meritz Securities

SUSTAINABILITY REPORT 2023

About this Report

Following its 2021 publication, Meritz Securities has released its fourth Sustainability Report.
In line with our full commitment to providing responsible financial services and contributing towards creating a sustainable society, Meritz Securities publishes its Sustainability Report biennially, which details our economic, environmental, and social endeavors and accomplishments in a transparent manner. This report outlines our future direction to chart a shared path towards a more sustainable future with our stakeholders.

Reporting Standards

The report herein has been compiled in accordance with the international reporting standards for Sustainability Reports, namely the Global Reporting Initiative (GRI) Standards 2021, and incorporated critical issues specific to each industry as illustrated in the Sustainability Accounting Standards Boards (SASB). Both financial and non-financial information within this report have been prepared based on the fiscal year in accordance with our disclosure system, and any information not conforming to the aforementioned standards has been distinctly annotated.

Reporting Scope and Boundaries

The reporting scope encompasses all the business sites of Meritz Securities in Korea; the economic performance specifically includes data from its subsidiary, Meritz Capital. Detailed reporting boundaries for each material issue have been presented in the Materiality Assessment section.

Reporting Period

This report encapsulates the sustainability performance from January 1, 2022 to December 31, 2023, and employs data from the past three fiscal years (January 2021 to December 2023) to illustrate the chronological trends. In an effort to provide up-to-date information, this report incorporates certain data from the period ending March 2024.

Third-Party Assurance

To enhance stakeholder confidence in the objectivity and fairness of this report, we have obtained third-party verification under the AA1000AS Type II, an international assurance standard, through the Korea Management Registrar. See the Independent Assurance Statement page to gain further details on the assurance results.

Inquiries on the Report

For more information about the report, visit the Meritz Securities website (https://home.imeritz.com/main/ir/), whereupon the PDF file of the report is available for download.

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CEO's Message

Dear all stakeholders of Meritz Securities,

Throughout 2023, both our company and the securities industry faced a challenging market environment marked by sustained high interest rates, inflation, and a stagnant real estate market. Due to internal and external challenges, the profitability of the securities industry has declined compared to the past, and Meritz Securities was no exception. However, our dedicated efforts in robust risk management and proactive responses enabled us to navigate these challenges effectively, allowing us to achieve industry-leading performance in 2023, with a consolidated operating profit of KRW 8,813 billion and a net profit of KRW 5,900 billion.

We extend our heartfelt gratitude to all our stakeholders for their continued devotion and affection towards our company. We strive to further contemplate and strengthen our commitment to both outstanding performance and our responsibility towards customers and society at Meritz Securities, and this report will serve as a platform to showcase Meritz's efforts and achievements to our stakeholders.

"Under the consolidated management system of One Meritz, we consider shareholder value as top priority. We will continue to take the lead in enhancing shareholder value and strive our best to realize shareholders' interests."

CEO's Message

At Meritz Securities, we continue to lead the way in enhancing shareholder value.

Recently, we have intensified our focus on protecting minority shareholders, strengthening our corporate governance, and launching value-enhancement programs that have shaped policies in the capital markets. Early in 2023, we completed a comprehensive stock exchange with Meritz Financial Group and concluded the delisting of Meritz Securities. Throughout this process, we upheld the principle of "equal value for one share held by the controlling shareholder and one share held by a minority shareholder" and successfully constructed the One Meritz system. Through this effort, the goal was to construct a holding company system and resolve duplicate listing of subsidiaries to prevent any detrimental effect on the shareholder value, and reap the benefit of a mutually beneficial scenario through prompt decision-making and management efficiency.
Going forward, we will continue to prioritize shareholder value as our foremost concern within the consolidated management system of One Meritz, and we will continue to take the lead in enhancing shareholder value and strive our best to realize shareholders' interests.

Meritz Securities is committed to a more proactive stance in ESG management.

Despite our consistent efforts, we have thoroughly evaluated our activities and gathered insights from both our team and the management to pinpoint opportunities for ESG improvement. As a result, we established the "Group ESG Management Council" in 2022 to oversee and coordinate ESG activities across all Meritz subsidiaries. Convening biannually, the Council identifies ESG issues, ensures consistent ESG initiative implementation, and proactively addresses these matters, embedding a robust ESG framework into our corporate governance. Meritz Securities is determined to extend its focus beyond governance (G) and embrace a more proactive role in addressing environmental (E) and social (S) issues, reflecting its dedication to corporate social responsibility.

Meritz Securities continues to set a precedent in terms of social responsibility.

For 17 years now, starting from 2007, we have been running the "Chamsarang Volunteer Group," dedicated to fostering local community development through the voluntary engagement of our employees. Our commitment to social contribution is evident in diverse activities: from caring for single mothers' babies and donating goods through Beautiful Store to delivering holiday meals to solitary seniors and participating in the Love Briquette Sharing Movement. Meritz Securities is more than just a team of market leaders who converge to fully demonstrate their capabilities; it is a community of individuals with warm hearts, always ready to lend a helping hand to those in need within the local community. Moving forward, Meritz Securities will persist in our dedicated efforts to fully embrace our corporate social responsibilities.

We would like to extend our deepest gratitude for your continuous support and encouragement, and we humbly ask for your continued faith and support as we move forward.

All of us at Meritz Securities pledge to never become complacent with our achievements but to stay fully dedicated to advancing our company and enriching society. With unwavering determination, we will remain committed to relentless efforts to become a financial company that proudly represents South Korea.

Thank you.

Meritz Securities Co., Ltd.

President and CEO **Jang Won-Jae**

Company Profile

Status

Company Name	Meritz Securities Co., Ltd.
Headquarters	Three IFC, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea
CEO	Jang Won-Jae
Business Areas	Investment trading business, investment brokerage business, investment advisory business, discretionary investment business, trust business, collective investment business, etc.
Date of Establishment	Feb. 24, 1973
No. of Employees	1,592 (as of Dec. 31, 2023)
2023 5th Extraordinary Board Meeting	1 division and 8 centers: 8 branches including the headquarters (6 branches in Seoul, 1 in Busan, and 1 in Daegu)

Key Financial Status (as of Dec. 31, 2023 on a consolidated basis)

KRW 63,629.1 billion Total Assets	KRW 6,098.4 billion Equity Capital	KRW 881.3 billion Operating Profit
KRW 590 billion Net Income	10.0% ROE*	

* ROE: Based on return on equity/average equity balance

Credit Rating Status (as of Dec. 31, 2023)

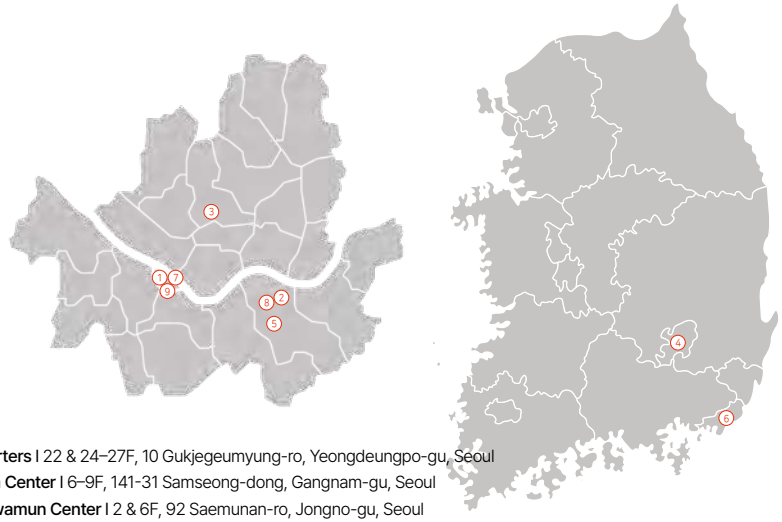
Category	Issuer Credit Rating (ICR)	Commercial Paper	Electronic Short-Term Bonds	Corporate Bonds (Senior Priority)
Korea Investors Service (KIS)	AA-	A1	A1	AA-
National Information & Credit Evaluation (NICE)	AA-	A1	A1	AA-

ESG Evaluation Results by the Korea Institute of Corporate Governance and Sustainability (KCGS)

Meritz Securities has been rated B+ in terms of governance for three consecutive years from 2021 to 2023 for having a satisfactory sustainable management system. This demonstrates its strong track record of implementing ESG management.

Category	Issuer Credit Rating (ICR)	2021	2022	2023
Korea Investors Service (KIS)	Overall	B+	B+	-
	Governance (G)	B+	B+	B+
	Social (S)	A	A	-
	Environmental (E)	C	C	-

* The 2023 evaluation results exclusively assessed the governance grade due to the transition to an unlisted company.



① **Headquarters** I 22 & 24–27F, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
② **Gangnam Center** I 6–9F, 141-31 Samseong-dong, Gangnam-gu, Seoul
③ **Gwanghwamun Center** I 2 & 6F, 92 Saemunan-ro, Jongno-gu, Seoul
④ **Daegu Center** I 3 & 5F, 334 Dongdaegu-ro, Suseong-gu, Daegu
⑤ **Dogok Center** I 9F, 39 Eonju-ro 30-gil, Gangnam-gu, Seoul
⑥ **Busan Center** I 11–12F, 8 Seojeon-ro, Busanjin-gu, Busan
⑦ **Sales Division** I 2F, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
⑧ **Gangnam Premium WM Center** I 14F, 152 Teheran-ro, Gangnam-gu, Seoul
⑨ **Digital Finance Center** I 22 & 24–27F, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul

Company Profile

History

1973

- Established Hanil Securities Co., Ltd.

1990

- Renamed to Hanjin Investment & Securities Co., Ltd.

1992

- Listed on the Korea Stock Exchange

2000

- Renamed to Meritz Securities Co., Ltd.
- Split from Hanjin Group

2006

- Incorporated as a subsidiary of Meritz Investment Bank

2010

- Merged with Meritz Investment Bank
- Renamed to Meritz Securities

2014

- Acquired I'M Investment Securities Co., Ltd.

2015

- Merged with I'M Investment Securities Co., Ltd.

2017

- Incorporated as a subsidiary of Meritz Capital
- Designated as a comprehensive financial investment company

2019

- Relocated the HQ to Three IFC

2020

- Changed corporate identity (CI)
- Renamed back to Meritz Securities Co., Ltd.

2021

- Announced a mid- to long-term shareholder return policy

2022

- Declared a comprehensive stock exchange with Meritz Financial Group

2023

- Completed the delisting of Meritz Securities (Apr. 2023)
  > Completed the delisting of Meritz Securities and Meritz Fire & Marine Insurance, establishing the One-Meritz system
- Appointed Jang Won-jae as CEO and President (Nov. 2023)

Business Overview

Vision and Strategic Direction

Like our company slogan suggests, "Finance is not about money but about happiness," Meritz Securities strives to realize value beyond simply increasing customer assets by committing ourselves to the essence of the business of finance, improving customers' welfare, and contributing to social development.
Guided by our management principles of a flexible service mindset and innovative thinking for the future, we strive to share happiness with our customers, shareholders, employees, and the company, ultimately endeavoring as a smart partner to assist in stability and happiness to maximize both customer and corporate value.

meritz
SMART MERITZ'

Management Philosophy

Maximize the corporate and customer values as a smart partner who brings stability and happiness

Management Principle

A happy life enjoyed together by customers, shareholders, employees, and company

Customer | Employees | Company

Core Values

Customer-oriented

Flexible service mindset
Advise the Smart value

MERITZ delivers value tailored and suited to its customers

Innovation-oriented

Innovative thinking toward the future
Create the Smart solution

MERITZ creates solutions for the future from new perspectives.

Organization-oriented

Understand the organization and co-workers
ABe the Smart people

MERITZ understands the correct role and attitude of a company.

Objective-oriented

Smart challenger
Do the Smart challenge

MERITZ achieves challenging goals with the confidence of an expert.

Business Overview

Financial Highlight

The year 2023 presented significant internal and external challenges, more so than ever before, due to the collapse of Silicon Valley Bank, losses in overseas real estate, and a prolonged downturn in the real estate market.
Despite these challenges, grounded in our rigorous risk management, we have made consistent efforts to identify unparalleled profit opportunities, leading to a consolidated net income of KRW 590 billion (KRW 424.2 billion on a standalone basis), a testament to our competitive edge and consistent excellence.

Investment Banking (IB)

Leveraging our exceptional network efficiently and demonstrating superior advisory and mediating capabilities, we have achieved noteworthy success in the real-estate sector, the key growth driver of the company, such as the development project of the United Nations Command in Itaewon in 2022 and the establishment of Lotte E&C's Dongtan project financing (PF) fund in 2023, while simultaneously securing substantial deals in the non-real estate sector of investment banking (IB), including overseas power hedging transactions and profits from investments in unlisted companies.

S&T(Sales & Trading)

Despite the ongoing market complexities arising from the lingering effects of the COVID-19 pandemic, particularly the elevated interest rates, our S&T Division exhibited exceptional resilience. Through proactive management and strategic positioning in response to rising bond yields, the division maintained a profit-driven focus and delivered consistent returns with minimal volatility.

Wholesale

By leveraging a diversified range of trading strategies and robust risk management practices, we have achieved significant outcomes, as we have been consecutively selected as an outstanding primary dealer (PD) in 2022 and 2023. In addition, our venture into the retirement pension market in 2021 has yielded substantial results, since sales in this market have exceeded KRW 2.5 trillion, and by the end of 2023, we have successfully contributed to the diversification of the company's funding sources and improved liquidity through approx. KRW 6 trillion in derivative-linked bond sales.

Retail & Digital

With a focus on branch-managed WRAP sales, tailored to clients' investment preferences and objectives, we have surpassed a balance of KRW 600 billion and launched the Digital Platform Division in 2023 to adapt to industry trends as well as provide personalized experiences for our customers.
Through the Digital Platform Division, we have unveiled the Super365 account and the Bond365, a comprehensive bond trading service, as part of our commitment to expanding online accounts and services, and our YouTube channel, Meritz On, serves as a platform for delivering up-to-date information to a wide audience, including young investors.

Finally, in April 2023, following the comprehensive stock exchange with Meritz Financial Group and the completion of the delisting process of Meritz Securities, we took our initial steps towards the One-Meritz system.
Under the One-Meritz system, we will further solidify the synergy between Meritz Securities and Meritz Fire & Marine Insurance under the guidance of the holding company, fully adapt to the rapidly changing landscape through efficient reallocation of group capital, and make the utmost effort to consistently reinforce our key capabilities and achieve outstanding performance.

1) 19th Korea Securities Awards, 2022

2) 2022 Financial Securities Awards

3) 2023 Korea Wealth Management Awards

- **Net Capital Ratio (NCR):** Maintaining a healthy ratio of 1.589% as of Dec. 31, 2023 on a consolidated basis
- **Debt Guarantee:** KRW 4.9 trillion as of Dec. 31, 2023 on a standalone basis (debt guarantee ratio: 88%)

Business Overview

Key Achievements

Investment Banking Business

Leveraging a broadly established network in domestic and international capital markets, we have secured a distinct competitive edge in the investment banking sector.
We extend our expertise to a broad spectrum of clients, ranging from large corporations and financial institutions to startups, SMEs, and private equity fund. Our tailored financial services encompass funding, financial advisory, and corporate governance enhancement, ensuring that businesses of all sizes and circumstances achieve their goals.
We have expanded our revenue base by investing in various alternative assets not only domestically, but also in markets outside of the U.S. and Europe. In addition, we provide a range of financial services including credit granting such as loans and bill discounting; acquisitions; intermediating public offering, private placement, and public sale; brokerage, mediation, agent services, and advisory for mergers and acquisitions; project financing; advisory and mediation of project financing; payment guarantees; brokerage, mediation, and agent services for loans and loan securities; asset securitization; and developing structured finance products.

Management Strategy

- Deal sourcing based on partnerships with quality companies
- Identification of investment opportunities in quality companies experiencing temporary cash flow imbalances
- Preparation for expanded SME M&A through acquisition financing and mezzanine financing

Key Achievements

- Developed the UN Command in Itaewon in 2022
- Invested in Australian and US mines in 2022
- Created a real estate project financing (PF) fund by Lotte E&C in 2023

Trading Business

We actively engage in market making and strategic trading across domestic and international markets in equities, bonds, foreign exchange (FX), and derivatives.
For five consecutive years, we have been recognized as an outstanding PD in the government bond market. As a major liquidity provider (LP), we consistently supply liquidity to the derivatives, equities, bonds, and ETF markets. Furthermore, as a leading operator in the Exchange-Traded Notes (ETN) market, we offer investors a variety of trading products through new listings and other initiatives. In the over-the-counter (OTC) market, we hold a significant market share in both interest rate swaps (IRS) and FX spot trading.
In the rate structured market, our diverse product lineup, based on government bonds, fully satisfies the hedging needs of long-term investment institutions.

Management Strategy

- Active liquidity provision as a market maker in major markets
- Acquisition of a product lineup that responds to the demands of long-term investment institutions
- Establishment of a leading position in the ETN market

Key Achievements

- Selected as an outstanding PD in 2022 and 2023
- Established a lineup of structured products linked to government bonds
- Listed a 30-year government bond 3X leverage ETN in the market for the first time

Business Overview

Key Achievements

Wholesale Business

Our Wholesale Business capitalizes on our extensive domestic and international networks and robust trading capabilities to deliver unparalleled services, brokering a range of products including stocks, bonds, collective investment securities, derivatives, and alternative investments to institutional and corporate clients.
In addition, we are dedicated to helping clients make optimal investment decisions, specifically tailored to the size and type of their assets.

Management Strategy

- Expansion of revenue base through financial advisory and sales opportunities in line with ESG principles
- Provision of design, transaction facilitation, and optimal advisory solutions for a variety of products to corporate clients, based on expertise and experience
- Provision of brokerage sales services for stocks, on-exchange derivatives, ETFs, mezzanine, government and public bonds, and financial products to institutional investors and corporate entities

Key Achievements

- Selected consecutively as an outstanding PD in 2022 and 2023
- Selected consecutively as a key trading securities firm by the National Pension Service (NPS) in 2022 and 2023

Retail & Digital Business

Located in major financial centers, our experts across diverse financial investment fields deliver optimal asset management services to our clients. In 2022, in response to the changing financial landscape, we established the Global Product Team and Digital Business Team, followed by the launch of our Digital Platform Division in 2023 to offer unique, digitally-focused customer experiences for diverse age groups. These efforts led to the launch of exclusive digital-only accounts and services, transforming customer needs into practical digital products, platforms, and content, all while delivering timely updates through our digital channel, Meritz On.

Management Strategy

- Enhancing WRAP services that provide customized management based on clients' investment preferences and objectives
- Enhancing client returns through proactive response to market changes and risk management
- Providing unique digital customer experiences through digital exclusive products and services

Key Achievements

- Launched non-face-to-face WRAP contract services in Oct. 2022
- Launched the digital SUPER365 service in Dec. 2022
- Implemented weekly trading of the U.S. stocks in Feb. 2023
- Launched the BOND365 comprehensive bond trading service in Mar. 2023

Double Materiality Assessment

Meritz Securities has conducted a materiality assessment to identify material issues that concern our internal and external stakeholders and influence our sustainable development.
This year's report introduces the concept of double materiality, marking a departure from previous practices. For the first time, it integrates the materiality principles of the GRI standards with the European Sustainability Reporting Standards (ESRS)'s double materiality principle, adopting a holistic evaluation approach that assesses both the company's impact on the external environment and vice versa.
Through the balanced report on the key elements selected through the materiality assessment, which takes into account both financial impacts and environmental and social impacts, we aspire to communicate with our stakeholders.

Materiality Assessment Process

The double materiality process of the ESRS is a method designed to systematically select issues and ensure the reliability and validity of the materiality assessment through a "five-step process."
Such a process includes comprehensive impact analyses from diversified perspectives involving internal/external expert assessments and internal/external stakeholder evaluations (supplementary assessments), as well as processes for understanding financial impacts through analyses of major investor interest and regulatory status of supervisory authorities.
These processes led to the creation of an issue pool, on which a double materiality test was conducted to assess both financial impacts and environmental and social impacts.

Double Materiality Assessment

Step 1

Scope & Objectives

- Define the significance and purpose of sustainability materiality for Meritz Securities
- Understand the company's management activities and stakeholders within the value chain

Step 2

Identification

- Identify potential and actual impacts, risks, and opportunities from a financial and impact perspective (topic)

Step 3
Internal Assessment

Assessment

- Perform an assessment to identify topics that appear material to Meritz Financial Group from an impact perspective and/or from a financial perspective with regards to their scale, scope, likelihood of occurrence, and recoverability

Step 4
External Assessment

Engagement

- Engage with various internal and external stakeholders to validate the results from Step 3 (supplementary assessment)

Step 5

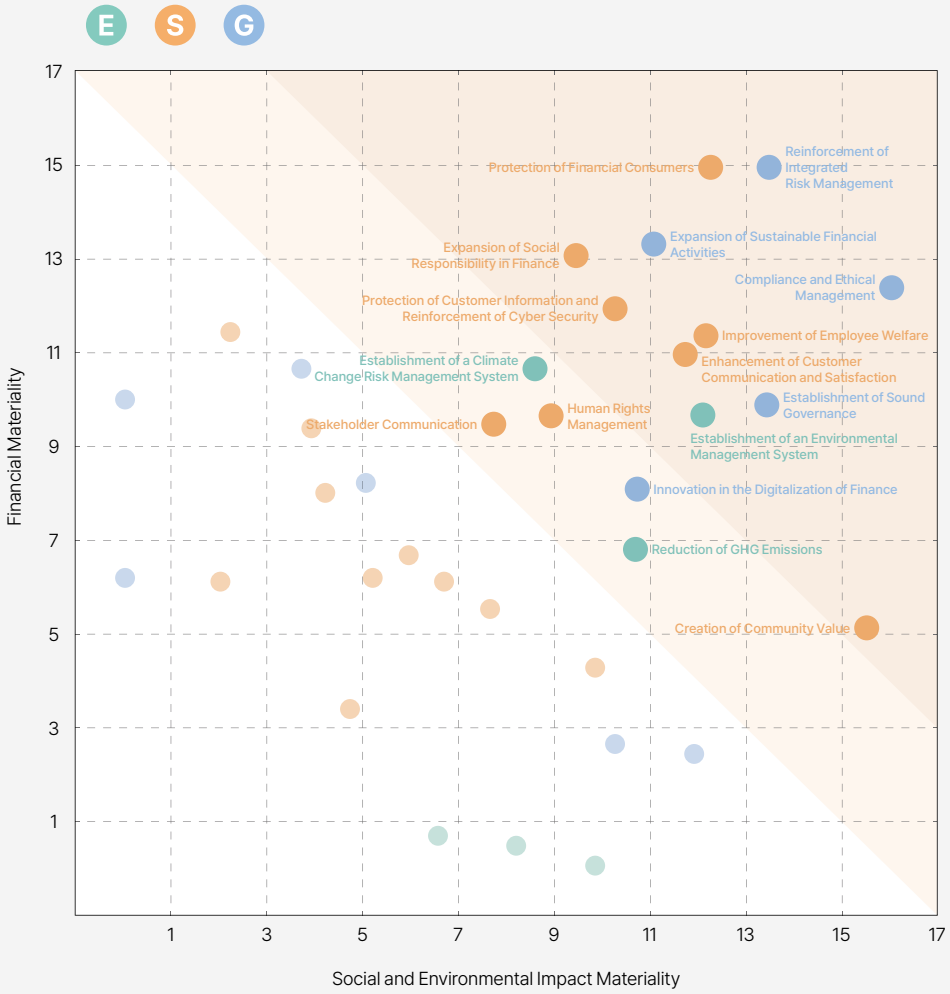
Reporting

- Document the results, methodologies, and process undertaken to perform the materiality assessment

Double Materiality Assessment

Materiality Assessment Results

A comprehensive analysis, taking into account both the environmental and social impacts of the company on the external environment, as well as the financial materiality of ESG issues affecting the company, has been conducted. This assessment identified areas of concern to be managed in a prioritized manner, leading to the final selection of 11 material issues for Meritz Securities.



