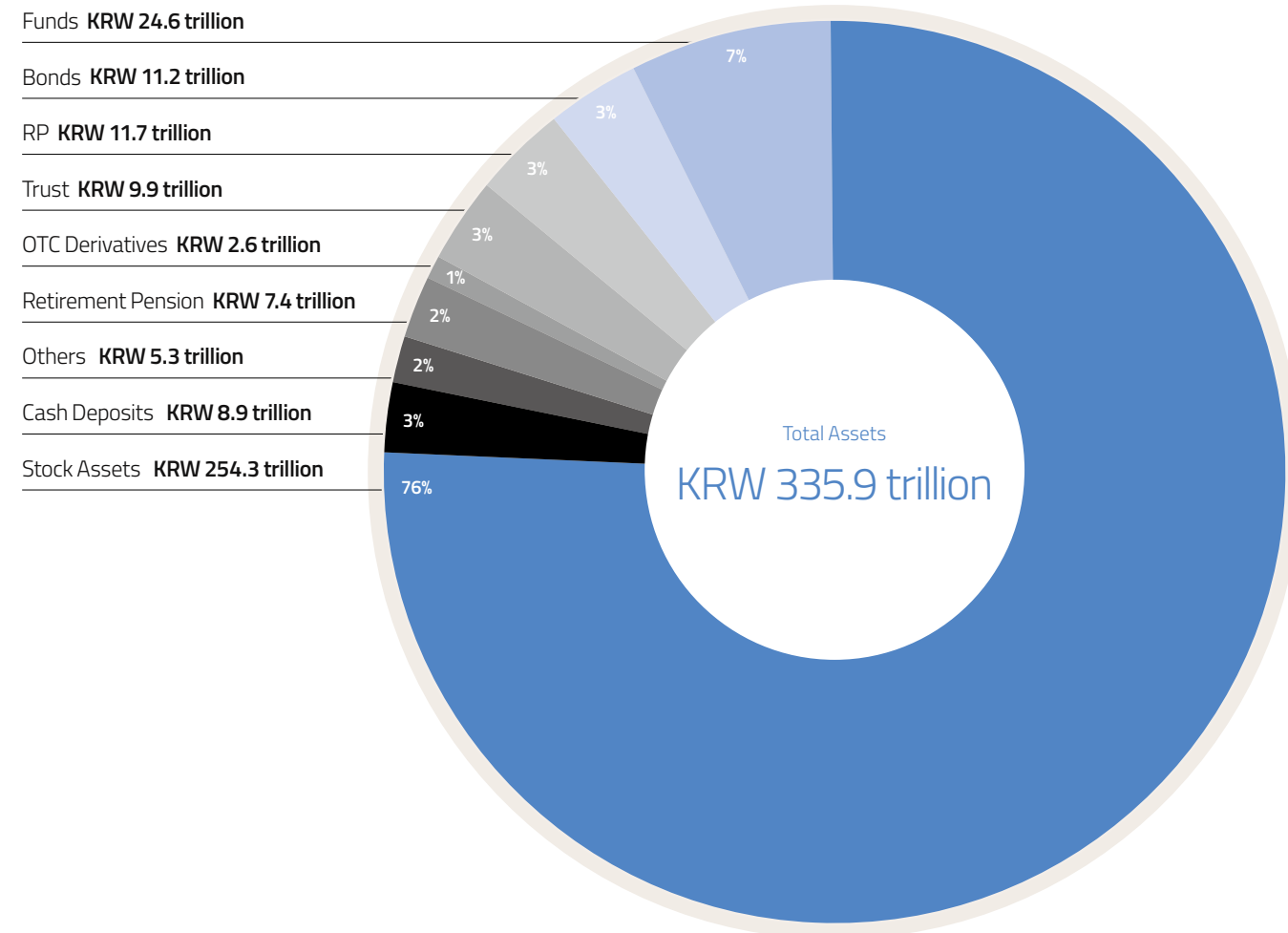
### Key Achievements in the Sales & Trading Business

□ 2020 ■ 2021



# INVESTMENT PORTFOLIO

## Client Assets



## Dividend Payout Ratio / Dividend Per Share

35%

Dividend Payout Ratio

KRW 3,800 Dividend Per Share

## Financial Performance Highlights(Separate)

### Annual Performance

(K-IFRS Separate/Unit: KRW billion)

Financial Information	Dec. 2021	Dec. 2020	Rate of Change
<b>Balance Sheet Summary</b>			
Total Assets	59,642	58,341	+2.2%
Total Liabilities	53,716	53,134	+1.1%
Total Equity	5,926	5,207	+13.8%
<b>Earnings Summary</b>			
Net Operating Income	2,172.5	1,412.7	+53.8%
Brokerage	745.0	685.3	+8.7%
Financial Product Sales	411.7	340.9	+20.8%
Investment Banking Revenue	252.7	159.4	+58.5%
Trading and Interest Income	760.8	243.2	+212.9%
Other	59.6	37.0	+61.0%
Commission Expenses	-57.3	-53.1	-
Operating Expenses	883.9	771.7	+14.5%
Operating Income	1,288.6	641.0	+101.0%
Pretax Income	1,288.3	640.8	+101.1%
Net Income	936.7	473.1	+98.0%

# CORPORATE OVERVIEW

Samsung Securities is a comprehensive financial investment company that provides a wide range of services that encompass channel sales, digital, Sales & Trading, and stockbroking and asset management through the IB business, corporate finance, and wealth management. Going forward, we will vault into the most esteemed financial company underpinned by sustainable growth.

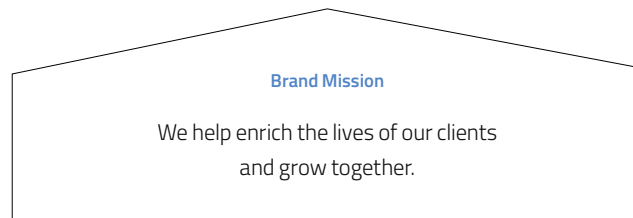
## General Status

Company Profile		(As of Dec. 2021)
Company Name	Samsung Securities Co.,Ltd.	
Address of Headquarters	11, Seocho-daero 74-gil, Seocho-gu, Seoul, Republic of Korea	
Year of Foundation	Oct. 19, 1982	
CEO&President	Seok Hoon Chang	
No. of Employees	2,397	
Equity	KRW 6.0809 trillion	
Market Capitalization	KRW 4 trillion	
Credit Rating	AA+(Korea Credit Rating), AA+(Korea Ratings), Baa2/P-2(Moody's)	
ESG Evaluation	Achieved Grade A in the MSCI ESG evaluation and Grade A in the KCGS ESG Evaluation	

## Management Ideology

Our brand mission refers to customer-oriented management, which serves as the foundation for happy management activities growing with all our stakeholders, including clients, employees, and shareholders. It reflected our will to contribute to our client's 'better life' and 'grow together' in addition to providing good products or profitability. Through our five core values and seven principles, we aim to internalize and spread our brand value.

### Our Mission and Core Value



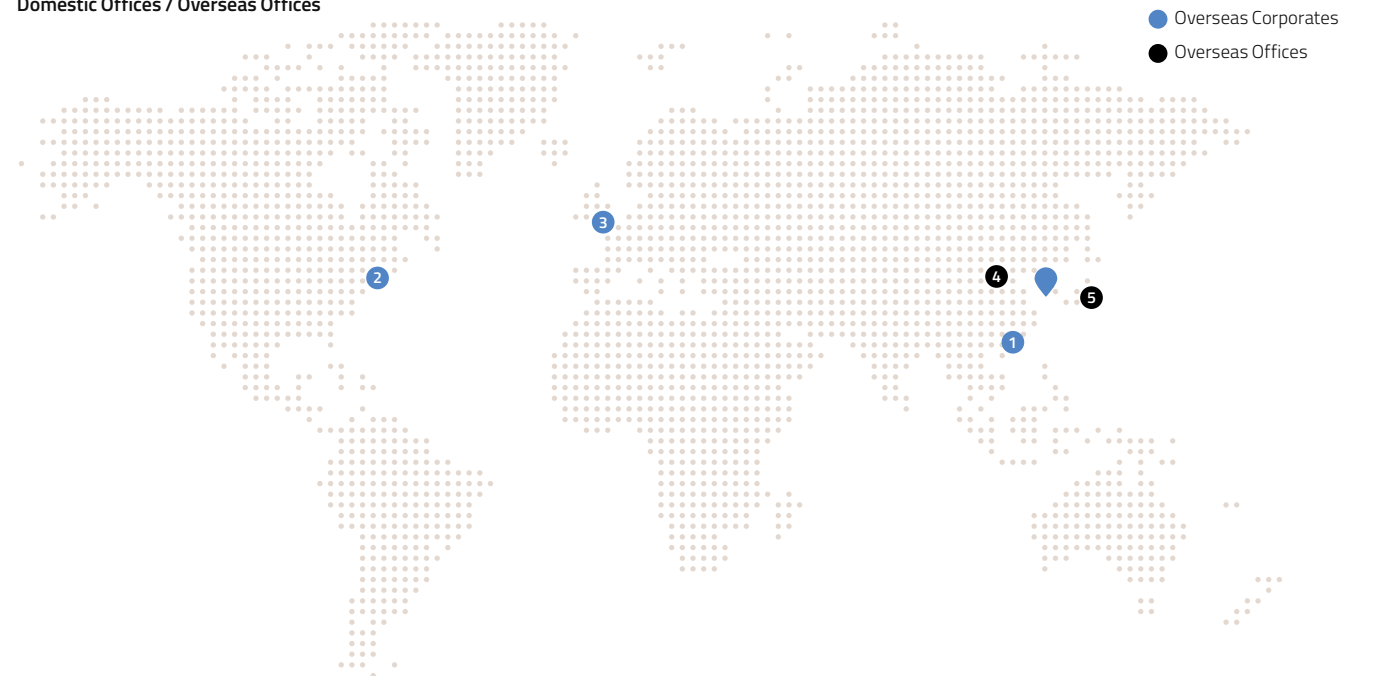
### 7 PRINCIPLES

- We value substance over form.
- We make changes from small things.
- We ask ourselves and think about how to become better.
- We strive to do our job right.
- We communicate horizontally and respect each other.
- We find how we can make it instead of why we cannot.
- We do not do anything that brings shame on our family.

# BUSINESS NETWORK

Samsung Securities operates 43\* domestic offices and 5 offices overseas, including Hong Kong, New York, and London, providing prompt investment opportunities in the global market. Going forward, we will swiftly respond to the rapidly changing global financial environment based on an organic network between headquarters and overseas offices, exploring new opportunities and creating values in the areas such as stock brokerage and IB sales.

### Domestic Offices / Overseas Offices



Domestic Offices	1 Hong Kong	2 New York	3 London	4 Beijing	5 Tokyo
43 offices* in total (including 5 finance center): Seoul (18), Gyeonggi (7), Busan (2) Incheon (2), Daegu (2), Cheongju (1), Cheonan Asan (1), Jeju (1), Jeonju (1), Suncheon (1), Ulsan (1), Daejeon (1), Gwangju (1), Pohang (1), Gumi (1), Changwon (1), Wonju (1)	<b>Establishment Date</b> Sep. 04, 2000 <b>Address</b> Suite 4511 Two international Finance, Centre, 8 Finance Street, Central, Hong Kong <b>Business</b> Equity brokerage, Fixed Income Sales & Trading	<b>Establishment Date</b> Oct. 01, 1998 <b>Address</b> 1330 Avenue of the Americas, 10 <sup>th</sup> floor New York, NY 10019 <b>Business</b> Equity brokerage	<b>Establishment Date</b> Jul. 01, 1996 <b>Address</b> 1 <sup>st</sup> Floor, 30 Gresham Street, London EC2V 7PG U.K <b>Business</b> Equity brokerage	<b>Establishment Date</b> Nov. 18, 2013 <b>Address</b> Rm.2101-4, Samsung Tower, Building 1, 31 Jinghui Street, Chao Yang District, Beijing, China <b>Business</b> Researching Chinese financial / Securities markets and system, Supporting Chinese-related business and business contact	<b>Establishment Date</b> Jan. 05, 2015 <b>Address</b> 102-0071 Iidabashi Grand Bloom 2-10-2, Fujimi, Chiyoda-ku, Tokyo, Japan <b>Business</b> Researching Japanese financial / Securities markets and system, Supporting Japanese-related business and business contact

\*1 branch exlculed

Samsung Securities' new **vision & strategy** is 'Beyond the Best – the Most Esteemed Financial Company.' It boils down to growing with communities by putting into green / responsible / transparent management on the basis of reinforced ESG management. In the years to come, we will proactively respond the rapidly changing market and move towards a better future value.

22

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NEW VISION

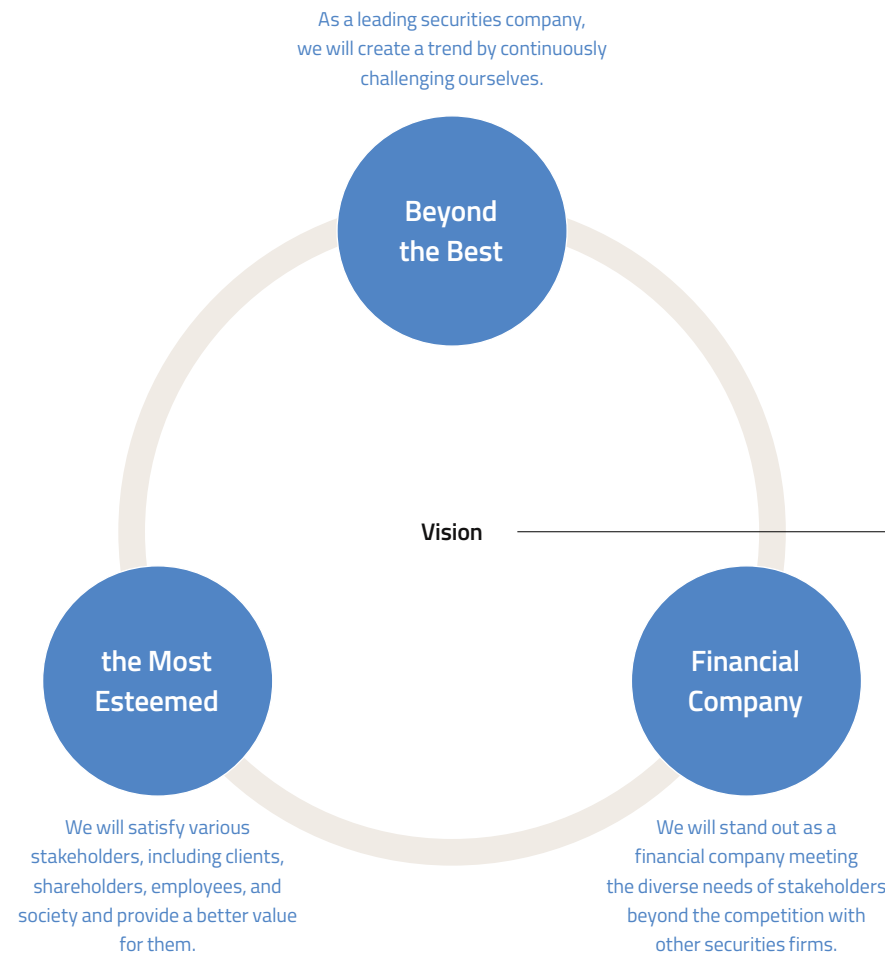
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SUSTAINABLE MANAGEMENT  
STRATEGY

# NEW VISION

## Beyond the Best the Most Esteemed Financial Company



### Establishment of New Vision and Directions

Despite changes in the market landscape and unstable stock markets in and outside Korea, Samsung Securities has established a new vision to solidify our stature as a leading company and build a platform for qualitative change and leap forward. Through the new vision, 'Beyond the Best - the Most Esteemed Financial Company,' we will preemptively respond to the market paradigm shifts, build consensus with our stakeholders, and secure momentum for change.

### Together With Our Stakeholders

As 'Beyond the Best - the Most Esteemed Financial Company,' Samsung Securities will always strive to clearly understand the demands of various stakeholders, including clients, shareholders, employees, and society to meet their expectations. Through unparalleled solutions and proactive responses, balanced growth and stable profit base, and a responsible attitude as a financial company, we will continue to unlock better future values together with various stakeholders.

- **Ultimate Solution Provider**
  - Starting from clients' fundamental needs to faithfully satisfy clients
  - Being equipped with expertise, such as differentiated solutions or stable deals, required to meet clients' needs
- **Leading Innovator**
  - Actively and promptly responding to changes in the business environment and seizing new opportunities
  - Propelling new businesses, changing the way of running the existing businesses, and leading digital transformation in the industry
- **Resilient Navigator**
  - Creating a solid profit base across all sectors
  - Differentiating the business model by expanding additional investment in the sales of headquarters and linking with our strong retail business sector
- **Responsible Pioneer**
  - Building a challenging organizational culture
  - Faithfully fulfilling the corporate social responsibility

**Client** trust convenience return on investment

We will play the role of the financial partner, providing a convenient and systematic management service as a trustworthy group of financial experts for trade.

**Shareholder** dividend income capital gains

We will raise the corporate value and expand the shareholder return policy through dividends. We will achieve sustainable performance based on a clear capital policy and balanced growth.

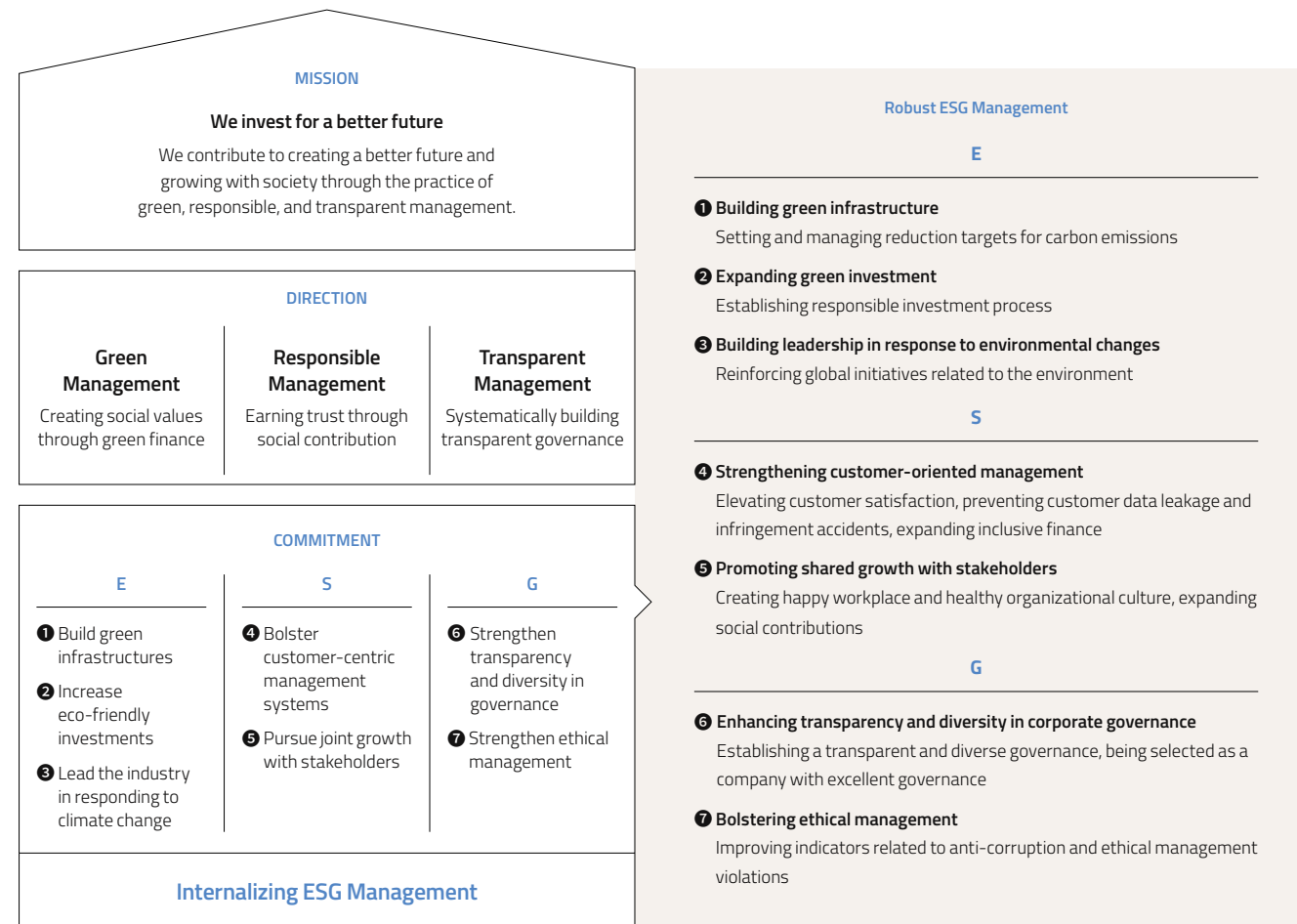
**Employee** personal growth appropriate rewards innovation and challenge communication and collaboration pride

As a company that our employees can be proud of, we will jointly grow with them based on respect, communication, and interaction. We will present proper rewards to them, supporting to make a happy workplace.

**Society** social responsibility continued ESG-centered management

We will comply with laws and protect consumers while upholding the value of ESG. Along with that, we will become a financial company contributing to the facilitation of the capital market and the advancement of the financial industry.

# SUSTAINABLE MANAGEMENT STRATEGY



## ESG Mission and Direction

With the objective of incorporating ESG into our management, we set companywide ESG strategies in 2021. In the direction of green, responsible, and transparent management, we will contribute to a better future by establishing a system to implement detailed tasks to achieve specific goals. We will create social value through green finance, fulfilling our social responsibilities as a trustworthy financial company with transparent governance in which we promote mutual growth with society.

### Robust ESG Management

#### E

- 1 Building green infrastructure**  
Setting and managing reduction targets for carbon emissions
- 2 Expanding green investment**  
Establishing responsible investment process
- 3 Building leadership in response to environmental changes**  
Reinforcing global initiatives related to the environment

#### S

- 4 Strengthening customer-oriented management**  
Elevating customer satisfaction, preventing customer data leakage and infringement accidents, expanding inclusive finance
- 5 Promoting shared growth with stakeholders**  
Creating happy workplace and healthy organizational culture, expanding social contributions

#### G

- 6 Enhancing transparency and diversity in corporate governance**  
Establishing a transparent and diverse governance, being selected as a company with excellent governance
- 7 Bolstering ethical management**  
Improving indicators related to anti-corruption and ethical management violations

## Key ESG Index

Key ESG Index	Unit	2019	2020	2021
<b>E</b>				
ISO 14001	Certification	-	✓	✓
Total GHG emissions (Scope 1, 2)*	tCO <sub>2</sub> eq	1,278	1,288	1,427
Energy usage*	MWh	4,591	4,545	4,785
Water usage*	m <sup>3</sup>	20,938	19,909	19,573
Amount of ESG products and services	KRW 100 million	680	688	1,699
Financed emissions	10,000tCO <sub>2</sub> eq	-	-	227.71
TCFD	Disclosure	-	✓	✓
CDP_Climate Change	Response	-	✓	✓
<b>S</b>				
Customer satisfaction	Points	77	78	79
Hours of data security education	Hours	28,730	29,884	29,490
No. of complaints on personal data breach	Cases	10	10	14
Human rights impact assessment	Conduct	-	✓	✓
Human rights education	Persons	2,501	2,584	2,698
Hours of education per employee	Hours	179.8	121.8	128.4
Satisfaction level of employees	Points	73.5	76.1	76.2
Ratio of female executives	Persons (%)	2(7.7)	3(11.5)	4(15.4)
Retention rate after parental leave	%	91.5	92.1	86.5
Total amount for social contribution	KRW 100 million	34.2	33.6	33.2
Hours of volunteering per employee	Hours	4.5	2.5	3.3
<b>G</b>				
Ratio of non-executive directors	%	60.0	57.1	66.7
Ratio of female directors	%	0	0	0**
Ratio of directors with the industry career background	%	100	100	100
Hours of ethics education per employee	Hours	1.1	2.3	3.1
No. of corruption or bribe cases	Cases	0	0	0
<b>ESG Management Internalization</b>				
ESG risk management	Conduct	✓ (partial)	✓	✓

\* Reporting scope: The Headquarters and all business vehicles

\*\* As of March 2022, the ratio of female directors has been raised to 14%. Samsung Securities will continue to enhance diversity in governance.



Our **future focus** will be on the entrance into new businesses one step ahead of others and the provision of new products and services. We will never relent in our challenge to become a leading company that shapes and drives the digital trend in the financial industry. Going forward, we will be committed to protecting consumers and put ESG at our heart, thereby contributing to the advanced financial industry.

28

INDUSTRY TRENDS

30



DIGITALIZATION

36



CONSUMER PROTECTION

44



GREEN MANAGEMENT

48



SUSTAINABLE INVESTMENT

52

OUR GOAL & FUTURE

# INDUSTRY TRENDS

In the face of the fast-evolving environment marked by economic uncertainty, global supply chain crisis and the advent of FinTech, we aim to maintain our No.1 position while playing a leading role in the paradigm transformations with innovative movements. Our innovative financial services will cover from the emerging wealthy to the generation MZ, spearheading the market with the Korea's first services such as day trading on U.S. stocks. We will put our customers first and pay close attention to the voices of clients, embedding ESG management into every corner of our management to take the initiative in sustainable financial industry.



## DIGITALIZATION



As the COVID-19 is accelerating the digitalization of the securities industry, non-face-to-face investment consultations and mobile transactions are becoming common, and the digital-friendly MZ generation is coming to the fore as a core customer while the policies that promote digital innovation in the financial industry have brought about platform-based Big Tech's entry into the financial investment industry. Against this backdrop, we will move forward with renewed strategies and services which will enable us to make prompt response to the mutating needs of customers and the market environment, thereby leaping forward as a leader in digital finance.



## CONSUMER PROTECTION



The fast-evolving financial environment has spurred the complexity of financial products. The final investment decision rests with financial consumers, but it is a financial company's responsibility to explain and prevent possible risks or damages stemming from investment. We are sparing no efforts to reduce customer damage owing to incomplete sales, and develop the system to provide remedy for the violation of rights with reinforced safety management and a higher security level to protect personal information. Our business process will be consolidated in a direction where our clients' opinion is cherished and complaints are addressed in a proactive manner.



## GREEN MANAGEMENT



In a circumstance where climate crisis is posing a threat to human life and carbon neutrality has emerged as a global topic, global companies are also taking steps to fulfill their responsibilities in line with the Paris Agreement on Climate Change that made it mandatory to mitigate GHG emissions. The financial industry all around the world is not an exception, expediting ESG related investment. As a financial company, we will come up with solutions to combat climate change through the investment portfolio with all-out efforts to realize it.



## SUSTAINABLE INVESTMENT



In 2020, BlackRock, the world's largest asset management company, made an announcement that it would take ESG factors as one of the standards based on which investment decisions will be made. And this decision makes ESG investment a necessity, not an option. Actually, we are seeing ESG-related investment on the rise globally. The Global Sustainable Investment Association (GSIA) forecasts that the scale of the global ESG investment assets will reach \$130 trillion by 2030 from \$35 trillion in 2020. Catching up with such global financial trends, we will play a leading role in the domestic ESG investment, fulfilling our corporate social responsibility. Looking forward, we will continue to develop direct and indirect financial products through which investment returns are generated taking advantage of this ESG trend.



- 01. DIGITALIZATION
- 02. CONSUMER PROTECTION
- 03. GREEN MANAGEMENT
- 04. SUSTAINABLE INVESTMENT



# DIGITALIZATION

Keeping pace with the evolving digital financial environment, Samsung Securities revamped itself to system-based infrastructure in constant pursuit of digital innovation. In 2021, Digital Wealth Management Department which provides non-face-to-face wealth management consulting service has reinforced its human resources. And we have reformed each department tailored to the characteristics and needs of each class: super-rich class, the wealthy class and general customers.

'Big Data Analysis Platform' was built to enhance analysis and utilization of customer data, while the marketing and content offering system was reorganized to provide personalized and customized information. Previous human-driven simple tasks were replaced with an automated process equipped with new digital technologies such as AI (artificial intelligence), cloud, RPA (Robotic Process Automation), and Chatbots. The upgrade has brought about the efficiency in sales and work.

Navigating through cut-throat competition, Samsung Securities, as a leader in the financial platform industry, will provide unparalleled services, products and content for the purpose of offering new investment experience to our customers.

## 01-1 Sharpening Competitiveness in Asset Management

### Customized Counseling Service through Digital Channels

Samsung Securities has boosted our digital asset management capabilities to provide non-face-to-face counseling services through digital channels where customers effortlessly find customized information. Various age-specific asset management services are available on the channel, resulting in keen competitiveness in our asset management services.

### Non-face-to-face One Stop Consulting Service

Launched in 2020, the Digital Wealth Management Department has provided digital preferred customers with easy and convenient one-stop asset management consulting service ranging from investment counseling to Q&A. We are operating the 'One-Call, One-Stop' service that ensures quick-connection to telephone consultation along with the provision of chat and video consultations (only available for customers with large amount of transaction) on top of consultation reservation services.

On the non-face-to-face channels, we help clients in making informed decisions on investment by providing the lineup of diverse products, such as domestic and foreign stocks, funds, ELS, bonds and Wrap, to give clients an option to choose according to their investment propensity and investment purpose. And we also offer them quality data including research reports, investment strategies, and promising stocks and product analysis. Professional investment services are available as well with the timely 'webinars' which provides specialized information tailored to customers' needs through non-face-to-face channels.

