



Internal Control Standard on Financial Consumer Protection

Policy

Owner: Head of Compliance, Korea

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Purpose	This Standard is prepared to meet the requirements of financial investment companies to prepare procedures which specifies rights and interests of financial consumers in accordance with applicable laws and regulations in Korea.
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Revision History

Version	Date	Description of Revision	Author / Preparer	Reviewer	Approver
1.0	04/03/2023	Establishment	Myung Jin Koo, Head of Compliance, Korea		Seoul Management Committee
2.0	04/17/2024	Update as per current corporate structure (Art 5,7,13,16)	Myung Jin Koo, Head of Compliance, Korea		Seoul Management Committee
3.0	04/16/2025	Update of departments subject to reporting (Art 31)	Myung Jin Koo, Head of Compliance, Korea		Seoul Management Committee
4.0	11/19/2025	Addition of Addendum and format changes to comply with Global Governance Management Framework Policy	Myung Jin Koo, Head of Compliance, Korea		Seoul Management Committee

Chapter 1 General

Article 1 (Objective)

This Standard is designed to protect the rights and interests of financial consumers by establishing the standards and procedures to which the executives, officers and/or employee of Natixis Corporate and Investment Bank Seoul Branch (“Seoul Branch”) and financial instrument distribution agents/brokers shall conform in performing their duties in accordance with Article 16 of the Act on Protection of Financial Consumers (hereinafter called the “Act”), Article 10 of the Enforcement Decree of the Act (hereinafter called the “Enforcement Decree”), Article 9 of the Regulation on Supervision of the Protection of Financial Consumers (hereinafter called the “Supervision Regulation”) and other relevant laws and regulations (hereinafter collectively called “Financial Consumer Protection Legislations”).

Article 2 (Definition of Terms)

The terms used in this Standard are defined as follows. Unless defined otherwise in this Standard, the definitions as prescribed in the Financial Consumer Protection Legislations shall be referred to:

1. An Agent/Broker means a party engaging in the agency or brokerage business for the execution of contracts regarding financial instruments and shall be the ‘financial instrument distribution agent/broker’ as defined in Item B, Sub-paragraph 3, Article 2 of the Act;
2. Executives, Officers and/or Employee means the executives, officers and/or employees of Seoul Branch and agents/brokers to which Seoul Branch outsources its businesses;
3. Internal Control Framework means the comprehensive and consolidated framework comprised of such components as organizational structure, definition of roles and responsibilities, approval procedures and communications/examinations/information systems designed for effective performance of internal control activities;
4. Internal Control Standard means the standards and procedures which are established by Seoul Branch to sincerely and diligently perform its management responsibilities by ensuring the compliance with Financial Consumer Protection Legislations without undermining sound transaction orders and to which executives, officers and/or employees shall conform in performing their duties and refers to the internal control standard on the protection of financial consumers as defined in Paragraph 2, Article 16 of the Act;
5. Internal Control Committee means the decision-making organization required to perform internal controls for the protection of financial consumers and refers to the ‘Internal Control Committee for Protection of Financial Consumers as defined in [Appendix 2] of the Supervision Regulation.
6. Financial Consumer Protection Office means the organization required to perform internal controls for the protection of financial consumers independently from the functions to develop or distribute financial instruments and refers to the ‘Financial Consumer Protection Office’ as defined in [Appendix 2] of the Supervision Regulation.

Article 3 (Scope and Applicability)

- ① This Standard applies to all executives, officers and employees of the Seoul Branch and all business activities associated with the protection of financial consumers. With regard to a service provider performing some of Seoul Branch businesses outsourced to the service provider and outsourced businesses, this Standard shall also apply within the scope of businesses outsourced.
- ② Financial Consumer Protection Legislations shall apply unless For terms and conditions regarding the protection of financial consumers which are not Unless prescribed otherwise in this Standard or in other applicable internal regulations delegated under this Standard (hereinafter collectively called the “Standard and Applicable Internal Regulations”), Financial Consumer Protection Legislations shall apply.
- ③ For matters regarding the protection of financial consumers including the terms and conditions regarding the development and distribution of financial instruments and the handling of complaints/disputes with financial consumers, the Standard and Applicable Internal Regulations shall apply unless specifically prescribed otherwise in other internal regulations of Seoul Branch.

Article 4 (Basic Principles of Protection of Financial Consumers)

- ① Seoul Branch shall exert efforts to protect financial consumers and such efforts include those designed to enhance the benefits and interests of financial consumers and to support sound financial transactions.
- ② Seoul Branch shall establish the basic procedures and standards to which its executives, officers and employees shall conform in performing their duties in order to protect financial consumers by preventing complaints of financial consumers and prompt enforcement of *ex post* relief measures (hereinafter collectively called “Financial Consumer Protection Standard”).

- ③ Seoul Branch shall proactively secure the human resources as well as physical resources required to protect financial consumers effectively.

Chapter 2 Roles and Responsibilities and Organizational Structure

Article 5 (Operations of Internal Control Framework)

- ① Seoul Branch shall clearly define the roles and responsibilities of its executives, officers and employees with regard to business activities to protect financial consumers and shall establish their roles and responsibilities and its organizational structure to ensure the efficiency of business activities and checking and balances between different roles and responsibilities with the consideration of relevant factors including the types and natures of business activities and the level of conflicts of interests.
- ② In establishing/revising its internal regulations regarding roles and responsibilities and organizational structure, Seoul Branch shall incorporate the preceding Paragraph 1 thoroughly and sufficiently.
- ③ Seoul Branch's internal control organization for the protection of financial consumers is comprised of the Seoul Management Committee, Senior Country Manager, and Financial Consumer Protection Office.

