

# Risk Management Regulation

## CHAPTER I. GENERAL PROVISIONS

### Article 1 (Purpose)

1. The purpose of this regulation (this “Regulation”) is to prescribe the important matters necessary for maintaining the management stability by comprehensively and efficiently managing the risks that may arise with respect to business issues of Kakao Corporation (the “Company”).
2. Any matters related to the Risk Management (defined below) of the Company shall be subject to this Regulation, unless otherwise specified by the applicable laws, the Articles of Incorporation, etc.

### Article 2 (Definitions)

1. Terms used in this Regulation have the following meanings:
  - ① “Risk(s)” means the possibility of any uncertainties that may arise during the performance of business activities by the Company which may give rise to a loss or a consequence unfavorable to the Company’s value, which may be classified into financial risks and non-financial risks.
  - ② “Non-financial Risk(s)” means the risks that may arise in all areas including compliance, corporate/technological/service ethics, human resources, business management, etc. that may arise in the course of operating the business, including but not limited to, technological ethics risks, user protection risks, privacy risks, policy and regulatory risks, compliance risks, information security risks, ethical risks, reputation risks, corporate identity (CI) risks, personal identity (PI) risks, external environmental risks, human rights risks, and environmental risks.
  - ③ “Financial Risk(s)” means the risks arising in relation to the Company’s financial conditions, financial information reporting system, and tax policy, such as those related to interest rate, liquidity, credit, foreign exchange, capital, financial reporting, internal financial management, tax, etc.

- ④ “Risk Management” means a series of processes to efficiently identify, measure, analyze, review, monitor, inspect, handle, respond to, manage, control, and report the Financial Risks or Non-financial Risks that the Company may face.
- ⑤ “Technological Ethics Risk(s)” means the risks that may be caused by adverse effects of various technologies, such as artificial intelligence, cloud, blockchain, etc.
- ⑥ “User Protection Risk(s)” means the risk of causing user inconveniences and infringing the users’ rights during their use of services due to technical failure, etc.
- ⑦ “Privacy Risk(s)” means any risks arising from the risk of infringing the privacy of the users or a breach of applicable laws with respect to the user information collected in the services.
- ⑧ “Policy and Regulatory Risk(s)” means the risks arising in the Company’s business activities in general, such as its existing business activities, business management activities, and its starting of a new business, etc., due to the policies and regulations of the competent authorities of the administrative, legislative, or judicial branch.
- ⑨ “Compliance Risk(s)” means the risks related to the possibility of a breach of applicable laws, regulations, agreements, standards, or bylaws that may, directly or indirectly, lead to financial liabilities, civil or criminal penalty, sanction by the competent regulatory authority, or other adverse effects on the Company or its officers and employees.
- ⑩ “Information Security Risk(s)” means the risks arising from abusing activities to disrupt the services’ normal activities, malicious hacking attack against the system, data breach, etc.
- ⑪ “Ethical Risk(s)” means the risks caused by unethical behavior carried out by a crew member or a partner company in the course of business.

- ⑫ “Reputation Risk(s)” means the risks arising from the negative public sentiment and deterioration of the Company’s reputation due to its sales slump or occurrence of a scandal, civil complaint, material litigation, etc.
- ⑬ “Corporate Identity Risk(s)” or “CI Risk(s)” means the risks arising from unauthorized use of the Company’s trade name, legal name, trademark, reputation, credit, etc.
- ⑭ “Personal Identity Risk(s)” or “PI Risk(s)” means the risks of the Company arising from a scandal, the material litigation related to the Company’s business, or other activities undermining the sound growth of the community, etc. involving or raised by the Company’s officer, crew member, or other members of the Company.
- ⑮ “External Environmental Risk(s)” means the risks caused by unexpected changes in the external environment, such as infectious disease, war, act of terrorism, act of God, etc.
- ⑯ “Human Rights Risk(s)” means the risks caused by an infringement of human dignity, value, freedom, and rights guaranteed by the Constitution or laws or being recognized by the international society in the course of the Company’s business.
- ⑰ “Climate Change and Environmental Risks” mean any risks arising in relation to climate change and the environment, such as risks that have caused or threaten to cause environmental pollution or damage, risks caused by climate crisis due to climate change, risks arising from any changes of various policies and regulations related to or in the process of responding to climate change such as the reduction of greenhouse emissions to prevent climate crisis and adaptation to climate change, etc.
- ⑱ “Officers” mean the Company’s registered and unregistered officers.

