# Good Insurance Company for Better Life



Samsung Fire & Marine Insurance Integrated Report















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# About This Report

Samsung Fire & Marine Insurance (hereafter "SFMI") aims to provide a more holistic view on its business and deepen communication with stakeholders by publishing this integrated report that covers both financial and non-financial information.

Reporting period	From Jan. 1 to Dec. 31, 2019 (extended to the first half of 2020 in some cases)
Reporting scope	Head office, local branches, overseas subsidiaries / branches / offices
Reporting guideline	GRI (Global Reporting Initiative) Standards – Core Option
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# MEDIA

This report is published in Korean and English for communication with global stakeholders and is produced in interactive PDF format.

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# CEO Message

# Dear respected stakeholders,

I would like to express my deepest gratitude for the support and encouragement you have extended to Samsung Fire & Marine Insurance(SFMI).

The publication of our first integrated report serves as a starting point for reporting our financial and non-financial information in an integrated manner.

We intend to inform you of our corporate value creation strategy by combining the conventional annual report focused on financial performance and the sustainability report aimed at disclosing non-financial activities.

We at SFMI will pay attention to the financial impacts on our businesses from non-financial activities and strengthen overall competitiveness through business innovation oriented towards Digital Transformation and ESG integration. Going beyond just generating financial results, SFMI is committed to fulfilling its social and environmental responsibilities as a global corporate citizen to pursue sustainable growth.

Fundamentally, SFMI intends to solidify its position as Korea's representative non-life insurer in both revenue and profitability. To this end, we will concentrate on taking care of more than 10 million customers, the largest number in the industry, and making business structure of each sector more efficient to ensure qualitative growth.

Our commitment to innovation and entrepreneurship will also continue. We will promote collaboration with diverse platform operators to preoccupy the future market and give impetus to digital transformation by raising an InsurTech investment fund. Last but not least, SFMI will enhance the ESG management framework to further improve our sustainability. By considering ESG in making underwriting and investment decisions, tackling climate change, and expanding inclusive financial products, we will recognize the business impact on our stakeholders and evolve into a global insurance company dedicated to responsible management.

Dear respected stakeholders,

We hope this integrated report will help deepen communication with our stakeholders and ask for your unwavering support and encouragement for SFMI.

Thank you.

June 2020 CEO Young Moo Choi

Joing more Chai



# **Company Overview**

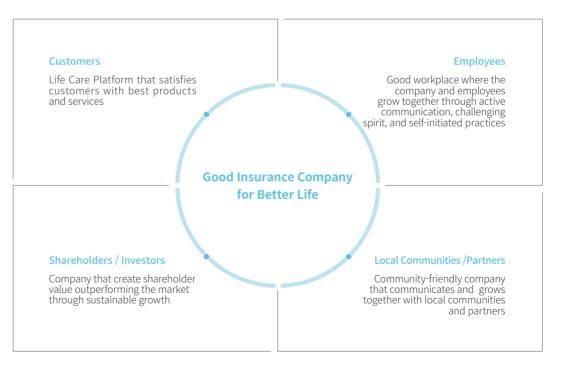
Samsung Fire & Marine Insurance is a leading non-life insurance company in Korea, offering a variety of insurance products and total risk solution services including fire, marine, automobile, accident, liability, long-term non-life insurance, and private pension. We also engage in general insurance, automobile insurance, and reinsurance in the U.S., U.K., China, Indonesia, Vietnam, and Singapore. In addition, SFMI invests in key industries and corporate activities with the capital raised from its insurance business, thereby contributing to balanced development of the national economy and improvement of public welfare.

# Company Overview

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Company Name	Samsung Fire & Marine Insurance Co., Ltd.
Business Type	Non-life insurance
Date of Establishment	January 26, 1952
CEO	Young Moo Choi
Headquarters	14 Seocho-daero 74-gil, Seocho-gu, Seoul, Korea
Number of Employees	6,077 (Male: 3,278, Female: 2,799 / As of December 31, 2019)
Company Website	www.samsungfire.com

# Vision 2023



# Organizational Structure

5 Headquarters, 3 Divisions, 19 Business Teams, 34 Administrative Teams (including CISO)

Asset Management Headquarters, Personal Lines Headquarters, Strategic Channel Headquarters, Commercial Lines Headquarters, Automobile Insurance Headquarters, Corporate Planning Division, Corporate Management Support Division, Customer-Product-Channel (CPC) Strategy Division, Audit Committee, Legal Affairs Team, Customer Policy Team, HR Team, etc.

# Subsidiaries

Name	Location	Main Business	Established	Share Ownership
Samsung Fire & Marine Insurance Service Co., Ltd.	Korea	Claim adjustment service	1996.01.30	100%
Samsung Claim Adjustment Service Co., Ltd.	Korea	Claim adjustment service	1998.10.15	100%
Samsung Fire & Marine Financial Service Insurance Agency	Korea	Agency	2016.03.16	100%
P.T.Asuransi Samsung Tugu	Indonesia	Non-life insurance	1996.11.07	70%
Samsung Vina Insurance Co., Ltd.	Vietnam	Non-life insurance	2002.11.14	75%
Samsung Property & Casualty Insurance Company(China), Ltd.	China	Non-life insurance	2005.04.25	100%
Samsung Fire & Marine Insurance Company of Europe	UK	Non-life insurance	2011.03.30	100%
Samsung Fire & Marine Management Corporation	U.S.	Insurance consulting	2011.06.23	100%
Samsung Reinsurance PTE Ltd.	Singapore	Non-life insurance	2011.12.09	100%
Samsung Fire & Marine Insurance ME and Agency of Africa	UAE	Agency	2016.02.04	100%

<sup>\*</sup> Operating 7 local subsidiaries, 8 branches, and 4 representative offices

# Global Management

To secure future profit sources and achieve the vision of becoming "Global Top Tier P&C Insurance Company," SFMI strives to expand global network and find out new overseas markets while advancing into both advanced and emerging markets in a balanced manner. Our overseas expansion is promoted on the basis of mid and long-term plans and active response to changes in market environment. As a result, we are today providing differentiated products and services to local customers through 19 footholds in 9 countries in North America, Europe, Asia, and the Middle East.

Premiums written from overseas footholds including the U.S. branch (original + ceded) reached USD 386,595 thousand and direct premiums written was USD 236,536 thousand in 2019. AUM was USD 536,947 thousand.

### Profit-driven operation through robust growth of general insurance and stable automobile insurance

Samsung Property & Casualty Insurance Company (China), Ltd., established in April 2005, is the first independent non-life insurance company to open in China as a foreign-invested firm. The subsidiary has built stable business foundation and demonstrated excellent risk management capability, which resulted in acquiring "A" rating for seven years in a row since 2008 and "A+" rating from 2015 to 2019 from S&P.

We also became the first Korean non-life insurance company to obtain "automobile liability insurance permission" in China in April 2013. In May that year, we launched the localized automobile insurance "Samsung Car Insurance," attracting 25,000 subscribers in 2013, 58,000 in 2014, 76,000 in 2015, 89,000 in 2016, 103,000 in 2017, 99,000 in 2018, and 86,000 in 2019. Instead of seeking to expand in a sheer size, we are reorganizing our business structure around stability and profitability and implement proactive growth strategy.

We also offer tightened risk management services to Korean companies operating in China for accident prevention.

### Profit-oriented management by providing optimized services to group affiliates

Established in 1990 in the U.S., Samsung Fire & Marine Management Corporation is sharpening competitive edge as a global insurance company by gaining experience in the advanced insurance market. In June 2011, SFMI established a corporation dedicated to managing and operating the branch office.

The U.S. branch pursues profit-driven growth by enhancing service efficiency for associates and improving business expense efficiency.

Samsung Property & Casualty Insurance Company(China), Ltd.



Premiums written in 2019 (Unit: thousand USD)





# P.T.Asuransi Samsung Tugu

6

26,029 Premiums written in 2019 (Unit: thousand USD)

### Samsung Vina Insurance Co., Ltd.

48,707 Premiums written in 2019 (Unit: thousand USD)

### Samsung Fire & Marine Insurance Company of Europe

32,806 Premiums written in 2019 (Unit: thousand USD)

Samsung Reinsurance PTE Ltd.

Premiums written in 2019 (Unit: thousand USD)

# Active property & cargo insurance marketing based on high credit ratings

PT.Asuransi Samsung Tugu, established in 1996, is endeavoring to rise into a small but strong insurance company in the general insurance market of the fast-growing Indonesian market based on its large population and abundant natural resources. With the general insurance market expected to grow on the back of the government-driven investment, the subsidiary is expanding its business to both Korean and local clients in Indonesia by capitalizing on outstanding financial structure and credibility (obtained A- rating from A.M. Best).

## Providing optimal services to local Korean companies

Samsung Vina Insurance Co., Ltd., established in 2002, is offering quality insurance services to Korean companies operating locally, including risk management for Samsung Electronics Vietnam, the key production hub for Samsung mobile phones. For its financial soundness and excellent management, our Vietnamese subsidiary has retained A- rating from A.M. Best since 2014, the highest rating the agency has ever granted to insurance companies in Vietnam.

## Contributing to the HQ's Reinsurance Business by Capitalizing on MI Capabilities

Since its establishment in 2011, Samsung Fire & Marine Insurance Company of Europe has engaged in business for Korean companies in Europe. The subsidiary serves as a market intelligence (MI) foothold for the headquarters in its global expansion of reinsurance business through exchanges with other insurance and reinsurance companies based in London, the center of global insurance market.

## Pursuing balanced reinsurance portfolio and business

With the launch of Samsung Reinsurance in Singapore in 2011, the hub of Asian reinsurance market, SFMI has been expanding reinsurance business in engineering and property insurance markets of emerging Asian countries where governments are taking a lead in infrastructure projects. In particular, the subsidiary contributes to the headquarters' global reinsurance business by forging friendly ties with local reinsurers and brokers. The subsidiary is also recognized for financial soundness by acquiring "A" credit rating from A.M. Best.

Major Financial	
Performance	

Total assets	(Unit: KRW 100 million)	Total equity	(Unit: KRW 100 million)
2017	• 759,931	2017	• 119,933
2018	• 793,907	2018	123,655
2019	• 851,722	2019	• 143,214
Revenue: direct premiums written	(Unit: KRW 100 million)		(Unit: KRW 100 million)
2017	184,611	2017	10,501
2018	184,676	2018	• 10,679
2019	• 190,729	2019	6,430

# Global Credit Ratings

In recognition for its superb financial strength, solid business performance, and reliable risk management capability, SFMI was granted the highest rating of "A++, Superior" for nine straight years by A.M. Best, a leading global credit rating agency for insurers, and "AA-" by S&P, another renowned global credit rating agency.

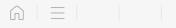
	2016	2017	2018	2019
A.M.Best	A++, Superior	A++, Superior	A++, Superior	A++, Superior
S&P	AA-, Stable	AA-, Stable	AA-, Stable	AA-, Stable

# Key Products & Services

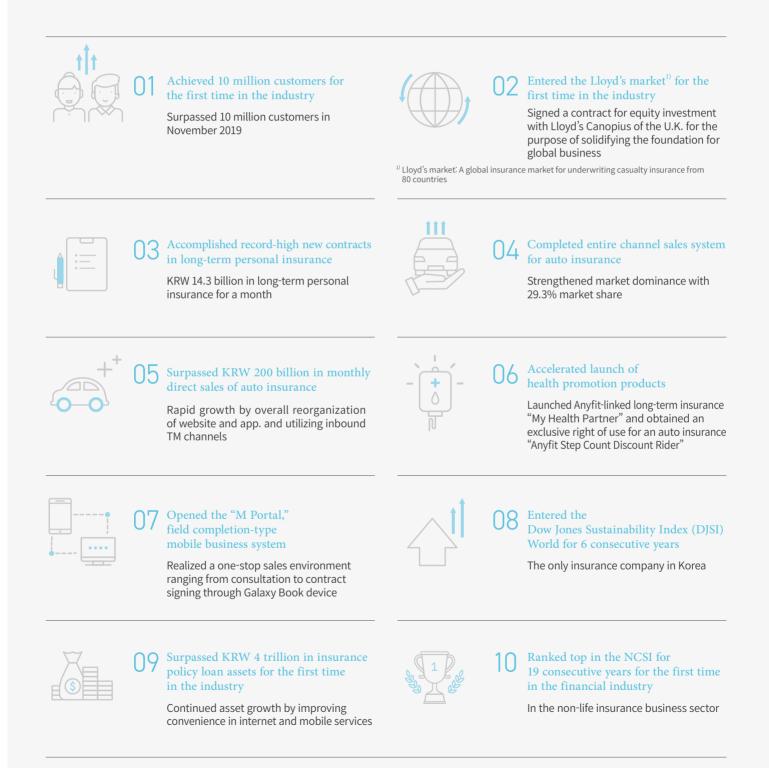
on	Key Insurance Products		
Fire	House, building, factory fire insurance		
Marine, Aviation	Hull, aircraft, cargo insurance		
Casualty	Engineering, casualty, liability insurance, etc.		
Injury/Sickness	My Health Partner, Peaceful Three Generations Plus, Elderly Longevity Plus, Medical Reimbursement Insurance, etc.		
Driver	Safe Drive Partner		
Property	Pray for Success, Feeling of Success, etc.		
Saving/Personal pension	Super Save, Wonderful Life II		
се	Anycar, Anycar Direct		
	Apartment mortgage, insurance policy loan, credit loan		
	SFMI Point, Anycar Service, Smart Care Service, SFMI Excellent Customer Service		
	Fire Marine, Aviation Casualty Injury/Sickness Driver Property Saving/Personal pension		

# Major Awards in 2019

Date	Details	Hosted by
2019.04	Advertisement of the Year (vase type fire extinguisher campaign)	Korea Advertising Society
2019.06	Bronze Award at the Cannes International Advertising Festival (vase type fire extinguisher campaign)	Cannes Lions
2019.07	1 <sup>st</sup> for 18 consecutive years in auto insurance sector and 6 consecutive years in long-term insurance sector at the KS-SQI	Korea Standards Association
2019.09	Awarded the DJSI Word Index for 6 consecutive years	RobecoSAM
2019.10	1 <sup>st</sup> for 22 consecutive years in auto insurance sector and 9 consecutive years in long-term insurance sector at the KSCI	Korea Management Association Consulting
2019.10	Excellent company in ESG	Korea Corporate Governance Service
2019.11	Korea's Data Quality Award (Minister Prize of Science and ICT)	Korea Data Agency
2019.12	1 <sup>st</sup> for 10 consecutive years in auto insurance sector and 9 consecutive years in long-term insurance sector at the KNPS	Korea Management Association Consulting
2019.12	$1^{\mbox{\scriptsize st}}$ for 19 consecutive years in non-life insurance sector at the NCSI	Korea Productivity Center

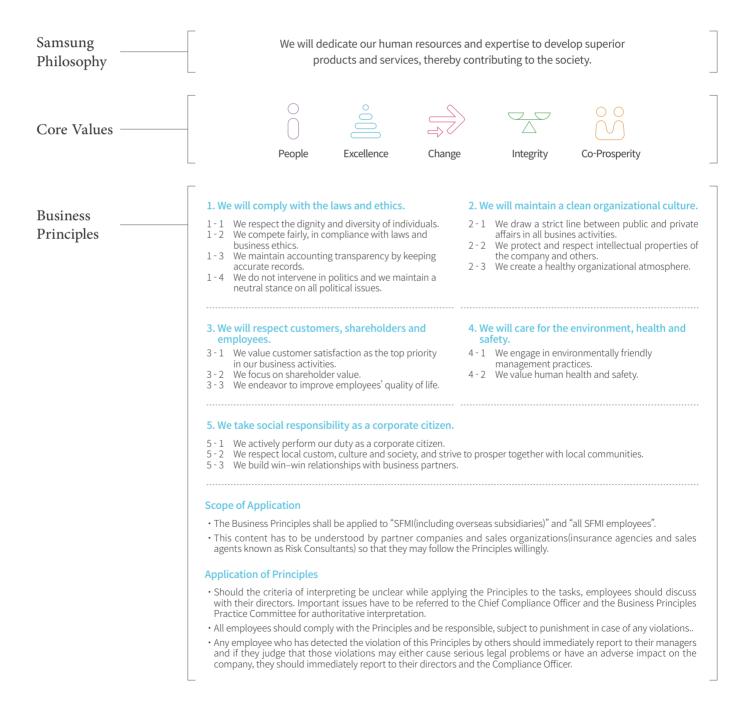


# Top 10 News in 2019



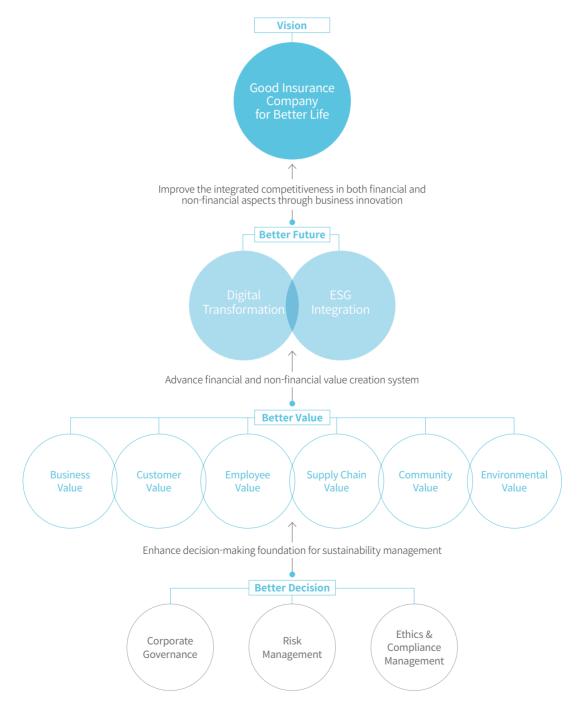
# Samsung Value System

SFMI aspires to become a leading global insurance company by developing the finest products and services with our superior talents and expertise, thereby contributing to society as a responsible corporate citizen. To this end, we are committed to delivering five core values : People, Excellence, Change, Integrity and Co–Prosperity.



# Sustainability Management System

Under the vision of "Good Insurance Company for Better Life," SFMI promotes sustainability management at the company level. Based on the decision-making system for sustainability, we create values for our customers, employees, supply chain, communities, and environment and enhance the integrated competitiveness in both financial and non-financial aspects by pursuing innovation centered on digital transformation and ESG initiative.



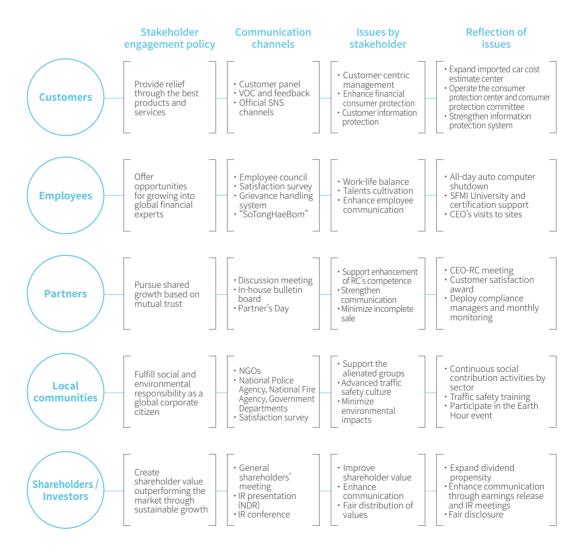
Sustainability Management Organization

### **Operation of the Sustainability Management Committee**

The Sustainability Management Committee chaired by the CEO was established in 2012. The Committee is composed of seven members: CEO, CFO, Head of Corporate Planning Division, Head of CPC Strategy Division, Head of HR Team, Compliance Officer, and Head of Planning Team 1. In 2019, the Committee was held once to discuss sustainability management status and performances, recent sustainability management trends, and future directions and tasks.

### Stakeholders' Engagement

For the advancement of sustainability management, it is crucial to listen to the voices of various stakeholders who have effects on business and reflect them in management activities. SFMI has defined five core stakeholder groups and runs different communication channels to collect diverse opinions and incorporate them into our management activities.



# **UN SGDs Implementation**

SFMI has aligned our management strategies with the UN Sustainable Development Goals and laid out four core implementation goals to perform various activities. SFMI will make the best of our organizational strengths as a non-life insurance company to achieve the SDGs.



### SDG 3.

Ensuring healthy living and promoting well-being of all ages

Business KPI : Automobile insurance accident rate, automobile insurance loss ratio Social & Environmental KPI : Number of traffic safety trainings for children, children who completed the trainings

Samsung Traffic Safety Research Institute is Korea's first research institute specialized in traffic safety. The institute develops policies and improves systems aimed at achieving the national target for reducing deaths in traffic accidents and preventing casualties. It also implements safety training for those with limited mobility and residents in accident-prone areas, and carries out guidance and insightful activities by press reports on accident risk. In addition, the Samsung Transportation Museum, Korea's first museum specialized for vehicles, provides children with traffic safety training that gives easy explanation on frequent traffic accident types

among children and preventive measures at their level.



### SDG 4.

## Ensuring inclusive and equal quality education and promoting lifelong learning opportunities

### Target 4.4 Increase the number of youth and adults with vocational skills for employment, decent jobs and entrepreneurship by 2030

Business KPI: Number of lifecycle design program applicants, number of reemployed workers Social & Environmental KPI: Average training cost per person, average training hours per person

SFMI operates "SFMI University," a superior talent development system open to all employees to improve their competencies and become financial and insurance specialists, and "Individual Development Plan" to sharpen their job expertise. We also provide various training programs to cultivate leaders equipped with global business competency, such as local expert dispatch program, GFP, GEP, MBA/EMBA, and academy. For retirees and employees to retire, SFMI offers career change programs suitable for those in the financial industry and lifecycle design courses catering to the needs of each age group.

Target 4.5 Eliminate the gender gap in education and ensure that all underprivileged social groups, including the disabled, indigenous people, and children in vulnerable conditions have equal access to education and vocational training at all levels by 2030

Business KPI : Number and ratio of office workers who have professional qualifications Social & Environmental KPI: Result of disability awareness improvement projects, education hours for Kkumteo-Study Support Program

SFMI eliminates gender gap in education and actively supports the cultivation of female employees as financial and insurance specialists. A total of 8 educational programs were implemented in 2018 for office jobs staffed only by female workers. Support for specialized gualification acquisition, gualification allowances, and additional points for performance appraisal have been extended as well. SFMI also carries out music education projects and disability awareness projects for the youth with disabilities and supports Kkumteo'-Study Program for the low-income youth.

Target 4.7 Ensure that all learners acquire the knowledge and skills needed for sustainable development by training them on sustainable growth and lifestyle, human rights, gender equality, peace and non-violence, global citizenship, and cultural diversity by 2030

Business KPI : Number of grievances handled Social & Environmental KPI : Education hours for human rights protection and sexual harassment prevention, number of those who complete educations

SFMI stipulates the principle of human rights protection such as prohibition of discrimination against employees, respect for diversity, and prohibition of child labor in Samsung Business Principle, SFMI's Human Rights Principle, and guideline to the code of conduct for SFMI's employees and partners, which are observed by all SFMI employees and partners. SFMI also implements training for all employees at least once a year to protect human rights and prevent sexual harassment at the workplace, and offers counseling for personal matters, sexual harassment, verbal abuse, and alcoholism.



SDG 8

# Pursuing sustainable and inclusive economic growth and promoting job creation

# Target 8.3 Promote policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, encourage the start and growth of microbusiness and SMEs, and offer an easy access to financial services

Business KPI : Investment in startups and rate of return from the investment | Social & Environmental KPI : Number of those who take customized training programs and sales support systems for sales partners' career, number of high-performing certified RCs

SFMI practices cooperation and co-prosperity with business partners. We provide a variety of education programs and support systems to them and continue regular grievance consultation and communication through meetings with each company. We have also decided to invest KRW 40 billion in new technology and InsurTech startups for the next four years by raising the CVC (Corporate Venture Capital) fund in the domestic financial industry.

#### Target 8.8 Protect labor rights and create safe working environments for all workers

Business KPI : Number of the Occupational Safety and Health Committee meetings quarterly, number of regular safety inspections Social & Environmental KPI : Number of employees using the psychological consultation center, employee health checkup completion rate

SFMI has developed a safety and health management system to provide safe and pleasant working environment to all employees. For example, we have prevented accidents and improved follow-up measures by establishing the "industrial accident control regulation" and "emergency response guidelines." Other activities include inspections on the safety of buildings, electrical facilities, fire-fighting devices, elevators, air quality, and water quality as well as emergency drill and safety and health trainings for chemical substance handlers on a regular basis. SFMI also operates the Maeumnuri Counseling Center, employee health checkups, fitness facilities, and in-house doctor's offices.

# Target 8.10 Strengthen the capacity of financial institutions to encourage and expand access to banking, insurance, and financial services

Business KPI : Revenue and number of contracts from socially contributable insurances Social & Environmental KPI : Three major customer satisfaction indices (NCSI, KCSI, and KS-SQI) in Korea

SFMI strives to improve service quality by operating customer panels, Consumer Protection Committee, and Customer Rights Protection Committee, as part of customer-oriented management. In addition, the mobile App and website have been upgraded for vulnerable social groups, to ensure their access to financial services without trouble. Various social contribution insurance products and services are also provided such as auto insurance riders for low–income drivers, umbrella insurance preferential to welfare facilities for the disabled, umbrella insurance for voluntary service, and insurance service for foreigners.



### SDG 10.

### Reducing inequalities in the country and among countries

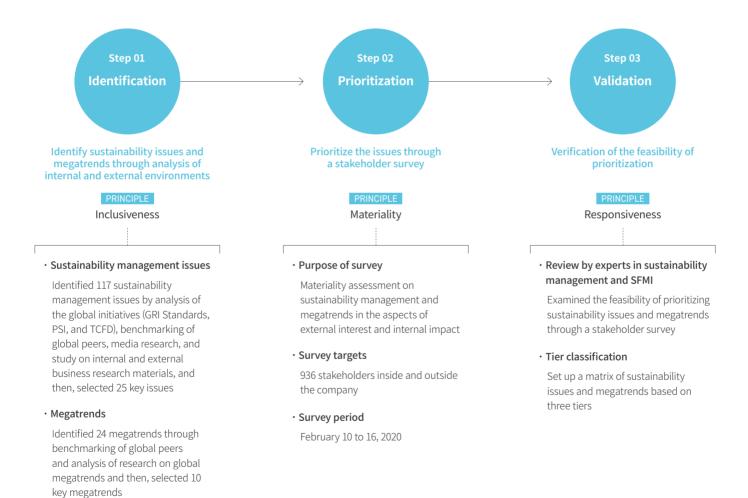
# Target 10.2 Empower and promote the social, economic, and political inclusion of all regardless of age, sex, disability, race, ethnicity, origin, religion or economic or other status by 2030

Business KPI : Amount of social contribution expenditures and investments in the micro-finance project Social & Environmental KPI : Number of employees who participate in and time spent on volunteer activities

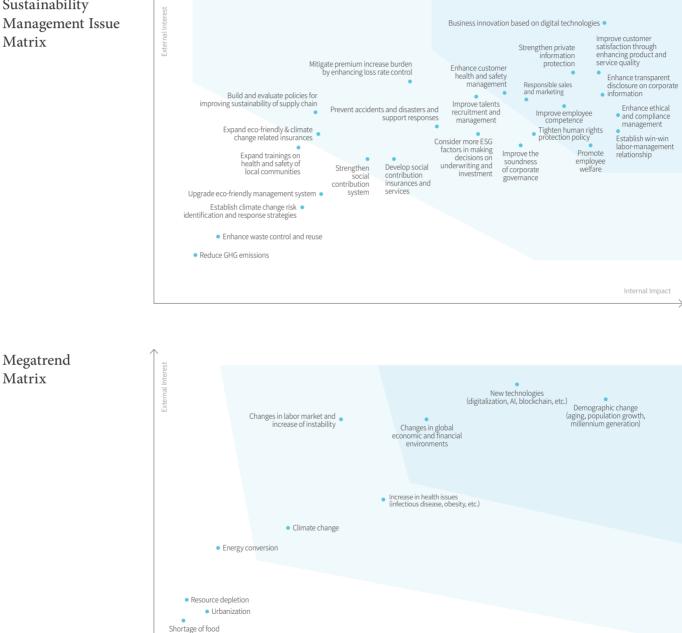
SFMI implements social contribution projects in various fields such as transportation, life safety, children/youth, disabled, and local community. In particular, we help low-credit and low-income individuals who have difficulties in using institutional financial services stand on their own feet by supporting non–collateralized or non–guaranteed small loans for business start-up and working capital through the micro-finance project. In addition, SFMI supports small amount protection insurance for the children of low-income families and insurance for the disabled and children of welfare facilities in association with the Miso Microfinance Foundation.

# Materiality Assessment

SFMI identifies and reports key issues influencing our sustainability every year in accordance with the international standard for sustainability report "GRI Standards." To ensure reliability in the process of issue identification and validation results, our report adopts three principles of inclusiveness, materiality, and responsiveness required by the sustainability report assurance criteria. Starting from 2020, SFMI adds the megatrends to materiality assessment to strengthen the sensing of crisis and opportunities from the stakeholders' perspective. We will continue to improve the analysis and management system of business impact by megatrends beyond the existing potential risk management.



Sustainability Management Issue Matrix



Internal Impact

# SFMI for Better Future







SAMSUNG FIRE & MARINE INSURANCE 2020 INTEGRATED REPORT



18 Digital Transformation

20 ESG Integration

# Digital Transformation

Developing innovative and differentiated services based on digital technologies. It's the Better Future we aspire.

# Better Future

# 154,000 persons

150,000 Anyfit users (Reward when achieving exercise target) 4,000 MyHealthNote users (Provide consultation and information to diabetics)

As of Dec., 2019

# Provide digital healthcare service

For the purpose of preventing disease and disease exacerbation



# Expand the utilization of digital technologies

Improving convenience of internal and external stakeholders

# Accelerate digital transformation and innovation

InsurTech-based business innovation and diversification of future profit sources

# Establish a digital sales system

Enabling 24/7/365 sales business and increasing customer convenience

AI / RPA<sup>1)</sup>

Maximizing efficiency in underwriting and diverse office works <sup>1)</sup> Robotic Process Automation

# Establish a digital healthcare platform

Enhancing customer service competitiveness by expanding healthcare service type and target

# Raise the CVC fund<sup>1)</sup>

Securing new digital technologies and investing in ventures <sup>11</sup> Corporate Venture Capital

## KRW 19.3 billion

Completed investment of KRW 19.3 billion in the CVC fund targeting 5 venture firms in health and general insurance sector

As of Feb., 2020

# KRW 40 billion

Innovate business models and secure new technologies by contributing KRW 40 billion to the CVC fund by 2023

# $\widehat{\square} \mid \Xi \mid \Theta \mid \Theta \mid \Theta \mid \Box$

# ESG Integration

Creating a new value through the integration of businesses and ESG initiative. It's the Better Future we aspire.