Article 6 (Seoul Management Committee)

- ① Seoul Management Committee (hereinafter called "Management Committee") shall establish the basic principles governing the establishment and operations of the internal control framework of Seoul Branch to protect financial consumers.
- ② The Management Committee shall approve management strategies and policies that have impact on internal controls and shall deliberate and approve by way of the adoption of resolutions material internal control issues and considerations including this Standard and the internal control frameworks.

Article 7 (Senior Country Manager)

- ① Senior Country Manager ("SCM") shall establish and operate internal control frameworks regarding the protection of financial consumers in accordance with the basic principles regarding the establishment and operations of internal control frameworks defined by the Seoul Management Committee.
- ② SCM shall create internal control environment to enable Seoul Branch to adequately establish and operate internal control framework for protection of financial consumers and shall manage the environment so that the effectiveness internal control framework for protection of financial consumers is maintained despite revisions to relevant laws and regulations and changes to operational environment.
- ③ SCM is authorized to and responsible for each of the followings; provided, however, that SCM may delegate the responsibilities as defined in the following Sub-paragraphs 1 through 3 to the Chief Consumer Officer and, in this case, shall specifically prescribe the scope of delegated responsibilities:
 1. To prepare preventive measures to prevent the violation of this Standard;
 2. To examine the status of compliance with this Standard;
 3. To establish responsible measures and standards corresponding to the violation of this Standards;
 4. To support the human and physical resources required for preceding Paragraphs 1 through 2; and
 5. To define and coordinate the roles and responsibilities of the Compliance Officer and the Chief Consumer Officer .
- ④ In delegating responsibilities to the Chief Consumer Officer in accordance with the preceding Paragraph 3, SCM shall establish procedures for regular management/supervision of delegated responsibilities including the obligations to report the implementation status of delegated responsibilities to CEO at least once a year.

Article 8 (Executives, Officers and Employees and Organization)

- ① Each department of Seoul Branch shall have the primary responsibility for the internal control of its responsibilities to ensure the protection of financial consumers.
- ② In performing his/her duties, any and all executives, officers and employees of Seoul Branch shall, as the person responsible for the protection of financial consumers, understand his/her roles, and be fully aware of and thoroughly and comply with the Financial Consumer Protection Legislations and this Standard.
- ③ To ensure effective compliance with internal control standards, SCM shall clearly define the roles and responsibilities of the Financial Consumer Protection Office and those of the departments engaging in the development, distribution and *ex-post* management of financial instruments and structure the organization for mutual cooperation as well as checking-balance.

- ④ Any department of Seoul Branch which intends to establish or revise internal regulations or policies associated with the internal controls for protection of financial consumers shall consult with the Financial Consumer Protection Office.

Chapter 3 Organization and Workforce for Operations of Internal Control Standards on Financial Consumer Protection

Article 9 (Establishment and Operation of Internal Control Committee for Protection of Financial Consumers)

Deleted (Waived from the obligation to establish Internal Committee in accordance with Appendix 2 of the Regulation on Supervision of Protection of Financial Consumers)

Article 10 (Establishment and Operation of Financial Consumer Protection Office)

- ① Seoul Branch shall establish the Financial Consumer Protection Office as the responsible and authorized organization required to perform internal control responsibilities for the protection of financial consumers.
- ② In order to prevent conflicts of interests between the consumer protection departments and sales/business departments and to enhance Seoul Branch's competence to protect financial consumers, the Financial Consumer Protection Office shall perform its responsibilities independently from the departments engaging in the development/distribution of financial instruments and shall report directly to SCM.
- ③ In order to support the facilitated performance of responsibilities for the protection of financial consumers, Seoul Branch shall secure workforce required for the performance of the responsibilities of the Financial Consumer Protection Office with the consideration of relevant factors including the number of customers, the number of customer complaints and the work volume of prior consultations with other relevant departments such as product development/distribution departments. In addition, Seoul Branch shall select employees who are capable of and good at performing the responsibilities as defined in Sub-paragraphs, Paragraph 1 of Article 11 herein and assign them to manager positions to perform the responsibilities for the protection of financial consumers.
- ④ With the consideration of organization and workforce, Seoul Branch shall delegate the Compliance Department to perform the responsibilities as defined in Paragraph of Article 11 herein.

Article 11 (Authorities of Financial Consumer Protection Office)

- ① The Financial Consumer Protection Office shall perform the following responsibilities:
 1. To establish the business management directions for the protection of financial consumers;
 2. To plan and operate education programs associated with the protection of financial consumers;
 3. To improve programs associated with the protection of financial consumers;
 4. To review the practices of development, distribution and *ex-post* management of financial instruments and to enforce relevant measures from the perspective of the protection of financial consumers;
 5. To manage the status of customer complaints/disputes and the results of relevant measures enforced;
 6. To assess the executive, officer and/or employee remuneration programs from the perspective of the protection of financial consumers;
 7. To participate in the prior consultations about issues or considerations requested by a responsible department under Paragraph 2 of Article 18 herein; and
 8. To participate in consultations for the establishment of internal regulations associated with internal controls in accordance with Paragraph 4 of Article 8.
- ② The Financial Consumer Protection Office may request relevant departments to improve relevant programs including the followings for the protection of financial consumers and the prevention of customer complaints; in this case, the department requested to improve relevant programs shall enforce the improvements without delay. If it is impossible to enforce the requested improvements, however, the department shall inform the SCM with adequate and sufficient explanations:
 1. To clarify the operations and approaches of business improvement programs;
 2. To manage details of improvements (or improvement plans) and improvement results;
 3. To assess the operational performance of improvements made to programs; and
 4. To analyze sale procedures on the site based on the results of customer complaint analysis and the analysis of customer satisfaction levels and to identify and develop improvement plans.
- ③ The Financial Consumer Protection Office shall respect the rights of financial consumers and prevent customer

complaints by establishing and implementing relevant procedures including the following components:

1. Preventing customer complaints for the protection of financial consumers;
 2. Providing executives, officers and/or employees with education programs for protection of financial consumers and assessing the education results and performing internal and external PRs; and
 3. Establishing education programs and plans for improvements for relevant programs to prevent the recurrence of similar customer complaints.
- ④ If the Financial Consumer Protection Office determines that education programs and specific measures for executives, officers and/or employees are necessary in connection with the programs for the protection of financial consumers, the Office may request relevant departments for cooperation and the departments so requested shall cooperate with the Office unless there are specific causes not to.

Article 12 (Designation of Chief Consumer Officer)

- ① Seoul Office shall require an executive responsible for the protection of financial consumers to lead the Financial Consumer Protection Office and appoint him/her as the Chief Consumer Officer ("CCO").
- ② The Chief Consumer Officer shall be as independent as the Compliance Officer and shall not be subject to unreasonably disadvantageous HR treatments in connection of the duties and responsibilities that he/she performed legitimately.
- ③ The Chief Consumer Officer shall have not as been subject to such disciplinary measures as reprimand warning or wage cut request or severer measures by the Commissioner of the Financial Services Commission or the Governor of the Financial Supervisory Service due to the violation of financial legislations during the lasted 5-year period.
- ④ Detailed terms and conditions regarding the appointment of the Chief Consumer Officer and his/her qualification requirements shall be prescribed separately.

Article 13 (Roles and Responsibilities of Chief Consumer Officer)

- ① The Chief Consumer Officer shall:
 1. Supervise the businesses of the Financial Consumer Protection Office as defined in Article 11;
 2. Perform *ex-ante* deliberation of material documents including Terms Sheets and financial instrument contract documentations (to be excluded if the responsibilities are performed by the Compliance Officer);
 3. Perform planning and improvements of programs associated with the protection of financial consumers and establish other necessary procedures and standards;
 4. Manage/supervise review the financial consumer protection framework at each phase (development, distribution and *ex-post* management) of financial instruments;
 5. Manage/supervise acceptance and handling of customer complaints;
 6. Supervise inter-department businesses including the business cooperations and coordination between relevant departments responsible for the protection of financial consumers;
 7. Supervise the development and operations of internal/external education programs for the protection of financial consumers;
 8. Supervise the establishment of standards on the evaluation of departments/employees aligning the occurrence of customer complaints and supervise actual evaluations;
 9. Supervise the examination of the status of compliance with this Standard and the enforcement of responsive measures and subsequent assessments;
 10. Perform responsibilities delegated by SCM in accordance with Paragraph 3 of Article 7 herein;
 11. Perform responsibilities instructed/requested by the Seoul Management Committee, SCM, etc. in connection with protection of financial consumers; and
 12. Perform other responsibilities which are determined to be necessary for the enhance of the rights and interests of financial consumers.
- ② If the rights and interests of financial consumers are actually infringed upon or are subject to substantial concerns for such infringement, the Chief Consumer Officer shall promptly report relevant information to SCM who, in turn, perform and support what are required without any delay after checking and confirmation of the reported information.

Article 14 (Designation of Financial Consumer Protection Manager and Roles and Responsibilities)

- ① With the consideration of its own characteristics, Seoul Branch shall select and operate Financial Consumer Protection Managers and the number of such managers shall be adequate enough or more than what is

required for the prevention and handling customer complaints, improvements of relevant programs, assessment of customer complaints, operations of relevant IT systems, provision of education programs for the protection of financial consumers, PRs and audits of customer complaints.

- ② In order to enhance the expertise and reliability for the performance of responsibilities, a Financial Consumer Protection Manager shall be an experienced employee who has been with Seoul Branch for at least three (3) years and has been working in such areas as product development/support, sales/service planning, legal, system, statistics and audit for at least two (2) years; provided, however, that an exception is permitted in one of the following cases:
 1. If the Chief Consumer Officer approves a person by acknowledging that he/she has the expertise and work experiences equivalent to those as defined in the main provision of this Paragraph 2; or
 2. If less than ten (10) years have passed since the establishment of the entity and relevant internal regulations separately prepared by the Chief Consumer Officer are conformed to.
- ③ A Financial Consumer Protection Manager shall perform the responsibilities for the protection of financial consumers for at least three (3) years unless there are specific causes not to. Despite the foregoing, however, an exception may be permitted if: reduction of employees is required with the consideration of Seoul Branch's organization and work force; the manager is promoted or transferred; or approved by the Chief Consumer Officer.
- ④ In evaluating work performances of the Financial Consumer Protection Manager, Seoul Branch shall assign additional points to those who record excellent track records and performances in protecting financial consumers unless there are specific causes such as disciplinary actions.
- ⑤ Seoul Branch shall establish and implement official programs to enhance the job-related skills and competences of the Financial Consumer Protection Manager by providing opportunities for participating in the internal/external education programs for the protection of financial consumers and proactively offering opportunities to be certified for the development specialized competences for the development of financial consumers. In addition, Seoul Branch shall also implement programs to award employees (including commendations and special holidays) with excellent track records and performances in protecting financial consumers.

