

Promoting Financial Consumer Rights

Advancing Development-Sales-Follow-up Process

Samsung Securities prioritizes the prevention of issues regarding financial consumer protection. We are operating inspection procedures to prevent damages of consumers in the entire process of product development, product sales, and follow-up management. When designing products, we inspect products from various perspectives to check if there is any possibility of harm toward our consumers, and prevent incomplete sales by following the sales procedure according to the six sales principles. For safeguarding financial consumers, we conduct monitoring after sales and regular inspection of complaints. And for the final step, the Consumer Protection Council inspects all processes followed by implementation of improvement activities according to the inspection results. We also apply the contents of the Financial Consumer Protection Act, which came into effect on March 25, 2021, to our business activities with an aim to prevent any violation of consumer rights and interests and breach of regulations.

Major Contents of the Financial Consumer Protection Act

1. Recording the contents of consultations on medium- or high-risk financial products and credit/loan agreements
2. With the introduction of the right to withdraw a loan, the original is returned upon request for investment products within 7 days after conclusion of a contract and loan products within 14 days after conclusion of a contract
3. Introduction of the right to cancel an illegal contract for all products / It is available for contracts within 5 years from the date of signing or within 1 year from the date of knowing the violation to be cancelled, and there is no obligation to return the original (return the amount at the time of cancellation)
4. In case of dispute settlement and litigation such as civil complaints from financial consumers, it is available to request data related to internal control such as contract documents, company's inspection system, and data management.

1. Development

- Identification of the product development checklist
- Review of new products and manuals using the comprehensive consumer protection system and advertisement review
- Attendance in a meeting of the Product Committee by COO

2. Sales

- 6 sales principles (suitability, appropriateness, duty of explanation, prohibition of unfair practices, unlawful solicitation, and false or exaggerated advertisements)
- Preemptive detection of problems through mystery shopping

3. Follow-up Management

- Product monitoring
- Inspection on complaints about products
- Check for monthly sales of financial products
- Suspension and termination of improper product sales

4. The Consumer Protection Council

- Regular consultation on major issues related to financial consumer protection
- Identification of the current status of vulnerable areas in protecting financial consumers and preparing countermeasures
- Sharing the results of analysis of complaints and VOCs
- Efforts to raise awareness of financial consumer protection among employees

Realization of Financial Consumer Protection

Samsung Securities is making endeavor to protect financial consumers. In 2020, we improved the convenience and accessibility of financial consumers and introduced measures for financial fraud, while making programs advanced to prevent incomplete sales. We will continue to reinforce the client-centered management by identifying and institutionalizing activities to keep financial consumers safe and consolidate their rights and interests from various perspectives.

1. Introduction of a checklist for inspecting financial product sales

A checklist was introduced to prevent employees from omitting product explanation and to inspect overall progress. With the checklist, clients can sign up for appropriate investment products tailored to their needs by listening to explanations about the products such as the concept, profit and loss structure, risk factors, and fees

2. Online issuance of mobile OTP

OTP is a disposable password that is randomly generated. The password is excellent in terms of security, but requires a strict certification process. We introduced an online issuance service for mobile OTP and simplified the complex certifications process so that anyone can easily protect their information

3. Countermeasures against financial fraud

Recently, there has been a growing damage by financial fraud with digitalization of financial business such as creating non-face-to-face accounts and open banking. Therefore, we are committed to the prevention of damage caused by financial fraud damage through continuously upgrading the Fraud Detection System (FDS) and performing transaction monitoring. We apply a security solution that restricts financial transactions when the remote control app used for financial fraud is running, thereby actively responding to newly formed scams such as voice phishing. On top of that, we have intensively monitored newly opened accounts for a preemptive response and implemented preventive policies such as improving the name verification process and limiting the transfer limit. In addition, when a client attempts to withdraw or transfer a large amount of money, a fraud prevention questionnaire should be filled out. In case we find anything unusual in the questionnaire, we take a close look at the client's behavioral characteristics and check a call history. When the transaction is suspicious we contact the financial consumer protection team and the police to prevent client damage