2023 Material Issues of Meritz Securities

Category	Issue Item	Impact Materiality	Financial Materiality
Environment	Establishment of an Environmental Management System	●●	●
Social	Improvement of Employee Welfare	●●	●●
Social	Enhancement of Customer Communication and Satisfaction	●●●	●●
Social	Expansion of Social Responsibility in Finance	●	●●●
Social	Protection of Financial Consumers	●●●	●●●
Social	Creation of Community Value	●●	●
Social	Protection of Customer Information and Reinforcement of Cyber Security	●	●●●
Governance	Establishment of Sound Governance	●●●	●●
Governance	Compliance and Ethical Management	●●●	●●●
Governance	Reinforcement of Integrated Risk Management	●●●	●●●
Financial	Expansion of Sustainable Financial Activities	●●	●●●
Environment	Reduction of GHG Emissions	●	○
Environment	Establishment of a Climate Change Risk Management System	●	●
Environment	Stakeholder Communication	●	○
Environment	Human Rights Management	○	●
Financial	Innovation in the Digitalization of Finance	●	●

GOVERNANCE

16
Establishment of Sound Governance

25
Compliance and Ethical Management

29
Reinforcement of Integrated Risk Management

Establishment of Sound Governance

Board Operations

Key Achievements in 2023

2023 Attendance Rate of Non-Executive Directors at Board Meetings **100%**

Composition Ratio of Non-Executive Directors in the Audit Committee **100%**

Ratio of Non-Executive Directors within the Board **60%**

Qualifications and Specializations of the Board

Directors' tenures are determined by the general meeting of shareholders and are capped at three years. According to our Internal Regulations on Corporate Governance, there is no specific mandatory retirement age for directors. However, managers must be under 70 years of age, and non-executive directors are restricted to serving no more than six consecutive years or a total of nine years with the company and its affiliates.
As of December 2023, the board's expertise spans two members in management, and one each in economics, accounting, and law.
To enhance management efficiency and accelerate decision-making, Meritz Securities allows the CEO to also serve as the board chairperson. The current CEO, Jang Won-jae is serving as the chairperson of the board. Kim Hyun-wook, a non-executive director, was appointed unanimously during the third interim board meeting on March 17, 2023.

Board System

Composition Status of the Board

The board of Meritz Securities, serving as the company's primary decision-making body, is composed of directors who possess a diverse range of expertise to ensure that key decisions are both reasonable and efficient. In accordance with the governance principles the company adheres to, we appoint non-executive directors with verified independence and expertise to oversee the management and support critical decision-making, maintaining that over 60% of the board comprises non-executive directors. Meritz Securities encourages active participation of non-executive directors in committee activities within the board to ensure that their expertise, experience, and independence are leveraged to the fullest. As of December 2023, the board is composed of five members: two non-executive and three executive directors.

Composition of the Board of Meritz Securities

Name	Category	Gender	Assigned Committees	Position	Major career	Expertise	First appointed date – expiry date
Jang Won-Jae	Executive	Male	Executive Committee	President and CEO Chairperson of the Board Chairperson of the Executive Committee	• Vice President and CRO, Meritz Fire & Marine Insurance • Vice President and CRO, Meritz Financial Group • President of the Sales & Trading Division, Meritz Securities	Management	Nov. 21, 2023 – 2026 Annual General Meeting of Shareholders
Jeon Gye-ryong	Executive	Male	Executive Candidate Nomination Committee Risk Management Committee Executive Committee	Head of the Management Support Office Chief Financial Officer (CFO)	• Director in charge of Audit, Meritz Fire & Marine Insurance • Executive Director and Compliance Officer, Meritz Fire & Marine Insurance	Management	Nov. 21, 2023 – 2026 Annual General Meeting of Shareholders
Kim Hyun-wook	Non-executive	Male	Executive Candidate Nomination Committee Audit Committee Remuneration Committee	Senior Non-Executive Director Chairperson of the Audit Committee Chairperson of the Remuneration Committee	• Current Professor at the KDI School of Public Policy and Management • Planning Director at the KDI School of Public Policy and Management • Director of the Economic Outlook Office at KDI • Head of the Economic Research Office at SK Management & Economy Institute • Senior Research Fellow at KDI • Research Officer at the Bank of Korea	Finance	Mar. 15, 2019 – 2025 Annual General Meeting of Shareholders
Lee Sang-chul	Non-executive	Male	Risk Management Committee Remuneration Committee Audit Committee	Chairperson of the Risk Management Committee	• Current Professor in the Department of Business Administration at Ewha Womans University • Current Advisory Committee Member of the NPS Governance Improvement Committee • Current Vice President of the Korean Accounting Association • Current Member of the KCGS ESG Expert Advisory Panel • Professor of Accounting at Dongguk University • Non-Executive Director at Korea Investment Holdings/Korea Investment & Securities • Visiting Professor at the University of Hawaii at Manoa	Accounting	Mar. 18, 2021 – 2025 Annual General Meeting of Shareholders
Yang Jae-sun	Non-executive	Female	Audit Committee Executive Candidate Nomination Committee Risk Management Committee Remuneration Committee	Chairperson of the Executive Candidate Nomination Committee	• Senior Managing Attorney at Citibank Korea Legal Department • Non-Executive Director at Meritz Asset Management • Current Partner at Yulchon LLC	Law	Mar. 17, 2023 – 2025 Annual General Meeting of Shareholders

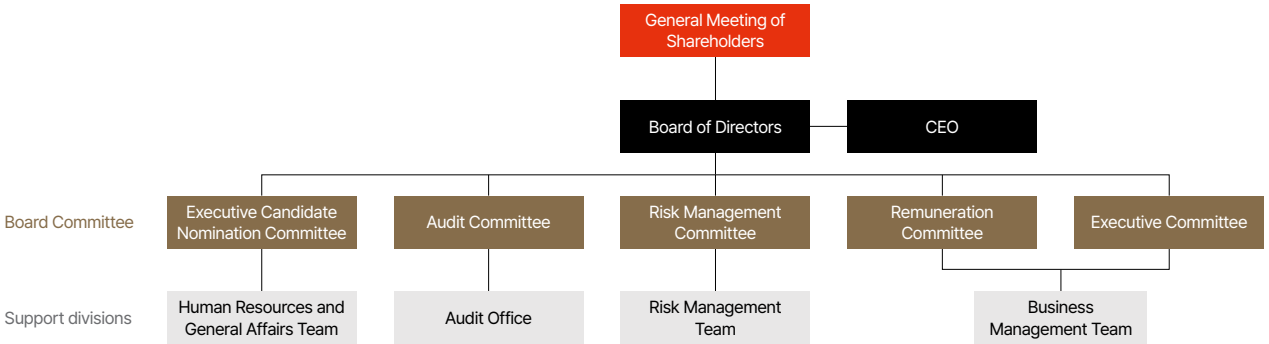
Establishment of Sound Governance

Board Operations

Board Committee

Meritz Securities has established five standing committees on its board: the Executive Committee, Executive Candidate Nomination Committee, Audit Committee, Risk Management Committee, and Remuneration Committee. Each committee actively monitors and advises on critical issues, deliberates and makes decisions on matters delegated by the board, and regularly discloses its composition, roles, and activities in semi-annual and annual reports.
The board of Meritz Securities comprises individuals with diverse experiences and expertise, strategically appointed to ensure that each director's skills complement those of others during committee deliberations and resolutions.

Organizational Chart of Committees within the Board



Composition of the Board of Meritz Securities

Board Committee	Composition	Members	Key Roles	Main Activities (Jan.–Dec. 2023)	Attendance Rate in 2023	Meetings Held in 2023
Audit Committee	3 non-executive directors	Kim Hyun-wook Yang Jae-sun Lee Sang-chul	Appropriateness of the company's internal control system, auditing of accounting and operations, etc.	Establishment of audit plans, quarterly audit status reporting, reporting on inspections by external regulatory bodies, etc.	100%	Special: 6 times Regular: 4 times
Risk Management Committee	2 non-executive directors, 1 executive director	Yang Jae-sun Lee Sang-chul Jeon Gye-ryong	Establishment and evaluation of risk-related policies, etc.	Risk limit allocation and adjustment, quarterly risk management status reporting, etc.	100%	5 times
Remuneration Committee	3 non-executive directors	Kim Hyun-wook Yang Jae-sun Lee Sang-chul	Management of remuneration systems linked to risk, etc.	Approval of company and CEO performance evaluations, approval of performance-based remuneration criteria for the management and financial investment officers, establishment of director remuneration limits, etc.	100%	8 times
Executive Candidate Nomination Committee	2 non-executive directors, 1 executive director	Kim Hyun-wook Yang Jae-sun Jeon Gye-ryong	Nomination of executive candidates, support for CEO succession planning, etc.	Management and nomination of non-executive director and CEO candidates, assessment of the appropriateness of CEO succession plans	100%	3 times
Executive Committee	2 executive directors	Jang Won-jae Jeon Gye-ryong	Matters related to branches and managers, among other tasks delegated by the Board	Changes to branch managers	100%	2 times

Establishment of Sound Governance

Board Operations

Rules of the Board of Directors

Board Expertise and Diversity

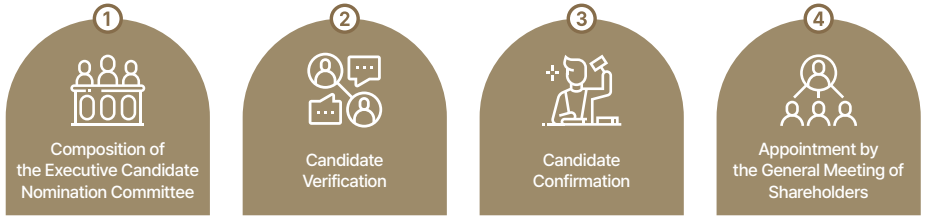
Apart from the Executive Committee, the Executive Candidate Nomination Committee, Risk Management Committee, and Remuneration Committee consist predominantly of non-executive directors, fostering professional knowledge and broad advice in decision-making.
Furthermore, each committee consists of directors whose experience and expertise are tailored to the committee's specific characteristics to maximize performance in relation to its objectives and goals. The Audit Committee includes at least one accounting or financial expert, while the Risk Management Committee features at least one director experienced in financial services or finance-related roles within the company, ensuring alignment with the committee's objectives. The Remuneration Committee, according to the Act on Corporate Governance of Financial Companies, links the company's remuneration system with risk management by involving at least one member from the Risk Management Committee to facilitate decision-making from various perspectives on risk, and includes one individual with experience in financial services to ensure expertise in the company's remuneration issues. Although currently lacking a policy or structure for diversity of nationality, the company is considering measures to address this aspect. The age composition includes one member aged 46–50, two members aged 51–55, and two members aged 56–60. In 2023, the board appointed one female non-executive director to enhance gender diversity.

Independence of Non-Executive Directors

The committees within the board of Meritz Securities ensure independence from the management through the guaranteed participation of non-executive directors. In particular, the Audit Committee is composed entirely of non-executive directors, thereby enhancing the oversight function over the company's management.
Apart from the Executive Committee, the Executive Candidate Nomination Committee and the Risk Management Committee consist mainly of non-executive directors, as mandated by company regulations and relevant laws to ensure their autonomy and independence. Meritz Securities will continue to strive to construct the board and other bodies in accordance with governance principles to ensure checks, balances, and synergy, to protect the interests of stakeholders and promote long-term development of the company.

Non-Executive Director Appointment Process

Meritz Securities has established the Executive Candidate Nomination Committee, which includes two non-executive directors among its three members. This committee is tasked with continuously nominating non-executive director candidates who not only fulfill independence criteria but also possess the competencies and expertise that satisfy the company's strategic objectives.
The Executive Candidate Nomination Committee performs the nomination, verification, and confirmation processes for non-executive director candidates based on the company's Executive Candidate Nomination Committee Regulation and the following appointment principles. The final appointment of non-executive directors is made through approval at the general meeting of shareholders.



Principles for the Appointment of Non-Executive Directors

Non-executive directors of Meritz Securities are appointed at the general meeting of shareholders based on the nomination of the Executive Candidate Nomination Committee, under the following criteria:

- Candidates who meet the passive qualifications (qualifications for executive officers and outside directors under the Act on Corporate Governance of Financial Companies), requirements set by financial institutions, and active qualifications (expertise, job fairness, ethical responsibility, and fidelity)
- Concerning reappointment, candidates whose performance as non-executive directors during their term has been evaluated as "excellent"

Establishment of Sound Governance

Board Operations

Category	Unit	2021	2022	2023
Total Number of Board Meetings Held	Sessions	14	13	15
Agendas Discussed	Items	64	68	70
Attendance Rate	%	98.6	100	100

Category	Date Held
2023 1st Extraordinary Board Meeting	Jan. 19, 2023
2023 1st Regular Board Meeting	Feb. 02, 2023
2023 2nd Extraordinary Board Meeting	Feb. 27, 2023
2023 3rd Extraordinary Board Meeting	Mar. 17, 2023
2023 4th Extraordinary Board Meeting	Mar. 29, 2023
2023 5th Extraordinary Board Meeting	Apr. 26, 2023
2023 2nd Regular Board Meeting	May 12, 2023
2023 6th Extraordinary Board Meeting	Jun. 29, 2023
2023 3rd Regular Board Meeting	Aug. 04, 2023
2023 7th Extraordinary Board Meeting	Sep. 21, 2023
2023 4th Regular Board Meeting	Nov. 09, 2023
2023 8th Extraordinary Board Meeting	Nov. 20, 2023
2023 9th Extraordinary Board Meeting	Nov. 20, 2023
2023 10th Extraordinary Board Meeting	Nov. 21, 2023
2023 11th Extraordinary Board Meeting	Dec. 19, 2023

Board Activities and Efficiency

As a standard practice, Meritz Securities conducts regular board meetings quarterly to review business performance, and convenes extraordinary board meetings as required. In 2023, we convened a total of 15 board meetings - four regular and 11 extraordinary - during which 43 agendas were deliberated and resolved, and an additional 27 agendas were reported. The attendance rate for board members at these meetings was 100%. Furthermore, Meritz Securities provides annual training for non-executive directors, covering essential executive information and deepening their understanding of the financial sector. This training enhances the board's expertise and understanding of the company, thereby enabling more efficient performance of their roles.

Recent Three-Year Status of Non-Executive Director Training

Training Date	Training Type	Attending Non-Executive Directors	Training Content
Mar. 18, 2021	Internal Training	Lee Sang-chul	Training of new non-executive directors
Dec. 20, 2021	Internal Training	Koo Jeong-han, Kim Hyun-wook, Lee Sang-cheol	2022 annual market outlook (stock strategy, etc.), internal accounting control system and audit committee role
Dec. 14, 2022	Internal Training	Koo Jeong-han, Kim Hyun-wook, Lee Sang-cheol	2023 annual market outlook (stock strategy, etc.), internal accounting control system and audit committee role
Mar. 17, 2023	Internal Training	Yang Jae-sun	Sustainability reporting and securities industry trends
Jun. 20, 2023	Internal Training	Lee Sang-cheol, Yang Jae-sun	Non-Executive director's job-related roles and responsibilities
Sep. 30, 2023	Internal Training	Kim Hyun-wook, Lee Sang-cheol, Yang Jae-sun	Understanding of anti-money laundering systems
Dec. 19, 2023	Internal Training	Kim Hyun-wook, Lee Sang-cheol, Yang Jae-sun	2024 annual market outlook (stock strategy, etc.), internal accounting control system and audit committee role

Non-Executive Directors' Tenure, Attendance Rate, and Training Hours

Non-Executive Director's Name	Tenure*	Reappointment	Board Meeting Attendance Rate	Evaluation	2023 Training Sessions Held	Cumulative Training Hours**
Kim Hyun-wook	57 months	O	100%	O(Appropriate)	3 times	18 hours
Lee Sang-chul	33 months	O	100%	O(Appropriate)	4 times	19 hours
Yang Jae-sun	10 months	X	100%	O(Appropriate)	5 times	15 hours

* Tenure is based on December 2023
** Cumulative training hours are the total training hours participated in since appointment as an non-executive director at Meritz Securities

Establishment of Sound Governance

Board Operations

Board Evaluation and Remuneration

The evaluation of Meritz Securities' board of directors is aimed at regularly reviewing whether the board adequately fulfills its roles and responsibilities as required by laws and regulations, to ensure that the board effectively serves as a vital decision-making and the management oversight body. To this end, an annual self-evaluation of both the board and individual directors is conducted every January. Evaluation criteria include the management oversight, directors' expertise and diversity, training and information provision for non-executive directors, appropriateness of the number of board meetings, and the timeliness and faithfulness of materials provided. These evaluations are carried out through reviews of the board operations and surveys involving directors and secretaries, primarily led by the board, although supporting departments handle specific tasks. In January 2024, the Business Management Team, a department supporting the board, conducted the 2023 board evaluation, which included comprehensive reviews and surveys focusing on the board's composition and its committees' operations. The aggregated results from director and secretary evaluations, along with attendance rates, yielded an excellent rating of 98 points for the board, maintaining the high standard set in the previous year. These evaluation results were presented at the first regular board meeting of 2024, held on February 6.
Directors' remuneration at Meritz Securities is determined within the limits approved by the general meeting of shareholders, taking into consideration their respective positions and duties and based on the criteria set by the board. Directors' remuneration levels are set at the general meeting of shareholders, following board reviews of legally stipulated remuneration limits for directors. Detailed criteria for directors' remuneration are disclosed in the section of the business report titled "Executive Remuneration, etc."

Board Remuneration Status

(Unit: KRW 1,000)

Category		No. of Members*	Total Remuneration	Average Remuneration per Person
Total Remuneration Paid		8	5,931,172	741,397
By type	Executive Directors	4	5,709,572	1,427,393
	Member of the Audit Committee	4	221,600	55,400

* The above number of members and the amount paid include three registered executives who resigned during the accounting period.

Establishment of Sound Governance

Enhancing Shareholder Value

Status of Stocks and Shareholder

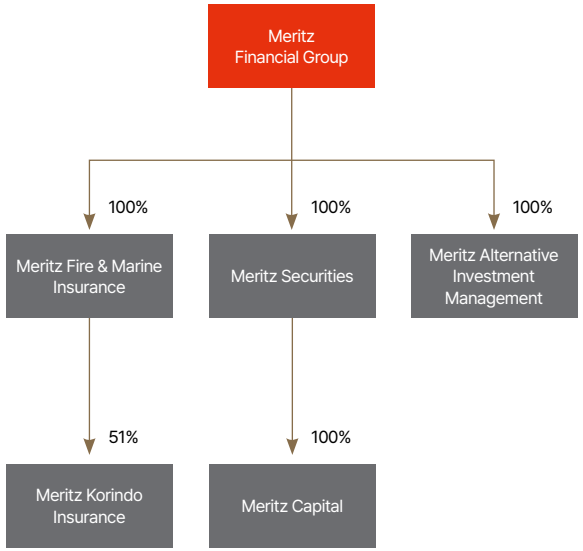
The company is authorized to issue up to 2,000,000,000 shares, including both common and preferred stock. As of the end of December 2023, the total number of issued shares is 593,180,579 common shares, all of which are entitled to voting rights.
Meritz Financial Group, holding 100% of the shares, is the major shareholder of Meritz Securities, which became a wholly-owned subsidiary following a comprehensive share transfer on April 5, 2023. (Share ratio: 53.39% > 100%)

Shareholder Status

(Unit: Shares/%)

Name of Shareholder	No. of Shares Owned	Share Ratio (%)
Meritz Financial Group	593,180,579	100%

One Meritz, One Governance



Establishment of the One Meritz Management System

In the context of a global economic environment marked by low growth and high interest rates, coupled with increasing volatility in the financial markets, strategic capital allocation and swift decision-making have become crucial for enhancing shareholder value. Accordingly, on November 21, 2022, we announced a comprehensive stock exchange integrating Meritz Fire & Marine Insurance and Meritz Securities as wholly-owned subsidiaries, while also introducing a mid-term shareholder return policy.

Nov. 21, 2022
Announcement of Comprehensive Stock Exchange

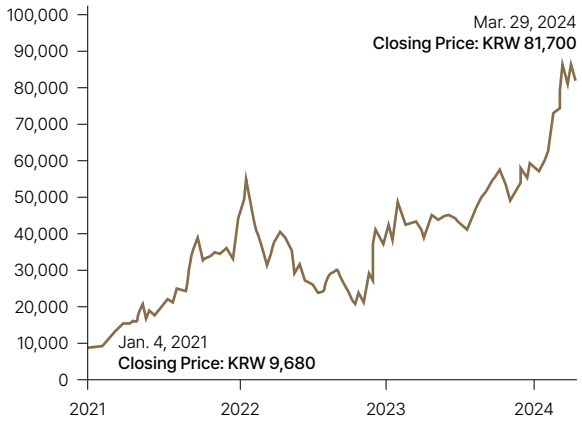
Feb. 1, 2023
Completion of Meritz Fire & Marine Insurance Stock Exchange
(Share ratio: 61.1% ► 100%)

Apr. 5, 2023
Completion of Meritz Securities Stock Exchange
(Share ratio: 54.5% ► 100%)

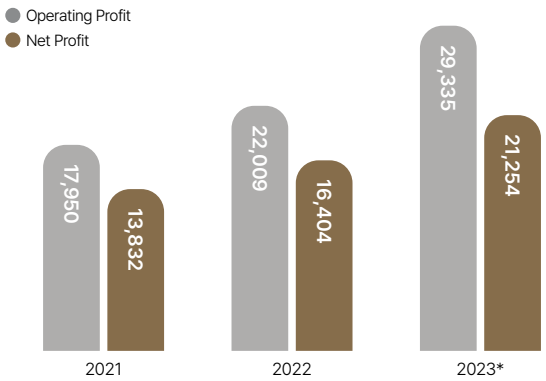
In the Korean capital market, historically characterized by subsidiary fragmentation and listings, our decisions are seen as exemplary. Embracing the philosophy of "equal value for one share held by the controlling shareholder and one share held by a minority shareholder," we leverage cash dividends and the repurchase and cancellation of treasury shares to actively enforce our mid-term shareholder return policy.
The One Meritz management system is a choice for enhancing shareholder value as well as for operational efficiency, and it is part of an effort to meet social demands for transparent corporate governance. Meritz Financial Group will continue to strive as One Team to be a market-leading financial group through a sound and efficient management system.

Robust Performance of "One Meritz" Driving an Increase in Share Price

(Unit: KRW)



(Unit: KRW 100 million)



* The figures for 2023 are according to K-IFRS No. 1117.