# Better Future

# Implement socially responsible investment

Creating impacts by considering the integration of social and environmental performances when concluding investment

# KRW 2,161 billion

KRW 2,161 billion in socially responsible investment (18.1% increase yearon-year) \* As of Dec., 2019

# Achieve KRW 2,500 billion

Plan to expand socially responsible investment to KRW 2,500 billion in 2020

# social insurance products

With the aim of responding to climate change, reducing environmental impacts, and supporting the underprivileged and philanthropic activities

### insurance products by 2023 (KRW 2,200 billion for eco-friendly insurance

and KRW 500 billion for social insurance)

Plan to expand environmental and social

Achieve KRW 2,700 billion

# KRW 2,491 billion

Revenue from environmental and social insurance products (KRW 2,043 billion from ecofriendly insurance and KRW 448 billion for social insurance)

# Advance the ESG risk management system

Sophisticating the integration of ESG underwriting system and climate change risks (TDFD<sup>1)</sup> implementation)

<sup>1</sup> Task Force on Climate-related Financial Disclosures

# Introduce the ESG risk management criteria

Developing and utilizing the natural disaster risk Evaluation tool<sup>1)</sup> including ESG indicators under the underwriting guideline

Global Risk Map

# Build the ESG risk management system

Managing non-financial potential risks and pursuing stable profit creation



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# SFMI for Better Value

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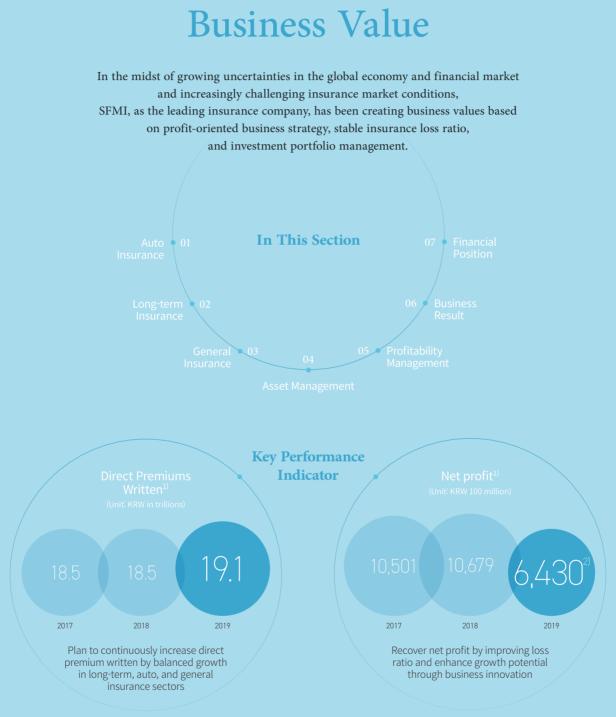


SAMSUNG FIRE & MARINE INSURANCE 2020 INTEGRATED REPORT

# Part 2

- 24 Business Value
- 36 Customer Value
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Issue 01

<sup>1)</sup> Based on consolidated financial statements

<sup>1)</sup> Based on consolidated financial statements

<sup>20</sup> Net profit in 2019 decreased due to the base from the reflection of the gains on disposal of securities asset in 2018, increase of loss ratio in auto and medical reimbursement insurances, and one-off loss in general insurance.

# Auto Insurance

## Enhance Market Dominance

In the face of fierce competition, SFMI achieved revenue of KRW 5.14 trillion, an increase of KRW 404.5 billion from the previous year, in auto insurance, first surpassing KRW 5 trillion in the industry. The online auto insurance "SFMI Direct," in particular, fueled the growth, recording over KRW 2 trillion in revenue and maintaining 31.3% market share, up 1.3%p year-on-year.

### Preemptive Preparation to Secure Business Perpetuity

SFMI has been developing and launching InsurTech-based customized products such as discount-type auto insurance connected with our healthcare service "Anyfit," UBI auto insurance based on driving habits, and ultra-short term auto insurance.

## Complete Differentiation of Customer Service

We drive innovation across the whole process of automobile insurance service for customer experience. For example, the upgraded mobile system makes it possible for customers to directly modify subscription terms and conditions and monitor accident handling process. We also streamlined the online insurance subscription process while introducing different payment options for better customer experience.

Revenue from auto insurance	(Unit: KRW 100 million)	Online auto insurance M	<b>/S</b> (Unit: %)
2017	48,036	2017	29.6
2018	47,326	2018	• 30.0
2019	• 51,371	2019	• 31.3

# Long-term Insurance

# Strategy to Increase New Contracts for the Growth of Subsequent Premiums

Long-term insurance posted KRW 12.24 trillion in revenue, up KRW 142 billion or 1.2% year-on-year. The whole long-term insurance business grew as the monthly average converted premiums written from the protection-type insurance increased from KRW 14.2 billion in 2018 to KRW 17.2 billion in 2019 amid intense competition. An influx of new contracts boosted the revenue of protection-type subsequent premiums to KRW 9.81 trillion, up 3.3% from the previous year.

# Enhance Sales Competitiveness by Managing Productivity and Risk Loss Ratio

SFMI strives to offer better education for sales managers to enhance channel sales competitiveness and help beginning RCs to settle and raise productivity through system improvement. Instead of engaging in competition for size expansion, TM channels such as telemarketing focus on minimizing compliance risk and protecting privacy while GA channels pursue to increase market dominance through product competitiveness enhancement. The risk loss ratio of long-term insurance, whose BEP is 100%, was 84.2%, up 5.2% year-on-year. The long-term loss ratio excluding IBNR effect increased year-on-year to 80.8% but remained the lowest level in the industry.

# Sales Channel Competitiveness Enhancement and Net Increase of Customers

SFMI will increase our dominance the high EV market by developing strategic products that keep abreast of the latest trends and enhancing response to underwriting. We will also strive to achieve net increase of customers by exploring growth market. We will reinforce the competitive edge of face-to-face channel by nurturing highly specialized RCs with consulting competence. In GA channel, wider support for front offices and improvement of product competitiveness will be promoted to solidify sales base. The internet channel will be nurtured as a growth engine by further reinforcing competitiveness by each sales channel. By doing so, we will enhance the competitiveness of each channel to improve future values.

Revenue from long-term insurance (Unit: KRW 100 million)		Premiums written f conversed protection		(Unit: KRW 100 million) acts
2017	120,973	2017	• 131	
2018	120,967	2018	142	
2019	• 122,387	2019	• 172	

# General Insurance

## Reinforce Market Leadership

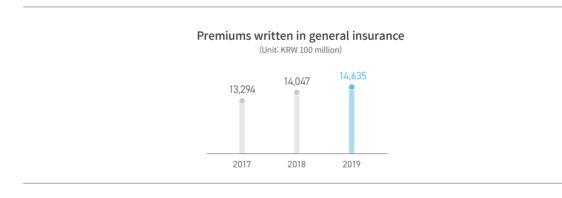
Direct premiums written from general insurance in 2019 was KRW 1.46 trillion, up 4.2% year-on-year. In the face of aggravating external conditions, macroeconomic uncertainties, and soft market conditions, SFMI has been reinforcing market leadership based on profit-oriented business strategy.

### Profit-based Business Operation

To expand the product portfolio with sound combined ratios in general insurance, SFMI has continued to improve underwriting governance and integrate claim data and anti-disaster consulting, thereby maintaining stable risk management. Overseas business promotes reorganization of the governance system and cost efficiency improvement to ensure stable operation.

### Create New Markets and Future Growth Engines

SFMI solidifies its dominance in the existing market by taking preemptive response to changes and proactive sales activities while identifying newly emerging risks such as cyberattacks. To keep up with the fast-changing market environment, we develop up-to-date business models and increase affiliate partners. We will also identify new business models through collaboration with foreign insurance companies and M&A projects while striving to secure growth engines.



# Asset Management

# Enhance Profitability and Risk Management by Increasing Investment in High-yield Assets

To cope with a prolonged low interest rate trend, SFMI strives to raise profitability by increasing investment in highyield assets. As of the end of 2019, alternative investment assets including corporate financing fund and PEF grew by 59.7% year-on-year to KRW 3.82 trillion while loan assets also increased 2.9% to KRW 22.21 trillion. Breaking down the figures, corporate financing fund has been expanded to infrastructure whose returns are guaranteed by the governments of major developed countries and real estate property loans that have secured stable LTV. For PEF, we selected foreign asset management companies with strong performance and risk control competence. Loan assets have focused on policy loans and credit loans. As for corporate loans, we increased investment in new and renewable energy sector as well as in main markets such as profitable properties.



# Response to the Era of KRW 100 Trillion in Assets and Changes in Accounting Principle

In preparation for the era of KRW 100 trillion in assets under management, SFMI will continue to rebalance its portfolio aimed at enhancing asset management competitiveness. In 2019, our interest income and dividend income increased 2% and 25% from the previous year, respectively. We will raise profitability by expanding equity investment in corporate financing that can create stable dividend income as well as loan asset proportion. As profitability is anticipated to drop due to intense competition in domestic market, we will focus on investing in quality assets while promoting selective investments in overseas markets. In response to the introduction of the IFRS9, we will minimize profit and loss fluctuation while reinforcing stability and profitability of portfolio by diversifying revenue sources and increasing stable dividend yield assets such as alternative investment and PEF. Furthermore, to cope with low-growth and low-interest in local market, we will identify new global revenue sources and expand global investment, thus delivering the qualitative growth of mid and long-term asset management.

# Profitability Management

## Principles of Profit and Loss Management

In 2019, our revenue grew year-on-year to KRW 19.07 trillion despite tough business environment such as global economic downturn, fierce domestic market competition, increased insurance accidents, and interest rate drop. However, net profit plunged to KRW 643.0 billion due to worsened profitability in long-term and auto insurance. Despite lower-than-expected financial results, SFMI became the first insurance company to attract 10 million subscribers and maintained best-in-class capital adequacy with Risk Based Capital (RBC) ratio of 310%. We also received "AA- Stable" rating from S&P and "A++ Stable" rating from A.M. Best, demonstrating the world's top-class financial soundness. In addition, SFMI laid a foundation for future growth and profitability by investing in the Canopius of Lloyd's of London and enhancing the digital healthcare platform. SFMI will continue to cope with the changing digital environment and identify new business opportunities.

## **Major Performances**

Direct premiums written amounted KRW 18.84 trillion in 2019 on a non-consolidated basis, up 3.3% year-on-year. Net premiums earned also increased 1.7% to KRW 18 trillion. However, underwriting income suffered a deficit of KRW 1.08 trillion as a result of deteriorating sales environment, whereas investment income posted KRW 1.99 trillion. Accordingly, our net profit decreased 42.4% from the previous year to KRW 609.2 billion in 2019. In 2018, SFMI announced its midterm dividend policy of gradually increasing its dividend payout ratio to 50% over the next three years by 2021. We raised dividend payout ratio of fiscal year 2019 by 10.4%p to 56.2% and set cash dividend per share at KRW 8,500 for the purpose of making up for the decrease of shareholder value due to lower-than-expected profitability.

### Summarized Income Statement<sup>1)</sup>

(Unit: KRW 100 million)

	2018	2019	Change (%)
Direct premiums written	182,340	188,393	
Net premiums earned	177,018	180,032	1.7
Underwriting income	-6,161	-10,765	N.A
Investment income	21,367	19,909	-6.8
Operating profit	15,206	9,144	-39.9
Non-operating profit	-805	-954	N.A
Earnings before tax	14,401	8,190	-43.1
Net profit	10,571	6,092	-42.4

<sup>1)</sup> Based on the K–IFRS separate financial statements (hereafter the same shall apply)

# **Business Result**

## Results by Business Line

SFMI's long-term insurance premiums amounted to KRW 12.24 trillion, similar to the previous year. This is largely attributable to the growth of new contracts in protection-type insurance such as health and disease despite demarketing of savings-type insurance. Meanwhile, premium income in auto insurance rose by 8.5% from the previous year to KRW 5.14 trillion after the effect from rate increase was reflected this year. The profitable Internet channel continued to grow, solidifying its position as the key channel. General insurance premiums amounted to KRW 1.46 trillion, showing a 4.2% increase year-on-year, while earned premiums rose to KRW 1.54 trillion, an increase of 8.8% increase as a result of profit-oriented strategy.

### Direct premiums written by business line

(Unit: KRW 100 million)

	2018		2019	Change (%)	
	Amount	Proportion	Amount	Proportion	
Long-term	120,967	66.3	122,387	65.0	1.2
New premiums <sup>1)</sup>	1,912	1.0	2,377	1.3	24.3
Subsequent premiums	119,055	65.3	120,010	63.7	0.8
Auto	47,326	26.0	51,371	27.3	8.5
General	14,047	7.7	14,635	7.8	4.2
Total	182,340	100.0	188,393	100.0	3.3

<sup>1)</sup> Including lump-sum premiums paid up front in the first month

# Underwriting Efficiency - IFRS

The loss ratio for 2019 stood at 84.8%, up by 1.7%p from the previous year. The hike in loss ratio was mainly caused by the deteriorating risk loss ratio in auto insurance and long-term insurance lines. The loss ratio in auto insurance rose by 6.1% from the previous year to 91.4% due to increase in loss amount per case rose despite the reduction of overall accident rate. Meanwhile, the risk loss ratio of long-term insurance<sup>3</sup> increased 5.2%p year-on-year to 84.2% due to soared loss ratio in personal health insurance.

	2018	2019	Change (%p)
Loss ratio	83.1	84.8	1.7
General	71.9	74.2	2.3
Long-term <sup>1)</sup>	83.6	83.6	0
Auto	85.3	91.4	6.1
Expense ratio <sup>2)</sup>	20.4	21.2	0.8
General	21.2	20.0	-1.2
Long-term	21.3	23.3	2.0
Auto	17.6	16.3	-1.3
Combined ratio	103.5	106.0	2.5

<sup>1)</sup> Long-term loss ratio: (incurred operating losses from long-term insurance + losses from savings) / Overall net premium earned

<sup>a)</sup> Expense ratio: (actual expenses – deferred expenses – reinsurance commission recovered) / Overall retention premium <sup>a)</sup> Risk loss ratio: loss ratio of long-term insurance business except savings-type insurance

# Expense Ratio by Item - IFRS

The expense ratio recorded 21.2%, up by 0.8%p from the previous year. Long-term expense ratio, in particular, grew by 2.0%p year-on-year to 23.3%, which is attributable to the increase in selling expenses resulting from growth in new or renewal contracts because of protection type-centered sales in accordance with growth strategy.

	2018	2019	Change (%p)
Personnel expenses	3.3	2.9	-0.4
Selling and administrative expenses	11.6	12.8	1.2
Maintenance expenses	6.3	6.4	0.1
Expenses recovered	-0.8	-0.8	0.0
Total	20.4	21.2	0.8

# **Investment Profit**

SFMI's investment profit amounted to KRW 1.99 trillion, down 6.8% year-on-year. However, the profit grew by 1.7% if one-time profit such as stake sale of affiliated corporations in 2018 is excluded. Despite the drop in market interest rate as a result of global economic slowdown, SFMI is curbing the drop in investment profit by increasing investment in dividend-type asset such as alternative investment and PEF.

(Unit:	KRW	100	million)	۱
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	2018		203	19	Chang	ge (%)
	Profit	Rate of return	Profit	Rate of return	Profit (%)	Rate of return (%p)
Cash Deposits	123	0.8	185	1.3	50.4	0.5
Stocks	4,841	7.4	2,739	3.5	-43.4	-3.9
Bonds	9,141	2.9	9,397	3	2.8	0.1
Loans	7,511	3.5	7,733	3.4	3	-0.1
Securities in Foreign Currency	1,172	4	1,182	3.1	0.9	-0.9
Real Estate	91	1.1	87	1.1	-4.4	0.0
Investment Administration Expenses	1,512		1,414		-6.5	
Total	21,367	3.3	19,909	2.9	-6.8	-0.4

# ESG Underwriting

SFMI considers ESG risks in the process of underwriting to manage potential risks and seek stable profits. We have ESG-related instructions within the underwriting guidelines and reflect them in examining corporate general insurances. Those prohibit underwriting from inappropriate policyholders and the insured in terms of environment, society, and governance, and detailed items are reviewed and managed by the Sustainability Management Committee.

## Socially Responsible Investment

When it comes to decision-making on corporate investment, SFMI strictly applies the principles of Socially Responsible Investment (SRI) that evaluate not just a corporate's financial performance but social and environmental records.

We carry out negative screening practices when making investment decisions to avoid speculative investment and to make socially responsible investments. Our socially responsible investment increased 18.1% from KRW 1.83 trillion in 2018 to KRW 2.16 trillion in 2019. Particularly, we have expanded investments in renewable energy projects such as photovoltaic, wind power, fuel cell as well as water treatment and plan to expand the amount to KRW 2.5 trillion based on committed amounts by 2020. To take part in the government-led "Renewable Energy 3020" initiative and boost investments in and loans for renewable energies, we not only evaluate and analyze natural disaster risks during construction and operation but also hold seminars with experts in solar and wind power on a regular basis in collaboration with the GLCC (Global Loss Control Center formerly known as the Disaster Prevention Research Center), an intra-specialty group.

SRI Performances							(Uni	t: projects, KRW	100 million)
		2017			2018			2019	
	Project	Contracted amount <sup>1)</sup>	Balance <sup>2)</sup>	Project	Contracted amount	Balance	Project	Contracted amount	Balance
New and renewable energy	35	11,131	6,635	40	14,500	9,873	48	17,228	11,849
Water treatment	17	3,800	2,602	17	3,800	2,708	18	4,381	3,060
Total	52	14,931	9,237	57	18,300	12,581	66	21,609	14,909

<sup>1)</sup> Committed amount: The amount that SFMI should invest or lend after concluding a financing agreement

<sup>2)</sup> Balance: The amount that has been actually invested or lent among the committed amount as of December 2019.

# **Financial Position**

### Overview

As of the end of December 2019, operating assets stood at KRW 71.39 trillion, up 7.0% compared to the same period last year. Under the ALM principles, 85% operating assets are invested in interest income assets such as bonds or loans. In preparation for the introduction of IFRS and K-ICS, SFMI improves the matching rate of duration between assets and liability through long-term bond while striving to secure profitability by increasing high-yield credit assets against bonds.

### Summarized financial position

(Unit: KRW 100 million)

	2018.12	2019.12	Change(%)
Operating assets	667,331	713,915	7.0
Cash and deposits	16,477	12,991	-21.2
Stocks	61,599	96,071	56.0
Bonds	322,429	317,982	-1.4
Loans	225,315	234,572	4.1
Securities in foreign currency	33,526	44,689	33.3
Real estate	7,985	7,609	-4.7
Non-operating assets	122,293	130,454	6.7
Total assets	789,625	844,369	6.9
Policy reserve	554,608	578,664	4.3
Other liabilities	32,757	40,371	23.2
Separate account liabilities	79,389	83,260	4.9
Total liabilities	666,754	702,295	5.3
Total shareholders' equity	122,871	142,074	15.6
Reserve for contingencies	20,782	22,326	7.4
Total liabilities and shareholders' equity	789,625	844,369	6.9

### Securities Status

As of the end of 2019, our total securities assets including stocks, bonds, and securities in foreign currency increased 9.9% year-on-year to KRW 45.87 trillion. Stocks valued at KRW 9.61 trillion, up 56% year-on-year, on the strength of gains on valuation led by stock prices ris at home and abroad. We hold bonds valued at KRW 31.80 trillion, down 1.4% from the previous year as we increase credit assets in response to low interest rate. Securities in foreign currency rose by 33.3% year-on-year to KRW 4.47 trillion as we diversified investment portfolio to improve domestic bond yields as a means of risk management.

# Securities in detail

(Unit: KRW 100 million)

Total	417,554	458,742	9.9
Held-to-maturity securities	-	-	N/A
Available-for-sale securities	33,526	44,689	33.3
Held-for-trade securities	-	-	N/A
Securities in foreign currency	33,526	44,689	33.3
Held-to-maturity securities	1,329	1,335	0.4
Available-for-sale securities	317,970	310,391	-2.4
Held-for-trade securities	3,129	6,256	99.9
Bonds	322,429	317,982	-1.4
Investments in associates and subsidiaries	8,536	14,693	72.1
Available-for-sale securities	53,063	81,378	53.4
Held-for-trade securities	-	-	N/A
Stocks	61,599	96,071	56.0
	2018.12	2019.12	Change(%)

## Loans and Asset Quality Classification

SFMI's loans grew 4.1% compared to 2018 to KRW 23.38 trillion. Total household loans increased 4.1% year-onyear to KRW 13.45 trillion. Mortgage loans increased 2.8% from the previous year but the growth slowed due to the decrease in apartment house transaction volume. Insurance loans and credit loans also rose 6.8% and 15.1% year-on-year, respectively, but the growth slowed compared to the previous year. Corporate loans grew 4.1% as we continued to identify new projects such as renewable energy. SFMI's loan asset soundness is one of the highest in the industry with delinquency rate at 0.08% and NPL at 0.03%.

## Breakdown of loan assets<sup>1)</sup>

(Unit: KRW 100 million)

	2018.1	2	2019.1	Change(%)	
	Amount	Percentage	Amount	Percentage	
Household loan	129,203	57.5	134,526	57.5	4.1
Collateral	88,852	39.6	91,305	39.0	2.8
Insurance contract	38,591	17.2	41,196	17.6	6.8
Credit	1,759	0.8	2,025	0.9	15.1
Corporate loan	95,371	42.5	99,311	42.5	4.1
Collateral	95,371	42.5	99,271	42.5	4.1
Credit	-	-	40	-	-
Total	224,574	100.0	233,827	100.0	4.1

 $^{\mbox{\tiny 1)}}$  Excluding RP, allowances for bad debts, and deferred fees

Loan asset quality

(Unit: KRW 100 million, %, %p)

	2018.12	2019.12	Change
Total loan assets <sup>1)</sup>	239,415	256,995	7.3
Normal	239,196	256,804	7.4
Precautionary	127	111	-12.6
Substandard	72	60	-17.2
Doubtful	10	9	-4.0
Estimated loss	10	11	3.3
Non-performing loan (NPL)	92	80	-13.5
NPL ratio	0.04	0.03	-0.01
NPL Coverage ratio	2,206	2,699	492
Delinquency rate	0.09	0.08	-0.01
Household	0.2	0.2	-0.04
Corporate	0.0	0.0	0.0

<sup>1)</sup> Including loan assets to retirement accounts

#### ALM (Asset Liability Management) Status

As of the end of 2019, the asset-liability spread margin stood at 34bp, down 5bp year-on-year. Our asset yield fell by 17bp year-on-year to 3.12% due to the low interest rate trend. The interest on liability, which lags behind market interest rate through disclosed interest rate fell by 12bp to 2.78%. SFMI manages spread margin by establishing asset investment strategy under ALM matching and continuously adjusting disclosed interest rate. Also, as of the end of 2019, the duration matching rate between assets and liability stood at 84.9% as we strived to maintain stable revenue in preparation of market interest rate change.

#### ALM status of long-term insurance

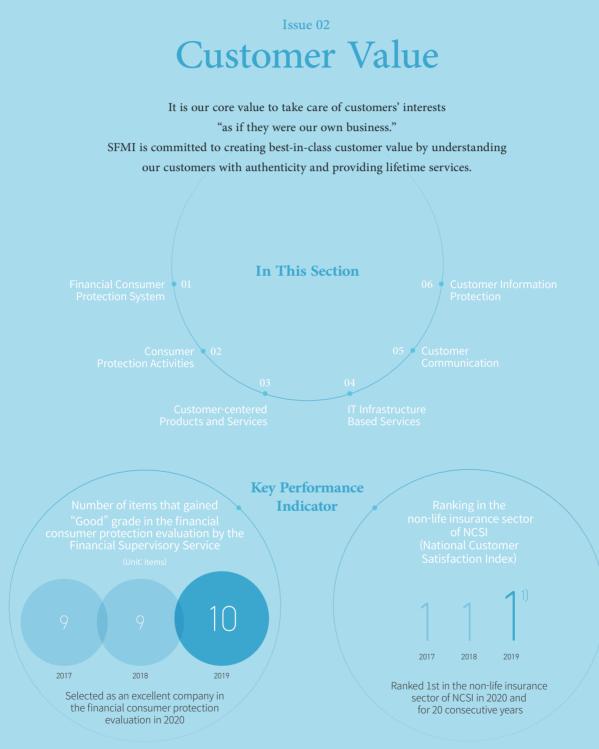
(Unit: KRW 100 million, %, %p)

		2018.12		2019.12			Change		
	Amount	spread	Duration <sup>4)</sup>	Amount	spread	Duration	Amount	spread	Duration
Assets1)	497,933	3.29	6.7	523,374	3.12	7.3	5.1	-0.17	0.6
Liabilities <sup>2)</sup>	454,093	2.90	7.7	470,836	2.78	8.6	3.7	-0.12	0.9
Difference <sup>3)</sup>	43,840	0.39	87.0	52,538	0.34	84.9		-0.05	-0.3

 $^{\mbox{\tiny 1)}}$  Long-term operating assets for special accounts

<sup>21</sup> Policy reserves + unearned premium reserves – cancellation benefits <sup>31</sup> Duration gap means the matching rate of asset-liability durations

<sup>4)</sup> Internal criteria (real interest rate) duration (1.8% in 2018 and 1.4% in 2019 for 3-year treasury bond)



<sup>1)</sup> Ranked 1<sup>st</sup> for 19 years in a row

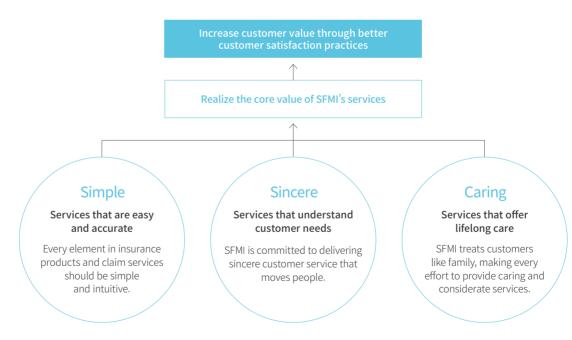
# Financial Consumer Protection System

#### Charter of Customer Service

In providing services to customers, we aim to process work "as if it were our own business" to build customer trust and increase customer satisfaction. We will exert utmost and sincere effort to deliver the highest values to our customers, mindful of customer trust as our top priority.

- 1. We will listen to customers' opinions with an open mind and honor our promises.
- 2. We will always think of customers' business like our own and provide the best service with authenticity.
- 3. We will enhance customer value by understanding customers and providing them with best products and services.
- 4. We will handle customer requests quickly and accurately and provide them with kind assistance.
- 5. We will respect the rights and interests of our customers and protect their information responsibly.

#### Service Identity



## **Organization Chart for Customer Protection**



For the purpose of implementing customer-oriented management activities in a preemptive manner, SFMI appointed the Chief Customer Officer (CCO) under the CEO and runs the Consumer Policy Team as the department in charge. To ensure fairness, objectivity, and expertise in deliberating conflicts with customers, SFMI operates the "Customer Rights Protection Committee" consisting of six external professionals including professors, lawyers, and doctors. We also opened the "Consumer Protection Center" in six metropolitan areas where professionals with rich experience in sales and claiming process customer complaints in a swift manner. Furthermore, SFMI operates Customer Panel, Consumer Protection Committee to improve our service quality.

# **Consumer Protection Activities**

#### Service Academy

We operate the "Service Academy," an organization dedicated to education, under the customer policy team to help employees and risk consultants (RCs) protect financial consumers and lead customer-centered management. The Service Academy implements personalized CS education aimed at practicing customer-centered services and improving the quality of customer services. It develops and educates in-house education programs in consideration of the characteristics of insurance business that customer contact is important at the time of subscription and compensation. SFMI will keep raising the level of customer service, which is noticeably differentiated in the industry, and strive to be more customer-centered.

#### Customer Rights Protection Committee

SFMI settles insurance disputes which are delicate and complicated to handle through the Customer Rights Protection Committee consisting of six external experts including professors, lawyers, and doctors. This process ensures fairer and more reasonable solution of disputes. Since its establishment in 2009, a total of 109 deliberations have been conducted and the results have also been shared with field employees. Like this, we endeavor to prevent customer complaints in advance and enhance remedial processes, protecting customers' rights and practicing customer-centered management.

#### **Consumer Protection Center**

SFMI has established and operated the Consumer Protection Centers in six regions across the nation (Gangnam, Gangbuk, Gangseo, Gyeonggi, Busan Daegu, and Chungcheong-Honam) to further listen to the voice of customers. Employees with rich experience in sales and compensation work are deployed to the centers to offer field-oriented services.

#### **Consumer Protection Committee**

The "Consumer Protection Committee" was established in 2014 with the aim of improving unreasonable systems and practices from customers' perspective, in which executives in charge of sales, claim settlement, and insurance product participate. A total of 37 rounds of meetings have held until 2019. The Committee has contributed to preventing customer complaints in advance, improving service quality and work efficiency, and reducing operating expenses.

#### Customer Portal

In May 2015, SFMI opened the Consumer Portal on its website with menus such as electronic complaints registration, disclosure on complaints, best practices in consumer protection, financial customer protection system, and financial information. In October 2018, the Consumer Portal was renamed as the Consumer Protection Center with the relocation to main page and information enhancement after website renewal. We continue to enhance customer access and convenience of the portal by introducing the mobile consumer complaints registration system that allows customers to file complaints without having to log in.

#### Best Customer Satisfaction Practice Award

SFMI operates various reward programs to further encourage and motivate employees and partners who are outstanding in the area of customer service. Reward programs include: Company Foundation Day Award (annual) and, SFMI Person Award (3 times a year). In addition, SFMI publicizes cases of on-site employees providing best practices in customer service and share them with other employees and partners through internal media and intranet to encourage better CS activities.

# Customer-centered Products and Services

SFMI is proactive in developing various products and services to provide customers with differentiated experiences. Recently, we launched services that support the health management of customers by capitalizing on new digital technologies, thereby improving customer satisfaction.