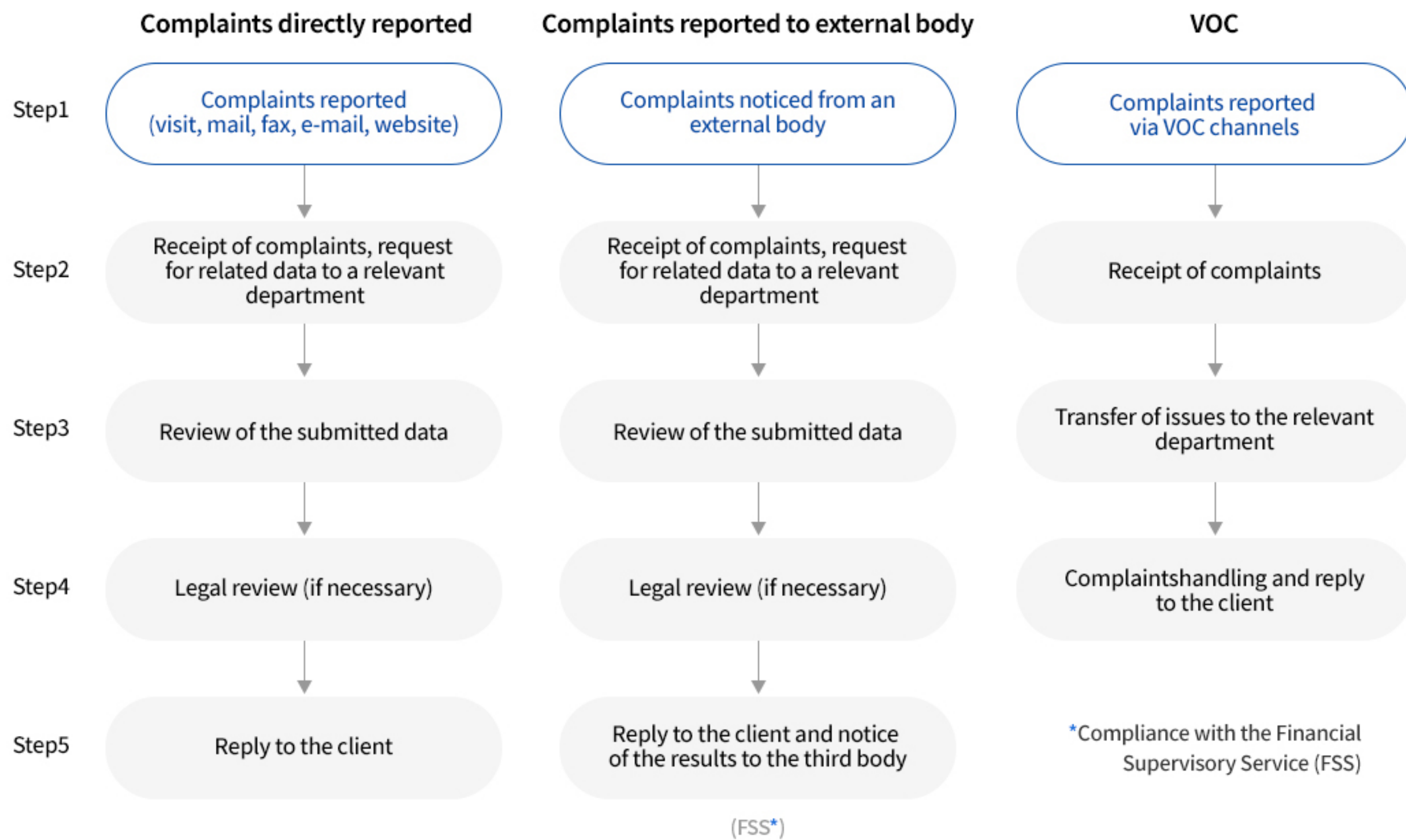
Innovation of Client Support

Mystery Shopping

Samsung Securities conducts mystery shopping quarterly followed by the application of the results to improve client service and protect investors. Mystery shopping is an investigative technique that an investigator masquerades as a client to monitor service processes. Since 2020, the mystery shopping target has been expanded to all branches of PB and has been conducted at least once a year. Each branch appoints a mystery shopping leader to prepare its own training system. Customized consulting is provided for branches and employees with poor performance, and increased rewards are given to excellent branches and employees on quarterly and yearly basis. Due to its mystery shopping, Samsung Securities has become the first in the industry to receive an A+ grade for 4 consecutive years in the 2020 Fund Seller Evaluation of the Korea Financial Investor Protection Foundation.