2. Any other capitalized terms used herein that are not defined shall have the meaning ascribed to them in the applicable laws, other by laws or regulations of the Company, etc.

### **Article 3 (Basic Principles of Risk Management)**

1. The basic principles of Risk Management are as follows:
  - ① Risk Management will be carried out by striking a balance between the short-term and the mid- and long-term perspectives.
  - ② The Company shall ensure that the resources are efficiently utilized by adequately diversifying the risks and setting a permissible limit.
  - ③ Risk Management shall be carried out at the Company level and shall be proactively carried out from the phase of project planning.
  - ④ Risks shall be meticulously checked and managed by the Responsible Department (defined below) and the Primarily Responsible Department (defined below) through all the phases, including technology development and services planning and operation phases.
  - ⑤ As for any Risks that may occur from time to time, the Company shall operate a sharing system where all the crew as well as the Responsible Department and the Primarily Responsible Department may check such Risks.
2. Both Non-financial Risks and Financial Risks are subject to Risk Management.
3. The following Non-financial Risks are subject to Risk Management:
  - ① Technological Ethics Risk
  - ② User Protection Risk
  - ③ Privacy Risk
  - ④ Policy and Regulatory Risk
  - ⑤ Compliance Risk
  - ⑥ Information Security Risk
  - ⑦ Ethical Risk

⑧ Reputation Risk

⑨ CI Risk

⑩ PI Risk

⑪ External Environmental Risk

⑫ Human Rights Risk

⑬ Climate Change and Environmental Risk

⑭ Any other Non-financial Risks that are deemed necessary to be managed by the Board of Directors and/or the ESG Committee.

4. The following Financial Risks are subject to Risk Management:

① Interest Rate/Liquidity Risks

② Credit Risk

③ Foreign Exchange Risk

④ Capital Risk

⑤ Financial Reporting Risk

⑥ Internal Accounting Risk

⑦ Tax Risk

⑧ Any other Financial Risks deemed necessary to be managed by the Board of Directors and/or the Audit Committee.

## **CHAPTER II. RISK MANAGEMENT ORGANIZATION**

### **Article 4 (Risk Management Organizations)**

The Risk Management Organizations shall be the Board of Directors, the ESG Committee, the Audit Committee, the Officer in Charge of Risk Management (defined below; provided that if the Company establishes a Risk Management Committee pursuant to the proviso to Article 6(1) hereof, it shall mean the Risk Management Committee; the same shall apply hereinafter except for the provisions under Article 6(1) (2) and (7) hereof), the Office of Community Compliance Support (in charge of non-financial affairs) and the Office of Financial Planning and the Office of Financial Accounting (in charge of financial affairs) (the Office of Community Compliance Support, the Office of Financial Planning, and the Office of Financial Accounting shall be collectively referred to as the “Primarily Responsible Department”) and the department in charge of Risk Management (the “Responsible Department”). Even in case of a change of the name, etc. of a Risk Management Organization, if such an organization is deemed to be identical to the former Risk Management Organization before the change when comprehensively considering such an organization’s purpose of establishment, role, responsible businesses, etc., such an organization shall be deemed to be the Risk Management Organization under this Agreement.

### **Article 5 (Board of Directors, ESG Committee, and Audit Committee)**

1. The Board of Directors shall take charge of any Risk Management matters, including but not limited to, reviewing the main cause of any Risks that may arise from business, supervising such Risks, establishing related policies, etc.
2. The ESG Committee shall take charge of managing Non-financial Risks such as reviewing the main cause of Non-financial Risks, supervising such Risks, establishing related policies, etc. The ESG Committee may exercise such authority of making decisions on various matters related to Non-financial Risks and the business activities that may be accompanied by Risks as entrusted by the Board of Directors.
3. The Audit Committee shall take charge of managing Financial Risks such as reviewing the main cause of Financial Risks, supervising such Risks, establishing related policies, etc. The Audit Committee may exercise such authority of making decisions on various matters related to Financial Risks and

the business activities that may be accompanied by Risks as entrusted by the Board of Directors.

4. The roles and major resolutions of the Board of Directors, the ESG Committee, and the Audit Committee shall be subject to the provisions of the Regulations of the Board of Directors, the ESG Committee Regulation, and the Regulations of the Audit Committee.