Establishment of Sound Governance

Enhancing Shareholder Value

Introduction of the CEO Succession Program

The board, drawing on extensive financial expertise and a shared commitment to the company's vision and philosophy, aims to appoint a CEO dedicated to the public interest and sound management practices. To reflect the principle of the transfer of business control of the chief executive officer of the Enforcement Decree of the Act on Corporate Governance of Financial Companies and minimize risks during the CEO succession process, the company has established an "Internal Regulations on the Management Succession of CEO" within our Internal Regulations on Corporate Governance. Key elements of this regulation include defining the minimum qualifications for the CEO, detailing the reasons and timing for succession, outlining the nomination process, managing candidate selection and qualification verification, and planning for emergencies in the event of a CEO crisis. The Internal Regulations on the Management Succession of CEO is reviewed for appropriateness by the board at least once a year, and they may be amended if needed.

Procedures for the Nomination of CEO Candidates and Management Succession

Step 1

As of December 2023, the Executive Candidate Nomination Committee oversees a pool of four potential CEO candidates.

Step 2

Selection Method of Candidates: Candidates for the CEO, selected from within the internal management team (including holding companies and subsidiaries) and limited to those who meet the qualification requirements of the CEO (among executive directors and senior executives at the levels of vice presidents or above), are continuously selected and managed. When necessary, nominations from the internal management team such as directors, shareholders, and external advisory organizations are leveraged.

Step 3

The board of directors must initiate the succession process at least six weeks prior to the expiration of the CEO's term of office. However, under inevitable circumstances, such as the CEO expressing a desire to resign during their term, the succession process is immediately commenced by resolution of the board of directors.

Step 4

The succession procedure is concluded once the candidate confirmed by the board of directors is appointed as a director at the general meeting of shareholders and subsequently confirmed as the CEO at a subsequent board meeting.

Protection of Shareholders' Rights

In April 2023, Meritz Securities became a wholly-owned subsidiary of Meritz Financial Group, and consequently, it enhances shareholder value through the shareholder rights protection system of Meritz Financial Group.
Furthermore, Meritz Financial Group actively and transparently discloses information to ensure all shareholders obtain sufficient information for decision-making and operates various systems to protect shareholders' rights.

Advance Notice of General Meeting of Shareholders

In accordance with the Articles of Incorporation, Meritz Financial Group convenes the annual general meeting of shareholders within three months after the end of each fiscal year and holds extraordinary general meetings of shareholders as needed by resolution of the board of directors or as otherwise prescribed by relevant laws and regulations. In addition, the date, time, place, and purposes of the meeting are notified to each shareholder in writing or by electronic document at least two weeks prior to the general meeting of shareholders, enabling shareholders to thoroughly review the agenda and exercise their voting rights.

Introduction of Electronic Voting System

Meritz Financial Group has adopted the electronic voting system to facilitate shareholders' exercise of their voting rights and endeavors to garner the opinions of as many shareholders as possible.
Therefore, all shareholders are entitled to exercise their voting rights through electronic voting without directly attending the general meeting of shareholders, and it is also possible to delegate their voting rights through an electronic proxy.

Proxy Voting System

Each shareholder of Meritz Financial Group may leverage the proxy voting system to delegate their voting rights via electronic or written power of attorney.
In the case of written delegation, the proxy forms are delivered either in person or by mail, facsimile, electronic mail, or together with the notice of the general meeting of shareholders (limited to issuers), and the solicited persons may submit them in person or by mail.

Earnings Announcement Conference Call

Meritz Financial Group conducts quarterly earnings announcement conference calls to fairly provide information to all shareholders, allowing any shareholders who wish to listen to the earnings announcement on the day of its release to access the conference call through the investor relations (IR) website.

Establishment of Sound Governance

Enhancing Shareholder Value

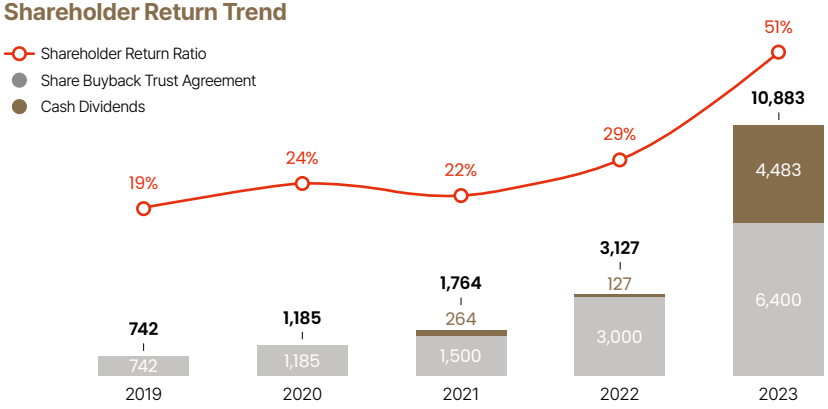
Shareholder Return Policy

Meritz Financial Group has worked hard to maximize shareholder profit under the philosophy of "equal value for one share held by the controlling shareholder and one share held by a minority shareholder," on account of the company's sustainable growth and stable capital distribution.
To this end, the group has undertaken governance restructuring aimed at efficient capital distribution and enhancement of shareholder value, and has announced a shareholder return policy allocating more than 50% of consolidated net profit to shareholder returns over the mid-term (three years or more) starting from the fiscal year 2023. In 2023, the shareholder return ratio reached 51.2%, an increase of 22 percentage points compared to 2022. To be specific, the year-end cash dividend for 2023 amounted to KRW 448.3 billion, an increase of KRW 435.6 billion compared to 2022. The amounts for share buybacks and cancellations were KRW 640 billion and KRW 300 billion, respectively, representing increases of KRW 340 billion and KRW 150 billion compared to 2022. Meritz Financial Group is set to continue implementing shareholder returns in 2024.
As of the end of March, the group has additionally entered into a trust agreement to repurchase shares worth KRW 500 billion and has resolved to cancel shares worth KRW 640 billion.

2023 Shareholder Returns (Meritz Financial Group)

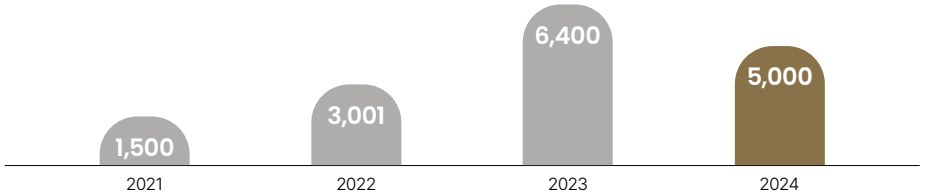
Total Dividend Amount	Share Buyback Amount	Shareholder Return Ratio
KRW 448.3 billion	KRW 6,400 billion	51.2%

Shareholder Return Trend



Share Buyback/Cancellation Status

(Unit: KRW 100 million)



Buyback Contract Date	Cancellation Date	Buyback/Cancellation Amount
Mar. 5, 2021	Mar. 11, 2022	KRW 49.9 billion
Jun. 17, 2021	Jun. 23, 2022	KRW 49.9 billion
Aug. 30, 2021	Sep. 6, 2022	KRW 50 billion
Feb. 21, 2022	Mar. 31, 2023	KRW 100 billion
Nov. 22, 2022	Nov. 30, 2023	KRW 200.1 billion
Mar. 17, 2023	Mar. 29, 2024	KRW 400 billion
Sep. 21, 2023	Apr. 5, 2024	KRW 240 billion

* Completed buyback/cancellation for 2021–2023; ongoing buyback for 2024.

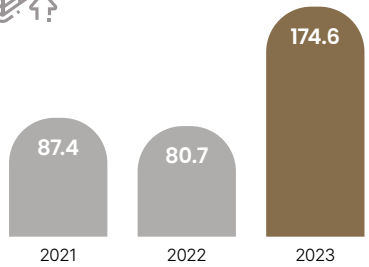
Establishment of Sound Governance

Distribution of Economic Performance

Local Community

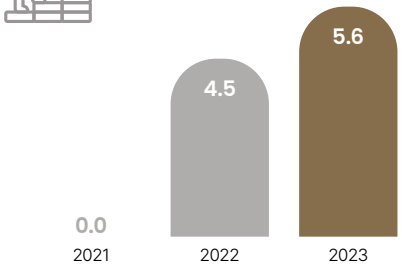
Company and Employee Donations

(Unit: KRW 1 million)



Social Contribution Operating Expenses

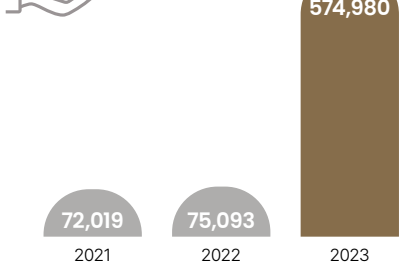
(Unit: KRW 1 million)



Shareholders and Investors

Total Cash Dividends

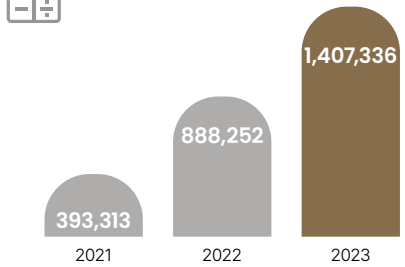
(Unit: KRW 1 million)



Note: The total cash dividends for 2023 include an interim dividend of KRW 280,000 million.

Interest Cost

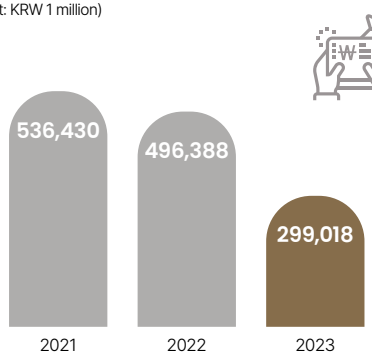
(Unit: KRW 1 million)



Employees

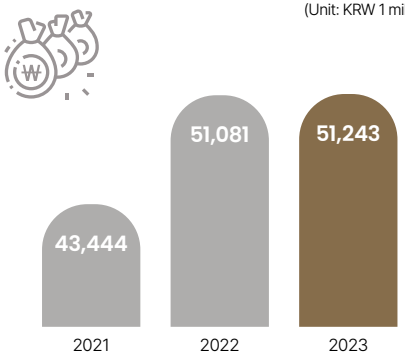
Employee Salaries

(Unit: KRW 1 million)



Welfare Expense

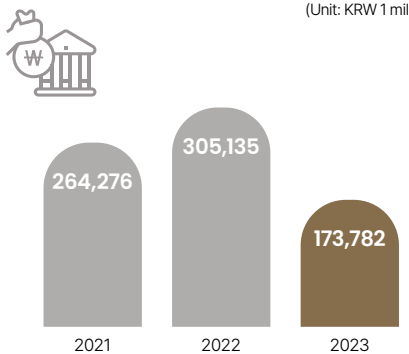
(Unit: KRW 1 million)



Government

Income Tax Expense

(Unit: KRW 1 million)



Compliance and Ethical Management

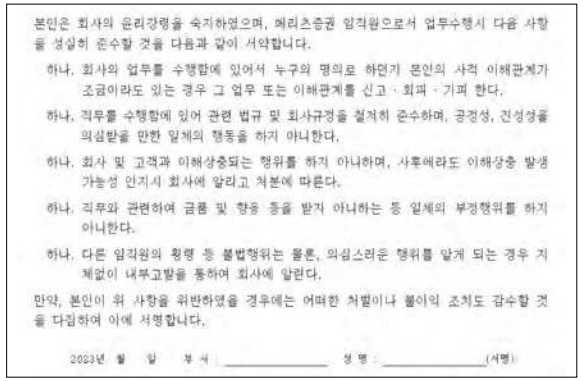
Ethical Management System

Key Achievements in 2023

- Preparation of the Employees' Ethics Compliance Pledge
- More than 27 Key Compliance Training Programs Conducted by the Compliance Team in 2023
- Completion of Regular Employee Compliance Training
- No. of Compliance Managers in Teams and Branches: 144
- Operation of the Compliance Team Dedicated to Compliance Management

Ethics Compliance Pledge

Meritz Securities strives to uphold ethical management by requiring all employees to annually submit an ethics compliance pledge, which confirms their understanding of the ethical management regulations and their commitment to complying with pertinent policies and systems.


본인은 회사의 윤리강령을 숙지하였으며, 메리츠증권 임직원으로서 업무수행시 다음 사항을 성실히 준수할 것을 다음과 같이 서약합니다.

하나. 회사의 업무를 수행함에 있어서 누구의 명의로 하던지 본인의 사적 이해관계가 조금이라도 있는 경우 그 업무 또는 이해관계를 신고 · 회피 · 기피 한다.

하나. 직무를 수행함에 있어 관련 법규 및 회사규정을 철저히 준수하며, 공정성, 건성성을 의심받을 만한 일체의 행동을 하지 아니한다.

하나. 회사 및 고객과 이해상충되는 행위를 하지 아니하며, 사후에라도 이해상충 발생 가능성 인지시 회사에 알리고 처분에 따른다.

하나. 직무와 관련하여 금품 및 향응 등을 받지 아니하는 등 일체의 부정행위를 하지 아니한다.

하나. 다른 임직원의 횡령 등 불법행위는 물론, 의심스러운 행위를 알게 되는 경우 지체없이 내부고발을 통하여 회사에 알린다.

만약, 본인이 위 사항을 위반하였을 경우에는 어떠한 처벌이나 불이익 조치도 감수할 것을 다짐하여 이에 서명합니다.

2023년 월 일 부 서 : _____ 성 명 : _____(서명)

Ethical Management System

Meritz Securities is set to comply with the management philosophy of being a "Smart Partner Who Brings Stability and Happiness of Customers." To achieve this, we have established and adhere to the Code of Ethics as financial professionals, diligently fulfilling our responsibilities and obligations to protect investors, contribute to the sound development of the capital market, and contribute to national economic development. The Code of Ethics, comprising 15 articles, is designed to cultivate proper ethical awareness among employees. It outlines the basic principles to be observed by financial professionals (Articles 3, 4, 5, 12, and 14) and specifies responsibilities toward stakeholders and civil society (Articles 2, 9, and 10), thereby offering detailed guidelines for employees to maintain proper ethical awareness. In addition, we have established disciplinary measures for violations of laws and the Code of Ethics, which are tailored to the specific nature of the violation. In cases where disciplinary action is enforced, corresponding personnel-related disadvantages may also be imposed. To proactively prevent such violations, Meritz Securities conducts annual ethics training for all employees.

Meritz Code of Ethics

Article	Contents
Article 1 (Purpose)	The purpose of this Code is to faithfully execute the responsibilities and duties of financial professionals through the practice of ethical management and the cultivation of proper ethical awareness among employees of Meritz Securities (hereinafter referred to as the "Company"), thereby protecting investors, fostering the sound development of the capital market, and contributing to the national economic development.
Article 2 (Customer Priority)	The Company and its employees shall always think from the customer's perspective and strive to provide them with better financial services.
Article 3 (Compliance with Laws and Regulations)	The Company and its employees shall understand and comply with relevant laws, regulations, and rules in the performance of their duties.
Article 4 (Good Faith)	The Company and its employees shall regard honesty and trust as their most important values and faithfully perform their assigned duties based on the principles of good faith.
Article 5 (Respect for Market Order)	The Company and its employees shall respect and strive to maintain the order of a fair and free market economy.
Article 6 (Information Protection)	The Company and its employees shall securely protect and manage the Company's business information and customer information acquired during the course of performing their duties.
Article 7 (Self-Innovation)	The Company and its employees shall continuously strive for self-innovation based on creative thinking to flexibly adapt to changes in the business environment.
Article 8 (Mutual Respect)	The Company shall respect the autonomy and creativity of each employee and strive to improve their quality of life, while employees shall respect each other, maintain effective communication, and provide full cooperation.
Article 9 (Maximization of Shareholder Value)	The Company and its employees shall make every effort to maximize the value of shareholders and other stakeholders through reasonable decision-making and transparent management activities.
Article 10 (Social Responsibility)	The Company and its employees shall recognize their role as members of the society and fulfill their social responsibilities and roles.
Article 11 (Responsibility of Management Team)	The Company's management team shall endeavor to establish a proper ethical culture by providing ethics education to employees.
Article 12 (Reporting of Violations)	Employees shall immediately report to the Vice President and the Compliance Officer any violations or potential violations of laws or the Code of Ethics related to their duties, under the procedures prescribed by internal control standards and other relevant regulations.
Article 13 (Maintenance of Dignity)	Employees shall not engage in any conduct that could damage the dignity or social trust of the Company.
Article 14 (Prohibition of Pursuing Private Interests)	Employees shall not improperly use the Company's assets or exploit their positions to pursue private interests.
Article 15 (Obligations After Termination of Employment Agreement)	Employees shall enforce appropriate follow-up measures, such as returning work-related materials, upon leaving the Company, and shall not engage in any conduct detrimental to the interests of the Company and its customers after their departure.

Compliance and Ethical Management

Practice of Ethical Management

Internal Control System and Audit

Internal Control Activities

Meritz Securities appoints a Compliance Officer responsible for overseeing the internal control system by resolution of the board of directors and establishes and operates an internal control organizational structure in which the Compliance Monitoring Division, as a supporting organization, performs various practical internal control tasks and reports the results to the Compliance Officer. The Compliance Monitoring Division of Meritz Securities continues to strive to deeply embed ethics and compliance management in all departments of the company through the following activities.

- Establishment and Operation of Internal Control System
- Compliance Monitoring and Inspection Duties
- Employee Education on Legal Compliance and Internal Control
- Support for the Compliance Officer in Performing Duties Related to Overall Internal Control

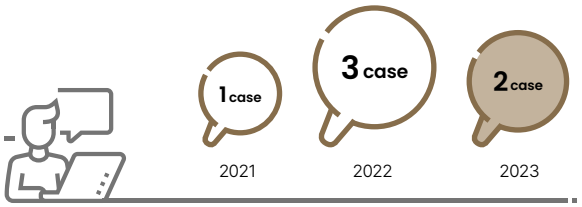
Internal Control Audit

Meritz Securities promotes timely and effective control activities by reporting the Compliance Officer's activities and work plans to the Audit Committee annually. We conduct regular inspection of the internal control system and inspect the operational status, reporting the results to the Audit Committee annually. Furthermore, by obtaining confirmation from an external auditor that the Company's internal accounting management system is designed and operated from the perspective of significance in accordance with the "Conceptual Framework for the Design and Operation of Internal Accounting Management System," Meritz Securities is effectively practicing compliance and ethical management related to internal control.

Internal Reporting System

Meritz Securities operates an anti-corruption reporting center to sustain growth as a more transparent and clean ethical company. Various channels are available for employees, customers, and business partners to report fraudulent and corrupt activities of employees, either anonymously or with their real names, and reported matters are investigated and handled fairly and rigorously.
The system is operated so that reports can be filed through convenient channels such as email, phone, email, and the website, and strict protection policies are enforced to ensure that whistleblowers do not suffer any disadvantages due to their reporting actions to guarantee confidentiality.
We transparently disclose the outcomes of the reports if requested by the whistleblower. In addition, if the report results in loss prevention or other benefits, the whistleblower may receive incentives such as commendations, rewards, or personnel benefits, with their identity strictly protected even in such cases.
The number of internal reports filed at Meritz Securities from 2021 to 2023 were 1, 3, and 2 cases, respectively, and they were properly addressed following the aforementioned process.

No. of Internal Reports Filed



Reportable Acts

1. Acts suspected of embezzlement, breach of trust, bribery, and other criminal charges
2. Acts of demanding or offering money, entertainment, or other advantages in connection with business affairs
3. Acts of leaking company secrets or customer information
4. Acts of conducting or directing illegal or unjust business operations
5. Acts of using company assets for personal gains
6. Acts of personnel-related misconduct such as soliciting employment favors or holding concurrent positions
7. Acts of sexual harassment, borrowing money between employees or between employees and customers, gambling, etc.
8. Acts of violating relevant laws, company regulations, or employee codes of ethics
9. Any other acts that are illegal, unjust, unethical, or immoral, analogous to the aforementioned

1. Internal Reporting System

1) Website: Click on the "Anti-Corruption Reporting Center" banner on the company's website
2) Reporting to the Compliance Officer: By mail, email, phone, etc.

↓

2. Reception and Processing

1) Verification of authenticity and fact-checking (an audit commissioned if necessary) → Disciplinary actions for illegal and unjust acts
2) Notification of processing results: Notification of the processing results to the whistleblower

↓

3. Whistleblower Protection and Rewards

1) Protection of the whistleblower's identity: Confidentiality of the whistleblower's identity and reports filed
2) Whistleblower rewards: Awarding commendations and rewards

Compliance and Ethical Management

Compliance Management System

Compliance Management System

Meritz Securities views compliance management as essential for corporate sustainability. We have established and operate a system to ensure compliance and ethical management in all relationships with stakeholders, including employees and customers. We have enacted codes of conduct, including internal control standards, ethical business guidelines, and compliance guidelines, which serve as the foundation for our employees' value judgments and behaviors.
For internal control, we have appointed a compliance officer and established a compliance support department to manage regulatory compliance programs and monitor compliance. The results of internal control inspections and measures for addressing vulnerabilities are periodically reported to the board of directors.

Improvement of the Compliance Management System

- Establishment of a self-compliance system through the enhancement of compliance education and inspection activities
- Revision and implementation of compliance checklists for each team and branch

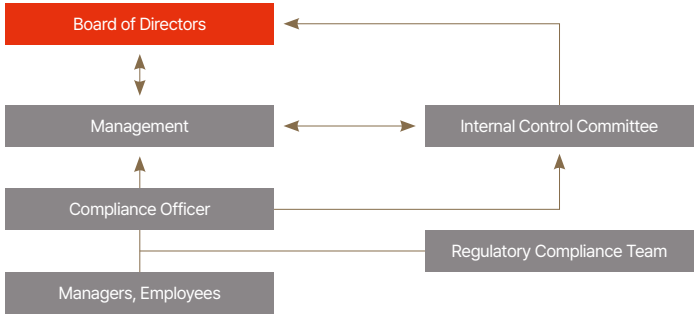
Dissemination of the Compliance Culture

- Reinforcement of the support for the pre-review of the compliance officer during the provision of new products and services
- Identification of best compliance practices and dissemination of reported cases

In addition, Meritz Securities mitigates potential legal risks by promptly notifying relevant departments upon receiving official documents from external institutions such as the Financial Supervisory Service, Korea Exchange, and Korea Financial Investment Association. We also monitor press releases and media reports from financial authorities to proactively implement internal control measures considering social issues. This information is shared with relevant departments or employees as necessary to enhance their awareness.

Dedicated Organization for Compliance Management

In accordance with the Act on Corporate Governance of Financial Companies, Meritz Securities appoints a compliance officer through the board of directors and operates an Internal Control Committee composed of key executives to review and resolve compliance management issues.



Major Activities in Compliance Management

Meritz Securities, in its endeavor to promote ethical compliance management, strives to internalize ethics and compliance management across all employees through the Regulatory Compliance Team.