# Anyfit Service

Launched in June 2018, the Anyfit service provides reward points in partnership with the Samsung Health app from Samsung Electronics whenever a customer achieves an exercise goal related to walking, running, or mountain climbing. Reward points accrue depending on the extent to which a customer achieves a daily or monthly exercise target, and more points can be earned through attendance checks and various events such as health quizzes. Ayfit also offers "Point Back," an insurance product that translates a certain percent of premiums into credit when customers achieve walking goals within a set period. Customers can redeem the credit on Anypoint Mall or pay for premiums with the credit.

The Anyfit service, which has more than 150,000 fully signed-up members as of the end of 2019, was awarded the grand prize in the service category (insurance) of the "2019 Korea Fintech Awards," in September 2019 in recognition of its "digital technology that collects exercise information in linkage with Samsung Health" and its "idea that customers can take care of their own health, which forms a basis for life asset management".

#### MyHealthNote

"MyHealthNote," launched in January 2018, is a mobile healthcare service for diabetic patients with longterm insurance from SFMI. When customers input their blood sugar, diet, and exercise information into the MyHealthNote app, it provides counseling messages based on the information entered. MyHealthNote also provides useful health information on different themes related to diabetes, such as blood sugar, nutrition, exercise, weight, stress, and sleep management, so that diabetic patients can better understand their disease and manage their own health.

MyHealthNote received the InsurTech Innovation Award at Herald Business Insurance Grand Prize in October 2018 and excellence award for the financial sector at Korea Mobile Award, in November 2018, in recognition of its excellence as a healthcare service for diabetes patients. As of the end of 2019, MyHealthNote has about 3,500 subscribers. SFMI unveiled simplified version of MyHealthNote in the fourth quarter of 2019 for some group insurance products. SFMI will listen to users' opinions and improve the service to make continuous upgrades.

#### **Business Consulting**

SFMI's Business Consulting is the industry's first fire insurance-specialized consulting service. This service analyzes potential fire risks present in customers' shops or plants and comes up with optimal protection plans based on the fire insurance they subscribed to. Our Business Consulting includes fire risk analysis, expected gains and loss from fire insurance cost, and analysis report. It first examines building structure and its ageing status based on the building register. Then fire risk analysis report is created after conducting a simple questionnaire. It also offers guidelines on properties appraisals while helping customers to confirm if they are subject to mandatory fire insurance. The analysis results are also drawn upon to send automatically created subscription forms which customers can simply sign on with one click.

#### Consultation System for Analysis of Disease Risk

In August 2018, SFMI obtained a patent for the consultation system for "Analysis of Disease Risk," which notifies individuals of expected diseases if customers input their health information (Patent registration name: Prediction of disease development and consulting system). This system was established in 2015 after a year of research activities of medical experts at Kangbuk Samsung Hospital and SFMI. If a customer inputs information on individual health conditions, it provides information on diseases that require attention and suitable insurance products. This system can easily be accessed through text message certification by RCs. We will continue to make efforts to provide various insurance products and services to meet the needs of customers.

#### Mobile Product Information Platform "Propose"

SFMI launched "Propose," a mobile product information platform, in January 2018, to provide contents describing the necessity and characteristics of insurance products. The platform consists of three categories of "Super Single: I am precious and love myself," "Happy Family: Dream happiness with children," and "Golden Age: Prepare your golden time," offering insurance products and contents tailored to consumers' lifecycle. Insurance products are displayed through the forms of card news and infographics instead of text message to help customers easily understand.

#### Imported Car Relief Care Center

To help imported car drivers repair at reasonable prices, SFMI operates the Imported Car Relief Care Center where experts check damage status and offer advice on the best repair methods and scope. Starting the Gangbuk center, located in Seongsu-dong, Seoul, in September 2011, a total of 18 centers have been operating 9 in metropolitan area (Gangbuk, Gangnam, Gangseo, Bundang, Ilsan, Suwon, Anyang, Incheon, and Yongsan) and 9 major cities (Daejeon, Cheonan, Cheongju, Jeonju, Gwangju, Daegu, Ulsan, Busan, and Changwon). In addition, we first launched the "Online Relief Care Center for Imported Cars" in the industry to help customers easily receive repair cost estimates anytime and anywhere. The centers provide car pickup, simple scratch repair, and electronic device examination services as well as cost estimates for free, demonstrating higher customer satisfaction.

#### Better Web Accessibility

On January 7, 2013, SFMI became the first insurance company to obtain the "WA Quality Certification Mark" granted by WebWatch, a social enterprise who is a state-registered web accessibility quality certification agency. We also renewed the certification in 2019. Web accessibility certification mark is awarded to websites that ensure an equal accessibility for people with disability, senior citizens, or other marginalized class.

# IT Infrastructure Based Services

SFMI provides stable insurance services and promotes management innovation through IT. Our IT system enables offering of one-stop customer services by linking overall business process including insurance products, contracts, and management activities. Moreover, we make utmost efforts to provide customers with differentiated services and new experience by integrating insightful customer data, business knowhow, robust IT system, AI, and big data.

#### Integrated Global IT system

SFMI's global IT system browses all business processes in real time, including the insurance contracts of overseas subsidiaries and offices, and supports stable business operations. In 2019, SFMI converted IT infrastructure into cloud settings and expanded open-source applications to improve system operation efficiency. IT-based environment was innovated to ensure timely response to product launch and revision and changes in market and regulations. In 2020, to maintain market dominance in the face of a rapidly changing environment, we plan to further enhance IT capability for business continuity for stable system operation and future growth.

To improve IT operational stability, SFMI reinforces IT operation management competence through IT quality management for failure prevention and improvement of system change management process. We also continue activities aimed at replacing aging IT infrastructure and taking swift response to new product launch and regulation update. In addition to improving IT infrastructure expertise, we seek to secure long-term IT system stability and performance reinforcement in accordance with upgrade roadmap.

For IT technology structure advancement, SFMI will establish company-wide data platform connected with the existing legacy system and big data infrastructure to keep up with digital innovation and technological changes while performing collection, analysis, and application of external and internal data. Also, by carrying out strategic projects such as sales system improvement for competitiveness enhancement in GA market and operational efficiency of underwriting and claim, we will raise competitiveness in our core business areas.

#### Mobile Systems

In a prompt response to the expansion of smart devices and the rapid change in the mobile environment, SFMI has been developing a mobile system. SFMI will make active use of smart devices such as tablet PCs and smartphones for customer services, ranging from contract management to claims payment. In addition, to promote customer convenience, we offer smart services that allow real-time application, incident investigation, and payment of premiums. The industry's first mobile website offers applications that deal with customer's enquiries, contract alterations, incident reports, loan applications and issuance of certificates.

SFMI has been strengthening its services with a focus on customer convenience, and continuously improving its mobile environment and content to enhance user convenience and provide new experience. For example, customers can better understand the content of their insurance policy by conducting various analyses through their mobile device. In 2019, SFMI innovated its website to allow customers to have direct access to contract management, benefit payment, and Internet loans from the main page. We also updated B2B2C system built on Open API to reinforce "contact-less channels" that provides access to insurance subscription and service.

In 2020, SFMI is undertaking system upgrade for an even better customer experience by renovating UX/UI of the web site and direct channel , which are major contact points with customers. Customers will be able to access the general process from contracts and claims to loans by themselves. The improved service quality will ensure that customers can complete services they need online. We updated "Smart Link", which connects mobile and website, to promote communication among clients, agencies and RCs, thus providing customized products and services and establishing feedback system. We will raise customer satisfaction by updating call center system equipped with IT infrastructure with customer-oriented functions and advanced digital technologies.

# **Customer** Communication

#### Consumer Satisfaction Survey

We conduct a survey on customer satisfaction once a year to diagnose the level of our services and grasp improvement points as part of our customer-centered management and the results are reflected to improve the quality of products and services. In 2019, we ranked top in customer satisfaction surveys conducted by three major agencies.

#### Achievements in 2019

National Customer Satisfaction Index (NCSI) Korea Productivity Center



78 points (No.1 in the non-life insurance sector for 19 consecutive year)

Korean Customer Satisfaction Index (KCSI) Korea Management Association Consulting



83.3 points (No.1 in the auto insurance sector for 22 consecutive years) 81.0 points (No.1 in the longterm insurance sector for 9 consecutive years) Korean Standard–Service Quality Index (KS-SQI) Korean Standards Association



75.5 points (No.1 in the auto insurance sector for 18 consecutive years) 74.0 points (No.1 in the longterm insurance sector for 6 consecutive years)

# Voice of Customer (VOC)

SFMI actively listens to grievances and suggestions reported by customers via various channels including website, email, call centers and mobile services, etc., and seeks a fast resolution of issues within 24 hours. We also reflect the results of VOC handling in product development and provide CS trainings to departments or employees who are the source of frequent customer complaints.

Rate of VOC handling within 24 hours

)% 2017

2018



# **Evaluation on Financial Customer Protection Status**

The Financial Supervisory Service evaluates financial consumer protection status of financial firms every year. SFMI obtained "Good" grade in all 10 items in the evaluation of 2019 (9 items in the previous year). We became the only insurance company to obtain "Good" grade in all 10 items and only five out of 68 financial companies received the results. SFMI will continue to spearhead the protection of consumers' rights.

#### Customer Panel

We have actively operated the "Customer Panel" system since its launch in 2005 for the first time in the non-life industry. The CEO and major executives participate in the Customer Panel meeting to listen to the results of panel activities and reflect them in management improvement activities. A total of 27 rounds of meetings have been held to carry out 790 tasks. The results of four-month task practices of the Customer Panel are shared with employees to improve customer-centered management.

#### Communication through SNS

SFMI has been operating a variety of social media channels. Currently, five online PR channels including YouTube, Facebook, and blog are in operation to boost communication with our SNS fans.

Our efforts for customer communication through social media channels have resulted in communicating with over 600 thousand Facebook users, the largest number in the insurance industry, as of the end of 2019. We will continue customer-centric communication by implementing strategies customized for the features and trends of each social media channel, thereby creating a friendly corporate image beyond the status as the No.1 insurance company.

SFMI YouTube	https://www.youtube.com/user/SamsungfireTalk
SFMI Facebook	https://www.facebook.com/samsungfiretalk
SFMI NEWS Blog	http://blog.samsungfire.com/
SFMI Naver Post	https://post.naver.com/samsungfire3
SFMI Instagram	https://www.instagram.com/samsungfiretalk/

#### Major Official SNS Channels

## Brand Communication

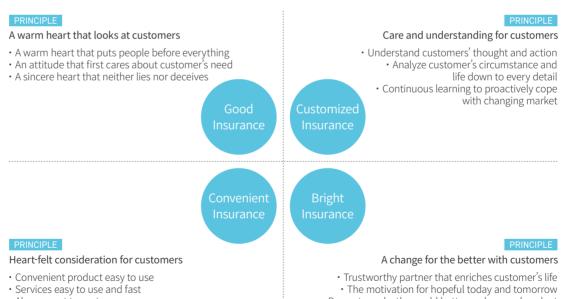
#### Change for Customers and Brand Management that Delivers Innovation

By clearly defining and managing the roles of brands encompassing products, services, and different corporate activities that guide us, SFMI builds values for the company's future.

#### "Good Insurance" That Represents SFMI's Sincerity

The "Good Insurance," SFMI's brand philosophy, represents a good insurance that serves as a guardian of customers' present against all of the world's anxieties and takes them to a world that is brighter and more hopeful. The Good Insurance is built on four core values. SFMI's brand symbol "Your Spring" is one pillar of the brand philosophy. It represents two "springs": "Seeing," or "bom" which means spring in Korean language, is the heart and attitude that takes a thorough look at customers' worries, understands and relates to their anxieties. The other "Spring" is a hopeful spring to confront the worries in the world. SFMI pledges to usher in spring for customers, and the spring for the world with the Good Insurance.

#### Core brand values



Always next to customers

· Power to make the world better and more abundant

# **Customer Information Protection**

# Information Protection Management System

To ensure stricter information protection, SFMI has appointed the CSO (Chief Security Officer), CISO (Chief Information Security Officer), CPO (Chief Privacy Officer), and credit information handlers and operates the Information Protection Committee, a decision-making body for security issues. Moreover, the Security Work Council attended by departments dedicated to security control such as Information Protection Department and IT Security Department establishes and monitors the security policies on a regular basis. SFMI has also maintained the ISMS (Information Security Management System) certification through post examination since the first acquisition in 2014 from the Ministry of Science, ICT and Future Planning.

## Information Protection Activities

By capitalizing on security departments, SFMI has been conducting a variety of information protection activities: reinforcement of security rules, encryption of customer database, operation of information protection system, 24/7 cyber monitoring, mock hacking, simulation training against malignant code infection, improvement of insufficiencies, and regular security inspection. These activities have contributed to raising employees' awareness of information protection enhancing internal control competence in terms of collecting, using, managing, and discarding personal information. Moreover, a separate security control system is operating to help both employees and outsourced partners treat our customer information safely. As a result of these efforts, there has been no information leakage. We will continue to carefully handle customer information in accordance with related regulations to prevent any leakage. In 2020, SFMI will create and distribute promotional materials (in the form of poster and webtoon) to raise awareness of information security.

#### Information Protection Certification

#### Certified as Excellent Site for ePRIVACY

Ever since 2000 when SFMI was certified by the Korea Association of Information and Telecommunication as the privacy protection company for the first time, we have renewed the certification every year. ePRIVACY is the mark given to websites after evaluating their privacy protection and management policies through integrated and quantified standards.

#### Certified as Excellent Site for i-Safe

In 2002, SFMI acquired the Internet site safety mark, which is awarded to websites demonstrating a high-level security by the Korea Association of Information and Telecommunication and has been re-certified every year. This mark certifies that a site has appropriate privacy system to protect users and build trust between users and the site by evaluating privacy protection, system security, and consumer protection.

#### Obtained Data Quality Certification-M Level 4

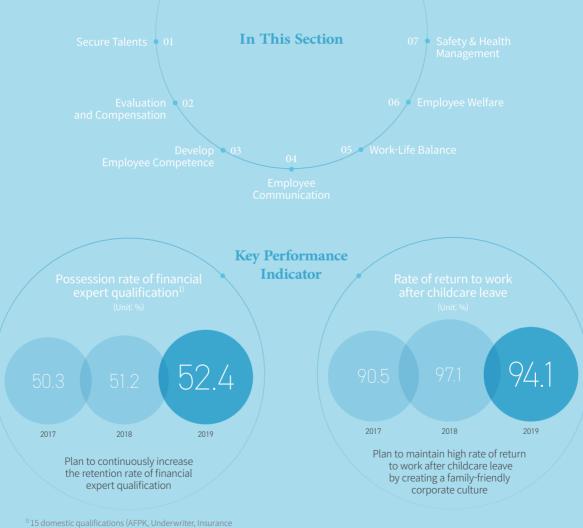
SFMI is the first company in Korea to obtain "Data Quality Certification Level 4" from the Korea Data Agency under the Ministry of Science and ICT. DQC is a system that evaluates and certifies information and data management status of both public and private organizations. So far, 6 organizations and companies have been certified with "Level 3" but SFMI obtained Level 4, the only private company in Korea with the highest grade.

## Prevention and Detection of Insurance Fraud

To prevent and detect insurance frauds, SFMI operates the "Insurance Fraud Detection System (IFDS)" that contains insurance-related big data such as insurance contract and accidents and compensations. The IFDS computes insurance fraud risk scores of reported accidents on a real-time basis and categorizes abnormal scores as suspicious case. SFMI will continue to upgrade the IFDS to prevent customers from insurance fraud.



Recognizing employees as a key asset for enhancing corporate competitiveness, SFMI is proactive in securing talents, running systematic talent-nurturing programs, and creating a great place to work in order to increase employee value.



<sup>4</sup> 15 domestic qualifications (AFPK, Underwriter, Insurance Examiner, etc.) and 20 overseas qualification (CPCU, Associate, CISA, etc.)

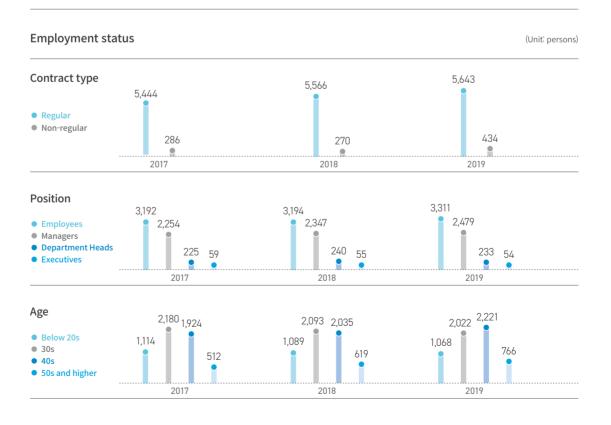
# Secure Talents

#### **Open Recruitment**

SFMI operates the open recruitment system to ensure equal opportunity without discrimination of academic background, age, gender, and disability. We also provide the underprivileged and young adults who pursue their dreams despite tough environments with equal job opportunities. For example, additional points are granted to the applicants from low-income families when hiring new employees. Moreover, we actively participate in diverse job fairs for recruiting of university and high school students across the nation as part of regionally balanced employment. In 2019, a total of 174 persons (137 new commers and 37 experienced employees) joined SFMI through the open recruitment system.

### **Talents Retention**

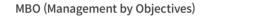
As of the end of 2019, the number of SFMI employees was 6,077 and male and female employees accounted for 53.9% and 46.1%, respectively. The company operates a variety of HR programs such as fast promotion of highperforming field workers and open job application system in order to support employees to grow into global financial experts. As for the diversity, the employment rate of people with disabilities and national veterans were 2.6% and 1.6%, respectively, and the share of female managers was 13.4%. In 2020, we will continue not only to expand selected promotion of high field performers but also to secure more experts in actuarial work, data analysis, alternative investment, and M&A, thereby strengthening our fundamental competitiveness.



# **Evaluation and Compensation**

## Performance Evaluation

SFMI implements a target-oriented performance evaluation system for all employees. The evaluation considers performance and competency in a comprehensive manner with a three-step interview system (goals, interim findings, and results) to ensure fairness and transparency. The 360 degree diagnosis and feedback system on basic, function, and leadership competency by seniors, colleagues, and juniors is also added to encourage employees' capability development. This performance evaluation process helps motivate employees to grow into global financial experts.





#### Compensation

We operate the annual salary system to establish a performance–oriented culture and the profit-sharing program to boost the challenging spirit of employees. The salary of our new college graduates is higher than the legal minimum wage and the median value of employee compensations was KRW 85,040,798 in 2019. There is no gender-specific salary gap at SFMI.

#### Awards

SFMI operates a variety of award programs such as citations on the corporate foundation day (annually), Best Employee Award (quarterly), and Best Department Award (quarterly) to help employees take pride in their works. Moreover, citations, prize money, and additional points are awarded to employees who have contributed to sustainable growth of the company by achieving excellence in job performance, innovation, customer satisfaction, great workplace, social contribution, and compliance.

# Develop Employee Competence

SFMI operates a talent cultivation system to foster our employees into the best experts in finance and insurance.

#### SFMI University

SFMI operates an in-house university system named "SFMI University" to nurture global talents in finance and insurance. The SFMI University aims to enhance employee job competence and insight. It supports various curricula (247 group and camp training courses related to jobs) tailored to the duties and levels of employees based on the credit completion system. To nurture future insurance and financial experts, SFMI also established the Actuary Academy, Big Data Academy, Health Insurance Academy, and the finance master's program at Sungkyunkwan University.

In 2019, the "Dream Campus+," a mobile training portal, was launched to encourage learning and communication and provide a variety of learner-centric contents. We also offer e-learning, professional qualification course, foreign language course, and e-Book service (in partnership with Kyobo Book Center) to ensure ordinary learning environment. Furthermore, we have been operating an internal professor system that encourages employees with professionalism in each field to contribute to in-house educations by capitalizing on their knowhow, experience, and expertise for creating learning materials and giving lectures. As of the end of 2019, a total of 141 persons served as internal professors. Diverse incentives such as lecture fee and extra points for promotion are given to them.

Fundamental			Profes	sional			Management
Strengthen solidarity by sharing the company's vision and value			] Cultivate	at Sungky		iversity	Strategic fostering of next-generation business leaders and organization
	[Cc	Big Data Academy College] Foster the best experts in the nation				managers	
	U/W	U/W Compen- sation	Auto U/W Compen- sation	Asset Invest- ment Loan	Support Actuary IT	Sales Individual strategy	
Hardware Global Campu Yuseong Camp	s / Education Contents / Competenc				Systemware ce Development System / latform (Dream Campus+)		
Infrastructure							

# Individual Development Plan

The Individual Development Plan (IDP) aims to enhance employees' job expertise. It supports the operation of inhouse professional courses and external training course curation tailored to the level of each job and launches diverse learning programs such as e-Learning, in-house study club, foreign language education, and professional certification. In 2020, we will revamp the IDP as an autonomous competency development program to provide employees with more diverse learning courses and spread the culture of motivated and self-initiated learning.

#### **Education and training**

	2017	2018	2019
Participation rate in IDP (%)	98.4	99.2	99.8
Number of learning courses	1,820	1,777	1,512
Annual average education cost per employee (KRW in million)	1.48	1.58	1.39
Annual average education hours per employee (hours)	96.6	105.3	119.1
Possession rate of financial qualifications (%)	50.3	51.2	52.4

# Career-Up System

SFMI introduced the Career-Up system in 2015 to provide job rotation opportunities to employees. It has helped employees develop their careers through extensive experience in diverse jobs and become leaders with a broader perspective on insurance business. Through the Career-Up system, 28.1% and 30.1% of applicants had get new positions in 2017 and 2018, respectively. In 2019, 23.3% of applicants took on new tasks they applied for.

# Global Talents Cultivation

SFMI is operating diverse programs to foster leaders with global business capabilities.



## Cultivation of Job Experts

#### **Big Data Academy**

SFMI operates an industry-college linked MBA in Big Data Management at Kookmin University to nurture big data analysts. A total of 85 employees from 37 departments have participated in the big data business course, and 48 employees from 15 departments have completed the expert course for the last four years. We are designing additional training courses to nurture digital experts equipped with capabilities for data analysis, new digital technology, and digital marketing.

#### **Actuarial Academy**

In a bid to foster talented actuaries with international job competency, SFMI has been running an independent master's course in actuarial science in association with Sungkyunkwan University. In 2017, 10 employees received the master's degree in the first session. During the second session (from March 2018 to February 2020), 10 employees completed the course including the participation in overseas seminars and application to the actuary examination of the U.S. This program contributes to securing talents with advanced actuarial capabilities.

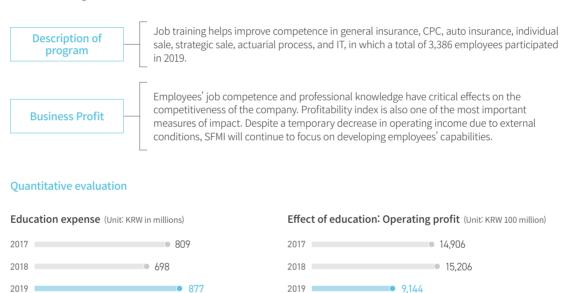
#### Master's Course in Finance

SFMI has been operating a master's course in finance at Sungkyunkwan University in partnership with financial subsidiaries of Samsung Group to foster next-generation leaders armed with financial expertise and management capabilities. Since September 2013, a total of 30 employees have completed the course (11 in the first session, 9 and 10 in the second and third session, respectively). In 2019, 8 employees joined the fourth session.

# Management of Educational Effects

We conduct quantitative evaluations such as defining business benefit and assessing cost-effectiveness to manage the long-term effects of employee education programs.

#### 1. Job training



\* According to a survey of executives and employees who took the job trainings in 2019, we obtained 4.87 points (out of 5 points) in terms of the application of education to actual work.

#### 2. Global talents cultivation



#### Quantitative evaluation

Education expense (Unit: KRW in millions)		Effect of education: Premiums written (Unit: KRW 100 millior from overseas reinsurance assumed				
2017	• 1,708	2017	• 2,988			
2018	• 1,448	2018	• 3,417			
2019	• 1,256	2019	<b>3,814</b>			

# 3. Mentoring Program

Description of program	1 1 2	s with less experience adapt to the corporate culture and build a total of 187 executives and employees have participated in this
Business Profit		l settlement and career development of executives and p in employee turnover and cost reduction from a business
Quantitative evaluation		
Education expense (Unit: KRW	in millions)	Effect of education: Voluntary turnover rate (Unit: %)
2017	50.6	2017 0.6

Education expense (Unit: KRW in millions)
2017
50.6
2018
37.5
2019
41.5

2017			l
2018		0.4	
2019		0.4	

# **Employee** Communication

# Handling of Employee Grievances

SFMI is proactive in listening to employees' suggestions and addressing their complaints through consultation and grievance handling systems. Cases are treated confidentially and especially in the case of sexual harassment, female counselors engage in addressing issues. In 2019, a total of 66 grievances were resolved.

#### Grievance handling process

#### – HR Issues -

Reception of HR related complaints (leave of absence, reinstatement, training, evaluation, etc.)  $\rightarrow$  Resolution by the Grievance Handling Committee (employee representatives and company representatives)  $\rightarrow$  Notification of results

#### Verbal Violence

Reception of complaints related to verbal abuse, inappropriate comments on physical appearance, and personal insults inside or outside of workplace  $\rightarrow$  Counseling and investigation  $\rightarrow$  Recommendation of correction or disciplinary actions to the violator depending on the fact and abuse level

# **Employee** Communication Channel

#### Sexual Harassment -

Reception of complaints  $\rightarrow$  Counseling and investigation  $\rightarrow$  Resolutions and disciplinary action  $\rightarrow$  Protection of victims and damage treatment

#### Alcohol-related Issues

Reception of alcohol–related complaints during company events  $\rightarrow$  Investigation and corrective measures

To establish a sound corporate culture and improve employee satisfaction on the Great Workplace Program (GWP), we operate various communication programs such as an online community called "SoTongHaeBom," internal broadcasting system, Employee Council home page, and on-site meeting with the management.

"SoTongHaeBom" is an online community platform for communication between employees and Risk Consultants (RC). The platform provides 6 menus: "CEO's Live Talk Talk" which delivers the CEO's management philosophy and activities; "News Room" which delivers major corporate information; "Media" which contains corporate news and training video clips on sales and claim settlement; "Insight & People" which shares best job practices and personal family stories; and "Information Plus" and "Events" that provide updates on company news and events. "SoTongHaeBom" is accessed by around 3,000 employees on a daily average, playing an important role as a smooth communication channel. We plan to secure more than 3,500 visitors a day.

## Labor-Management Relationship

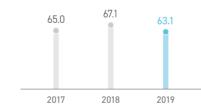
SFMI maintains a cooperative relationship with employees based on mutual trust and respects their freedom of association. Accordingly, the Employee Council was organized in March 1988 as the employees' representative body. Since then the Council has exerted effort to forge a collective bargaining agreement on wages and working conditions, protect the rights of employees, improve their economic status, and contribute to the company's development. In addition, a labor union was established in February 2020 and is currently discussing a collective agreement with the company.

Major activities of th	e Employee Council in 2019
------------------------	----------------------------

- Labor-Management Council (four times a year)
- Wage negotiation and collective agreements
- Regular meeting between the CEO and Employee Council representatives
- Meeting for unity by each departmentParticipation in major business
- events including the management meeting
- On-site investigation on working culture
- Operation of the automatic PC shutdown system
- Support for employee hobby club activities
- Operation of the Employee Council intranet and publication of newsletters

#### Employees subject to the collective bargaining agreement $^{1)}$

(Unit: %)



 $^{\scriptscriptstyle 1)}$  Collective bargaining agreement: Membership of the Employee Council

# Work-Life Balance

# Employee Satisfaction Survey

SFMI conducts the Samsung Culture Index (SCI) survey, developed by Samsung Economic Research Institute, every year to create a pleasant workplace. The SCI consists of 50 questions in 15 categories. The SCI of SFMI in 2019 marked 77.3 points, a slight decrease (0.1 point) from the previous year. However, we have scored higher than the Group average in every sector. The SCI survey result is utilized to identify directions for improvement and action tasks necessary for building a better organizational culture.

# Operation of Hobby Clubs

To encourage active interaction among employees and improve work-life balance, the Employee Council supports hobby club activities. Every SFMI employee can launch a hobby club. As of the end of 2019, a total of 133 hobby clubs for hiking, baseball, soccer, tennis, bowling, photography, reading, meditation, etc. were operated (93 in Seoul metropolitan area and 40 in local areas).

# Congratulation on Promotion

In a bid to celebrate the promotion of employees, the company holds an event to deliver a congratulatory message of the CEO and memorable gifts.

# Filial Piety Festival

The company and employees have held the filial piety festival to introduce parents of SFMI's leading status and convey our appreciation. In 2019, the festival was held in Hanoi, Vietnam, to which 200 parents of our employees were invited and created special memories.

# Family Care Leave

Employees who have family members (parents, children, spouse, and parents of spouse) in need of care due to sickness, accident, or old age can use family care leave of absence between minimum 30 to maximum 90 days a year or family care leave up to 10 days a year.

# Subfertility Leave System

SFMI allows female employees who are over 30 years old and have no children after three years of marriage to take subfertility leave and provides financial support for the treatment of subfertility.

# Leaving Office at the Right Time

SFMI introduced the Home Run System where PCs are automatically shut down at the close of office hours every Wednesday and Friday to encourage employees to leave office on time for the purpose of preventing unnecessary over time work. Today, the campaign is conducted throughout the week

# Maternity Protection

SFMI is creating a women-friendly corporate culture by running various programs for maternity protection. Those include perinatal leave, childcare leave of absence, and shortening working hours during parenting period as stipulated in laws and regulations as well as the flexible time system for pregnant women and hot line for maternity protection.

	2017	2018	2019
Number of employees on maternity leave (female)	125	96	70
Rate of return from maternity leave (%)	99.2	100	100
Number of employees on parental leave of absence (female)	200	156	151
Number of employees on parental leave of absence (male)	23	34	30
Rate of return from parental leave of absence (%)	90.5	97.1	94.1

# Daycare Center at Workplace

To support working mothers and encourage their work engagement, SFMI operates three in-house daycare centers (Seocho I, Seocho I, Seocho I, Seosomoon) for kids aged from 1 to 5 as of the end of 2019.

# **Employee Welfare**

SFMI provides various welfare benefit programs to improve employees' quality of life.