Article 15 (Independence of Chief Consumer Officer and Financial Consumer Protection Manager)

- ① Seoul Branch shall establish and implement separate and fair performance evaluation and remuneration standards which are applicable to the Chief Consumer Officer and the Financial Consumer Protection Manager but are not aligned with Seoul Branch's financial performances. During performance evaluation, Seoul Branch shall also ensure that the officer and the manager are not subject to disadvantageous HR treatments including discrimination of the job class or omission from promotion against the officers and managers engaging in other responsibilities unless there are there are specific causes such as disciplinary actions.
- ② Seoul Branch shall not align the number of customer complaints occurred and the results of the assessment of financial consumer protection status with the remunerations including wages payable to the Chief Consumer Officer and the Financial Consumer Protection Manager. Instead, the number of customer complaints and the assessment results shall be taken into account to determine the remunerations including wages payable to the department or managers which are considered to be the direct causes of the customer complaints or inadequacy of customer complaint handling processes.
- ③ Performance evaluation standards applicable to the Chief Consumer Officer and the Financial Consumer Protection Manager and detailed terms and conditions for their independence may be determined separately.

Article 16 (Examinations and Responsible Measures by Financial Consumer Protection Office)

- ① The Financial Consumer Protection Office shall examine and analyze the major impacts of the development, distribution and *ex-post* management processes of financial instruments on the financial instruments being distributed..
- ② If material issues including concerns for possible damages or actual losses to consumers are identified during the examinations performed under the preceding Paragraph 1, the Financial Consumer Protection Office shall perform necessary measures including the reporting to SCM and discussions through Seoul Management Committee.

Chapter 4 Procedures and Standards Governing Performance of Responsibilities by Executives, Officers and Employees

Article 17 (Distribution Principles on Performance of Responsibilities by Executives, Officers

and Employees)

- ① With regard to the performance of business responsibilities involving financial consumers by its executives, officers and employees including the execution of contracts of financial instruments or recommendation of contract execution, Seoul Branch may establish following types of procedures and standards for the protection of financial consumers to the extent considered necessary with the consideration of the characteristics unique to Seoul Branch, type of financial instruments covered and status and conditions of distribution channels :
 1. By financial instrument such as instruments with investment features and instruments with credit features; and
 2. By distribution channel such as direct distributor of financial instruments, financial instrument distribution agent/broker and financial instrument advisory service provider.
- ② A department responsible for the execution of financial instrument contracts or recommendation of the execution of such contracts shall have prior consultations with the Financial Consumer Protection Office if it intends to develop or revise the procedures or standards as defined in the preceding Paragraph 1 in connection with the department's responsibilities.

Article 18 (Development Policies on Development and Distribution of Financial Instruments)

- ① Financial Consumer Protection Office shall be involved in the development of policies on the procedures regarding the development, marketing and distribution of financial instruments by examining whether the policies are in compliance with this Standard and Financial Consumer Protection Legislations from the perspectives of the protection of financial consumers and shall establish and implement inter-department prior consultation procedures and information sharing frameworks to ensure that the issues or findings identified from the examination are corrected.
- ② A responsible department which intends to establish policies on the development and distribution of financial instruments shall have prior consultations with the Financial Consumer Protection Office to deliberate on relevant factors including those associated with:
 1. Development, modification and/or discontinuation of distribution of financial instruments;
 2. Development and revision of term sheets and agreements regarding the distribution of financial instruments;
 3. Development and modification of distribution procedures;
 4. Development and revision of major marketing policies including the standards on the distribution campaigns associated with customers (including events and promotions) and branch performance evaluation standards; and
 5. Other terms and conditions for the protection of financial consumers determined by the Financial Consumer Protection Office.
- ③ During any prior consultations under the preceding Paragraph 2, the Financial Consumer Protection Office shall consider:
 1. Riskiness and complexity of financial instruments;
 2. Characteristics of financial consumers; and
 3. Financial quality and financial instrument management and risk management capabilities of the issuer of financial instruments.
- ④ If the Financial Consumer Protection Office concludes that policies and agreements regarding the financial instrument development, marketing and distribution procedures, the office may require relevant departments to discontinue the launch and marketing of financial instruments or to submit relevant improvement plans.
- ⑤ If the prior consultation step as defined the preceding Paragraph 2 are omitted, Seoul Branch shall incorporate the omission into performance evaluations or assessment regarding customer complaints.

Article 19 (Definition of Review Items and Establishment of Internal Regulations for Development of Financial Instruments)

- ① The Financial Consumer Protection Office shall define the review items which are to be used to diagnose possible disadvantages to financial consumers at development of new financial instruments and provide the review items to the department responsible for the development of financial instruments.
- ② When launching new product or changing material features or terms of an existing product, the department responsible for the development financial instruments shall examine the new or changed product for adequacy based on the review items as defined in the preceding Paragraph 1.
- ③ In accordance with relevant financial laws and regulations, Seoul Branch shall, in connection with the financial instrument development process, establish and implement internal regulations containing:

1. Terms and conditions to reinforce responsibilities by, for example, specifying the name of the department involved in the financial instrument development and contact information in term sheets and associated documents; and
2. Terms and conditions reinforcing the responsibilities of the financial instrument development department for sharing sufficient information with distributors of financial instruments (for the purpose of this provision, distributors including not only the distribution entity and its departments and responsible managers but also the employees of a sub-contracted entity if a distributor sub-contracted the distribution business).