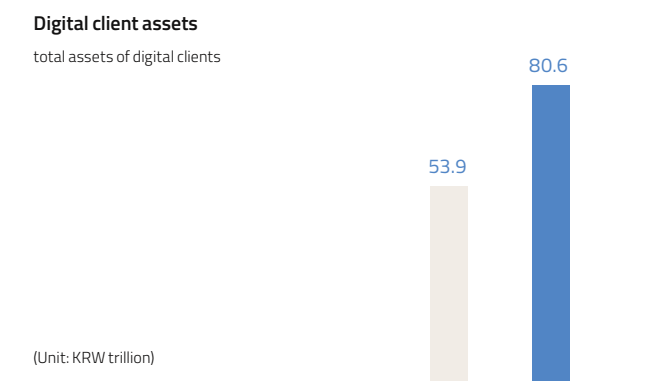
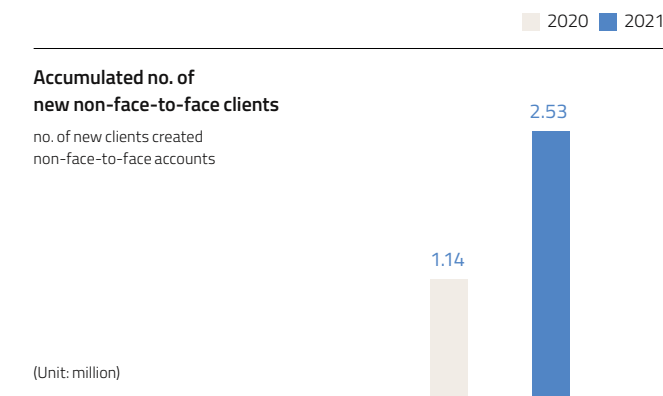
### From Mass Affluent to Generation MZ:

#### Expanding Our Service to Meet Their Characteristics and Needs

Digital Wealth Management Department in charge of non-face-to-face wealth management consulting service has reinforced its manpower and reformed its divisions tailored to the characteristics and needs of our clients that range from super-rich class to the wealthy class to general customers, thereby strengthening presence of Digital WM sector.

Since individual investors are growing in influence in the market, we will broaden our sales focus, which was on high net worth individuals, to also cover the 'Mass Affluent.' Especially, we are going to actively reach out to generation MZ through the digital asset management service.

Living up to our reputation as a master of wealth management, we will continue to serve as an exceptional digital asset management platform, taking initiative in digital financial service by further expanding our customer base.





01-2 Differentiated Personalization Services

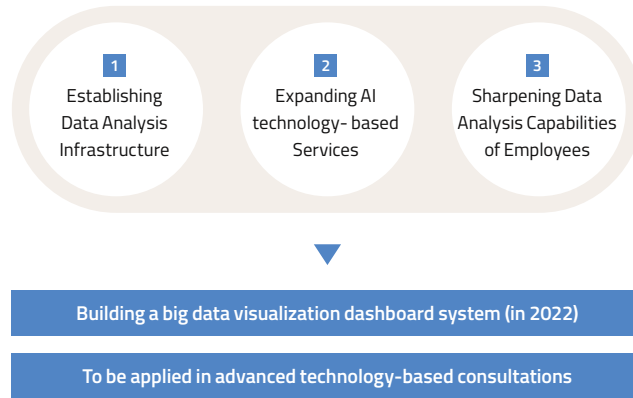
Data Analysis Advancement

Samsung Securities has been making efforts to build an infrastructure for big data collection and analysis since 2020. Starting from 2021, concrete progress has been made.

As a helpful measure to deal with the growing demand for non-face-to-face consultations, we started monitoring the complete sales of financial products utilizing virtual counselor based on AI technology. The technology has also contributed to a higher level of customer convenience by filtering advertisements in real-time from investment-related news and developing customized services that recommend financial products based on the analysis of data on customer transaction and behaviors.

We have established an external VOC (Voice of Customer) monitoring system to collect and analyze various voices of customers online. In the system, text analysis reads customers' sentiment and extracts keywords, which allows us to detect and respond to customers' complaints in advance and identify insight for better services and work process.

With an aim of enhancing data analysis capabilities of employees, we have furnished company-wide training on Python and big data analysis infrastructure. In 2022, we are building a big data visualization dashboard system to facilitate in-depth analysis and internal sharing of big data while expanding areas where we take advantage of AI technology to various consulting and notification tasks.



1 Establishing Data Analysis Infrastructure

- Organizations / experts specializing in analysis.
- Advanced big data analysis system.
- Management system for data quality / governance.
- Collecting / accumulating structured and unstructured data from diverse sources.

2 Expanding AI technology-based Services

- AI – based monitoring service.
- Advertisement filtering service.
- Developing customized services that recommend financial products optimized to client transaction and behaviors.
- Establishing an external VOC monitoring system.

3 Sharpening Data Analysis Capabilities of Employees

- Company-wide training on Python and big data analysis infrastructure.



01-3 Enhancing Accessible Digital Channel

Greater Convenience with Digital Channels Such as mPOP / O2 Apps

A growing number of clients are making their first financial investment as non-face to face environment has been common due to the COVID-19. Samsung Securities is expanding and reorganizing its digital channels to provide barrierless services to customers in their 20s and 30s who has constituted a new major client base.

Following the launch of O2, the application for digital asset management service in 2021, we have continuously upgraded our existing digital channels, including mPOP, HTS, and POP.com, on the basis of the user experience principle, raising the convenience of our customers. Our YouTube channel with 1.08 million subscribers provides investment information and educational content in an easy and interesting way, winning a good response. Going forward, we will provide customized investment data in various forms, thereby giving clients more access to channels and boosting communications with them.

Launch of 'Gooling', Customized Portfolio Service

Our advanced data analysis system enables the hyper-personalized digital services among which we unveiled our digital portfolio service, 'Gooling.' Gooling provides the most optimized investment proposal for each individual, leveraging Robo Algorithm that analyzes the past transaction patterns built on data in regard of investment goal, period, expected return and amount that an investor entered. As a kind of 'Financial Asset Curation Service', customers can enjoy the service equivalent to PB asset management which is one-on-one customized service in consideration of investors' propensity and environment. Given its main target, the 2040 generation, we have added visually fun elements and designed this service to provide users a sense of accomplishment in terms of investment.



Scan the QR code, you can experience Today's Investment (O2), the digital wealth management service app.



Scan the QR code, you can experience Samsung Securities mobile app mPOP. You can check Gulling service on mPOP.

01-3 Enhancing Accessible Digital Channel

**Introducing AI- based 'Virtual Analyst'**

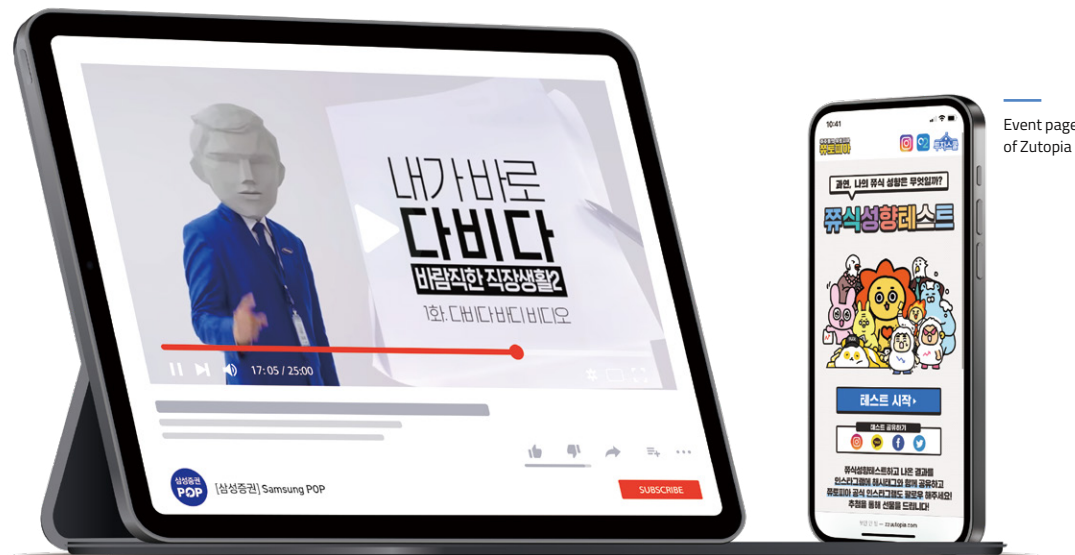
We are producing broadcasting content by developing 'Virtual Analyst,' taking advantage of AI. Virtual Analyst delivers investment information by learning the appearance and voice of a real analyst with AI technology. When you enter a report published by Samsung Securities, investment information is delivered as if a real analyst was broadcasting.

The Korea's first virtual analysts has brought intensified efficiency to the research and timely investment information delivery in a more interesting way, contributing to the creation of a more friendly image of Samsung Securities taking a lead in digital innovation.

**Character Marketing for Generation MZ\_ 'Davida' & 'Zutopia'**

Character marketing aims to get closer to the generation MZ encompassing beginners and college students who are new to investment. 'Davida' is a brand character of Samsung Securities, a lifelong investment partner who relates to those who just started their career through web drama.

'Zutopia,' which features cute animal characters, is posting investment and economics themes with daily life- related content on Instagram such as part-time jobs and cherry blossom viewing, thereby taking a step closer to the generation Z composed mainly of college students. We expect that 'Davida' and 'Zutopia' to transform our brand image into not heavy and rigid but more youthful and lively so that we can become closer with our clients.



Samsung POP YouTube channel 'I am Davida'

Event page of Zutopia

01-4 Expanding Digital Ecosystem

**Open Collaboration:**

**Discovery of Promising Startups to Promote Cooperation**

We are actively looking for promising external FinTechs and startups to work with them in the hope of expanding digital finance ecosystem. Since 2020, we have jointly hosted the Open Collaboration event with Samsung financial affiliates every year and in the 2<sup>nd</sup> event in 2021, we select startups equipped with capabilities in digital services, solution, and content to push the collaboration forward.

In 2022 we overhauled and ameliorated the internal system and program for cooperation with startups to launch our own recruitment and discovery program, 'Samsung Securities Startup Rallyup'. Looking forward, we will undertake various cooperative projects in 1) new business / services utilizing digital technology and data 2) customized investment information and marketing 3) solutions to improve convenience in investment / transaction. The website for mobile and PC was prepared on which we can support and communicate with startups along with diverse support (forum, 1:1 mentoring, etc.), with the aim of more interaction with startups.

Beside our own capabilities in the digital business, Samsung Securities in the vanguard of digital financial business will expand our business area by means of the mutual growth with external financial ecosystem.

**Online Shareholders' Meeting**

'Online Shareholders' Meeting' enables shareholders to conveniently exercise their voting rights online that had to be sent by mail or visit the place. The COVID-19 has triggered the explosive increase in the number of individual investors, which, in turn, has led to the rise in investors who want to actively participate in corporate decision-making. As more companies are adopting electronic voting system due to the difficulties of face-to-face contact, the 'Online Shareholders' Meeting' has been emerged as a new trend which will serve as a bridge between corporations and minority shareholders.

**Digital Financial Platform, 'monimo'**

Amid the strengthening presence of tech-based financial platforms, we launched an integrated financial app 'monimo' in 2022 in cooperation with Samsung Financial affiliates. With one account, users can access to the main services of four companies, Samsung Securities, Samsung Card, Samsung Life Insurance and SFMI on top of our unique products and services with various content. In an era when platform competitiveness constitutes financial competitiveness, we will redouble our efforts to provide unparalleled services, create a synergy with Samsung financial affiliates.



Scan the QR code, you can experience integrated financial app of Samsung, 'monimo'.



2<sup>nd</sup> Open Collaboration Samsung Securities' Collaboration with Startups



COMTRUE Technology  
Providing AI OCR, face and object recognition solutions



Money Station  
Providing social investment platform and AI investment analysis engine



Billionaires  
Securities companies-linked asset portfolio service





# CONSUMER PROTECTION

Since 2019 Samsung Securities has appointed a Chief Consumer Officer (CCO) under direct control of the CEO to integrate the company-wide consumer protection system and control the Consumer Protection Center.

In preparation for possible consumer-related issues, we are building a robust financial consumer protection system by obliging the pre-consultation process with the Consumer Protection Center at all stages from product development to sales to follow-up management. We aim to eradicate incomplete sales, prevent consumer damages, and safeguard client rights and interests by providing prompt remedies for consumer damages with the department exclusively dealt with related tasks.

Samsung Securities will make a commitment to realize client-centered management by clearly understanding and analyzing the voices of clients collected from various channels.

## 02-1 Protecting Financial Consumer Rights

### Development-Sales-Follow-up Process Organization

When it comes to financial consumer rights protection, prevention comes first. We are operating the system to prevent consumer from sustaining damage in the entire process of product development, product sales, and follow-up management.

When designing products, we inspect products from various perspectives to check if there is any possibility of harm our consumers and monitor satisfaction of customers once a half year to actively reflect customer feedback from the stage of product development. Department in charge of product design inspects major issues such as product instructions through the comprehensive consumer protection system which is followed by reviews of the Consumer Protection Center.

Tightened internal standards were applied to prevent incomplete sales by educating employees to comply with the sales procedure based on the six sales principles. We have enacted business regulations that employees should abide by in sales of high-level financial products, while internal regulations have been revised regarding investment recommendation and business ethics in accordance with the Financial Consumer Protection Act. Mystery shopping has been conducted more than once a year targeting all employees. For customers subject to the deliberation system are instructed by an employee who fully handle related tasks.

In response to digitalization, follow-up management has been advanced by introducing Happy Call through which mobile survey is conducted. If the survey results fall short of the criteria, we are sending a 'Request Form to Verify Incomplete Sales' to the seller to confirm complete sales, while the proportion of Happy Call has increased in KPIs for the branches. We have established the internal control system where the Consumer Protection Council inspects all processes followed by improvement activities according to the inspection results, which has been reported to the Internal Control Committee on a regular basis.

### Development-Sales-Follow-up Process to Protect Financial Consumer Rights





## 02-1 Protecting Financial Consumer Rights

### Mystery Shopping for Customer Protection

Samsung Securities conducts quarterly mystery shopping while all branches of PB are evaluated through the investigation at least once a year of which results are being harnessed in improving client service and protecting investors. Each branch appoints a mystery shopping leader to prepare its own training system. Customized consulting is provided for branches and employees with poor performance, and increased rewards are given to excellent branches and employees on quarterly and yearly basis aiming to horn our capabilities in product consultation and sales service. Thanks to those commitment, Samsung Securities has received an Excellent grade in the 'Evaluation of Mystery Shopping for Fund Sales in 2021' by Financial Supervisory Services. (Only 2 out of 29 companies were received Excellent grade).

## Four Times a Year

Conducting Quarterly Mystery Shopping

## Excellent

In '2021 Evaluation of Mystery Shopping for Fund Sales' by Financial Supervisory Services

## Good

2021 Consumer Protection Evaluation by Financial Supervisory Services

### Consumer Protection in Response to Digitalization

Samsung Securities is making endeavor to promote financial consumer rights and interests in response to the digitalization. A checklist was introduced to prevent employees from omitting product explanation and to allow customers to check overall progress. As digitalization of financial business such as creating non-face-to-face accounts and open banking might cause a growing damage by financial fraud, we are committed to the prevention of damage caused by financial fraud through continuously upgrading the Fraud Detection System (FDS) and performing transaction monitoring while handling new financial scam with security solutions and prevention measures.

### Achieving 'Good' Grade in Consumer Protection Evaluation

In 2021, we have acquired 'Good' rating on consumer protection evaluated by Financial Supervisory Services.

Stricter criteria resulted in no institution acquiring 'Excellent' grade and only three institutions including Samsung Securities achieved 'Good' grade among 26 financial institutions. Except one 'Fair' grade in 'Prevention of Civil Complaint' area on account of computer disorders caused by the growing number of participants flocked to the revitalized stock market, we garnered 'Good' grade in six categories with improvement measures being taken.



## 02-2 Customer-oriented Business Process

### Turning VOC into Management Resources

We are firmly determined to operate customer-oriented management, putting customer first at all stages of business process. We are keeping an eye on issues regarding financial consumer protection in a constant manner, solidifying internal consultation to render VOC to our management resources.

With our fortified commitment, the Consumer Protection Council is holding a monthly meeting which has been held once in a quarter and of which results are reported to the CEO, high-ranking executives and the BOD. We hope to embrace VOC in our management by expanding the boundaries of VOC tasks which used to focus on addressing complaints of individual clients to identifying needs of customers and subsequent business improvement.

To this end, we are having VOC day when the head of each division, executives and team leaders are gathered on top of quarterly VOC Council meeting presided by the CEO. Agendas derived from the VOC analysis are registered as tasks to undertake and carefully managed at all stages encompassing system and work process until the improvement is confirmed. We have prepared the system on which we realize our customer protection by increasing the proportion of customer protection in the employee performance compensation system. We are also giving more weight to consumer protection in KPIs for better assessment, refining standards of reimbursement for unhealthy sales practices and incomplete sales.

### Commitment to Turn VOC into Management Resources

#### 1 Continuous Attention and Action of the Management

- Monthly report of the Consumer Protection Council to the CEO and the BOD.
- Quarterly VOC Council meeting presided by the CEO

#### 2 Shifting the focus of VOC tasks from answering / handling the complaint to identifying customers' needs / subsequent process improvement.

- Monthly VOC day when the head of each division and team leaders are gathered to have a discussion.
- Constant monitoring on improvement tasks derived from the VOC analysis.

## 02-2 Customer-oriented Business Process

### Management of Client Proposals through Consumer Protection System

Samsung Securities has launched a new comprehensive consumer protection system to systematically manage client voices and actively reflect them into business activities. For efficient management, the system was developed to integrate tasks related to client protection, such as civil complaints, VOC/VOE, and prior consultation before product development and sales, into one system.

Comprehensive consumer protection system is playing a pivotal role in changing over the focus of VOC tasks from grievance handling to customer needs identification, tasks production and subsequent process improvement. The system scrutinizes all activities of the company that might have impact on clients including a launch of products, advertising, events and marketing activities to register improvement tasks after reviewing and analyzing civil complaints and VOC. Work efficiency has been increased as the system allows the department in charge of and related departments to discuss, improve, and manage the assignments.

### Diversifying Channels to Listen to Customers' Opinion

We listen to and analyze opinions of clients through diverse channels to actively reflect the analysis results in our product development and service improvement.

Opinion Panel for Client-centric Management System intends to understand the opinions of employees who meet the clients every day on the client contact point. Since its introduction in 2019 we operated its third session and we had in-depth discussions to fully apply the Financial Consumer Law on business sites and minimize customer inconvenience in 2021.

We pursue, observe and analyze clients' opinions through grand-scale survey on a regular basis. We grasp client's satisfaction and dissatisfaction by surveying all clients on the Net Promoter Score every quarter.

We conduct the monitoring of satisfaction about newly launched products every half year and reflect the monitoring results to product development in the future. Those efforts have led us to rank 1<sup>st</sup> in terms of client's satisfaction survey conducted by 3 different external bodies, NCSI, KCSI and KS-SQI as well as in the consumer protection index KCPI.

We are paying close attention to even trivial inconvenience of clients through internal and external VOC systems. Problems can be received through our website where division responsible for dealing with VOCs is addressing the issue in a prompt and professional manner. From the end of 2021, we have introduced a system to detect external complaints found in portals and blogs which enabled us to preemptively handle external complaints with our advanced infrastructure.

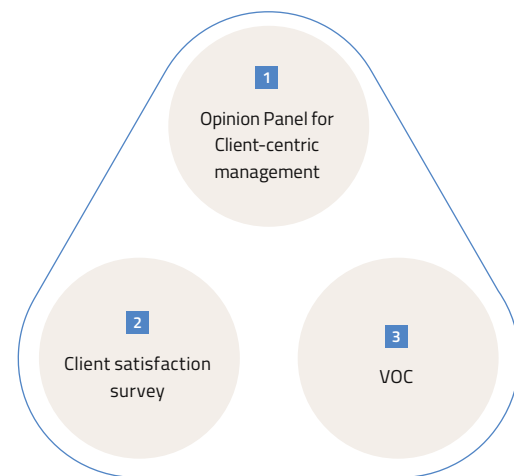
### Improved Grievance Handling System

Samsung Securities seeks to safeguard clients' rights and interests by handling all grievances in proper procedures supported by comprehensive consumer protection system.

Received complaints are analyzed, managed and classified to 65 detailed categories to draw up improvement measures beyond providing a remedy for violations of rights, thereby preventing recurrence of related complaints. The guidelines on illegal contracts cancellation and withdrawal of subscriptions have been reflected in the process of grievance handling which also have made public on our website.

We have diversified channels where clients can ask and find needed information related to business and financial products, realizing clients' right to know. In mPOP, the menu of FAQ and inquiry boards have been added on top of Chatbot equipped with advanced functions in response to a variety of inquiries and different needs of clients. Our website is also being reinforced with newly added menus and contents encompassing customer rights under the financial consumer law that came into effect in 2021, preventive measures of financial fraud such as voice phishing, and financial guidelines for the vulnerable groups.

### Diverse Channels to Listen to Clients' Opinions



#### 1 Opinion Panel for Client-centric management

- 3<sup>rd</sup> term of client-oriented management in 2021
- Selection of excellent PB/RM/FM with over 3 years of work experience at the branch
- Giving shape to measures to comply with the newly introduced Financial Consumer Law
- Finding solutions to minimize expected inconvenience caused by the introduction of new systems, including institutional improvement.

#### 2 Client satisfaction survey

- Quarterly survey on the Net Promoter Score to report to the CEO and the VOC Council.
- Conducting the monitoring of satisfaction about newly launched products every half year and reflecting the results to product development
- Ranked first in terms of client satisfaction survey conducted by 3 different external bodies, NCSI, KCSI and KS-SQI as well as in the consumer protection index KCPI.

#### 3 VOC

- Listening to the voices of clients and solving problems through the website
- A VOC-dedicated part was created within the Financial Consumer Protection Team to beef up expertise in responding to VOCs
- Establishing external VOC monitoring system to preemptively figure out and address client inconvenience.



### The major achievements driven by the reflection of grievances handling results in the management activities and systems are as follows.

#### 24-hour

By establishing a 24-hour currency exchange system, repayment is possible at all times in case of payment error in KRW or foreign currency.

#### VOC-dedicated part

A VOC-dedicated part was created within the Financial Consumer Protection Team to beef up expertise in responding to VOCs and prevent delays and omissions in responses.

#### limited or blocked

Opening of multiple accounts in a short period of time is limited or blocked to prevent financial fraud damage.

#### non-face-to-face

It is able to delete their personal information using non-face-to-face wired methods instead of visiting the branch, improving consumer rights and interests on personal information protection.

#### revising the UX/UI

Client-friendly service is available such as detailed explanation on civil complaints and prevention of financial fraud by revising the UX/UI of the financial consumer protection board on the website.

## 02-3 Various Client Support Activities

### Providing Financial Information and Education

Samsung Securities develops and delivers educational contents to build a sound investment culture and provide diverse investment information.

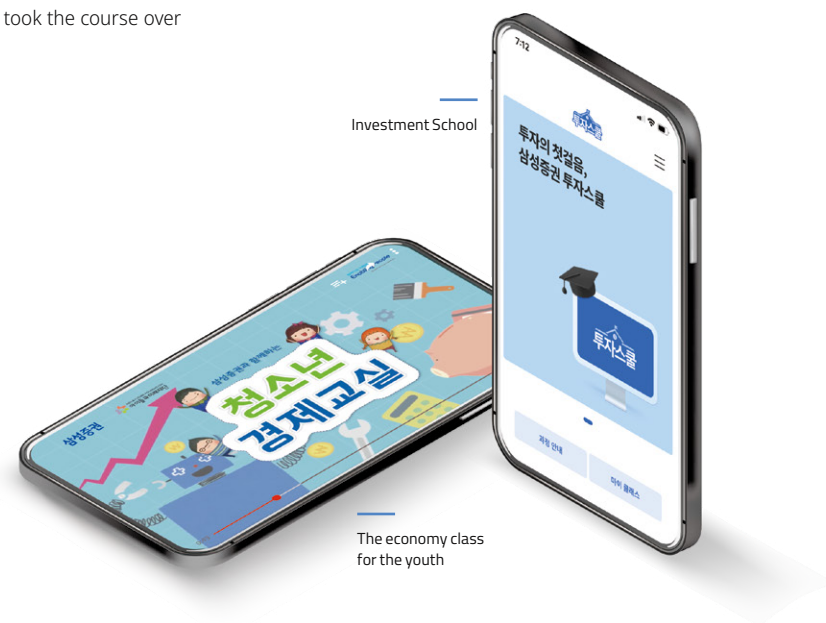
1 **Building a Sound Investment Culture** An investment education website for novice investors, titled 'Investment School,' was embraced in Samsung Securities' trading apps (mPOP, O2) to provide content such as common sense of economy and basic knowledge about stock investment, thereby enabling our clients to receive investment education effortlessly. In 2022, we plan to launch a metaverse investment playground, targeting generation Z, where they can learn investment knowledge with fun factors.

2 **Providing Various Investment Information** We regularly deliver investment contents that investors need to know on YouTube channel. For example, 'Mr. Overseas Stocks' contains knowledge about overseas stocks, and 'Market Chef' reviews weekly stock market issues. We also create valuable contents for easy learning of beginners regarding investment knowledge and wisdom, including 'War-conomy', where users find the wisdom of investment from war history, and 'Investment Fairytale,' where users learn investment through fairy tale stories.

3 **Online Program for Financial Education** The economy class for the youth, which facilitates the formation of proper economic knowledge for young people, is a representative online educational program targeting elementary, middle, and high school students and children in the vulnerable group. As of 2021, a total of 16,983 youth took the course over 1,378 sessions.

### Product Development Service Using Fintech Technology

A growing number of clients starting their first financial investment is the hallmark of the stock market in 2021. Samsung Securities provides an optimized system through the 'Today's Investment (O2)' app on which clients can choose the right product that suits their environment. O2 app has 80% reduced menu compared to mPOP, with its screen composed mainly of functions most frequently used by investors, while its aesthetically pleasing design and intuitive configuration apart from FinTech technology, help novice investors to effortlessly utilize valuable contents. In recognition of increased accessibility to financial investment, Samsung Securities received the Communication Main Award in 2021 iF Design Awards. Harnessing FinTech technology, we will continue to develop various easy-to-use products and services that even novice investors can enjoy.



## 02-4 Protecting Client Information

### Personal Information Security Management System (ISMS-P) Certification

As digital-based financial services and non-face-to-face platforms grow in importance, Samsung Securities is continuously and systematically responding to the trend at the company-wide level, such as obtaining integrated information protection and personal information protection management system (ISMS-P) certification.

ISMS-P is a management system that thoroughly analyzes information system services and personal information-related tasks. It evaluates the security level of the personal information flow, such as all applicable services, systems, employees, and physical locations, according to the data lifecycle (collection, retention, use, provision, and disposal).

In 2021, Samsung Securities renewed the certification by meeting 102 certification standards that reflected 80 information protection-related security requirements and 22 personal information protection-related security requirements. We conducted inspections according to the regular information protection evaluation system introduced by the Financial Security Service for the purpose of a systematic check on the protection level of personal credit information of financial institutions. Samsung Securities received 'S,' the highest grade in the 2021 annual personal credit information management system evaluation.

## Renewal of ISMS-P Certification

Meeting 102 certification standards that reflected 80 information protection-related security requirements and 22 personal information protection-related security requirements

## Grade S

Receiving 'Grade S,' the highest grade in the 2021 regular evaluation on management system of personal credit information

### Systematic Information Security Solutions

#### System to prevent electronic financial accidents

- Reinforcing security level by introducing the process of a visual verification of ID cards in case of non-face-to-face real name confirmation to prevent electronic financial accidents caused by leaked information and ID cards through voice phishing and hacking.
- Restricting financial transactions when the photographed ID is suspected of copy other than the original to prevent financial loss.

#### Detecting malicious apps on mobile devices

- Improving security level by introducing solutions to detect malicious apps in response to financial fraud, which steals financial information by installing malicious apps on mobile devices.
- Registering the information related to the suspicious app on the Fraud Detection System (FDS) to devise measures to minimize client damage.







# GREEN MANAGEMENT



Climate change which is coming to the fore as a significant issue affecting a sustainable future has brought about changes in the key objectives of investment, making a response to climate change essential to sustainable investment.

We are not an exception to such a movement, determining to implement green management by expanding eco-friendly investments and reducing carbon emissions. With a green infrastructure that was built on the ISO 14001 environmental management system, which strengthens environmental performance management and evaluation, we will expand eco-friendly investment and establish a responsible investment process. Samsung Securities will enhance our participation in global environmental initiatives, playing a leading role in confronting the climate crisis to become an eco-friendly financial company.

## 03-1 Foundation for Green Management

### Building Green Infrastructure

Samsung Securities has set the target and strategies for 'green management' as one of the pillars of ESG management, building green infrastructure and expanding eco-friendly investments as follows. First, we will complete an internal green infrastructure targeting 51% of carbon emissions reduction by 2030. A systematic ESG investment process will be established to push forward continuous eco-friendly investment expansion with the objective of 100 eco-friendly products by 2025 from 30 products as of now.

### Goals and Actions for Carbon Emissions Reduction

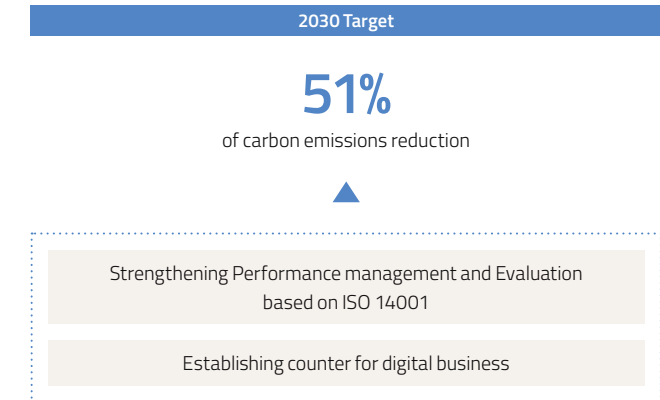
We carry out a variety of reduction activities aiming to achieve the carbon mitigation goal. We will decrease the number of sources of GHG emissions by replacing outdated facilities in office building and gradually converting business vehicles to zero-emission. Starting from the adoption of electric vehicles in 2021 for the first time, we plan to switch all our corporate cars into eco-friendly cars by 2030.

In pursuit of energy efficiency improvement, we will replace lighting with LED lamps and upgrade air conditioners and elevators, purchasing renewable energy with REC (Renewable Energy Certificate) to achieve energy conversion from 2022.