## Selective Benefit System

Since 2011, SFMI has been operating the annual benefit point system as a selective benefit program. Employees can use the benefit points for self-development, healthcare, and family-friendly activities in line with their lifestyle and preference.

# Life Planning Program

SFMI offers various post-retirement support programs for our employees. Pension plans are provided in accordance with the Retirement Benefits for Workers Security Act. Established in 2009, the Financial Career Consulting Center has been supporting retired or soon-to-be retired employees in finding new jobs that fit the characteristics of their desired financial careers. We also offer an age-specific life planning course to employees reaching the ages of 45, 50, and 54 for the first time in the financial industry. In 2019, a total of 84 employees received our support for business start-up or job change, 22 of whom succeeded in finding new jobs. This program has helped employees expand their career and professionalism and gain confidence in their post-retirement life. Since 2018, we have provided more practical help through a life planning course to employees aged 45 or above and supported one-on-one consulting for future retirees and retained employees. In 2020, SFMI launched a senior course for employees aged 57 to help them prepare for a new life after retirement at age 60.

# Psychology Counselling Program

SFMI has been operating the Maeumnuri Counseling Center since 2010 to promote the mental health of employees. The center provides professional counseling to employees, as well as their spouses and children, who are suffering from personal life, childcare or study–related stress and distress. In addition, the center has given employees access to personality and psychological tests through on-line and off-line consultations since 2013 in cooperation with an outside specialized counseling service provider which operates a nationwide business network.

#### Major welfare benefit programs

Support for leisure life	In-house fitness center, leave for long-tenured employees, leisure facilities
Housing and living stability	Company housing, private pension, loans from in-house labor welfare fund
Support for healthcare	Medical checkup, group health insurance
Childbirth and maternity	Company-run daycare centers, lounge for maternity protection, childbirth gift
Education of children	Educational expense assistance, Winter english camp, gifts for children starting school
Others	Psychological counseling office, marriage support room, support for family events, etc.

# Safety and Health Management

#### Safety and Health Management System

Since 2014, SFMI has been operating the Occupational Safety & Health Committee on a quarterly basis, composed of representatives of employees (Chairperson of the Employee Council and three other members) and company representatives (Head of HR Team and three other members). The Committee discusses and resolves such issues as plans for partner hospitals for health checkups and the revision of the industrial disaster processing policy.



## Inspection and Education on Safety & Health

To establish a safe working environment, SFMI conducts periodic inspections on buildings, electronic facilities, firefighting systems, elevators, and air and water quality. Preventive safety programs such as regular safety drills and broadcasting of safety guidelines are in place. We are also committed to raising employees' awareness of safety by informing safety rules through in-house broadcasting for making safety management a part of everyday life.

#### Safety Management in Office Buildings

SFMI conducts regular and special check-ups on our buildings. Those include not only regular checks on safety against seasonal disasters such as fire, storm, and flood (six times yearly) but also inspection on old facilities and training of chemical substances handlers. In addition, we have established an emergency response procedure manual in accordance with emergency preparation and response guidelines. In 2019, responsible departments (GLCC, Real Estate, Contingency Planning, and RM Planning) jointly conducted an in-depth safety inspection on responses to fire and terrors at 8 buildings and improvements were made to meet the recommendations.

#### Promoting Health

SFMI offers health checkup services to employees and operates fitness centers and nursing rooms.

#### Employee absence, loss rate, and occupational accidents

	2017	2018	2019
Absent days	379	281	215
No. of absent employees	59	59	51
Lost days <sup>1)</sup>	169	336	-
No. of damaged employees	2	5	-
No. of occupational accidents	2	4	-

<sup>1)</sup> Lost days: Absence due to illness

# Supply Chain Value

SFMI introduced the social responsibility code of conduct to encourage our business partners for sales and claims to observe social responsibility practices and strives to double the supply chain value by cooperating in education, welfare, and grievance handling.

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<sup>1)</sup> Newly promoted the code for auto insurance and long-term insurance partners in 2019

# Social Responsibility Code of Conduct for Business Partners

SFMI established the "Social Responsibility Code of Conduct for Business Partners" to promote their fulfillment of social responsibility and has reinforced support and monitoring of their risks in ethics, human rights, safety, and environment to help them secure sustainable competitiveness. Our business partners are required to comply with all applicable laws and regulations and business ethics. We have also received voluntary agreement on the Social Responsibility Code of Conduct to encourage them to promote social responsibility management and induce changes. This Code of Conduct recommends responsible business management to SFMI partner companies with regard to ethics, human rights, safety and environment, and all business partners and suppliers should comply with this Code. In the event of any conflict between this Code of Conduct may be modified in case of any change to the partnership management policies of SFMI.

Human Rights	Child labor	SFMI partner companies shall prohibit child labor in all cases.
	Forced labor	SFMI partner companies shall prohibit forced labor, and any form of labor shall be voluntary. Forced and involuntary labor through confinement contracts, exploitation of prisoners, or human trafficking shall be strictly banned.
	Labor hours and wages	SFMI partner companies shall comply with domestic laws and regulations on working hours and wages. Wages provided to workers shall include a minimum wage, overtime allowances, stipulated welfare items, etc.
	Humane treatment	SFMI partner companies shall not engage in any sexual harassment, sexual assault, corporal punishment, mental or physical coercion, or coarse and inhumane treatment involving profanity against employees, nor shall they make any attempt or threaten to give such treatment.
	Prohibition of discrimination	SFMI partner companies shall protect employees from any unfair discrimination caused by bias. In particular, they shall take extra care not to infringe upon the rights of women, children, foreigners, people with disabilities, and those in socially marginalized classes.
Safety	Prevention of accident	SFMI partner companies shall eliminate potential safety risks and take preventive measures to protect employees from any risks. They shall establish and observe procedures to handle contingency cases and tackle accidents in order to minimize damages in case of an emergency.
	Disease control	SFMI partner companies shall establish procedures to prevent industrial accidents and occupational illnesses, and provide employees with a hygienic working environment including clean drinking water, restrooms, and facilities.
Environment	Minimization of pollution	SFMI partner companies shall observe all applicable laws and regulations on waste disposal to minimize pollution.
	Environmental preservation	SFMI partner companies shall actively engage in environmental preservation and promote sustainable resource use through energy conservation, reduction of greenhouse gas emissions, recycling, detection and removal of risk factors, etc.
Ethics	Anti-corruption	SFMI partner companies shall execute all transactions in a fair and transparent manner. They shall not promise, suggest, or offer certain value for the purpose of inappropriate gains. Any kind of corruption such as bribery, fraud, money-laundering, embezzlement, concealment, and unfair exercise of influence on counterparties, accounts, or suppliers shall be completely prohibited, and relevant laws shall be observed.
	Compliance	SFMI partner companies shall not engage in any form of unlawful restrictive business practices such as price-fixing, bid-rigging, or collusive transactions in accordance with Articles 19 and 23 of the Monopoly Regulation and Fair Trade Act. They shall also make reasonable effort to protect intellectual property rights, customer information, and the private information of Samsung Fire & Marine Insurance, and fully comply with relevant laws and regulations.

# Support for Business Partners

#### Sales Partners

Risk Consultants (RCs) are financial specialists who provide our customers with top class insurance consulting and services and our key business partners. They comply with principles for complete sales to build up trust with customers. SFMI requires them to make exact and correct product explanation so that customers have a full and clear understanding of the service and product, thereby pursuing the establishment of a healthy insurance sales culture. Thanks to the efforts of employees and RCs towards ethical sales, there has been no sanction related to customer information protection including information leakage for the past three years.

#### **Claim Service Partners**

SFMI teams up with leading roadside assistance providers and repair shops across the nation to provide our customers with efficient and convenient claim services. All reported accidents are processed through our Call Center so that our roadside assistance and claim partners can take immediate emergency measures and conduct preliminary investigation into the site of the accident. Moreover, the company's specialized repair shop Anycar Land and partner repair shop Anycar Family Center, in compliance with SFMI's ethical management principles, render satisfactory services to customers through quick and sincere maintenance.

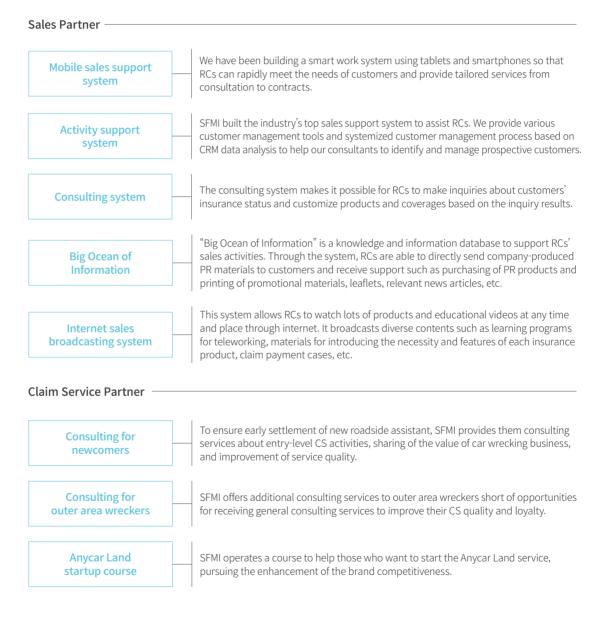
		2017	2018	2019
Sales Partner <sup>1)</sup>	RC (Risk Consultant)	42,140	43,129	36,329
	Insurance agency (individual, corporate)	4,798	4,642	4,723
	Insurance agency (financial institutions)	41	46	48
Claim Service Partner	Roadside assistance companies	1,606	1,574	1,562
	Repair & maintenance shops	1,497	1,491	1,887
	Claim adjustment company	13	13	13

#### **Major Partners**

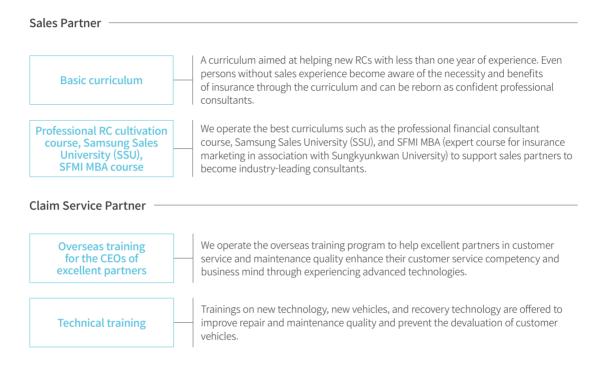
<sup>1)</sup> The number of RCs includes cross-selling consultants as of February 2020.

Number of RCs certified for excellence by the General Insurance Association of Korea (Unit: persons)		Number of excellent repair & maintenance partners (Unit: places)		
2017	• 5,979	2017	985	
2018	5,706	2018	983	
2019	• 6,152	2019	980	

# Partner Support System

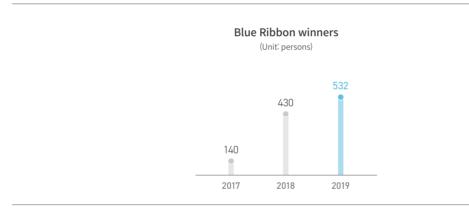


# Training Programs for Business Partners



# Cultivation of RCs with Certificates of Excellence

In order to increase the professionalism and complete sales competency, the General Insurance Association of Korea awards excellent RCs (or sales branches) in sales activity, contract retention rate, and compliance with sales procedures the Certificate of Excellence and Blue Ribbon (Winners are selected among RCs who have received the Certificate of Excellence for 5 consecutive years.). In 2019, a total of 6,152 SFMI RCs received the certificate (38.8% of all consultants in the industry) and 532 RCs received the Blue Ribbon (35.1% of all Blue Ribbon winners). SFMI produced the largest number of winners in the industry, proving its unrivalled competitiveness. The Blue Ribbon is awarded to those who passed the screening (violations of the recruitment order, contract retention rate on the 13th and 25th month, payment terms, number of years of service, and number of contracts) among insurance agents certified for excellence for the fifth consecutive year.



#### Listening to Grievances and Communication

SFMI hosts meetings with representative RCs to address the sales partners' grievances twice a year. In 2019, we invited high-performing RCs who won the grand prize and gold prize at the Customer Satisfaction Awards and representative RCs from regional business divisions in order to share the company's management principles with them and listen to their opinions on revitalizing front offices. On top of that, the field visitor group organized by each division and supervised by the head of Personal Lines Headquarters holds discussion meetings with RCs of regional business unit to listen to their voices and share suggestions. We also hold the meeting with excellent repair and maintenance service providers and Anycar Family Center operators twice a year to handle their grievances. Moreover, various festivals and technical training sessions are held to boost open communication.



Under the social contribution vision of "Let's go together to the future! Enabling People," SFMI generates community value by implementing 7 core projects that reflect the characteristics of insurance business such as safety promotion and disability awareness and our organizational competencies.



# Social Contribution System

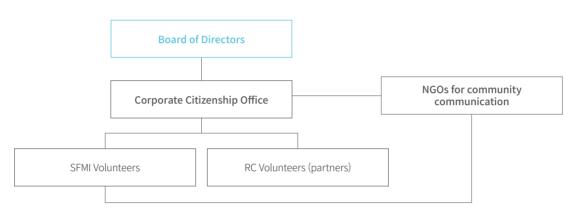
Under the vision of "Let's go together to the future! Enabling People," SFMI is carrying out sustainable and systematic social contribution activities to become a company that delivers the value of sharing and contribute to the development of the global community.

Investment in social contributio (KRW 100 million)	n	Number of volunt participants (Unit: persons)	eer	Time spent on volu work per employee (Unit: hours)	
2017	• 191.5	2017	• 24,974	2017	15.8
2018	198.9	2018	24,108	2018	• 15.1
2019	• 227.1	2019	20,333	2019	12.1

#### Principle for social contribution

- 1. Secure expertise in social contribution by applying our organizational capabilities and characteristics of insurance business
- 2. Promote social contribution aimed at enhancing the self-reliance of local communities
- 3. Expand the engagement of employees and partners (RCs) in social contribution and donation
- 4. Create synergy through strategic partnerships with the government and NGOs

# Organization for Social Contribution



#### Partner Institutions for Social Contribution

Category	Activities	Institutions	
Social welfare	Support the underprivileged	National Police Agency, National Emergency Management Agency	
	Improve the awareness of the disabled	Ministry of Education, Korea National Institute for Special Education, Seoul National School For The Blind, Disabled Persons First Campaign Center	
Research & education	Donate and sponsor education and scholarships	Ministry of Education, Kids & Future Foundation, Child Fund Korea, Safe Kids Korea	
Culture & arts	Preserve cultural heritage	Cultural Heritage Administration, Korea Cultural Heritage Foundation	
Environmental protection	Develop school forest	Korea Forest Service, Forest for Life	

# Support for Safe Life

#### Samsung Traffic Safety Research Institute

Established in July 2001, the Samsung Traffic Safety Research Institute is Korea's first private research center for traffic safety with the aim of establishing an advanced traffic culture and realizing zero traffic accident. The institute conducts systematic and scientific researches on three major traffic safety factors (road condition, vehicle, and driver) to attain the national goal of traffic accident deaths and prevent traffic accident. R&D results are reflected in policy development, system improvement, training, and guidance in terms of traffic safety. Especially, the Institute focuses on practicing traffic safety policies such as the "Safe Speed 5030" project in partnership with the National Policy Agency, Ministry of Land, Infrastructure and Transport (MOLIT), improving road conditions where frequent accidents may occur, and enhancing safety on roads inside of large scale apartment complex, universities, etc. to minimize blind spots in traffic safety. These efforts have resulted in winning a lot of prizes including the Advanced Traffic Culture Award (National Assembly) and Traffic Culture Development Conference (MOLIT). In December 2014, SFMI established the Automobile Insurance R&D Center to evolve into a global insurance company. The center researches new technologies for car repair and car safety and uses the results for cultivating employee competency and training of business partners. In July 2015, SFMI obtained the ISO 9001 (Quality Management System) certification in the field of repair technology research and educational services.

#### SFMI Transportation Museum

The SFMI Transportation Museum, opened in May 1998, is Korea's first automobile museum with the aim of introducing the automobile history of different countries and promoting the development of automobile culture in Korea. It has collected, studied, and preserved auto-related cultural heritage. The museum also endeavors to prevent children traffic accidents by offering the "traffic safety training for children" program that helps children easily experience traffic accident cases and preventive measures. This program will continue in 2020.

#### Dream Playground Project

The Dream Playground project is to transform old playgrounds to safe and eco-friendly spaces for underprivileged children. In 2019, we revamped playgrounds of five institutions (cumulative 33 places). In 2020, SFMI will promote maintenance of existing playgrounds and safety training as well as the Dream Playground project for better health and positive emotional development of children.

#### Happy School Campaign

The Happy School Campaign initiated in 2010 with the aim of installing traffic safety experience centers for children, delivering safety package (safety umbrella, etc.), and training children about traffic safety. It is promoted with the funds that RCs voluntarily donate KRW 500 out of their auto insurance contract commission. In 2019, this campaign was executed at 9 schools (a total of 83 schools since 2010). We plan to promote the campaign for 4 schools in 2020.

# Support for the Disabled

# Guide Dog Support for the Visually Impaired

Guide dogs play a critical role in safely leading the visually impaired. A well–established guide dog support system reflects a society's level of awareness of persons with disabilities. Therefore, the society with high accommodation for guide dogs is well appreciated for advanced welfare benefit. SFMI has trained and donated guide dogs to the visually impaired since 1993. In 2019, 13 dogs (cumulative 228) were donated to blind people. We are proud in the way that a lot of recipients of our support have become productive members of society such as college students, teachers, public officials, and pianists. In 2020, we plan to train and donate at least 10 guide dogs for free.

## Support for Gifted Youths with Disabilities

The "Poco-a-Poco" is an annual concert organized by SFMI and performed by musically talented children with disabilities. The event was conceived to provide gifted but disabled youths with various stage experiences and the opportunity to perform musical communication with the world. The Poco-a-Poco, which means "step-by-step" in Italian, gives children hope for achieving their dreams of becoming talented musicians. In 2019, SFMI hosted the Poco-a-Poco three times at Goyang Global Campus in addition to the 10th music concert in October.

Moreover, we established the "Viva Chamber Ensemble" in 2015 to help students with disabilities to develop talent as professional players and offer periodical education and performance opportunities to improve awareness on disabilities. In 2019, the Viva Chamber Ensemble hosted 13 performances including the 1,095th Seocho Friday Music Concert and conducted Master Class and competency evaluation. In 2020, the 12th Poco-a-Poco Camp and 11th music concert (KBS Hall) will be held and the Viva Chamber Ensemble also plans to continue regular performances.

## Gift of Hope with KRW 500

SFMI has been running the "Gift of Hope with KRW 500" project that improves the living environment of households with disabled members by revamping their kitchen, restroom, and study room since 2005. The fund is raised by RCs' donation of KRW 500 out of their long-term insurance contract commissions. We improved the living conditions of 12 households and 3 facilities in 2019 (a total of 303 households and facilities since 2005) and will continue to implement the project for 6 households and facilities in 2020.

## Raising Awareness of Disability

As part of an MOU with the Ministry of Education and the Disabled First Practice Campaign Center in 2019, SFMI supported the production of a drama aimed at helping adolescents promote the correct awareness of the disabled. We have produced this kind of drama every year since 2009, based on the idea that it is more effective than documentaries to draw empathy from young students. The drama, which is aired on the Persons with Disabilities Day, is directed and produced by talent donation of the SFMI Media Department members. In 2019, the 12th drama "Tortoise Channel" was produced to improve the public's understanding of disability. In addition to drama production, SFMI co-hosts essay contests for elementary, middle, and high school students jointly with the Disabled First Movement Headquarters and Kids Korea Times. Under the theme of "Different but Same," we received a total of 30,696 scripts from 1,162 schools in 2019, including scripts about the feelings for their disabled friends and hope for a better and harmonious future with the disabled. Excellent essays were selected and awarded at the award ceremony held in July. SFMI will produce the 13th drama and hold an essay contest in 2020.

# Support for the Underprivileged

#### Support for the Children of Traffic Accident Victims

Since 1993, SFMI has selected children whose parents died in traffic accidents or lost their economic ability and provided them with financial supports such as monthly scholarship, gifts for celebrating the entrance into upperlevel schools, and birthday presents. Other supports include one-on-one mentoring programs with our employees, cultural experience, and emotional support. In 2020, we intend to support 38 children through this project.

#### Support for the Children of Fallen Police Officers and Firefighters

SFMI's Big Love Scholarship was created to honor police officers who sacrificed themselves in the line of duty and to support their surviving families who are in financial difficulties. In 2012, SFMI signed an agreement with the National Emergency Management Agency to fund scholarships and establish support ties with the surviving children of firefighters.

## "Kkumteo" Study Room Program

SFMI operates the "Kkumteo Study Room" program to help underprivileged middle school students with low educational opportunities due to economic difficulties. Our volunteers provide them with learning after school, mentoring, and culture & arts experience. We also offer scholarships to inspire their learning.

#### Sisterhood Relationship with Farming and Fishing Communities

To help farming and fishing communities suffering from shortage of labor and unusual weather, SFMI has participated in various projects by setting up sisterhood relationships with them, including providing a helping hand in their busy season and opening online markets for selling their products in traditional holidays.

#### Micro-finance

Through the microcredit banking project managed by the Korea Inclusive Finance Agency, SFMI provides unsecured or non-guaranteed small loans for startup or working capital to low-income and low-credit people who are inaccessible to institutional financial firms.

# **Global Social Contribution**

# Social Contribution of Local Subsidiaries

SFMI actively carries out region-specific social contribution activities mainly in China and Southeast Asia. Major activities include financial supports for the disabled by China subsidiary, supports for school expenses of students from low-income families by Indonesia subsidiary, and elementary school repairs by Vietnam subsidiary.

# SFMI World Baduk Masters

The Samsung Fire & Marine Insurance World Baduk Masters, first held in 1996, has earned the reputation as the world's No.1 Baduk competition, making a great contribution to the development of Baduk community. It has spearheaded changes and innovation in the global Baduk competition by introducing the open tournament and prize money system and creating new categories such as "senior group," "women's group," and "world group." The schedule and competition system have been overhauled from the 2019 championship. As a result, the competition period was shortened to just 8 days from four months from September to November and all matches except the final round are conducted in the tournament. This new system provided Baduk fans with more intense and exciting games. The SFMI World Baduk Masters awards a total of KRW 780 million in prize money and the champion receives KRW 300 million. The competition is organized by Jungang Ilbo and co-sponsored by the Korea Broadcasting System (KBS).

# Volunteer Works and Donation

#### SFMI Volunteers

The SFMI Volunteers takes the lead of our social contribution activities. In 2019, 285 volunteer teams across the nation participated in blood donation campaign, year–end charity donation, and hope-sharing volunteer works on New Year's Day and Chuseok (Korean Thanksgiving Day), in which family members of employees and RCs also participated.

#### Talent Donation of Employees

We have promoted the "One Company-One School Financial Education" program hosted by the Financial Supervisory Service with the aim of helping adolescents who will become future financial consumers foster proper financial knowledge. In 2019, a total of 231 financial training sessions were held for 9,481 students. Moreover, our volunteer service teams attended talent donation programs for children of low-income families.

#### Dream Car Project

The Samsung Claim Adjustment Service has conducted social contribution activities for free checkup and consumables of vehicles of the disabled who are incomplete to maintenance due to economic difficulties in collaboration with our excellent repair and maintenance partners and the Korea Foundation for Persons with Disabilities since 2013. The cumulative number of vehicles benefited by the service surpassed 300 units including 50 units in 2019.

#### Dream Fund

Initiated in September 2001 by SFMI employees in an effort to share dreams and hope with neighbors and communities, the Dream Fund is a voluntary donation fund composed of contributions from employees' monthly wages that are equally matched by the company. As of the end of 2019, 99.5% of regular employees have joined the fund, 84.9% of whom donated 1% of their wages. A total of KRW 17.9 billion was raised as of the end of 2019 to be invested in creating school forest, supporting children of low-income families, preserving cultural assets, promoting the Dream Playground project, and supporting Viva Chamber Ensemble.

# School Forest Development

Based on the view that schools with forests have more positive effect on concentration, curiosity, and emotion of students than schools without forests, SFMI joined hands with the Korea Forest Service and Forest for Life to develop green forests around elementary, middle and high schools. Target schools are recommended by our employees and partner organizations and the fund is raised by employees' donation. This project has built forests for 42 schools since 2012 including 5 schools in 2019.

# One Department-One Child Support Program

SFMI sponsors children who are in need of social support, including those from low-income families and single parent households, or who are under the care of elderly grandparents. To this end, our 250 departments across the nation have established one-on-one ties with those children to support monthly donation, gifts and supplies when entering upper schools. In 2019, we provided them with opportunities for family tour and cultural experience in May and conducted Kimchi-sharing program at the end of year.

# Preserving Cultural Assets

Since 2005 when setting up the "One Custodian-One Cultural Heritage" sisterhood with the Cultural Heritage Administration, we have been working as the custodian of Gyeongbokgung Palace by participating in cleaning the palace grounds. We have also made monthly donation to the Korea Cultural Heritage Foundation for the preservation of tightrope walking, a cultural asset designated in 2011 as the Important Intangible Cultural Heritage No.58.

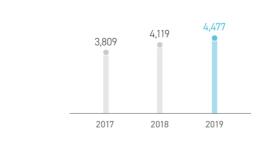
# Social Insurance Products and Services

Revenue from social insurance products increased 8.0% from the previous year to KRW 447.7 billion. We aim to achieve more than KRW 500 billion in revenue from social insurance products by 2023.

#### Social Insurance Products and Services

Product name	Description
Auto insurance rider for low-income drivers	Provide low premium auto insurance products with equal benefits to recipients of national basic benefit
Microinsurance -Dream & Love insurance	Provide protection-type micro-insurance to underprivileged children aged 12 or under who are under the care of a single parent, and elderly grandparent by capitalizing on dormant claims in association with the Smile Microcredit Bank in order to protect low-income children from accidents and diseases
Comprehensive insurance for benefiting welfare facilities for the handicapped	Provide insurance services to welfare facilities for the handicapped to protect them from risks of fire, liability, and injuries
Microinsurance - Insurance for welfare facilities for the handicapped	Provide insurances to welfare facilities to protect their residents from property loss, liability, and physical damage in cooperation with Smile Microcredit Bank
Insurance for foreign workers	Provide insurances for injury cases, home-coming expense, and departure guarantee except occupational accident to foreign workers
Insurance consulting service for foreigners	Operate consulting centers and website dedicated to foreigners to facilitate insurance consulting and applications
Comprehensive insurance for volunteers	Provide insurances that guarantee liabilities for physical injury of volunteers and facility owners in response to possible accidents during volunteer works
	Auto insurance rider for low-income drivers Microinsurance -Dream & Love insurance Comprehensive insurance for benefiting welfare facilities for the handicapped Microinsurance - Insurance for welfare facilities for the handicapped Insurance for foreign workers Insurance consulting service for foreigners Comprehensive insurance for

#### Revenue from social insurance products

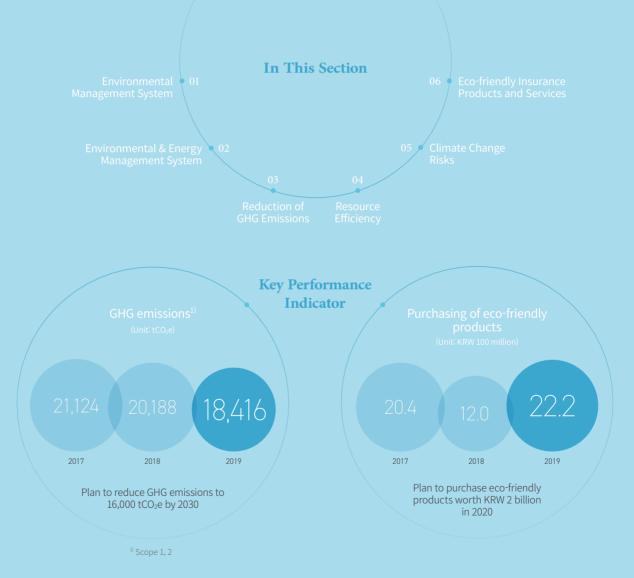


(KRW 100 million)





SFMI has been creating environmental value by building the environmental and energy management system meeting global standards, striving to reduce GHG emissions based on environmental and energy management policies and goals, and practicing resource saving activities.



# Environmental Management System

Major Strategy for Environmental Management

1. Play the role as a social safety net	<ul> <li>Provide insurance products and services that consider the environment and expand socially responsible investment</li> <li>Examine climate change risk factors and provide preventive measures</li> </ul>
2. Minimize environmental impact from business	Operate the environmental and energy management system     Expand environmental management activities with business partners

Organization for Environmental Management



# Environmental & Energy Management System

SFMI has established the environmental and energy management system at all our building in Korea to comply with global standards for environment. We have also renewed and maintained ISO 14001 (environmental management system since 2014) and ISO 50001 (energy management system since 2012).

SFMI's Environmental and Energy Management Guidelines

- 1. SFMI operates the environmental and energy management system at the enterprise level to boost environmental and social value.
- 2. SFMI complies with international conventions and national, regional laws and regulations in terms of environment and energy and seeks to continuously improve its environment and energy control level through the process of due diligence by internal staff and expert groups.
- 3. SFMI voluntarily participates in activities to improve environment and energy issue such as reduction of energy use, reduction of GHG emissions, and saving and recycling of resources as part of its effort to minimize environmental impact throughout the entire business process from insurance product development, distribution, and sales to claims management.
- 4. SFMI conducts R&D on environment and energy-related insurance products, research on risk management, and asset management so as to contribute to realizing a sustainable society.
- 5. SFMI periodically evaluates performances in the field of environment and energy and transparently discloses the results to internal and external stakeholders.
- 6. SFMI actively cooperate with stakeholders including customers, shareholders, business partners, and employees in their environment and energy related activities for mutual development.
- 7. SFMI implements environment and energy improvement activities in collaboration with local communities as part of fulfilling our corporate social responsibility.

# Reduction of GHG Emissions

# Setup of GHG Emission Targets

SFMI voluntarily established its mid– and long–term target of GHG emissions at reducing 30% by 2020 BAU (Business as Usual) compared with 2011 and currently manages our 19 buildings in an integrated manner to achieve the target. As a result, our GHG emissions in 2019 decreased 56.1% in total (Scope 1 and 2) and 39.4% based on energy intensity from the previous year. Moreover, due to the relocation of the headquarters from Euljiro (SFMI-owned building) to Seocho (rented facility) in 2016, we set up a separate GHG reduction goal for Seocho building (3% per year until 2020). On top of that, we prepared a new mid- and long-term goal (1% reduction annually by 2030) for a decade from 2020.