Article 20 (Listening to Opinions of Financial Consumers)

- ① In order to prevent customer complaints and promptly relieve losses to financial consumers, Seoul Branch shall establish and implement business procedures to ensure that the opinions of financial consumers regarding, for example, complaints and customer satisfaction are proactively taken into account from the early phases of financial product development process.
- ② In order to reinforce the protection of financial consumers, Seoul Branch shall establish and utilize various channels such as customer participation programs to ensure that the opinions of external experts and the requests of financial consumers are incorporated into the management of Seoul Branch from as early as the phases of planning and development of financial instruments and shall regularly analyze the customer proposals to understand how much they are utilized.
- ③ In order to practice the protection of financial consumers and resolve customer complaints and discomforts, Seoul Branch shall implement examination processes to analyze the level of satisfaction and complaints of customer and listen to the opinions and requests of financial consumers after the distribution and marketing of financial instruments. The examination results shall be utilized for the development of financial instruments, improvements of businesses and reduction of customer complaints.
- ④ If any finding from the examination performed in accordance with the preceding Paragraph 1 requires improvements of relevant programs, Seoul Branch shall promptly notify relevant departments to ensure that examination results are incorporated into on a timely basis.

Article 21 (Development of Financial Instrument Distribution Procedure)

Seoul Branch shall establish, from the perspectives of the protection of financial consumers, the following distribution procedures applicable to the departments responsible for the distribution and marketing of financial instruments and manualize the procedures in order to ensure the compliance with this Standard and the Financial Consumer Protection Legislations and to prevent incomplete sales during financial instrument distribution process:

1. *Ex-ante* Procedure before Distribution of Financial Instruments
 - A. Education/training frameworks shall be established to provide financial instrument distributors with education/training programs by financial instrument and qualification requirements by financial instrument for distributors shall be defined and implemented.
 - B. Management procedures shall be established and implemented by phase of distribution process utilizing such means as SMS and e-mail messages. The management procedures shall include the provision of checklist for mandatory compliance requirements and implementation status).
 - C. Financial consumer confirmation procedures shall be established so that a financial consumer checks and confirms the terms and conditions and major risk factors of financial instruments that a financial consumer shall be aware of during the process of selecting the financial instrument.
2. *Ex-post* Procedures after Distribution of Financial Instruments
 - A. The transaction shall be checked for possible incomplete sales by reviewing what was purchased by a financial consumer and whether the consumer has accurate understanding about the financial instrument.
 - B. For instruments with larger potential for incomplete sales, financial consumer protection procedures including the rights for second explanation and revocation of contracts and cancellation of wrongfully executed contracts shall be established by taking into the types of the relevant financial instruments.
 - C. Customer notification framework utilizing such means as SMS and e-mail messages shall be established and implemented to notify consumers of trade details of instruments with investment features and details of trust or discretionary management services.

Article 22 (Establishment of Policies on Development, Distribution and *Ex-post* Administration of Financial Instruments)

- ① In developing policies on the development, distribution and *ex-post* administration of financial instruments, Seoul Branch shall establish and implement distribution procedures in accordance with Article 21 herein by proactively incorporating all customer complaints occurred or the opinions of financial consumers are into the

procedure. The Financial Consumer Protection Office shall examine the established business procedures for adequacy to facilitate the operations of the established business procedures.

- ② Even if the distribution of financial instruments is completed, Seoul Branch shall, based on the principle of confidence and trust, promptly inform any change to the instruments sold (terms and conditions of transactions, exercise of rights, maturity of products, fulfillment of conditions to lose principal and riskiness) or the potential for large-scale disputes by financial consumers.
- ③ Seoul Branch shall establish relevant procedures and standards to ensure any request by financial consumers for their legal or contractual rights are handled promptly and fairly. In addition, Seoul Branch shall establish following management procedures in order to prevent financial assets from being classified as dormant assets or unclaimed for an extended period:
 1. Seoul Branch shall establish procedures and standards to, for the best interests of financial consumers, prevent the occurrence of and reduce dormant financial assets or financial assets unclaimed for an extended period;
 2. Seoul Branch shall, at initial subscription to and during the retention of financial instruments, inform financial consumers of the options available at maturity of the financial instruments (including re-deposit or set-up of deposit accounts) and the designation of means to notify maturity and enable the financial consumer to select most favorable means.
- ④ With regard to products and services subject to frequent customer complaint, the Financial Consumer Protection Office shall perform detailed analysis of the complaints as well as losses to identify root causes of the complaints of financial consumers and shall consult with relevant departments for improvements.

Article 23 (Production and Internal Deliberation of Advertisement Materials)

- ① When posting advertisements about financial instruments and relevant business activities (hereinafter collectively called "Financial Instruments and Equivalents"), Seoul Branch shall comply with Financial Consumer Protection Legislations including Article 22 of the Act and deliver the advertisement in a clear and fair manner in order not to cause financial consumers to misunderstand the details of the financial instruments.
- ② Advertisement materials of financial instruments and equivalents shall contain provisions recommending financial consumers to read term sheets and agreements thoroughly before entering into contracts, the name of the financial instrument distributor, the description of the financial instrument covered, information on the classification of financial instruments and other terms and conditions required under relevant legislations for the protection of financial consumers.
- ③ Seoul Branch which intends to post advertisements shall go through the applicable procedures including prior deliberations by the Compliance Officer as prescribed in the relevant legislations and shall regularly examine relevant internal control frameworks to understand whether they are implemented adequately and enforce responsive measures, if necessary.
- ④ Seoul Branch shall establish and implement the procedures and standards governing the production and contents of advertisement materials of financial instruments.

Article 24 (Principles for Performance of Businesses Facing Financial Consumers and Interpretation)

- ① In distributing financial instruments, Seoul Branch shall comply with the principles of suitability and adequacy and the obligations to provide explanations in accordance with this Standard and the Financial Consumer Protection Legislations and shall exert its best efforts to prevent the occurrence of incomplete sales in violation of this Standard and the Financial Consumer Protection Legislations.
- ② If financial consumers are exposed to losses during the financial instrument distribution processes due to causes attributable to Seoul Branch or its executives, officers and/or employees, Seoul Branch shall exert its best efforts for prompt relief of the affected financial consumers.