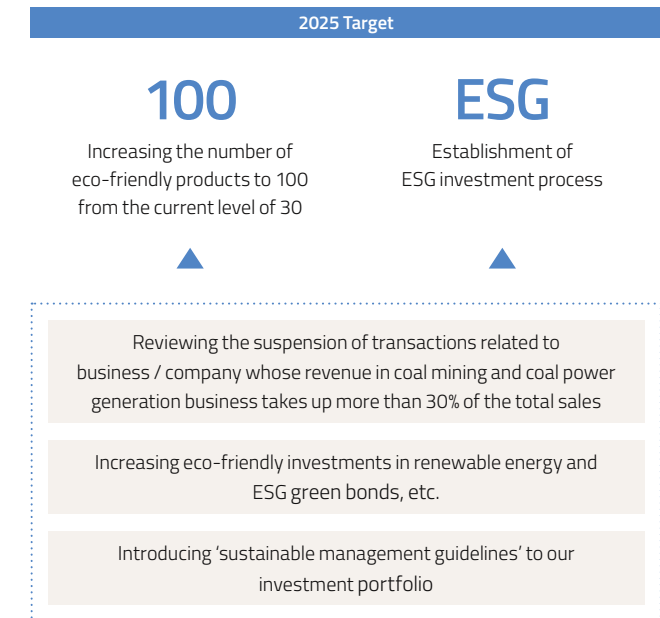
With the installation of a digital business window, a paperless work environment has been created where digitalized business procedures enable environment protections and improve the convenience and satisfaction of clients at the same time.

Campaigning against unnecessary printouts, we saved expenses, which are donated to protect forests. As such, all employees are actively participating in environmental conservation and raising awareness of carbon emissions reduction.

### Building Green Infrastructure



### Expansion of eco-friendly investment



03-2 A Variety of Eco-Friendly Products and Services

Fund to Selectively Invest in Global Companies benefited from Carbon Neutrality

Samsung Securities offers a variety of products that have a positive impact on the environment. For example, 'Shinhan Global Carbon Neutral Solution' fund launched in 2022 by Shinhan Asset Management, selectively invests in global companies that may be benefited from the movements toward global carbon neutrality. Regarding industry at the center of carbon neutrality as a new growth engine on the global stage, the fund is making investments in five paradigms: power generation, hydrogen, circular economy, mobility, and food tech. Besides, we are presenting strategic products that invest in the eco-friendly paradigm.

ESG Fund Investing in Energy Transition Companies

In 2021, Samsung Securities launched 'Samsung Energy Transition' fund, which invests in eco-friendly and renewable energy-related companies. This fund of funds incorporated the energy transition fund of BNP Paribas Asset Management, which makes the diversified investment into 80 companies that generate renewable energy such as solar, wind, and biofuels and develop related technologies and related to energy efficiency and energy infrastructure. The fund is classified as 'ESG fund' in that a dedicated ESG organization of BNP Paribas Asset Management reflects the ESG score in the fund portfolio.

Various Eco-Friendly Investment Products · ESG Advisory Service

Samsung Securities provides various specialized products to secure multiple investment opportunities in line with the industrial paradigm shift towards an eco-friendly society. We plan to add more online products centered on public offering funds in response to the investment inclination of the generation MZ, who are sensitive to environmental issues. For institutions and corporates with high demand for carbon-neutrality, we aim to provide solutions that enable effective investment in sustainable, eco-friendly industries, developing specialized products such as low-carbon funds and ETFs.

Newly Launched Funds in 2021 & Early 2022

Launched in 2021

- Samsung Energy Transition Securities Investment Trust H (Equity-Fund of Funds)
- NH-Amundi 100-year Enterprise Green Korea Securities Investment Trust (Equity)
- Korea Investment Global Electric Vehicle & Battery Securities Investment Trust (Equity)

Launched in 2022

- Fidelity Sustainable Consumer Brand Securities Investment Trust (Equity-Fund of Funds)
- Shinhan Global Carbon Neutral Solution Securities Investment Trust H (Equity)
- Trustone ESG Level Up Securities Investment Trust (Equity)
- Samsung Global Dividend Noble ESG Securities Investment Trust H/UH (Equity)



03-3 Leadership Confronting Environmental Crises

Reinforcing ESG Management with ISO 14001 Acquisition

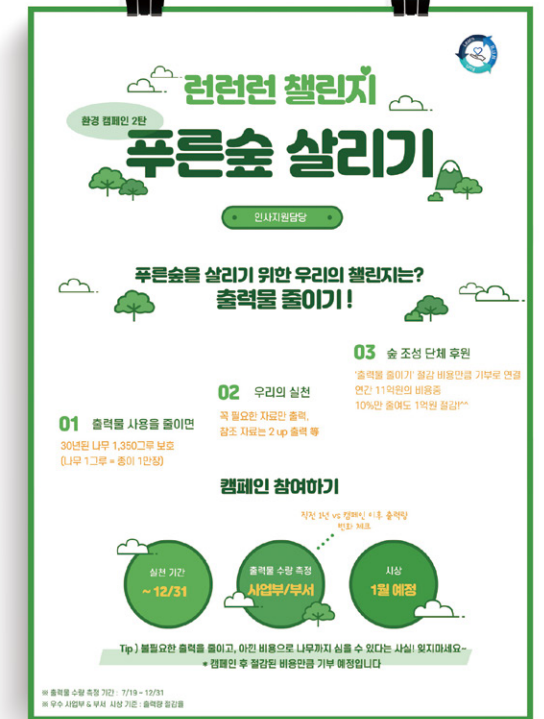
Samsung Securities has obtained 'ISO 14001', one of a series of environmental management standards set by the International Organization for Standardization (ISO) to evaluate and certificate a company's capabilities in systematic environmental management: the environmental audit (ISO 14010 series) and environmental performance evaluation (ISO 14030 series). Recognizing the growing social interest in environmental management, we will spare no effort to achieve sustainable growth in accordance with international standards.

Joining the TCFD — Commitment to Implement the Recommendation

Established by the Financial Stability Board (FSB) under the G20 in 2015, the Task Force on Climate-Related Financial Disclosures (TCFD) recommends that companies disclose climate-related information in the categories of corporate governance, strategy, risk management, and goals and indicators. Starting with the disclosure recommended by the TCFD, Samsung Securities intends to establish a system to confront climate change and clearly disclose the implementation process to stakeholders since 2021.

Environmental Campaign, 'Learn-learn-learn Challenge'

Samsung Securities is conducting an environmental campaign called 'Learn-learn-learn Challenge' in which all executives and employees participate in green management. With 'Green Office' campaign that encourages various eco-friendly activities such as reducing printouts, recycling items, and using eco-bags and tumblers, we raise awareness of environmental protection, promoting active participation of employees in supportive projects.



'Green Office' Sharing office supplies





# SUSTAINABLE INVESTMENT



We are in the era when the value of company is assessed based not only its financial performance but also on integrated ESG evaluation, a non-financial value indicator. With the value and information of ESG gaining significance, the factors such as corporate governance, social impact assessment, and contribution to environmental issues are playing a pivotal role in making investment decisions or supplying products. As such, ESG has become indispensable to the stock industry.

Along with our internalized ESG management, we will expand ESG advisory services for institutional and corporate customers, taking advantages of the ESG research center. In 2021, we have intensified the capabilities of ESG research and services in a strategic partnership with MSCI, a world-class ESG evaluation agency, for the first time in the industry. We will endeavor to maximize investors' profits, making positive contribution to the economy, society, and environment.

## 04-1 Strengthening ESG Management with the Investment that Incorporates Non-Financial Value

### ESG Management in Full Swing – Industry's First MSCI A Grade

Under the slogan of 'We invest for a better future,' and together with ESG strategies of green, responsible and transparent management, Samsung Securities strives to internalize ESG management.

Since 2020, we have preemptively established and operated an ESG organization system in which the ESG committee was set under the BOD to establish ESG management strategies as the highest decision-making body in cooperation with one executive director and two non-executive directors since 2021. The 'ESG Executive Council', an enterprise ESG executive decision-making body, is also operated for final decision-making regarding ESG or when prompt responses are required. The ESG research institute publishes ESG research and analysis results, supporting ESG consulting.

In recognition of our reinforced ESG management, we delivered stronger performance in ESG evaluations. We moved one place up from B+ in 2020 to A in 2021 in the ESG evaluation conducted by Korea Corporate Governance Service (KCGS), the largest voting right advisory body, while achieving an A grade from BBB last year in the ESG evaluation of MSCI, which was the first highest grade received among domestic financial companies as of 2021.

### Industry's First ESG Research Institute Taking the Lead in Innovation

Samsung Securities established ESG Research Institute under the Research Center, which publishes reports containing in-depth content analysis and insights to take the lead in innovative ESG research.

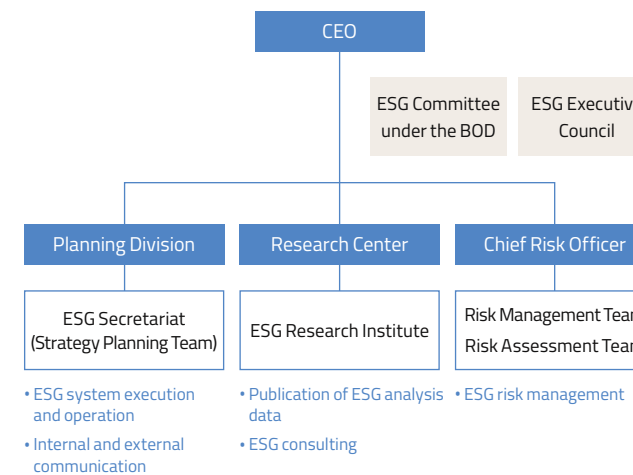


The ESG Research Institute's separate brand, 'Sustain-WISE' actively responds to the growing ESG demand by means of high-quality ESG analytics. In active collaboration with analysts by the economy (Macro), asset class (Asset Class), and industry (Sector) of the Research Center, the institute has gained clear comprehension of market issues in a preemptive manner and published in-depth reports which garnered positive responses from companies and investors.

In the first half of 2021, an ESG-related report was published, which contains the outlook and analysis of each industry regarding the trend of 'decarbonization' and 'Plastic-free,' and ESG investment measures leveraging ESG bonds and Quant strategies. We discover and introduce unlisted companies coming to the fore in the value chains of various industries such as mobility, FinTech, PropTech (Property +Technology), and healthcare, thereby expanding the research areas.

In 2022, we will intensify research on the subject of environmental policies and regulations at home and abroad in response to the high demand for domestic companies with significant interests in the environmental field.

### ESG Management Organization Chart





## 04-2 Heightened Capabilities to a Global Level in a Strategic Partnership With MSCI

### ESG Advisory Services Targeting Companies and Institutional Investors

The ESG Research Institute provides a one-stop solution through ESG-related advisory services to companies and institutional investors, encompassing planning to execute ESG investment or bond issuance with more than 100 benefiting companies. We have witnessed the growing demand to reflect ESG in their management strategies among unlisted and non-profit corporations. The institute also held a forum for eco-friendly and green-tech startups to spark interest in the stock market.

### Strategic Partnership with MSCI, a World-Class ESG Evaluation Agency



In May 2021, we have intensified the capabilities of ESG research and services to a global level in a strategic partnership with Morgan Stanley Capital International (MSCI), a world-class ESG evaluation agency, for the first time in the industry.

Signing partnership with MSCI, we have secured data on thousands of domestic and foreign companies included in MSCI ESG Research to increase the comparability of ESG data with Korean companies and global companies and enhance Quant (quantitative analysis) -based research such as long-term time series analysis.

ESG-related executives and employees in domestic companies gained an insight into ESG trends and major ESG issues on a global stage through a joint seminar held by MSCI and Samsung Securities.

We will establish our own rating calculation logic that reflects the situation of Korean companies to the ESG rating of MSCI, one of the most influential ESG indicators for corporations and institutional investors, thereby providing consultation to corporate clients.

Making the best use of MSCI data, we will publish the report which will allow us to provide consulting services through which institutional investors can enhance their understanding of the methodology of global ESG research institutes.

## 04-3 Greater Investments in ESG and Establishment of Responsible Investment Process

### Exclusion of Investment in Coal-related Business ... Issuing Green Bond

In the course of implementing ESG management strategies, a responsible investment process will be set up with a strengthened eco-friendly portfolio which will lead to the complete application of the principle of responsible investment in overall investment assets and the expansion of products and services that promote eco-friendly investment.

Since 2020, when Samsung Securities has jointly declared 'Coal Phase-Out Finance' with Samsung Group's financial affiliates, we decided to suspend additional investment in the coal mining business with the provision of ESG investment guidelines in which investment in businesses related to coal mining and coal-powered generation is ruled out while investment in eco-friendly assets such as renewable energy is contrastively expanded.

With firm determination toward eco-friendly investment, we issued 'ESG-rating Certification Bonds' for the first time in the industry in February 2021. Acknowledged its purpose of investing in eco-friendly businesses and businesses to respond to the climate change crisis, the bond worth KRW 100 billion received 'Green 1,' the highest grade of green bonds by NICE Credit Rating, which has been used in overseas renewable energy business such as US Midstream Business and French Solar Power Business.

## 'Green 1' grade

Issuing the first 'ESG-rating Certification Bonds' in the industry in February 2021



### ESG Investment Guidelines, Reinforcing the Negative Screening Criteria

Samsung Securities preemptively recognizes and evaluates our financial activities' environmental and social impact through the provision of ESG investment guidelines that are being applied in the investment decision-making process.

Our basic policy that evaluates non-financial factors beyond traditional financial risks serves as preliminary screening guidelines for the transactions regarding equity capital investment, acquisition of securities and assets, and supply of financial products propelled by Samsung Securities.

Leveraging the tightened negative screening criteria by 2025, we are reviewing the gradual expansion of applicable areas, which are currently focused on coal-related business, in accordance with ESG impact. Besides, we will establish the ESG comprehensive evaluation system in which the screening process will root out inappropriate assets in investment.

#### by 2025 Tightened Negative Screening Criteria

[Review on the gradual expansion of applicable areas, which is currently focused on coal-related business, depending on ESG impact](#)

#### by 2025 Establishment of ESG comprehensive evaluation system

[Establishment of the screening process to root out inappropriate assets in investment based on the ESG checklist](#)

## 04-4 Taking Initiative in Global Investment

### The World's First Day Trading on U.S. Stocks

Samsung Securities launched the 'Day Trading Service on U.S. Stocks' for the first time in the world, which has Witnessed over KRW 1 trillion of trading value only after two months. The trading of U.S. stocks used to be available only on the regular stock market caused inconvenience to domestic investors due to the time difference, resulting in a number of investors being reluctant to invest abroad.

Against this backdrop, we entered into an exclusive partnership with Blue Ocean, an American alternative exchange, to support weekly trading for the first time in the world, thereby alleviating difficulties for investors. Blue Ocean is the only alternative exchange approved for night trading support by US financial authorities, including the US Securities and Exchange Commission.

The extended time for US stock trading is expected to mitigate the inconvenience of many investors. Samsung Securities will continue working with overseas institutions to provide global liquidity and close the price gap.

### Discovering Overseas Alternative Investment Assets

Navigating through uncertainties at home and abroad, such as inflation and interest rate hikes, Samsung Securities attempt to implement various investment strategies by paying close attention to institutional demand forecasting and risk analysis. We focus on core products that maximize profits based on our global network with top-tier managers and institutional investors.

In collaboration with a local network in North America, we took over a stake of KRW 120 billion in dormitories located in New York and Texas, USA. Commercial residence real estate sector has shown the highest transaction volume in the United States driven by high investment demand for its low economic volatility and constant raise in rent. Given the dormitories, the high demand for college entrances and limited supply will ensure annual raise of rental returns reflecting the inflation rate, thereby generating the defense effect of the inflation risks.

We will spare no effort to identify palatable alternative investment assets in spite of market conditions such as interest rate hikes.

# OUR GOAL & FUTURE

## DIGITALIZATION

### OUR GOAL

#### No. of actual online clients

2021 Performance	2024 Goal
1.7 million	3 million

#### Online client assets

2021 Performance	2024 Goal
KRW 80.6 trillion	KRW 160 trillion

#### Utilization of mobile platform (MAU: Monthly Active Users)

2021 Performance	2024 Goal
2.23 million	4 million

### OUR FUTURE

Samsung Securities is boosting our digital asset management capabilities by providing services encompassing varied features and needs of customers from super-rich class to Generation MZ. The advanced data analysis platform and automated process equipped with new digital technologies such as artificial intelligence (AI) have brought about greater business efficiency, all of which will eventually contribute to the popularization of digital finance. As a pathfinder of the financial platform, we will make a ceaseless effort to provide clients with the new value of investment experiences.

## CONSUMER PROTECTION

### OUR GOAL

#### Client satisfaction survey

2021 Performance	Goal
Ranking 1 <sup>st</sup> in satisfaction evaluation by external organizations	Maintaining the No.1 position in satisfaction evaluation by external organizations

#### Education about incomplete sales

2021 Performance	Goal
A total of 51 related training	Embedding consumer protection into a corporate culture by eradicating incomplete sales

#### Rating on consumer protection evaluated by Financial Supervisory Services

2021 Performance	Goal
Good	Excellent (the highest grade)

### OUR FUTURE

We are operating a system to prevent damage to consumers in the entire process of product development, product sales, and follow-up management. Clients-oriented management has been enhanced by expanding the areas of VOC tasks to identify the needs of customers and subsequent process improvement. We will assume the No. 1 position in customer satisfaction with our effort to listen to the voices of clients and polished solutions and policies to promote the rights and interests of financial clients.

## GREEN MANAGEMENT

### OUR GOAL

#### Mitigation of carbon emissions

Carbon emissions in 2018	2030 Goal
1,413tCO <sub>2</sub> e	51% reduction

#### Conversion of business vehicles to zero-emission vehicles

2021 Performance	2030 Goal
First adoption of EVs (5% converted)	100% conversion

### OUR FUTURE

Samsung Securities has set the goal of 51% carbon emissions reductions by 2030 with practical green management strategies. In this regard, business vehicles will be converted to zero-emission vehicles by 2030. We will continue to actively practice global initiatives in the process of implementing green management and responding to environmental crises.

## SUSTAINABLE INVESTMENT

### OUR GOAL

#### Enhancing ESG product lineup

2021 Performance	2025 Goal
30	100

### OUR FUTURE

In 2021, we have intensified the capabilities of ESG research and services in a strategic partnership with a world-class ESG evaluation agency for the first time in the industry. We will set a responsible investment process and expand with more diverse ESG products and services, thereby reinforcing our eco-friendly portfolio.

As a financial company leading the future of the financial industry, Samsung Securities will play a pivotal role in driving innovation with our differentiated management strategies, which enable us to navigate through a rapidly changing environment. We will reinforce customer-oriented management to enhance customer satisfaction, spearheading digital innovation and popularization. With internalized ESG management, we will fulfill social responsibilities and participate in global initiatives, thereby pioneering sustainable finance. We aim to grow together with society by means of intensifying our global leadership in response to the surrounding crises.

# ESG data pack

## 55

### ENVIRONMENTAL DATA

- 55 Action on Climate Change
- 57 Resource Usage and Pollution Reduction

## 58

### SOCIAL DATA

- 58 Labor
- 68 Health and Safety
- 70 Consumer Protection
- 70 Human Rights
- 74 Shared Growth and Social Contribution to Local Community
- 79 Data Protection and Client Management

## 81

### GOVERNANCE DATA

- 81 Governance
- 89 Ethical Management and Compliance
- 92 Tax Policy

## 93

### SUSTAINABLE FINANCE

- 93 Responsible Investment

# ENVIRONMENTAL DATA

## Action on Climate Change

### STRATEGY

We have built green infrastructure, expanded eco-friendly investments, and strengthened our leadership to respond to environmental changes, all of which organize the climate change response system. In promoting environmental management strategies encompassing carbon neutrality, the establishment of carbon-neutral PF, implementation of ESG investment principles, and expansion of eco-friendly products and services, we are systematically managing the environmental impact of all activities and services related to financial investment based on the environmental management system.

Climate risks are integrated into the corporate governance and risk management system to be reviewed and supervised by the BOD, where the final risk management responsibility rests. We will carry out strict performance evaluations to achieve the goal of carbon emission reduction and solidify the global network with international agreements and associations in the environmental sector, thereby fulfilling our responsibilities as a global citizen.

### TARGET

We are doing our best to reduce GHG emissions and resource usage in connection with the environmental management strategy. We have set a goal of a 51% reduction in carbon emissions by 2030 compared to that of 2018 and constantly managed the target rate achieved with the aim of carbon neutrality.

\* 2030 Target emissions: 692tCO<sub>2</sub>eq

**51%** Goal for 51% carbon reduction by 2030 (base year: 2018)

### ASSESSMENT

Our office building in Seocho has obtained ISO 14001 certification, an international standard for environmental management systems which evaluates and certifies a company's environmental management policies and goals as well as specific implementation processes. With the acquisition, we are promoting green management in line with global standards.

In addition, with an aim to reinforce company-wide GHG reduction efforts, we expanded the scope of emissions to subsidiaries\* and company-wide business sites (headquarters and all branches) when measuring GHG emissions in 2021 (Scope 1&2).

Category	Contents	Scope of Reporting	Unit	Emissions
2021 Greenhouse gas (GHG)	Total emissions (Scope 1&2)	Company-wide (Headquarters and all branches), subsidiaries*	tCO <sub>2</sub> eq	4,192

\* Samsung Securities(America) Inc., Samsung Securities(Europe) Ltd., Samsung Securities(Asia) Ltd., Samsung Futures Ltd.



## Action on Climate Change

### 2021 PERFORMANCE

We strive to minimize adverse environmental impacts within our business activities. With a view to decreasing GHGs, the electric vehicle was introduced for business purposes in September 2021, recording approximately 2,771 km of driving distance. From 2022 we will gradually switch to zero-emission vehicles, resulting in reducing GHGs and energy (gasoline) consumption.

#### 01 GHGs

Category	Contents	Scope of Reporting	Unit	2019	2020	2021
Greenhouse gas (GHG)	<b>Total emissions (Scope 1&amp;2)</b>	Headquarters, company vehicle	tCO <sub>2</sub> eq	<b>1,278</b>	<b>1,288</b>	<b>1,427</b>
	Direct GHG emissions (Scope 1)*		tCO <sub>2</sub> eq	710	654	622
	Indirect GHG emissions (Scope 2)**		tCO <sub>2</sub> eq	568	634	805
	Other GHG emissions (Scope 3)	Company-wide (business travel)	tCO <sub>2</sub> eq	491	236	208
	Total amount of GHGs emitted on business travels***		tCO <sub>2</sub> eq	347	103	96
	GHG emissions from paper use	Company-wide	tCO <sub>2</sub> eq	136	126	105
	GHG emissions from water use	Headquarters	tCO <sub>2</sub> eq	7	7	6
GHG emissions from card issuance	Company-wide	tCO <sub>2</sub> eq	0.4	0.6	0.6	
Greenhouse gas intensity	City gas (Scope 1)	Headquarters	tCO <sub>2</sub> eq/m <sup>2</sup>	0.02	0.04	0.04
	Electricity (Scope 2)		tCO <sub>2</sub> eq/m <sup>2</sup>	0.02	0.04	0.05

\* 2021 Target emissions: 634 \*\* 2021 Target emissions: 628 \*\*\* 2021 Target emissions: 98

#### 02 Energy Consumption

Category	Contents	Scope of Reporting	Unit	2019	2020	2021
General energy (non-renewable energy)	<b>Total consumption</b>	Headquarters, company vehicle	<b>MWh</b>	<b>4,591</b>	<b>4,545</b>	<b>4,785</b>
	Electricity (headquarters)		MWh	1,159	1,360	1,728
	City gas		m <sup>3</sup>	176,473	169,912	161,382
	Gasoline		L	141,354	123,993	122,297
	Diesel		L	3,345	2,368	1,321
Energy intensity	City gas	Headquarters	m <sup>3</sup> /Person	73.7	70.9	67.3
	Electricity		MWh/Person	0.48	0.57	0.72

## Resource Usage and Pollution Reduction

### STRATEGY

We are proactively participating in environmental activities, saving and recycling resources in all business processes in line with our own environmental management policy. With the 'Green Office' campaign that encourages various eco-friendly activities such as reducing printouts and growing plants, we raise environmental protection awareness and garner consensus on green management among employees.

### TARGET

Samsung Securities manages data on resource usage and waste and endeavors to realize our mid- to long-term objective of a 10% reduction by 2025 in waste discharge and water consumption compared to that of 2016.

### ASSESSMENT

Samsung Securities provides reliable environmental data for its stakeholders. We maintain the consistency of environmental data by periodically notarizing and disclosing information on energy consumption and waste discharge through evaluation by the Korea Quality Foundation and registration in the 'Allbaro System'.

### 2021 PERFORMANCE

We have a firm commitment to the mitigation of resource usage and pollution. With the installation of a digital business window, a paperless work environment has been created where electronic payment systems are promoted as part of green infrastructure. We aim to continuously reduce paper use by minimizing unnecessary report publication and replacing it with electronic reports suitable for pop-touch devices that have been widely used. These efforts apply not only to paper but also to water use and waste discharge, most of which are separated as recyclable waste.

Category	Contents	Scope of Reporting	Unit	2019	2020	2021
Water	Water supply*	Headquarters	m <sup>3</sup>	20,938	19,909	19,573
	Recycling amount		m <sup>3</sup>	0	0	0
Paper	Reports	Company-wide	10,000 sheets	989	835	495
	Bank slips		10,000 sheets	200	196	163
	Photocopy paper		10,000 sheets	1,399	1,356	1,340
	<b>Total</b>		<b>10,000 sheets</b>	<b>2,588</b>	<b>2,387</b>	<b>1,998</b>
General Waste	Emissions**		ton	39	62	33
	Recycling amount***		ton	36	61	33
	Amount of waste landfilled		ton	3	1	0
	Amount of waste Incinerated by energy recovered		ton	0	0	0
	Amount of waste incinerated without energy recovery		ton	0	0	0
	Amount of waste treated by other methods unknown		ton	0	0	0

\* 2021 Target Usage: 19,312 \*\* 2021 Target emissions: 59 \*\*\* 2021 Target recycling amount: 59

# SOCIAL DATA

## Labor

### STRATEGY

Samsung Securities has put in place the regulations on systematic HR and recruitment management along with a talent development strategy to attract and nurture talents in the rapidly changing business environment. In addition, we are developing an active talent pool by predicting the demand for necessary manpower and setting an annual HR plan in connection with the future business direction. Specifically, our recruitment programs include the 'Young Creator' program, which provides special benefits for students with excellent scores at the programs and participants in career fairs at major universities. Given the cultivation of existing talent, we are promoting swift changeover within our human resources based on prediction results that was driven by the experts of data analytics in the HR Team through the PA (People Analytics) statistical method, thereby making prompt responses to the fast-evolving financial industry. Besides, internal training on capacity building of employees, systematic education courses are available in collaboration with specialized educational institutions such as the Master's course in finance associated with Sungkyunkwan University. We are making unwavering efforts to secure next-generation leadership by establishing a specific succession plan base on data analysis encompassing required competencies for each division and position, the number of candidates and turnover rate, and by providing customized training and education.

### TARGET

In order to stay true to the mission of fostering a culture of learning and nurturing talents that contributes to delivering practical results, we have been operating the Overall Competency Management System since 2019, where annual target credits for each position and job group were given to allow employees to take attractive courses in their own initiative. Leveraging the system, we manage educational indicators by gender, age, education type, and participated courses with total training hours.

Contents	Unit	2020	2021
Establishment rate of annual credit completion plan*	%	100	100
Achievement rate of annual compulsory credits**	%	95.2	97.0

\* 2021 Target planning rate to take annual target credit: 100% \*\* 2021 Target attainment rate of annual required credit: 97%

### ASSESSMENT

Samsung Securities operates performance-generating evaluation systems such as management by objectives (MBO), multi-faceted evaluation, and comparative evaluation for employees in the same position. In addition, we operate a long-term incentive system for executives and financial investment managers, and conduct annual employee satisfaction surveys to identify and resolve problems. The evaluation results are managed by gender and position through which the areas in need of improvement are drawn in organizational culture and operation. By doing so, we promote better job satisfaction and generate positive outcomes.

### 2021 PERFORMANCE

#### 01 Employment

Samsung Securities manages human resources by dividing them into new hires, leavers, and retirees. Currently, we are conducting job search and development activities to increase the employment rate of the disabled and veterans with a view to endorsing the value of diversity in talent recruitment and organizational structure, and to expand inclusive employment. In addition, we have set a target of having the female workforce account for 50% of the total workforce in 2030, and formulated a recruitment policy for female employees.