#### Internal Carbon Pricing Control

The direct/indirect regulating standard for Korean GHG emitting companies is at least 50,000tCO<sub>2</sub>e per year. Our emissions in 2019 was 18,416tCO<sub>2</sub>e based on SFMI-owned buildings, below the regulating standard. However, the standard is expected to become stricter due to the government's strong will to reduce GHG emissions. In response, SFMI has been proactive in reducing carbon emissions by setting the carbon price internally. Carbon price is set based on the average price of the Korea Exchange in the previous year. In 2019, KRW 22,007, the average price of KAU16 (Korea Allowance Unit), was set as the internal carbon price. We intend to apply KRW 29,466, the average price of the KAU19, in 2020. Making it possible to convert the GHG reduction effect from an abstract concept into an economic value, the internal carbon price is utilized for our environmental and energy management in various ways. It is also used as an important criterion and evident materials that prove the economic effects of improving energy efficiency and employees' behavior for the increase of investment in new renewable energy facilities as well as responding to government's GHG regulation.

#### Business Case Profitable Use<sup>1)</sup> of Solar Energy System

We installed a solar energy system at the Global Campus in December 2018 for the purpose of reducing GHG emissions from the building and increasing the rate of recycled energy consumption. It was expected to take 12.5 years for the return on investment at the time of facility investment considering the volume of energy saving. However, we determined to shorten the period to 11.7 years by applying the internal carbon price, subject to profitable use of the facility. In 2019, electricity generated from the solar energy system was fully consumed internally, which allowed us to reduce 305tCO<sub>2</sub>e of GHG emissions from fossil fuel consumption.

<sup>1)</sup> The government has allowed the right to sell carbon credit through external business for GHG emission non-regulated companies. We are promoting the application for external business in order to create profit by selling carbon emission rights.

# Expanding Eco-friendly Facilities

SFMI has been making efforts to reduce carbon emissions by improving its facilities. As part of that, we installed a solar power system with the annual production capacity of 495Mkw in the Global Campus in 2019, expecting the reduction of around  $305tCO_2e$  carbon emission annually. We also installed two electric car chargers in the Pangyo office building for electric car users. SFMI will continuously make efforts to increase its eco-friendly facilities.

## Earth Hour

Since 2010, SFMI has been participating in the Earth Hour, a global environmental campaign, every year. In 2019, all lights in our 17 buildings were turned off temporarily at that day and employees, RCs, and customers also participated in the campaign.

#### **Business** Trips

Our employees are encouraged to use public transportation when taking official trips in an effort to reduce GHG emissions (Scope 3). At SFMI, unnecessary overseas trips are also controlled, and the use of multi-parity video and voice conference system is encouraged. GHG emissions caused by business trips in 2019 were 845tCO<sub>2</sub>e.

# **Resource Efficiency**

#### **Eco-Office** Activities

SFMI also conducted the "Eco-friendly Sharing Campaign" twice in collaboration with the G-Foundation, an international cooperation agency. This campaign allowed employees to donate their school supplies and books to the underprivileged children at home and abroad, in which a lot of employees participated as it pursued both social contribution and environmental preservation. We also organized the "Plastic Free Campaign" to reduce the use of plastic products, one of the most serious environmental issues. The campaign resulted in decreasing the consumption of more than 1,000 disposable paper cups in the cafeteria compared to the previous month before the campaign was launched. SFMI promises to develop and carry out in-house programs where employees can participate to minimize environmental pollution.

#### Paperless Insurance Contract

In April 2012, SFMI introduced the mobile-based electronic signature system in collaboration with RCs. SFMI's mobile sales support system has innovatively been improved. As a result, customer consulting service, which had mainly depended on documentation, is offered through digital systems and insurance contract process is also conducted in the forms of electronic signature and electronic document delivery. In addition, SFMI has introduced the "Immediate insurance application verification service" which does not require even a single sheet of paper. In recognition of those efforts, SFMI received the "Insurance Tech Innovation Award" from Herald Biz and the "Smart Finance Grand Prize" from Newspim in 2017. In 2019, we launched the "M Portal," a more innovative mobile-friendly sales system, thereby contributing to increasing the number of eco-friendly insurance contracts. It also further improved customer services by enabling customer consulting, insurance planning, and electronic signature to be executed through the Galaxy Book device.

#### Water Consumption and Treatment

SFMI-owned buildings in Korea use public water supply as water sources. Wastewater is treated through the urban sewage treatment facilities and we do not use or discharge harmful substances that may impact surrounding environments.

#### Green Purchasing

To promote purchasing of eco-friendly products, SFMI established a guideline aimed at preferentially purchasing eco-friendly products in December 2006. According to the guideline, we consider preferential purchasing of environmentally certified, recycled, and high energy-efficiency products and encourage employees to buy eco-friendly products in daily life through training on environmental management. Purchasing of environmentally certified products amounted to KRW 2.2 billion in 2019.

# Climate Change Risks

## Research and Evaluation on Climate Change Risks

The Global Loss Control Center (GLCC) of SFMI conducts diverse researches on natural disasters and utilizes the results for helping customers and local communities manage natural disaster risks. Major roles of the GLCC include risk diagnosis and consulting of insured properties, development of risk control related new projects, research on environment and safety, analysis of natural disaster risk level by region and country, establishment and management of risk-related criteria and guidelines.

Moreover, the GLCC utilizes the Global Risk Map (GRM), SFMI's unique estimated loss assessment model by natural disaster, for diverse works including accumulated risk assessment and insurance examination. The GRM makes it possible to simulate estimated loss amount by individual insured property and cat zone by providing natural disaster risk maps in terms of flood, earthquake, volcano, tsunami, and typhoon. It ensures more sophisticated and reasonable simulation verified by external industrial modeling firms, reinsurance brokers, and Nat Cat professionals as well as internal assurance systems.

#### Application of the GRM (Global Risk Map) to business



a critical effect on our operating performance. Therefore, SFMI is systematically collecting and making use of weather information to prevent accidents, especially for auto policy holders. We provide support for the evacuation of cars parked in low–lying areas to protect against flood damage and send text messages to encourage our customers to use public transportation instead of driving in the case of specific weather events with higher risks of accidents, such as typhoons or heavy snow. Our systematic consulting service with regard to natural disasters is also extended to overseas worksites to prevent local customers from loss of life and property.

# Eco-friendly Insurance Products and Services

SFMI provides environmental insurance products with regard to climate change such as Storm & Flood Insurance, Weather Insurance, New & Renewable Energy Insurance, and Mileage Auto Insurance. Going forward, we will continue to develop and launch differentiated insurance products and services that consider environmental issues and ensure rapid compensation to help both individual and corporate customers enjoy comfortable life and business regardless of damages from climate change.

#### Eco-friendly Insurance Products & Services

	Products & Services	Descriptions
General Insurance /	Storm & Flood Insurance	Compensation for damages on agricultural facilities (house and greenhouse) from typhoon and flood
Long-term Insurance	Crop Insurance	Compensation for damages on agricultural products (fruit trees, rice, etc.) from natural disasters
	Environmental Pollution Liability Insurance	Compensation for environmental pollution due to the leakage of toxic chemical substances
	Weather Insurance	Compensation for sales decrease or cost increase caused by abnormal weather conditions
	Livestock Disaster Insurance	Compensation for damages on livestock from natural disaster, fire, disease, and accident (16 kinds including cow, pig, and chicken)
Auto Insurance	Eco Mileage Rider	Discount of premiums for keeping the contracted mileage (encouraging the use of public transport)
	Car-free Day Auto Insurance Rider	Discount of premiums for the participants in the car-free day movement (encouraging the use of public transport)
	Auto Insurance Rider for Used Parts	Payment of cash saved by using used parts for car repair (for resource recycling)
Paperless Services	Electronic Policy Conditions	Discount of premiums for the delivery of policy conditions through e-mail

# SFMI for Better Decision

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# Corporate Governance

# Corporate Governance Principle & Policy

#### Stable Governance

To ensure checks and balance in corporate management, SFMI delegates the responsibility for decision-making and business operation to the Board of Directors (BOD) and the management, respectively, and makes it a rule to report the business status of the management to the BOD. To ensure the BOD's function of check on the management, the BOD has the rights to appoint, reappoint, and dismiss the CEO in accordance with related laws and non-executive directors hold a majority of the BOD (three executive and four non-executive directors as of the end of 2019). Even though there are concerns about inefficient corporate governance structure due to such a stringent check system, we pursue the corporate governance where the BOD, the management, and non-executive directors can be harmonized under the frame of mutual check.

#### **Efficient Governance**

The BOD consists of members with professional experience in each field to ensure diversity and regular and non-regular meetings are convened to fully converge their professionalism and complement insufficiencies, which contribute to efficiently addressing various tasks and challenges the company faces.

#### **Transparent Governance**

The Articles of Incorporation and the BOD regulation are disclosed on the company's website to make the guidelines, processes, and results of corporate governance public. In addition, major activities of the BOD and subcommittees are announced through the Business Report (including quarterly and biannual reports) and Annual Report.

#### Board of Directors

#### Role of the BOD

The BOD provides full support for the management to ensure responsible management. When issues arise regarding guidelines, procedures, and methods of the management activities, the BOD points out the problems and calls for corrective measures to ensure reasonable decision-making. To that end, the BOD is composed of experts from different fields and makes a concerted effort for active communication among the members. It also makes use of external experts, if necessary.

#### Professionalism of the BOD

The BOD and Executive Candidate Nomination Committee review the qualification of executive candidates in accordance with related regulations. They thoroughly examine not only passive qualifications stipulated in laws but also active qualifications such as expertise, fairness, ethics, accountability, and fidelity to recommend candidates with expertise and rich experience in the fields of finance, economy, management, law, accounting, and media to the BOD and general shareholders' meeting.

#### Diversity of the BOD

SFMI regards the diverse background and experience of the BOD as a valuable asset that contributes to stabilizing our business and creating new opportunities amid rapidly changing business environment. To ensure the diversity of the BOD members, we recommend candidates who can bring new and diverse perspectives to the BOD, regardless of their gender, race, ethnicity, place of birth, nationality, or age.

#### Independence of the BOD

The BOD members are appointed at the general shareholders' meeting after being recommended and approved by the Executive Candidate Nomination Committee or the BOD. Candidates are recommended among experts who have no reason for disqualification in accordance with relevant laws and demonstrate rich experience and professionalism in their respective areas. SFMI applies the definition of independence stipulated in the Commercial Act and the Act on Corporate Governance of Financial Companies to ensure that the BOD keeps checks and balances on the management. Independent non-executive directors who satisfy the guideline hold a majority of the BOD.

#### Composition of the BOD

As the supreme decision-making body at SFMI, the BOD is authorized to appoint and dismiss the representative director and the chairman of the BOD in accordance with the relevant laws including the Commercial Act and the Act on Corporate Governance of Financial Companies. In addition, independent non-executive directors hold a majority of the BOD for faithful checks on the management. The BOD also has six subcommittees of the Management Committee, Executive Candidate Nomination Committee, Risk Management Committee, Internal Transaction Committee, Remuneration Committee, and Audit Committee.

#### **BOD** Members

Name	Executive/ Non- executive	Position	Career	Term of office	Term of office In office <sup>1)</sup>
Dae Dong Park	Non- executive Director (BOD Chairman)	Chairman of Executive Candidate Nomination Committee Member of Risk Management Committee Member of Internal Transaction Committee Member of Audit Committee	<ul> <li>2016 (Current) Non-executive director of CellMech International Inc. (Current) Advisor at Yulchon LLC</li> <li>2012 19th National Assemblyman (Saenuri Party)</li> <li>2008 CEO of the Korea Deposit Insurance Corporation</li> </ul>		33 months
Dong Keun Cho	Non- executive Director	Chairman of Internal Transaction Committee Chairman of Audit Committee Member of Executive Candidate Nomination Committee	<ul> <li>2017 (Current) Member of SFMI Audit Committee</li> <li>2016 (Current) Non-executive director of SFMI</li> <li>2011 President of the Korea Hayek Society</li> <li>2005 (Current) Honorary Professor, Dept. of Economics, Myongji University</li> <li>1986 Associate Professor, Dept. of Economics, Myongji University</li> </ul>	2016.03.11~ 2022.03.21	45 months
Se Min Park	Non- executive Director	Member of Remuneration Committee Member of Audit Committee	<ul> <li>2017 (Current) Non-executive director of SFMI</li> <li>2016 (Current) Member of the Third Party Insurance Subcommittee of the Insurance Product Committee</li> <li>2014 (Current) Vice Chairman, Korea Maritime Law Association</li> <li>2011 Member of the Insurance Law Revision Committee, Ministry of Justice (Chairman of the Non-life Insurance Subcommittee)</li> <li>2010 (Current) Professor, Graduate School of Law, Korea University (insurance law)</li> </ul>	2017.03.24~ 2020.03.23	33 months
Sung Jin Kim	Non- executive Director	Chairman of Risk Management Committee Chairman of Remuneration Committee Member of Internal Transaction Committee	<ul> <li>2018 (Current) Foreign investment ombudsman, KOTRA (Current) Non-executive director of SFMI</li> <li>2016 (Current) Non-executive director of Hanyang Securities</li> <li>2008 Advisor and member of the Korea Capital Market Institute</li> <li>2007 Director of the Public Procurement Service</li> </ul>	2018.03.23~ 2021.03.22	21 months
Young Moo Choi	Executive Director	CEO Chairman of Management Committee Member of Executive Candidate Nomination Committee	<ul> <li>2018 Serving as Chief Executive Officer of SFMI</li> <li>2013 Served as Head of Automobile Insurance HQ (Executive Vice President)</li> <li>2011 Served as Head of Strategic Channel Business HQ (Senior Vice President)</li> <li>2005 Served as Head of SFMI HR Team (Vice President)</li> <li>1987 Joined Ankuk Fire &amp; Marine Insurance</li> </ul>	2018.03.23~ 2021.03.22	21 months
Beom Lee	Executive Director	Executive Director	<ul> <li>2018 Serving as Head of SFMI Corporate Planning Div. (Executive Vice President) Serving as Executive Director of SFMI</li> <li>2015 Served as Head of Commercial Lines HQ (Executive Vice President) Served as Head of SFMI Commercial Lines HQ (Senior Vice President)</li> <li>2014 Served as SFMI Commercial Lines Business Div.2 (Senior Vice President)</li> <li>1988 Joined Ankuk Fire &amp; Marine Insurance</li> </ul>	2021.03.22 (Retirement on Jan. 21,	21 months
Teh Young Beh	Executive Director	Executive Director Member of Management Committee Member of Risk Management Committee Member of Remuneration Committee	<ul> <li>2018 Serving as Executive Director of SFMI Serving as Head of SFMI Management Support Div. (Senior Vice President)</li> <li>2014 Served as Head of SFMI Corporate Management Support Team (Vice President)</li> <li>2011 Served as Executive of SFMI Management Support Div. (Vice President)</li> <li>1986 Joined Dongbang Life Insurance</li> </ul>	2018.03.23~ 2021.03.22	21 months

 $^{\scriptscriptstyle 1)}$  As of the end of 2019

#### Term of Office of Directors

The first term of office of both executive and non-executive directors is three years (including CEO and standing Audit Committee members) and the second term is available. The second term of non-executive directors is set within 3 years and the entire term of office cannot exceed six years. Short term of office of executive directors may result in the pursuit of short-term profiitability instead of responsible management, while long term of office of non-executive directors may hinder proper checks on them. The term of office system was determined on account of those factors. As of the end of 2019, the average term of office of the BOD members was 28 months (Dae Dong Park for 33, Dong Keun Cho for 45, Se Min Park for 33, Sung Jin Kim for 21, Young Moo Choi for 21, Beom Lee for 21, and Teh Young Beh for 21 months).

#### **Evaluation of Non-executive Directors**

The evaluation on annual activities of non-executive directors is conducted after completing the settlement of accounting for the fiscal year. It consists of self-assessment, company-driven evaluation, and quantitative evaluation. Self-assessment and company-driven evaluation depend on the survey on professionalism, fairness, ethics, responsibility, and faithfulness drawn up by the BOD, while quantitative evaluation applies their rate of attendance in the BOD meeting. The result of evaluation in February 2020 showed that all the non-executive directors have worked diligently and fairly to increase shareholder value, strived to communicate with the management from the view of shareholders, and made independent decisions based on their professionalism.

#### **BOD Operation**

In 2019, the BOD was convened eight times with an average attendance rate of 94.6%, enabling practical deliberation and decision-making on agendas. SFMI informs directors of the agenda items before the meeting to help them preview the issues. If necessary, directors in charge of each agenda provide detailed explanation in advance for better understanding. The BOD members engaged in active discussion and exchange ideas on agendas for the year. As a result, a total of 38 reports and conclusions were made in 2019.

Date of meeting	Major agendas	Attendance	Remark
2019.01.31	4 items including the investment in the Korea Inclusive Finance Agency	7/7	Passed
2019.02.27	7 items including the convocation of the 69th general shareholders' meeting	7/7	Passed
2019.03.22	10 items including the appointment of the BOD Chairman	6/7	Passed
2019.04.30	Equity investment in non-life insurance company of Lloyd's in the U.K.	7/7	Passed
2019.06.20	3 items including the acquisition of beneficiary certificates issued by Samsung Asset Management	6/7	Passed
2019.09.26	5 items including the approval of real estate lease transaction with Samsung Life Insurance	6/7	Passed
2019.11.29	Execution of donations	7/7	Passed
2019.12.26	7 items including the review of the appropriateness of management succession from the CEO	7/7	Passed

#### **BOD Meeting Results in 2019**

# Subcommittees

#### **Management Committee**

The Management Committee was established to enhance the efficiency of the BOD operation. The Committee makes key decisions on general management issues, asset management, and major issues excluding those should be resolved by the BOD in accordance with the Articles of Incorporation and relevant laws and regulations.

#### **Executive Candidate Nomination Committee**

The Executive Candidate Nomination Committee manages, verifies, and recommends a pool of candidates for non-executive directors, CEO, and Audit Committee members who will be appointed at the general shareholders' meeting and the BOD.

#### Internal Transaction Committee

The Committee, entirely composed of non-executive directors, reviews, deliberates, and concludes internal transaction issues to enhance transparency in transactions with affiliated companies.

#### **Risk Management Committee**

The Risk Management Committee reflects the risk management policy in decision-making on corporate management and makes the management recognize the importance of risk management, contributing to establishing the culture of measuring and controlling risks in insurance sales and asset management.

#### **Remuneration Committee**

The Remuneration Committee engages in designing, operating, and determining the compensation system for the management.

#### Audit Committee

The Audit Committee, composed of non-executive directors, performs audits on business process of the management, contributing to their reasonable decision-making.

#### Governance status

Committee	Major Role	Composition (No. of non-executive directors /total)	Chairman	Related regulations
Board of Directors	Supreme decision-making body	4/7	Dae Dong Park (Non–executive)	Articles 23 to 29, 30, and 31 of the Articles of Incorporation, BOD Regulation
Management Committee	Conclusion of important corporate issues	0/2	Young Moo Choi (Executive)	Article 29-2 of the Articles of Incorporation, Management Committee Regulation
Executive Candidate Nomination Committee	Nomination of executive candidates	2/3	Dae Dong Park (Non–executive)	Article 29-2 of the Articles of Incorporation, Executive Candidate Nomination Committee Regulation
Risk Management Committee	Company-wide risk management issues	2/3	Sung Jin Kim (Non-executive)	Article 29-2 of the Articles of Incorporation, Risk Management Committee Regulation
Internal Transaction Committee	Review of internal transactions with affiliated companies	3/3	Dong Keun Cho (Non-executive)	Article 29-2 of the Articles of Incorporation, Internal Transactions Committee Regulation
Remuneration Committee	Operation of the management's compensation system	2/3	Sung Jin Kim (Non-executive)	Article 29-2 of the Articles of Incorporation, Remuneration Committee Regulation
Audit Committee	Internal control, etc.	3/3	Dong Keun Cho (Non-executive)	Article 29-2 of the Articles of Incorporation, Audit Committee Regulation

\* As of the end of 2019

# Compensation to the Management

# Performance Measurement and Connection of Performance and Reward

Performance measurement depends on financial and non-financial indices. Financial indices include profitability (earnings per share, before-tax profit margin, and price-earnings ratio) and productivity (sales of death insurances), while non-financial indices consist of quality (compliance, etc.), customer satisfaction level (complaints handling rate of the Financial Supervisory Service, etc.), and risk (risk loss ratio, safety & environment accidents, etc.). Compensation to the management is conducted through fair and transparent evaluation of those indices.

# Deferral, Adjustment, Withdrawal, and Payment of Compensation

Only 40% of compensation calculated through the performance evaluation are paid in cash in a lump sum and remaining remuneration is delivered as deferred payment for three years after being recalculated in connection with the stock price according to specified methods. For executives, cash and stock grant amount are adjusted according to their goal attainment rate. Short-term performance-based remuneration is paid in line with the corporate management goal attainment rate, organizational performance, and surplus. In case of violating corporate rules, acting against the benefit of the company, and damaging the company, the compensation can be cancelled or reduced.

# Standard on Distributing Compensation by Cash or Stocks

We classify the compensation into two categories: basic salary which is the amount included in average wage or pay similarly to the amount for general employees according to the Labor Standards Act; and performance-based remuneration which is paid as incentives in line with their long-term performances. Incentives are decided by evaluating performances for three years within minimum 0% and maximum 300% of their three-year average annual salary. In order to pursue long-term performance-based compensation, we pay 40% of incentives in cash in the first year and remaining is paid with stock related products at the rate of 20% per annum for the next three years.

# Remuneration and Share Ownership of (Unit: stocks, KRW in millions) Executive Directors

Name	Position	Share ownership	Value of shares <sup>1)</sup>	Remuneration <sup>2)</sup>
Young Moo Choi	CEO	203	49	728
Beom Lee	Executive Director	2,363	575	294
Teh Young Beh	Executive Director		_	306

Employee Remuneration		(Unit: KRW in millions)
CEO	Average employee remuneration	Median value of employee remuneration
1,517	88	85

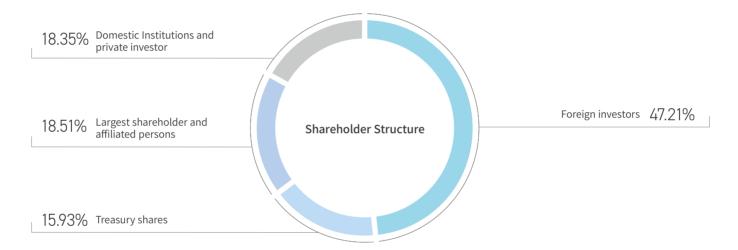
<sup>1)</sup> Governance1)The value of shares held: The number of shares held X Closing price on 12/30/2019 (KRW 243,500)

<sup>2)</sup> Directors' remuneration is based on the disclosure in the business report

## Improvement of Shareholder Value

#### Shareholders

The total number of issued shares is 47,374,837 (common shares) as of December 31, 2019. Samsung Life Insurance, the largest shareholder, owns 14.98% of the total shares and Samsung Foundation of Culture and Samsung Welfare Foundation which are affiliated non-profit organizations of the largest shareholder, hold 3.06% and 0.36% respectively. There is no affiliate of SFMI who owns more than 5%. 9.34% shares are held by the National Pension Service. SFMI is committed to increasing corporate value in pursuit of higher shareholder value and long-term performance.



#### Fair Disclosure

SFMI makes fair disclosures on important management information on a regular and voluntary basis. Our quarterly operating performances are announced through the DART system and other information in terms of insurance business is also delivered on the disclosure system of the General Insurance Association of Korea every quarter.

#### Communication with Shareholders and Investors

We are proactive in IR activities such as Non-deal Roadshows (NDR) and conferences in order to enhance understanding and trust of shareholders and investors and publicize the company's competitiveness. Our financial information and earnings reports are offered through our website and the DART. Moreover, the opinions of shareholders and investors collected through IR activities are reported to the management and shared with related departments to be reflected in corporate management activities.

# **Risk Management**

# Risk Management Policy and Strategy

To ensure stable growth of the company and enhance customer value, SFMI conducts integrated risk management activities at the company level.

- Establish the retention and reinsurance strategy for insurance risk control and the profit guideline for new long-term insurance products
- Operate the ALM (Asset Liability Management) strategy for interest rates risk control and assumed interest rate strategy for long-term insurance

· Establish criteria for managing risk-based capital ratio for financial stability

## Risk Management Organization

The BOD establishes and operates risk management goals and principles while approving the Own Risk and Solvency Assessment (ORSA) that evaluates the appropriateness of solvency including risk appetite. The Risk Management Committee executes overall risk-related tasks delegated by the BOD, makes decisions on risk management strategies, and inspects results.

#### **Risk Management Organization**



# Chief Risk Officer (CRO)

The CRO not only implements the risk management strategies established by the BOD and Risk Management Committee but also supervises the awareness, measurement, control, and management works.

#### **Risk Management Departments**

Under the CRO, there are risk management departments - RM Planning Department, RM Operation Department 1, RM Operation Department 2 - that assess, monitor, and control risks. They secure independence through separate operation from insurance sales and asset management departments. To make decisions on risk control, the insurance division operates the Product Committee (General, Long-term, and Auto), while the asset management division has the Asset RM Committee, Investment Deliberation Committee, and Loan Deliberation Committee.

#### Risk Management Committee

The Risk Management Committee, composed of one executive director and two non-executive directors, applies the risk management policy to the process of management decision-making and helps the management be aware of the importance of risk management. The Committee also takes the lead in disseminating the culture of checking and managing risks in terms of insurance sales and asset management throughout the company. We also provide non-executive directors with explanation and materials to support their in-depth discussion. In 2019, we offered the face-to-face explanation session nine times.

Date of meeting	Classification	Agendas	
2019.03.22	Report	Report on supervision standards and internal risk-based capital ratio as of the end of 2018	
	Report	Report on emergency analysis as of the end of 2018	
	Resolution	Setup of company-wide risk propensity in 2019 (plan)	
	Resolution	Establishment of a roadmap for improving internal risk models (plan)	
2019.06.20	Report	Report on supervision standard and internal risk-based capital ratio as of the end of March 2019	
2019.09.26	Report	Report on supervision standard and internal risk-based capital ratio as of the end of June 2019	
	Report	Report on emergency analysis as of the end of June 2019	
	Resolution	Inspection on derivatives risk control in 2019 and transaction strategy in 2020	
	Resolution	Change of bad debt reserve methods	
2019.10.31	Resolution	Inspection on ALM operation in 2019 and review of strategies in 2020	
	Resolution	Setup of profitability guidelines for new long-term insurance products in 2020	
	Resolution	Strategies for maintenance of general insurance and reinsurance in 2020	
2019.11.27	Resolution	Setup of company-wide risk propensity in 2020 (plan)	
	Resolution	Setup of risk tolerance limit in 2020 (plan)	
	Report	Report on reinsurance monitoring and risk transfer evaluation results	

#### Activities of the Risk Management Committee in 2019

# Risk Measurement and Management

#### **Risk Management Process**

Our risk management process consists of four stages of risk recognition, measurement & monitoring, control, and report.



#### Definition of Risks and Management Methods

SFMI classifies and manages possible risks that may occur in insurance business into four categories of insurance, market, interest rate, and operation. Major risk issues are reviewed by the Risk Management Committee and decisions are made through each risk response model after assessing their impact on the company in a comprehensive manner. We also establish risk control guidelines by the value chain of each business division in consideration of market situation and our long-term management strategy. Risk control process is monitored whether it is conducted in compliance with the guideline.

Risk	Definition	Management Methods	Assessment Methods & System
Insurance Risk	Risk that may decrease corporate value due to a rise in loss ratio and termination rate. We manage the insurance risk by regularly monitoring loss ratio, reducing risks through reinsurance, and operating the underwriting guidelines. We also regularly monitor the termination rate to protect innocent subscribers from malignant contracts.	<ul> <li>Set risk tolerance limit based on changes in loss ratio, policy termination rate and regularly monitor related risks</li> <li>Establish and operate owned reinsurance strategy</li> </ul>	<ul> <li>VaR (Value at Risk)</li> <li>ReMetrica</li> <li>RAFM (Risk Agility Financial Modeler)</li> </ul>
Market Risk	Risk that may decrease corporate value due to changes in stock price, real estate, and exchange rates. Stock price risk is managed by running a guideline on maintaining reasonable share ownership without dependence on certain sectors. Real estate risk control complies with the guideline on invested properties. Exchange rate risk is managed by investing in derivatives for overseas assets and applying a natural hedging method that investing in local currency in case of overseas liabilities.	<ul> <li>Operate investment eligibility criteria on securities and loans and establish loss-cut criteria to prevent high losses</li> </ul>	<ul> <li>Market VaR</li> <li>KRM (Kamakura Risk Management) system</li> </ul>
Credit Risk	Risk that may decrease corporate value due to the default of owned corporate bonds, bankruptcy of borrowers, and decrease in credit ratings. We comply with the limit guidelines on corporate bond ownership and loans by borrowers and detect credit risks in advance through individual review in case of new large-scale investments. We also monitor changes in credit ratings of corporate bonds and borrowers to minimize credit risks.	• Distribute risks by setting transaction limits by industry and check limit excess through the exposure monitoring system	<ul> <li>Credit VaR</li> <li>Risk Weight Function (Basel II)</li> </ul>
Interest Rate Risk	This risk arises mainly from the difference between return on asset management and interest amount to be paid to policyholders in accordance with the level of interest rate. Loss is incurred if return on asset management is lower than the interest amount to be paid to policyholders under low interest rate conditions. To avoid the unfavorable circumstances, we mainly invest assets in long-term bonds which are stable. We establish the SAA strategy every year, through which the company sets an asset-liability duration gap target and monitors its operation status on a monthly basis.	<ul> <li>Establish guidelines to formulate estimated interest rate and minimal guaranteed rate</li> <li>Set asset duration target based on liabilities cash flow that takes account of liabilities structure and interest rates</li> </ul>	<ul> <li>VaR</li> <li>ALM (Asset and Liability Management)</li> <li>RAFM (Risk Agility Financial Modeler)</li> </ul>

#### **Operation Risk Management**

Operation risk can be caused by inadequate internal control, employee mistakes, external incidents, and failure to make strategic decisions. It is difficult to precisely quantify and reduce the operation risks through derivatives and reinsurance. Therefore, SFMI manages the operation risk through cooperation among departments under the supervision of internal management.