Article 25 (Prevention of Conflicts of Interest with Financial Consumers)

- ① Seoul Branch shall exert its best efforts to ensure that the executives, officer and/or employees handle the interests of all financial consumers equitably and fairly without compromising the rights and interests of the consumers and shall establish systems to prevent conflicts of interests in order to prevent any conflicts of interest with financial consumers.
- ② In case of actual or potential conflicts of interests with financial consumers, executives, officers and/or employees shall take necessary measures to prevent any issues or problems from occurring to undermine the protection of financial consumers.

Article 26 (Education for Protection of Financial Consumers)

- ① In order to prevent executives, officers and/or employees from violating this Standard and the Financial Consumer Protection Legislations and to ensure their compliance with this Standard, Seoul Branch shall establish and distribute manual documents required for the performance of business activities facing financial consumers and shall provide education programs (including those designed to enhance ethical competences) available for the educating/training executives, officers and/or employees.
- ② Seoul Branch shall regularly, at least once a year, provide education programs for the protection of financial consumers applicable to all executives, officers and/employees engaging in the distribution of financial instruments. In addition, Seoul Branch shall also provide education programs covering revisions to major legislations and institutions or frequent incomplete sales cases, whenever it is needed. The results of the educations performed shall be reported to SCM.

Article 27 (Management of Credit and Personal Information on Financial Consumers)

- ① Seoul Branch shall establish and implement frameworks required for the management and protection of credit information and personal information including the development of internal regulations for the establishment and implementation of policies on the management and protection of personal (credit) information on financial consumers.
- ② If it is required to collect and utilized persona (credit) data about financial consumers in connection with the distribution of financial instruments, Seoul Branch shall complete clearly-defined consent procedures to collect and utilize minimum data suitable to the intended transaction, shall manage the collected data with due care and attention as a fiduciary manager and shall not use the data for other purposes.
- ③ Seoul Branch shall appoint a Personal Information Management Supervisor to manage the personal data collected.

Article 28 (Business Outsourcing to Agent/Broker and Service Fee Schedule)

- ① When entering into an agreement to outsource the agency/brokerage services for the execution of contracts of financial instruments to an agent/broker (hereinafter called "Service Level Agreement"), Seoul Branch shall comply with relevant terms and conditions prescribed in relevant financial legislations by individual financial instrument.
- ② When entering into a Service Level Agreement with an agent/broker, Seoul Branch shall ensure that the following are included in the agreement:
 1. Types of instruments subject to solicitation and the scope of services to be outsourced;
 2. Term and renewal of agreement and causes of termination;
 3. Measures to prevent frauds and terms and conditions regarding education/training;
 4. Terms and conditions regarding fees and payment methods;
 5. Terms and conditions regarding the claims for indemnity by Seoul Branch;
 6. Prohibited activities of the agent/broker; and
 7. Other required terms and conditions including jurisdictions.
- ③ Seoul Branch shall establish management standards containing the followings for organized management of an agent/broker and the protection of financial consumers or sound transaction orders and shall manage and supervise the agent/broker for the enforcement status of the service level agreement enforcement in order to prevent conflicts of interests with financial consumers and the loss, theft, divulgence or falsification of and/or damage to the personal (credit) information on financial consumers:
 1. Procedure to execute and terminate a service level agreement with the agent/broker;
 2. Procedure to examine business activities performed by the agent/broker and reporting frameworks;
 3. Measures to protect personal information on financial consumers (including those to restrict accesses to information or prevent divulgence of information) and terms and conditions regarding the compliance with relevant laws and regulations;
 4. Major provisions of the service level agreement (including the scope of outsourced businesses, service recipient's audit authorities, fees for outsourced services, protection of customer information and obligations to accept the audit of supervisory regulators);
 5. Management of data and records of the agent/broker including track records of performances;
 6. Terms and conditions to compute and pay fees;
 7. Terms and conditions regarding education programs, education frequency and education methods; and
 8. Guarantee rights of access to records for the Auditor of Seoul Branch.
- ④ In preparation for possible violation of relevant legislations by the agent/broker, Seoul Branch shall include

disciplinary provisions prescribing such disadvantageous measures as reduction in fee payables, allocation of penalty points and cancellation of agreement in the service level agreement.

Article 29 (Fee Schedule for Financial Instrument Advisory Service)

- ① When providing advisory services in the capacity of a financial instrument advisor, Seoul Branch shall perform the advisory services with due care and attention as a fiduciary manager in order to protect the interests of financial consumers and shall determine the standard to compute fees receivable by a financial consumer in return for the performance of advisory services and specifically document the standard in the contract documents distributed to financial consumers.
- ② Seoul Branch shall not request additional monetary returns and equivalent other than the fees as defined in the preceding Paragraph 1. If Seoul Branch receives property interests in association with advisory services from a financial instrument distributor, it shall, in accordance with the terms and conditions prescribed in the Financial Consumer Protection Legislations, provide the financial consumers with relevant information.