Category	Contents	Unit	2019	2020	2021
Total employees*	Male (ratio)	Persons (%)	1,443(60.2)	1,436(59.9)	1,411(58.9)
	Female (ratio)	Persons (%)	951(39.7)	960(40.1)	986(41.1)
	<b>Total</b>	<b>Persons</b>	<b>2,394</b>	<b>2,396</b>	<b>2,397</b>
New hires (by gender)	Male (ratio)	Persons (%)	163(69.4)	74(64.9)	89(55.3)
	Female (ratio)	Persons (%)	72(30.6)	40(35.1)	72(44.7)
	<b>Total</b>	<b>Persons</b>	<b>235</b>	<b>114</b>	<b>161</b>
New hires (by job title)	Executives (ratio)	Persons (%)	2(0.9)	0(0)	1(0.6)
	Middle manager (ratio)	Persons (%)	2(0.9)	3(2.6)	5(3.1)
	Assistant manager (ratio)	Persons (%)	88(37.4)	44(38.6)	57(35.4)
	Staff (ratio)	Persons (%)	143(60.9)	67(58.8)	98(60.9)
	<b>Total</b>	<b>Persons</b>	<b>235</b>	<b>114</b>	<b>161</b>
Internal Recruitment	Internal Recruitment (ratio)	Persons (%)	13(8.0)	4(6.1)	11(5.0)
Voluntary retirees (by gender)	Male	Persons (%)	71(65.1)	74(71.2)	97(70.3)
	Female	Persons (%)	38(34.9)	30(28.8)	41(29.7)
	<b>Total</b>	<b>Persons</b>	<b>109</b>	<b>109</b>	<b>138</b>
Voluntary retirees (by position)	Executives (ratio)	Persons(%)	2(1.8)	4(3.8)	2(1.4)
	Middle manager (ratio)	Persons(%)	2(1.8)	2(1.9)	3(2.2)
	Assistant manager (ratio)	Persons(%)	42(38.5)	49(47.1)	63(45.6)
	Staff (ratio)	Persons(%)	64(58.7)	49(47.1)	70(50.7)
	<b>Total</b>	<b>Persons</b>	<b>109</b>	<b>104</b>	<b>138</b>

\* 2030 Target female ratio: 50%

## Labor

## 2021 PERFORMANCE

## 01 Employment

Category	Contents	Unit	2019	2020	2021
Voluntary retirement rate (by gender)	Male (ratio)	%	2.97	3.09	4.03
	Female (ratio)	%	1.59	1.25	1.83
	<b>Total</b>	<b>%</b>	<b>4.55</b>	<b>4.34</b>	<b>5.76</b>
Voluntary retirement rate (by position)	Executives	%	0.08	0.17	0.08
	Middle manager	%	0.08	0.08	0.13
	Associate manager	%	1.75	2.05	2.63
	Staff	%	2.67	2.05	2.92
	<b>Total</b>	<b>%</b>	<b>4.55</b>	<b>4.34</b>	<b>5.76</b>
Total retirees (by gender)	Male (ratio)	Persons (%)	76(66.7)	77(71.3)	106(72.11)
	Female (ratio)	Persons (%)	38(33.3)	31(28.7)	41(27.89)
	<b>Total</b>	<b>Persons</b>	<b>114</b>	<b>108</b>	<b>147</b>
Total retirees (by job title)	Executives (ratio)	Persons (%)	3(2.6)	4(3.7)	2(1.4)
	Middle manager (ratio)	Persons (%)	3(2.6)	2(1.9)	3(2.0)
	Assistant manager (ratio)	Persons (%)	44(38.6)	52(48.1)	72(48.9)
	Staff (ratio)	Persons (%)	64(56.1)	50(46.3)	70(47.6)
	<b>Total</b>	<b>Persons</b>	<b>114</b>	<b>108</b>	<b>147</b>
Total retirement rate (by gender)	Male	%	3.17	3.21	4.42
	Female	%	1.59	1.29	1.72
	<b>Total</b>	<b>%</b>	<b>4.76</b>	<b>4.51</b>	<b>6.14</b>
Total retirement rate (by job title)	Executives	%	0.13	0.17	0.09
	Middle manager	%	0.13	0.08	0.12
	Assistant manager	%	1.84	2.17	3.01
	Staff	%	2.67	2.09	2.92
	<b>Total</b>	<b>%</b>	<b>4.76</b>	<b>4.51</b>	<b>6.14</b>
Years of service	Average years of service	Years	10.40	11.34	11.87
	Average years of service for male	Years	11.12	11.62	12.30
	Average years of service for female	Years	9.77	10.72	11.32
	<b>Total</b>	<b>Years</b>	<b>10.40</b>	<b>11.34</b>	<b>11.87</b>
Employment type	Regular	Persons	2,128	2,118	2,085
	Temporary	Persons	266	278	312

## 2021 PERFORMANCE

## 02 Workforce Diversity

Currently, female workers account for 40%. Samsung Securities make every effort to raise the proportion of women in managerial and executive positions to enhance women's rights and interests in all positions. Despite the higher ratio than the domestic industry average, we aim to secure diversity for the heightened competitiveness of the organization. Therefore, we have set the mid to long-term goal of 50% of female employees and 40% of female managers, respectively, witnessing the increased ratio of female employees and executives.

Category	Contents	Unit	2019	2020	2021
Executive management position	Male (ratio)	Persons (%)	24(92.3)	23(88.5)	22(84.6)
	Female (ratio)	Persons (%)	2(7.7)	3(11.5)	4(15.4)
	<b>Total</b>	<b>Persons</b>	<b>26</b>	<b>26</b>	<b>26</b>
Middle management position	Male (ratio)	Persons (%)	162(89.5)	163(87.6)	173(85.6)
	Female (ratio)	Persons (%)	19(10.5)	23(12.4)	29(14.4)
	<b>Total</b>	<b>Persons</b>	<b>181</b>	<b>186</b>	<b>202</b>
Junior management position	Male (ratio)	Persons (%)	887(72.2)	926(72.2)	937(71.3)
	Female (ratio)	Persons (%)	341(27.8)	356(27.8)	377(28.7)
	<b>Total</b>	<b>Persons</b>	<b>1,228</b>	<b>1,282</b>	<b>1,314</b>
Management position in revenue-generating departments*	Male (ratio)	Persons (%)	788(75.0)	779(75.6)	717(74.8)
	Female (ratio)	Persons (%)	262(25.0)	252(24.4)	242(25.2)
	<b>Total</b>	<b>Persons</b>	<b>1,050</b>	<b>1,031</b>	<b>959</b>
Non-management position	Male (ratio)	Persons (%)	370(38.6)	324(35.9)	279(22.7)
	Female (ratio)	Persons (%)	589(61.4)	578(64.1)	576(67.3)
	<b>Total</b>	<b>Persons</b>	<b>959</b>	<b>902</b>	<b>855</b>
STEM(Science, technology, engineering, mathematics) related departments	Male (ratio)	Persons (%)	202(65.4)	238(70.8)	213(71.7)
	Female (ratio)	Persons (%)	107(35.6)	98(29.2)	84(28.3)
	<b>Total</b>	<b>Persons</b>	<b>309</b>	<b>336</b>	<b>297</b>
Minorities	The disabled	Persons	60	53	64
	Veterans	Persons	51	53	51

\* Supporting departments, including HR, IT, and Legal teams and positions excluded



## Labor

## 2021 PERFORMANCE

## 03 Age

Category	Contents	Unit	2019	2020	2021
Under 30	Male	Persons	134	117	76
	Female	Persons	234	219	201
30-39	Male	Persons	568	536	470
	Female	Persons	431	429	392
40-49	Male	Persons	490	484	497
	Female	Persons	265	282	322
50 or over	Male	Persons	251	299	368
	Female	Persons	21	30	71
<b>Total</b>	<b>Male</b>	<b>Persons</b>	<b>1,443</b>	<b>1,436</b>	<b>1,411</b>
	<b>Female</b>	<b>Persons</b>	<b>951</b>	<b>960</b>	<b>986</b>

## 04 Nationality

Category	Contents	Unit	2019	2020	2021
Korea	Employees (% of all employees)	%	99.33	99.42	99.29
	Managers (% of all managers)	%	99.02	99.06	98.89
USA	Employees (% of all employees)	%	0.33	0.21	0.25
	Managers (% of all managers)	%	0.56	0.33	0.40
Canada	Employees (% of all employees)	%	0.04	0.17	0.25
	Managers (% of all managers)	%	0.07	0.27	0.40
UK	Employees (% of all employees)	%	0.08	0.13	0.13
	Managers (% of all managers)	%	0.14	0.20	0.20
China	Employees (% of all employees)	%	0.04	0.04	0.04
	Managers (% of all managers)	%	0.07	0.07	0.07
New Zealand	Employees (% of all employees)	%	0.04	0.04	0.04
	Managers (% of all managers)	%	0.07	0.07	0.07
Vietnam	Employees (% of all employees)	%	0.04	0.00	0.00
	Managers (% of all managers)	%	0.07	0.00	0.00

## 2021 PERFORMANCE

## 05 Pay

Category	Contents	Unit	2019	2020	2021
Gender equal pay*	Equal pay rate of executives	Times	1.08	0.99	0.96
	Equal pay rate of managers	Times	0.94	0.96	0.95
	Equal pay rate of non-managers	Times	1.00	1.02	1.03
Compensation differential between CEO and employees	Total CEO compensation	KRW 100 million	13.74	17.10	23.12
	Mean employee compensation	KRW 100 million	1.08	1.31	1.68
	Compensation differential rate	Times	12.72	13.05	13.76

\* Women's average basic pay/Men's average basic pay

## 06 Labor Union and Collective Bargaining

Category	Contents	Unit	2019	2020	2021
Labor union	Ratio of unionized employees	%	12	11	11
	No. of unionized employees	Persons	264	251	248
	No. of target employees	Persons	2,187	2,184	2,170

## 07 Welfare

Category	Contents	Unit	2019	2020	2021
Welfare	Welfare benefits*	KRW 1,000	58,022,121	56,760,165	68,349,390
	Welfare benefits to sales**	%	0.89	0.53	0.71

\* Four major insurances included \*\* On the basis of revenues (separate)

## Labor

### 2021 PERFORMANCE

#### 08 Talent Nurturing

Prolonged COVID-19 has brought non-face-to-face channels to the center of education, which, in turn, has removed physical constraints of training. Consequently, we are seeing a growing number of employees who participate in the courses with extended training hours compared to that of 2020. Diversified format of non-face-to-face training, such as lecture, discussion, and participatory types, increased education expenses per person along with enhanced satisfaction. We offer various educational programs related to jobs, trends, foreign language education, and social contribution to establish a culture of self-directed learning where all employees learn and grow on their own, including non-regular workers and part-time jobs. A regular learning platform is also in operation to promote knowledge sharing so that employees can share their professional knowledge and talents with each other. Above all, we strive to strengthen job training with an aim to respond nimbly to the external environment to keep up with the changes in the financial industry. In order to sharpen the professionalism of employees, job training is divided into SS On Air, which is an immediate special lecture on market conditions, and Expert Academy, which is conducted as an in-depth job course for each subject. We provide a customized course called 'Education Yogyo,' which focuses on immediate training for each department. With the aim of consolidating digital capabilities, we built a unified education system in 2021 together with the certification system to internalize digital competencies. Moreover, we designed the program that combines learning and donation, encouraging the capacity building of employees and social contribution.

**1 Programs Associated with Specialized Educational Institutions** We have fostered 7 financial experts by jointly operating a Master's course in finance with Sungkyunkwan University, where additional applicants will be supported to join the course in the first half of 2022. We operate a system to support acquiring global financial certifications (CFA, CFP, FRM, CAIA, etc.) for all employees, including non-regular employees, and support them in obtaining domestic and foreign certificates that relate to each of their jobs.

**2 Fostering Next-generation Leaders** As part of efforts to foster next-generation leaders, we presented the new leadership training course centered on self-leadership enhancement based on self-awareness and career management, understanding of business, and performance-oriented leadership with 50 next-generation leaders completed the course. We also operate training courses for department heads' candidates, resulting in 6 out of 19 participants (26.3%) being selected as new department heads in 2021.

**3 Retiree Support System** Since the inception in 2009, Financial Career Consulting Center has lent support to retired employees and employees supposed to retire with a job change support program tailored to financial industry workers. In addition, we operate and support age-specific lifetime planning programs for employees aged 50, 55, and 58 for the first time among financial companies. In 2021, we supported education for a total of 89 people, including 57, 23 and 9 students in the course for ages of 50, 55, and 58 or older, respectively.

### 2021 PERFORMANCE

#### 08 Talent Nurturing

Category	Contents	Unit	2019	2020	2021
Education	No. of participation in education per capita	Cases	14.0	20.8	27.3
	Hours of participation in education per capita	Hours	179.8	121.8	128.4
Gender	Male	Hours	256,430	171,847	218,994
	Female	Hours	167,176	109,690	92,761
Age	Under 30	Hours	92,803	51,667	27,965
	30-50	Hours	248,939	197,125	268,233
	50 or over	Hours	81,865	32,744	15,557
	Education fee per capita	KRW 10,000	176.6	104.2	136.7
	Total number of participation in education	Cases	33,047	48,103	66,334
	Total hours of participation in education	Hours	423,606	281,537	311,755
	Total education fee	KRW 100 million	41.6	24.1	33.2
	Total employees	Persons	2,356	2,312	2,428

Category	Programs	Program details	No. of participants	Participation hours
Major Education Programs	Legal qualification support system	Program for support the acquisition of legally required license for employees in charge of financial product sales and investment management Support investor protection education, online qualification preparation classes, and workbooks	1,941	48,112
	Advanced qualification support system	Program for support of acquisition of first-recommended certifications such as for CFA, CFP, etc. Operate online qualification preparation classes and support self-study acquisition	65	13,845
	Professional qualification support system	Support program for acquiring 32 certifications that are recognized for financial and job-related expertise Operate some qualification preparation classes and support self-study acquisition	8	1,600
	Expert Academy	Regular course that combines theoretical lectures and practical practice to raise job professionalism	1,002	7,269
	SS On Air	Special lecture to enhance the level of understanding and practical application of timely job-related issues	9,850	9,850
	E-learning	Various topics, such as leadership, liberal arts, and foreign languages, are conducted online, and one course per employee is allowed per month	30,872	146,999
	Lunch & Learn	Special lectures on humanities and trends using lunchtime (non-contact)	10,177	10,177
	Digital certificate system	A total of five levels of education system to promote systematic education from the basics, intensive and certification acquisition	530	11,429
	Learn Learn Learn Challenge	A challenge program that combines learning activities with donations	3,677	9,192
	Knowledge Festa	Company-wide general knowledge sharing event for audiences, such as sharing event of in-house learning outcomes and special lectures by celebrities by theme	1,018	2,545

## Labor

### 2021 PERFORMANCE

#### 09 Work-Life Balance

To help our employees achieve a work-life balance, Samsung Securities has operated a variety of programs, including flexible working hours, childcare leave\*, maternity leave, and part-time working system. The type of flexible working hours system we have adopted is selective working hours, which allows our employees to adjust their work schedules within the 40-hour work week system. The system came into force in July 2019, and the participation rate stood at 95.9% in 2021. Furthermore, we have selectively allowed our employees to work from home for the sake of the prevention of the spread of COVID-19 as well as for the protection of our employees. We examine our working system and related issues to ensure that our employees can work under the same conditions even when they work from home.

Two daycare centers are also operated within our headquarters for children aged 1 to 5 so that our employees can fully concentrate on their work without concerns. Admission to the centers is granted in order of female employees, single-parent employees, and male employees of dual-income families. The number of children attending the centers is on the increase, and a total of 37 children were registered in 2021. The independent place is available to female employees with infants and toddlers for the purpose of breastfeeding and breast pump. We also put in place many other programs, including a family-friendly program, a tuition and school uniform reimbursement program, and support for medical check-ups.

\* Children born after March 2016 may be used for up to two years.

Category	Contents	Unit	2019	2020	2021
Flexibility in working hours	Participation rate in flexible working hours	%	-	96.1	95.9
Maternity leave	Those supposed to return after maternity leave for the year	Persons	21	20	18
Childcare leave	No. of employees on childcare leave (male)	Persons	4	2	5
	No. of employees on childcare leave (female)	Persons	59	56	53
	No. of employees returning to work after childcare leave	Persons	65	60	41
	Ratio of returning	%	91.5	92.1	86.5
	Ratio of employees working for more than 1 year after returning	%	88	88	90

### 2021 PERFORMANCE

#### 10 Performance Evaluation

Category	Contents	Unit	2019	2020	2021
Evaluation system	Ratio of employees receiving regular performance evaluation	%	91.09	95.65	93.76
	No. of employees subject to regular performance evaluation	Persons	2,368	2,370	2,371
	No. of employees receiving regular performance evaluation	Persons	2,157	2,267	2,223
	Ratio of employees subject to regular incentive	%	3.01	3.09	3.38
	No. of senior managers (above managing director)	Persons	26	26	27
	No. of employees in charge of financial investment	Persons	46	48	63
	Long-term incentive payment period for employees below senior management	Years	4	4	4

#### 11 Employees' Satisfaction Level

Category	Contents	Unit	2019	2020	2021	
Satisfaction level	All*	Points	73.5	76.1	76.2	
	Gender	Male	Points	76.4	78.1	78.2
		Female	Points	68.8	72.6	72.5
	Job title	Executive	Points	84.1	84.2	89.2
		Middle manager	Points	75.2	77.8	77.1
		Staff	Points	66.7	72.8	73.6

\* 2021 Target score: 80

## Health and Safety

### STRATEGY

Ensuring that all employees can work in a safe working environment with sound conditions, we have established policies regarding safety and health in compliance with domestic laws and international standards. With the resolution of the BOD, we set annual plans for safety and health.

In line with the policy, we decide on priorities and implementation plans taking industrial characteristics into account to analyze the annual absence rate and accident rate trend, and to identify potential risks concerning safety and health, thereby preventing industrial accidents. Specifically, we operate employee health management programs such as company-wide health campaigns, psychological counseling and internal communication channels to prevent occupational diseases. In response to safety and health risks posed by COVID-19, we provide paid leave to avoid infection and support work at home while protective measures are taken, such as shortening working hours for employees in vulnerable health conditions, including pregnant women.

HR executive was appointed as the manager in charge of safety and health who regularly monitors and evaluates the level of safety and health. Industrial Safety and Health Committee listens to employees' voices and carries out prevention activities to ensure safety and health. The committee consists of 4 representatives of each side, labor, and management, to discuss the safety and health operating system and related issues on a quarterly basis. The results of the committee's deliberation and resolution are documented and systematically managed.

### TARGET

Under the objective of zero absenteeism rate, Lost Time Injuries Frequency Rate (LTIFR), and zero industrial accidents, we are pursuing safety and health management. Thanks to the strenuous effort, we achieved zero LTIFR in 2021.

### ASSESSMENT

Following the occupational health and safety (OHS) policies, we establish an annual safety and health plan and report it to the BOD for approval. In addition, we set up work procedures to check and improve safety and health risks for employees, followed by reporting improvement results at least once a year. In the event of an occupational injury, disease, or accident, we identify the process and root cause of the occurrence of the injury, disease, or accident in accordance with the investigation process. In addition, countermeasures are established aiming to prevent a recurrence. Then, the person in charge of safety and health management reports and implements them.

### 2021 PERFORMANCE

#### 01 Industrial Accident

We reached zero workplace accidents during the reporting period (2019~2021), and accordingly there was no absence arising from occupational accident. Yet, we calculate the rate of absenteeism by adding up the number of sick leaves used by the target employees. Sick leave is an unpaid leave system allowing employees to use it when they cannot work due to an injury or illness.

### 2021 PERFORMANCE

#### 01 Industrial Accident

Category	Contents	Unit	2019	2020	2021
Employee	Rate of absenteeism*	%	0.5	0.3	0.5**
	No. of employees having an industrial accident	Persons	0	0	0
	Date of absence	Days	2,952	1,743	2,702
	Casualty	Persons	0	0	0
	No. of LTI	Cases	0	0	0
	LTIFR	%	0	0	0
Employee of partner companies	Casualty	Persons	0	0	0

\* During the reporting period (2019-2021), there was no absence due to occupational accidents

\*\* 2021 Target: 0.1

#### 02 Activities for Occupational Safety and Health

Samsung Securities conducts health check-ups on a regular basis with the purpose of helping our employees enjoy a healthy and safe life while providing CPR education and emergency evacuation training. Industrial Safety and Health Committee listens to the voice of employees in regard of safety and health carry out prevention activities to make sure safety in our work place more than once a quarter. We operate a follow-up management center for comprehensive health checkups and disease prevention and psychological counseling programs for mental health to ensure that all employees lead their healthy life. In close cooperation with safety service partners, we support employee training such as rescue and recovery activities, emergency evacuation training, and CPR education.

Category	Contents	Unit	2019	2020	2021
Safety and Health education	No. of participants	Persons	42	16	35
	Hours of CPR education	Hours	93	32	70
	Hours of and emergency evacuation training	Hours	74	30	82
Safety management	Emergency response plan	Establishment	-	-	✓
	Safety prevention education for partner companies	Implementation	-	-	✓

#### 03 Response Procedures for Health and Safety Accidents

In the event of accidents in the business site, Samsung securities reports the occurrence of the accident to the department responsible for health and security in a prompt manner and takes necessary emergency measures. The responsible department thoroughly identifies the background of it followed by reporting it to the person in charge of safety and health. If severe damage is expected due to the accident, we convene the Occupational Health and Safety Committee to discuss whether the business continuity plan (BCP) should be implemented in consultation with related departments. The department in charge of health and safety established the measures to prevent the recurrence of the accident based on the findings of fundamental causes and problems of the accident.



## Consumer Protection

### 2021 PERFORMANCE

We have achieved zero case of breach in displaying and advertising regulations in 2021. Going forward, we will revise the guide book of investment advertisement and produce sample contents on investment advertisement to enhance education, thereby preventing violations.

Category	Contents	Unit	2019	2020	2021
Breach of displaying and advertising regulations	No. of violations against displaying and advertising regulations	Cases	10	11	0
	No. of measures taken against the breach of regulations on displaying and advertising	Cases	10	11	0

## Human Rights

### STRATEGY

As part of endeavors to protect and respect the human rights of stakeholders involved in our management operation, Samsung Securities complies with the universal principles of human rights presented by the UN Universal Declaration of Human Rights and the UN Guidance Principles on Business and Human Rights. We endorse the standards and principles of international human rights and labor which are embodied in the Ten Principles of UN Global Compact. To align with this, we have drawn up our policy for human rights built on UN Guiding Principles on Business and Human Rights. The policy governs regulations on various issues including ban on discrimination, forced labor, child labor and human trafficking, equal remuneration, freedom of association, and the guarantee of the right to collective bargaining. And all of our stakeholders engaged with our management, such as our employees, local residents, consumers, suppliers and partner companies are subject to this policy.

Samsung Securities has set up and announced our internal regulations on sexual and workplace harassment, which are common types of human rights abuse that can frequently occur at work, thereby creating a safe work environment where our employees' human rights are protected. As part of the efforts, we have adopted and declared zero-tolerance policy for workplace harassment and discrimination. In the event of occurrence, we take measures, such as change of work place, redeployment or paid leave, according to the opinions of victims after investigations, thereby putting the protection of victims as our top priority.

### TARGET

We aim to eliminate human rights risks with proactive preventive measures against vulnerable factors identified through human rights due diligence to block negative impact on corporate image caused by legal disputes due to human rights violations.

### ASSESSMENT

#### Identification and Screening of Human Rights Risks

With a view to respect the human rights of diverse stakeholders, we have formulated a process for human rights due diligence, which allows us to deliver our human rights policy, figure out actual and potential human rights issues, thereby preventing human rights violation.

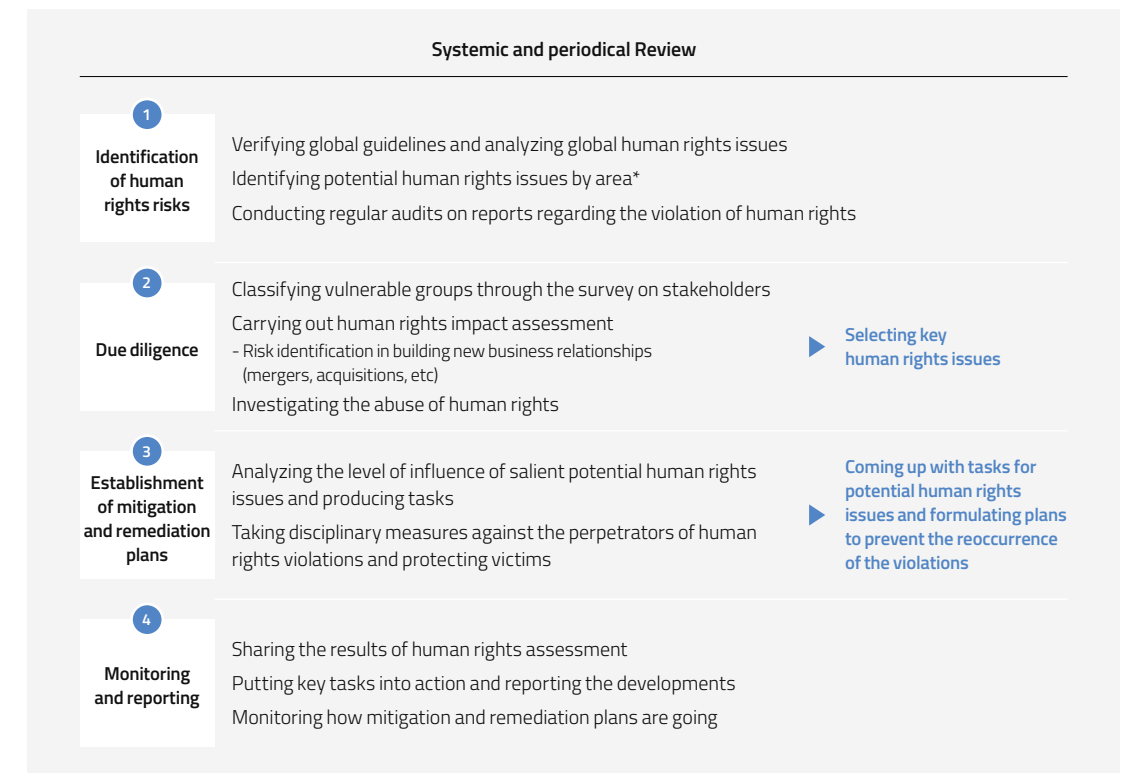
Accordingly, regular audits targeting the headquarters and all branches are conducted while the status of client management and workplaces are regularly monitored. Moreover, actual and potential human rights issues are examined by analyzing internal and external cases collected from grievances handling and looking in to domestic laws, related guidelines and press releases.

As part of efforts to curtail the risks of human rights abuse, we incorporate potential issues of branches and partner companies into the scope of our due diligence when we newly establish partnerships through M&A and Joint Venture so as to take mitigation measures in a preemptive manner.

#### Mitigation Process for Human Rights Risks

We analyze the leverage level of salient human rights issues selected through the process of identification and due diligence, and then produce tasks to be done to relive these risks. And the tasks, such as establishment of revision of regulations, operation of prevention programs for human rights abuse, or the provision of human rights education, are conducted at each division level. How tasks are implemented is reported and inspected in a constant manner. Especially for the case of human rights violation occurred, we take a disciplinary action in accordance with the internal regulations. On top of that, plans for the reoccurrence prevention are also established in order to recover the rights of victim as well as prevent the risks of human rights.

#### Conducting Human Rights Assessment



\* Employees, partner companies, new partnership

## Human Rights

### ASSESSMENT

#### Results of Human rights Assessment

##### Identification of Salient Human Rights Issues and Establishment of Mitigation Plans

Vulnerable Group		Human Rights Issues	Mitigation Plans	Remediation Measures Taken
Our employees	Female employees	Discrimination and equal pay	Expanding women representation at work	<ul style="list-style-type: none"> <li>Setting up target female ratio by job title</li> <li>Appointment of a female director (Mar, 2022)</li> </ul>
			Educating all employees on sexual harassment prevention	<ul style="list-style-type: none"> <li>Conducting company-wide education on sexual harassment prevention</li> </ul>
			Preventing career disruption due to childbirth and child care, narrowing gender pay gap	<ul style="list-style-type: none"> <li>Childcare leave</li> <li>Maternity leave</li> <li>Infertility leave</li> </ul>
	Labor union	Freedom of association, guarantee of collective bargaining	Ensuring free unionization and related activities	<ul style="list-style-type: none"> <li>Providing spaces for labor union office</li> <li>Utilizing internal bulletin board</li> </ul>
Third-party contract workers	Client service employees	Physical/mental Fitness	Making sure the human rights protection and safety of client service employees	<ul style="list-style-type: none"> <li>Establishing and applying protection measures and standards for client service employees</li> <li>Operating EAP program designed for emotional laborer protection</li> <li>Running fitness/mental health centers</li> <li>Supporting medical expenses</li> </ul>
Clients	Information Human Rights		Reinforcing the protection of clients' personal information	<ul style="list-style-type: none"> <li>Passing the related verification of a system for information protection management</li> <li>Training all of employees on data protection (partner companies included)</li> <li>Implementating the regular information protection evaluation conducted by the Financial Security Service</li> </ul>
			Protecting financial consumers and guaranteeing their rights and interests through the establishment of a financial consumer protection system and communication with clients	<ul style="list-style-type: none"> <li>Operating the comprehensive consumer protection system</li> <li>Improved client inconvenience</li> </ul>
			Accessibility to service	Refining mobile service
			Improving financial inclusion for the vulnerable	<ul style="list-style-type: none"> <li>Operating dedicated window and fee preferential service for the disabled</li> </ul>
Local community	Inclusive education		Promoting financial education for students from disadvantaged families	<ul style="list-style-type: none"> <li>Supporting financial education, career planning and capacity building</li> </ul>

### 2021 PERFORMANCE

#### 01 Prevention Programs for Human Rights Abuse

Category	Contents	Unit	2019	2020	2021
Prevention programs for human rights abuse	Operation of EAP program for the protection of emotional laborers and ratio of beneficiaries	Cases	2 (For all employees)	0 (COVID-19 issue)	2 (For all employees)
Human rights education	Total number of education participants	Persons	2,501	2,584	2,698
	Total hours of human rights education	Hours	2,501	2,584	2,698
Education on sexual harassment prevention	Total number of education participants	Persons	2,501	2,584	2,698
	Total hours of sexual harassment prevention education	Hours	2,501	2,584	2,698

#### 02 Reporting and Redress

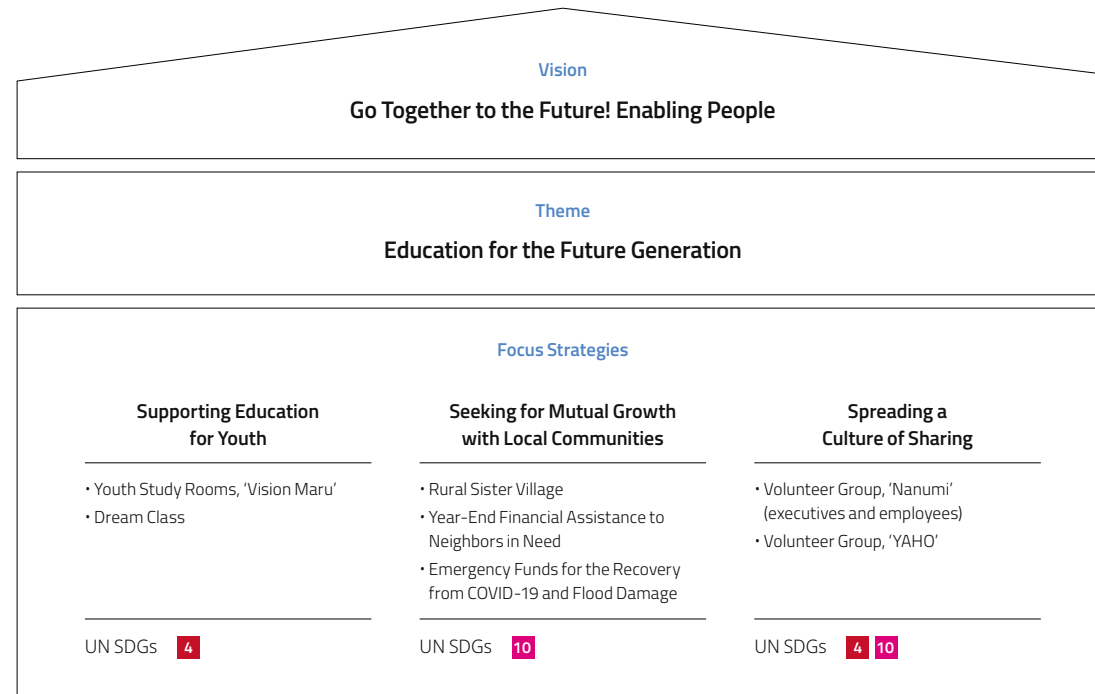
Category	Contents	Unit	2019	2020	2021
Reporting of human rights-related issues	No. of human rights-related grievances reported	Cases	3	0	3
	No. of human rights-related grievances handled	Cases	3	0	3

## Shared Growth and Social Contribution to Local Community

STRATEGY

### Social Contribution System

Samsung Securities carries out educational support projects which underpin fair and quality education as well as provide more opportunities for life-long education with an aim of contributing to the accomplishment of UN SDGs. Under the social contribution vision of 'Go Together to the Future! Enabling People', we make multi-faceted efforts to provide fair education opportunities for the youth from disadvantaged families. Our representative social contribution project is titled Dream Class, the mentoring program for teenagers concerning career paths, future competencies, and basic learning. Employees take part in every social contribution activity, generating local community value together.