- Infrastructure risk refers to damage on IT systems and workplace operation due to insufficient management and external factors. SFMI minimizes risk occurrence by setting up an emergency plan in response to system failure, performing malicious code simulation training, and conducting safety inspection on workplace and safety and health training under the supervision of the IT Strategy Team, Audit Team, HR Team, and Actuarial RM Team.
- Process risk refers to loss due to inadequacy in procedure and governance, employee mistakes, and insufficient internal control in business. SFMI controls risks by regularly checking operation risks, grading the rights of delegation, and conducting compliance training under the Chief Compliance Officer and Actuarial RM Team.
- Strategic risk refers to potential loss such as decline of market position due to failure of the response strategy against institutional, industrial structure, demographic change, or M&A and marketing failure. SFMI constantly monitors industry trends at home and abroad and changes in related laws and regulations under the supervision of the Planning Team.
- Reputation risk refers to potential loss to the company due to customer complaints, negative public opinion, or decrease in credit rating. SFMI manages reputation risk by encouraging related departments engaging in PR, compliance, customer policy, products, sales, and claims to actively respond.

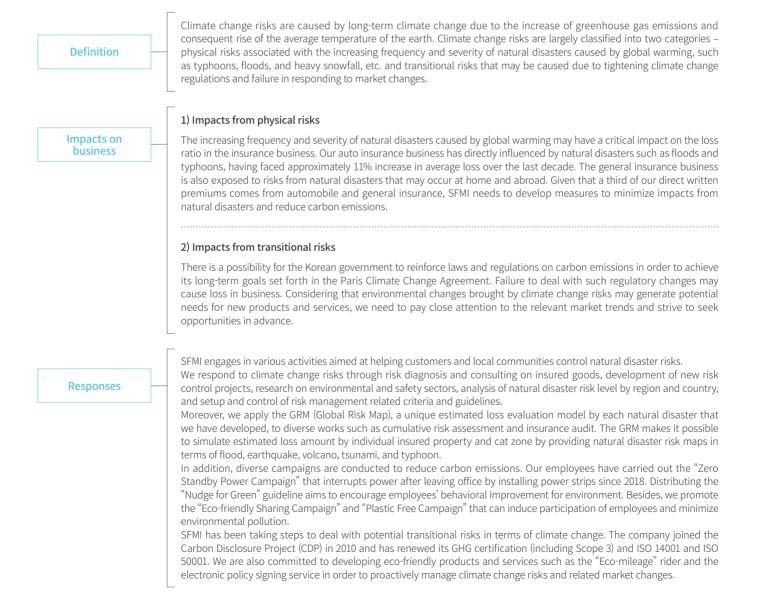
#### Setup and Management of Risk Tolerance Limit

Our risk tolerance limit is set by the Risk Management Committee every year within the coverage of capital adequacy. The risk tolerance limit is thoroughly observed, and regular monitoring of the operation status is conducted. In cases of exceeding the limit or detecting any critical risk changes, those are promptly reported to the Committee.

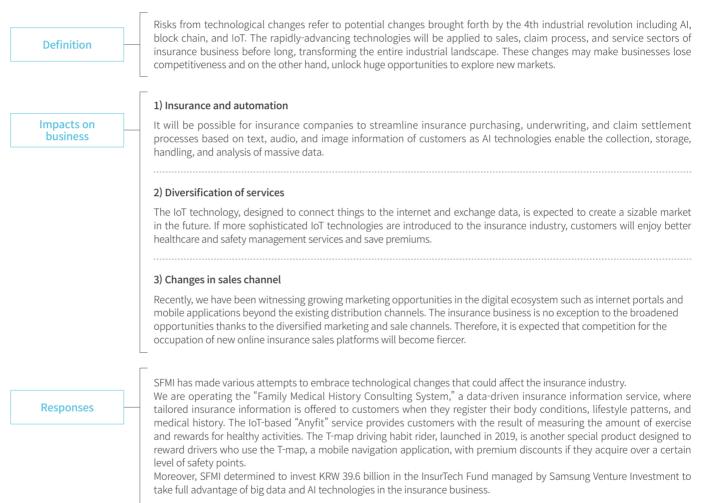
# Potential Risks

In order to protect our customers from uncertainties, SFMI is strictly preparing against potential risks that may arise in the insurance industry.

# 1. Climate change



#### 2. Technological changes



# 3. Demographic Change



Impacts on

business

It is expected that Korea will face the super-aged society as people aged 65 or older will account for around 20% of total population in 2026. Demographic risks refer to risks arising from the aged society such as decrease in productive population, weak economic growth, drop in interest rate, and reduction of coverage. Those may constitute a threat to the insurance business in the future.

#### 1) Deterioration of asset management yield

The decrease of productive population and increase of fiscal expenses for elderly people will bring about significant decline of economic growth and decrease of interest rate, which will have negative effects on asset management yield.

#### 2) Reduction of coverage and decrease in new demands

Economic slowdown weakens investment and results in reducing the scope of insurance coverage. Therefore, direct premiums written may decrease due to the diminishing demand for insurance in line with population aging and low birth rate, market saturation and intensified competition.

#### 3) Impact on the health insurance business

Growing burden on medical expenses and an increasing number of patients with chronic diseases may deteriorate the profitability of the existing health insurance business and increase needs for new healthcare services.

Responses

In response to the low interest rate trend, SFMI not only maintains ALM-based asset allocation strategy focused on longterm bonds but also expands corporate loans such as large office mortgage loans and SOC investment as an alternative investment to ensure profitability. Diversification of overseas investments is also underway.

In preparation for unfavorable profitability in the health insurance, we also focus on improving the loss ratio and providing healthcare services meeting consumer needs.

Those include the "Anyfit Service," a mobile app service to reward users for achieving certain exercise goals through walking, running, or hiking, and "My Health Note" that helps diabetics improve their living habits and health control. We will continue to expand digital technology-based services that can support customers' health management.

# Capital Adequacy Management

SFMI maintains the highest RBC level in the non–life insurance industry. Based on advanced standards including the Solvency II of Europe, we calculate the internal RBC ratio and manage risk tolerance limit.

#### **RBC Ratio Recommended by Supervisory Institutions**

We maintain differentiated financial soundness to protect customer assets and improve shareholder value.

- SFMI's RBC stands at 309.8% in 2019, the highest in the industry. As it outperforms 240%, the requirement of the Solvency II of Europe, we are little affected by the strengthened regulations on financial soundness.
- · Value-Based Management: Key decisions in the company is made not based on short-term results but on value assessment that reflects future risks.
- SFMI makes decisions focused on improving corporate value by adopting the Embedded Value Analysis and Dynamic Financial Modeling to assess future risk impacts and conducting risk-based profitability analysis.

#### Assessment and Management Process of Internal Capital Adequacy

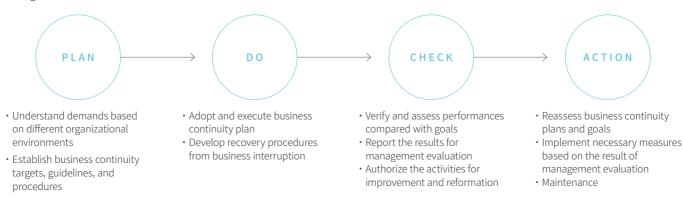
At SFMI, the Risk Management Committee concludes the internal RBC (Risk-based Capital) ratio and risk tolerance limit. The internal RBC ratio is managed by checking insurance, interest rate, market, credit, and operation risk on the basis of the Solvency II methodology, besides the RBC ratio recommended by supervisory agencies. This process allows us to efficiently check and manage risks and utilize surplus capital under the stable financial soundness and capital adequacy.

#### Stress Test and Sensitivity Analysis

SFMI conducts the annual stress test based on the scenario that images the past IMF bailout and 2008 global financial crisis recommended by supervisory agencies. The test result is reported to the Risk Management Committee. The recent stress test showed that our RBC ratio was 189%. SFMI also performs market fluctuation sensitivity analysis in response to possible impacts on profitability and capital operation.

#### **Business Continuity Management**

In preparation for business disruptions caused by disasters, SFMI established the Business Continuity Management system and operates the Risk Management Committee which consists of the CEO and executives as the anti-disaster decision-making body. SFMI also conducts IT DR drills, disaster evacuation drills, and business resumption drills on a regular basis to secure business continuity and resiliency. Based on these risk response capabilities, we have obtained and maintained the ISO 22301 certification, an international standard for business continuity management.



# Ethical/Compliance Management

# Ethical Management

#### Code of Conduct

As part of effort to fulfill responsibility as a global corporate citizen and build a sustainable society, SFMI established the following code of conduct that all employees should comply with in their daily business and life.

Human Rights | SFMI employees should respect the dignity and diversity of all individuals, comply with labor standards and HR-related rules such as equal employment, and not take any action that can damage the company, including sexual harassment.

Health and Safety | SFMI employees should thoroughly comply with all laws and internal regulations related to safety.

**Customer-centered** | SFMI employees should observe laws and act in accordance with our practical principles of sales. Employees must also put customers' above everything else and organize all service systems to be customer-centered.

Environment & Energy Management | SFMI employees should recognize the influence of management activities on the environment and make efforts to eliminate or mitigate related risk.

**Information Protection** | SFMI employees should collect, handle, and use personal information of customers in accordance with the purposes and methods allowed by the laws of each country, including the Personal Information Protection Act. SFMI employees should also prevent Information leakage and comply with laws and regulation in terms of personal information protection.

**Company Asset Management** | SFMI employees should thoroughly comply with laws and regulations on the protection of trade secrets and intellectual property and should not seek personal gains by using company assets or their position.

Anti-corruption | SFMI employees should not provide illegal funds, valuables, or entertainment to stakeholders, including officials and customers at home and abroad, or be provided with such for the purpose of obtaining business opportunities. Employees must comply with all anti-corruption laws and regulations.

Fair Competition | SFMI employees should respect free and fair order of the market economy and comply with fair trading laws of each country. Employees must follow fair competition and refrain from all activities that hamper free competition such as price-fixing.

**Co-prosperity** | SFMI employees should respect partner companies as business companions, comply with subcontracting laws, and prevent any power-abusing activities.

#### **Raising Awareness of Ethical Management**

SFMI implements the code of conduct based on its five core values of "People, Excellence, Change, Integrity, and Co-prosperity." Our employees receive systematic and diverse training about the code of conduct. Major activities in 2019 include making broadcasting programs for the code of conduct, implementing ethical management campaigns, and publishing and distributing compliance materials. In addition, the Compliance Officer visited work sites every month to train and inspect compliance practices, identified best ethical management practices, and strived to share diverse cases in terms of business ethics and compliance.

# **Compliance Management**

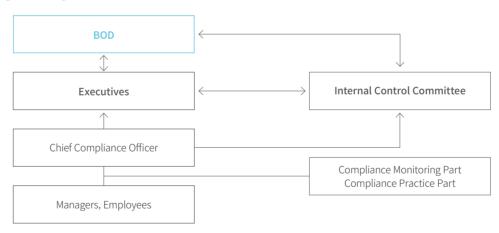
#### Establishment and Monitoring of Internal Control Criteria

Based on the Act on Corporate Governance of Financial Companies, SFMI has established and operated the internal control criteria that employees should observe in business activities for the compliance of laws, maintenance of the quality of asset management, and protection of policyholders. The criteria contain guidelines on employee roles and responsibilities, compliance system, internal control structure, code of conduct, and matters to be handled by each duty.

#### Internal Control Operation System

The Chief Compliance Officer (CCO) frequently inspects the compliance of internal control and improves vulnerable sectors by operating responsible organizations or designating compliance staff by each department, and then take actions on violators in accordance with the corporate rule. The CCO also examines the internal control operation status and reports the results to the Internal Control Committee and the BOD. Meanwhile, middle managers operate internal control process effectively by business sector and supervise staff's compliance with laws, internal regulations, and the code of ethics, thereby having the primary responsibility for internal control.

#### **Compliance Management Organization**



#### **Compliance Education and Inspection**

SFMI provides employees working both at home and abroad with the "shared value" training which contains the subjects of anti-bribery, fair trade, anti-money laundering, healthy corporate culture without sexual harassment and discrimination, and human rights protection every year. Employees conduct self-inspection on compliance every month to raise their understanding of compliance. Each department also implements monthly self-inspection and frequent inspection on compliance to minimize possible compliance risks.

## Mandatory Compliance Education

(Unit: hours, persons)

	2017	2018	2019
Time spent on the shared value training per employee	20	20	20
Number of attendees	5,867	5,895	6,003

#### **Operation of Compliance Support System**

SFMI operates various internal control programs to minimize risks related to legal and regulatory violations that may occur during everyday operations. Those include monitoring of employees' work processes and legal compliance, daily operation compliance, preemptive review of advertising, and an anti–money laundering system.

#### Major Compliance Support Systems



#### Anti-Money Laundering System

As required by laws regarding prohibition against money-laundering and public financing, SFMI operates the Customer Due Diligence (CDD) system for the purpose of preventing criminal acts and promoting transparent transaction with our customers. Furthermore, the Enhanced Due Diligence (EDD) is performed on customers who have been categorized as high risk in money–laundering assessment. The anti–money laundering system inspects dubious, large cash transactions to prevent potential risks and makes the Suspicious Transaction Report (STR) or Currency Transaction Report (CTR). SFMI has strived to boost the quality of its anti–money laundering system through frequent checks and education in order to raise awareness among the employees and also to strengthen their work capabilities.

#### Fair Trade for Consumers

Our business partners, including RCs, are thoroughly trained and regularly monitored to ensure that we provide reliable and proper products and services to customers. In addition, in accordance with the Insurance Business Act and insurance supervision regulations, we have established a standard for publishing and using pamphlets and training materials and abide by domestic and foreign standards for advertisements.

#### **Minimization of Incomplete Sales**

SFMI carries out diverse activities aimed at realizing complete sales of insurance products in our way towards establishing a trusted insurance culture and protecting consumer's interests. The Compliance Management Department dedicated to complete sales focuses on preventing customers from loss caused by incomplete sales. To this end, compliance managers are placed at business sites to run regular monitoring system. After sales of insurance products, they monitor the incomplete sales indicators every month.

#### Sanctions by External Organization

SFMI received the following sanctions from the supervisory institution in 2019. We have further strengthened our internal control system to prevent recurrence.

Date 2019.05.23 Organization Financial Supervisory Service

Reason Violation of the responsibility as a retirement pension service provider

#### Internal Reporting System

SFMI operates internal reporting channels (whistleblowing, reporting of unfair acts). The identity of reporters and the content are confidential, in accordance with the guideline on internal reporting system operation. If the allegations which were reported through the channels are confirmed to be true, disciplinary measures are taken in respect to the severity of the matter.

Report Status (Unit: cases)				
	2017	2018	2019	
Number of cases reported and treated	38	54	41	
Alleged offences	5	5	21	
Complaints	21	17	10	
Others	12	32	10	

#### **Reporting channels**

Whistle blowing	Management Principle Practice Office(Compliance & Internal Control Department) Tel: 82-2-758-7112 / Fax: 82-2-758-4310 / e-mail: ethics.sfmi@samsung.com
Report on alleged offences	Auditing Team Tel: 82-2-758-7106 / Fax: 82-2-758-7794 / e-mail: auditing@samsung.com

# Human Rights Management

# Human Rights Protection

SFMI complies with the basic rules on protecting and respecting human rights as set forth in the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights by the Human Rights Commission of the United Nations, as well as domestic labor standards laws and International Labor Organization (ILO) regulations. In addition, human rights protection principles such as prohibition of discrimination against employees, respect for diversity, and prohibition of child labor and forced labor are stipulated in the Samsung Group's management principle, SFMI's code of conduct, and our business partners' code of conduct. All SFMI employees and business partners comply with human rights protection principles.

# SFMI's Major Principles of Human Rights

- 1. SFMI complies with relevant regulations on working hours, rest periods, and payment of wage.
- 2. SFMI strives to create safe and pleasant working environment for its employees.
- 3. SFMI pursues labor-management relationships of co-existence and co-prosperity based on mutual trust and good communication.
- 4. SFMI does not discriminate in the working conditions of employees in terms of nationality, gender, age, race, religion, or social status.
- 5. SFMI does not allow child labor, forced labor, or wage exploitation under any circumstance.
- 6. SFMI only uses personal information for the purposes and through the methods permitted by the laws of each country to protect personal information of customers and employees and performs complete security control to prevent leakage.
- 7. SFMI respects the dignity of all employees and prohibits acts such as sexual harassment, physical punishment, mental or physical coercion, and profanity.
- 8. SFMI shares human rights protection policies with its partners.
- 9. SFMI monitors major human rights issues and handles potential risks in all management activities including the provision of goods and services and investment.

### Human Rights Due Diligence Process

SFMI handles human rights risks that may occur in business activities through the due diligence process to preemptively detect and evaluate major human rights issues. We also conduct preliminary evaluation on the groups who are vulnerable to human rights risks, such as children, foreigners, the disabled, and third party contract workers.

Stakeholder		Risk identification	Risk assessment (KPI)	Risk level	Mitigation plan
Employees	Human rights violation at workplace	Grievance handling System, internal reporting system	Number of grievance handling cases	Very low	• Operate the Bullying Deliberation Committee, verbal abuse report center, bullying counselling center, grievance consultation center, HR counseling center, and sexual harassment counseling center
	Secure industrial safety and health	Mental and physical checkup and result analysis	Health checkup completion rate	Very low	<ul> <li>Note employees who test positive for conditions in the mandatory check-up list and refer them to follow-up care</li> <li>On and off-line mental counseling and diagnosis on interpersonal relations, family life, child rearing, work interest, career development, behavior improvement</li> </ul>
Customers	Consumer information protection	Inspect information protection practices at sales office and affiliated agents	On-site security inspection on sales office twice or thrice a month. Site managers' Inspection on affiliated agents biennially or annually		<ul> <li>Technological measures (information encryption, security device, anti-attack system, and vulnerability analysis system)</li> <li>Administrative measures (minimize access rights to customer information, regular in-house and external training on privacy protection – one 3-hour session for executives and two 3-hour sessions for employees a year, and sign pledge of privacy protection per year)</li> </ul>
Foreigners	Improve financial accessibility	Regular monitoring of the call center for foreigners	Monitor call center for foreigner on a regular basis	Very low	<ul> <li>Foreigners' call center and interpretation service</li> <li>Support for whole processes including consulting, contract, and cancellation in Chinese and English and operation of the English website</li> <li>English terms and conditions (Comprehensive Personal Liability Policy</li> </ul>
Disabled people	Improve financial accessibility	Ensure that vulnerable class is not discriminated when offering insurance products and services	Monitoring of sign language service for the disabled	Very low	<ul> <li>Sign language service for people with hearing disability on car accident, repair, insurance product, and loans</li> <li>Excellent web accessibility certificate, webpage menus for people with disability (subtitles on video clip, alternative texts for all images and video clips, and designs for color-blind and color-weak people)</li> </ul>
Children	Improve financial accessibility	Ensure that vulnerable class is not discriminated when offering insurance products and services	One Company-One School financial economy education	Very low	• Offered financial education to 9,481 students by setting up a sisterhood relationship with 99 schools nationwide
Senior citizens	Improve financial accessibility	Ensure that vulnerable class is not discriminated when offering insurance products and services	VOC, complaint check, rejected contract reviews, etc.	Very low	<ul> <li>Auto insurance rider for senior citizens</li> <li>Priority connection at call center for senior citizens</li> <li>Zoom-in/zoon-out website</li> <li>Special trainings and insurance services for senior citizens</li> </ul>
Partners	Customer service stress management	Emotional worker protection system	Monitoring of call centers, etc.	Very low	<ul> <li>Break time after responding to malicious customer</li> <li>Warnings or change customer addressing at expletives, defamation, or threatening speech, operate malicious customer response team</li> <li>Supporting programs for employees at complaints response team and counselling center for mental peace</li> </ul>

### Pre-assessment on Human Rights

Scope	Assessment rate	<b>Risk detection rate</b>	Improvement rate
Employees	100%	1.08%	100%
Children, foreigners, the disabled	100%	0.0%	100%
Third-party contract workers	100%	0.0%	100%

### Fulfillment of Tax Liability

### Major Tax Policy of SFMI

- 1. SFMI performs its tax payment and tax cooperation duties by strictly complying with tax laws and regulations of the countries we operate business. And we maintain honest and transparent relationship with tax authorities.
- 2. SFMI does not use the tax rate structure and tax system unfairly for the purpose of tax avoidance, nor does it transfer its profits to other countries or regions with low tax rate by unfair methods.
- 3. SFMI checks whether its overseas hubs are applying the normal price in accordance with tax law.
- 4. SFMI carries out tax reporting and payment, and submits various data related to taxation in accordance with tax laws and regulations established by the government, based on financial information that is managed according to the accounting treatment regulations established by the government and its own internal financial management policy.
- 5. SFMI conducts constant management and monitoring to prevent other tax risks.

### **Tax Risk Management**

Because tax risk may have greater impacts than financial risk, SFMI monitors tax risks and manages them carefully. Especially, we monitor tax risks which may cause changes in accounting principles and prepare countermeasures. Those include risks from the transition to a new accounting standard (introduction of IFRS Phase 2), risks from the launch of new products and new transactions, and risks related with international tax obligation.

### Transparent Disclosure on Corporate Tax

SFMI reports further details on corporate tax, deferred corporate tax, and effective tax rates through the independent auditors' report. Those are disclosed on our website and the DART.

SAMSUNG FIRE & MARINE INSURANCE 2020 INTEGRATED REPORT

# Appendix

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## Independent Auditors' Report on Consolidated Financial Statements

The Board of Directors and Shareholders Samsung Fire & Marine Insurance Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Samsung Fire & Marine Insurance Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

### Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# A. Outstanding claim reserves on a case-by-case basis ("OS") and claim reserves incurred but not reported ("IBNR") of direct insurance contracts

### (1) Why it is determined to be a key audit matter

As described in Note 23 to the consolidated financial statements, reserve for outstanding claims as of December 31, 2019 amounted to KRW 4,711,029 million (6.65% of total liabilities) and recorded as insurance contract liabilities. Among reserve for the outstanding claims, the amount of direct reserve for outstanding claims amounted to KRW 4,101,680 million that consists of KRW 2,299,495 million of OS (56.06%), KRW 1,335,869 million of IBNR (32.57%) and KRW 466,316 million of the others (claims adjustment reserves and compensation income, etc., 11.37%).

OS is the estimated future payment for already reported claims and IBNR is estimated future payment for unreported claims. With regard to the already reported but not settled payment obligations (OS), the Group applies claim adjustment and standard loss amounts based on the terms and conditions for each type of collateral for accidents. For the IBNR, the Group calculates the unreported payment obligations using statistical methods for each category of the Enforcement Regulations of Insurance Business Supervision Regulation (aggregate estimation). In particular, IBNR calculated based on statistical methods requires significant degree of estimation by management in determining the application methodology for each accident year (PLDM, ILDM, BFM, FSM, etc.) and determining the progress coefficient, etc.

As we considered that the risk of material misstatement in consolidated financial statements is high due to errors that may arise from the uncertainty of the management's significant estimates in calculating OS and IBNR, we identified it as a key audit matter.

We engaged our internal actuarial specialists and IT specialists to assist us in testing completeness and accuracy of an important actuarial judgment and underlying data for estimates, where significant actuarial judgement is involved for conducting our audit.

### (2) How key audit matter was addressed

Our audit procedures to address this key audit matter include testing the effectiveness of design and operations for certain controls and testing to have a reasonable assurance that there are no material misstatements due to errors. The primary procedures included the following:

- We checked that the accounting policies related to OS and IBNR comply with the Accounting Standards for Insurance Industry and the Enforcement Regulations of the Insurance Business Supervision Regulations
- We tested the effectiveness of design and operation of the Group's Internal Accounting Control System ("IACS") as follows:
- Accuracy of accident information input when the first accident is first reported
- Assessment of accuracy of OS calculation based on insurance policy and standard loss table
- Testing of completeness, accuracy of the basic data used for calculating the standard damage table, and verification of the standard damage table
- Verification of completeness between OS source data and financial data
- Test of completeness of underlying data when calculate the table of claims and OS by each payment year for estimating aggregated amount, test of accuracy of significant financial and non-financial components in the underlying data, test for table of claims and OS by each payment year
- Determination of methodology of statistical technique by accident year for estimating total amount of senior actuary, verification of progress coefficient and total amount of output
- Assess of completeness between the original IBNR data and financial data
- Obtain full list of the OS data for each accident number at the end of the reporting period and confirm that they were completely reflected in the financial system.
- For selected samples from the accident number, inspecting documents to assess whether the OS for each accident number was calculated based on the terms and conditions and standard damage table. In addition, the adequacy of the standard damage table was tested.
- For selected samples from insurance data paid after the end of the reporting period, assess the adequacy and completeness of the OS by comparing with OS at the end of the reporting period.
- After acquiring basic data necessary to calculate the payment premiums and OS for each fiscal year, tested the main financial and nonfinancial factors, or selected samples with expert judgment, recalculated and assessed the payment insurance claims and OS for each fiscal year.
- We assessed the methodology of statistical technique by accident year for estimating the aggregate amount, appropriateness of major variables such as a development factor etc., and the IBNR by independent recalculation.
- Obtain the source IBNR data and inspecting documents to assess whether those information were completely reflected in the financial system.

### B. Assessment of measurement of securities classified under level 3 fair value hierarchy

### (1) Why it is determined to be a key audit matter

As described in Note 5.(2) to the consolidated financial statements, securities classified as financial instruments under level 3 fair value hierarchy according to K-IFRS NO. 1113 as of December 31, 2019 amounted to KRW 2,735,779 million (3.21% of total assets) and reported as available-for-sale financial assets. Securities consist of KRW 16,410 million of unlisted Stock, KRW 121,335 million of equity Investments, KRW 2,528,476 million of beneficiary certificates and KRW 69,558 million of beneficiary certificates in foreign currency.

Securities classified as level 3 fair value hierarchy are measured at fair value by unobservable inputs.

Considering the risk of material misstatement in the consolidated financial statement due to errors that can be caused by high complexity of estimating fair value of the securities classified under level 3 fair value hierarchy, we identified it as a key audit matter.

We engaged our internal IT specialists to assist us in examining the logic of automatically calculating profit or loss on assessment of securities when conducting the audit procedures to address the relevant key audit matter.

### (2) How key audit matter was addressed

Our audit procedures to address this key audit matter include testing the effectiveness of design and operations for certain controls and testing to have a reasonable assurance that there are no material misstatements due to errors. The primary procedures included the following:

 $\cdot$  We tested the effectiveness of design and operation of the Group's IACS as follows:

- Accuracy of investment information input for the initial investments
- Comparison of valuation values that are interfaced from external valuation party and the Group's internal valuation values in the system
- Review of external valuation data (valuation method, factors, value, etc.)
- Accuracy test of system logic generated profit or loss on valuation of securities
- Comparison of information in the relevant system with information in the financial system for valuation and gain or loss on foreign currency translation
- We identified and analyzed the valuation method, valuation variables, and basic asset types of the beneficiary certificates securities used in the evaluation of the fair value level 3 securities.
- $\boldsymbol{\cdot}$  The following procedures were performed on a sample basis using statistical techniques.
- Testing of the fair value valuation methodology and the input variables (assumptions) calculation methodology
- Testing of adequacy of observable input variables (assumptions) through reconciliation with external data
- Inspecting documents to assess reliability and adequacy of company-provided data for unobservable input variables (assumptions)

### Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud of error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free form material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Wonduk, Cho.

March 12, 2020 KPMG Samjong Accounting Corp. Seoul, Korea

KPMG Samjong Accounting Corp.

This report is effective as of March 12, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

## Independent Auditors' Report on Separate Financial Statements

The Board of Directors and Shareholders Samsung Fire & Marine Insurance Co., Ltd.:

### Opinion

We have audited the separate financial statements of Samsung Fire & Marine Insurance Co., Ltd. (the "Company"), which comprise the separate statements of financial position as of December 31, 2019 and 2018, the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2019 and 2018, and its separate financial performance and its separate cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2019 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 12, 2020 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

### Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements as of and for the year ended December 31, 2019. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# A. Outstanding claim reserves on a case-by-case basis ("OS") and claim reserves incurred but not reported ("IBNR") of direct insurance contracts

### (1) Why it is determined to be a key audit matter

As described in Note 23 to the financial statements, reserve for outstanding claims as of December 31, 2019 amounted to KRW 4,533,362 million (6.46% of total liabilities) and recorded as insurance contract liabilities. Among reserve for the outstanding claims, the amount of direct reserve for outstanding claims amounted to KRW 4,016,944 million that consists of KRW 2,246,036 million of OS (55.91%), KRW 1,308,271 million of IBNR (32.57%) and KRW 462,637 million of the others (claims adjustment reserves and compensation income, etc., 11.52%).

OS is the estimated future payment for already reported claims and IBNR is estimated future payment for unreported claims. With regard to the already reported but not settled payment obligations (OS), the Company applies claim adjustment and standard loss amounts based on the terms and conditions for each type of collateral for accidents. For the IBNR, the Company calculates the unreported payment obligations using statistical methods for each category of the Enforcement Regulations of Insurance Business Supervision Regulation, etc. (aggregate estimation). In particular, IBNR calculated based on statistical methods requires significant estimation by management in determining the application methodology for each accident year (PLDM, ILDM, BFM, FSM, etc.) and determining the progress coefficient, etc.

As we considered that the risk of material misstatement in financial statements is high due to errors that may arise from the uncertainty of the management's significant estimates in calculating OS and IBNR, we identified it as a key audit matter.

We engaged our internal actuarial specialists and IT specialists to assist us in testing completeness and accuracy of an important actuarial judgment and underlying data for estimates, where significant actuarial judgment is involved for conducting our audit.