Chapter 5 Examinations of Compliance with Internal Control Standard on Protection of Financial Consumers, Responsive Measures and Assessment

Article 30 (Examination and Assessment of Compliance with Internal Control Standard on Protection of Financial Consumers)

- ① The Financial Consumer Protection Office shall regularly examine the business activities performed by executives, officers and/or employees in connection with the distribution of financial instrument for their compliance with this Standard and the Financial Consumer Protection Legislations with the consideration of the materiality and riskiness of the business activities.
- ② The Financial Consumer Protection Office may require the head of each organizational unit to examine his/her organizational unit and responsibilities in accordance with the examination methods determined by the Financial Consumer Protection Office in order to identify possible violation of this Standard and the Financial Consumer Protection Legislations.
- ③ If examinations as defined in the preceding Paragraph 2 are performed, the head of each organizational unit shall report the examination results to the Chief Consumer Officer.
- ④ If legal/regulatory breaches are identified or potential for material losses to financial consumers are uncovered during the examinations of the compliance with this Standard and the Financial Consumer Protection Legislations, the Financial Consumer Protection Office may enforce such measures as requiring relevant executives, officers and/or employees and the head of relevant departments to submit relevant data, requesting the attendance of relevant executives, officers and/or employees or performance of on-site investigations (if necessary, the Office may request the Compliance/Audit to perform the investigations). In this case, the person or department so requested shall respond sincerely and trustfully.
- ⑤ The Financial Consumer Protection Office shall establish and implement detailed procedures containing the methods used for the performance of examinations as defined in the preceding Paragraphs 1 through 3 and the responsive measures to be taken when legal/regulatory breaches are identified as prescribed in the preceding Paragraph 4.
- ⑥ The Chief Consumer Officer shall assess the examinations performed in accordance with this Article and shall report the assessment results to SCM.

Article 31 (Responsive Measure to Legal/Regulatory Breaches by Executives, Officers and/or Employees)

- ① If an executives, officer or employee is determined to be in violation of this Standard and the Financial Consumer Protection Legislations in connection with the business activities associated with the protection of financial consumers, the Financial Consumer Protection Office shall notify relevant departments (including the APAC Compliance and Client Office) of the relevant information on the breaches with the consideration of the severity of violation, number of violations committed and the motive and results of the act of violation. The head of the department so notified shall confirm the factual relationships through follow-up measures including investigations and enforce necessary measures based on the findings from such investigations.
- ② Financial Consumer Protection Office shall report any, if uncovered, legal/regulatory breaches in connection with the protection of financial consumers to SCM who, in turn, shall enforce adequate measures.
- ③ If it determines that the legal/regulator breach as defined in the preceding Paragraph 2 is material. The Financial Consumer Protection Office may report the breach to the APAC Audit.

Chapter 6 Education and Qualification Requirements for Executives, Officers and/or Employees Engaging in Business Activities for Financial Consumers

Article 32 (Education of Executives, Officers and Employees Engaging in Distribution of Financial Instruments)

- ① Seoul Branch shall provide its executives, officers and/or employees engaging in business activities associated with the distribution of financial instruments for financial consumers including the recommendation of financial instruments and execution of contracts of financial instruments (for the purpose of this Chapter and Chapter 7, collectively called "Employees with Distribution Responsibilities) with regular education programs for or associated with the compliance with this Standard and the Financial Consumer Protection Legislations.
- ② Seoul Branch shall allow employees with distribution responsibilities who completed relevant education programs under the Financial Consumer Protection Legislations to recommend the execution of contracts. To this end, Seoul Branch shall use either the external education centers including Korea Institute of Financial Investment of the Korea Financial Investment Association or develop internal education courses so that the employees with distribution responsibilities sufficiently acquire and understand the definitions and features of financial instruments including riskiness and complexity of instruments and reinforce their ethical competences by providing them with educations on a regular basis.
- ③ The Financial Consumer Protection Office shall supervise the planning and operations regarding the education requirements as defined in the preceding Paragraph 1 and support a department responsible to the distribution of a specific financial instrument to provide education programs covering the individual financial instrument concerned.
- ④ With the consideration of customer complaint history and cases identified from FSS audits and on-site examinations, the Financial Consumer Protection Office may screen employees with distribution responsibilities and designate some of the executives, officers and/or employees who gave rise to incomplete sales for management purposes. For these employees, the Office shall provide separate sessions of incomplete sales prevention education programs either directly or by requesting relevant departments to provide the education programs.
- ⑤ Seoul Branch shall provide the employees with distribution responsibilities with the opportunities to participate in the internal/external education programs for the protection of financial consumers and shall enforce reward programs for employees recording excellent performances for the protection of financial consumers.

Article 33 (Qualification Requirements for Employees with Distribution Responsibilities)

- ① Employees with distribution responsibilities shall achieve and fulfill the qualification requirements as defined in the relevant laws and regulations. If no qualification requirements are prescribed in the relevant laws and regulations, the employees shall complete education programs in accordance with the standards set by Seoul Branch.
- ② Distribution of financial instruments is banned:
 1. An employee with distribution responsibilities neither fulfills the qualification requirements nor complete the relevant educations as define in preceding Paragraph 1;
 2. As a result of assessment performed in accordance with applicable criteria determined by Seoul Branch, an employee with distribution responsibilities considered to be of lower level of expertise and less experienced; and
 3. Seoul Branch individually bans an employee with distribution responsibilities from engaging in distribution activities since customer complaints associated with incomplete sales occurred more than the applicable threshold.
- ③ Seoul Branch shall regularly check and confirm whether an employee with distribution responsibilities is subject to any of the requirements as defined in the preceding Paragraph 2 and shall establish adequate continuing education programs and re-certification procedures.
- ④ Seoul Branch shall proactively support employees with distribution responsibilities to distribute financial instruments legitimately by providing relevant supports including the opportunity to acquire certifications for the development of professional competences.