- Operation of Compliance Day: We induce the establishment of an ethics/compliance culture by sharing and offering education on internal control-related issues on a quarterly basis.
- Ethical Pledge: We annually solicit pledge forms from all employees for ethical compliance to prevent financial accidents and enhance a sense of responsibility.
- We operate internal reporting and mandatory leave systems, and inspect financial product transactions, unfair transaction records, and the provision/receipt of property benefits for all employees to prevent unsound business practices.

In 2023, the compliance officer undertook major activities including inspecting records related to the Improper Solicitation and Graft Act, monitoring unfair trading and unsound business practices, monitoring customer information misuse, conducting pre-launch reviews of money laundering risks for new products and services, and inspecting the adequacy of customer due diligence (CDD) at branches and divisions, while addressing and improving any shortcomings.

Compliance and Ethical Management

Compliance Management System

Employee Compliance Education

Meritz Securities provides annual compliance education for all employees on regulatory compliance, financial accident prevention, the Improper Solicitation and Graft Act, and personal credit information protection to ensure effective compliance management and prevent legal risks. In addition, various training courses on unfair trade prevention, money laundering prevention, prevention of incomplete sales, and trust are offered based on employees' duties. In 2023, we conducted over 16 written and online training sessions on the anti-money laundering system, strengthening financial accident prevention activities, prohibiting conflicts of interest related to job duties, understanding the Improper Solicitation and Graft Act and personal credit information protection, and fostering information protection ethics. We also provided training on unfair trade prevention, algorithmic trading risk management, and accident prevention, along with education on internal control, conflict of interest, and prevention of personal gain.

Training Courses	Target	Frequency
Compliance Day_Internal Control-Related Education	All	Quarterly
Education on Conflict of Interest		
Understanding of Personal and Credit Information Protection and Information Protection Ethics	All	Annually
Understanding the Anti-Money Laundering System	All	Occasionally
Internal Control of Financial Centers	Financial Centers	Annually
Restriction on Employee Proprietary Trading	All	Upon Employment, Annually
Prohibition of Conflicts of Interest (Personal Gain) Related to Job Duties	All	Upon Employment, Annually
Prohibition of Unsound Business Practices	All	Upon Employment, Annually
Prevention of Unfair Trade	Proprietary Asset Management Department	Semiannually

Fair Trade

Meritz Securities prohibits improper solicitations in business activities through internal control standards and sets procedures for the provision of valuables to prevent unsound business practices. In addition, through monthly internal communications by official document, we provide guidelines on the provision and receipt of undue financial benefits, instructing employees to report any such exchanges with counterparties. The compliance monitoring department conducts monthly inspections on the appropriateness of providing and receiving undue financial benefits. In case of violations, the chief compliance officer issues cautions to prevent recurrence.

Anti-Money Laundering System

Globally, regulations on anti-money laundering (AML) and combating the financing of terrorism (CFT) by the Financial Action Task Force (FATF) are being reinforced to ensure sound financial order. In response, Meritz Securities has established "Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism" to systematically carry out anti-money laundering operations. These guidelines contain necessary provisions for performing anti-money laundering operations and prohibiting acts of financing terrorism. The Korea Financial Intelligence Unit (KoFIU) semiannually evaluates Meritz Securities' anti-money laundering monitoring system, while the audit department conducts independent audits at least once a year to maintain and enhance its adequacy and effectiveness.
The activities of Meritz Securities for preventing money laundering and financing of terrorism include the following:

Activity	Description
Customer Due Diligence (CDD)	A system for verifying and confirming the identity and actual owner of customers to ensure that financial transactions or services are not used for money laundering or other illegal activities
Enhanced Due Diligence (EDD)	A system for categorizing the money laundering risk of customers/products and confirming the purpose of financial transactions and the source of transaction funds when the money laundering risk is high
Currency Transition Report (CTR)	A system for reporting to the KoFIU within 30 days when cash exceeding a certain amount (KRW 10 million in one transaction day) is paid to or received from a financial transaction counterparty
Suspicious Transaction Report (STR)	A system for promptly reporting to the head of the KoFIU when there are reasonable grounds to suspect that the property received in connection with a financial transaction is illegal or that the counterparty is engaged in money laundering activities

In addition, to spread the anti-money laundering culture among employees and enhance the job competencies of practitioners, Meritz Securities conducts anti-money laundering training at least once a year for all employees, covering the main contents of related laws and regulations such as anti-money laundering and combating the financing of terrorism, types of suspicious transactions, and the latest money laundering cases. In particular, separate training programs are provided for those responsible for anti-money laundering operations to continuously develop their expertise.

Reinforcement of Integrated Risk Management

Enhanced Risk Management

Risk Management System

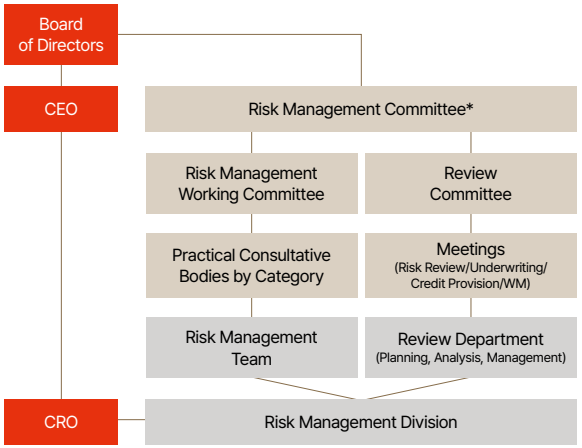
Meritz Securities perceives risk management as a fundamental element of corporate governance and formulates and operates risk management strategies to balance risk and return.
Furthermore, an efficient risk management organizational structure is established through the Risk Management Committee under the board of directors, fostering organic relationships among various departments across the company.

Risk Management Committee

The Risk Management Committee is the highest decision-making body responsible for establishing policies and principles necessary to identify, measure, monitor, and control potential risks of the company. It also oversees and supervises the subordinate committees, namely the Risk Management Working Committee* and the Review Committee.** The committee is responsible for establishing basic policies and strategies for risk management, setting total risk limits, approving annual appropriate investment limits and loss tolerance limits, revising and updating risk management standards, and reporting quarterly on the status of risk management.

* Risk Management Working Committee: Matters related to risk management are delegated by the committee (under the jurisdiction of the Risk Management Team)
** Review Committee: Matters related to credit and investment are delegated by the committee (under the jurisdiction of the Review Department)

Risk Management Organizational Chart



* Risk Management Working Committee ("the Committee"): Delegated with decision-making authority to establish the company's risk management policies and to direct and supervise subordinate committees

Risk Management Division

The Risk Management Division is staffed by 30 professionals, including the Chief Risk Officer (CRO), accountants, appraisers, as well as personnel from construction companies, developers, and credit rating agencies. It is largely composed of the Risk Management Team and the Review Department (Planning, Analysis, Management).
When the Risk Management Division reviews investment-related contracts submitted by each business department and presents them to the Review Committee, which convenes weekly, the CRO re-examines each contract with subject-matter experts to ensure there are no shortcomings, before making a final decision. Through this process, unreasonable contracts with indefinable risks are filtered out, and transactions that the company can sufficiently bear are selected, thereby striving to achieve both stability and profitability.

Key Achievements in Risk Management

During 2023, the Risk Management Committee convened five times, with all members in attendance. A total of nine agendas were presented in 2023, comprising five agendas for resolution and four agendas to be reported. Furthermore, all five agendas for resolution were approved in accordance with the proper declarations of intent by the committee members.

Session	Description
1st	- Amendment of thte Enforcement Rules on the Credit Risk Management - Approval of the 2023 Risk Limit Allocation (Proposal) - Reporting on the Status of Risk Management for Q4 2022
2nd	- Reporting on the Status of Risk Management for Q1 2023
3rd	- Reporting on the Status of Risk Management for Q2 2023
4th	- Amendment of the Enforcement Rules on the Credit Risk Management - Approval of the Adjustment of the 2023 Risk Limit (Proposal) - Reporting on the Status of Risk Management for Q3 2023
5th	- Changes in the Members of the Risk Management Working Committee/Review Committee

Key Achievements

Session	Description
Refinement of Real Estate PF Business Feasibility Evaluation Standards	- Evaluating the feasibility of real estate PF business sites on a quarterly basis, considering the overall business feasibility and project progress in three stages (Normal, Average, Worsening) - Managing by further subdividing the evaluation items
Efficient Maintenance of the NCR Capital Adequacy	- Allocating limits and monitoring to maintain standards at the level of watching criteria of a credit rating agency - Conducting precise NCR simulations considering the maturity and early recovery of investment assets
Constant Preparedness for Liquidity Risk	- Periodically conducting liquidity stress tests to prepare for mid- to long-term liquidity crisis situations - Constantly consulting with the funding management department on liquidity-related issues and cross-checking the financial situation

Reinforcement of Integrated Risk Management

Enhanced Risk Management

Response Specific to the Type of Risk

Meritz Securities enhances profitability and stability through a systematic, integrated risk management approach. Meritz Securities perceives risk management as a fundamental element of corporate governance and formulates and operates risk management strategies to balance risk and return.

The board of directors and the management possess a strong understanding of risk management, avoiding growth-oriented management and striving to maximize profits by consistently managing risks across the organization. We set a total risk limit at a level that maintains an appropriate net capital ratio across the company, and categorize and allocate it to market risk, credit risk, liquidity risk, and other risks (operational risk) to maintain an integrated company-wide limit management system. To adapt to the swiftly evolving risk landscape, we have implemented a specialized risk management system that establishes a sophisticated framework. This system integrates various risks by measuring market risk through internal models (Value at Risk; VaR), credit exposure, credit risk, liquidity ratios, and liquidity gaps.

Status of Market Risk Response

We set position limits, loss limits, and sensitivity limits for all transactions with market risk, ensuring daily monitoring and reporting of compliance and operational details.

This process involves reviewing the appropriateness of each limit and conducting company-wide limit allocation at least once a year. In addition, we regularly perform market risk crisis scenario analyses based on financial crisis scenarios.

Status of Credit Risk Response

The Review Committee manages credit risk through a thorough review and approval process before investment, overseeing credit risk exposure by counterparty, group, credit rating, and country. We have established and operate a systematic management system to measure credit exposure, manage limits, monitor activities, and report to the management.

Status of Liquidity Risk Response

We manage liquidity ratios as key indicators, supplemented by liquidity gap analysis and liquidity scenario analysis. Meritz Securities sets and manages one-month and three-month liquidity ratio limits to address funding and operational maturity mismatches, as well as establishes contingency plans for various stages of liquidity risk crises. We have established and operate a systematic management system for liquidity ratios, gap analysis, scenario analysis, limit management, monitoring, and reporting to the management.

Status of Operational Risk Response

We measure and manage inherent operational risks quarterly through risk and control self-assessment (RCSA), identifying and addressing improvement tasks. In addition, we enhance the safety of management operations by managing key risk indicators (KRIs) and promoting a risk management culture within the company.

Status of Tax Risk Response

Meritz Securities views transparent and accurate tax reporting and payment, along with the assessment and management of various tax risks from business activities, as essential for sustainable management. To this end, the company diligently complies with tax laws and fulfills its tax obligations. The amount to be taxed is reported based on consultations with external experts and authoritative interpretations from tax authorities, depending on the situation. In addition, our tax-related employees work to maintain constructive and transparent relationships with tax authorities, reporting tax-related information to all stakeholders according to reporting standards.

* We report to internal management by corporate tax filing deadlines and to external parties through the notes in quarterly financial statements.

(According to separate financial statements)

Reported Items	Unit	2020	2021	2022	2023
Pre-tax Profit	KRW	576,098,987,798	899,759,154,409	988,647,903,384	552,224,769,760
Income Tax Expense	KRW	152,247,116,004	218,149,051,563	219,602,124,369	127,992,231,674
Amount Payable	KRW	214,221,178,592	224,990,793,389	201,148,827,436	94,366,265,147
Effective Tax Rate	%	26.43	24.25	22.21	23.18
Amount Paid	%	37.18	25.01	20.35	17.09

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Eco-Friendly Management Activities

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Sustainable Financial Activities

ENVIRONMENT

Eco-Friendly Management Activities

Eco-Friendly Policy

Key Achievements in 2023

Paper Consumption in 2023 Compared to 2021	3.5% ↓
Electricity Consumption in 2023 Compared to 2021	1.2% ↓
Gas Consumption in 2023 Compared to 2021	15.6% ↓

Environmental Management System

Meritz Securities is aware of the financial sector's crucial role and responsibility in addressing global climate change. Internally, we're propelling company-wide eco-friendly endeavors by embedding environmental management principles. Externally, we're enriching environmental and social value through the development and investment in eco-friendly financial products and services. Through the enhancement of our environmental management system, we are committed to extending sustainable green practices throughout all aspects of Meritz Securities' operations. This dedication is aimed at safeguarding both human life and the environment, and we achieve this by innovating and investing in eco-friendly products, thus demonstrating our respect for all stakeholders and our environment as a responsible corporate entity.

Dedicated Environmental Management Organization

The Human Resources and General Affairs Team within the Management Support Division is tasked to manage environment, actively involved in formulating and implementing strategies and policies to support environmental management objectives.Going forward, we plan to establish a specialized organization dedicated to these tasks to advance more specific and proactive environmental management.

- Establishment of measures for GHG reduction and energy conservation
- Management of consumption metrics for energy, GHG, water, and waste
- Planning and implementation of internal ESG campaigns

Environmental Management Philosophy and Goals

Key Goals and Plans

Meritz Securities acknowledges corporate responsibilities in addressing climate change issues and supports global efforts and goals for reducing GHG emissions and achieving carbon neutrality, such as the Paris Climate Agreement and the 2050 Net Zero Plan. In the mid- to long-term, we are focusing our efforts on establishing a governance system to discuss and respond to climate change risks and on embedding an eco-friendly management system. Meritz Securities plans to leverage the growth in ESG fund sales to channel investments into eco-friendly industries. Additionally, we will persistently seek opportunities to develop eco-friendly products targeting energy infrastructure sectors, including renewable energy production and alternative transportation methods, with the goal of steadily diversifying our product range.

Eco-Friendly Policy Goals

- Reduce GHG emissions (direct + indirect) by 2% compared to 2023
- Reduce water consumption by 2% compared to 2023
- Reduce energy consumption (electricity, city gas) by 2% compared to 2023
- Reduce waste disposal by 2% compared to 2023

Eco-Friendly Policy Plans

- Plan to provide eco-friendly-related training for green management practitioners (annually)
- Formulate a plan to introduce eco-friendly vehicles by 2025
- Verify the implementation results of reductions in GHG emissions, energy usage, water usage, and waste disposal (annually)

Meritz Securities Environmental Management Policy

Policy	Description
Policy 1	Meritz Securities fulfills its corporate role regarding climate change issues and paves the way for eco-friendly management.
Policy 2	Meritz Securities strives to continuously reduce carbon emissions and energy consumption.
Policy 3	Meritz Securities continuously develops eco-friendly financial products and invests in eco-friendly businesses.
Policy 4	Meritz Securities transparently discloses its environmental management policies and information to stakeholders and fulfills its corporate social responsibilities.

Eco-Friendly Management Activities

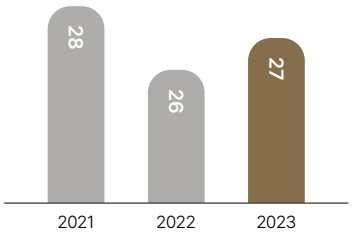
Eco-Friendly Business Sites and Campaigns

Key Activities and Achievements

Management of Paper Consumption

Meritz Securities has established a paperless office environment through the implementation of the cloud printing system introduced in 2019, the stabilization of electronic reporting and electronic document systems, and the active distribution of portable tablet computers. As a result, paper consumption has been continuously decreasing, showing a 3.5% reduction from 2021 to 2023. In addition, by establishing digital branches, we plan to constantly reduce paper consumption by replacing all currently used paper forms with electronic documents leveraging tablet computers.

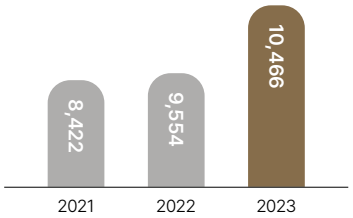
Paper Consumption (Unit: tons)



Management of Water Consumption

IFC Seoul, our headquarters building, boasts a cutting-edge water capture system designed to collect and filter rainwater from its roof surface. This system, combined with rainwater and wastewater recycling, is projected to halve water consumption, exemplifying our eco-friendly management deeply rooted in nature conservation. Water consumption increased by 24% from 2021 to 2023, due to factors such as an addition of 90 more employees (+6%), an increase in leased area by 633 square meters (+11%), and a decrease in remote working personnel in line with the end of the COVID-19 pandemic.

Annual Total Water Consumption (Unit: tons)



Management of Energy Consumption

Due to the nature of the financial industry, most of the energy consumed by the company, including electricity, gas, and water, is used to run office buildings. This implies that the energy consumption can significantly vary depending on which office building is occupied.
The headquarters of Meritz Securities, relocated in May 2019 to IFC Seoul, is an office building that has received the prestigious "Gold" rating from the globally recognized eco-friendly building certification Leadership in Energy & Environmental Design (LEED). IFC Seoul is finished with transparent double-glazed windows on the building's exterior, providing excellent insulation, and is equipped with an artificial intelligence cooling system that utilizes clean energy and relatively inexpensive nighttime electricity, thus making it highly energy-efficient. In particular, the ice storage system stores energy in the form of ice during night-time when electricity demand is low, and uses the ice for cooling during the day, collecting and analyzing various data through artificial intelligence to provide optimal cooling conditions.
In addition, efforts are made to reduce energy consumption by efficiently arranging office spaces. Our office spaces feature an automated lighting system that switches off all lights at 9 PM, and Meritz Securities is a proud participant in the annual Earth Hour light-off campaign led by WWF Korea, which started in Sydney, Australia in 2007, in line with our dedication to reducing energy consumption. As a result, electricity consumption saw a decrease of 1.2%, while city gas consumption dropped by 14.8% between 2021 and 2023.

Classification* (Unit: GJ)	2021**	2022		2023			2024 Goal
		Consumption	Percentage Change	Goal	Consumption	Percentage Change	
Electric	20,712	20,726	0.06%	20,311	20,454	-1.31%	20,045
City Gas	1,980	2,115	6.8%	2,072	1,687	-20.2%	1,653

* Energy consumption figures have been adjusted according to the energy calorific value conversion standards revised on November 22, 2022.
** Some errors in unit conversion for the year 2021 have been corrected in the corresponding report.

Eco-Friendly Management Activities

Eco-Friendly Business Sites and Campaigns

Promotion of ESG Campaigns

Meritz Securities remained deeply dedicated to environmental management during the latter half of 2023 by empowering all employees to engage in the ESG campaign aimed at energy preservation.

Energy Conservation

- Turn off PC monitors when not in use
- Use stairs when moving between one floor
- Walk and use shared bicycles and public transportation

Water Conservation

- Use a cup while brushing teeth to save water

Resource Conservation

- Minimize the use of disposable items
- Minimize paper use

Environmental Protection

- Use eco-friendly products

Sustainable Financial Activities

Green Finance

ESG Funds/ESG ETN Development of Eco-Friendly Products and Services

Supply and Sale of ESG Funds

Meritz Securities categorizes funds as eco-friendly products only if they are disclosed as ESG funds by asset management companies, in accordance with the Financial Supervisory Service's "Introduction of Disclosure Standards for ESG Funds" (announced on October 6, 2023). In 2023, Meritz Securities sold three ESG funds and is continuously working to expand its lineup. The increase in the ESG fund sales holds significant meaning as it serves as a resource for investing in eco-friendly industries. Meritz Securities plans to continuously review and expand its lineup of eco-friendly products, investing in energy infrastructure companies such as renewable energy production and eco-friendly mobility. In addition, to incorporate ESG factors into investments, the company is operating the work processing standards for the alternative investment-related review department.

Work Processing Standards for the Alternative Investment-Related Review Department

Purpose
To define specific work processing details for alternative investments

Details
- Review items during alternative investment evaluation
- On-site inspection and alternative methods
- Criteria for external experts, etc.

Listing of Carbon Credit ETN/ Proprietary Trading of GHG Emission Rights on the Korea Exchange

In November 2021, Meritz Securities listed the "Meritz S&P Europe Carbon Credits Futures Exchange Traded Note (ETN)," which tracks European carbon credit futures, and has been fulfilling its liquidity provision duties. In addition, in January 2022, the company was registered as a proprietary trading member for GHG emission rights, supervised by the Ministry of Environment and listed on the Korea Exchange, where it carries out proprietary trading activities.

Status of ESG Fund Sales

Sales	2022	2023
VI ESG Good Choice Securities Investment Trust No.1 [Bond]	5.0	1.0
Korea Investment Credit Focus ESG Securities Investment Trust No.1 [Bond]	4.0	46.0
Midas Responsible Investment Securities Investment Trust (Stock)	2.0	2.0
Total	**11.0**	**49.0**

Note: This is based on funds disclosed as ESG funds by asset management companies in accordance with the Financial Supervisory Service's "Introduction of Disclosure Standards for ESG Funds" (announced on October 6, 2023).

ESG Investment

Investment in Eco-Friendly Businesses

Meritz Securities is not merely confined to passive responses such as reducing internal environmental impacts to address climate change but is also fully engaged in environmental protection and addressing climate change through direct investments in renewable energy projects as a financial company. In particular, based on successful investments amounting to KRW 160 billion in eco-friendly projects such as the Gahwa Solar Power Project (2020), Shinan Green Energy Onshore Wind Project (2021), and Indonesia's Wampu Hydroelectric Power Plant (2022), Meritz Securities continues to seek further opportunities in eco-friendly related businesses. With the increasing emphasis on the role and responsibility of the financial sector in combating climate change, we will maintain our commitment to green management by extending our investment reach and identifying opportunities in eco-friendly investment.

Sustainable Financial Activities

Green Finance

Promotion of Carbon-Related Projects and Strategic Planning

Entry into the Voluntary Carbon Market

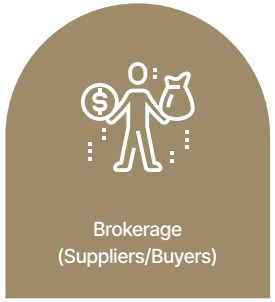
Meritz Securities has initiated voluntary carbon offset credit self-trading and OTC transactions as of August 2023, facilitating the trading and brokering of carbon credits (voluntary emission reduction credits) generated through voluntary carbon reduction projects. These transactions take place through OTC markets involving the credit suppliers, buyers, or intermediaries.

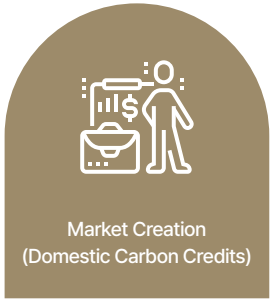
Voluntary carbon credits refer to carbon credits that are voluntarily obtained by companies by reducing GHG emissions at external facilities to achieve carbon neutrality, and certified for these achievements.

The carbon credit market is broadly divided into two categories: the compliance carbon market (CCM), where companies obligated to reduce carbon emissions trade carbon credits, and the voluntary carbon market (VCM), where companies not subject to reduction obligations, as well as non-profit organizations (NGOs), are allowed to freely buy and sell carbon credits without government regulation.