### (2) How key audit matter was addressed

Our audit procedures to address this key audit matter include testing the effectiveness of design and operations for certain controls and testing to have a reasonable assurance that there are no material misstatements due to errors. The primary procedures included the following:

- We checked that the accounting policies related to OS and IBNR comply with the Accounting Standards for Insurance Industry and the Enforcement Regulations of the Insurance Business Supervision Regulations
- We tested the effectiveness of design and operation of the Company's Internal Accounting Control System ("IACS") as follows:
- Accuracy of accident information input when the first accident is first reported
- Assessment of accuracy of OS calculation based on insurance policy and standard loss table
- Testing of completeness, accuracy of the basic data used for calculating the standard damage table, and verification of the standard damage table
- Verification of completeness between OS source data and financial data
- Test of completeness of underlying data when calculate the table of claims and OS by each payment year for estimating aggregated amount, test of accuracy of significant financial and non-financial components in the underlying data, test for table of claims and OS by each payment year
- Determination of methodology of statistical technique by accident year for estimating total amount of senior actuary, verification of progress coefficient and total amount of output
- Assess of completeness between the original IBNR data and financial data
- Obtain full list of the OS data for each accident number at the end of the reporting period and confirm that they were completely reflected in the financial system.
- For selected samples from the accident number, inspecting documents to assess whether the OS for each accident number was calculated based on the terms and conditions and standard damage table. In addition, the adequacy of the standard damage table was tested.
- For selected samples from insurance data paid after the end of the reporting period, assess the adequacy and completeness of the OS by comparing with OS at the end of the reporting period.
- After acquiring basic data necessary to calculate the payment premiums and OS for each fiscal year, tested the main financial and nonfinancial factors, or selected samples with expert judgment, recalculated and assessed the payment insurance claims and OS for each fiscal year.
- We assessed the methodology of statistical technique by accident year for estimating the aggregate amount, appropriateness of major variables such as a development factor etc., and the IBNR by independent recalculation.
- Obtain the source IBNR data and inspecting documents to assess whether those information were completely reflected in the financial system.

### B. Assessment of measurement of securities classified under level 3 fair value hierarchy

### (1) Why it is determined to be a key audit matter

As described in Note 5.(2) to the financial statements, securities classified as financial instruments under level 3 fair value hierarchy according to K-IFRS NO. 1113 as of December 31, 2019 amounted to KRW 3,741,209 million (4.43% of total assets) and reported as available-for-sale financial assets. Securities consist of KRW 16,410 million of unlisted Stock, KRW 140,425 million of equity Investments, KRW 3,514,826 million of beneficiary certificates and KRW 69,548 million of beneficiary certificates in foreign currency.

Securities classified as level 3 fair value hierarchy are measured at fair value by unobservable inputs.

Considering the risk of material misstatement in the financial statement due to errors that can be caused by high complexity of estimating fair value of the securities classified under level 3 fair value hierarchy, we identified it as a key audit matter.

We engaged our internal IT specialists to assist us in examining the logic of automatically calculating profit or loss on assessment of securities when conducting the audit procedures to address the relevant key audit matter.

### (2) How key audit matter was addressed

Our audit procedures to address this key audit matter include testing the effectiveness of design and operations for certain controls and testing to have a reasonable assurance that there are no material misstatements due to errors. The primary procedures included the following:

- $\cdot$  We tested the effectiveness of design and operation of the Company's IACS as follows:
- Accuracy of investment information input for the initial investments
- Comparison of valuation values that are interfaced from external valuation party and the Company's internal valuation values in the system
- Review of external valuation data (valuation method, factors, value, etc.)
- Accuracy test of system logic generated profit or loss on valuation of securities
- Comparison of information in the relevant system with information in the financial system for valuation and gain or loss on foreign currency translation
- We identified and analyzed the valuation method, valuation variables, and basic asset types of the beneficiary certificates securities used in the evaluation of the fair value level 3 securities.
- $\boldsymbol{\cdot}$  The following procedures were performed on a sample basis using statistical techniques.
- Testing of the fair value valuation methodology and the input variables (assumptions) calculation methodology
- Testing of adequacy of observable input variables (assumptions) through reconciliation with external data
- Inspecting documents to assess reliability and adequacy of company-provided data for unobservable input variables (assumptions)

### Other Matter

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

### Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud of error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free form material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Wonduk, Cho.

March 12, 2020 KPMG Samjong Accounting Corp. Seoul, Korea

KPMG Samjong Accounting Corp.

This report is effective as of March 12, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# Independent Auditors' Report on Internal Control over Financial Reporting

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The Board of Directors and Shareholders Samsung Fire & Marine Insurance Co., Ltd

### Opinion on Internal Control over Financial Reporting

We have audited Samsung Fire & Marine Insurance Co., Ltd's (the Company) internal control over financial reporting ("ICFR") as of December 31, 2019 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework")

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2019, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, and our report dated March 12, 2020 expressed an unmodified opinion on those separate financial statements.

### Basis for Opinion

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting

The Company's management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on the Assessment of Internal Accounting Control System.

Those charged with governance are responsible for overseeing the Company's internal control over financial reporting.

### Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

#### Definition and Limitations of Internal Control over Financial Reporting

A company's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditors' report is Wonduk, Cho.

March 12, 2020 KPMG Samjong Accounting Corp. Seoul, Korea

KPMG Samjong Accounting Corp.

This report is effective as of March 12, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

## Consolidated Statements of Financial Position

As of December 31, 2019 and 2018

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Samsung Fire & Marine Insurance Co., Ltd. and Subsidiaries (In millions of won)

	December 31, 2019 <sup>(*)</sup>	December 31, 2018 <sup>(*</sup>
Assets		
Cash and deposits	1,874,997	2,101,062
Financial assets at fair value through profit or loss	1,142,858	378,155
Available-for-sale financial assets	43,664,733	40,463,580
Held-to-maturity financial assets	175,160	166,713
Loans	23,654,787	22,679,994
Other receivables	1,249,265	1,279,199
Investments in subsidiaries and associates	212,489	32,238
Derivative assets	55,288	94,609
Reinsurance assets	787,319	793,975
Investment properties	796,190	705,840
Property and equipment	703,611	623,935
Intangible assets	441,888	503,626
Non-current assets held-for-sale	7,772	14,245
Net defined benefit asset	11,847	23,811
Current tax assets	3,306	1,050
Deferred tax assets	25,258	26,983
Other assets	2,276,486	2,356,147
Separate account assets	8,088,918	7,145,492
Total assets	85,172,172	79,390,654
Liabilities		
Insurance contract liabilities	58,044,830	55,614,481
Financial liabilities	1,187,408	740,043
Derivative liabilities	118,780	38,615
Provisions	66,367	57,045
Current tax liabilities	1,316	89,185
Deferred tax liabilities	2,673,919	2,005,104
Other liabilities	432,096	541,776
Separate account liabilities	8,326,021	7,938,875
Total liabilities	70,850,737	67,025,124
Shareholders' equity		
Share capital	26,473	26,473
Capital surplus	939,233	939,233
Capital adjustment	(1,487,220)	(1,487,220)
Accumulated other comprehensive income, net of taxes	5,693,663	3,895,795
Retained earnings	9,127,703	8,972,210
Equity attributable to owners of the Group	14,299,852	12,346,491
Non-controlling interests	21,583	19,039
Total shareholders' equity	14,321,435	12,365,530
Total liabilities and shareholders' equity	85,172,172	79,390,654

<sup>(1)</sup> The consolidated statement of financial position as of December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

## Separate Statements of Financial Position

As of December 31, 2019 and 2018

Samsung Fire & Marine Insurance Co., Ltd. (In millions of won)

	December 31, 2019 <sup>(*)</sup>	December 31, 2018 <sup>(*)</sup>
Assets		
Cash and deposits	1,299,106	1,647,738
Financial assets at fair value through profit or loss	625,640	312,903
Available-for-sale financial assets	44,686,409	41,043,774
Held-to-maturity financial assets	133,506	132,939
Loans	23,457,221	22,531,499
Other receivables	1,304,333	1,293,017
Investments in subsidiaries and associates	428,650	265,748
Derivative assets	43,248	87,343
Reinsurance assets	676,859	705,362
Investment properties	283,395	283,830
Property and equipment	674,154	611,282
Intangible assets	436,470	498,157
Non-current assets held-for-sale	7,772	14,245
Net defined benefit asset	8,112	20,691
Current tax assets	2,631	
Deferred tax assets	17,785	18,694
Other assets	2,262,644	2,349,747
Separate account assets	8,088,918	7,145,492
Total assets	84,436,853	78,962,461
Liabilities		
Insurance liabilities	57,736,394	55,356,493
Other financial liabilities	951,788	699,046
Derivative liabilities	82,552	24,198
Provisions	64,641	55,386
Current tax liabilities	-	88,799
Deferred income tax liabilities	2,692,574	2,019,258
Other liabilities	375,529	493,322
Separate account liabilities	8,326,021	7,938,875
Total liabilities	70,229,499	66,675,377
Shareholders' equity		
Share capital	26,473	26,473
Capital surplus	939,233	939,233
Capital adjustment	(1,483,504)	(1,483,504
Accumulated other comprehensive income, net of taxes	5,775,169	3,975,259
Retained earnings	8,949,983	8,829,623
Total shareholders' equity	14,207,354	12,287,084
Total liabilities and shareholders' equity	84,436,853	78,962,461

(1) The statement of financial position as of December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

Samsung Fire & Marine Insurance Co., Ltd. and Subsidiaries (In millions of won, except earnings per share)

	<b>2019</b> <sup>(*)</sup>	2018(*)
Operating revenues	23,033,397	22,209,039
Insurance operating income:	20,221,702	19,339,050
Premium income	19,455,985	18,734,623
Reinsurance income	557,215	716,355
Decrease in reinsurance assets	(20,387)	(319,449)
Compensation income	18,535	10,067
Expense recovered	187,141	176,764
Gain on foreign exchange transactions	23,213	20,690
Investment income:	2,540,473	2,593,432
Interest income	1,821,896	1,790,927
Dividend income	266,990	210,833
Gain on valuation and sale of financial Instruments	151,858	341,318
Gain on valuation and sale of derivative Instruments	46,918	30,958
Reversal of allowance and impairment loss of financial assets	3,206	2,598
Rental income	66,621	60,981
Commission income	3,228	2,696
Gain on foreign exchange transactions	168,878	145,509
Gain on disposal of investment properties	1,690	-
Miscellaneous investment incomes	9,188	7,612
Separate account commission	45,676	43,013
Separate account income	225,546	233,544
Operating expenses	22,170,808	20,758,260
Insurance operating expenses:	21,418,988	20,069,693
Claims paid and refund of insurance policies	13,323,234	12,220,060
Reinsurance expenses	925,662	834,572
Increase in insurance liabilities	2,406,841	2,503,101
Loss adjustment expenses	582,550	562,064
Expenses paid	4,159,514	3,933,873
Loss on foreign exchange transactions	21,187	16,023

	2019(*)	<b>201</b> 8 <sup>(*)</sup>
Investment expenses:	524,492	452,827
Interest expense	34,832	16,197
Loss on valuation and sale of financial non-derivative instruments	28,007	30,681
Loss on valuation and sale of derivative instruments	188,083	144,397
Impairment loss on financial assets	36,090	29,517
Investment management expenses	155,719	161,379
Maintenance expenses on investment properties	17,129	16,925
Depreciation expenses on investment properties	11,596	11,772
Loss on foreign exchange transactions	49,976	40,171
Loss on investment properties	1,215	-
Miscellaneous investment expenses	1,845	1,788
Separate account commission paid	1,782	2,196
Separate account expenses	225,546	233,544
Operating profit	862,589	1,450,779
Non-operating revenues	26,854	21,778
Non-operating expenses	23,115	16,211
Profit before income tax	866,328	1,456,346
Income tax expenses	220,712	385,628
Profit for the year	645,616	1,070,718
Items that will not be reclassified subsequently to profit or loss	(21,161)	(29,959)
Items that are or may be reclassified subsequently to profit or loss	1,819,779	(243,460)
Total other comprehensive income, net of tax	1,798,618	(273,419)
Total comprehensive income for the year	2,444,234	797,299
Profit attributable to:	645,616	1,070,718
Owners of the Group	642,993	1,067,916
Non-controlling interests	2,623	2,802
Total comprehensive income attributable to:	2,444,234	797,299
Owners of the Group	2,440,618	794,477
Non-controlling interests	3,616	2,822
Earnings per share (in won)		
Basic earnings per share	15,126	25,121
Diluted earnings per share	15,126	25,121

<sup>(1)</sup> The consolidated statement of comprehensive income for the year ended December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

## Separate Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

Samsung Fire & Marine Insurance Co., Ltd. (In millions of won, except earnings per share)

	<b>2019</b> <sup>(*)</sup>	2018(*)
Operating revenues	22,646,319	21,926,313
Insurance operating income:	19,930,514	19,106,343
Premium income	19,223,577	18,513,029
Reinsurance income	553,026	667,833
Increase in reinsurance assets	(31,396)	(239,803)
Compensation income	18,535	10,067
Expense recovered	147,308	138,916
Gain on foreign exchange transactions	19,464	16,301
Investment income:	2,444,583	2,543,413
Interest income	1,792,772	1,766,950
Dividend income	298,665	239,358
Gain on valuation and sale of financial Instruments	124,910	339,501
Gain on valuation and sale of derivative Instruments	31,675	27,770
Reversal of allowance and impairment loss of financial assets	3,206	2,598
Rental income	35,456	35,384
Commission income	3,228	2,696
Gain on foreign exchange transactions	144,315	123,763
Gain on disposal of investment properties	1,690	-
Miscellaneous investment incomes	8,666	5,393
Separate account commission	45,676	43,013
Separate account income	225,546	233,544
Operating expenses	21,812,023	20,489,998
Insurance operating expenses:	21,147,700	19,848,393
Claims paid and refund of insurance policies	13,250,306	12,099,579
Reinsurance expenses	841,656	766,412
Increase in insurance liabilities	2,372,497	2,556,418
Loss adjustment expenses	563,587	537,686
Expenses paid	4,102,316	3,876,773
Loss on foreign exchange transactions	17,338	11,525

	2019(*)	<b>201</b> 8 <sup>(*)</sup>
Investment expenses:	436,995	405,864
Interest expense	24,466	13,679
Loss on valuation and sale of financial non-derivative instruments	26,441	22,376
Loss on valuation and sale of derivative instruments	149,778	126,931
Impairment loss on financial assets	36,090	29,517
Investment management expenses	141,419	151,230
Maintenance expenses on investment properties	17,129	16,925
Depreciation expenses on investment properties	7,216	8,160
Loss on foreign exchange transactions	31,842	35,694
Loss on investment properties	1,214	-
Miscellaneous investment expenses	1,400	1,352
Separate account commission paid	1,782	2,197
Separate account expenses	225,546	233,544
Operating profit	834,296	1,436,315
Non-operating revenues	22,644	18,565
Non-operating expenses	(37,921)	(14,772)
Profit before income tax	819,019	1,440,108
Income tax expenses	(209,786)	(383,051)
Profit for the year	609,233	1,057,057
Items that will not be reclassified subsequently to profit or loss	(18,146)	(24,843)
Items that are or may be reclassified subsequently to profit or loss	1,818,056	(242,235)
Total other comprehensive income, net of tax	1,799,910	(267,078)
Total comprehensive income for the year	2,409,143	789,979
Earnings per share (in won)		
Basic earnings per share	14,331	24,866
Diluted earnings per share	14,331	24,866

<sup>(1)</sup> The statement of comprehensive income for the year ended December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

Samsung Fire & Marine Insurance Co., Ltd. and Subsidiaries (In millions of won)

		Equity attribu	Itable to owner	s of the Group		Non-	Total shareholders' equity <sup>(*)</sup>
	Capital stock	Consolidated capital surplus	Consolidated capital adjustment	Accumulated other comprehensive income	Consolidated Retained earnings	controlling interests	
Balance at January 1, 2018	26,473	939,233	(1,487,220)	4,169,234	8,328,570	17,054	11,993,344
Dividends	-	-	-	-	(425,109)	(837)	(425,946)
Profit for the year	-	-	_	-	1,067,916	2,802	1,070,718
Net change in unrealized valuation of available-for-sale assets	-	-		(308,401)		(22)	(308,423)
Other comprehensive income of affiliate		-	-	(952)		-	(952)
Gain (Loss) on translation of foreign currency financial statements	-			(6,048)		73	(5,975)
Net change in unrealized valuation of cash flow hedge derivatives	-			21,553		_	21,553
Other comprehensive income of the separate account	-		-	50,337		_	50,337
Remeasurement gain related to defined benefit plans	-			(29,928)		(31)	(29,959)
Change in consolidation scope, etc.		-		-	833	-	833
Balance at December 31, 2018	26,473	939,233	(1,487,220)	3,895,795	8,972,210	19,039	12,365,530
Balance at January 1, 2019	26,473	939,233	(1,487,220)	3,895,795	8,972,210	19,039	12,365,530
Dividends	-	-			(488,873)	(1,073)	(489,946)
Profit for the year	-	-	_	-	642,993	2,623	645,616
Net change in unrealized valuation of available-for-sale assets	-			1,792,388		89	1,792,477
Other comprehensive income of affiliate	_	-	-	1,097		-	1,097
Gain(Loss) on translation of foreign currency financial statements	-			18,807		906	19,713
Net change in unrealized valuation of cash flow hedge derivatives				(25,301)			(25,301)
Other comprehensive income of the separate account	-			31,794		_	31,794
Remeasurement gain related to defined benefit plans	-		-	(21,160)	-	(1)	(21,161)
Change in consolidation scope, etc.	-	-	-	243	1,373	-	1,616
Balance at December 31, 2019	26,473	939,233	(1,487,220)	5,693,663	9,127,703	21,583	14,321,435

<sup>(1)</sup> The consolidated statement of changes in equity for the year ended December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

## Separate Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

Samsung Fire & Marine Insurance Co., Ltd. (In millions of won)

	Share capital <sup>(*)</sup>	Capital surplus <sup>(*)</sup>	Capital adjustments <sup>(*)</sup>	Accumulated other comprehensive income <sup>(*)</sup>	Retained earnings <sup>(*)</sup>	Total shareholders' equity <sup>(*)</sup>
Balance at January 1, 2018	26,473	939,233	(1,483,504)	4,242,337	8,197,674	11,922,213
Dividends	-	-		-	(425,108)	(425,108)
Profit for the period	_	-		-	1,057,057	1,057,057
Net change in unrealized valuation of available-for-sale financial assets	-	-	-	(317,843)	-	(317,843)
Gain on translation of foreign currency financial statements	-	-	-	3,719	-	3,719
Net change in unrealized valuation of cash flow hedge derivatives	-	-	-	21,553	-	21,553
Accumulated other comprehensive income of the separate account		-		50,336	-	50,336
Remeasurement loss related to defined benefit plans		_		(24,843)	_	(24,843)
Balance at December 31, 2018	26,473	939,233	(1,483,504)	3,975,259	8,829,623	12,287,084
Balance at January 1, 2019	26,473	939,233	(1,483,504)	3,975,259	8,829,623	12,287,084
Dividends	-	-		-	(488,873)	(488,873)
Profit for the period	_	-		-	609,233	609,233
Net change in unrealized valuation of available-for-sale financial assets	-	-	-	1,808,698	-	1,808,698
Gain on translation of foreign currency financial statements	-	-	-	2,865	-	2,865
Net change in unrealized valuation of cash flow hedge derivatives	-	-	-	(25,301)	-	(25,301)
Accumulated other comprehensive income of the separate account		-		31,794	_	31,794
Remeasurement loss related to defined benefit plans		-	-	(18,146)	-	(18,146)
Balance at December 31, 2019	26,473	939,233	(1,483,504)	5,775,169	8,949,983	14,207,354

(1) The statement of changes in equity for the year ended December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

## Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

Samsung Fire & Marine Insurance Co., Ltd. and Subsidiaries (In millions of won)

	2019 <sup>(*)</sup>	2018(*)
Cash flows from operating activities		
Profit for the period	645,616	1,070,718
Adjustment for:		
Loss on valuation and disposal of financial instruments	27,280	24,631
Loss on foreign exchange translation and transaction	42,221	36,790
Bad debt expenses	4,617	1,934
Loss on valuation and sale of derivative instruments	177,423	138,049
Amortization of deferred acquisition cost	1,623,695	1,447,896
Depreciation	185,118	88,845
Loss on disposal of property and equipment	2,618	1,312
Loss on lease contract cancellation	901	-
Loss on disposal of intangible assets	8	255
Impairment loss on intangible assets	40	61
Loss on disposal of investment properties	1,215	-
Other expenses	5,611	9,048
Amortization	142,235	131,064
Interest expenses	34,832	16,197
Reversal of restoration liabilities	338	693
Severance benefit	46,597	42,612
Income tax expenses	220,712	385,628
Impairment loss on financial instruments	36,090	29,517
Increase in insurance contract liabilities	2,406,841	2,503,101
Decrease in reinsurance assets	20,389	319,449
Gain on valuation and disposal of financial instruments	(137,772)	(327,800)
Interest income	(1,821,896)	(1,790,927)
Gain on foreign exchange translation and transaction	(138,436)	(127,316)
Gain on investments in associates	(2,549)	(2,858)
Gain on valuation and sales of derivative instruments	(45,005)	(27,891)
Gain on disposal of property and equipment	(3,307)	(318)
Gain on lease contract cancellation	(506)	-
Gain on disposal of intangible assets	(92)	(147)
Impairment gain on intangible assets	(286)	-
Gain on disposal of investment properties	(1,690)	-
Compensation income	(18,535)	(10,067)
Dividend income	(266,990)	(210,833)
Other income	(1,474)	(6,821)
Changes in assets and liabilities:		
Decrease (Increase) in deposits	(405,715)	(81,814)
Decrease (Increase) in financial assets at fair value through profit or loss	(739,157)	573,191
Decrease (Increase) in loans	(1,008,874)	(1,357,401)
Decrease (Increase) in other receivables	1,786	(42,546)
Increase (Decrease) in derivative instruments for sale	4,165	5,525
Decrease (Increase) in other assets	(1,592,347)	(1,362,993)

	2019(*)	<b>2018</b> <sup>(*)</sup>
Decrease (Increase) in separate account assets	(998,231)	(32,690)
Increase (Decrease) in other financial liabilities	267,579	(19,771)
Increase (Decrease) in provisions	(2,831)	(4,107)
Increase (Decrease) in other liabilities	(126,978)	22,264
Increase (Decrease) in separate account liabilities	473,744	(1,026,766)
Payment of severance benefits	(24,079)	(46,873)
Increase (Decrease) in defined benefit obligations	(1,909)	(4,746)
Decrease (Increase) in plan assets	(37,027)	(4,404)
Increase (Decrease) in foreign operation	26,840	(4,665)
nterest received	1,894,184	1,797,302
Interest paid	(3,206)	(187)
Dividends received	266,990	210,833
Income tax paid	(270,892)	(236,737)
Net cash provided by operating activities	909,901	2,126,237
Cash flows from investing activities		
Disposal of available-for-sale financial assets	4,741,105	3,829,440
Disposal of held-to-maturity financial assets	9,793	30,409
Decrease of investment in associates	-	2,804
Cash inflows from hedge activities	2,273,042	2,760,552
Disposal of investment properties	1,450	-
Disposal of property and equipment	7,538	517
Disposal of intangible assets	362	619
Disposal of non-current assets held for sale	15,400	-
Acquisition of available-for-sale financial assets	(5,369,718)	(5,236,805)
Acquisition of held-to-maturity financial assets	(16,825)	(26,960)
Acquisition of investment in associates	(176,604)	-
Cash outflows from hedge activities	(2,326,235)	(2,759,306)
Acquisition of investment properties	(95,725)	(947)
Acquisition of property and equipment	(34,722)	(37,636)
Acquisition of intangible assets	(16,319)	(15,398)
Net cash used in investing activities	(987,458)	(1,452,711)
Cash flows from financing activities		
Payment of dividends	(489,946)	(425,945)
Margin from covering in bonds and securities	29,620	380
Repayment of lease liabilities	(100,762)	-
Net cash used in financing activities	(561,088)	(425,565)
The Effects of Changes in Foreign Exchange Rates	7,443	(4,382)
Net increase (decrease) in cash and cash equivalents	(631,202)	243,579
Cash and cash equivalents at beginning of the year	1,315,033	1,071,454
Cash and cash equivalents at end of the year	683,831	1,315,033

<sup>(1)</sup> The consolidated statement of cash flows for the year ended December 31, 2019 was prepared by applying K-IFRS NO. 1116, and the comparative information was not restated in this regard.

For the years ended December 31, 2019 and 2018

# Separate Statements of Cash Flows Samsung Fire & Marine Insurance Co., Ltd. (In millions of won)

	2019(*)	<b>201</b> 8 <sup>(*)</sup>
Cash flows from operation activities		
Profit for the period	609,233	1,057,057
Adjustment for:		
Loss on valuation and sale of financial instruments	26,261	19,547
Loss on disposal of investments in associates	140	-
Loss on disposal of property and equipment	2,585	1,297
Loss on disposal of intangible assets	-	255
Loss on foreign exchange translation and transaction	29,558	34,658
Impairment loss on financial assets	36,090	29,517
Impairment loss on investments in associates	16,093	-
Impairment loss on intangible assets	-	61
Bad debt expenses	3,323	3,442
Loss on valuation and sale of derivative instruments	145,594	123,431
Decrease (increase) in reinsurance assets	31,396	239,803
Reversal of restoration liabilities	302	689
Lease contract cancellation loss	730	-
Lease contract cancellation gain	(506)	-
Increase (decrease) in insurance liabilities	2,372,497	2,556,418
Amortization of deferred acquisition cost	1,623,695	1,447,896
Depreciation	160,964	80,292
Amortization	141,649	129,971
Severance benefits	34,457	31,961
Interest expense	24,466	13,679
Income tax expenses	209,786	383,051
Other expense	10,699	8,949
Gain on valuation and sale of financial instruments	(114,206)	(327,358)
Gain on valuation and sale of derivative instruments	(31,425)	(27,489)
Gain on disposal of investment properties	(1,690)	
Loss on disposal of investment properties	1,215	-
Gain on disposal of property, plant and equipment	(3,164)	(179)
Gain on disposal of intangible assets	(23)	(147)
Gain on foreign exchange translation and transaction	(118,251)	(108,353)
Recovery of Impairment Losses on Intangible Assets	(286)	-
Interest income	(1,792,772)	(1,766,950)
Compensation income	(18,535)	(10,067)
Dividend income	(298,665)	(239,358)
Other income	(6,560)	(6,824)
Changes in assets and liabilities:	(-)	(-/- /
Decrease (increase) in deposits	(343,103)	(77,634)
Decrease (increase) in financial assets at fair value through profit or loss	(311,648)	584,451
Decrease (increase) in loans	(959,803)	(1,168,044)
Decrease (increase) in other receivables	(30,967)	(115,631)
Increase (decrease) in derivative instruments for sale	(69)	2,346
Decrease (increase) in other assets	(1,583,929)	(1,361,145)

	2019(*)	2018 <sup>(*)</sup>
Decrease (increase) in separate account assets	(998,231)	(32,690)
Increase (decrease) in other financial liabilities	99,649	1,372
Increase (decrease) in provisions	(2,600)	(3,999)
Increase (decrease) in other liabilities	(134,848)	18,626
Increase (decrease) in separate account liabilities	473,744	(1,026,766)
Payment of severance benefits	(21,464)	(39,558)
Increase (decrease) of defined benefit liability	120	(4,746)
Decrease (increase) of plan assets	(25,085)	994
Interest received	1,867,087	1,776,377
Interest paid	(232)	(237)
Dividend received	298,665	239,358
Income tax paid	(265,140)	(230,770)
Net cash provided by operating activities	1,156,796	2,237,553
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	4,747,511	3,826,834
Proceeds from disposal of held-to-maturity financial assets	-	30,000
Cash inflows from hedge activities	2,273,042	2,760,552
Proceeds from disposal of investment properties	1,450	-
Proceeds from disposal of property and equipment	7,154	192
Proceeds from disposal of intangible assets	36	619
Decrease of investment in subsidiaries and associates	503	258
Proceeds from disposal of non-current assets held-for-sale	15,400	-
Acquisition of available-for-sale financial assets	(5,806,491)	(5,385,811)
Acquisition of held-to-maturity financial assets	-	(21,261)
Acquisition of investments in subsidiaries and associates	(179,638)	-
Cash outflows from hedge activities	(2,320,790)	(2,752,554)
Acquisition of investment properties	(560)	(943)
Acquisition of property and equipment	(32,212)	(32,677)
Acquisition of intangible assets	(15,577)	(14,675)
Net cash used in investing activities	(1,310,172)	(1,589,466)
Cash flows from financing activities		
Increase in Repurchase agreements (Securities sold under agreements to repurchase)	179,980	317,940
Payment of dividend	(488,873)	(425,108)
Repayment of lease liability	(85,971)	-
Decrease in Repurchase agreements (Securities sold under agreements to repurchase)	(150,360)	(317,560)
Net cash used in financing activities	(545,224)	(424,728)
The Effects of Changes in Foreign Exchange Rates	2,885	(266)
Net increase (decrease) in cash and cash equivalents	(695,715)	223,093
Cash and cash equivalents at beginning of the year	1,182,108	959,015
Cash and cash equivalents at end of the year	486,393	1,182,108

(1) The statement of cash flows for the year ended December 31, 2019 was prepared by applying K-IFRS NO.1116, and the comparative information was not restated in this regard.

## Non-financial Performances

## **Business Value**

### Economic Value Distribution<sup>1)</sup>

(Unit: KRW 100 million)

(Unit: KRW in millions)

Stakeholders	ltem	2017	2018	2019
Customers	Insurance	146,705	147,091	152,656
Employees	Wages, welfare benefits	6,285	5,854	5,135
Shareholders and investors	Dividend	4,251	4,889	3,613
Government	Corporate tax	3,688	3,831	2,098
Partners	Insurance sales costs	29,020	30,234	33,006
Local communities	Donation for local community development	95	101	128

<sup>1)</sup> Some of data (customers, government, and partners) in 2017 and 2018 were modified due to the change in accounting beneficiary securities on a consolidated basis.

### Corporate Tax

2017 2018 2019 2018-2019 Average Profit before tax 1,427,224 1,456,346 866,328 1,161,337 303,170 Corporate tax expenses 374,523 385,628 220,712 Corporate tax expenses/profit before tax (%) 26.5 25.5 26.1 26.2 270,892 253,830 Corporate tax payment 328,454 236,767 Corporate tax payment/profit before tax (%) 31.3 21.9 23.0 16.3 Changes in deferred tax due to temporary differences 91,891 10,337 51,114 93,239 Effect of tax adjustment change 28,126 -904 10,473 4,785 25.5 Effective tax rate (%) 26.2 26.5 26.1

### Operating Revenue, Profit on Sales, and Corporate Tax Expense at Home and Abroad<sup>1)</sup> (Unit: KRW in millions)

	Korea		Overseas		Total
		Vietnam	Singapore	China	
Operating revenue	23,007,497	81,870	147,292	234,603	577,485
Profit on sales	19,223,577	56,360	111,018	165,617	401,603
Corporate tax expenses	211,719	1,890	5	2,225	5,730

<sup>1)</sup> Consolidated adjusting amount of corporate tax: KRW 3,262 million

## Association Membership<sup>1)</sup>

General Insurance AssociationKorean Fire ProtectionKorea Insurance Developmenof KoreaAssociationInstitute	Korea Automobile Insurance Repair Research & Training Center	Korea Insurance Research Institute
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<sup>1)</sup> SFMI complies with the domestic political funds law that prohibits corporations or organizations from donating political funds and does not provide any political funds. In the case of industry-related associations, SFMI paid a total of KRW 13.96 billion in 2019.