### Social Contribution System

STRATEGY

**1 Youth Study Rooms, 'Vision Maru'** Vision Maru aims to lend support to social welfare centers with outdated facilities for their remodeling as well as to assist adolescents with the provision of after-school learning, emotional counseling, and career research. Starting with the first branch in 2012, we have supported 48 study rooms.

**2 Dream Class** Dream Class, in which college student mentors teach middle school students with an aim of closing the educational gap, has been renewed into Dream Class 2.0 in respond to the evolved educational environment after COVID-19 under the integrated management of Samsung Group. Beyond the subject-oriented education, the class provides essential contents for future competencies building in the era of the 4<sup>th</sup> industrial revolution, such as digital literacy and global capability, and support career planning for youth where our executives and employees participated as mentors in programs for employment and economic education.

**3 Volunteer Group, 'Nanumi'** Nanumi, the volunteer group operated by voluntary participation of our employees, consists of 164 teams nation-wide as of 2021. Each team sets up a social contribution theme tailored to their regions, and conducts a variety of activities. In addition, our employees donate certain amount of money to Nanumi Fund on a monthly basis. This fund is matched with company expenses to be executed as CSR donation.

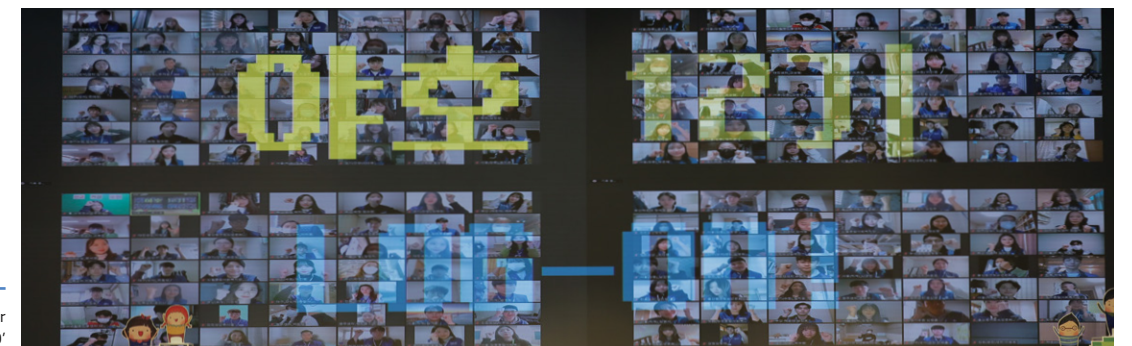
Youth Study Rooms, 'Vision Maru'



Dream Class



Volunteer Group, 'YAHO'



## Shared Growth and Social Contribution to Local Community

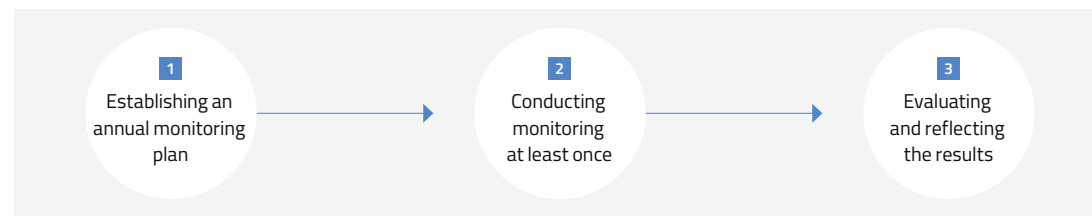
TARGET	Social Contribution Program	KPIs on Business Side	KPIs on Social and Environmental Side
	One Company-One School Financial Education	<ul style="list-style-type: none"> <li>• Raised awareness of Samsung Securities among participants in financial education</li> <li>Securing future clients</li> <li>- Target: students in elementary, middle and high school</li> <li>- Contents: allowance management, savings and investment, economy and finance, 4<sup>th</sup> industrial revolution and economic life</li> <li>- No. of participants: 2,983 students in 118 classes of 29 schools</li> </ul>	<ul style="list-style-type: none"> <li>• Increase rate in financial literacy and economic understanding index of participants: 4.28%</li> <li>- Pre-test: 63.72</li> <li>- Post-test: 66.45</li> </ul>
	Employees' volunteer works and donations	<ul style="list-style-type: none"> <li>• Increase rate of employee satisfaction (self-esteem) through social contribution activities</li> <li>Forming a consensus on social contribution vision among employees</li> <li>• Investments in local communities</li> <li>Securing potential clients through expanded exchange with local community</li> <li>Having more partnerships with businesses in local community</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in beneficiaries rate of employee volunteer works</li> <li>• Growth rate of donation by employees</li> </ul>
	College Student Mentors of Dream Class	<ul style="list-style-type: none"> <li>• Increase rate of our awareness of the future talent pool (youth in their 20s)</li> <li>Securing a talents pool who share our values and vision of social contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the number of trainings regarding career planning and capacity building for youth from vulnerable group</li> </ul>

### ASSESSMENT

#### Due Diligence of Donations

For the sake of enhanced transparency of our donation policy, we conduct external audits of welfare centers benefitting from our donation programs. And we visit in person all of the sites where we operate the programs to assess the detailed program operation.

#### Monitoring Procedure



### 2021 PERFORMANCE

#### 01 Social Contribution Activity

Since the end of 2021, the Samsung Group has restructured the social contribution program, which had been conducted at each company level, into a joint operation of the group's representative contribution projects. We plan to proactively engage in salient social contribution activities selected through company-wide reorganization. We will continue the existing youth support programs within a new framework, promoting effective implementation in connection with the group's activities.

Category	Contents	Unit	2019	2020	2021
Social contribution expenditure	Total amount of social contributions (cash)	KRW 100 million	34.2(25.1)	33.6(33.1)	33.2(28.6)
	Education (cash)	KRW 100 million	19.8(10.8)	16.9(16.5)	19.7(17.0)
	Welfare (cash)	KRW 100 million	10.2(10.1)	10.0(9.9)	7.6(5.7)
	Others (charitable groups, NGOs, educational/research institutes, etc.)(cash)	KRW 100 million	4.2(4.2)	6.7(6.7)	5.9(5.9)
	Matching grant expenses (executives and employees/Nanumi Fund)	KRW 100 million	2.9	2.7	2.7
	In-kind donations	KRW 100 million	1.0	0.5	0.2
	Political Contributions*	KRW 100 million	0.0	0.0	0.0
	Major association membership dues and donations	KRW 100 million	3.8	3.8	3.9
	Korea Center for International Finance	KRW 100 million	0.5	0.5	0.5
	Korea Capital Market Institute	KRW 100 million	2.85	2.85	3.10
	Korea Securities Association	KRW 100 million	0.3	0.3	0.3
	Global Finance Networks (GFIN)	KRW 100 million	0.1	0.1	0.0
	Operating expenses of social contribution programs	KRW 100 million	1.4	0.6	1.7
	Employee social contribution activities	No. of employees participating in social contributions	Persons	4,890	3,378
Hours of participation		Hours	10,692	6,095	8,393
Social contribution programs	Cumulative no. of students participating in Youth Economics Security Academy	Persons	223,716	236,935	254,902
	Cumulative no. of classes participating in Youth Economics Security Academy	Classes	7,278	7,462	7,546
	No. of university students belonging to YAHQ Volunteer Group	Persons	252	252	252

\* We impose a ban on the support or donation for political campaigns and election campaign funds, and lobbying organizations in accordance with our management principles as well as relevant laws.

All donations are subject to the review and deliberation to check their compliance in line with 'external sponsorship review regulations'.



## Shared Growth and Social Contribution to Local Community

### 2021 PERFORMANCE

#### 02 Inclusive Financial Products

Samsung Securities strives to make it easy to use services for vulnerable social groups and the disabled having difficulties due to poor accessibility to financial institutions and services. As part of the efforts, we have prepared physical devices to help users use basic services, such as installing an entrance ramp for wheelchair users and an ATM braille button for the visually impaired. We have maintained the service grade of clients with disability registration cards to 'preferential' so that they can be exempt from fees for financial services, including money withdrawal, transfer and the issuance of certificates, even when they use the services with the help of the employee. Furthermore, we apply online trade commission, half of offline trading fee, to those clients in their offline orders through ARS service or phone calls with PB. On top of that, various efforts have been made to help handicapped clients access digital financial services without inconvenience. A chatting service and 'Visual ARS' available for the hearing-impaired while notifications on order execution are provided through pop-up messages to make it more convenient to confirm the execution. Security card having a Braille feature is also adopted to make it easier for the visually-impaired do financial transaction. We have also refined our process and regulations to allow the disabled to submit their complaints about the violation of rights through voice recording, thereby contributing to improved rights of handicapped financial consumers. The details of our support services for the disabled are available in the section of 'Financial Guidelines for Client with Disability' at our website. And our window dedicated to client with disability gives priority to handicapped people when they visit in person.

#### Inclusive financial products

- Provision of microfinance to small businesses / socially vulnerable groups
- Providing finance or know-how to companies supported by microfinance
- Financial services for low-income household
- Financial services for the disabled (ex) loan schemes, deposit accounts, braille checks, voice support with ATM)
- Financial education for the low-income class
- Enhancing access of the vulnerable to financial services through mobile banking
- Financial products for the financially vulnerable groups (or regions)

## Data Protection and Client Management

### STRATEGY

We put Data Protection Team and IT Security Team under the umbrella of Chief Information Security Officer (CISO), and these teams assume the roles of formulating and operating data protection policy, conducting IT audits and inspection on company commissioned the personal credit information handling. The process of a visual verification of ID cards was introduced in case of online transaction such as non-face-to-face account creation to ensure safe financial transaction. We always endeavor to counteract accidents in a swift manner with a strategic response process for accidents while upgrading our manual for response to security accidents on a regular basis. By doing so, we try to minimize the damage to our client in the event of accidents related to information protection and personal data protection. In case of Hacking or DDoS attacks, we can quickly respond to intrusion incidents according to the response procedures set by Security Incident Response Council.

### TARGET

With the aim of growing into a leading player in information protection, Samsung Securities carries out a variety of activities for raised awareness of information protection and enhancement of vulnerable points on this matter.

### ASSESSMENT

We renewed the certification of Personal Information Security Management System (ISMS-P) in 2021, maintaining externally approved information security system. Security breach response training (trainings on response to server hacking, DDoS and APT attacks, and cyber shelter conversion) in accordance with Article 37, Items 4 of Electronic Financial Transaction Act. Employees are also participating in monthly malware simulation training. Since 2021, we are conducting inspections according to the information protection regular evaluation system introduced by the Financial Security Service to systematically check the level of personal credit information protection of financial institutions. We awarded 'S', the highest grade of the regular evaluation in 2021, based on the results of inspection on the management system for personal credit information protection.

## Data Protection and Client Management

### 2021 PERFORMANCE

#### 01 Data Protection Education

Samsung Securities shares our data protection policies and related internal regulations with all of our employees through an internal electronic book to ensure their compliance with them. Online education harnessing diverse educational contents is also provided twice a year for our all employees and partner companies in order to raise the awareness of the gravity of information protection. In addition, we conduct regular security breach response training (training on response to server hacking, DDoS and APT attacks, and cyber shelter conversion) in accordance with Article 37, Items 4 of Electronic Financial Transaction Act, thereby preparing ourselves for any attack. And tests are also conducted for the prevention of intrusion from outside and control performance with the Financial Security Service and Samsung Integrated Security Center on an ongoing basis.

Category	Contents	Unit	2019	2020	2021
Data Protection Education	No. of employees completing data protection education	Persons	2,417	2,422	2,484
	Hours of data protection education	Hours	28,730	29,884	29,490

#### 02 Client Data Protection

Samsung Securities has obtained Information Security Management System (ISMS-P) for the sake of reinforced data protection and personal data protection. For the acquisition, we meet a total of 102 standards required for the certification, including 80 criteria for data protection and 22 for personal data protection.

Category	Contents	Unit	2019	2020	2021
Client data management	No. of complaints regarding infringe on client personal data	Cases	10	10	14
Client Satisfaction	Rate of satisfied clients*	%	77	78	79
Certification	Whether to go through ISMS-P certification	Certification	✓	✓	✓

\* 2021 Target rate: 80

# GOVERNANCE DATA

## Governance

### STRATEGY

#### Governance Principles and Roles of the BOD

Samsung Securities operates the board of directors (BOD) under the principles of transparent and responsible management to enhance sustainability. As the highest standing decision-approving body, the BOD serves as a check and balance on the executive, assisting and supervising its decision-making. To this end, we deliberate and decide on appointment and dismissal of directors, matters entrusted by the general meeting of shareholders, and basic corporate management policies in compliance with the laws and articles of incorporation. In order to establish a sound governance structure, we are also striving to secure independence, transparency, expertise, and diversity.

#### Transparency in Governance

We publish the 'Annual Governance and Remuneration Report' on Korea Exchange and our website to improve transparency in board activities and compensation. Also, we share the results of internal and external evaluations on governance. We safeguard the rights and interests of shareholders, the board of directors, and stakeholders by means of clearly stipulating their rights and responsibilities through the corporate governance charter. Anyone can access to the Charter on our website.

### ASSESSMENT

We conduct self-evaluation through which each member evaluates the operation of the BOD and directors by checking 12 items on the list related to the composition, roles and responsibilities, and the overall operation of the BOD. In 2021, the assessment results indicated 'Very Good' along with B+ grade in the governance sector evaluation awarded by the KCGS.

## Governance

### 2021 PERFORMANCE

#### 01 Composition of the BOD

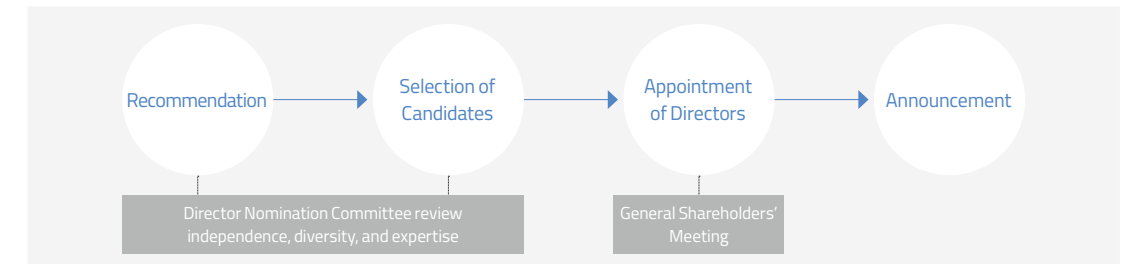
For the purpose of securing independence, we are maintaining a majority of non-executive directors among which the chairman of the BOD is appointed. We aim to appoint directors with diverse backgrounds and expertise to have diverse point of view, making sure that the BOD, the highest decision-making body, will not be lean too much towards specific occupation or backdrops.

(As of Mar. 2022)

Category	Name	Position / Career	Expertise	Date of Appointment	Shares Held
Executive Director	Seok Hoon Chang	Current) CEO of Samsung Securities	Finance, Management	Mar. 21, 2018	6,196
		Former) Head of the Human Resources Unit in Samsung Securities			
		Former) Head of the Business Administration Unit in Samsung Securities			
	Jae Hun Sa	Former) CFO of Samsung Securities	Finance, Management	Mar. 24, 2017	4,000
		Current) Head of Channel Sales Division in Samsung Securities			
		Former) Head of the Institutional Business Unit in Samsung Securities			
	Jong Wan Lee	Former) Head of the Wholesale Division in Samsung Securities	Finance, Management	Mar. 18, 2022	2,341
		Current) Head of the Business Administration Unit in Samsung Securities			
		Former) Head of Audit Unit in Samsung Securities			
Non-executive Director	Dong Hyun Ahn	Former) Business Management officer in Samsung Securities	Finance, Management, Accounting, Economics	Mar. 29, 2019	-
		Current) Professor of the Department of Economics, Seoul National University			
		Former) Director of Korea Capital Market Institute			
	Beom Shik Chang	Former) Member of the Public Fund Oversight Committee	Finance, Management, Accounting, Economics	Mar. 20, 2022	-
		Current) President of Soongsil University			
		Former) Member of KOSDAQ Listed Companies Association			
	Jong Ryong Lim	Former) President of Seoul Ivy Forum	Management, Finance, Accounting	Mar. 19, 2021	-
		Current) Advisor of Yulchon LCC			
		Former) 5 <sup>th</sup> chairman of Financial Services Commission			
	Hye Ree Choi	Former) CEO of Nonghyup Financial Group	Law, Human Rights	Mar. 18, 2022	-
		Current) Attorney of Law Firm Sanji			
		Former) Standing member of the National Human Rights Commission of Korea			
		Former) Judge of Seoul Family Court			

### 2021 PERFORMANCE

**1 Director Appointment Process** Samsung Securities operates the Director Nomination Committee to appoint non-executive directors with expertise and independence and auditors who are in charge of auditing internal control and financial activities. The Director Nomination Committee reviews expertise, job fairness, ethics and diversity of director candidates, then recommends suitable candidates, followed by appointing directors with approval of the general shareholders' meeting. Agenda for appointment is individually set for each nominee. Appointed directors have a three-year term of office and can be re-appointed. However, re-appointment exceeding six years is prohibited.



- Operation of the Nomination Committee to ensure fair and transparent appointment of non-executive directors
- Preliminary screening to recommend suitable candidates having expertise, fairness, and ethics
- Final appointment through approval at the shareholders' meeting

**2 Expertise and Independence of the BOD** The BOD of Samsung Securities is responsible for checking and balancing the management. As of March 2022, the BOD consists of 3 executive directors and 4 non-executive directors. The ratio of non-executive directors is 57.14%, while the average tenure is 1.5 years. The chair of the BOD is elected among the non-executive directors to secure independence from the management.

We operate a director election process to ensure the independence, professionalism and diversity of the BOD, through which we appoint candidates with experience and knowledge in various fields such as finance, accounting, economy, management, and law. By considering gender, race, ethnicity, and place of origin, we are securing diversity of the BOD and reflecting diverse opinions in decision-making. Starting with the appointment of a female non-executive director in 2022, we will continue our efforts to enhance gender diversity in the BOD.

Category	Contents	Unit	2019	2020	2021
Independence	All directors	Persons	5	7	6
	Executive directors	Persons	2	3	2
	Non-executive directors (ratio)*	Persons (%)	3(60.0)	4(57.1)	4(66.7)
	Whether non-executive directors serve as a chairman		✓	✓	✓
Diversity	Male	Persons	5	7	6
	Female (ratio)**	Persons (%)	0(0)	0(0)	0(0)
Expertise	No. of financial experts*	Persons(%)	2(40.0)	2(28.6)	2(33.3)
	No. of ESG experts*	Persons(%)	0(0)	0(0)	0(0)

\* 2025 Target ratio of non-executive directors: 67% \*\* Ratio of female directors as of March 2022: 14%

## Governance

### 2021 PERFORMANCE

#### 02 Operation of the BOD

**1 Activity and Efficiency of the BOD** The BOD actively heeds the opinions of stakeholders including shareholders and reflects them in management activities. In 2021, regular and ad hoc board meetings were held to resolve issues, such as quarterly business performance, company-wide ESG strategy direction, enactment of financial consumer protection standards and management plan for 2022. The schedule of the BOD meetings was noticed in early March for raising the attendance rate of the BOD and efficient management. The temporary BOD is convened by the chairman or the representative director with basic policy stipulating the notices for the meeting should be given two weeks in advance. Concurrent duties of non-executive directors are limited to one in order so that they can concentrate on work. In 2021, a total of 15 board meetings were held with 71 agenda items proposed. While minimum attendance rate for the BOD members was not stipulated, 85% of attendance rate is being considered as an internal standard for BOD evaluation, with 100% of the BOD attendance rate for the past three years. Every year, we conduct education programs about compliance and financial consumer protection for the non-executive directors to enhance their understanding of the company and the basic principles that financial company executives should adhere to.

Category	Contents	Unit	2019	2020	2021
Efficiency	Restricted No. of other mandates for non-executive directors	Numbers	2	2	1
	Average term	Years	1.3	1.9	2.1
	Attendance rate	%	100	100	100
	Average attendance rate of non-executive directors	%	100	100	100

**2 Operation of the BOD** We notify the convocation at least two weeks in advance and the annual schedule for the meetings is set up when a new BOD is formed in March, which makes members adjust the schedule in preparation for attending the meeting. Agendas include issues related to a general meeting of shareholders, quarterly performances, business plans for the next year as well as ESG related issues to secure the sustainability of Samsung Securities and are informed at least 7 days in advance so as to allow members to sufficiently review them before the meeting. sufficiently review them before the meeting.

Category	Contents	Unit	2019	2020	2021
BOD operation	No. of meetings convened	Times	12	13	15
	Reporting and resolved agenda items	Cases	48	57	71

### 2021 PERFORMANCE

#### 03 Liability of the BOD

The BOD sets standards for the establishment and operation of an internal control system in accordance with internal control standards. The authorities and responsibilities of the BOD and the scope of its major activities are clearly defined in the inside regulations of governance and the articles of incorporation by which executives inspect the compliance of the internal control system within the remit of the duties, prepare measures to prevent accidents and take subsequent actions in case of accidents.

Category	Contents	Unit	2019	2020	2021
Limiting the liability	Buying liability insurance	Subscription	✓	✓	✓
	Leadership-related issues	Cases	0	0	0

#### Compliance Requirements for non-executive directors and internal control

Date of education	Mar. 19, 2021	Date of education	Nov. 26, 2021
Education organizer	BOD Secretariat	Education Organizer	BOD Secretariat
Attended non-executive directors	Yeong Seop Lee, Dong Hyun Ahn, Beom Shik Chang, Jong Ryong Lim	Attended non-executive directors	Yeong Seop Lee, Dong Hyun Ahn, Beom Shik Chang, Jong Ryong Lim

#### Training on anti-money laundering

#### 04 Board Committee Activities

**1 Board Committee** Samsung Securities has established seven committees under the BOD to promote prompt and professional decision-making process as well as to efficiently operate the BOD. Each committee is independently operated, consisting of more than half of non-executive or executive directors depending on its role. The BOD decides on establishment and operation of committees, and appointment and dismissal of committee members, while each subcommittee makes decisions on matters delegated by the board. Audit Committee and Risk Management Committee oversees financial operation and risk management in compliance with the 'Internal Control Standards', shares and reviews the result of the monitoring before a BOD meeting. And, if necessary, it explains the agenda in advance.

Audit Committee consists of three non-executive directors with proven independence and expertise in sectors of economics / management, finance / accounting, and law, leveraging assistance from external experts on demand. ESG Committee, established in 2021 to strengthen ESG management, is reinforcing management and supervision of sustainability management-related tasks which can have a significant impact on corporate values, such as review and control of climate risks and approval of health and safety plans.



## Governance

### 2021 PERFORMANCE

#### 04 Board Committee Activities

##### 1 Board Committee

Category	Contents	Unit	2019	2020	2021
Management Committee	• Role: Make decisions on overall business practices delegated by the board except for board resolutions				
	• Members*: Seok Hoon Chang, Jae Hun Sa, Jong Wan Lee				
	Ratio of non-executive directors**	Persons(%)	0(0)	0(0)	0(0)
	No. of meetings	Times	10	9	8
Nomination Committee	• Role: Recommend candidates for directors, who will be finally appointed at the general shareholders' meeting or the BOD in compliance with related laws				
	• Members*: Seok Hoon Chang, Jae Hun Sa, Jong Wan Lee				
	Ratio of non-executive directors**	Persons(%)	2(66.7)	2(66.7)	2(66.7)
	No. of meetings	Times	4	3	2
	Attendance rate	%	100	100	100
Audit Committee	• Role: Conduct audits on overall business and accounting as well as on the job performance of directors				
	• Members*: Jong Ryong Lim, Dong Hyun Ahn, Hye Ree Choi				
	Ratio of non-executive directors**	Persons(%)	3(100)	3(100)	3(100)
	No. of financial experts*	Persons	1	2	2
	No. of meetings	Times	5	5	4
Risk Management Committee	• Role: Establish and oversee risk management policies for overall practices in an efficient manner				
	• Members*: Jae Hun Sa, Beom Shik Chang, Dong Hyun Ahn				
	Ratio of non-executive directors**	Persons(%)	2(66.7)	2(66.7)	2(66.7)
	No. of financial accounting experts*	Persons	2	2	1
	No. of meetings	Times	4	5	6
Compensation Committee	• Role: Evaluate and review the employee compensation system				
	• Members*: Jong Wan Lee, Dong Hyun Ahn, Beom Shik Chang				
	Ratio of non-executive directors**	Persons(%)	2(66.7)	2(66.7)	2(66.7)
	No. of meetings	Times	6	9	7
Internal Trading Committee	• Role: Ensure transparency and objectivity in internal trading between affiliates				
	• Members*: Dong Hyun Ahn, Beom Shik Chang, Jong Ryong Lim, Hye Ree Choi				
	Ratio of non-executive directors**	Persons(%)	3(100)	3(100)	4(100)
	No. of meetings	Times	9	6	5
ESG Committee	• Role: Decision-making and management / supervision of all activities related to sustainability management				
	• Members*: Beom Shik Chang, Jong Ryong Lim, Seok Hoon Chang				
	Ratio of non-executive directors**	Persons(%)	-	-	2(66.7)
	No. of meetings	Times	-	-	1

\* As of Mar. 2022 \*\* As of Mar. next year

### 2021 PERFORMANCE

#### 05 Evaluation and Remuneration

**1 BOD Evaluation Criteria** Every year, Samsung Securities conducts a self-evaluation of the annual activities of the BOD and directors in February. The evaluation is divided into three categories, composition of the BOD, role and responsibility of the BOD, and operation of the BOD, and each category is evaluated by the director himself / herself and the BOD Secretariat using four indicators. The results of these evaluation surveys are available on our website. Each year, we participate in ESG evaluation conducted by the Korea Corporate Governance Service (KCGS) and in 2021, we received a B+ grade in the governance sector. For the purpose of achieving a better performance in the evaluation, an external evaluation by a third party is planned to be carried out as soon as an evaluation agency is selected.

**2 Compensation** The remuneration of the CEO and directors is decided in a transparent and fair way through a resolution at the general meeting of shareholders. The performance of the BOD is measured with comprehensive financial indicators such as ROE, sales, pretax profit, and earnings per share, and non-financial indicators such as consumer protection and compliance. Among the amount calculated based on the result of the performance evaluation, 40% is paid in cash, while the remaining 60% is deferred for more than three years in the form of variable compensation and stock-linked cash. When the performance-based compensation is set, the number of shares for the deferred payment is determined. The amount of payment varies depending on the stock price at the time of the deferred payment. In the event of a violation of company regulations, business interruption, or damage to the company, the variable compensation can be reduced or canceled.

	Category	No. of members*	Total pay (KRW million)**	Avg. amount per person (KRW million)***
Remuneration for Directors	Registered directors	2	4,401	1,467
	Non-executive directors (excluding Audit Committee members)	1	93	93
	Audit Committee	3	284	71

	Category	Guidelines on variable compensation of CEO	Ratio of CEO's deferral bonus and period (% (years))	Actual ratio of amount paid to limit on remuneration (%)
Compensation for CEO and the management		✓	60(4)	49

\* No. of members as of Dec. 31, 2021 \*\* Accumulated remuneration of all directors and auditors appointed from Jan. 1 to Dec. 31, 2021

\*\*\* Total amount of pay divided by the number of directors and auditors appointed from Jan 1 to Dec. 31, 2021

## Governance

### 2021 PERFORMANCE

#### 05 Evaluation and Remuneration

**3 Stock Ownership** Samsung Securities applies the one-share-one-vote principle to all issued shares, so that all shareholders have equal voting rights. Systems and infrastructure have been developed to facilitate the exercise of shareholder rights, such as introducing an electronic voting system from the 39<sup>th</sup> regular general meeting of shareholders in 2021. Currently, Samsung Life Insurance is the largest shareholder, owning 29.6%.

	Category	Unit	2019	2020	2021
Shares held by major shareholders	Shares held by directors and CEO	Shares	13,420	13,420	10,196
	Shareholding ratio among incentives of CEO	%	60	60	60
	Shares held by directors and CEO	Shares	3,612	3,612	1,525
	Shareholding ratio of the government	%(shares)	12.0(10,732,146)	13.4(11,987,834)	11.3(10,077,913)
	Shareholding ratio of dominant stockholders	%	29.7	29.6	29.6
	No. of shares of shareholders having 5% or more shares except for the largest shareholder and special interest parties	Shares	10,723,146	11,987,834	10,077,913
	Combined shareholding ratio of all affiliates	%(shares)	29.7(26,562,373)	29.6(26,399,239)	29.4(26,242,112)

#### No. of Shares Held by Major Shareholders

(As of Dec. 2021)

1	29.6%	2	0.22%	3	26.0%	4	11.3%	5	32.2%
1	Samsung Life Insurance (including special accounts)	26,390,984	4	National Pension Service	10,077,913				
2	Samsung Culture Foundation	195,992	5	Other institutions and individuals	28,689,115				
3	Foreign investor	24,084,672							

## Ethical Management and Compliance

### STRATEGY

Samsung Securities puts in place three teams (Compliance Team, Compliance Operation Team, Legal Affairs Team) dedicated to ethical management and compliance. With these teams, we establish internal control standards, the company's regulations and guidelines for ethical management and compliance with constant revision. By means of regular monitoring and legal review, we inspect the compliance with the regulations and guidelines and educate employees to fully understand the related details. Our code of ethics stipulates our responsibilities for shareholders and clients. In details, we define unethical management behaviors in Articles 1 (the principles of fair trade with consumers), Article 2 (money laundering, corruption, tax evasion, insider trading), Article 3 (antitrust), Article 6 (conflicts of interest) and Article 7 (protection of client information) and encourage our employees to promptly report to the company when they are forced to do against the Code of Ethics or detect illegal conducts. We protect the whistleblower by stipulating the confidentiality and prohibition of disadvantages in the guidelines.