#### **Article 6 (Officer in Charge of Risk Management)**

1. The Company shall appoint an officer in charge of comprehensively managing the Risks that may arise from its businesses and supporting the Board of Directors and the ESG Committee with respect to the businesses related to Risk Management to oversee the Risk Management at the company level (the “Officer in Charge of Risk Management”); provided that if it is difficult to appoint the Officer in Charge of Risk Management, it shall establish a Risk Management Committee to replace the role thereof.
2. The Officer in Charge of Risk Management shall be appointed in accordance with the following principles:
  - ① The Officer in Charge of Risk Management shall be appointed or removed by the resolution of the Board of Directors. The removal of the Officer in Charge of Risk Management shall require the affirmative vote of two-thirds of all members of the Board of Directors.
  - ② The term of office of the Officer in Charge of Risk Management shall be two (2) or more years, which shall be determined by the Board of Directors.
  - ③ The Officer in Charge of Risk Management shall be an Officer of the Company.
3. The Officer in Charge of Risk Management shall manage both Non-financial Risks and Financial Risks through the Primarily Responsible Department.
4. The Officer in Charge of Risk Management shall report the important matters related to Risk Management and such important matters to be reported to the ESG Committee, the Audit Committee, and the Board of Directors as specified

hereunder to the ESG Committee, the Audit Committee, and the Board of Directors, respectively.

5. The Officer in Charge of Risk Management may appoint an employee in charge of a type of risk for each type of the Risks subject to Risk Management (each, the “Employee in Charge of Management of Each Risk”).
6. The Officer in Charge of Risk Management and the Employees in Charge of Management of Each Risk shall not receive unfair disadvantages in their performance evaluation due to any causes related to their performance with respect to Risk Management.
7. If prior to the appointment of the Officer in Charge of Risk Management or if the Officer in Charge of Risk Management is absent or unable to execute his/her duties, the CEO or a person designated by the CEO shall perform the duties of the Officer in Charge of Risk Management on behalf of him/her, and the acting Officer in Charge of Risk Management shall perform the duties in consultation with the Officers and the Primarily Responsible Department that are related to Risk Management; provided that if the Company finds it difficult to appoint the Officer in Charge of Risk Management, it may organize a Risk Management Committee to replace the role thereof.

#### **Article 7 (Primarily Responsible Department)**

1. The Company shall have in place the Primarily Responsible Department that comprehensively oversees and manages the Risks at the Company level.
2. The Office of Community Compliance Support, as the Primarily Responsible Department, shall perform various businesses related to the management of Non-financial Risks at the company level and support the decision making of the Board of Directors and the ESG Committee, and an RM TF may be established to support the businesses of the Office of Community Compliance Support.
3. The RM TF is a consultative group consisting of the Employees in Charge of Management of Each Risk and the Team Managers of the major Responsible Departments, the members of which shall determine the detailed matters related to the management of Non-financial Risks through consultation.



4. The Office of Financial Planning and the Office of Financial Accounting, as the Primarily Responsible Departments, shall perform various businesses related to the management of Financial Risks at the company level and support the decision making of the Board of Directors and the Audit Committee.
5. The Office of Community Compliance Support, the Office of Financial Planning, and the Office of Financial Accounting shall perform the businesses through mutual consultation, if necessary for effective Risk Management.
6. The Primarily Responsible Department shall perform the following businesses:
  - ① Oversee all businesses related to Risks, such as inspecting the current conditions of Risk Management, handling and responding to Risks, controlling Risks, establishing policies related to Risks and inspecting whether the policies are well implemented, etc.;
  - ② Provide support and management to establish a Risk-based management plan;
  - ③ Establish the detailed action plans for the plans, strategies, and policies to manage and respond to Risks determined by the Board of Directors, the ESG Committee, and the Audit Committee and taking and supervising measures to spread and disseminate the Risk Management culture at the company level;
  - ④ Establish and operate the Risk Management System and supervise and direct the operation and performance thereof;
  - ⑤ Create and carry out a company-wide education program with regard to the master plan for Risk Management established under Article 9 hereof, Risk Management, and the Company's major Risks;
  - ⑥ Review Risk factors related to newly-released products and new businesses;
  - ⑦ Develop and operate major index for Risk Management, establish and manage the detailed criteria and procedures necessary for managing Risks by sector, and establishing Risk-related guidelines, etc.;