Meritz Securities is exploring the operation of carbon credit trading services, ranging from substantial financial contributions to voluntary carbon credits to brokering emissions trading and engaging in self-trading of domestic and international emission credits. In addition, to secure a competitive advantage in the market, the company is playing a proactive role in shaping a carbon emissions rights ecosystem.

Operational Business





GHG Emissions

Meritz Securities has independently established carbon neutrality goals and remains fully committed to various activities to undertake Meritz Financial Group's carbon neutrality strategy. To achieve carbon neutrality goals, we periodically share and monitor company-wide environmental information, including energy consumption and GHG emissions. Also, we will continuously reduce GHG emissions by introducing eco-friendly vehicles such as electric and hybrid cars in 2025.

(Unit: tCO_2eq, KRW 100 million)

Category*	2020**	2021**		2022		2023			2024 Goal
		Discharge	Percentage Change	Discharge	Percentage Change	Goal	Discharge	Percentage Change	
Direct emissions (Scope 1)	647	633	-2.12%	648	2.39%	635	607	-6.32%	595
Indirect emissions (Scope 2)	966	1,031	6.68%	1,031	0.06%	1,011	1,018	-1.31%	997
Total	1,613	1,664	3.15%	1,680	0.95%	1,646	1,625	-3.24%	1,593

* The emission amounts are self-calculated, and the global warming potential (GWP) values are applied based on the latest standards.
** Some errors were found in the emission measurements for 2020 and 2021, which have been corrected in the report for the respective year.

SOCIAL

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Enhancement of Customer Communication and Satisfaction

Pursuit of Customer Satisfaction

Customer Satisfaction Survey

Management of Customer Suggestions Through the Voice of Customer (VOC) System

Meritz Securities operates a VOC system to systematically manage customer voices and fully incorporate them in its management activities. In particular, we expect that leveraging this system will allow us to swiftly process VOC and generate outcomes in corporate management activities or improve systems.

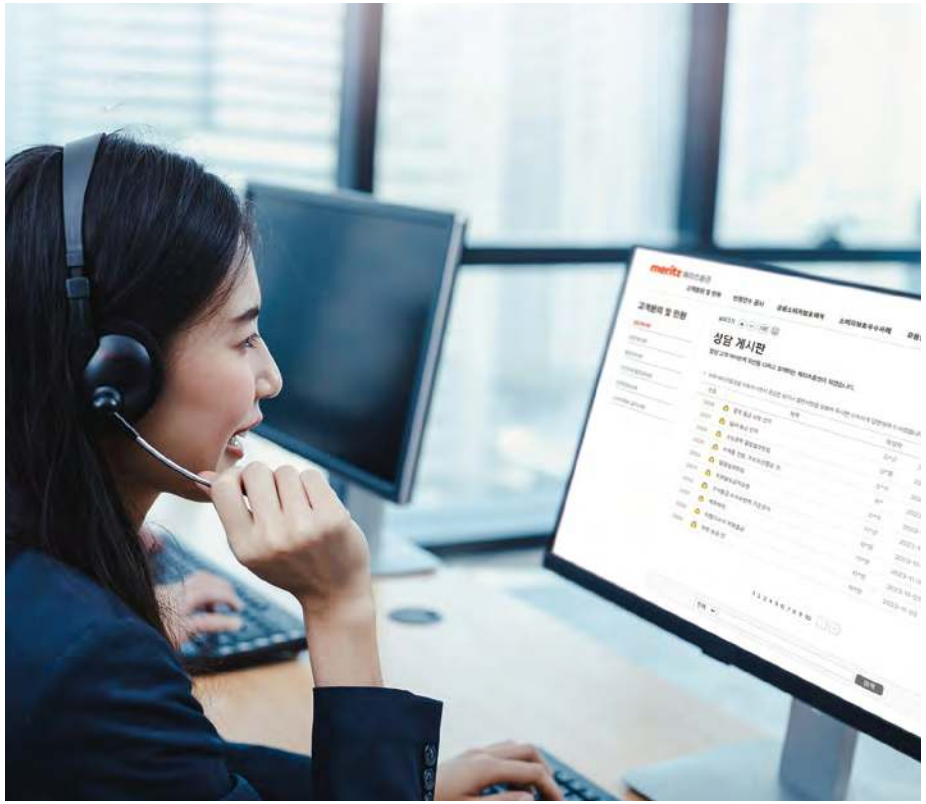
Received VOCs are processed through established procedures, and based on review results, our goal is to enhance existing processes to continue customer-oriented management. In addition, we also review and respond to customer suggestions regardless of their severity. Going forward, Meritz Securities will continue to identify customer inconveniences through enhanced communication and strive to provide better customer services.

Full Incorporation of the Voice of Customer (VOC)

To enhance customer satisfaction, we capitalize on various channels such as customer centers, the Internet, and mail to communicate and fully incorporate customer feedback. Received VOCs are managed collectively within our system, shared in real-time between the headquarters and branches, and fully incorporated.

Acceptance Rate of the Voice of Customer (VOC)

Category	2021	2022	2023	2024 Target
Received (Cases)	44	110	33	-
Accepted (Cases)	20	73	24	-
Acceptance Rate (%)	45.5	66.4	72.7	80 Above



Enhancement of Customer Communication and Satisfaction

Strengthening Customer Communication

Enhancing Customer Satisfaction Through Digital Innovation

The "Reasonable" Digital Way Based on Pricing

In 2023, Meritz Securities formed the Digital Platform Division, setting the stage for a digital business that is separate from the traditional retail business. While the traditional retail business focused on differentiation through exceptional expertise, our digital business aims for a strategy tailored to the digital era, aligning with the ideal of reasonableness and implementing pricing strategies to meet the needs of digital customers. In addition, We are guided by the belief that digital innovation centers on articulating customer demands reasonably and honestly through platforms and services in response to evolving trading behaviors, and we strive to put this into practice.

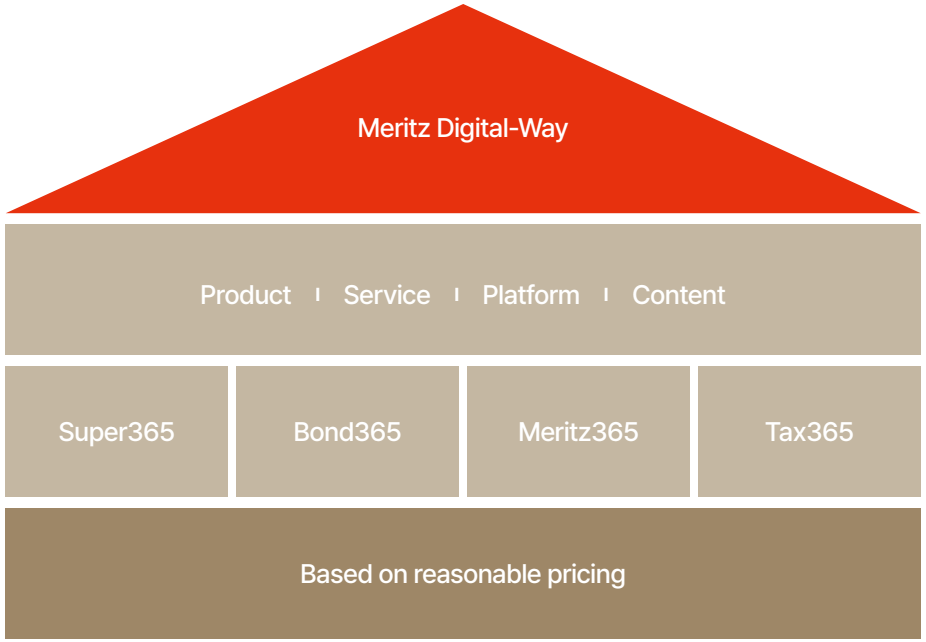
Coinciding with the launch of the Digital Platform Division, Meritz Securities introduced the Super365 account, an online-only account designed to offer unique solutions for digital customers. The Super365 account features the industry's lowest pricing structure, considering the self-directed nature of digital transactions. Our strategy's cornerstone is reasonableness, ensuring all customers are treated equally with uniform commission and interest rates, without any contingent conditions. Despite its nature as a comprehensive trading account allowing trades in stocks, bonds, and commodities, the cash management account (CMA) benefits are applied to idle deposit funds, enabling daily profit distribution to customers through Repo (RP) automatic trading.

Meritz Securities continuously upgrades its services to enhance the convenience of digital transactions, offering instant withdrawal of sale proceeds, compensation for third-party alternative delivery fees, and complete fee waivers for interbank and automatic transfers. These services are accessible to all Super365 account holders, ensuring both accessibility and usability.

Our efforts in 2024 are directed towards expanding this into the arena of digital platforms and content. Bond365, our mobile app's integrated bond trading platform, effectively meets the increasing demand for bond trading among digital customers, while our Tax365 series delivers detailed tax information for various financial transactions. Furthermore, in anticipation of the product domain's transition to ETFs, we are gearing up for the launch of the Meritz365 platform designed to provide comprehensive investment information along with trading convenience in the first half of the year.

The Digital Way of Meritz Securities fully addresses the needs of customers in the digital era. Rooted in reasonableness, our constant evolution across product, service, platform, and content demonstrates our commitment to continuous improvement and tailored strategies.

Meritz Securities' Digital Strategy



Enhancement of Customer Communication and Satisfaction

Strengthening Customer Communication

Enhancing Customer Accessibility Through Diversification of Digital Communication Channels

Provision of Timely Information

Following the pandemic, there has been an influx of individuals from different age groups into the stock market, underscoring the growing importance of catering to the diverse needs of investors. Ever since the launch of the "Meritz On" YouTube channel in late 2021, Meritz Securities has been continuously to expanding communication with customers.

As customers are relying increasingly more on YouTube to search for information, Meritz Securities is broadening its customer reach through customer-friendly efforts and delivering a variety of content to share company news, product details, and investment guidance.

Through content like [Investment Basics, 3PRO], [Outreach Tax Consultation, Tax365], and [ETFN Investment Class], we provide timely financial information that investors are typically curious about, and through the [Financial Consumer Protection], we offer various content to help financial consumers invest more safely.

Meritz Securities is fully dedicated towards identifying and rapidly responding to the needs of fast-evolving digital customers to enhance customer satisfaction. Furthermore, we provide various benefits tailored for online customers and continuously enhance communication with customers through digital platforms.

Meritz On

Meritz Securities YouTube Channel
www.youtube.com/@meritzon

Enhancement of Customer Communication and Satisfaction

Strengthening Customer Communication

Enhancing Customer Accessibility Through Reinforced Digital Communication Platforms

Advancement of the Mobile Platform

We are making key screens easier and more convenient to use by integrating new IT, improving processes, and introducing new services, thus continuously striving for change and enhancement to boost our competitiveness.

Enhancement of User Convenience

We have improved user convenience by simplifying complex processes, supplementing services that were insufficient compared to our competitors, and offering customer-oriented UX/UI and services.

Simple Login

We have improved the UX/UI of the login screen to enhance the initial customer interaction.
The introduction of simple authentication allows for easy and convenient login with fingerprints or simple passwords, while the home trading system (HTS) now supports quick login through QR authentication.

Revamping Key User Screens

We have upgraded the home screen to include more personalized services and information, integrated domestic and overseas watchlists, and enhanced the UX/UI and features for customer-preferred screens like orders and rights for better convenience. The account opening process has been fully restructured for easier remote access, expanding the available products and introducing no-ID registration for further convenience.

Launching New Services

To address the inconvenience of having to wait two business days after selling stocks to withdraw funds, we launched the "Immediate Withdrawal Service" for Super365 account users, allowing for immediate withdrawal after each sale. We also introduced mobile IDs and an online foreign exchange transfer service for transactions to allow our customers to deal with foreign exchange without the need to visit our branches.

Enhancing Overseas Stock Services (Scheduled for Q3 2024)

Our overseas stock service is undergoing a revamp to mitigate customer inconveniences and enhance functionality, with the new service set to launch in the third quarter of 2024.

Enhancement of Products and Content

With the increasing need for stable retirement funds in an aging society, we are enhancing our services to offer specialized products and diverse content for middle-aged customers (40–50s) looking to boost their investments in fixed-income assets for steady income.

Launching Bond 365

Starting with the launch of short-term bonds[1] issued based on the credit of Meritz Securities in March 2023, in February 2024, we expanded our bond product range and revamped Bond 365 to offer a detailed overview of various bond information. The integrated menu allows users to simultaneously view short-term, OTC, and listed bonds, and an OTC bond trading feature has been added to facilitate a wider range of bond transactions. The main screen provides various bond information such as the top 5 yields, personalized product guides, bond news, and reports, thereby continuously expanding services.

1) Short-term bonds: Bonds issued and traded electronically, without physical certificates, maturing in less than one year.

Launching Meritz 365 (Scheduled for May 2024)

We are launching Meritz 365 to offer easy access to selected information on ETFs[2], income, and bonds, with each product's main screen providing diverse content and specialized services tailored to their unique characteristics. As the ETF market grows, we are working with our research department to provide distinctive search features and bolster support with magazine publications and various content. Furthermore, we will keep offering customer-oriented services, including a dividend stock finder, real estate investment trust (REIT)-related content, and important tax and savings information for investors.

2) Exchange Traded Fund (ETF): A fund designed to track a specific index, listed on the stock exchange, and traded like a stock.

Improvement of Employee Welfare

Human Rights Policy and Human Rights Impact Assessment

Human Rights Management Policy

Human Rights Policy for Employees and Human Rights Declaration

Meritz Securities diligently adheres to its corporate social responsibilities and seeks sustainable growth with all stakeholders by implementing human rights management that integrates ethical decision-making criteria and behavioral principles.

We endorse the human rights principles outlined in the UN's Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, committing to protect all stakeholders' human rights and prevent any violations, as detailed below.

Our efforts in 2024 are directed towards expanding this into the arena of digital platforms and content. Bond365, our mobile app's integrated bond trading platform, effectively meets the increasing demand for bond trading among digital customers, while our Tax365 series delivers detailed tax information for various financial transactions. Furthermore, in anticipation of the product domain's transition to ETFs, we are gearing up for the launch of the Meritz365 platform designed to provide comprehensive investment information along with trading convenience in the first half of the year. The Digital Way of Meritz Securities fully addresses the needs of customers in the digital era. Rooted in reasonableness, our constant evolution across product, service, platform, and content demonstrates our commitment to continuous improvement and tailored strategies.

Human Rights for Employees	- Meritz Securities prohibits all forms of discrimination based on gender, educational background, disability, religion, race, place of origin, etc., and respect diversity. - Meritz Securities assesses and rewards employees based on equitable criteria and offers suitable opportunities for self-development to enhance their job skills. - Meritz Securities establishes a safe and clean workplace to safeguard and preserve employee health. - Meritz Securities enhances working conditions to promote work-life balance and enables employees to fully unfold their personal capabilities.
Human Rights for Customers	- Meritz Securities enhances financial accessibility for vulnerable groups like persons with disabilities and the elderly, thus safeguarding their human rights. - Meritz Securities ensures our financial services are free from discrimination based on gender, age, religion, etc. - Meritz Securities only gathers essential information needed to provide financial services and securely manages customer data. - Meritz Securities strives to develop and offer reliable and satisfactory products and services for our customers.
Human Rights for Shareholders/Investors	- Meritz Securities furnishes shareholders and investors with essential information accurately, fairly, and promptly as mandated by relevant laws and regulations. - Meritz Securities maintains transparent management and earns shareholders' and investors' trust by accurately disclosing accounting information. - Meritz Securities strives to increase shareholders' and investors' value through reasonable decision-making and transparent management practices.

Human Rights Protection Channels

Listening to Internal Grievances

Meritz Securities runs an internal grievance committee ensuring complete anonymity to address employee complaints and stress. Furthermore, our executives and HR General Affairs Team frequently hold meetings with employees to hear their grievances. We incorporate employee feedback gathered through various channels into our internal improvements.

Human Rights Protection Education

Human Rights Protection Education for Employees

Every year, we enhance our employees' awareness and practice of human rights through educational programs that focus on preventing workplace bullying, sexual harassment, verbal abuse, and physical assault. For all employees, we offer education on the prevention of sexual harassment, improvement in the disability awareness, and prevention of workplace bullying.

Education on Preventing Sexual Harassment	Unit	2021	2022	2023
Duration of the education on preventing sexual harassment per individual	Hours/person	1	1	1
No. of participating employees in the education*	Persons	1,499	1,473	1,491

* The report disclosed in 2021 was based on the target, whereas this year's report reflects those who have completed educational programs.

Improvement of Employee Welfare

Improvement of Organizational Culture

Work & Life Balance

Meritz Securities launched the PC-OFF system in July 2019 to adhere to statutory working hours and promote work-life balance among employees. Furthermore, we have implemented various flexible working arrangements, including staggered, flexible, discretionary, and deemed working hours, tailored to the characteristics of each team to increase employee satisfaction with their work environment. In addition, during the COVID-19 pandemic, we set up a system for voluntary and permanent telecommuting and provided support like laptop rental services to employees who required home computer equipment to help them carry out their remote work.
Furthermore, our maternal protection policy allows employees to apply for reduced working hours during pregnancy, childcare, or family care periods, and recently, we have seen an increase in the use of family care leave. A lounge has been set up on the 25th floor of our headquarters to offer a comfortable area for female and pregnant employees to relax and recharge. These efforts by Meritz Securities have led to an increase in the average years of service of our employees.

Trends in the Increase of Average Years of Service of Employees

Average Years of Service*	Unit	2021	2022	2023
Male	Years	10.3	10.9	11.1
Female		9.3	9.7	9.4
Total		10.0	10.6	10.8

* The average years of service is calculated for executives and regular employees, excluding contingent workers.

Activities to Improve Organizational Culture

Policy for Developing Organizational Culture

Meritz Securities fosters an organizational culture where professionals aspire to collaborate, rooted in a transparent and objective performance incentive system, cultivating a corporate culture that values talented individuals and enables professionals to concentrate on their work.
Moreover, we underscore the notion that "the strength of finance ultimately lies in its human capital" to facilitate the recruitment of best individuals. At the same time, Meritz Securities is cultivating an organizational culture that continuously motivates all employees to aim for top industry professionalism, thereby enhancing both their individual skills and the organization's overall capabilities.

Strengthening Employee Communication

Meritz Securities promotes a horizontal organizational culture, fostering a non-authoritarian atmosphere that encourages open discussions. Employees, irrespective of their position, are encouraged to openly share their opinions whenever they feel their contributions could benefit the organization while performing their unique substantive duties.
Furthermore, we conduct annual "self-reporting" sessions to assess the work environment and address any grievances or suggestions, which is enhanced by quarterly broadcasts of CEO messages sharing company policies to further strengthen employee communication.

Deal Review Meetings

Regular weekly deal review meetings are held where intense discussions take place, and decisions are made regarding the implementation of deals proposed by various business divisions. These meetings serve as a platform for horizontal discussions, where any employee, regardless of their position, are allowed to participate and freely express and debate their views. The quick decision-making and prompt execution that stem from such open discussion have become the cornerstone of Meritz Securities' distinct and healthy organizational culture.

Employee Health and Safety

Enhancement of Employee Health

Meritz Securities is making various efforts to create a safe working environment and to improve employee health. We extend medical expense support to employees as well as their spouses, children, and other family members covered by their health insurance. Beyond welfare benefits like the PC ON-OFF and flexible working systems, we also manage an internal employee welfare fund to further bolster employee well-being.

Employee Absence Status	Unit	2021	2022	2023
No. of Absence Days	Days	0	0	0
No. of Sick Leave Days	Days	68	280	363
No. of Occupational Accidents	Items	0	0	0
No. of Injured Employees	Persons	0	0	0
No. of Lost Workdays	Days	0	0	0

Improvement of Employee Welfare

Promotion of Employee Welfare

Major Welfare Programs

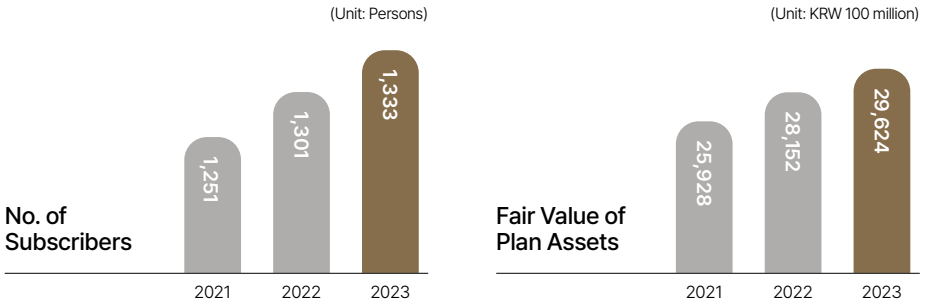
Childcare Center

A workplace childcare center has been set up near our headquarters, allowing employees to confidently place their children in care while they focus on their work. Each year, new spots for children in the daycare center are filled through an open lottery system. If vacancies arise during the term, additional admissions are allowed based on the waiting list established during the initial lottery. Recently, the childcare center received an "Excellent" rating from the Ministry of Health and Welfare across all key indicators, achieving the highest "Grade A" among institutional childcare facilities.

Retirement Pension System

Meritz Securities manages a retirement pension system to help employees secure an economically stable lifestyle after retirement.
In 2023, our retirement pension system, comprising the Defined Benefit (DB) and Defined Contribution (DC) plans, served 1,333 participants and managed fair value of plan assets valued at KRW 29.6 billion.

Retirement Pension System



Supporting Employees' Post-Retirement Planning

To aid employees in preparing financially for retirement, Meritz Securities contributes an encouragement bonus equivalent to 3% of their salaries into their savings. When employees use this bonus to buy company stock or invest in Meritz Financial Group funds, the company matches their contributions, enhancing their investment. Furthermore, employees are given the option to allocate a portion of their performance-based bonuses to their DC retirement pension accounts, seizing both investment opportunities and tax advantages for retirement planning.

Reemployment Support Services for Retirees

In compliance with the Act on Prohibition of Age Discrimination in Employment and Elderly Employment Promotion, we offer reemployment support services to qualified retirees. Since March 2021, we have engaged specialized firms to manage programs that prepare employees for retirement. These programs, through professional education and consulting, empower retirees to lead enriched and fulfilling lives after their retirement. Retirees benefit from one-on-one consultations offering career planning, employment training, entrepreneurship guidance, and expert counseling. These tailored educational opportunities are designed to facilitate the transition into retirement and reduce any related anxieties.