The CEO and executives in charge of internal control deliberate and decide on major issues on the Internal Control Committee, which is convened twice a year and the inspection results on the internal control system are reported to the BOD. In the event of a reward-related complaint or VOC occurred, the Financial Consumer Protection Team conducts a self-investigation and decides who should take responsibility taking into consideration the opinions of the Legal Affairs Team, and then goes through a reimbursement process with the consent of civil petitioners when we have to bear the liability for compensation. The advancement of the integrated compliance management system will enable the development of integrated education management screen which will lead to the establishment of systematic education management foundation base on Plan-Do-See point of view. The legal information system will be renewed in a direction where the convenient legal review and legal advice is available. In addition, employees will be provided with more effective trainings on compliance and ethics tailored to their job characteristics. As the monitoring standards of the Exchange Market Monitoring Committee are expected to experience significant modification, that of Samsung Securities will be revised as well to upgrade the anti-money laundering system in cooperation with external consulting.

### TARGET

With an aim of preventing violations of code of conduct for employees (embezzlement, corruption and bribery, sexual harassments, recovery of profits on a short-term trade by employee, violation of regulations on safety, health and environment, verbal abuse, swearing, and assault), we conduct company-wide ethics training every year, setting the goal of zero employees in violation of code of conduct.

## Ethical Management and Compliance

### ASSESSMENT

Beside the annual evaluation, the audits team has a close examination on the operation of internal control system with the anti-fraudulent and corruption perspective during regular audits of each sector. Compliance officers receive monthly report from Compliance Team, Compliance Operation Team, Legal Affairs Team on the results of monitoring and internal control activities which includes insider trading, provision of profits, and conflict of interests. The Internal Control Committee reports to the BOD the overall contents of internal control on a semi-annual basis. Meanwhile, the Internal Control Council, which consists of the internal control management department and related departments for each case, is in charge of prior consultation on new business processes, deliberation on changes and disposal of previous business processes, and review of important modification in business systems.

### 2021 PERFORMANCE

#### 01 Ethical Management Programs

With an eye to ensuring effective internal control, the work process has been concentered together with new business manual system that was developed to reduce the probability of accidents. We have also refined the Anti-Money Laundering System to not only raise work efficiency but also detect suspicious transaction regarding money laundering. As part of efforts to help our employees build their capabilities required for money laundering prevention, we provided online education for all employees including the BOD and the management. Along with the renewed system, we reinforced the human resources for further strengthen and enhanced internal control operation. In 2021 ethical education was conducted for all employees on top of online courses regarding compliance and ethical management and anti-money laundering which covers the part-time job. We are providing business guidelines and educational materials on code of ethics to our partner companies, thereby cultivating ethical culture every corner of our business activities.

The training system for compliance was bolstered to eliminate the blind spot so that no one left behind. In order to improve effectiveness of training, educational contents were delivered in various forms including messages from all management, contents that employees are interacted with and infographic. We are evaluating anti-corruption risks during regular audits by sector and confirmed that there were no unusual findings in 2021.

Category	Contents	Unit	2019	2020	2021
Ethical Education	Hours of ethical education per capita	Hours	1.1	2.3	3.1
	Total training hours on anti-corruption*	Hours	4,595	6,755	19,192
	Total number of education participants	Persons	4,216	2,936	6,248
	Providing staff in partner companies with training on ethics	Implementation	-	-	✓
	Training on prevention of sexual and workplace harassment	Implementation	✓	✓	✓

\* Training on anti-money laundering added in 2021

### 2021 PERFORMANCE

#### 01 Ethical Management Programs

Category	Contents	Unit	2019	2020	2021
Anti-corruption Risk Assessment	Ratio of business sites receiving the evaluation of corruption risks	%	100	100	100
	No. of business sites receiving the evaluation of corruption risks	Numbers	69	69	56
	Total number of business sites	Numbers	69	69	56

#### 02 Fair Trade

Category	Contents	Unit	2019	2020	2021
Client fair trade practice	No. of opinions and grievances received from clients	Cases	92	235	342
	No. of clients' opinions and grievances handled	Cases	92	235	342

#### 03 Reports and Violations

Category	Contents	Unit	2019	2020	2021
Violation of Code of Conduct	Embezzlement	Cases	0	0	0
	Corruption and bribery	Cases	0	0	0
	Recovery of profits on a short-term trade by employee	Cases	0	0	0
	Verbal abuse, swearing, and assault	Cases	0	0	0
Measures taken in case of violation	Dismissal	Cases	0	0	0
	Suspension	Cases	0	0	0
	Pay cut	Cases	0	0	0
	Reprimand	Cases	0	0	0
	Warning	Cases	0	0	0
	Caution	Cases	0	0	0
Audit	Regular ethics audit (monitoring for reporting and disciplinary action)	Implementation	✓	✓	✓
Compliance violation	No. of legal actions on unfair transactions including anticompetitive practices and monopoly/oligopoly	Cases	0	0	0
	Amount of fines and settlement payments incurred by anti-trust and anti-competitive practices	KRW	0	0	0
	Ratio of fines and settlement payments incurred by anti-trust and anti-competitive practices (compared to sales)	%	0	0	0
	Number of monetary sanctions due to breaches of regulations	Cases	5	1	0
	Number of lawsuits due to breaches of regulations	Cases	0	0	0

## Tax Policy

### STRATEGY

Samsung Securities is well cognizant that the assessment and management of diverse tax-related risks becomes an integral part of sustainable management along with the fulfillment of our obligations to faithfully file our taxes and make payments. We are strict about the compliance with the tax laws at home and abroad and the submission of related data, thereby discharging our tax duties. Samsung Securities makes sure that we do not take advantage of the differences in tax laws among countries and the loopholes of the international tax policy for income transfer among countries or tax avoidance. We ensure that taxable income is legally distributed according to the value created in each country where we do our business. Our employees in charge strain every nerve to maintain a constructive and transparent relationship with tax authorities, fulfilling our tax obligations in accordance with relevant laws and regulations. The tax-related information is reported to all of our stakeholders abiding by reporting standards.

### ASSESSMENT

In the management and assessment of tax risks, If necessary, tax-related decisions are made considering the advice of external tax experts and the authoritative interpretation of tax authorities. The tax amount is reported after the close review of external experts to ensure the appropriate application of laws and regulations.

### 2021 PERFORMANCE

#### 01 Tax Reporting

Category	Contents	Unit	2019	2020	2021
Tax reporting	Earnings before Tax	KRW	496,724,253,883	640,775,292,810	1,288,282,363,827
	Reported taxes (Income tax)	KRW	126,510,873,111	167,630,775,911	351,540,989,782
	Cash taxes paid (Income tax expenses)	KRW	58,871,524,196	145,455,213,408	347,813,086,057
	Effective tax rate	%	25.5	26.2	27.3
	Cash tax rate	%	11.9	22.7	27.0

#### 02 Reporting by country

Contents	Unit	Hong Kong	USA	Europe (UK)
All corporates located within the jurisdiction		Samsung Securities (Asia) Ltd.	Samsung Securities (America) Ltd.	Samsung Securities (Europe) Ltd.
Main activities		Brokerage	Brokerage	Brokerage
No. of employees	Persons	8	6	6
Operating revenue	KRW million	3,582,595,931	2,696,035,861	2,392,737,006
Business profits	KRW million	707,948,410	443,796,515	411,578,689
Unpaid corporate tax	KRW million	0	0	40,521,730
Corporate tax expenses	KRW million	0	-125,877,676	81,986,127
Regional tax and public dues	%	0	0	19.92

# SUSTAINABLE FINANCE

## Responsible Investment

### STRATEGY

In accordance with ESG investment guidelines, we integrate ESG into the investment process, recognizing and evaluating the impact of Samsung Securities' financial activities on the environment and society which are reflected in product supply and investment decisions. Our basic policy that evaluates non-financial factors beyond traditional financial risks serves as preliminary screening guidelines for the transactions regarding equity capital investment, acquisition of securities and assets and supply of financial products propelled by Samsung Securities.

According to exclusion criteria for investment reflecting environmental and social impacts, we rule businesses related to coal mining and coal-powered generation out of investment. In the case of related businesses, division and department carry out initial self-screening and ask ESG Research Institute for opinion to be considered. The ESG Research Institute reviews the impact and potential risks related to ESG of which results are considered in a process where the department in charge takes a close look into the transaction and submit the results to the company-wide Deliberation Committee (Investment Acquisition Committee, Risk Management Executive Committee, and Product Committee).

We endorse the ESG policies of international organizations such as PRI (Principles for Responsible Investment) and UENP FI (United Nations Environmental Programme Financial Initiative), reinforcing responsible investment by incorporating ESG factors into our product supply and all stages of services with more diverse line-up of related products.

### TARGET

We have set the targets of reducing carbon emissions from investment assets with the measuring method of financed emissions by the Partnership for Carbon Accounting Financials (PCAF) and based on the criteria of the Science-Based Targets initiative (SBTi). Efforts to achieve carbon neutrality are carried out together with the measures to advance ESG investment principles and to expand ESG products and services. Under the concentered goal to expand the ESG products line-up which are currently comprised of 30 to 100 funds including bonds and trusts, and to provide practical ESG advisory services to institutional and corporate clients, we are reviewing the gradual expansion of applicable areas for negative screening depending on ESG impact, all of which will eventually result in the fulfillment of responsible investment.

100 products

Expansion of ESG products and services  
(focus on fund → moved to bonds, trusts, etc.)  
(Target year: 2025)



## Responsible Investment

### ASSESSMENT

We measured financed emissions by classifying assets in accordance with the standards of the Partnership for Carbon Accounting Financials (PACF). We plan to establish and implement reduction targets for each industry under the SBTi's Sectoral Decarbonization Approach (SDA) based on the financed emissions measured by asset, aiming to meet the 1.5°C scenario reduction path.

The ESG Executive Council has been established and operated to ensure efficient monitoring on ESG-related issues, in the process of promoting carbon neutrality and expanding ESG investment. In the event of a major issue related to ESG, departments in charge of transaction and risk management immediately inform the ESG Secretariat of the issue, which convenes the ESG Executive Council to analyze the impact and prepare countermeasures. When the issue is related to market risk, credit risk, and liquidity risk which requires urgent measures, the risk management emergency plan is applied with necessary modification.

### 2021 PERFORMANCE

#### 01 Portfolio (Sustainable investment products and services)

Samsung Securities is actively reflecting ESG factors in the financial product supply and direct investment activities to create a sustainable society and a growing market ecosystem. In 2021, we launched three ESG investment strategy funds\*, and we are expanding our lineup in 2022.

The sales amount of the 26 funds in 2021 was 152.6 billion won, a nearly 16-fold increase from 9.5 billion won in 2020, and the balance also increased significantly from 68.8 billion won in 2020 to 169.9 billion won. This increase was mainly attributable to the sales of electric vehicles and batteries newly launched in 2021, and fund products related to global sustainability.

Samsung Securities invests in small and medium-sized enterprises (SMEs) with outstanding technology and promising venture companies to conduct technology finance that contributes to the growth of those companies and the formation of future industry ecosystems. Centering on industries, companies, and technologies related to the 4th industrial revolution issue, we conduct technology finance through which we invest in small and medium-sized enterprises (SMEs) and promising ventures equipped with outstanding technologies in the hope of contributing to the growth of those companies and the formation of future industry ecosystems. We expect that benefited companies growing in the future will give us the opportunity to expand areas of new businesses such as listing on the KOSDAQ, M&A, and block deals. We discover companies with excellent and sound governance and invest in undervalued companies, while providing a number of responsible investment funds. Going forward, we will continue to expand areas and targets for socially responsible investment to fulfill the social responsibilities required to financial institutions with stable profitability.

\* Samsung Energy Transition Securities Investment Trust H, NH-Amundi 100-year Enterprise Green Korea Securities Investment Trust, Korea Investment Global Electric Vehicle & Battery Securities Investment Trust

Category	Contents	Unit	2019	2020	2021
Scale	Amount of ESG (investment) product	KRW 100 million	680	688	1,699
	Ratio of ESG (investment) product	%	0.48	0.46	0.70

### 2021 PERFORMANCE

#### 01 Portfolio (Sustainable investment products and services)

Category	Product	Unit	Balance scale	
ESG-related products and services	E Samsung Global Water Fund 1 (Equity-Fund of Funds)	KRW 100 million	23.50	
	Samsung Global Water Fund 2 (Equity-Fund of Funds)	KRW 100 million	0.71	
	Samsung Classic Global Water Pension Holder Fund H (Equity-Fund of Funds)	KRW 100 million	0.73	
	Samsung Retirement Pension Global Water 40 Securities 1 (Bond-Mixed)	KRW 100 million	0.08	
	Samsung Global Clean Energy Fund 1 (Equity-Fund of Funds)	KRW 100 million	59.56	
	Samsung Global Clean Energy Fund 2 (Equity-Fund of Funds)	KRW 100 million	1.05	
	Samsung Classic Global Clean Energy Pension Holder Fund H (Equity-Fund of Funds)	KRW 100 million	18.53	
	Samsung Retirement Pension Global Clean Energy 40 Securities Holder 1 (Bond-Mixed)	KRW 100 million	12.34	
	Korea Private Carbon Special Asset 1 <sup>st</sup> Investment Company (Monetary Rights)	KRW 100 million	0.03	
	SH Beautiful SRI Green New Deal Security 2 (Equity)	KRW 100 million	30.70	
	Samsung F&T Global Megatrend Holder Fund H (Equity-Fund of Funds)	KRW 100 million	35.90	
	Samsung F&T Global Megatrend Holder Fund UH (Equity-Fund of Funds)	KRW 100 million	13.82	
	Samsung Energy Transition Securities Investment Trust H (Equity-Fund of Funds)	KRW 100 million	124.17	
S	NH-Amundi 100-year Enterprise Green Korea Securities Investment Trust (Equity)	KRW 100 million	27.80	
	Korea Investment Global Electric Vehicle & Battery Securities Investment Trust (Equity)	KRW 100 million	403.81	
	Woori G Business Value Improvement Long-term Fund (Equity)	KRW 100 million	21.71	
	Samsung ESG Good Responsible Investment Fund 1 (Equity)	KRW 100 million	249.11	
	VI Social Responsible Investment Fund (Equity)	KRW 100 million	33.22	
	Midas Responsible Investment Fund (Equity)	KRW 100 million	177.64	
	Woori G Artisan Global Opportunity Fund H (Equity-Fund of Funds)	KRW 100 million	17.04	
	Woori G Artisan Global Opportunity Fund UH (Equity-Fund of Funds)	KRW 100 million	37.47	
	G	Samsung Governance Plus Specialized Private Fund 1 (Equity)	KRW 100 million	11.74
		ESG		
	Woori G Korea ESG Fund (Equity)	KRW 100 million	27.70	
	Woori High Plus Short-term High Graded ESG Bond Fund 1 (Bond)	KRW 100 million	6.48	
	Samsung Europe ESG Fund H (Equity)	KRW 100 million	139.22	
Samsung Europe ESG Fund UH (Equity)	KRW 100 million	0.97		
Schroder Global Sustainable Growth Fund (Equity-Fund of Funds)	KRW 100 million	196.40		
Trustone ESG Zhuge Liang Securities Investment Trust (Equity)	KRW 100 million	27.96		

## Responsible Investment

### 2021 PERFORMANCE

#### 01 Portfolio (Sustainable investment products and services)

Category	Contents	Unit	2021	
Classification by business	Project financing	No. of projects / transactions reviewed ESG	Cases	70
		Review rate among total projects	%	100
		No. of signed projects / transactions	Cases	34
		No. of rejected projects / transactions	Cases	36
WM / Private Banking	Coverage of liability investment	%	100	

#### 02 Financed Emissions

Category	Contents	Unit	2021	
Absolute financed emissions*	Scope 3 financed emissions	10,000tCO <sub>2</sub> eq	227.71	
	Portfolio coverage**	%	100	
	Scope 3 financed emissions intensity (Total financed emissions / calculated size of assets)	10,000tCO <sub>2</sub> eq/KRW trillion	11.88	
	Emissions by asset***	Listed stocks and corporate bonds	10,000tCO <sub>2</sub> eq	213.25
		Corporate loans and unlisted stocks	10,000tCO <sub>2</sub> eq	0.25
		Project finance (PF)	10,000tCO <sub>2</sub> eq	13.92
		Commercial real estate	10,000tCO <sub>2</sub> eq	0.29
Mortgage		10,000tCO <sub>2</sub> eq	-	
Car loan	10,000tCO <sub>2</sub> eq	-		
Emission intensity by asset****	Listed stocks and corporate bonds	10,000tCO <sub>2</sub> eq/KRW trillion	12.46	
	Corporate loans and unlisted stocks	10,000tCO <sub>2</sub> eq/KRW trillion	0.44	
	Project finance (PF)	10,000tCO <sub>2</sub> eq/KRW trillion	9.63	
	Commercial real estate	10,000tCO <sub>2</sub> eq/KRW trillion	5.85	
	Mortgage	10,000tCO <sub>2</sub> eq/KRW trillion	-	
	Car loan	10,000tCO <sub>2</sub> eq/KRW trillion	-	

\* including subsidiaries \*\* Targeting only the measurable assets

\*\*\* based on the classification standard of PCAF \*\*\*\* Total financed emissions / calculated size of assets

### 2021 PERFORMANCE

#### 03 Capacity Building

Samsung Securities established ESG Research Institute under the Research Center to actively responds to the growing ESG demand by means of high-quality ESG analytics for the first time in the industry in 2020. The ESG Research Institute's separate brand, 'Sustain-WISE' presents a differentiated, independent, and professional ESG research identity. In active collaboration with analysts in the economy (Macro), asset class (Asset Class), and industry (Sector), and heightened expertise by hiring external experts with experience in ESG evaluation and voting rights advisory, the institute has published reports containing in-depth analysis. We are making a strenuous effort to disseminate ESG culture throughout the domestic investment sector, convening seminars and conferences with renowned experts in presence.

# appendix

99

FINANCIAL DATA

106

DOUBLE MATERIALITY ASSESSMENT

112

RISK MANAGEMENT

116

STAKEHOLDER COMMUNICATION

117

SASB

120

TCFD

124

GRI STANDARDS INDEX

127

UN SDGs

128

THIRD PARTY ASSURANCE

130

ASSOCIATION MEMBERSHIP

131

CORPORATE INFORMATION

## FINANCIAL DATA

### Consolidated Financial Statements

#### A. Consolidated Financial Position

(Unit: KRW)

Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>
	2021.12	2020.12
I. Cash and cash equivalents	3,244,055,619,631	2,870,503,086,190
II. Financial assets measured at fair value through profit or loss	39,714,812,147,371	35,502,944,479,778
III. Financial assets measured at fair value through other comprehensive income	4,341,707,382,753	5,135,812,097,472
IV. Financial assets measured at amortized cost	18,017,813,289,401	20,034,465,896,585
V. Investment in associates	137,177,447,046	95,796,362,342
VI. Fixed assets	104,577,301,672	118,395,141,916
VII. Intangible assets	85,982,914,243	79,869,764,591
VIII. Prepaid tax	7,490,856,276	7,909,247,344
IX. Deferred income tax assets	1,216,138,892	986,473,639
X. Other assets	52,653,902,313	23,039,543,998
<b>Total asset</b>	<b>65,707,486,999,598</b>	<b>63,869,722,093,855</b>
I. Financial liabilities measured at fair value through profit or loss	10,014,952,183,128	10,157,321,552,338
II. Deposits	17,468,032,469,707	15,073,907,421,955
III. Borrowings	24,806,048,760,561	24,091,698,537,684
IV. Debenture issued	3,035,446,779,989	1,842,917,063,736
V. Defined benefit liabilities	15,520,202,553	24,067,421,273
VI. Reserve for contingent liabilities	13,039,578,498	14,092,307,992
VII. Accrued income taxes	237,330,915,892	63,661,343,221
VIII. Deferred income tax liabilities	130,102,565,816	128,414,828,572
IX. Other liabilities	3,906,084,755,160	7,156,567,948,720
<b>Total liabilities</b>	<b>59,626,558,211,304</b>	<b>58,552,648,425,491</b>

## Consolidated Financial Statements

A. Consolidated Financial Position (Unit: KRW)		
Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>
Items	2021.12	2020.12
Equity attributable to owners of parent	6,080,928,788,294	5,317,073,668,364
I. Share capital	458,478,080,000	458,478,080,000
II. Capital surplus	1,743,464,342,352	1,743,464,342,352
III. Capital adjustment	(58,577,164,985)	(58,577,164,985)
IV. Accumulated other comprehensive income (loss)	188,228,990,725	193,275,538,157
V. Retained earnings	3,749,334,540,202	2,980,432,872,840
(Reserves for credit losses		
- Dec. 31, 2021: KRW 98,764,361,041		
- Dec. 31, 2020: KRW 60,206,237,696		
Expected reserves for credit losses		
- Dec. 31, 2021: 8,479,818,240		
- Dec. 31, 2020: 38,558,123,345)		
Non-controlling interests	-	-
<b>Total equity</b>	<b>6,080,928,788,294</b>	<b>5,317,073,668,364</b>
<b>Total liabilities and equity</b>	<b>65,707,486,999,598</b>	<b>63,869,722,093,855</b>

B. Consolidated Comprehensive Income (Unit: KRW)		
Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>
Items	2021.12	2020.12
I. Net commission fees	1,114,154,972,883	910,858,659,089
1. Commissions received	1,306,543,520,596	1,073,560,759,002
2. Commissions expense	192,388,547,713	162,702,099,913
II. Net Interest Income	711,417,876,921	645,956,853,311
1. Interest in cash and cash equivalents	7,143,091,854	22,123,747,398
2. Interest on loans and receivables	515,302,237,503	409,056,630,162
3. Interest on financial assets available for sale	57,703,253,879	59,558,021,440
4. Interest on trading securities	370,359,010,103	391,963,699,954
5. Interest expenses	239,089,716,418	236,745,245,643
III. Net trading income (loss) at fair value through profit or loss	327,920,204,590	(326,235,344,310)
1. Trading income from trading instruments	609,487,050,314	439,717,990,672
2. Trading income from debt instruments	518,271,941,620	636,633,368,732
3. Trading income from derivatives	4,726,987,010,262	5,329,514,514,867
4. Gain on derivative-combined security designated at FV	501,800,117,330	722,843,542,648
5. Foreign exchange gain	252,662,186,752	380,242,407,664
6. Trading loss from trading instrument	392,522,654,985	464,476,297,654
7. Trading loss from debt instruments	601,481,064,858	310,441,646,713
8. Trading loss from derivatives	4,465,539,992,536	5,962,053,817,809
9. Loss on derivative-combined security designated at FV	740,592,424,433	759,225,750,586
10. Foreign exchange loss	81,151,964,876	338,989,656,131
IV. Other operating profit and loss	88,283,181,984	262,052,476,143
1. Gain (loss) in related to equity instruments at fair value through other comprehensive income	6,427,749,459	24,860,526,733
2. Reversal of credit losses on financial assets	5,424,427,105	7,649,255,474
3. Other operating revenue	931,407,144,443	1,504,670,968,470
4. Expenses related to financial assets at fair value through other comprehensive income	316,803,900	15,369,818,404
5. Credit losses on financial assets	5,242,982,662	5,143,069,960
6. Other operating expenses	849,416,352,461	1,254,615,386,170
V. Net operating revenue (I+II+III+IV)	2,241,776,236,378	1,492,632,644,233
VI. Personnel expenses	539,093,162,862	489,765,195,199
VII. General and administrative expenses	393,999,781,102	324,906,121,020



## Consolidated Financial Statements

B. Consolidated Comprehensive Income (Unit: KRW)		
Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>
Items	2021.12	2020.12
VIII. Operating profit	1,308,683,292,414	677,961,328,014
IX. Non-operating income	22,416,857,364	15,763,656,086
X. Non-operating expenses	3,929,272,438	7,958,532,132
XI. Net income (loss) before income tax from continuing operations	1,327,170,877,340	685,766,451,968
XII. Income tax expenses	361,832,668,803	177,979,088,428
XIII. Net income (loss) from continuing operations	965,338,208,537	507,787,363,540
1. Net income (loss) attributable to owners of parent (Net income after reserves for credit losses - Dec. 31. 2021: KRW 956,858,390,297 - Dec. 31. 2020: KRW 469,229,240,195)	965,338,208,537	507,787,363,540
2. Non-controlling interests	-	-
XIV. Other comprehensive income	(5,023,088,607)	11,817,779,400
Items not subsequently reclassified to profit or loss		
1. Remeasurement of the defined benefit liabilities	(642,792,222)	(1,145,461,456)
2. Gain (loss) in related to equity instruments at fair value through other comprehensive income	10,879,888,086	12,697,855,060
3. Change in value of financial liabilities measured and designated at fair value through profit or loss	(2,183,528,591)	5,871,714,183
Items subsequently reclassified to profit or loss		
1. Gain (loss) in related to liability products measured at fair value through other comprehensive income	(28,420,468,285)	5,249,848,124
2. Cumulative translation adjustment for overseas subsidiaries and branches	14,531,843,983	(11,775,054,942)
3. Gains/losses on valuation of investment stock using the equity method	811,968,422	918,878,431
XV. Total comprehensive income	960,315,119,930	519,605,142,940
1. Comprehensive income attributable to owners of parent	960,315,119,930	519,605,142,940
2. Non-controlling interests	-	-
XVI. Earnings per share attributable to owners of parent		
Basic and diluted earnings per share	10,810	5,686

## Separate Financial Statements

A. Separate Financial Position (Unit: KRW)		
Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>
Items	2021.12	2020.12
I. Cash and cash equivalents	3,165,475,615,888	2,824,473,599,747
II. Financial assets measured at fair value through profit or loss	39,512,710,289,034	35,515,739,847,469
III. Financial assets measured at fair value through other comprehensive income	4,323,503,806,527	5,119,405,236,606
IV. Financial assets measured at amortized cost	12,058,918,610,592	14,288,057,824,673
V. Investment in associates	349,696,380,253	381,111,340,077
VI. Fixed assets	98,917,082,724	109,647,139,205
VII. Intangible assets	82,510,842,307	75,954,288,584
VIII. Prepaid tax	-	-
IX. Other assets	50,000,579,640	26,117,092,621
<b>Total asset</b>	<b>59,641,733,206,965</b>	<b>58,340,506,368,982</b>
I. Financial liabilities measured at fair value through profit or loss	10,014,952,183,128	10,157,321,552,338
II. Deposits	14,981,434,716,410	12,792,308,540,764
III. Borrowings	21,469,832,416,612	21,030,494,670,089
IV. Debenture issued	3,035,446,779,989	1,842,917,063,736
V. Defined benefit liabilities	15,959,506,271	24,097,138,314
VI. Reserve for contingent liabilities	12,909,489,164	13,806,904,539
VII. Accrued income taxes	231,403,549,950	57,837,897,285
VIII. Deferred income tax liabilities	123,995,917,999	126,612,380,587
IX. Other liabilities	3,830,264,713,652	7,088,252,387,799
<b>Total liabilities</b>	<b>53,716,199,273,175</b>	<b>53,133,648,535,451</b>
I. Share capital	458,478,080,000	458,478,080,000
II. Capital surplus	1,743,470,991,091	1,743,470,991,091
III. Capital adjustment	(36,410,301,212)	(36,410,301,212)
IV. Accumulated other comprehensive income (loss)	167,788,492,604	189,417,225,215
V. Retained earnings (Reserves for credit losses - Dec. 31, 2021: KRW 98,764,361,041 - Dec. 31, 2020: KRW 60,206,237,696 Expected reserves for credit losses - Dec. 31, 2021: KRW 8,479,818,240 - Dec. 31, 2020: KRW 38,558,123,345)	3,592,206,671,307	2,851,901,838,437
<b>Total equity</b>	<b>5,925,533,933,790</b>	<b>5,206,857,833,531</b>
<b>Total liabilities and equity</b>	<b>59,641,733,206,965</b>	<b>58,340,506,368,982</b>

## Separate Financial Statements

B. Separate Comprehensive Income			(Unit: KRW)
Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>	
Items	2021.12	2020.12	
I. Net commission fees	1,119,501,504,054	911,027,899,942	
1. Commissions received	1,299,485,880,340	1,045,462,380,679	
2. Commissions expense	179,984,376,286	134,434,480,737	
II. Net Interest Income	637,897,331,159	552,255,963,321	
1. Interest in cash and cash equivalents	6,368,211,894	7,091,744,518	
2. Interest on loans and receivables	386,055,998,234	277,119,621,753	
3. Interest on financial assets available for sale	57,703,253,879	59,558,021,440	
4. Interest on trading securities	368,127,994,628	388,483,744,649	
5. Interest expenses	180,358,127,476	179,997,169,039	
III. Net trading income (loss) at fair value through profit or loss	326,647,650,441	(316,353,922,340)	
1. Trading income from trading instruments	608,298,955,263	438,063,145,796	
2. Trading income from debt instruments	516,701,935,861	646,741,778,660	
3. Trading income from derivatives	4,726,327,247,083	5,314,569,642,065	
4. Gain on derivative-combined security designated at FV	501,800,117,330	722,843,542,648	
5. Foreign exchange gain	252,662,186,752	380,242,407,664	
6. Trading loss from trading instruments	391,056,780,715	463,505,364,540	
7. Trading loss from debt instruments	601,291,699,399	309,865,365,226	
8. Trading loss from derivatives	4,465,049,922,425	5,947,228,302,690	
9. Loss on derivative-combined security designated at FV	740,592,424,433	759,225,750,586	
10. Foreign exchange loss	81,151,964,876	338,989,656,131	
IV. Other operating profit and loss	88,415,315,268	265,755,900,352	
1. Gain (loss) in related to equity instruments at fair value through other comprehensive income	6,427,749,459	24,860,526,733	
2. Reversal of credit losses on financial assets	3,864,961,425	6,071,663,694	
3. Other operating revenue	931,348,698,544	1,505,520,570,781	
4. Expenses related to financial assets at fair value through other comprehensive income	316,803,900	15,369,818,404	
5. Credit losses on financial assets	3,753,505,239	3,384,489,336	
6. Other operating expenses	849,155,785,021	1,251,942,553,116	
V. Net operating revenue (I+II+III+IV)	2,172,461,800,922	1,412,685,841,275	
VI. Personnel expenses	517,243,864,558	467,907,905,017	

B. Separate Comprehensive Income			(Unit: KRW)
Samsung Securities Co., Ltd and its Subsidiaries	40 <sup>th</sup>	39 <sup>th</sup>	
Items	2021.12	2020.12	
VII. General and administrative expenses	366,658,458,754	303,745,586,142	
VIII. Operating profit	1,288,559,477,610	641,032,350,116	
IX. Non-operating income	3,738,917,245	7,135,515,813	
X. Non-operating expenses	4,016,031,028	7,392,573,119	
XI. Net income (loss) before income tax from continuing operations	1,288,282,363,827	640,775,292,810	
XII. Income tax expenses	351,540,989,782	167,630,775,911	
XIII. Net income (loss) from continuing operations (Net income after reserves for credit losses - Dec. 31. 2021: KRW 928,261,555,805 - Dec. 31. 2020: KRW 434,586,393,554)	936,741,374,045	473,144,516,899	
XIV. Other comprehensive income	(21,605,273,786)	20,553,127,736	
Items not subsequently reclassified to profit or loss			
1. Remeasurement of the defined benefit liabilities	(539,018,622)	(1,004,303,961)	
2. Gain (loss) in related to equity instruments at fair value through other comprehensive income	9,537,741,712	10,435,869,390	
3. Change in value of financial liabilities measured and designated at fair value through profit or loss	(2,183,528,591)	5,871,714,183	
Items subsequently reclassified to profit or loss			
1. Gain (loss) on related to liability products at fair value through other comprehensive income	(28,420,468,285)	5,249,848,124	
XV. Total comprehensive income	915,136,100,259	493,697,644,635	
XVI. Earnings per share			
Basic and diluted earnings per share	10,490	5,298	

# DOUBLE MATERIALITY ASSESSMENT

Samsung Securities conducts an annual Materiality Assessment to clearly understand the needs of stakeholders on sustainability and incorporate them into our strategies and goals and eventually our business as a whole, of which results are transparently disclosed in an integrated report. In 2022, we applied the revised Global Reporting Initiative (GRI) guideline, which embraced Double Materiality to determine the contents of the integrated report and select the main topics in the future. Double Materiality considers the external impact caused by the company's management activities beyond the traditional approach to social and environmental issues impacting the company's financial value. When it comes to sustainability, Double Materiality contains great significance on either side of companies and society, making us analyze both aspects to identify the main topics.