- ⑧ Recognize, analyze, monitor, handle, and respond to the occurrence of crisis, major incidents, or change of major index that may affect the Company's Risk Management policies, and report on the monitoring, handling and measures taken;
- ⑨ Implement and supervise the instructions of the Board of Directors, the ESG Committee, and the Audit Committee;
- ⑩ Conduct a preliminary review of the transactions between the affiliates under the Monopoly Regulation and Fair Trade Act; and
- ⑪ Such other matters related to Risk Management as determined by the Board of Directors, the ESG Committee, and the Audit Committee.

#### **Article 8 (Responsible Department)**

1. The Responsible Department shall comply with the company-level Risk Management policies and shall bear the primary responsibility and obligation for the Risk Management related to the businesses that the Responsible Department takes charge of.
2. The Responsible Department shall perform the following businesses:
  - ① Perform and report various Risk Management activities as instructed by the Board of Directors, the ESG Committee, the Audit Committee, and the Officer in Charge of Risk Management;
  - ② Implement the matters determined by the Board of Directors, the ESG Committee, and the Audit Committee;
  - ③ Elect the employee in charge of Risk Management in the Responsible Department and operate the department;
  - ④ Provide the information required for the Primarily Responsible Department to perform the Risk Management businesses; and
  - ⑤ Inspect and manage any Risks in the relevant sector on a regular basis.

## **CHAPTER III. RISK MANAGEMENT PROCEDURE**

### **Article 9 (Risk Management Master Plan)**

1. The Officer in Charge of Risk Management shall support the establishment of the master plan for Risk Management (the “Risk Management Master Plan”) to enable the Board of Directors, the ESG Committee, and the Audit Committee to establish the Risk Management policies and plans that comply with the management strategy and policies.
2. The Officer in Charge of Risk Management may establish the detailed action plans for the Risk Management Master Plan, and shall manage whether the Risk Management Master Plan is effectively implemented at the company level.

### **Article 10 (Risk Management Procedures)**

1. The Risk Management procedures shall be in accordance with the following order of priority: detecting, measuring, analyzing, monitoring, controlling, reporting, handling, evaluating Risks, and taking follow-up measures with respect to the Risks throughout the businesses in general.
2. The Primarily Responsible Department shall detect any signs of Risks in the early phase and develop a Risk Management index to prevent the Risks.
3. The Primarily Responsible Department shall ex-ante and ex-post identify the location, key cause, occurrence pattern, etc. of the important Risks that may arise from all activities that may be accompanied by the Risks in connection with the Company’s business.
4. The Primarily Responsible Department shall support the establishment of the Risk Management tasks to be implemented, checking of the matters that have been implemented, and the Risk Management activities by the Officer in Charge of Risk Management.
5. The Responsible Department shall inspect whether the Company is in compliance with the various regulations related to Risk Management and other current conditions of Risk Management. If there is any irregularity, it shall promptly consult with the Primarily Responsible Department concerning such irregularity.

6. The Officer in Charge of Risk Management shall inspect the current conditions of Risk Management, analyze its effects on the Company, etc. and report important matters to the ESG Committee and the Audit Committee.
7. The Officer in Charge of Risk Management shall monitor the implementation, etc. of the matters reported to the Board of Directors, the ESG Committee, and the Audit Committee and report the condition of material matters.

#### **Article 11 (Crisis Management Plan)**

1. The Board of Directors, the ESG Committee, and the Audit Committee may implement a separate crisis management plan to analyze the levels of the effects of the risks that may cause potential loss due to current or unexpected changes in the external and internal environment surrounding the Risks and manage such Risks by taking proper measures.
2. The crisis management plan may include a Stress Test and a Contingency Plan for the different phases of the crisis.

#### **Article 12 (Risk Management System)**

The Company shall establish, operate, maintain, repair, and advance the Risk Management system for efficient Risk Management.

#### **Article 13 (Enactment; Amendment)**

This Regulation may be enacted or amended by the resolution of the Board of Directors.

#### **Article 14 (Detailed Rules)**

The Officer in Charge of Risk Management may establish detailed rules to specify the matters necessary for the operation of this Regulation

First enactment date: February 24, 2022