Improvement of Employee Welfare

Promotion of Employee Welfare

Operational Status of Welfare Programs

Category	Description
Housing Lease, Purchase Loans, and Company Housing Rental	Running housing lease, purchase loan, and rental programs to ensure residential stability for employees who are homeless or live in unfamiliar areas
Tuition Support	Offering tuition support for up to two children per employee, which not only boosts loyalty through enhanced welfare but also lays the groundwork for greater productivity
Medical Expense Support	Covering medical expenses for employees and their immediate family members listed on their health plan when they need hospital or outpatient care due to injuries or illnesses
Medical Checkup	Conducting annual medical checkups and taking necessary actions based on the results, with detailed re-examinations supported as needed
Recreational Facilities	Granting access to memberships and rentals at resorts like Hanwha, Daemyung, and Oak Valley at any time
Congratulatory and Condolence Payments	Providing payments for celebratory and condolence events concerning employees and their families, including spouses
Clothing Allowance	Supporting a clothing allowance to ensure they are appropriately dressed for their roles
Awards for Long-Term Service	Awarding special leave and travel vouchers to employees with 10 and 20 years of service
Private Academy Tuition Support	Offering private academy tuition support to help improve employees' job performance
Disaster Relief Support	Providing disaster relief support to employees affected by natural disasters like fires, floods, or other calamities
Petition Leave System	Offering paid leave to employees under specific circumstances
Operation of In-House Clubs	Operating in-house clubs to foster good-fellowship and solidarity within our workforce

Usage Status of Welfare Programs

Category	No. of Users	Usage Rate	Note
Flexible Working System	1,545	97%	Applicable to all employees excluding executives
Medical Expense Support	958	86%	Usage rates for medical expense support are tracked among eligible recipients
Savings Encouragement System	1,203	76%	

Operation of the Occupational Safety and Health Committee

The Occupational Safety and Health Committee, established under the Occupational Safety and Health Act, consists of equal numbers of labor and management representatives. The committee conducts regular meetings to devise strategies for preventing workplace accidents.

Protection of the Rights of Customer Service Employees

Customer service employees, who serve as the primary point of contact with customers, face numerous stresses due to the emotionally demanding nature of their work. We have set up specific protective measures and a grievance committee for the welfare of our customer service employees.
Each year, we conduct training sessions to tackle issues like customer verbal abuse, sexual harassment, and physical assault. Furthermore, we hold quarterly interviews to evaluate the psychological well-being of our customer service employees and document any abuse incidents.During this process, employees who require actions are provided with psychological counseling or temporarily relieved from customer-facing duties.
Guidelines for the protection of customer service employees have been revised to include a manual on how to deal with unreasonable customer behavior, with provisions on how to send warnings via text messages or voice communications if necessary. In addition, on request, customer service employees may receive support such as temporary suspension from the duty, extended breaks, counseling, legal assistance, and compensation claims.
In 2023, we conducted human rights protection training for 94 customer service employees to help them address human rights violations and prevent against damage from customers' verbal abuse.

Improvement of Employee Welfare

Promotion of Employee Welfare

Evaluation and Compensation

At Meritz Securities, we carry out non-discriminatory, fair, and reasonable personnel evaluations that result in suitable compensation and transparent HR management, crucial for attracting and retaining best individuals.
We use a structured salary table for each position to ensure there are no gender wage disparities among employees performing the same tasks. Each year, employee evaluations take place in the second half of the year, assessing achievements and capabilities through a combination of self-assessment, interviews, and primary and secondary evaluations. If an employee disagrees with the evaluation outcomes, they have the option to submit their objection directly to the HR department within seven (business) days of receiving the notification. Following the objection period, the HR department assembles a personnel committee within 15 business days to oversee a re-evaluation process to ensure fairness and transparency. Furthermore, Meritz Securities has implemented peer evaluation to offer employees a broader spectrum of assessments beyond those provided by their supervisors.

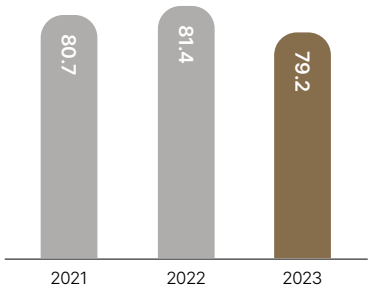
Mutual Prosperity of Labor and Management

Construction of the Mutually Beneficial Labor-Management Relationship

Meritz Securities ensures compliance with the three labor rights outlined in the Constitution and has been conducting quarterly labor-management council meetings since the establishment of the labor union on October 29, 1987. During labor-management council meetings, significant employee-related issues are discussed, and important decisions are reached through consultation, ultimately enhancing employee welfare and supporting the company's healthy growth.
As of the end of December 2023, the total number of union members at Meritz Securities is 172, which represents 79.2% of the 217 employees eligible for union membership.

Union Membership Rate

(Unit: %)



History of the Labor Union

Oct. 29, 1987	Mar. 2000	Apr. 1, 2010	Dec. 2019	Apr. 2020	Dec. 2022
Notification of the establishment of the labor union (Hanil Securities Labor Union)	Changed to Meritz Securities Labor Union due to the company name change	Changed to Meritz Investment Bank Labor Union due to the merger with Meritz Investment Bank	Elected Chairperson Lee Kwan-woo and Vice Chairperson Oh Kwon-seok	Changed to Meritz Securities Labor Union due to the company name change	Elected Chairperson Jung Woon-do and Vice Chairperson Kim Hyun-soo

Key Achievements of the 2022–2023 Council Operations

- Negotiations on the operation of the joint labor-management resort
- Formulation of employee education plans and Q&A sessions regarding company management
- Discussions on the treatment and working environment improvement for retail employees
- Negotiations on the operation plans for medical expenses
- Discussions on expanding the scope of eligibility for medical checkups

Improvement of Employee Welfare

Talent Acquisition and Development

Recruitment and Talent Development

Transparent and Fair Talent Recruitment

Fair recruitment serves as the starting point and key to the personnel management at Meritz Securities. We hire employees for their skills and potential, without considering their educational background or gender.

The objective is to assign selected talents to roles that match their skills and aptitudes, while considering the company's long-term talent development path. This approach guarantees simultaneous growth for both the employees and the organization.

Upholding the principle of "fair and transparent recruitment," Meritz Securities consistently employs highly skilled professionals to stay abreast of the expanding financial investment sector and rapidly evolving global markets. In addition, the company hires the right talents as necessary, without adhering to a fixed recruitment schedule. In particular, to support strategies for revenue diversification, the company hired 283 professionals in 2022 and 309 in 2023 across various sectors, including sales and risk management, balancing growth and operational management. Meritz Securities will strive to lead the market by rapidly adapting to the fast-changing financial investment sector and by continuously recruiting exceptional talent to boost employee professionalism and efficiency.

Promoting Employee Diversity

Meritz Securities continues to hire women and talents with disabilities to fulfill its responsibilities towards employee diversity and the socially disadvantaged. In this effort, the company partners with "Bear Better," known for sustainably employing persons with developmental disabilities, to supply coffee and beans as employee welfare benefits. As a component of Affirmative Action (AA), the company sets annual target ratios for female workers and managers. As of 2023, the number of female employees reached 479, up by 19 from the previous year, with the proportion of female employees and managers increasing by about 0.2% and 3.9%, respectively. Furthermore, the company kept 30 employees with disabilities on its payroll in 2023, steadily increasing the recruitment and employment rates of the socially disadvantaged.

No. of New Hires	Unit	2021	2022	2023
All	Persons	291	283	309
Male	Persons	202	186	223
Female	Persons	89	97	86

Diversity of the Entire Workforce	Unit	2021	2022	2023
No. of Female Employees	Persons	445	460	479
Percentage of Female Employees	%	29.6	29.9	30.1
Percentage of Female Managerial Positions*	%	32.1	33.9	37.8
No. of Employees With Disabilities	Persons	21	21	30

* Managerial Positions: Personnel beyond the rank of manager

Enhancing Employee Competence

Educational Support for Enhancing Employee Competence

Meritz Securities is committed to investing in employee education and self-development to foster the company's long-term success. The company facilitates the acquisition of essential professional skills in areas like funds, investments, and asset management by subsidizing educational costs and exam fees for financial certifications to enhance professional services for clients. Meritz Securities boosts job performance and promotes interaction among employees and clients, nurturing diversity and creativity through extensive educational channels such as humanities classes.

Employee Education Support Status	Unit	2021	2022	2023
Education Hours per Person	Hours	3.2	3.6	3.7
Education Expenses per Person	KRW	21,551	36,153	38,553
Total Education Hours	Hours	4,729	5,508	5,832
Total Education Expenses	KRW 1 million	32	55	70

Talent Development Programs

- Support for educational expenses to enhance self-development in areas such as languages and financial qualifications
- Support for self-development through reading via the Kyobo Library app
- Support for external institution training by job category
- Support for financial expert and leadership enhancement education, including CEO programs

Management for Mutual Prosperity

Social Contribution

Key Achievements in 2023

For 17 years, the Meritz Chamsarang Volunteer Group has been active, encouraging employees to engage in voluntary social contributions **17 years**

Total donations by 2023 **KRW 730 million**

Total employee volunteer events by 2023 **242 times**

Social Contribution Promotion Strategy

Since August 2007, the "Chamsarang Volunteer Group" at Meritz Securities has been contributing to local community development through the volunteer events of employees. For 17 years, the Chamsarang Volunteer Group has conducted monthly themed activities, including caring for single mothers' babies, running Beautiful Stores, delivering special holiday meals, and celebrating birthdays for seniors living alone.
The volunteer activities are open not just to Meritz Securities employees but also to their families and friends, with over 30 participants on average each month. From 2020, due to the impact of COVID-19, participation in volunteer activities became challenging, and thus, warm-hearted donations were made instead. However, as the COVID-19 pandemic eased, activities resumed in the second half of 2022. By 2023, around KRW 730 million had been contributed in total across 242 volunteer events.

Management for Mutual Prosperity

Social Contribution

Social Contribution Activities

Introduction and Achievements by Program

Delivery of Special Holiday Meals to Elderly Individuals Living Alone

Every year, during Seollal (Lunar New Year) and Chuseok (Korean Thanksgiving), Meritz Securities employees visit the Mapo Senior Welfare Center to pack "special meal" gifts and personally deliver them to the elderly living alone in the local area. This program is a dual-purpose initiative that not only delivers special meals but also involves visiting the residences of the elderly to provide companionship and check on their health. In 2023, special holiday meal gifts were delivered to 133 households during Seollal and 135 households during Chuseok.

Beautiful Saturday, Beautiful Store

Starting in 2008, our collaboration with Beautiful Store has featured the annual Beautiful Saturday event for 16 years. Through donations of unused items and volunteer work as honorary clerks at Beautiful Store, we promote the values of reuse, environmental awareness, sharing, and donation, thereby demonstrating our commitment to the love for the community through the sales proceeds. After the sales volunteering activities were suspended due to COVID-19 in 2022, they have resumed, with donations including clothing, accessories, books, records, and electronics to benefit the environment and our local community.

Free Meals and Volunteer Activities Through "Nest of Sharing"

Meritz Securities supports "Nest of Sharing," a non-profit that provides free meals and study rooms to ensure that everyone in the community has access to food.
Situated in Eunpyeong-gu, "Nest of Sharing" offers daily free lunches all year round to seniors living alone, the homeless, children, and those with disabilities.
Besides our regular monthly contributions, we biannually volunteer to help with food preparation, serving, dish-washing, and cleaning.

Management for Mutual Prosperity

Social Contribution

Social Contribution Activities

Introduction and Achievements by Program

Mural Painting

Over weekends, our employees and their families come together to paint murals at an elementary school in Geumcheon-gu, Seoul. This activity has been well-received by our employees, who appreciate the blend of volunteering and spending leisure time with their families. This simple and enjoyable volunteer activity provides children with a natural introduction to the culture of volunteer work.

Briquette Sharing Campaign for a Warmer Korea

We distribute coal briquettes to households that still rely on them, helping them withstand the cold winter. Over 17 years, since the inception of Meritz Chamsarang, our employees have participated in 28 deliveries, distributing 56,000 briquettes to 280 households. We will continue this effort to guarantee our neighbors a warm winter.

Other Social Contribution Activities

Beyond the activities mentioned, Meritz Securities is involved in various other social contribution activities within the local community.

- Volunteer activity to create companion plant frames for elderly individuals living alone. (Miral Welfare Foundation)
- Support for the Santa Expedition project (Green Umbrella)
- Inviting children from underprivileged cultural backgrounds to Bucheon Children's Center (Deoksugung Palace)
- Volunteer activity to make wooden bookshelves (Miral Welfare Foundation)
- "WARM UP" project against cold wave (Green Umbrella Children's Foundation)
- Support for social farms to create jobs for individuals with developmental disabilities (Purme Foundation)
- Year-end event for single-parent families (Salvation Army Duri Home)
- Love Kimchi Sharing (House of Love)
- Love Coal Briquette Delivery (Love Coal Briquette Sharing Campaign)
- Happy Chuseok with love-filled gift bags (Mapo Senior Welfare Center)
- Delicious volunteer activity to make love bread (Korean Red Cross)
- Birthday party for elderly individuals based on the twelve zodiac signs (Mapo Senior Welfare Center)
- Volunteer activity to care for babies of single mothers (Salvation Army Duri Home)

Management for Mutual Prosperity

Inclusive Finance

Support for the Development of New Technologies at SMEs

Meritz Securities commits to identifying robust SMEs and nurturing a vibrant industrial ecosystem. Our focus is on SMEs that hold key technologies pivotal to the fourth industrial revolution, including autonomous driving, AI, and big data.
From 2018 to 2023, our specialized New Technology Finance Team formed 39 associations and carried out 70 investments in new tech ventures, startups, and SMEs, investing a total of KRW 674.3 billion. Over six years, we liquidated five technology finance associations, returned investments to contributors, and reclaimed KRW 98.1 billion in principal from 22 firms, thereby enhancing a robust investment ecosystem for dynamic SMEs. Furthermore, our venture capital investments in ESG-related sectors help promising companies grow further.

Support for the Underprivileged and Low-Income Groups

Green Umbrella Santa Expedition

The Green Umbrella Santa Expedition fulfills the winter wishes of underprivileged children under 18 from low-income families in Seoul. In 2023, with a donation of KRW 6 million, we made the holiday season warmer for 12 children by fulfilling their wishes.

"WARM UP" Project Against Cold Wave

Together with Green Umbrella, the "WARM UP" Project Against Cold Wave focuses on promoting the wellbeing of children in homes susceptible to cold waves.
Since 2021, we have contributed KRW 17.25 million to enhance living conditions for energy-deficient households, bolstering the physical and emotional health of children. Our ongoing support for 35 families aims to mitigate the risks from cold waves and positively impact the self-esteem and family dynamics of children.

Enhancing Financial Accessibility for the Underprivileged

Meritz Securities provides a range of services to improve access for elderly and clients with disabilities to ensure their seamless use of financial services.
Among other measures, we offer visible ARS services to assist financially vulnerable individuals in managing their financial transactions effectively. Aware of the complex and diverse nature of financial products that may be challenging for elderly clients to understand without sufficient explanation and consultation, we have set up special counters for elderly clients at our branches, staffed by dedicated personnel to offer customized consultations and services.
We have instituted a pre-confirmation process managed by our staff for high-risk products to ensure strict compliance with enhanced solicitation procedures for financial investment products.
We advise elderly investors to appoint an assistant to handle unforeseen health issues and offer a "designated person notification service" that sends updates on financial product subscriptions to a chosen contact whenever the investor makes a subscription.

Protection of Financial Consumers

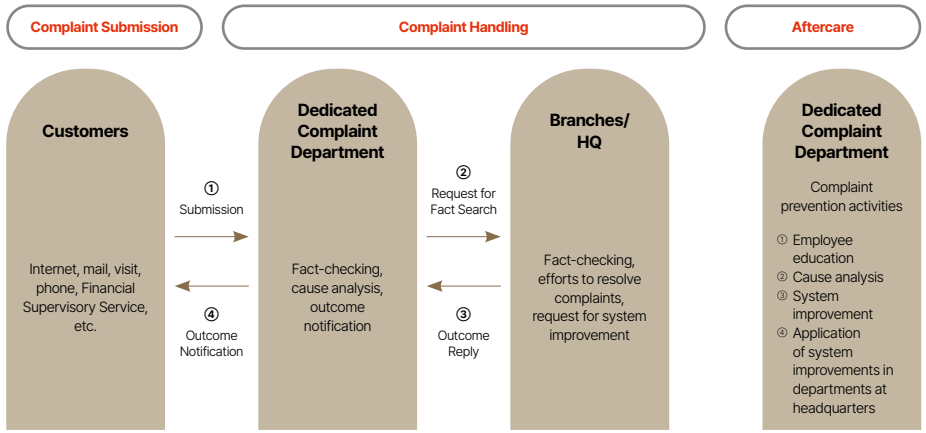
Complaint Handling System

Dedicated Financial Consumer Protection Organization

At Meritz Securities, the Consumer Protection Division is enhancing numerous systems and activities to better protect our financial consumers. We adhere to the Act on the Protection of Financial Consumers and Financial Consumer Protection Charter to eliminate incomplete sales and consistently integrate customer feedback into our management practices.
The General Consumer Protection Team within the Consumer Protection Division manages customer grievances and VOC to gather customer feedback and complaints, offering multiple channels for complaint submission (including in-person visits, phone, email, and online). Customers at our branches can refer to the complaint handling manual for how complaints are submitted and processed, while those online can access this information readily on our website. We specifically assess complaints for legal and compensation issues, with outcomes communicated within 14 business days after receiving them. We have established procedures to settle complaints involving legal or compensation issues by reaching agreements with the affected customers.

Dedicated Financial Consumer Protection Organization

Complaint Handling Process



Prompt Complaint Handling Through Various Channels

Meritz Securities is committed to delivering top-quality complaint-handling services with clear processing and prompt responses. We accommodate a range of customer complaints through electronic channels like mail, fax, and online, in addition to in-person complaint-handling services available at our headquarters and branch offices.
Our key policy is to rapidly address all complaints with full commitment, ensuring resolution within 14 business days of their receipt.
In compliance with the Act on the Establishment, etc. of Financial Services Commission and the Civil Petitions Treatment Act, we handle complaints (dispute resolution) and obtain necessary consents for collecting personal information at the time the complaint is filed. The personal information collected is only used during the complaint or consultation period to enhance the transparency in processing the complaint.

Disclosure of Complaint Handling Results

Every quarter, Meritz Securities posts the outcomes of our complaints handled on our website, where we analyze the causes of the complaints and promote system improvements to avoid future issues. In addition, we regularly update on quarterly complaints and necessary precautions, enhancing our preventive measures against future complaints.

Protection of Financial Consumers

Financial Product and Service Review Activities

Financial Product Development Process

Meritz Securities is committed to upholding principles and obligations from development to the post-sale of financial products to protect financial consumers.

Product Development Process

Product Development Stage

- Engage in preliminary discussions between the product service development department and the consumer protection general department.
- Screen product descriptions early to avoid negative impacts on consumers.
- Decide on the sale of particular financial investment products by conducting risk analyses through the "Financial Investment Product Selection Committee"

Product Sales Stage

- Develop standardized guides for each financial product to ensure consumers receive adequate information
- Set up a sales process designed to prevent incomplete transactions
- Formulate ethical guidelines to govern the company's sales practices

Post-Management Stage

- Monitor compliance with the financial product sales process
- Provide training and perform inspections to prevent incomplete sales
- Create a mechanism for organizational enhancement by thoroughly analyzing types of complaints

Planning Financial Products from the Consumer's Perspective

Provision of Sufficient Information for Consumer Choice

Fundamental Improvement of Consumer Protection Work

Strengthening the Capacity to Protect Financial Consumer Rights and Preventing Consumer Damage in Advance

Preventive Activities Against Incomplete Sales

Prevention of Incomplete Sales

To prevent incomplete sales, Meritz Securities engages in early consultations from a consumer protection perspective during the policy-making stages of financial product development and sales strategies. Within a week of the sale of any financial products, our Happy Call system verifies whether consumers were properly informed during the subscription process. Furthermore, we perform quarterly mystery shopping on various products to spot issues in advance, confirming the proper execution of consumer protection measures through direct evaluations by mystery shoppers. From a consumer protection viewpoint, Meritz Securities undertakes diverse activities in the development, sale, and ongoing management of financial products. We improve training on thorough sales processes and mystery shopping to eliminate incomplete sales. Based on the mystery shopping results, we enhance incentives for outstanding employees and offer extra training to branches that under-perform, thus bolstering our evaluation and reward system based on performance. As the market for financial products rapidly moves towards remote interactions, we perform virtual mystery shopping to protect consumer rights and promote a culture of integrity in the sale of financial products.

meritz 메리츠증권

Ⅰ. 『회사채 표준판매 프로세스 점검』 개요

1. 조사개요

- **진행목적**
  - ① 불완전 판매 예방을 위한 판매 프로세스 구축
  - ② 상담 직원들의 금융상품 판매 프로세스에 대한 이해 및 숙련도 향상
  - ③ 지점간 상담의 균질화, 상담시간 단축 등 판매과정 개선을 통해 고객 만족도 고취
- **대상상품 : 채권(회사채)**
- **점검대상 :** 총 6개 영업점
- **평가 문항** : 총 18개 문항 (100점 만점, 감점 30점)

2. 조사방법

- **조사기간 :** 2023.12.11(월) ~ 2023.12.22(금) (약 2주)
- **투입인원 :** 조사요원 4명, 연구인력 3명
- **진행방식 :** 대면상담 (사전 예약 없이 지점방문 상담)
- **시나리오 :**
  - 1) 투자자성향 : 안정지향형
  - 2) 회사채 가입 희망 의사를 밝힌 후 상담 요청
  - 3) 투자성향에 적합한 회사채 상품 추천 받은 후 1가지 선택하여 상담 진행

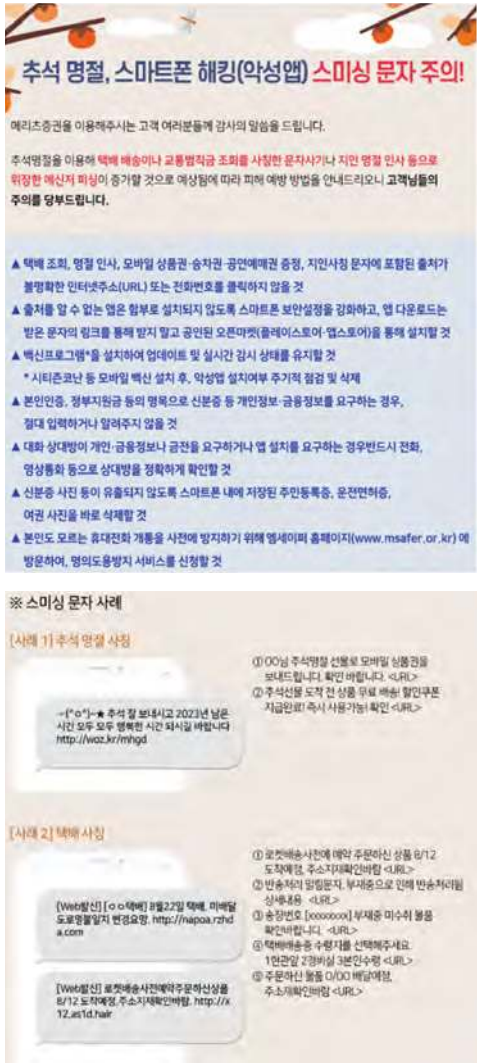
구분	평가항목	배점
적합성 원칙	1. 투자권유 희망 여부 확인	5
	2. 일반금융소비자/전문금융소비자 구분	3
	3. 투자자 정보 파악 및 투자자 성향 분석	5
	4. 진단결과 확인서 고부 및 진단결과 설명	10
	5. 적합한 상품 투자권유	5
설명의무	6. 상품설명서 고부 및 활용	5
	7. 투자성 상품에 대한 설명	15
	8. 발행방식에 대한 설명	10
	9. 채권의 사업내용에 대한 설명	5
	10. 투자위험에 대한 설명	10
	11. 중도 매도(중도해지)에 대한 설명	5
	12. 투자자 권익보호 사항 설명	8
	13. 예금자 보호 및 분쟁의 조정	5
	14. 설명한 내용의 확인	3
	15. 직원의 서명 및 설명	3
	16. 이해를 위한 추가 설명	3
감점 항목	17. 투자자성향 재진단 및 응답유도	-10
	18. 부당권유행위 금지	-20
합계		100

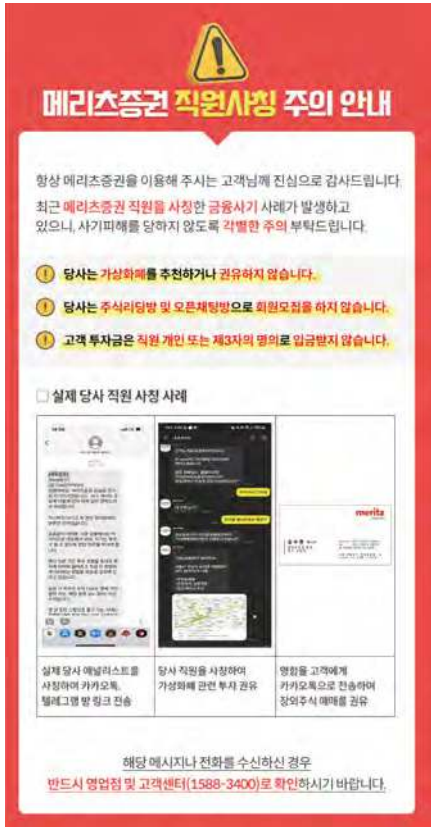
Protection of Financial Consumers

Preventing Voice Phishing

Preventing Voice Phishing

In response to increasingly sophisticated voice phishing tactics, like face-to-face fraud and threats to accounts, Meritz Securities implements multiple preventive measures to safeguard our financial consumers.
Our fraud detection system (FDS) identifies and halts suspicious transactions in advance to prevent withdrawals associated with suspected voice phishing and protect customer assets.
Furthermore, we leverage our website and mobile trading platforms to educate customers about financial fraud and regularly train our employees in voice phishing prevention, creating a strong system to deter financial fraud.