## Double Materiality Assessment Process

### Step 1. Selection of ESG topic

- Analysis on sustainable management / ESG standards and evaluation (DJSI, MSCI, SASB, KCGS, etc.)
- Analysis on management environment, investor groups, business strategy and performance, the media, and peer group benchmarking



### Step 2. Analysis on the current status of the topic

- Regulations and guidelines at home and abroad
- Violations cases of laws and controversies in the industry
- Review on the awareness level of risks and opportunities in investment groups
- Identification of time, possibility and severity of impact



### Step 3. Impact Assessment

- Financial Importance (Outside-In) Analysis**
- ① Direct and measurable financial impacts and risks
  - ② Topic-related regulations or government policies
  - ③ Impact on financial performance caused by high expectations on sustainability management and its achievement
  - ④ Impact on financial performance owing to perception of stakeholders and social trends
  - ⑤ Impact on financial performance due to innovation opportunities generated by new competitive advantage
- \* Impact assessment on a five-point scale

- Influential importance (Inside-Out) Analysis**
- ① Probability of occurrence
  - ② Severity of impact
    - Scale: magnitude of impact (significance)
    - Scope: scope of impact (Value-Chain, environment, community, etc.)
    - Resilience: probability of recovery from impact (separate calculation is needed by area: company, environment and society)
- \* Impact assessment on a five-point scale



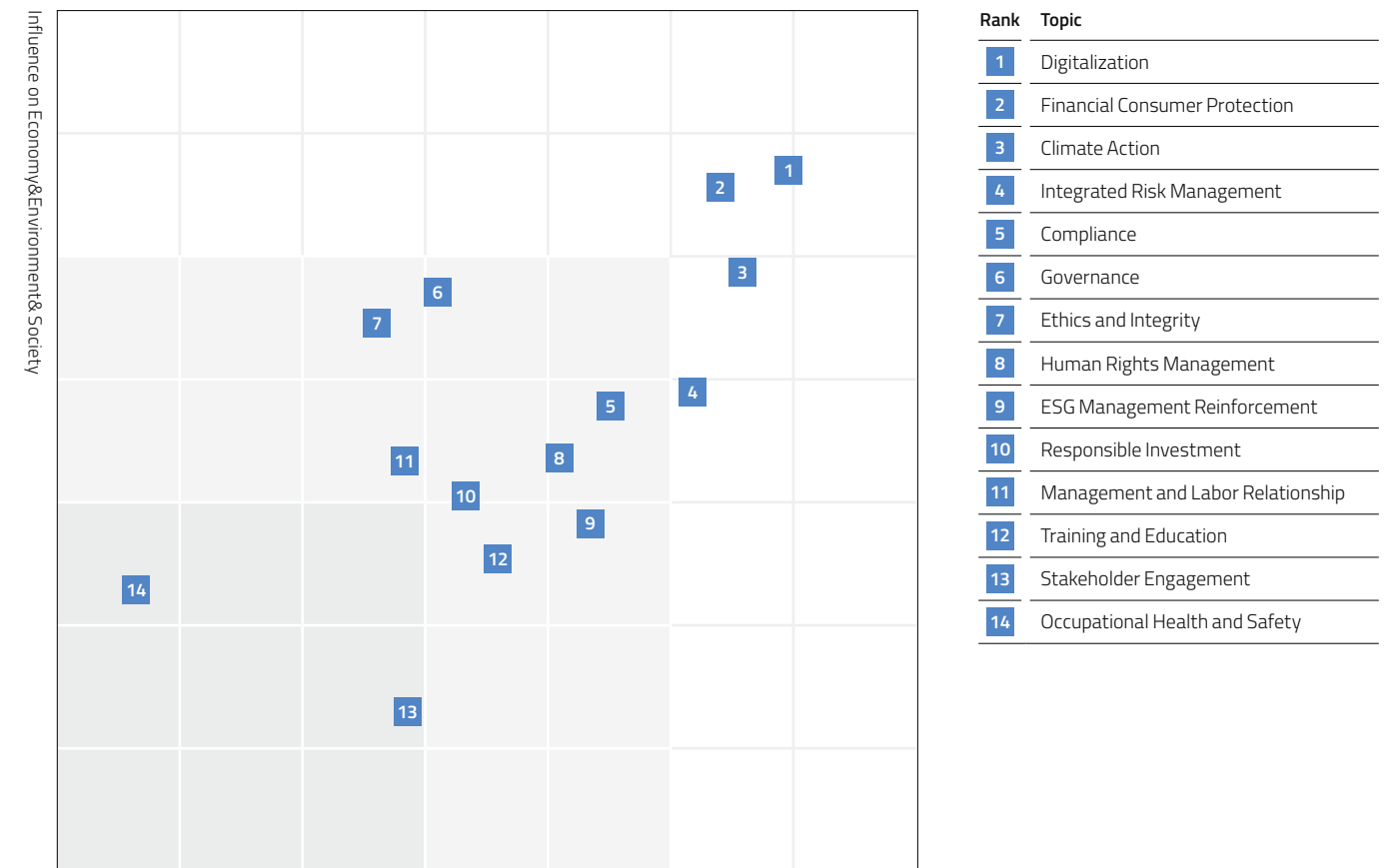
### Step 4. Prioritization

- Sorting out priorities
- Compiling opinions of major stakeholders
- Third-party verification
- Reflecting ESG management strategy

- Conducting online survey of major departments in charge of sustainable management and expert groups to assess the importance of 14 salient topics - Survey period: Mar. 4, 2022 – Mar. 11, 2022

## Double Materiality Assessment Result

The result of the double materiality assessment showed us that digitalization, financial consumer protection, and climate action are selected as the top three most important issues. Considering the social impact generated by our management and products, as much as the impact of salient issues on corporate value and financial performance, we transparently disclose significant activities and achievements related to material issues.



Business Impact on Samsung Securities

# DOUBLE MATERIALITY ASSESSMENT

## Material Issue Management

Category	Digitalization	Financial Consumer Protection	Climate Action	Integrated risk management	Compliance	Governance	Ethics and Integrity
<b>Background of Material Issues</b>	The advancement of digital science technology such as AI and Big Data on top of solidified non-face-to-face culture in the aftermath of COVID-19 has made digitalization an unavoidable trend in the financial industry. Big Tech and FinTech companies equipped with IT technology have made inroads into the financial market, igniting fierce competition. Against this backdrop, we are witnessing fast-evolving digitalization throughout sales channels and services, which makes it very important to possess the capability to provide digital-based products and services.	Incomplete sales caused so-called private equity crisis in 2020 in which securities companies compensated investors with approximately KRW 600 billion. The financial consumers protection in the retail business of securities companies is gaining its significance with the proportion of individual investors increasing in the market.	Climate change having a direct impact on financial investment and product composition has made it very urgent to proactively manage business risks and create opportunities. Since responsible investment of financial companies can generate enormous impact on climate change, we should incorporate climate change issues into our business policies and investment strategies after close review.	Companies need to manage risks in both financial and non-financial areas for sustainable management and profit stabilization. Integrated risk management system is gaining significance for its excellence in minimizing negative effects of various risks. The crises can be turned into opportunities only when we identify potential risks beforehand and take preemptive responses to them.	Awareness of compliance is a basic consciousness that employees and management must have as the ground for coexistence and mutual growth with society. It is needed to break the performance-based mindset focusing only on net profit. Global companies are striving to continue more responsible management, not only by tightening internal monitoring but also external monitoring.	The establishment of a transparent corporate governance structure is the foundation of management activities. Therefore, the sound governance where diversity is respected is a requirement to promote balanced management in the interests of all stakeholders. The leadership should fulfill its original role in the responsible management under the upright governance.	Ethics and integrity are coming to the fore as we are facing with the growing demand for the fulfillment of social responsibility as a corporate citizen. We are urging entire employees and companies in our value chain to have a sense of ethics and integrity. We will maintain the high-level management system to root out unethical behaviors that negatively affect the trust capital of the company.
<b>Ways of Managing Material Issues</b>	Samsung Securities has reorganized the digital asset management HQ, reinforcing workforce to increase profits in the digital business. We are responding to the growing customer demand for non-face-to-face service by stepping up customized wealth management services equipped with new digital technologies such as AI, cloud, and chatbots.	Aiming to reinforce customer-oriented management, we operate the Consumer Protection Center supervised by the CCO under the direct control of the CEO. With the operation of the center, we establish a company-wide process of financial consumers protection by which we prevent unsound and incomplete sales and listen to the clients' voices.	Samsung Securities is taking proactive measures including green infrastructure building and greater investment in eco-friendly areas to mitigate climate crisis. We measure the financed emissions of investment assets in 2021 to concrete the roadmap for carbon neutrality and to enact the principle of Coal-free investment which are embraced in our financial activities. Recognizing the impact of our financial activities on the environment and society, we introduced electric vehicles for business purpose as part of our green management and strive to reduce energy and resource consumption in addition to fulfilling social responsibilities.	Samsung Securities discovers possible risks in each business beforehand on top of integrated management of financial and non-financial risks. We analyze risks accompanied by the fast-evolving environment ranging from digital innovation to integration of international financial market, and incorporate countermeasures into the management system, thereby establishing the risk management system that enables preemptive response to risks.	We make strenuous efforts for compliance management led by the top management through regulations that clarify responsibility for internal control management and supervision toward executives. Apart from Compliance Team under the Internal Control Committee under the direct control of the CEO, an internal control manager is appointed to train each department.	In accordance with laws and the Articles of Incorporation, we organized the BOD and committees to support the management's sensible decision-making, while playing the role of checks and balances. The governance will be reinforced to the global level and BOD-related information including ESG-related activities will be disclosed to stakeholders and investors, thereby ensuring transparency.	We established the Code of Ethics for our employees and detailed rules to strictly comply with. Annual ethics education is provided for our employees while renewing our commitment by signing a pledge of practice. We receive reports regarding embezzlement, bribery, and violations of the Code of Ethics through the internal fraud reporting channel.
<b>Performance Evaluation</b>	<p><b>2.53 million</b> Accumulated no. of new clients through non-face-to-face means</p> <p><b>KRW 80.6 trillion</b> Digitally managed client assets</p>	<p><b>'Good' rating</b> Becoming the only securities company to acquire a 'Good' rating on consumer protection evaluated by Financial Supervisory Services</p> <p><b>Zero</b> violations against displaying and advertising regulations</p> <p><b>Achieving No.1 position</b> in the KCSI securities sector</p>	<p><b>Measuring financed emissions</b> of investment assets in 2021</p> <p><b>Installing digital business window</b> to reduce paper usage</p>	<p><b>6 times</b> Risk Management Committee meetings held</p> <p><b>64 times</b> Risk Management Executive Committee meetings convened</p> <p><b>Twice a year</b> Risk-related training conducted</p>	<p><b>100%</b> Ratio of business sites receiving anti-corruption risk assessment</p> <p><b>100%</b> Participation rate of online education on anti-money laundering</p>	<p><b>66.7%</b> Ratio of non-executive directors</p> <p><b>15 times</b> No. of board meetings held</p> <p><b>100%</b> BOD Attendance rate</p>	<p><b>3.1 hours</b> Education hours on ethics per capita</p> <p><b>ZERO</b> corruption and bribery against Code of Ethics</p>



# DOUBLE MATERIALITY ASSESSMENT

## Material Issue Management

Category	Human Rights Management	ESG Management Reinforcement	Responsible Investment
<b>Background of Material Issues</b>	A company, which undermines human values and rights in the course of its management, cannot be considered as a good company. The way of management in which the human rights of not only our internal employees but also all stakeholders including our partner companies and consumers are taken into consideration has risen to prominence. Therefore, it is necessary to check the level of impact on human rights and take necessary measures to put it right.	As the growing number of stakeholders adopt ESG as a standard for investment and evaluation, ESG management has become a survival strategy for companies rather than selectable alternatives. Consequently, ESG is positioned as a key management strategy with increasing demand for related products and bonds, leading to the bigger size of the market centered on ESG.	Not only for fulfilling social responsibility but also for sustainable finance, responsible investment has become an irreversible trend in which companies need to establish a socially responsible investment processes with more eco-friendly investment products and services.
<b>Ways of Managing Material Issues</b>	For the purpose of eliminating human rights violations including sexual harassment and abuse of power, we annually implement related educational programs. We also assist in the relief of human rights violation cases which are reported through internal reporting channels where the identity of whistleblower remains confidential.	In directions of green, responsible, and transparent management, we are organizing ESG management. ESG Secretariat, ESG Research Institute, and the department in charge of risk management are conducting management and supervision regarding ESG at the company level by leveraging expertise and competencies and by operating the ESG Committee and ESG Executive Council within the BOD.	We declared coal-free finance based on socially responsible investment followed by the establishment of the coal-free investment principle to clarify the targets of investment exclusion. We are also issuing green bonds and developing eco-friendly products with an aim of solidifying responsible investment.
<b>Performance Evaluation</b>	<p><b>100%</b> Rate of human rights-related grievances handled</p> <p><b>2,698 hours</b> Total training hours on human rights</p>	<p><b>A grade in MSCI ESG evaluation</b> A grade for the first time for a domestic securities company</p> <p><b>Enlisted in the DJSI World Index for 12 consecutive years</b> Longest years to be enlisted in the index as a domestic securities company</p>	<p><b>GREEN 1</b> Issuing KRW 100 billion of Green 1 grade ESG bonds</p> <p><b>Establishment</b> of the coal-free investment principle</p>

Management and Labor Relationship	Training and Education	Stakeholder Engagement	Occupational Health and Safety
The key in creating a sustainable future for a company is securing human resources. Besides, it is necessary to establish a fair and transparent recruiting process, a corporate culture going hand in hand, and a labor-management relationship based on mutual respect, aiming for securing potential talents and preventing the outflow of internal human resources.	The desire for achievement through self-development is quite high among human needs. If employees are continuously provided with educational opportunities that help them grow, the loyalty to the company will also rise. A desirable culture for companies and individuals is to grow together.	We are living in the era when the companies are required to engage all stakeholders including shareholders in corporate activities. Companies implementing management tilted to one-side cannot lead to a sustainable future. With specific definition of stakeholders and various communication channels, we should reflect their expectations in our management.	Safety is a basic need and right, thus companies have an obligation to protect employees from risks, diseases, and accidents caused in the process of working. The scope of such obligation covers business partners including subcontractors, contractors, and visitors apart from internal employees. Companies need to make ceaseless efforts to ensure safe and healthy work environment.
In recruiting new and experienced employees, we are pursuing fairness against discrimination and prejudice. We also practice 7 principles to create a pleasant corporate culture based on active communication, putting no limitation in joining labor union for win-win and co-existing management-labor relationship.	For systematic and self-initiated talent nurturing, we developed a portal for comprehensive competency management along with the platform for mobile education programs. Job training system is also reinforced to raise work competencies while employees are encouraged to acquire professional certificates such as CFP and CFA.	We classified our stakeholders into 6 groups: client, shareholder, government and related agency partner (supplier), local community and NGO, employee, and future generation. Based upon the definition, we operate communication channels tailored to each group by which we can identify interested issues and manage them to increase the satisfaction of stakeholders.	Samsung Securities has established health and safety (OHS) policies, complies with relevant laws, aiming to create a safe and healthy workplace. Annual plans for safety and health are reported to the BOD, while the Industrial Safety and Health Committee which includes members on labor side, is being operated to continuously improve the safety and health management system.
<p><b>161</b> No. of newly hired employees</p> <p><b>11%</b> Labor union membership rate</p>	<p><b>KRW 1.37 million</b> Education cost per capita</p> <p><b>128 hours</b> Training hours per capita</p>	<p><b>Communication Channels</b> Reflecting stakeholders' opinions in management activities</p>	<p><b>ZERO</b> absence due to occupational accidents</p> <p><b>152 hours in total</b> Safety and health education hours</p>

# RISK MANAGEMENT

As risk is inevitable in business operations, we are required to manage and adequately cope with them, thereby continuing sustainable management. Recognizing the importance of risk management, the management leadership and all employees have made an unwavering effort to ensure a stable business operation by adopting a preemptive risk management system. Breaking Risks down into the financial and non-financial areas, we manage risks by type and analyze possible risks by business area at a company-level. The risk management system, which manages, evaluates, and controls risks at an adequate level, is extremely critical in management activities. Therefore, we have established an efficient management system maximizing profits while managing risks at a certain level.

## Risk Management by Risk Type

### Financial Risk

Market Risk	<ul style="list-style-type: none"> <li>• Risk factors causing market price volatility</li> <li>• Management of VaR and maximum loss</li> <li>• Sensitivity analysis of price fluctuation</li> </ul>
Credit Risk	<ul style="list-style-type: none"> <li>• Risk incurred when a counterpart fails to uphold their obligations</li> <li>• Credit rating and credit line management</li> <li>• OTC derivatives risk management</li> </ul>
Liquidity Risk	<ul style="list-style-type: none"> <li>• Risk posed by liquidity and maturity</li> <li>• Liquidity ratio management</li> <li>• Liquidity stress testing</li> </ul>

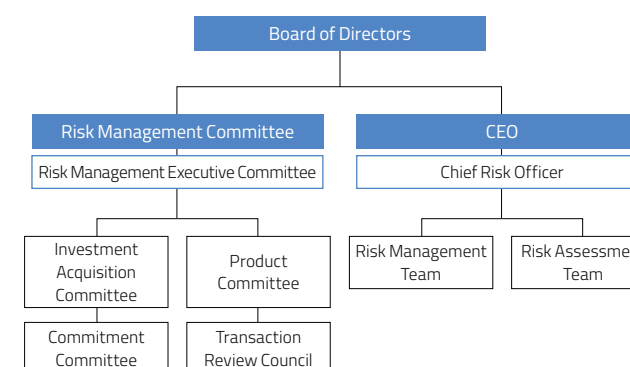
### Non-financial Risk

Client Information Protection	<ul style="list-style-type: none"> <li>• Risk of client data leakage</li> <li>• Compliance with client data-related laws</li> <li>• Implementation of personal information protection policy</li> <li>• Monitoring of mandatory security regarding client information</li> </ul>
Financial Consumer Protection	<ul style="list-style-type: none"> <li>• Incomplete sales and consumer rights violation risk</li> <li>• Appointment of CCO directly under CEO and operation of consumer protection center</li> <li>• Obligation to consult work related to consumers in advance</li> </ul>
ESG	<ul style="list-style-type: none"> <li>• All social and environmental risk incurred by our financial activities</li> <li>• Compliance with ESG investment guidelines</li> <li>• ESG risk analysis</li> </ul>

## Risk Management System

At Samsung Securities, the BOD, the highest decision-making body, oversees risk management and operates a body for each decision-making process with the Chief Risk Officer directly under the CEO. This is an optimal way to respond to risks in a timely and preemptive manner. For promoting efficient operation, the sub-committee reports the approved items to the higher-level committee, and when approval is needed beyond the authority granted to the sub-committee, the upper committee approves it. The Risk Management Executive Committee under the Risk Management Committee makes decisions in regard to risk management for each business division. Enabling the most objective risk determination and independent work, the Chief Risk Officer is directly under the CEO. In other words, the head of the transaction department and the executive in charge cannot concurrently serve as the head of the risk management department and the executive in charge.

### Risk Management Organization Chart



## Risk Cost System

As part of RAPM, Samsung Securities implemented a specialized risk cost system where risk costs are calculated for each division and reflected in the performance bonus of executives and divisions (Retail, IB, Sales & Trading, Channel Sales, etc.), while incorporating risk management into financial performance.

\* RAPM (Risk Adjusted Performance Measurement): an indicator for assessing revenue creation against risk taken

### Risk Indicator

#### VaR

(Unit: KRW 1 billion)

Category	FY 2021			FY 2020	
	Daily Avg.	Min.	Max.	Year End	Year End
Total VaR	12.77	9.23	20.29	16.43	14.1
Stock	6.04	3.74	10.88	9.70	3.6
Interest Rate	9.93	9.43	14.66	8.49	11.9
FX	0.23	0.07	2.12	0.55	0.2
Diversification Effect	-3.4	-4.0	-7.4	-2.3	-1.6

#### Net Capital Ratio

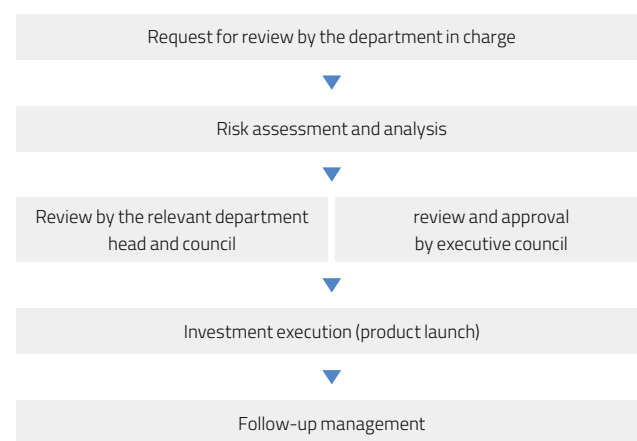
(Unit: %, %p, KRW 1 billion)

Category	FY 2021	FY 2020	YoY
Net Operating Capital	4,458	4,324	134
Risk Amount	2,888	2,353	535
Required Equity	130	130	-
Net Capital Ratio	1,208%	1,516%	-308%p

# RISK MANAGEMENT

## Reinforced Risk Management Assessment

### Risk management and screening system



### Role and Responsibility of Risk Management Department

Risk Management Team	<ul style="list-style-type: none"> <li>• Allocating risk limits companywide and monitoring them</li> <li>• Holding risk management meetings</li> <li>• External reporting (net operating capital ratio, etc.)</li> </ul>
Risk Assessment Team	<ul style="list-style-type: none"> <li>• Assessing corporate, real estate, alternative assets</li> <li>• Managing credit grade and limits of transaction counterparts</li> <li>• Post-management of holdings</li> </ul>

### Background of Enhanced Risk Assessment

The domestic financial market is expanding its scope to alternative investment assets, such as domestic and overseas corporate loans, real estate finance, and infrastructure assets, beyond the existing investment trend focusing on domestic stocks and bonds. Coping with such changes, we beef up our assessment capabilities by securing more professional review personnel. Based on their respective fields of expertise, the assessment personnel are responsible for assessing the risk and return of target assets for the company's investment and product supply.

### Effects of Strengthening the Assessment Capacity

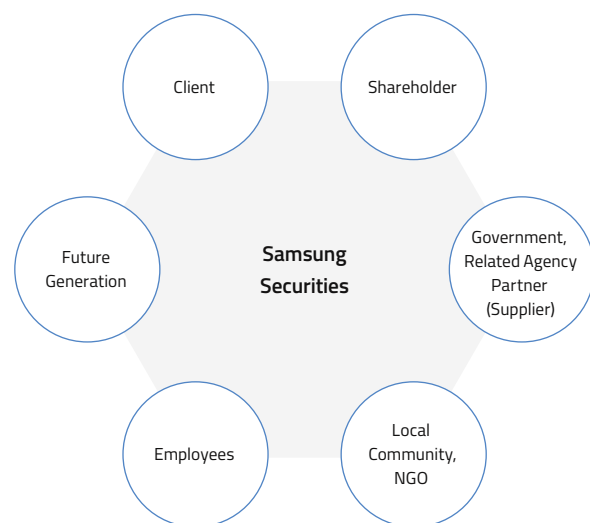
- Better response to new asset investment by increasing professionals for each asset such as real estate and infrastructure
- Advanced expertise in assessing each asset and refined assessment methodology
- Improved risk assessment capability through cross-review by specialized area

## Potential Risk

Risk Definition / Description	Potential Impact on Business	Countermeasures
Digital transformation risk due to information technology development	<p>The development of digital science technology such as the Internet of Things (IoT), artificial intelligence (AI), big data, and blockchains is rapidly pushing the financial industry into digital systems. The digital transformation of the financial industry brings about significant changes in human resources, information, technology, and facility assets, thereby accelerating digitalization throughout business processes, sales channels, and services.</p> <p>By harnessing digital transformation technology, we can effectively extract and utilize large-scale information. On the other hand, security vulnerabilities increase in the process with operational problems such as digital system failure. Without proper preparation for risks such as data leakage and malicious software on the trading system, we might face sanctions due to violations of the Information Protection Act and unexpected losses.</p>	<ul style="list-style-type: none"> <li>• Appointing Chief Information Security Officer (CISO)</li> <li>• Establishing dedicated organizations under the CISO: Information Security Team and IT security team</li> <li>• Building the process to handle information protection and to respond personal information-related incident</li> <li>• Conducting anti-intrusion accident drill - server hacking, DDoS and APT attack response training, cyber shelter conversion training</li> <li>• Monthly malicious code simulation training for employees</li> <li>• Regular IT audits</li> <li>• Renewing personal information protection management system (ISMS-P) certification</li> </ul>
Reputational and regulatory risk from urging response to climate change such as investment and wealth management considering environmental impacts such as greenhouse gases and energy	<p>Scale of ESG investment has been expanded led by growing investor demand. In particular, investment only from a financial point of view with no consideration the environment increases risks due to the stricter environmental regulations by country. For instance, risks such as cost increase and cancellation of the implementation process can occur. In addition, when the National Pension Service selects an investment institution, ESG reporting level is evaluated through company reports. If the company failed to be selected as the level is unmet, it can become a reputational and financial risk. The ESG standards presented to securities companies by financial authorities in and outside Korea are being all the more stringent, and regulatory risks are expected to rise as the effectiveness of ESG investments will be monitored through sophisticated data analysis in the future by effectiveness of pre-screening on investments and products.</p>	<ul style="list-style-type: none"> <li>• Suspending coal terminal investment and declaring zero-coal finance</li> <li>• Newly establishing a department for ESG including ESG research center and hiring professionals</li> <li>• Implementing ESG impact through prescreening review of investment and products</li> </ul>
Expansion of investment in overseas and alternative assets	<p>As we have seen the obvious limitations in the growth of traditional investment assets and the emergence of new growing industry such as the 4<sup>th</sup> industrial industry, there was a growing need to expand investment in overseas assets and alternative assets. However, the expansion of investment portfolio directly leads to the greater exposure of risks, because new risk factors that have not been managed in the existing investment assets can be added. As a result, there is a possibility that there may be issues concerning increasing losses or worsening ratio of financial soundness.</p>	<ul style="list-style-type: none"> <li>• Strengthening of pre-assessment based on investment regulations</li> <li>• Establishing post-monitoring and exit measures</li> <li>• Securing assessment personnel</li> </ul>
Consolidating financial consumer protection following the private equity fund crisis and enforcement of the Financial Consumer Protection Act	<p>As the 'Financial Consumer Protection Act' comes into force in 2021 in Korea, securities firms have tightened their obligations to comply with the six sales principles when selling all financial products, and to establish and manage internal control standards for safeguarding financial consumers. Besides, the level of sanctions has been strengthened, such as granting consumers the right to cancel illegal contracts and imposing punitive penalties for violations of the law. Against this backdrop, failure to adequately respond to incomplete sales and financial fraud is expected to bring about compliance risks and a damaged corporate reliability and profitability.</p>	<ul style="list-style-type: none"> <li>• Forming a Consumer Protection Center under CCO directly controlled by CEO</li> <li>• Advancing incident response system and development, sales, post-handling process applying Financial Consumer Protection Act</li> <li>• Reinforcing preemptive prevention activities through conducting financial consumer protection education and mystery shopping</li> </ul>

# STAKEHOLDER COMMUNICATION

Samsung Securities operates communication channels that consider the characteristics of each stakeholder, and defines clients, shareholders, government and related business partners (suppliers), local communities and NGOs, employees and future generations as our key stakeholders, checking the interests of each stakeholder group. We strive to continue our sustainable management by building a profound trust with each other through constant communication with stakeholders, and at the same time by reflecting the opinions and needs of stakeholders in our business activities.