Chapter 7 Rewards and Assuring Responsibilities for Business Activities Performed

Article 34 (Design and Operations of Performance Evaluation and Remuneration Frameworks)

- ① Seoul Branch shall incorporate customer satisfaction and internal controls into its performance evaluation and remuneration frameworks in order to prevent conflicts of interests between employees with distribution

responsibilities and financial consumers.

Article 35 (Assuring Responsibilities at Performance Evaluation)

If a financial consumers expresses its intent to revoke/cancel financial transactions citing such causes as unsound business practices and incomplete sales which are attributable to an employee with distribution responsibilities, Seoul Branch may recover monetary rewards paid as a result of performance evaluation from the distribution employee concerned. To this end, Seoul Branch may pay some portion of the rewards in installment over the period of the instrument and service or postpone the time of payment for the portion.

Article 36 (Assessment of Remuneration Frameworks and Discussions)

Deleted

Chapter 8 Procedure to Revise Internal Control Standard on Financial Consumer Protection and Delegation

Article 37 (Development/Revision of Standard and Applicable Internal Regulations and Delegation of Detailed Terms)

- ① Seoul Branch may develop/revise this Standard and Applicable Internal Regulations in order to incorporate relevant developments including the development/revision of relevant legislations, authoritative interpretations by supervisory regulators, requests for improvements by the Financial Consumer Protection Office or potential for large scale losses to consumers.
- ② If it intends to add new provisions to or revise existing provisions of this Standard and Applicable Internal Regulations, Seoul Branch shall be approved by the Management Committee; provided, however, that the approval of the SCM may replace the requirement for the approval of the Management Committee if the revisions are considered non-material including those associated with the developments/revisions of relevant legislations or regulations or the follow-up measures for resolutions adopted by the Management Committee and equivalently minor changes.
- ③ Seoul Branch which intends to add new provisions to or revise this Standard and Applicable Internal Regulations shall have prior consultations with the Financial Consumer Protection Office about the provisions intended to be added or revised. Then, the Financial Consumer Protection Office shall perform reviews to understand the need for the intended addition or revision of the provisions of this Standard from the perspective of protecting financial consumers and report the review results to the SCM of the bank.
- ④ Seoul Branch which establishes or revised this Standard and Applicable Internal Regulations shall post relevant and major information in such classifications as the statement that the developments/revisions are made and the causes, the impact on consumers and the time and scope of application on its Internet homepage.
- ⑤ Seoul Branch shall inform its executives, officers and/or executives of the developments and revisions of this standard and Applicable Regulations in a manner that they can be confirmed by its executives, officers and/or employees and provide relevant education programs if it is considered necessary.
- ⑥ Details required for the enforcement of this standard and Applicable Internal Regulations and for the operations of internal controls regarding the protection of financial consumers may be prescribed in a separate internal regulation.

Chapter 9 Enhancing Convenience of Financial Transactions and Preventing Damages to Wealth for Senior Consumers and Consumers with Disabilities

Article 38 (Enhancing Convenience and Preventing Damages to Wealth for Senior Financial Consumers)

- ① Seoul Branch shall ensure that senior financial consumers understand financial instruments correctly and enter into adequate financial transactions.
- ② In principle, a financial consumer is considered a senior financial consumer if he/she is 65 years old or older. However, Seoul Branch may establish its own senior financial consumer classification criteria by taking into account relevant factors including the characteristics by financial instrument, the level of understanding about financial instruments by the financial consumers, experiences of financial transactions and the status of assets and incomes.
- ③ Seoul Branch shall exert efforts to protect senior financial consumers in every phases of financial transactions including the development, distribution and *ex-post* administration of financial instruments in accordance with best practices for investment recommendations and to reinforce relevant internal controls.
- ④ Seoul Branch shall prevent senior financial consumers from experiencing losses to assets through the

examination of risk factors unique to senior consumers and application of reinforced distribution procedures to ensure that senior consumers understand financial instruments correctly and enter into adequate financial transactions.

- ⑤ Seoul Branch may establish separate internal regulations prescribing the detailed terms and conditions to improve the accessibility of senior financial consumers to the financial market and prevent losses to assets.

Article 39 (Enhancing Convenience and Preventing Damages to Wealth for Financial Consumers with Disabilities)

- ① In order to enhance the convenience of financial transactions for financial consumers with disabilities, Seoul Branch shall provide services in line with the type of disabilities.
- ② Seoul Branch shall establish detailed customer service guidelines by type of disabilities to be observed by employees at teller windows and shall establish frameworks for the performance and of relevant interviews and transactions, acceptance of customer complaints and provision of information.
- ③ If it intends to distribute financial instruments via non-face-to-face channels, Seoul Branch shall enhance the convenience features for financial consumers with disabilities to facilitate the use of electronic financial services.
- ④ Seoul Branch shall prevent financial consumers with disabilities from experiencing losses to assets through the examination of risk factors unique to the financial consumer with disabilities and application of reinforced distribution procedures to ensure that the consumers with disabilities understand financial instruments correctly and enter into adequate financial transactions.

Seoul Branch may establish separate internal regulations prescribing the detailed terms and conditions to improve the accessibility of financial consumers with disabilities to the financial market and prevent losses to assets.

Addendum

Policy Exception Process

It is the responsibility of each employee to adhere to this Standard. Any exceptions to this Standard must be escalated to the line manager and Compliance. Upon investigation, all exceptions which are considered as a breach will be reported to the APAC Conduct Committee in accordance with the Global Conduct Framework, as well as to the Seoul Management Committee per the Internal Control Standards. Breaches may result in disciplinary action.

Policy Approval and Review Frequency

The Seoul Management Committee is the approver for the initial Standard issuance. Thereafter, this Standard shall be reviewed at least annually and approved by the Seoul Management Committee.