Protection of Financial Consumers

Financial Consumer Protection Process

Principles of Fair Trade for Consumers

Enacted on March 24, 2020, the Financial Consumer Protection Act has been in effect since March 25, 2021. In compliance with the updated consumer rights protection law, Meritz Securities has reinforced its commitment to six key sales regulation principles and introduced new mechanisms including the rights to withdraw from subscriptions, terminate illegal contracts, and review documents during disputes to enhance consumer protection.

Financial Consumer Rights Protection Policy

Meritz Securities supports financial consumers' rights by enabling the cancellation of all financial product contracts within a designated period, offering the "Right to Withdraw from Subscription," the "Right to Terminate Illegal Contracts" without financial burden when contracts are proved to be illegal, and the "Right to Request Document Review" during disputes.

Financial Consumer Protection Goals

For 2024, our financial consumer protection strategy includes the following:

① Refining and enhancing our consumer protection efforts;
② bolstering the scrutiny of financial product sales; and
③ actively cutting down on complaints,

and consistently conducting follow-ups by monitoring the progress of these objectives

Operation of the Financial Consumer Protection Internal Control Committee

The "Financial Consumer Protection Internal Control Committee" at Meritz Securities, a crucial decision-making body, oversees internal controls for financial consumer protection.

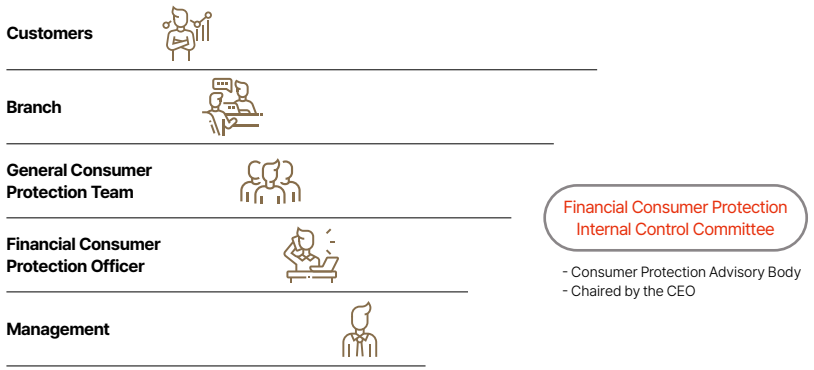
This committee is responsible for:

(a) setting management policies;
(b) making significant system changes; and
(c) assessing employee performance incentives through the lens of consumer protection.

Consumer Protection Organizational Structure

Embodying its core value of customer-orientation, Meritz Securities employs an inverted pyramid organizational structure for financial consumer protection, which prioritizes customers and enhances their interactions. This structure facilitates quick responses to complaints, and efficiently manages product development and investment solicitation procedures to protect financial consumers.

Financial Consumer Protection Organization



Development of the Customer-Oriented Sales Process

Every year, Meritz Securities provides training for branch employees on the sales processes for financial products and conducts on-site inspections. Sharing these outcomes helps foster an investor protection mindset among the staff members. These training sessions ensure employees adhere to sales processes and regulations, offer well-founded recommendations, and thus improve the quality of their consultations.

Strengthening Customer Information Protection and Cybersecurity

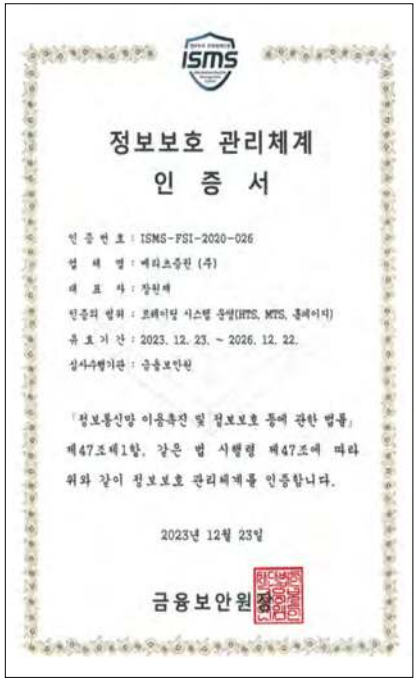
Protecting Customer Information

Information Security Management System (ISMS) Certification

In 2014, Meritz Securities obtained ISMS certification, verifying our information security measures meet established standards. We have continuously upheld this certification, confirmed by six follow-up and three renewal reviews, affirming our information security management's effectiveness.
In December 2023, the renewal of our certification for trading systems (HTS, MTS, website) underscored the reliability of our information security practices, as validated by credible external verification bodies.

ISMS Certification Criteria (80 Items)

Category	Field (No. of Certifications)
1. Management System Establishment and Operation	1.1 Laying the groundwork for the management system (6) 1.2 Risk management (4) 1.3 Operation of the management system (3) 1.4 Inspection and improvement of the management system (3)
2. Requirements for Protection Measures	2.1 Policies, organization, asset management (3) 2.2 Human security (6) 2.3 External security (4) 2.4 Physical security (7) 2.5 Authentication and authorization management (6) 2.6 Access control (7) 2.7 Encryption application (2) 2.8 Security in the introduction and development of information systems (6) 2.9 System and service operation management (7) 2.10 System and service security management (9) 2.11 Incident prevention and response (5) 2.12 Disaster recovery (2)


ISMS

정보보호 관리체계
인 증 서

인 증 번 호 : ISMS-FSI-2020-026
성 명 : 메리츠증권 (주)
대 표 자 : 장원재
인증의 범위 : 트레이딩 시스템 운영(HTS, MTS, 홈페이지)
유 효 기 간 : 2023. 12. 23. ~ 2026. 12. 22.
심사수행기관 : 금융보안원

「정보통신망 이용촉진 및 정보보호 등에 관한 법률」
제47조제1항, 같은 법 시행령 제47조에 따라
위와 같이 정보보호 관리체계를 인증합니다.

2023년 12월 23일

금융보안원장

Setting Mid- to Long-Term Goals for Information Protection

In response to the evolving IT landscape and emerging financial security risks, Meritz Securities has set mid- to long-term goals for information protection, enabling us to safely and swiftly capitalize on unique business opportunities. With the goal of developing a self-regulating security system that considers risk factors and ensures a safe business environment, we have adopted four strategic initiatives.

1) Reinforce the cybersecurity response system to enhance digital integrity
2) Enhance IT internal controls in response to the spread of digital finance
3) Improve security resilience to respond rapidly to changes in financial IT
4) Foster a corporate culture of proactive security activities involving both employees and the management

Investment in Information Protection

(as of 2023)

Information Protection Budget (Unit: KRW 1,000)	Executed Information Protection Budget (Unit: KRW 1,000)	Execution Rate	Proportion of Information Security Budget to IT Budget	
			Based on Budget	Based on Executed Budget
3,050,815	3,339,205	109%	9.4%	12.5%

Category		Information Protection Budget (Unit: KRW 1,000)	Executed Information Protection Budget (Unit: KRW 1,000)	Execution Rate
Information Protection-Related Budget		3,050,815	3,339,205	109%
Information Protection-Related Budget Details	Information Protection-Related Labor Costs	724,237	826,253	114%
	Costs for Purchasing and Leasing Information Protection Systems	486,000	640,600	132%
	Costs Incurred for Maintaining Information Protection Systems	630,485	684,656	109%
	Service Fees for Using Information Protection Services	809,093	802,916	99%
	Consulting Expenses Associated with Information Protection	170,000	153,780	90%
	Costs for Communication Lines Used in Information Protection	231,000	231,000	100%

Strengthening Customer Information Protection and Cybersecurity

Protecting Customer Information

Information Protection and Management System

Under the leadership of the chief information security officer (CISO) and the information protection manager, Meritz Securities has formed and managed the "Information Protection Committee" and "Information Protection Working Committee" respectively, which are designed to systematically develop and maintain our information security framework.

Information Protection Committee

The Information Protection Committee, composed of five executives with positions at the head office or higher, deliberates and decides on major information protection matters. These include IT planning, strategy development for user security, evaluating vulnerabilities, and managing security incidents and compliance issues.

* Members: Composition of the information security committee: Head of Information Security Division, IT Manager, Head of Management Support Division, Head of Compliance Monitoring Division, Head of Retail Division

Furthermore, we have established an information security team under its jurisdiction to build an integrated information security system across the organization. Through the information security team, we are implementing information security policies and operations, as well as conducting regular IT audits. We also formulate administrative, physical, and technical measures to protect customer information, ensuring it is not leaked or misused. In cases involving information security and personal data protection incidents, our priority is to minimize any harm to our customers by implementing a systematic incident response process, with a focus on promptly detecting and addressing incidents. Furthermore, we regularly revise security incident management guidelines.

Information Protection Working Committee

The Information Protection Working Committee, which includes information protection managers and the IT department head, develops strategies for security activities, policies, measures to protect against vulnerabilities, and emergency procedures.

Information Security Education

Meritz Securities implements a yearly education program on information protection to enhance our employees' security skills. We strive to ensure that employees understand the organization's management system and policies and secure job-specific expertise. In addition, on every third Thursday of the month, known as "Security Inspection Day," all employees engage in their adherence to security protocols, with findings and future plans reported to the CEO and regular reviews conducted thereafter.

Employee Information Education Completion Status	Unit	2021	2022	2023
Employees Who Have Completed the Education	Persons	1,552	1,602	1,648
Education Hours	Hours	9,453	9,678	10,071
Completion Rate	%	100	100	100

We also offer information security training to employees of external partners and key associates to enhance their awareness of information protection. To reduce risks from handling personal (credit) information by third parties, we perform annual written or physical inspections and report our findings to the Chief Privacy Officer (CPO).

Strengthening Customer Information Protection and Cybersecurity

Strengthening Cybersecurity

Security Incident Prevention and Response Activities

Customer Information Protection and Response to Accidents

In accordance with Meritz Securities' "Personal and Credit Information Leakage Response Standards," we have established a process designed to ensure immediate emergency response measures and internal reporting in the event of a customer information leakage incident. When a customer information leak occurs, we promptly assemble a task force to make decisive actions that protect affected customers, prevent further damage, and avoid involving additional customers to ensure a coordinated response. Each department understands its responsibilities and follows established procedures, implementing various preventative measures such as offering guidance, making reports, and taking actions to mitigate any harm arising from the leaked customer information.

Security Incident Prevention and Response Activities

Meritz Securities engages in the activities designed to raise awareness about information protection and address security vulnerabilities, enhancing our capabilities to prevent and respond to cyber threats. In 2023, we successfully renewed our ISMS certification, upholding our commitment to a recognized external information security standard. We satisfied all 80 standards and completed 280 critical inspections related to information protection to obtain this certification. Furthermore, in compliance with Article 37-4 of the Electronic Financial Supervisory Regulations, we carried out training on responding to intrusion incidents, including DDoS and email APT attacks.

* A Distributed Denial of Service (DDoS) attack floods a website or network with malicious traffic, rendering it unusable.

Cyber Intrusion Response

As digitalization accelerates structural shifts in the financial industry, leading to more frequent electronic intrusions, we are enhancing our systems to better tackle cybersecurity threats.
We have developed a proactive system to counter public domain service attacks, including public website assaults and web server tampering with new hacking methods, and we hold annual emergency response drills for DDoS attacks to evaluate our preparedness. We have also set up an integrated system designed to analyze log data across all systems, allowing for the immediate detection and rapid response to any security threats.

No. of Personal Information Leaks in the Past Four Years	No. of Cybersecurity Incidents in the Past Four Years
0 case	0 case

60
Financial

62
Governance

64
Environment

65
Social

ESG DATA PACK

ESG Data Pack

Financial Performance

Financial Status (Consolidated)

(Unit: KRW, %)

Category	2021	2022	2023
Total assets	54,108,239,112,787	56,452,695,449,049	63,629,087,833,080
Total liabilities	48,773,824,685,965	50,760,760,893,746	57,530,695,026,742
Paid-in capital	776,178,787,000	776,178,787,000	776,178,787,000
Total equity	5,334,414,426,822	5,691,934,555,303	6,098,392,806,338
Total liabilities and stockholders' equity	54,108,239,112,787	56,452,695,449,049	63,629,087,833,080
Operating Profit	948,939,109,030	1,092,531,671,970	881,301,571,969
Net Income	782,924,541,520	828,095,085,105	589,966,259,352
Cost Income Ratio (%)*	43.6%	39.8%	35.7%
ROE_Return on Equity (%)**	15.5%	15.0%	10.0%
ROA_Return on Assets (%)***	1.6%	1.5%	1.0%
Intangible assets	40,075,686,007	53,499,737,331	51,615,221,372

* Cost Income Ratio: SG&A Expenses / Total Operating Revenue (Operating Income + Bad Debt Expense + SG&A Expenses) x 100
** ROE_Return on Equity: Net Profit / Average Shareholder Equity x 100
*** ROA Return on Assets: Net Profit / Average Total Assets x 100

Credit Grades of Korea Credit Rating and NICE Credit Rating

Category	Issuer Credit Rating (ICR)	Commercial Paper	Electronic Short-Term Bonds	Corporate Bonds (Senior)
Korea Investors Service(KIS)	AA-	A1	A1	AA-
NICE Credit Rating(NICE)	AA-	A1	A1	AA-

ESG Products

Category	Unit	2021	2022	2023
ESG Fund Sales	KRW 1 million	82.6	11.0	49.0
No. of ESG Fund Sales	No.	4	3	3

Employee-Related Financial Performance Distribution

Category	Unit	2021	2022	2023
Employee Salaries	KRW 1 million	536,430	496,388	299,018
Welfare Expense	KRW 1 million	43,444	51,081	51,245

Shareholder and Investor-Related Financial Performance Distribution

Category	Unit	2021	2022	2023
Total Cash Dividends	KRW 1 million	72,019	75,093	574,980
Redeemable Preferred Stock Dividend Amount	KRW 1 million	2,651	14,470	-
Total Interest Expense	KRW 1 million	393,313	888,252	1,407,336
Hybrid Capital Securities Interest	KRW 1 million	22,140	37,984	42,400

ESG Data Pack

Financial Performance

Government-Related Financial Performance Distribution (Separate Basis)

Category	Unit	2021	2022	2023
Pre-tax Profit	KRW 1 million	899,759	988,648	552,225
Income Tax Expense	KRW 1 million	218,149	219,602	127,992
Amount Payable	KRW 1 million	224,991	201,149	94,366
Effective Tax Rate	%	24.25	22.21	23.18
Amount Paid	%	25.01	20.35	17.09

Community-Related Financial Performance Distribution

Category	Unit	2021	2022	2023
Company and Employee Donations	KRW 1 million	87.4	80.7	174.6
Administrative Costs*	KRW 1 million	0	4.5	5.6

* Indirect Costs for Operating and Managing Social Contribution Programs (Administrative Costs)

ESG Data Pack

Governance Performance

Board of Directors Operation Status

Category		Unit	2021	2022	2023
No. of Resolutions		Items	26	42	43
No. of Reports Made		Items	38	26	27
Total No. of Board Meetings		Sessions	14	13	15
Attendance Rate	Executive Directors	%	96.4%	100.0%	100.0%
	Non-Executive Directors	%	100.0%	100.0%	100.0%
	Average	%	98.6%	100.0%	100.0%

Board Committee

Committees within the Board

Category		Unit	2021	2022	2023
No. of Resolutions		Items	4	2	8
No. of Reports Made		Items	2	2	2
No. of Meetings Held		Sessions	2	2	3
Attendance Rate	Executive Directors	%	50.0%	100.0%	100.0%
	Non-Executive Directors	%	100.0%	100.0%	100.0%
	Average	%	83.3%	100.0%	100.0%

Audit Committee Operation Status

Category		Unit	2021	2022	2023
No. of Resolutions		Items	22	12	20
No. of Reports Made		Items	11	10	12
No. of Meetings Held		Sessions	10	7	10
Attendance Rate	Executive Directors	%	100.0%	100.0%	100.0%
	Non-Executive Directors	%	100.0%	100.0%	100.0%
	Average	%	100.0%	100.0%	100.0%

ESG Data Pack

Governance Performance

Board Committee

Remuneration Committee Operation Status

Category		Unit	2021	2022	2023
No. of Resolutions		Items	19	13	25
No. of Meetings Held		Sessions	7	3	8
Attendance Rate	Executive Directors	%	100.0%	100.0%	100.0%
	Non-Executive Directors	%	100.0%	100.0%	100.0%
	Average	%	100.0%	100.0%	100.0%

Risk Management Committee Operation Status

Category		Unit	2021	2022	2023
No. of Resolutions		Items	5	4	5
No. of Reports Made		Items	4	6	4
No. of Meetings Held		Sessions	6	5	5
Attendance Rate	Executive Directors	%	100.0%	100.0%	100.0%
	Non-Executive Directors	%	100.0%	100.0%	100.0%
	Average	%	100.0%	100.0%	100.0%

Execution Committee Operation Status

Category		Unit	2021	2022	2023
No. of Resolutions		Items	1	4	2
No. of Meetings Held		Sessions	1	4	2
Attendance Rate	Executive Directors	%	100.0%	100.0%	100.0%
	Non-Executive Directors	%	100.0%	100.0%	100.0%
	Average	%	100.0%	100.0%	100.0%

Executive Remuneration Status

Category		No. of Personnel	Total Remuneration	Average Remuneration per Person
Total Remuneration Paid		8 persons	5,931,172	741,397
By type	Executive Directors	4 persons	5,709,572	1,427,393
	Member of the Audit Committee	4 persons	221,600	55,400

* The aforementioned number of people and the amount paid include three executives who resigned during the accounting period.

Status of Ethics Compliance Pledges

Category	Unit	2021	2022	2023
No. of Ethics Compliance Pledge Takers	Persons	1,432	1,498	1,529
No. of Individuals Required to Take Ethics Compliance Pledges	Persons	1,447	1,522	1,552

* Due to long-term leave and impending resignations, the actual number of pledge takers differs from those who are required to take the pledge.

ESG Data Pack

Environment Performance

Reducing Greenhouse Gas Emissions (Scope1+Scope2)

(Unit: tCO_2eq)

Category		2021*	2022	2023
Direct Emissions (Scope 1)		633	648	607
	Stationary Combustion	100	107	85
	LNG	100	107	85
	Mobile Combustion	533	541	522
	Gasoline	522	527	505
	Diesel	11	14	17
Indirect Emissions (Scope 2)		1,031	1,031	1,018
	Electricity	1,031	1,031	1,018

* Some errors were found in the emission measurements for 2021, which have been corrected in the report for the respective year.
** The emission amounts are self-calculated, and the global warming potential (GWP) values are applied based on the latest standards

GHG Intensity

Category	Unit	2021	2022	2023
Total Emissions	tCO_2eq	1,664	1,680	1,625
Employees	Persons	1,502	1,535	1,592
Sales Revenue	KRW 100 million	232,474	570,376	474,483
GHG Intensity I	tCO_2eq/person	1.10770	1.09418	1.02079
GHG Intensity II	tCO_2eq/KRW 100 million	0.00716	0.00294	0.00342

Energy Consumption

Category		Unit	2021(*)	2022	2023
Direct	City Gas	GJ	1,980	2,115	1,687
	Gasoline	GJ	7,796	7,869	7,535
	Diesel	GJ	145	192	235
Indirect	Electric	GJ	20,712	20,726	20,454
Total		GJ	30,633	30,902	29,911
Energy Variation Rate		%	3.68	0.88	-3.2

* Due to some errors in unit conversion in 2021, the figures have been corrected in the report for the respective year.
** Energy consumption figures have been adjusted according to the energy calorific value conversion standards revised on November 22, 2022.

Energy Intensity

Category	Unit	2021	2022	2023
Total Energy Consumption	GJ	30,633	30,902	29,911
Sales Revenue	KRW 100 million	232,474	570,376	474,483
Energy Intensity	GJ/KRW 100 million	0.1318	0.0542	0.0630

General Waste

Category	Unit	2021	2022	2023
General Waste	Tons	119	138	147

* Due to the nature of its business, Meritz Securities does not emit or process hazardous materials.