Stakeholder Group	Major Communication Channels	Interests and Expectation	Stakeholder Group	Major Communication Channels	Interests and Expectation
Client	<ul style="list-style-type: none"> <li>VOC</li> <li>Client satisfaction survey</li> <li>Annual seminar</li> <li>Homepage</li> <li>YouTube</li> </ul>	<ul style="list-style-type: none"> <li>Protecting personal information</li> <li>Safeguarding financial consumers</li> <li>Creating a proper investment culture</li> <li>Improving client-centric services</li> <li>Ethical and compliance management</li> </ul>	Local Community, NGO	<ul style="list-style-type: none"> <li>Social Volunteer Group</li> <li>Nanumi Fund</li> </ul>	<ul style="list-style-type: none"> <li>Vitalizing local communities</li> <li>Reinforcing social responsibility</li> <li>Diversifying local contribution programs</li> </ul>
Shareholder	<ul style="list-style-type: none"> <li>General shareholders' meeting</li> <li>IR activity</li> </ul>	<ul style="list-style-type: none"> <li>Raising shareholders' value</li> <li>Enhancing risk management</li> <li>Establishing upright governance</li> <li>Making sustainable economic performance</li> </ul>	Employees	<ul style="list-style-type: none"> <li>VOE</li> <li>Company broadcasting, company messenger</li> <li>Meeting for sharing management status</li> <li>Multifaceted evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Raising corporate value</li> <li>Sustainable economic performance</li> <li>Fair performance evaluation and rewards</li> <li>Supporting work and life balance</li> <li>Self-development and welfare benefits</li> </ul>
Government, Related Agency Partner (Supplier)	<ul style="list-style-type: none"> <li>Public hearing</li> <li>Seminar and meeting</li> </ul>	<ul style="list-style-type: none"> <li>Creating value in win-win cooperation</li> <li>Ethical and compliance management</li> </ul>	Future Generation	<ul style="list-style-type: none"> <li>University Volunteer Group, 'YAHU'</li> <li>Financial Education for Youth</li> <li>Youth Study Rooms, 'Vision Maru'</li> </ul>	<ul style="list-style-type: none"> <li>Climate finance and eco-friendly investment</li> <li>Providing adequate financial education</li> <li>Facilitating local communities</li> </ul>

# SASB



The Sustainability Accounting Standard Board (SASB) is a non-profit organization that sets non-financial reporting standards. Founded in 2011, it has developed and disseminated sustainability accounting standards. SASB presents sustainability risk topics that are highly relevant to each industry and recommends companies to continuously report on the topics to communicate with investors and stakeholders. Samsung Securities discloses related information in line with the investment banking & brokerage industry topic index according to the SASB classification.

Code	Description	Unit	Our Response
<b>Employee Diversity &amp; Inclusion</b>			
FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	%	We disclose diversity index including gender and nationality in Social Data_labor_2021 Performance.
<b>Incorporation of ESG Factors in Investment Banking &amp; Brokerage Activities</b>			
FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	(1) number, (2) KRW	We disclose related information in Sustainable Finance_Responsible Investment section.
FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	N/A	Samsung Securities newly established the ESG Committee within the BOD in 2021 to step up ESG management. We manage ESG based on the competency and expertise by operating the ESG Secretariat and ESG Research Center, and risks are reviewed by the department responsible for risks. On top of that, we have established ESG investment guidelines to preemptively consider the impact of our financial activities on the environment and society. It is used as a basic policy in the decision-making process, and we go through pre-screening before all transactions to review impacts. More details are disclosed in the Sustainable Investment section.
<b>Incorporation of ESG Factors in Investment Banking &amp; Brokerage Activities</b>			
FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	KRW	There was no monetary sanctions for violations of laws for regulations in 2021.
FN-IB-510a.2	Description of whistleblower policies and procedures	N/A	We are making ourselves a clean and honest company through the internal reporting system. We classified reports into 10 types, and we are receiving reports from external stakeholders on unjust acts taking advantage or fraudulent acts causing losses to the company. Reports can be made through all possible methods including the website, telephone, fax, and mail, and we reply with results of the processing as quickly as possible. In terms of the response system, relevant department responds on its own or convenes a crisis management committee, and the CEO is responsible for overall response depending on the severity of the issue. On top of that, we thoroughly protect the informant and ensure that there is no disadvantage posed to identity.

# SASB

Code	Description	Unit	Our Response
<b>Professional Integrity</b>			
FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Case	We were not engaged in mediation and arbitration for violations of the Code of Conduct in 2021.
FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	KRW	As disclosed in Governance Data_Ethical Management and Compliance part, the number of lawsuits was 0.
FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	N/A	<p>We have standards for value judgment and code of conduct for fair and transparent corporate management while internalizing them throughout the company. Our management principle is composed of five core principles and detailed contents.</p> <p>In particular, the code of ethics and detailed principles have been separately established to stipulate ethical and social responsibilities and obligations. Based on this, we provide ethical education for our employees to actively practice them. If the code of ethics is violated, we conduct a thorough and fair investigation, followed by measures and training for the prevention of recurrence.</p>

Code	Description	Unit	Our Response		
<b>Systemic Risk Management</b>					
FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points (bps)	N/A		
FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	N/A	<p>We carry out a risk situation analysis at a company-wide level assumed over the market, credit and liquidity risks more than once every six months. The results of risk situation analysis are reported to the management through the Risk Management Committee or other organizations so that the results are taken into account in the important decision-making process. The comprehensive market crisis scenario for risk situation analysis assumes the changes in market variables such as stock prices, volatility, correlation coefficients, exchange rates, and credit spreads, and estimates losses due to changes in fair valuation. The liquidity risk scenario assumes a crisis situation caused by market and internal factors, and calculates the size of liquid asset holdings under the assumptions of funding restrictions, a certain level of RP, the redemption of OTC derivatives, and liquidity outflow due to contingent liabilities such as debt guarantees. Along with that, we operate a response plan (contingency plan) for each stage of crisis by reflecting the results of crisis situation analysis and market conditions. Based on the worst volatility during the past financial crisis, we classify crisis situations into three stages using stock prices, interest rates, and credit spreads as common indicators, and reflect the characteristics of each sector. On top of common indicators, separate criteria such as liquidity and counterparty's credit risk are applied to establish risk assessment criteria, With an aim to recognize crisis stage and implement countermeasures for each sector, a step-by-step response plan are being prepared.</p>		
<b>Employee Incentives and Risk Taking</b>					
FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	%	Incentive is paid according to the remuneration system, and there is no incentive based on the classification of MRTs. However, we pay the deferred portion (60%) in a fixed amount without linking the company stock price to executives responsible for risks, unlike other executives.		
FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	%	Although there is no specific ratio, if reduction or redemption is necessary, the remuneration committee decides on the matter.		
<b>Activity Metrics</b>					
FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	Case, KRW	<b>Classification</b>	<b>Unit</b>	<b>Amount</b>
			Acquisition (brokerage)*	KRW 1 million	30,533,363
			Advisory**		3,606,650
			* Based on acquisition and arrangement transactions (including Asset Backed Securities, not including loans)		
			** Based on completed M&A transactions		



# TCFD



Task Force on Climate-related Financial Disclosures (TCFD) is an initiative, created by the Financial Stability Board in 2015 following a request from the G20 Finance Ministers and Central Bank Governors, with an aim of encouraging companies to voluntarily disclose their climate change-related data in a consistent manner. Global stakeholders and investors are using the data disclosed in accordance with the TCFD recommendations.

Recommendations	Samsung Securities Response	Relationship to the CDP
<b>Governance</b>		
a) Describe the board's oversight of climate-related risks and opportunities.	With the purpose of reinforcing the roles and responsibilities of the board of directors (BOD) and defining the matters in regard of the roles of organization in charge and its operation in ESG management, Samsung Securities launched the ESG Committee under the BOD in 2021. The ESG Committee, the top decision making body, is comprised of one executive director and two non-executive directors. The committee assumes the roles of formulating and discussing ESG management strategies and policies. And ESG pending issues and regarding tasks are reported to the committee on a regular basis. The ESG Committee is semiyearly convened. If there is a need to make decisions on agenda items submitted, the committee is held to discuss climate change and environmental issues on a regular basis.	C1.1b
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Samsung Securities' management has refined our climate change response process so that we can swiftly cope with the opportunities and risks posed by climate change. The ESG Secretariat and Risk Management Team report investment plans, performance, and expenses concerning climate change-related issues to the management, which is followed by the selection of agenda items by the management to bring up at BOD meetings.	C1.2
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	The opportunities and risks that climate change entails have an impact on corporate finance in various ways. Physical climate risks, such as frequent natural disasters, can lead to loss of tangible assets. And these risks can also damage the business of branches in terms of service provision or operation, which, in turn, can have a negative impact on sales. Accordingly, Samsung Securities defines opportunities and risks posed by climate change and estimates the financial impact from them. The followings are the climate change-related risks we define. <b>1 Transition Risks</b>	C2.1a, C2.3, C2.3a, C2.4, C2.4a
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<b>Current Policy and Legal Risks  </b> Samsung Securities assesses the impact that current climate change-related regulations may have on our business, and associates them with our business strategies. The Korean government introduced the Emissions Trading Scheme in 2015. We are not subject to the scheme, but given the fact that the government has tightened the regulations on GHG emissions, we are considering that there is a possibility to expand the coverage of the scheme, and the possible impact it will have on the companies we invest in. <b>New Policy and Legal Risks  </b> In recent years, we are seeing more stringent regulations concerning climate change and the environment across the globe, such as the adoption of carbon tax or stricter mandatory use of renewable energy. Against this backdrop, we survey global regulations and measure the possible impact they will have on our business and invested companies. Europe has already started tightening environmental regulations, releasing a plan to phase out the free carbon quota allocation by 2035. Samsung Securities considers the possibility of adopting more stringent regulations on carbon emissions that limit global warming 1.5 and 2.0 compared to pre-industrial levels.	C2.3a, C2.4a

Recommendations	Samsung Securities Response	Relationship to the CDP
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<b>Technology risk  </b> Since Samsung Securities is a financial company, so the development of technologies such as energy efficiency one, doesn't have a direct impact on us. However, these technologies may have to do with our sales through the overwriting of securities or assets. Accordingly, we take into account the environmental activities of companies when we screen and monitor the risks of companies to make investment decisions. <b>Market risk  </b> The financial business is liable to the changes in the market, and therefore we manage changing consumer behaviors and market uncertainty as climate change-related market risks. We run not only in Korea but also five overseas countries including New York, Hong Kong, and London while working with global financial institutions and overseas pension funds to try various forms of alternative investment. Hence, we always keep an eye on the changes in the market and emerging climate change-related issues at home and abroad, and manage them as risks.	C2.1a, C2.3, C2.3a, C2.4, C2.4a
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<b>Reputation risk  </b> The financial industry relatively has a less possibility of causing a large-scale environmental issue. However, companies or projects that financial companies invest in can have an impact on the reputation of the companies. In 2019, an Australian environmental organization made a request to withdraw our investment in taking over a loan regarding a coal terminal project, and we promised not to additionally fund the project. This experience raised our awareness of the need to step up our ESG management that takes into account not only financial but also non-financial elements when making decisions on product provision and investment. As of now we have established our Sustainable Finance Guidelines, which enables us to consider influential qualitative information (governance, environment impact assessment, social impact assessment) and elements having an impact on the global community and environment (clean energy, water resources, mining, transportation, petroleum and gas, materials, etc.) when we make decisions on investment in all forms of asset, and providing products. In addition, we constantly evaluate corporate investment assets and products in the aspect of ESG for risk management while estimating the ratio of sales generated from the coal mining and coal development business to utilize the data as prior screening guidelines when we take over assets or providing financial products. <b>2 Physical Risks</b> <b>Acute Risk  </b> The increased frequency of climate phenomena, such as hurricanes, typhoons, or floods, can have an impact on our branches, investment projects and assets. In response, we monitor weather forecasts at each branch and inspect drainage facilities, buildings and electrical equipment of branches in areas of heavy precipitation to prevent damage in a proactive manner. <b>Chronic Risk  </b> Sea level rise or abnormal high temperatures may continue owing to long-term changes in climate patterns resulting in the economic stagnation and asset value declines of investment target companies. It may cause financial losses to the portfolio. We included long-term physical environmental changes in the climate change risks, identifying future impacts through scenario analysis, and many more.	C2.3a, C2.4a

# TCFD

Recommendations	Samsung Securities Response	Relationship to the CDP
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p><b>📌 Climate-related Opportunities</b></p> <p><b>Products and Services</b>   The amount of ESG fund sales of Samsung Securities in 2021 was KRW 152.6 billion in 2021, up about 16 times from the previous year at KR 9.5 billion. The balance rose considerably to KRW 169.9 billion from 68.8 billion in 2020. We think of the growing consumers' demand for ESG funds as our opportunities, reflecting ESG factors in our financial products aiming to create a market ecosystem growing together and sustainable society. We plan to expand the number of eco-friendly investment product lineups to 100 from the current 26 products centering around funds.</p> <p><b>R&amp;D</b>   Samsung Securities established the ESG Research Center under the Research Center in 2020, which is the first one in the industry. Aiming to publish a report containing in-depth insights concerning ESG and to provide ESG analysis, we have launched and operated a separate brand, 'Sustain-WISE.'</p>	C2.1a, C2.3, C2.3a, C2.4, C2.4a
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.		C2.3a, C2.4a
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C-or-lower scenario.	With an aim to understand the business impact derived from climate change, we analyze scenarios that forecast the physical risks by situations when GHG reduction policies are substantially realized (RCP1.9) and when GHG is emitted at the same level as the current trend (RCP8.5). In addition, we calculated financial emissions to achieve carbon neutrality in our portfolio. We classified PCAF assets while measuring financial emissions from ETFs, public offering funds, and fund of funds based on MSCI data. Through this, we strive to achieve our GHG mitigation goals by carrying out voluntary and diverse reduction activities and converting the GHG reduction effect into economic value.	C3.1, C3.2, C3.2a, C3.2b, C3.3, C3.4
<b>Risk Management</b>		
a) Describe the organization's processes for identifying and assessing climate-related risks	We reinforced our ESG organizations to preemptively respond to transition risks to a low-carbon economy and physical risks caused by natural disasters. We capitalize on the ESG Committee, newly established within the BOD, as well as ESG Secretariat, ESG Research Center, and risk organizations identify and evaluate climate risks. The ESG Secretariat is in charge of internal and external communication to facilitate stakeholder engagement, while the ESG Research Center analyzes ESG issues, including climate change, and reflects them on the risk assessment process.	C2.1, C2.2, C2.2a
b) Describe the organization's processes for managing climate-related risks	The BOD assumes the final responsibility for risk management. It checks the results of the materiality assessment of risks identified by the ESG Committee within the BOD and takes them as agenda items. The materiality assessment measures the scores of identified risk factors through evaluating financial and non-financial impact, management strategies, and stakeholders.	C2.1, C2.2

Recommendations	Samsung Securities Response	Relationship to the CDP
<b>Risk Management</b>		
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	We consider climate change and environmental issues as the risks that make a significant financial impact, thereby managing them in an integrated manner with financial risks. The identified risks are reviewed and analyzed by the risk assessment team, followed by reporting to the council of relevant department heads and executives meetings. The risk management team is in charge of risk monitoring. To respond to risks, we conduct various response activities, such as ESG impact analysis through pre-screening of investments and products. The ESG investment guidelines are our basic framework for evaluating investment products and projects provided by Samsung Securities. The guidelines stipulate the exclusion of investment in coal power plants and mining among target products and projects. We also conduct company-wide campaigns to raise the awareness of climate change risks to the same level as market and credit risks.	C2.1, C2.2
<b>Metrics and Targets</b>		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	For managing risk and opportunity factors in relation to climate change, we selected indicators, such as GHG emissions, energy consumption, and ESG product scale to measure and monitor them. We disclose the ESG-related targets and status through an annual integrated report.	C4.2, C4.2a, C4.2b
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	The GHG emissions in 2021 was 622 in Scope 1, 805 in Scope 2, and 208 in Scope 3.	C6.1, C6.3, C6.5
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	We promote company-wide activities aiming at reducing 51% of carbon emissions by 2030. We prepared a digital window system to establish a paperless work environment while digitalizing the entire branch tasks. Furthermore, we plan to replace old facilities company-wide and convert corporate cars to eco-friendly ones. In addition, we will start a full-fledged purchase of renewable energy based on REC usage and the efficient use of energy by switching lighting to LED and efficiently using air conditioners and elevators.	C4.1, C4.1a, C4.2, C4.2a, C4.2b

\* Unit: tCO<sub>2</sub>eq

# GRI STANDARDS INDEX

## Universal Standards

Topic	Title	Page
<b>Organizational Profile</b>		
102-1	Name of the organization	18
102-2	Activities, brands, products, and services	131
102-3	Location of headquarters	18
102-4	Location of operations	19
102-5	Ownership and legal form	18, 88
102-6	Markets served	12~15
102-7	Scale of the organization	10~18
102-8	Information on employees and other workers	58~62
102-9	Supply chain	51
102-10	Significant changes to the organization and its supply chain	N/A
102-11	Precautionary principle and approach	89~91
102-12	External initiatives	117~123, 127
102-13	Membership of associations	130
<b>Strategy</b>		
102-14	Statement from senior decision-maker	04~05
102-15	Key impacts, risks, and opportunities	106~111
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and code of conduct	22~24, 89~91
<b>Governance</b>		
102-18	Governance structure	81~88
102-21	Consultation with stakeholders on economic, environmental, and social issues	106~107
102-22	Composition of the highest governance body and its committees	82
102-23	Chair of the highest governance body	82
102-24	Nominating and selecting the highest governance body	83
102-26	Role of highest governance body in setting purpose, values, and strategy	81

Topic	Title	Page
<b>Governance</b>		
102-28	Evaluating the highest governance body's performance	87~88
102-30	Effectiveness of risk management processes	112~115
102-31	Review of economic, environmental, and social topics	106~107
102-34	Nature and total number of material issues	106~107
102-35	Remuneration policies	87
102-36	Process for determining remuneration	87
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	116
102-42	Identifying and selecting stakeholders	106~107, 116
102-43	Approach to stakeholder engagement	106~107, 116
102-44	Key topics and concerns raised	106~107, 116
<b>Reporting Practice</b>		
102-46	Process of defining reporting contents	106~107
102-47	Aspects of materiality identified in the report content definition process	106~107
102-49	Change in reporting	N/A
102-50	Period of reporting subject	132
102-51	Recent Year of the latest published report	132
102-52	Reporting cycle	132
102-53	Contact point for inquiries regarding the report	cover
102-54	Options applied to GRI Standards	132
102-55	GRI Index	124~126
102-56	Third-party assurance	128~129

## Topic Specific Standards Management approach

Topic	Title	Page
<b>Economic Performance</b>		
103-01	Explanation of the material topic and its boundary	108~111
103-02	The management approach and its components	108~111
103-03	Evaluation of the management approach	108~111

## Topic Specific Standards Economic Performance

Topic	Title	Page
<b>Economic Performance</b>		
201-1	Creation and distribution of direct economic value	28~53
201-2	Financial impacts of climate change and risks and opportunities of business activities	120~123
<b>Indirect Economic Impact</b>		
203-2	Significant indirect economic effects and impacts	28~53
<b>Anti-corruption</b>		
205-1	Corruption risk assessment on business sites	91
205-2	Notice and training on anti-corruption policy and process and training	90~91
205-3	Confirmed corruption case and following measures	91
<b>Act against Competition</b>		
206-1	Legal actions on unfair trade including act against competition and monopoly	91
<b>Tax</b>		
207-1	Tax approach	92

## Topic Specific Standards Environmental Performance

Topic	Title	Page
<b>Raw Materials</b>		
301-1	Weight or size of used raw materials	57
<b>Energy</b>		
302-1	Energy consumption within organization	55~56
302-2	Energy consumption outside organization	56
302-3	Energy intensity	56
<b>Water</b>		
303-5	Water consumption	57
<b>Emissions</b>		
305-1	Total direct GHG emissions Scope 1	56
305-2	Total direct GHG emissions Scope 2	56
305-3	Total other indirect GHG emissions Scope 3	56
305-4	GHG emission intensity	56
305-5	GHG mitigation	45, 53
<b>Waste</b>		
306-3	Waste generation	57
306-4	Waste recycled	57
<b>Environmental Compliance</b>		
307-1	Amount of fine imposed and number of sanctions caused by violation of environmental laws	N/A

# GRI STANDARDS INDEX

Topic Specific Standards Social Performance		
Topic	Title	Page
<b>Employment</b>		
401-1	Recruiting new employee and Changing jobs	59~60
401-3	Return rate after parental leave by gender and ratio of continuous service	60
<b>Occupational Health and Safety</b>		
403-6	Enhancing employee's health	69
403-9	Work-related injury	68
<b>Training and Education</b>		
404-1	Average hour of training received per employee	65
404-2	Job training and life-long education programs	65
404-3	Regular performance	67
<b>Diversity and Equal Opportunity</b>		
405-1	Governance organization and Employee composition	61~62, 82
<b>Human Rights</b>		
412-1	Business site subject to human rights impact assessment	71~72
412-2	Education on human rights policy and process related to business for employees	73
<b>Public Policy</b>		
415-1	Political donation	78
<b>Customer Information Protection</b>		
418-1	Number of violations of customer personal information protection and grievances regarding customer information loss proved to be true	80
<b>Social and Economic Compliance</b>		
419-1	Violation of laws and regulations in the social and economic area	91

Financial Service Sector Supplement		
Topic	Title	Page
<b>Detailed Disclosure of Management Orientation in the Financial Service Sector</b>		
FS1	Specific environmental and social factors applied to the overall business	28~53
FS2	Process to evaluate and detect environmental and social risks in an overall society	112~115
FS5	Interaction with customers, investees, business partners in relation to environmental and social risks and opportunities	106~107, 116
<b>Specific Performance Index</b>		
FS7	Monetary value of products and services designed for realizing specific social benefits	94~95
FS8	Monetary value of products and services designed for realizing specific environmental benefits	94~95
<b>Social Responsibility Performance Index</b>		
FS14	Plan for improving accessibility of financial services for the economically disadvantaged	78
<b>Disclosure of Product Liability Activity</b>		
FS15	Fair design and sales policy for financial products and services	36~38
<b>Index on Product Liability Activity</b>		
FS16	Plan for improving financial knowledge of beneficiaries by type	42

# UN SDGs



At the 70<sup>th</sup> UN General Assembly in 2015, 169 targets were resolved along with 17 Sustainable Development Goals (SDGs), which the international community will strive to achieve by 2030. Samsung Securities has reflected the principles of the UN SDGs throughout its business model, endeavoring to fulfill the goals. As a leading securities company that takes the initiative in the domestic financial industry, we will expand our contribution in accomplishing more goals.

UN SDGs	Targets	Our Activities	Page
4 QUALITY EDUCATION	Quality Education 4.1 4.2 4.4	Supporting youth education with Dream Class and Vision Maru, youth study rooms	64~65, 74~76
		Implementing One company - One school financial education program	
		Increasing participation of employees in education and expanding opportunities for capacity building	
8 DECENT WORK AND ECONOMIC GROWTH	Decent Work and Economic Growth 8.2 8.3 8.5 8.10	Retaining new employment amid COVID-19 situation	30~35, 59
		Adding professionals in retail(digital), IB, management, and ESG field	
		Assisting SMEs through technology finance	
		Widening access to digital-based financial services	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, Innovation and Infrastructure 9.3 9.4	Expanding social responsibility investment	93~97
		Promoting sustainable industrialization and innovation by expanding ESG products	
		Pursuing win-win growth with local communities through employee volunteering and donations	
10 REDUCED INEQUALITIES	Reduced Inequalities 10.1 10.2	Reducing disposable items and paper use through eco-friendly campaigns for employees	56, 132
		Publishing reports integrating sustainability information	
13 CLIMATE ACTION	Climate Action 13.3	Declaring zero-carbon finance and suspending coal investments	50, 96
		Establishing Principles of Coal-Free Investment	
		Establishing plans to measure and reduce financial emissions	
		Adding environment-related products in the lineup	
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Peace, Justice and Strong Institutions 16.5 16.6 16.7	Complying with ethics management principles and responsible management	89~91
		Operating anti-money-laundering system	
		Establishing sound and transparent governance	
		Building communication channels for reflection expectations of stakeholders in our management	

# THIRD PARTY ASSURANCE

Independent Assurance Statement	
To readers of SAMSUNG SECURITIES INTEGRATED REPORT 2021	
Introduction	Korea Management Registrar (KMR) was commissioned by Samsung Securities to conduct an independent assurance of its INTEGRATED REPORT 2021 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Samsung Securities. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Samsung Securities and issue an assurance statement.
Scope and Standards	<p>Samsung Securities described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.</p> <p>Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.</p> <ul style="list-style-type: none"> <li>• GRI Sustainability Reporting Standards</li> <li>• Universal standards</li> <li>• Topic specific standards                             <ul style="list-style-type: none"> <li>- Management approach of Topic Specific Standards</li> <li>- GRI 201: Economic Performance</li> <li>- GRI 203: Indirect Economic Impacts</li> <li>- GRI 205: Anti-Corruption</li> <li>- GRI 206: Anti-Competitive Behavior</li> <li>- GRI 302: Energy</li> <li>- GRI 307: Environmental Compliance</li> <li>- GRI 401: Employment</li> <li>- GRI 403: Occupational Health and Safety</li> <li>- GRI 404: Training and Education</li> <li>- GRI 405: Diversity and Equal Opportunity</li> <li>- GRI 419: Socioeconomic Compliance</li> </ul> </li> </ul> <p>As for the reporting boundary, the engagement excludes the data and information of Samsung Securities' partners, suppliers and any third parties.</p>
KMR's Approach	<p>To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:</p> <ul style="list-style-type: none"> <li>• reviewed the overall Report;</li> <li>• reviewed materiality assessment methodology and the assessment report;</li> <li>• evaluated sustainability strategies, performance data management system, and processes;</li> <li>• interviewed people in charge of preparing the Report;</li> <li>• reviewed the reliability of the Report's performance data and conducted data sampling;</li> <li>• assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.</li> </ul>

Limitations and Recommendations	KMR's assurance engagement is based on the assumption that the data and information provided by Samsung Securities to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.
Conclusion and Opinion	<p>Based on the document reviews and interviews, we had several discussions with Samsung Securities on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.</p> <ul style="list-style-type: none"> <li>• <b>Inclusivity</b> Samsung Securities has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.</li> <li>• <b>Materiality</b> Samsung Securities has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.</li> <li>• <b>Responsiveness</b> Samsung Securities prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Samsung Securities' actions.</li> <li>• <b>Impact</b> Samsung Securities identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.</li> </ul>
Reliability of Specific Sustainability Performance Information	In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.
Competence and Independence	KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Samsung Securities and did not provide any services to Samsung Securities that could compromise the independence of our work.

July 2022 Seoul, Korea



CEO E. J. Hwang



# ASSOCIATION MEMBERSHIP

Association	
Korea Enterprises Federation	Retirement Pension Development Council
Global Financial Networks (GFIN)	Korea Association for Chief Financial Officer
Korea Fair Competition Federation	Korea IR Service
Korea Center for International Finance	Korea Management Association
Financial Security Institute	Korea Developer Association
Financial Information Security Council	Korea Listed Companies Association
Committee on Financial Informationization Promotion	Korea Service Forum
The Korea Chamber of Commerce & Industry	Korean Pension Association
Seoul Financial Forum (SFF)	Korea Securities Law Association
Baby Bond Members Council	Korea Securities Association
New Industry Organization for Investment	Korea Fintech Industry Association
FX Market Operation Council	KOREA FOREX CLUB
Korea Capital Market Institute	PD Council
Association of Compliance Officers	Seoul IB Forum
Capital Market Council	

※ 2021 dues payment criteria

# CORPORATE INFORMATION

## Our Flagship Service Brand



### Representative Wealth Management Brand

POP is an acronym of 'Platform of Private Banking Service'. It is Samsung Securities' representative wealth management brand standing for 'wealth management for everyone'



### Representative VIP Wealth Management Brand

Referring to 'Success & Investment', it is a comprehensive wealth management service brand for super rich owning more than KRW 3 billion

## System Brand



Samsung Securities' representative MTS platform



Samsung Securities' representative HTS platform

## Product Brand



1:1 client-tailored discretionary wealth management service



Samsung Securities ETN Brand

## Client Service Brand



Individual VIP Service



Corporate VIP Service

## ABOUT THIS REPORT

### Report Overview

Samsung Securities annually publishes our sustainability report to provide a clear account of our future vision, strategy, and performance for a wide range of stakeholders including shareholders, clients, and employees. Through this report, we disclose our management philosophy and corporate data to communicate with them, thereby taking one step closer to sustainable growth. This report aligns with <IR> Framework of the IIRC (International Integrated Reporting Council).

### Reporting Period

This report details our business operations from January 1, 2021 through December 31, 2021. It also contains some of quantitative data from the past three years from 2019 to 2021 to allow you to track the history. Some of the qualitative data covers early 2022.

### Reporting Scope and Boundaries

This report covers all our business sites including the Headquarters, domestic branches and overseas subsidiaries. However, some social and environmental indicators concerning foreign business sites, which are difficult to collect due to physical constraints, are excluded in this report.

### Reporting Principles

This report aligns with the Core Option of GRI (Global Reporting Initiative) Standards and the GRI FSSS (FSSS, Financial Services Sector Supplement). In addition, we comply with the disclosure recommendations of TCFD (Task Force on Climate-Related Financial Disclosure) and SASB (Sustainability Accounting Standards Board) Standards in this 2021 report.

### Data Assurance

To ensure data accuracy and objectivity in this report, the financial and non-financial data has been subject to third-party verification.



We help enrich the lives of our clients  
and grow together

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