

8 March 2024

Response to ISS 2024 Annual General Meeting: Proxy Advisory Report

Dear shareholders,

We sincerely appreciate your continued support for Woori Financial Group ("WFG" or "the Company"). As you are aware, the Company's Annual General Meeting ("AGM") will be held on 22nd March 2024.

We note that Institutional Shareholder Services ("ISS") published their proxy advisory report on March 8, 2024, recommending that shareholders vote against the following agenda items:

- Agenda Item 2-1: Elect Jeong Chan-hyeong as Outside Director;
- Agenda Item 2-2: Elect Yoon In-Seop as Outside Director;
- Agenda Item 2-3: Elect Shin Yo-hwan as Outside Director;
- Agenda Item 3-1: Elect Jeong Chan-hyong as a Member of Audit Committee; and
- Agenda Item 3-2: Elect Shin Yo-hwan as a Member of Audit Committee.

ISS has made these negative recommendations based on their "failure to remove a problematic director" policy, stating that Messrs. Jeong, Yoon and Shin have a *"record of serious failure of fiduciary duty"* which *"raises concern on their ability to act in the best interest of shareholders."* The perceived material governance failures that ISS refers to are the charges/sanctions against the former CEO, Tae-Seung Son ("Mr. Son"), during his tenure as Head of Woori Bank relating the misselling of the derivative-linked funds ("DLF Funds") (2020) and the Lime Asset's illicit funds ("Lime") (2021).

WFG would like the opportunity to provide additional information to our investors so that they may make a fully informed decision regarding the negative recommendations made by ISS in their proxy voting report.

Board changes and reversal of sanctions

Among the five directors, including the CEO, who served during the period of the private equity funds issues, four directors (including the CEO) resigned by early 2023. Therefore, the issue of *"negligence of oversight"* referenced by ISS appears to be irrelevant.

On the other hand, Mr. Jeong continued in his position on the Board, as it was deemed imperative for the stability and continuity. Mr. Jeong has been with the board for five years since the establishment of the holding company, and possess a deep understanding of the organizational culture and management issues of Woori Financial Group. As a Board member with former CEO experience in the financial industry, he has contributed significantly to the group's development and will continue to do so by providing realistic and balanced suggestions.

Furthermore, this judgment by ISS should be further reconsidered, given that: (1) regarding the DLF case,

the former CEO (Tae-Seung Son), the primary subject of the fiduciary duty related to the issues concerning certain private equity funds(DLF), continued to receive acquittals throughout the legal proceedings against the disciplinary charges imposed by the Financial Supervisory Service("FSS"), first trial in August 2021, second trial in July 2022, and the final trial at the Supreme Court in December 2022; and (2) regarding the Lime case, it was April 2021, when the FSS only hinted at impending disciplinary actions without specifying the severity of the discipline. The disciplinary action was finalized by FSC in November 2022, resulting in the immediate resignation of the chairman in January 2023.

In this regard, the Board would like to highlight the following matters:

1. Messrs. Shin and Yoon were appointed in January 2022, when the disciplinary action against Lime Funds had not been finalized by the FSC. Also it is worthy to note that these directors were not present when the sales related to the problematic private equity funds took place (2019~2021). We believe it is inappropriate to hold these directors accountable for not removing problematic directors when only the hint of disciplinary action was issued without specifying the severity and the decision to allow the problematic directors to serve was made by other Board members prior to their service.
2. As mentioned earlier, the DLF case continued to receive acquittals throughout the legal proceedings.
3. It is incorrect to assert that the directors took no action during this period. Considering the uncertainty surrounding the severity of the disciplinary measures, the Board considered whether the hefty decision to remove directors would truly enhance shareholder value, benefit the Company's business, or represent the best course of risk management in light of sound and strong performance under the leadership of Mr. Son. Instead, the Board, including Messrs. Jeong, Shin, and Yoon, focused on implementing measures to prevent recurrence and compensate the related customers.

Board's actions responding to DLF and Lime

It should be noted that when these issues occurred, the Board of Directors, initiated rigorous internal control system checks and preventative measures to ensure non-recurrence of similar issues.

As a result, Woori Bank:

1. Established and operated an Asset Management Product Committee, as per the Board's request, to fortify the selection and launch process of non-deposit products;
2. Mitigated operational risk by reinforcing the qualifications required to sell high-risk funds and restricting the number of sales channels and personnel by investment product; and
3. Also improved post-sale follow-up procedures for private equity funds to enhance the efficacy of preventing future recurrences.

These efforts provided a solid foundation for Woori Financial Group's sales volume to be significantly lower

compared to its peers in relation to the recent "Hong Kong Hang Seng China Enterprise Index" incident¹.

Impact of ISS' recommendations on the Board if nominees are removed

As noted above, the Company has undergone significant changes in its management over the past two years, with six out of seven board members newly appointed after 2022 (as of the end of 2023). ISS is seeking the removal of three of the five incumbent independent directors on an eight-member board. Consequently, the removal of these directors would lead to a significant loss of institutional knowledge on the Board for one of Korea's largest financial institutions, including the most senior director by tenure, Mr. Chan-Hyoung Jeong who currently serves as Chairman. If shareholders follow ISS' recommendations, the longest tenure by a director would be 2 years, which we believe would not be in the best interests of the Company or its shareholders.

WFG believes that if ISS' vote recommendations are followed, the Board's capabilities to oversee and monitor the executive management would be greatly diminished and would potentially have a negative impact on the Company's operations and performance.

Further, regarding ISS' "material governance failure" and associated "failure to remove a problematic director" policies, we do not believe they have fully considered the potential legal risks a company and its directors may face in a potential "unfair dismissal" claim if an executive is removed prior to the full conclusion of any legal proceedings (particularly if the Supreme Court rules in favor of a defendant).

While ISS states in their report that *"the focus and the premise of ISS' material governance failure policy is not a legal one, rather it is from the perspective of corporate governance best practice"*, as noted above, we do not believe they have effectively considered the "real world" implications of this arbitrary approach – particularly as it applies to the "failure to remove a problematic director" component of this policy.

Conclusion

To maintain the stability and continuity of the Board and considering that the candidates have made significant enhancements to shareholder value, we believe that the reappointment of the three independent directors is imperative.

As such, we request your support for these Agenda Items at the 2024 AGM.

We highly value your support and trust in our company and look forward to continuing our partnership for mutual success. Please do not hesitate to reach out if you have any questions or would like to discuss this matter further.

¹ WFG's ELT sales figures related to the Hong Kong H Index :

- Sales amount (2021~2022) : 60 billion KRW (out of total ELT sales of 8.2 trillion KRW during the period)
- Sales balance (as of end of 2023) : 40 billion KRW (out of total ELT sales balance 3 trillion KRW)

Sincerely,



Sung-Wook Lee

Woori Financial Group

Deputy President & Chief Financial Officer



Hong Sung Han

Woori Financial Group

Head of Investor Relations

Tel : +82-2-2125-2051

E-mail : hs.han@woorifg.com