Water Withdrawal

Category	Unit	2021	2022	2023
Water Withdrawal	m^3	8,422	9,554	10,466

Paper Consumption

Category	Unit	2021	2022	2023
Paper Consumption	Tons	28	26	27

ESG Data Pack

Social Performance

Employee Status*

Category		Unit	2021	2022	2023
Total No. of Employees**		Persons	1,502	1,535	1,592
Gender	Male	Persons	1,058	1,076	1,114
	Female	Persons	444	459	478
By Employment Type	Regular Employees***	Persons	605	620	638
	Non-Regular Employees	Persons	897	915	954
By Age	Under 30 Years of Age	Persons	135	168	208
	30–50 Years of Age	Persons	936	960	993
	Over 50 Years of Age	Persons	431	407	391

* Includes overseas subsidiaries and joint ventures, regular and non-regular employees at domestic headquarters.
** The figures have been adjusted this year as the 2021 disclosed report included double-counted officers holding concurrent positions in affiliates.
*** Includes executives

Category		Unit	2021	2022	2023
Executive	Male	Persons	40	39	46
	Female	Persons	1	1	1
Executive Managers	Male	Persons	456	480	507
	Female	Persons	45	48	53
Managers – General Managers	Male	Persons	323	317	312
	Female	Persons	96	106	126
Percentage of Female Managers		%	14.8	15.6	17.2

Performance Evaluation

Category	Unit	2021	2022	2023
Percentage of Employees Who Underwent Regular Performance Evaluations	%	100	100	100
Total No. of Employees Subject to Performance Evaluation	Persons	1,120	1,228	1,254
No. of Employees Who Underwent Formal Performance Evaluation	Persons	1,120	1,228	1,254

ESG Data Pack

Social Performance

Retirement Pension System*

Category	Unit	2021	2022	2023
No. of Subscribers**	Persons	1,251	1,301	1,333
Fair Value of Plan Assets***	KRW 1,000	25,927,773	28,152,093	29,624,112

* For retirement pensions, the defined benefit obligations and retirement pension insurance premiums disclosed in the business report's financial statements may differ from the actual amounts assessed.
** Retirement pensions are operated under two types: Defined Benefit (DB) and Defined Contribution (DC).
*** Retirement pension reserves managed under either the Defined Benefit or Defined Contribution system.

New Employee Recruitment

Category		Unit	2021	2022	2023
Total No. of New Hires		Persons	291	283	309
Gender	Male	Persons	202	186	223
	Female	Persons	89	97	86
By Age	Under 30 Years of Age	Persons	100	99	89
	30–50 Years of Age	Persons	146	136	152
	Over 50 Years of Age	Persons	45	48	68

Recruitment of Socially Disadvantaged Individuals

Category	Unit	2021	2022	2023
Status of Employment of Persons with Disabilities (Full-Time + Part-Time)	Persons	19	19	30
	%	1.3	1.2	1.9
Status of Female Employment (Full-Time + Part-Time)	Persons	444	459	478
	%	29.6	29.9	30.1

ESG Data Pack

Social Performance

Maternity and Parental Leave

Category		Unit	2021	2022	2023
Employees Who Have Used Parental Leave	Subtotal	Persons	17	15	21
	Male	Persons	1	1	2
	Female	Persons	16	14	19
Employees Returning to Work After Parental Leave	Subtotal	Persons	10	5	9
	Male	Persons	1	-	-
	Female	Persons	9	5	9
Return Rate (Returnees / Parental Leave Users)	Subtotal	%	59	33	43
	Male	Persons	100	-	-
	Female	Persons	56	36	47
Employees Working for More Than 12 Months After Returning from Parental Leave	Subtotal	%	4	7	5
	Male	Persons	-	1	-
	Female	Persons	4	6	5
Return Rate (Working Over 12 Months / Returnees)*		%	57	70	100

* Those who have worked for over 12 months in the numerator correspond to those who have worked for 12 months as of the current year among those who returned in the previous year; the return rate may change depending on the time of counting.

Employee Diversity

Category		Unit	2021	2022	2023
Female Employees	Total No. of Female Employees	Persons	445	460	477
	Percentage of Female Employees Among Total Employees	%	29.6	29.9	30.9
	Percentage of Female Employees Among Middle Management	%	52.2	52.2	44.7
	Percentage of Female Employees Among Senior Management	%	32.1	33.9	37.8
Employees Who are Certified Patriots or Descendants of Certified Patriots	Male	Persons	9	10	5
	Female	Persons	14	10	6
Employees with Disabilities	Male	Persons	12	16	21
	Female	Persons	9	5	9
High School Diploma Holders	Male	Persons	26	28	28
	Female	Persons	77	82	79

ESG Data Pack

Social Performance

Status of Employee Turnover/Retirement

Category			Unit	2021***	2022	2023
No. of Employees Who Left the Company*	Gender	Male	Persons	152	162	165
		Female	Persons	66	59	52
	By Position	Executive	Persons	7	10	19
		Managers – General Managers	Persons	126	121	120
		Staff – Assistant Managers	Persons	85	90	78
No. of Voluntary Leavers**	Gender	Male	Persons	128	104	112
		Female	Persons	41	42	51
	By Position	Executive	Persons	9	2	7
		Managers – General Managers	Persons	122	90	98
		Staff – Assistant Managers	Persons	38	54	58

* Includes voluntary retirement and dismissal but excludes retirement due to age, disciplinary dismissal, and intra-group transfers.
** Excludes "voluntary retirement" and "dismissal" from the number of employees who left.
*** Corrected due to errors in the 2021 figures.

Employee Safety and Health

Category	Unit	2021	2022	2023
No. of Operating Days	Days	194	180	181
No. of Absence Days	Days	-	-	-
No. of Sick Leave Days	Days	68	280	363
No. of Occupational Accidents	Days	-	-	-
No. of Injured Employees	Persons	-	-	-
No. of Lost Workdays	Days	-	-	-

Union Membership Rate

Category	Unit	2021	2022	2023
No. of Employees Eligible for Union Membership	Persons	223	237	217
No. of Union Members	Persons	180	193	172
Union Membership Rate	%	80.7	81.4	79.2

ESG Data Pack

Social Performance

Employee Training Status

Category	Unit	2021	2022	2023
Total Education Expenses	KRW 1 million	32	56	62
Total Education Hours	Hours	4,729	5,508	5,832
Total No. of Employees Participating in Training*	Persons	1,505	1,540	1,596
Training Expenses Per Person	KRW/Person	21,551	36,153	38,553
Training Hours Per Person	Hours/Person	3.2	3.6	3.7

Category		Unit	2021	2022	2023
General Training (Job, Leadership, etc.)	General Training Hours per Person	Hours/Person	3.2	3.6	3.7
Statutory Training**	Statutory Training Hours per Person	Hours/Person	6	6	6

* Corrected the number of employees participating in training in the report for the pertinent year due to errors in the report disclosed in 2021.

** Includes training for the prevention of workplace sexual harassment, improvement of awareness regarding disabilities, and prevention of workplace bullying.

Community - Social Contribution

Category	Unit	2021	2022	2023
Total No. of Social Contribution Activities*	Items	30	29	31
Total Volunteer Hours	Hours	-	2,295	3,605
Average Volunteer Hours per Employee	Hours	-	2.1	3.2

* Amidst the COVID-19 pandemic in 2021, large-scale social contribution activities typically held on-site were adapted to include alternative initiatives such as donations and procuring essential daily goods for distribution.

Customers

Category		Unit	2021	2022	2023
Customer Complaints	No. of Customer Complaints Received	Items	62	23	36
	No. of Complaints Processed Among Those Received	Items	62	21	32

Association Fees

Association Name	Unit	2021	2022	2023
Korea Financial Investment Association	KRW 1 million	2,350	2,396	2,554
Korea Capital Market Institute	KRW 1 million	188	198	198

Appendix

Stakeholder Communication

Meritz Securities values communication with stakeholders, and selects key stakeholders critical to sustainable management to sustain communication. We analyze each major stakeholder group's unique characteristics, listen to their primary concerns and opinions, and incorporate this feedback into our management strategies. Going forward, Meritz Securities will remain fully committed to maintaining honest communication with its stakeholders, building trust, and integrating their feedback into our key decision-making processes.

Stakeholders	Key Issues of Interest	Communication Channels
Employees	- Enhancing Employee Expertise - Fair Organizational Culture - Work-Life Balance - Employee Welfare	- Employee Training Programs - Internal Whistleblowing Channels - Labor-Management Council - Employee Health Checkups and Medical Expense Support
Customers	- Consumer Protection and Privacy Protection - Financial Accessibility	- Customer Service Center - Website - Non-Face-to-Face Channels
Shareholders and Investors	- Management Transparency and Reliability - Sound Governance - Enhancing Shareholder Value	- General Meeting of Shareholders and the Board of Directors - Investment Information Portal (within the Website) - Regular, Ad-Hoc, and Voluntary Disclosures (DART, etc.)
Partners	- Win-Win Growth and Mutual Prosperity - Fair trade	- Pledges for Compliance with Fair Trade (Prohibition of Unfair Practices and Bribery, etc.) - Monitoring through Meetings and Surveys
Local Communities and Government	- Social Contribution Activities and Support for Vulnerable Groups - Support for the Community and Job Creation - Responding to Key Government Policies and Compliance with Laws and Regulations	- Donation Activities - Community Infrastructure and Volunteer Activities - Consultative Bodies and Meetings Related to Financial Authorities' Policies - Disclosures and Press Releases

Appendix

UN SDGs Commitment

The United Nations has outlined the Sustainable Development Goals (SDGs), featuring five critical areas — People, Planet, Prosperity, Peace, and Partnership — encompassing 17 goals and 169 specific targets designed to promote sustainable development of humanity. As part of the global community, Meritz Securities backs the SDGs, participating in diverse activities to help achieve these collective objectives.

SDGs	Detailed Targets	Meritz Securities' Major Activities
Goal 1. **No Poverty** End poverty in all its forms everywhere	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	• Run social contribution programs like offering free meals (Mapo Senior Welfare Center) and special meals (Nanum's Nest) • Host events like Beautiful Saturday and manage the Beautiful Store • Take part in the Briquette Delivery (Briquette Sharing Movement Headquarters)
Goal 3. **Good Health and Well-Being** Ensure healthy lives and promote well-being for all at all ages	3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	• Cover employees' medical expenses, health screenings, disaster relief funding, and condolence payments • Introduce flexible work schedules, including staggered and adjustable working hours • Improve employee welfare through the management of an internal welfare fund • Foster a collaborative labor-management relationship through quarterly council meetings
Goal 4. **Quality Educatio** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	• Back the social farms to create jobs for individuals with developmental disabilities
	4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development	• Subsidize educational and certification exam fees to boost our employees' financial expertise • Host humanities classes to cultivate diversity and creativity within our workforce • Provide educational and consulting services to help retirees re-enter the workforce • Regularly offer ethical management training, which includes courses on preventing sexual harassment and discrimination against individuals with disabilities
Goal 5. **Gender Equality** Achieve gender equality and empower all women and girls	5.4 Recognize and value unpaid care and domestic work	• Run top-rated workplace childcare centers, which have earned the highest rating of "Grade A" in institutional evaluations • As part of our maternity protection policies, advocate for reduced family care duties and offer family care leave • Set up a lounge specifically for female employees at our headquarters
Goal 6. **Clean Water and Sanitation** Ensure availability and sustainable management of water and sanitation for all	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	• Use a "water capture" system that collects rainwater along the roof surface, filters it, and then uses it for irrigation to reduce water consumption
Goal 7. **Affordable and Clean Energy** Ensure access to affordable, reliable, sustainable and modern energy for all	7.4 By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	• Fund eco-friendly projects including the Gahwa Solar Power Project (2020), the Shinan Green Energy Wind Project (2021), and the Wampu Hydropower Project in Indonesia (2022)
Goal 10. **Reduced Inequalities** Reduce inequality within and among countries	10.2 Empower and promote the social, economic and political inclusion of all	• Increase job opportunities for socially marginalized groups (individuals with disabilities, certified patriots and their descendants, etc.) • Initiate actions through the Occupational Safety and Health Committee, In-house Grievance Committee, and the Labor-Management Council
Goal 11. **Sustainable Cities and Communities** Make cities and human settlements inclusive, safe, resilient and sustainable	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	• Manage housing security programs involving leasing, purchasing funds, loans, and rentals for employee housing
Goal 12. **Responsible Consumption & Production** Ensure sustainable consumption and production patterns	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	• Consistently lower paper consumption by introducing digital counters and switching to electronic reporting and documentation systems • Cut energy use in buildings by using integrated lighting-off and ice thermal storage systems and taking part in the Earth Hour campaign • Involve our employees in ESG campaigns focused on saving energy
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	• Publish and disclose the Sustainability Report biennially • Make our ESG evaluation details available on the Meritz Securities website
Goal 13. **Climate Action** Take urgent action to combat climate change and its impacts	13.2 Integrate climate change measures into national policies, strategies and planning	• Fund eco-friendly projects by offering and selling ESG funds • Make direct investments in renewable and non-fossil energy projects • List carbon emissions trading notes on the Korea Exchange and participated in trading greenhouse gas emission permits
Goal 16. **Peace, Justice and Strong Institutions** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.6 Develop effective, accountable and transparent institutions at all levels	• Establish the Compliance Team under the Compliance Division and appoint a Compliance Officer. • Draft an ethics compliance pledge and train CP management professionals

Appendix

GRI INDEX

GRI 2: General Disclosures 2021

Topic		Disclosure	Page
The organization and its reporting practices	2-1	Organizational details	7
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	2
	2-5	External assurance	78
Activities and workers	2-6	Activities, value chain and other business relationships	7
	2-7	Employees Business report	Business Report p. 537
	2-8	Workers who are not employees	65
Governance	2-9	Governance structure and composition	21
	2-10	Nomination and selection of the highest governance body	16, 17
	2-11	Chair of the highest governance body	16
	2-12	Role of the highest governance body in overseeing the management of impacts	17
	2-13	Delegation of responsibility for managing impacts	29, 30
	2-14	Role of the highest governance body in sustainability reporting	18
	2-16	Communication of critical concerns	19
	2-17	Collective knowledge of the highest governance body	18
	2-18	Evaluation of the performance of the highest governance body	19
	2-19	Remuneration policies	19
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5, 6
	2-24	Embedding policy commitments	25
	2-27	Compliance with laws and regulations	26
Stakeholder engagement	2-29	Approach to stakeholder engagement	70
	2-30	Collective bargaining agreements	68

GRI 3: Material Topics 2021

Topic		Disclosure	Page
Disclosures on material topics	3-1	Process to determine material topics	13
	3-2	List of material topics	14
	3-3	Management of material topics	14

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GRI INDEX

GRI 201: Economic Performance / General Disclosures 2021

Topic		Disclosure	Page
Economic Performance	201-1	Direct economic value generated and distributed (EVG&D)	24
	201-2	Financial implications and other risks and opportunities due to climate change	No disclosure available
	201-3	Defined benefit plan obligations and other retirement plans	44
	201-4	Financial assistance received from government	N/A

GRI 203: Indirect Economic Impacts / General Disclosures 2021

Topic		Disclosure	Page
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	N/A
	203-2	Significant indirect economic impacts	24

GRI 205: Anti-corruption / General Disclosures 2021

Topic		Disclosure	Page
Anti-corruption	205-1	Operations assessed for risks related to corruption	N/A
	205-2	Communication and training about anti-corruption policies and procedures	27, 28
	205-3	Confirmed incidents of corruption and actions taken	N/A

GRI 206: Anti-competitive Behavior / General Disclosures 2021

Topic		Disclosure	Page
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A

GRI 207: Tax 2019 / General Disclosures 2021

Topic		Disclosure	Page
Tax 2019	207-1	Approach to tax	30
	207-2	Tax governance, control, and risk management	30
	207-3	Stakeholder engagement and management of concerns related to tax	30

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GRI 302: Energy / General Disclosures 2021

Topic		Disclosure	Page
Energy	302-1	Energy consumption within the organization	64
	301-2	Energy consumption outside of the organization	N/A
	302-3	Energy intensity	64
	302-4	Reduction of energy consumption	64

GRI 303: Water and Effluents / General Disclosures 2021

Topic		Disclosure	Page
Water and Effluents	303-1	Interactions with water as a shared resource	33
	303-3	Water withdrawal	33

GRI 305: Emissions / General Disclosures 2021

Topic		Disclosure	Page
Emissions	305-1	Direct (Scope 1) GHG emissions	64
	305-2	Energy indirect (Scope 2) GHG emissions	64
	305-3	Other indirect (Scope 3) GHG emissions	No disclosure available
	305-4	GHG emissions intensity	64

GRI 306: Waste / General Disclosures 2021

Topic		Disclosure	Page
Waste	306-3	Waste generated	64

GRI 401: Employment / General Disclosures 2021

Topic		Disclosure	Page
Employment	401-1	New employee hires and employee turnover	47
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A
	401-3	Parental leave	67

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GRI 403: Occupational Health and Safety / General Disclosures 2021

Topic		Disclosure	Page
Occupational Health and Safety	403-1	Occupational health and safety management system	43, 45
	403-2	Hazard identification, risk assessment, and incident investigation	N/A
	403-3	Occupational health services	43, 45
	403-4	Worker participation, consultation, and communication on occupational health and safety	43
	403-6	Promotion of worker health	43, 45
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45
	403-8	Workers covered by an occupational health and safety management system	45

GRI 404: Training and Education / General Disclosures 2021

Topic		Disclosure	Page
Training and Education	404-1	Average hours of training per year per employee	69
	404-2	Programs for upgrading employee skills and transition assistance programs	47

GRI 405: Diversity and Equal Opportunity / General Disclosures 2021

Topic		Disclosure	Page
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	16, 18, 67
	405-2	Ratio of basic salary and remuneration of women to men	Business Report p. 537

GRI 410: Security Practices / General Disclosures 2021

Topic		Disclosure	Page
Security Practices	410-1	Security personnel trained in human rights policies or procedures	43

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GRI INDEX

GRI 413: Local Communities / General Disclosures 2021

Topic		Disclosure	Page
Local Community	413-1	Operations with local community engagement, impact assessments, and development programs	49, 50, 51
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A

GRI 417: Marketing and Labeling / General Disclosures 2021

Topic		Disclosure	Page
Marketing and Labeling	417-1	Incidents of non-compliance concerning product and service information and labeling	Business report p.560~562
	417-3	Incidents of non-compliance concerning marketing communications	Business report p.560~562

GRI 418: Customer Privacy / General Disclosures 2021

Topic		Disclosure	Page
Protection of Customer Information and Reinforcement of Cyber Security	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A

Appendix

SASB INDEX

INANCIALS SECTOR : INVESTMENT BANKING & BROKERAGE

Topic	Code	Accounting Indicators/Activity Indicators	
Employee Diversity & Inclusion	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	Please refer to the "ESG Data Pack" for detailed information on key executive data.
ESG Finance	FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	Our commitment lies in creating a varied portfolio of financial products and services that promote a sustainable economy of the society. Our products and services include underwriting green bonds used to fund eco-friendly purposes, issuing sustainable bonds for environmentally and socially focused projects, introducing financial investment products targeting companies and assets with outstanding ESG achievements, as well as introducing, investing, acquiring, brokering, and providing advices for financial investment products, all designed to benefit both the environment and society. For detailed information on key ESG financial performance, please refer to the "Green Finance" section of the Sustainable Financial Activities part.
	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	
	FN-IB-410a.3	Description on how to integrate environmental, social, and governance (ESG) factors into our investment banking and brokerage operations.	
Business Ethics	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	Please refer to the "Meritz Securities Business Report 2023."
	FN-IB-510a.2	Description of whistleblower policies and procedures	Please refer to the "Internal Reporting System" in the Compliance and Ethical Management parts.
Professional Integrity	FN-IB-510b.1	Number (1) and percentage (2) of licensed employees and identified decision-makers who have records of being subject to investment-related investigations, consumer complaints, private civil litigation, or other sanctions from regulatory authorities.	Please refer to the "Meritz Securities Business Report 2023."
	FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	
	FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	
	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	Through its internal control systems and frameworks, Meritz Securities remains committed to identifying and tackling any issues concerning professional ethics and fraud. For detailed information, please refer to the "Internal Control System and Audit" in the Compliance and Ethical Management part.
Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	In compliance with legal requirements and demands from regulatory authorities, Meritz Securities annually publishes its remuneration system on its corporate website. For detailed information, please refer to the "Meritz Securities 2023 Annual Report on the Remuneration System."
	FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	
	FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	

Appendix

Independent Assurance Statement

Introduction

Korea Management Registrar (KMR) was commissioned by Meritz Securities to conduct an independent assurance of its 2024 Sustainability Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Meritz Securities. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Meritz Securities and issue an assurance statement.

Scope and Standards

Meritz 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.

Confirmation that the Report was prepared in accordance with GRI standards 2021 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.

- GRI Sustainability Reporting Standards
- Universal Standards
- Topic Specific Standards
  - GRI 201: Economic Performance
  - GRI 205: Anti-Corruption
  - GRI 401: Employment
  - GRI 413: Local Communities
  - GRI 418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of Meritz Securities' partners, suppliers and any third parties.

KMR's Approach

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:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by Meritz 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

Based on the document reviews and interviews, we had several discussions with Meritz 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 GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

Meritz 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.

Materiality

Meritz 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.

Responsiveness

Meritz 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 Meritz Securities actions.

Impact

Meritz 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.

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 Meritz Securities and did not provide any services to Meritz Securities that could compromise the independence of our work.

April 2024 Seoul, Korea

KMR Korea Management Registrar
SRV1000 Sustainability Committee Assurance
AA1000 Licensed Report 000-129/V3-UQWFB

Appendix

Awards

No.	Award name	Date	Host	Details
1	The Korea Economic Daily Star Wars Awards Ceremony for the Second Half of 2021	January 25, 2022	The Korea Economic Daily	Son Ji-woong, General Manager at Gwanghwamun Financial Center Won the 1st Place in the Award
2	2022 Korea Capital Markets the bell League Table Awards	January 26, 2022	The Bell	Best Alternative Investment Deal Award
3	Second-Half Excellent Primary Dealer (PD) Awards Ceremony	February 5, 2022	Ministry of Economy and Finance	Overall 1st Place
4	2022 E-Daily Real Estate IB Awards	February 8, 2022	eDNEWS	Best Real Estate Finance Award
5	2022 Maeil Business Newspaper Securities Awards	March 15, 2022	Maeil Business Newspaper	Gold Award in the Corporate Analysis Category
6	2022 E-Daily Finance Investment Awards	April 21, 2022	E-Daily	IB Category Award
7	19th Korea Securities Awards 2022	December 1, 2022	Seoul Economic Daily	Alternative Investment Category
8	2022 Finance Securities Awards	December 21, 2022	Aju Business Daily	Grand Prize in the Securities Category
9	Korea IB Awards	February 16, 2023	Money Today	Best Structured Finance Leader
10	2023 Korea Wealth Management Awards	February 22, 2023	The Bell	Structured Derivatives House of the Year
11	2022 Korea Best Report	February 22, 2023	Money Today	Best Small Cap House
12	2023 Real Estate IB Awards	March 14, 2023	DNEWS	Best Real Estate PF Brokerage
13	2023 Securities Awards	March 28, 2023	Maeil Business Newspaper	Investment Strategy Category
14	2023 Financial Investment Awards	April 24, 2023	E-Daily	Financial Investment - Trading Category
15	2023 Capital Market Awards	May 2, 2023	Herald Economy	Best Earnings Awards
16	20th Korea Securities Awards	December 5, 2023	Seoul Economic Daily	Analyst of the Year
17	2023 Financial Securities Awards	December 27, 2023	Aju Business Daily	Research Innovation Category
18	Best Securities Analyst in the Second Half of 2023	January 16, 2024	The Korea Economic Daily Business	Frontier Awards
19	2024 Korea Capital Markets thebell League Table Awards	January 26, 2024	The Bell	Best Alternative Investment Deal
20	2023 Best Securities Analyst	January 30, 2024	Maeil Business Economy	3rd Place in the Research Center of the Year
21	21st Korea IB Awards	January 30, 2024	Money Today	Best Real Estate Finance Leader
22	2024 Korea IB Awards	March 14, 2024	DNEWS	Alternative Investment Category

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