Management of Client Proposals through Consumer Protection System

Samsung Securities launched a new comprehensive consumer protection system to systematically manage client voices and actively reflect them into business activities. For efficient management, the system was developed to integrate tasks related to consumer protection, such as civil complaints, VOC/VOE, and prior consultation before product development and sales, into one system. We expect to promptly deal with civil complaints and VOCs and generate achievements for management activities and system improvement, advancing the existing process using the system. Samsung Securities actively reviews and responds to all client suggestions, regardless of the severity of the opinions. We will further vitalize communication with clients to deal with client complaints and raise clients' satisfaction, thereby resulting in providing a better client experience.



Grievance-handling Performance

Samsung Securities seeks to safeguard clients' rights and interests by handling all grievances in accordance with proper procedures, and to identify the problem as close as the investigation conducted by an external agency. Through the investigation, we are producing reliable results based on proven bases and reflect to a legal review for clients' rights even if the results are unfavorable to the company. If some problems are revealed in the internal investigation, they are transferred to the Consumer System Improvement Team and the team follows-up until the trouble is resolved. If illegal acts of executives and employees are discovered, the audit team takes in charge of the matter separately from the issue of complaints according to internal regulations. And the complaints are reflected in the branch KPI quarterly evaluation or in the year-end executive consumer protection evaluation.

The examples of achievements of reflecting the results of civil complaints in management activities and systems are as follows.

1. By establishing a 24-hour currency exchange system, repayment is possible at all times in case of payment error in KRW or foreign currency
2. A VOC-dedicated part was created within the Financial Consumer Protection Team to beef up expertise in responding to VOCs and prevent delays and omissions in responses
3. Opening of multiple accounts in a short period of time is limited or blocked to prevent financial fraud damage.
4. It is able to delete their personal information using non-face-to-face wired methods instead of visiting the branch, improving consumer rights and interests on personal information protection.
5. Client-friendly service is available such as detailed explanation on civil complaints and prevention of financial fraud by revising the UX/UI of the financial consumer protection board on the website.

Diversifying Channels for Listening to Clients' Opinions

<p>Opinion Panel for Client-centric management</p> <ul style="list-style-type: none">• 2nd term of client-oriented management in 2020• Recruitment of 12 PB/RM/FM with over 3 years of work experience at the branch and implementation of 'Activity to find inconveniences from the perspective of clients'	<p>Client satisfaction survey</p> <ul style="list-style-type: none">• Survey on client satisfaction on a quarterly basis and report to the consumer protection council• Conducting the monitoring on satisfaction about newly launched products more than half a year and reflecting the monitoring results to product development in the future• Ranked first in terms of client satisfaction survey conducted by 3 different external bodies	<p>VOC</p> <ul style="list-style-type: none">• Listening to the voices of clients and solving problems through the website• Establishment of division for dealing with VOCs
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Providing Financial Information and Education

Samsung Securities develops and delivers easy-to-follow educational contents to resolve the alienation of financial information, establish an upright perspective on the economy, and build a sound investment culture. The financial education for Youth, which facilitates formation of a proper economic knowledge to young people, is a representative social contribution activity of Samsung Securities. The class was conducted using a real-time online video conferencing program rather than face-to-face due to the COVID-19 situation. As of 2020, YAHU, a university student volunteer group of Samsung Securities, participated as lecturers 616 times, and a total of 840 youth took the course. And YouTube channel provides useful information to help financial investment through various financial and investment contents, encouraging the creation of a healthy investment culture.

Protecting Client Information

ISMS-P (Personal Information Security Management System) Certification

As digital-based financial services and non-face-to-face platforms grow in importance, Samsung Securities is continuously and systematically responding to the trend at the company-wide level, such as obtaining integrated information protection and personal information protection management system (ISMS-P) certification. ISMS-P is a management system that thoroughly analyzes information system services and personal information-related tasks. It evaluates security level of the personal information flow, such as all applicable services, systems, employees, and physical locations according to the data lifecycle (collection, retention, use, provision, and disposal). In 2020, Samsung Securities renewed the certification by meeting 102 certification standards that reflected 80 information protection-related security requirements and 22 personal information protection-related security requirements.

Introduction of Security Solutions

Introduction of a solution to handle Web/Mobile's vulnerabilities

- Enhancing security efficiency by introducing specialized automation solutions to inspect vulnerabilities of website and mobile app systems instead of manual checking
- Minimizing Web/Mobile system vulnerability exposure by periodically and automatically checking vulnerability information

Establishment of online private certification/mobile OTP

- Increase in client convenience by improving self-certification standards and procedures and introducing new certification technology
- Introduction of mobile OTP available to be issued online and application to all online channels including website/HTS/MTS