### Payments to Relevant Institutions

(Unit: KRW 100 million)

Organization			Amount
General Insurance Association of Korea	Function	Research and recommendation of improvement in non-life insurance-related systems, research on prevention of relevant disasters and reduction of loss, protection of insurance policy holders, prevention of mishap and insurance money leakage, etc.	51.7
	Purpose	Seeking healthy development of non-life insurance and maintaining order of business	
Korea Fire Protection Association (KFPA)	Function	Inspection on fire prevention, insurance business, anti-disaster consulting, survey and research, calculation of fire insurance merit discount rate, in-house check of firefighting facilities	27.2
	Purpose	Prevention of fire-caused loss of lives and property through safety check and survey and research, contribution to stabilization of people's lives through prompt disaster rehabilitation and proper compensation for loss of lives	
Korea Insurance Development Institute (KIDI)	Function	Insurance product development, insurance-related survey and research, calculation of fair and reasonable insurance rate, protection of insurance policy holders' rights, efficient management and use of insurance-related information, seeking healthy development of the insurance industry	30.8
	Purpose	Provision of services aimed at protecting customers and developing insurance industry	
Korea Automobile Insurance Repair Research&Training	Function	Research on new technologies, investment in developing patents and utility models, commercialization and application of technologies, PR of technological prowess, etc.	18.1
Center (KART)	Purpose	More efficient use of technologies and response to technology development	
Korea Insurance Research Institute (KIRI)	Function	Analysis of domestic and international economy, financial market trends, and their impact on insurance industry, asset management of insurance companies, research on risk management, support for development and research of insurance policies and systems	11.8
	Purpose	Contribution to healthy development of insurance industry and national economy through in-depth research on the general financial system with a focus on insurance and provision of substantial alternatives	
Total			139.6

## Customer Value

### Customer Satisfaction Results

(Unit: rank, score)

	Organization	Sector	2017	2018	2019
National Customer Satisfaction Index (NCSI)	Korea Productivity Center	Non-life insurance	1 <sup>st</sup> (76)	1 <sup>st</sup> (78)	1 <sup>st</sup> (78)
Korean Customer Satisfaction Index (KCSI)	Korea Management Association Consulting	Car insurance	1 <sup>st</sup> (83.1)	1 <sup>st</sup> (81.2)	1 <sup>st</sup> (83.3)
		Long-term insurance	1 <sup>st</sup> (79.3)	1 <sup>st</sup> (77.4)	1 <sup>st</sup> (81.0)
Korean Standard-Service Quality Index (KS-SQI)	Korea Standards	Car insurance	1 <sup>st</sup> (75.0)	1 <sup>st</sup> (75.4)	1 <sup>st</sup> (75.5)
	Association	Long-term insurance	1 <sup>st</sup> (73.6)	1 <sup>st</sup> (74.4)	1 <sup>st</sup> (74.0)

### Rate of VOC Handling within 24 Hours

2017	2018	2019
84.6	83.5	89.9

Number of Customers	(Unit: 10 thousand persons)

2017	2018	2019
948	965	1,009

(Unit: %)

## Employee Value

### Employment Status by Gender

	2017	2018	2019
Total employees	5,730	5,836	6,077
Male	3,267	3,249	3,278
Female	2,463	2,587	2,799

### Employment Status by Contract, Position, and Age

		2017	2018	2019
Contract	Regular (including executives)	5,444	5,566	5,643
	Non-regular	286	270	434
Position	Employee	3,192	3,194	3,311
	Manager	2,254	2,347	2,479
	Department leader	225	240	233
	Executive	59	55	54
Age	Under 20	1,114	1,089	1,068
		2,180	2,093	2,022
	40s	1,924	2,035	2,221
	Over 50	512	619	766

### Female Employees

	2017	2018	2019
Total number of female employees	2,463	2,587	2,799
Number of female managers	297	331	375
Ratio of female managers	12.1	12.8	13.4

### Recruitment

		2017	2018	2019
Total new employees		214	213	174
New recruitment	High school graduate	104	107	59
	College graduate or higher	82	84	78
Experienced employees		23	22	37
Disabled		142	122	159
Disabled employment rate <sup>1)</sup>		2.4	2.1	2.6
Veterans		95	103	97
Veteran employment rate <sup>2)</sup>		1.6	1.7	1.6

<sup>11</sup> Disabled employment rate: (Disabled / regular workers) \* 100. Based on the submitted PAYE situation a written notice, total number of employees was 6,143 in 2019. <sup>21</sup> Veteran employment rate: (Veterans / regular workers) \* 100. Based on the submitted PAYE situation a written notice, total number of employees was 6,143 in 2019.

(Unit: persons, %)

(Unit: persons, %)

(Unit: persons)

(Unit: persons)

### Maternity Leave and Parental Leave

(Unit: persons, %)

	2017	2018	2019
Employees on maternity leave (female)	125	96	70
Rate of Return from maternity leave	99.2	100	100
Employees on parental leave (female)	200	156	151
Employees on parental leave (male)	23	34	30
Rate of return from parental leave	90.5	97.1	94.1

### **Retired Employees**

	2017	2018	2019
Total number of employees	5,730	5,836	6,077
Total number of retirees	195	169	122
Rate of retirement	3.4	2.9	2.0
Voluntary retirees	34	23	24
Voluntary turnover rate	0.6	0.4	0.4

### Labor Practices

2017 2018 2019 Total number of employees 5,730 5,836 6,077 Employees eligible for collective bargaining agreement  $^{\!\!\!1\!\!\!1}$ 3,833 3,726 3,915 Rate of collective bargaining agreement application 65.0 67.1 63.1 80 72 66 Grievance handling<sup>2)</sup>

 $^{1)}$  Collective bargaining agreement. Membership to the Employee Council  $^{2}$  Grievance: HR, sexual harassment, verbal abuse, drinking problem, etc.

### **Employee Satisfaction**

	2017	2018	2019	Goal in 2025
Employee satisfaction level	78.1	77.4	77.3	83
Survey response rate	67.5	63.3	64.8	75.0

(Unit: persons, %)

(Unit: points, %)

(Unit: persons, days, %)

### Appendix 137

### Employee Health, Safety, and Welfare

Job stress control program		The company conducts a stress test for all employees. Test results are systematically managed by the Maeumnuri Counseling Center, an internal psychological counseling room.	
Stress control exercise		Since 2010, The company has operated the Maeumnuri Counseling Center for employees' psychological relaxation. Not only employees but also their spouse and children can visit the center for consultation on their troubles and stress covering privacy, parenting, and study. Since 2013, The company has also encouraged employees to participate in a personality test and psychological test by visiting the center or online in connection with external professional counseling agencies that operates nationwide.	
Ergonomic working environment		The company provides employees with ergonomically designed business chairs that do not put pressure on the back. Since 2015, standing desks are offered to employees with physical disabilities (e.g., herniated disk).	
Lighting		The company checks lighting in all company buildings and maintains a proper lighting level.	
Noise		The company manages and monitors the noise level of all company buildings.	
Internal air qual	ty	The company commissions an external company to measure air quality in all company buildings, including fine dust formaldehyde, carbon dioxide, and carbon monoxide, every year.	
Humidity		The company monitors the humidity of all company buildings every year and operates dehumidifiers during the rainy season.	
Temperature		The company monitors the temperature of all company buildings every morning and at noon. Especially, the company strives to maintain proper temperature in extreme hot and cold weather.	
Health and nutrition		The company conducts employee health check-ups and operates fitness facilities and clinic rooms to promote the health of the employees. We also manage the calorie intake and nutrients of our diets by hiring dieticians in the company cafeteria to provide healthy diet to all employees.	
Flexible work sy	stem	The company operates diverse flexible work systems such as selective work, telecommuting work, working hour reduction, etc.	
Childcare faciliti	es	The company operates in-house childcare facilities (1 to 5 years old children) to help female employees who are working mom concentrate on their works. As of the end of 2019, a total of three facilities were operated (Seocho I, Seocho II, and Seosomun).	
Childbirth and childcare leave	Parental leave	The company ensures 2-year leave for female employees beyond legal obligation of one year (for children who were born since March 2016).	
system	Childbirth leave for spouse	The company provides male employees with 10-day paid childbirth leave for their spouse. They can use the leave in parts.	
Other programs		<ul> <li>Employees can take a family care leave (at least 30 days, up to 90 days per year) when their family members are need to be cared due to illness, accident, or old age.</li> <li>The company allows female employee who is over 30 years old and has no children after three years of marriage to take a subfertility leave and provides financial support for the treatment of subfertility.</li> <li>In 2011, SFMI introduced the optional welfare benefit system, which provides annual welfare points so that employees can choose welfare items according to their lifestyle and preference, such as self-development, health care, and family-friendly gifts.</li> </ul>	

### **Employee** Training

(Unit: %, KRW in millions, persons)

	2017	2018	2019
Average training hours per person	96.6	105.3	116.7
Average training cost per person	1.48	1.58	1.40
Employees eligible for the competence development system	4,003	4,262	3,940
Employees who completed the competence development system	3,939	4,229	3,933
Rate of attendance in the competence development system	98.4	99.2	99.8
Number of training courses	1,820	1,777	1,509
Ownership rate of financial expert qualifications <sup>1)</sup>	50.3	51.2	52.4
Internal professor	150	143	141

<sup>1)</sup> Financial expert qualifications: 15 domestic qualifications (AFPK, underwriter, associate insurance underwriter, etc.), 20 overseas qualifications (CPCU, Associate, CISA, etc.)

## Supply Chain Value

### Partners' Code of Conduct for Social Responsibility

(Unit: partners, %)

	Target partners	Committed partners	Uncommitted partners	Rate of agreement
AFC	983	949	34	96.5
Anycar Service	1,572	1,566	6	99.6
Compensation examiners commissioned	9	9	-	100.0
Total	2,564	2,524	40	98.4

## Community Value

### Products for Financial Inclusion

	Social KPI	Business KPI
Auto insurance riders for low– income drivers	SFMI provides auto insurance riders to drivers who are basic living allowance recipients and low-income earners. In 2019, 13,563 persons received discount on auto insurance premiums.	SFMI collected a premium of KRW 8,646 million in 2019 from auto insurance riders for low-income drivers.
Insurance service for foreign workers	SFMI provides injury insurance, return-to-home expense insurance, and departure expiration insurance to foreigner workers to help them cope with possible occupational accidents, disease, and expenses for returning to home. In 2019, the number of injury insurance, return-to-home expense insurance, and departure expiration insurance holders reached 202,478, 231,280, and 241,911 persons. We also provide them with a mobile application service that support 16 languages.	SFMI collected a premium of KRW 430,075 million in 2019 from the insurance service for foreign workers.

### Sales of ESG-related Insurance Products

(Unit: KRW 100 million, %)

Direct premiums
24,907
66,006
37.7

 $^{\scriptscriptstyle 1)}$  Sum of social contribution and eco-friendly insurance product sales.

### Social Contribution

	2017	2018	2019	2025 Goal
Donations for social contribution	191.5	198.9	227.1	250
Number of volunteers	24,974	24,108	20,333	28,000
Time spent on volunteer works	15.8	15.1	12.1	15.1
Political donation <sup>1)</sup>	-	-	-	

<sup>1)</sup> SFMI complies with the Political Funds Law that prohibits political donation by corporations or organizations and does not provide any political funds.

(Unit: KRW in millions, persons)

### Environmental Value

### Energy Consumption

	2017	2018	2019	Goal in 2020
Total consumption (TJ)	426	411	373	369
Direct consumption (Scope1)	91	90	81	80
Indirect consumption (Scope2)	335	321	293	290
Intensity (TJ/m <sup>2</sup> )	0.0012	0.0012	0.0010	0.0010

### GHG Emissions

	2017	2018	2019	Goal in 2020
Total emissions (tCO <sub>2</sub> e)	21,124	20,188	18,416	18,232
Direct emissions (Scope1)	4,903	4,776	4,327	4,284
Indirect emissions (Scope2)	16,221	15,412	14,089	13,948
Intensity (tCO <sub>2</sub> e/m <sup>2</sup> )	0.0588	0.0582	0.0505	0.0500

### Waste

	2017	2018	2019	Goal in 2020
Total emissions (Ton)	921	882	836	828
Rate of recycling (%)	49.7	50.0	46.3	45.8
GHG emissions (tCO <sub>2</sub> e)	179.3	180.3	173.0	171.3

### Water

	2017	2018	2019	Goal in 2020
Total consumption (m <sup>3</sup> )	266,843	255,708	246,068	243,607
GHG emissions (tCO <sub>2</sub> e)	88.6	84.9	81.7	80.9

### Paper

	2017	2018	2019	Goal in 2020
Total purchase amount (Ton)	2,833	2,674	3,015	2,985
Purchase amount of copying paper	1,263	1,213	1,200	1,188
Purchase amount of printing paper	1,570	1,461	1,815	1,797
GHG emissions (tCO <sub>2</sub> e)	3,691	3,477	3,976	3,936

### **Business** Trip

	2017	2018	2019	Goal in 2020
Total travelled mileage (1,000km)	10,601	8,519	9,576	9,480
Airplane	5,673	4,711	4,675	4,628
Train	4,226	3,226	4,280	4,237
Bus	702	582	621	615
GHG emissions (tCO <sub>2</sub> e)	997	819	845	837
Airplane	851	707	701	694
Train	127	96	127	126
Bus	19	16	17	17

## Environmental Data at the Seocho HQ $\mathsf{Building}^{^{1)}}$

	2017	2018	2019	Goal in 2020
Total consumption (tCO <sub>2</sub> e)	2,779	2,832	2,589	2,563
Direct consumption (Scope1)	529	575	477	472
Indirect consumption (Scope2)	2,250	2,257	2,113	2,092
Intensity (tCO <sub>2</sub> e/m <sup>2</sup> )	0.0713	0.0727	0.0664	0.0657

<sup>1)</sup> Data in 2017 and 2018 was modified due to an error in applying calculation methodology in the previous year.

### Eco-friendly Insurance Products

(Unit: cases, KRW in millions)

	2017		2018		2019	
	Cases	Sales	Cases	Sales	Cases	Sales
Auto Insurance for Driving in Designated Days a Week	24	15	11	7	1	0.4
Eco Mileage Auto Insurance	1,996,442	1,288,428	2,405,815	1,502,015	2,968,682	1,937,416
Storm & Flood Insurance	4,361	1,393	3,837	1,118	3,553	1,245
Crop Insurance	7	47,788	8	48,409	2	89,948
Livestock Injury Insurance <sup>1)</sup>	-	-	-	-	1	5,794
Weather Insurance	4	3	1	1	1	5
Environmental Pollution Liability Insurance	12	1,390	9	1,274	13	8,685
Total	2,000,850	1,339,017	2,409,681	1,552,824	2,972,253	2,043,094

<sup>1)</sup> Newly introduced in 2019

# Sustainability Management Initiative

FINANCE UNEPINITIATIVE	The United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. SFMI has participated in the UNEP FI since 2010 for the purpose of disseminating sustainable finance.
PSI Principles for Sustainable Insurance	The Principles for Sustainable Insurance serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. SFMI has endeavored to disseminate the sustainability of insurance industry since January 2015 when we became the first Korean insurance company to join the PSI.
DISCLOSURE INSIGHT ACTION	The CDP is an international non-profit organization who evaluates GHG emission reduction activities of major listed companies in the world and encourage them to transparently inform their performances to investors. Since 2010, SFMI has participated in the CDP as an institutional investor and information provider.
SUSTAINABLE DEVELOPMENT GCALS	The UN SDGs (Sustainable Development Goals) are a collection of 17 global goals and 169 targets designed to be achieved for sustainable development by the government, companies, and civil societies of all countries. As a global corporate citizen, SFMI is committed to attaining the US SDGs in connection with its sustainability management activities.
TCFD TASK FORCE IN CLIMATE-RELATED FINANCIAL DISCLOSURES	The Task Force on Climate-Related Financial Disclosures (TCFD) is an organization established by the Financial Stability Board (FSB) with the goal of developing a set of voluntary climate- related financial risk disclosures in terms of corporate governance, strategy, risk management, goal, and indicators. Starting disclosures recommended by the TCFD, SFMI intends to improve the integration of climate change risks and business opportunities.

## PSI (Principles for Sustainable Insurance) Report

In January 2015, SFMI signed the PSI of UNEP FI (United Nations Environment Programme Financial Initiative) and declared to make efforts for sustainability of the insurance industry together with global insurers. We at SFMI are committed to fulfilling our social responsibility as a global corporate citizen and carrying out sustainability management taking environment, society and governance into consideration from a long-term perspective. Thus, SFMI will report its ESG activities annually according to four principles of the PSI.

## Principle 1. We consider the aspects of environment, society, and governance, while making decisions as an insurer.

**Operation of the Sustainability Management Committee** | In 2012, SFMI established the Sustainability Management Committee, in which executives participate, to build a sustainability management system that fits global top-tier insurers and accelerate sustainability activities. The Committee is composed of seven members: CEO, CFO, Director of the Planning Office, Director of the CPC Strategy Office, Head of HR Team, Chief Compliance Officer, and Head of Planning Team 1. In 2019, the Committee discussed major issues including sustainability management status and achievements, recent sustainability management trends, future directions and tasks. We also operated the Sustainability Management Working Group consisting of managers and individuals in charge of ESG-related departments to manage and responds to sustainability management goals by division.

**Social Responsibility Management Regulation** | In 2013, SFMI established a regulation regarding social responsibility management to efficiently reflect the ESG initiative in all decision-makings and activities. SFMI is making concerned efforts to contribute to the build-up of trust with insurance consumers and sustainable development of the society by faithfully carrying out social responsibilities such as consumer protection, fair competition, improvement of labor quality, human rights protection, community participation and development, and eco-friendly management.

# Principle 2. We raise the awareness on the aspects of environment, society, and governance along with customers and business partners, and jointly explore solutions to manage risks.

Environmental & Social Insurance Products and Services | SFMI provides various insurance products and services that take into consideration environmental impacts such as climate change. We also perform support activities in various fields so that the financially underprivileged such as low-income groups, disabled, and foreigners can cope with various risks.

Paperless Insurance Contract | Since 2012, SFMI has promoted user-friendly and eco-friendly sales innovation using mobile devices, along with sales partners - RCs (Risk Consultants). SFMI is continuing its efforts to be eco-friendly by going paperless and using digital counseling data and electronic signatures.

Research on Climate Change Risks | SFMI's GLCC (Global Loss Control Center) helps customers and communities deal with climate change risks by conducting a diverse range of R&D activities related to climate change. GLCC website | http://rm.samsungfire.com

**Social Responsibility Code of Conduct for Employees and Partners** | SFMI has established the social responsibility code of conduct for each stakeholder to encourage employees and partners to practice social responsibility management and change. We also strengthen risk check and support activities in the aspect of sustainability management, including human rights, safety, environment, and ethics to ensure sustainable competitiveness.

# Principle 3. We promote extensive activities for environment, society, and corporate governance in collaboration with the government and other major stakeholders.

Partnership with the Government and Civil Organizations | SFMI is engaged in various social responsibility activities in collaboration with the government and civil organizations to resolve social issues.

Category	Activities	Cooperating Agency	
Social welfare	Supports for the underprivileged	National Police Agency, National Emergency, Management Agency	
	Improvement of awareness of disability	/ Ministry of Education, Korea National Institute for Special Education, Seoul National School for the Blind, Disabled Persons First Campaign Center	
Research and education	n Educational donation, scholarship, etc. Ministry of Education, Kids & Future Foundation, Child Fund Korea, Sa		
Culture and arts	Cultural heritage preservation	Cultural Heritage Administration, Korea Cultural Heritage Foundation	
Environmental protection	School Forest project, etc.	Korea Forest Service, Forest for Life	

**Operation of Samsung Traffic Safety Research Institute** | Established in July 2001, Samsung Traffic Research Institute is the country's first civil research organization in the field of traffic safety aimed at establishing an advanced traffic culture and realizing Zero of traffic accident. As a drive to prevent traffic accidents, the Institute conducts scientific and systematic research on safety of roads, vehicles, and drivers along with press releases, policy proposals, and traffic safety campaigns.

Homepage: http://www.stm.or.kr/main.html

## Principle 4. We will periodically announce performances of the Principles to the public and secure credibility and transparency.

SFMI systematically manages issues related with environment, society, and governance and announces their results transparently to the public through the integrated report, annual report on corporate governance and remuneration, and business report each year.

# TCFD Index

TCFD Recommendation	Activities of SFMI		
Governance: The organization's governance aro	und climate-related risks and opportunities		
a) Describe the board's oversight of climate-related risks and opportunities.	The Sustainability Management Committee reviews and makes decisions on our response to climate change, and studies climate change risks.		
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The CEO, as the Chairman of the Sustainability Management Committee, supervises climate change risks and opportunities, while the CFO, as a member of the Committee, manages climate change risks and opportunities from financial aspects.		
Strategy: The actual and potential impacts of oplanning	climate-related risks and opportunities on the organization's businesses, strategy, and financial		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	Auto insurance has been directly influenced by climate change as damages from natural disasters such as flood and typhoon have increased around 11% for a decade. General insurance is also exposed to natural disaster risks both at home and abroad. The increasing depth and frequency of natural disasters caused by global warming may have critical impact on loss ratio in the long-term and government-led tightening regulations on carbon emissions aimed at achieving the Paris Agreement may incur business loss. Meanwhile, it is possible to create demands for new products and services in response to climate change.		
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	The GLCC provides customer support in detecting disaster-prone areas and alternative solutions through simulations on cumulative natural disaster risks. It also offers real-time information on typhoon status and projects changes in precipitation on the Korean Peninsula resulting from climate change by operating an independent weather information system. SFMI will continue to supply and expand environmental insurance products against climate change such as storm and flood insurance, weather insurance, new & renewable energy insurance, mileage-linked auto insurance.		
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Given the possibly tightening direct and indirect regulations on GHG-emitting domestic corporations by the government, SFMI determines the internal carbon price and converts GHG reduction effects into economic value. The results are utilized for responding to GHG regulations, improving energy efficiency investing in new & renewable facilities, and raising employees' awareness on environmental issues.		
Risk Management: The processes used by the or	rganization to identify, assess, and manage climate-related risks		
a) Describe the organization's processes for identifying and assessing climate-related risks	The GLCC conducts simulations on cumulative natural disaster risks and cooperates with Sustainability Management Office and departments dedicated investment determination.		
b) Describe the organization's processes for managing climate-related risks.	SFMI includes ESG-related guides in its insurance underwriting guidelines. We assess natural disaster risks and cumulative risks as well as the impact of climate change on the environment when underwriting specific insurance products (property and casualty, etc). Natural disaster risks are also considered in the stages of construction and operation when making investment in new and renewable energy.		
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The Sustainability Management Committee supervises response to climate change (Sustainability Management Office), researches on climate change (GLCC) and cooperates with related departments.		
Metrics and Targets: The metrics and targets us	ed to assess and manage relevant climate-related risks and opportunities		
<ul> <li>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</li> </ul>	Internal carbon price, GHG emissions, GHG emission intensity, energy consumption, energy consumption intensity		
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1: 4,327 tCO <sub>2</sub> e (in 2019) Scope 2: 14,089 tCO <sub>2</sub> e (in 2019) Scope 3: 5,075 tCO <sub>2</sub> e (in 2019)		
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	SFMI has established and implemented a mid-to-long-term target to voluntarily reduce GHG emissions by 30% (Scope 1,2) from 2011 (base year) to 2020. We also set up a new goal in 2020 to reduce GHG emissions of 16,000 tCO <sub>2</sub> e (Scope 1 & 2) by 2030.		

# GRI Standards Index

## Universal Standard (GRI100)

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# Third Party Assurance Statement

## To Management and Stakeholders of Samsung Fire & Marine Insurance,

Korea Sustainability Investing Forum(hereinafter called "We", "our" or "us") has been engaged by Samsung Fire & Marine Insurance(hereinafter called "Company") to provide an independent assurance report for its 2020 Integrated Report(the "report"), and hereby presents the following assurance statement.

## Our Responsibility and Independence

Other than providing this independent assurance report, we do not hold any interest in the Company that may affect the independence and fairness of the assurance engagement.

## Basis for Our Opinion

We have engaged in accordance with

- Type I, Moderate Level used in AA1000AS (2008).
- The three accountability principles (inclusivity, materiality, responsiveness) in AA1000APS(2008).
- Core option of GRI Standard Guideline.

## Assurance Process and Limitations

We carried out an initial review based on publicly available IR materials and supporting data obtained directly from the Company. The scope of the on-site audit was limited to the headquarters, and the audit took place at an external space outside the physical office.<sup>1)</sup> We verified the basis of claims related to the environmental, social, and economic data listed in the report by checking their consistency and conducting sampling inspection. We sought to increase the level of confidence by carrying out a face-to-face interview with staff from the Sustainable Management Office of the Company, and re-confirming supporting data on-site. The financial and GHG data were consistent with financial statements verified by an external auditor and verification opinion by certified professionals respectively. We conducted another review of the final version of the report after providing a set of recommendations to check if relevant modifications and improvements were made. Data and information stretching outside the reporting scope of the Company(e.g. suppliers) were excluded from the audit. The result of the assurance may differ if additional assessment is made. Although this assurance is provided primarily to the management of the Company and its stakeholders, we do not bear any liability of compensation or collective responsibility in case an individual or an organization makes a decision based on our assurance

## **Results and Opinions**

Nothing has come to our attention that causes us to believe the information and data provided were misplaced or misleading. We could also not find anything that may provide a basis that the report was not prepared in accordance with the Core Option of the GRI Standard Guidelines. Our opinion regarding the principles of AA1000 (2008) is as follows:

## $\cdot$ Inclusivity

The Company identifies customers, employees, suppliers, local communities, shareholders, and investors as its primary stakeholders and reflects respective interests and opinions through established communication channels. However, it is our judgment that the Company needs an enhanced strategy in stakeholder identification and engagement.

<sup>11</sup> Due to COVID-19 contingency, the on-site audit was conducted at an external space outside the head office and involved interviews with staff from the Sustainable Management Office

## Materiality

The Company selects material issues initially based on benchmarking industry peers, analyzing media and initiatives relevant to sustainability. The final decision on the materiality of issues is made after stakeholder surveys and feasibility studies (review by a sustainability management expert and consultation with the Company). Of note, the Company reflects megatrends in its identification process. We have confirmed that material issues have been selected in line with the material assessment process and that no material issue was omitted. However, it is our judgment that a balanced participation among stakeholders is recommended in determining materiality assessment.

## · Responsiveness

We confirm that the Company is reporting activities and performance relevant to material issues that affect stakeholders after the assessment is made. We have not found anything that proves omission or misplacement of material issues it the Company's communication with stakeholders.

## Recommendations

We recommend the following to enhance the Company's sustainability management

- 1. ISO 26000, the international guideline on social responsibility, defines stakeholder identification and engagement as the basis for social responsibility. We recommend that the Company identify stakeholders from the perspective of influence in the value chain, establish periodic, constant and mutual communication channels for each identified stakeholder to reflect their opinion in the management decision-making process.
- 2. We suggest that the Company establish a taxonomy of issue pools(e.g. hierarchical category of level 1, 2, 3) for materiality assessment and continuously update issues depending on changing internal and external business environment. By providing issues within the same scope of the taxonomy during the materiality assessment, the Company can evaluate stakeholder recognition and changing expectations. At the same time, to prevent omission of and ensure a balanced reflection of opinions from each stakeholder, we recommend that the Company develop a complementary assessment method.
- 3. As a result of international financial regulatory authorities raising serious concerns on the possibility of a global economic crisis due to climate change, countries are adopting laws, regulations and policies related to sustainable finance including climate finance at an accelerated speed. As the Company is exposed to climate-related risks, we recommend that the Company establish a specific response strategy and communicate it with investors and other stakeholders through the report and other channels.

May 22<sup>nd</sup>, 2020 Korea Sustainability Investing Forum Chairman **Kim, Young Ho** 

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# **GHG** Assurance Statement

## Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by SAMSUNG FIRE & MARINE INSURANCE (hereinafter the 'Company') to independently verify its 2019 Greenhouse Gas Emission Report (hereinafter 'Inventory Report') under limited assurance. It is the responsibility of the Company to compile the 'Inventory Report' according to the 'Greenhouse Gas and Energy Target Management Scheme (Notification No. 2016-255 of Ministry of Environment)' and ISO 14064-1. KFQ has responsibility to conduct verification based on the ISO 14064-3 to provide verification opinion on compliance of the 'Inventory Report' against verification criteria.

## Verification Scope

The following are included in the scope of this Verification.

- All of the domestic subsidiaries controlled and owned by the Company. (Scope 1, 2)
- Other indirect emissions(Scope 3) in relation to business trip, waste treatment, water use and paper use.

## Conclusion/Opinion

Based on verification process according to the ISO 14064-3, KFQ obtained reasonable basis to express the following conclusion on the 2019 SAMSUNG FIRE & MARINE INSURANCE's Inventory Report.

1) The Inventory Report was prepared against 'Greenhouse Gas and Energy Target Management Scheme' run by Korea Government.

2) As a result of materiality assessment on 2019 Greenhouse Gas Emission of entire domestic subsidiaries, material discrepancy is less than the criteria of 5% for the organization who emits less than 500,000 tCO<sub>2</sub>-eq/yr in accordance with the requirements of the 'Greenhouse Gas and Energy Target Management Scheme'.

Report Year			2019.1.1 ~ 2019.12.31	
Total Annual Emissions (tCO2eq)	Total Emissions (Scope 1, 2)		18,416	
	Direct Emissions(Scope 1)		4,327	
	Indirect Emissions(Scope 2)		14,089	
	Other Indirect Emissions (Scope 3)	Business Trip	845	
		Waste Treatment	173	
		Water Use	81	
		Paper Use	3,976	

May 06<sup>th</sup>, 2020 Korean Foundation for Quality (KFQ) CEO **Ji Young Song** 

Ji Young Song



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## History Highlights



#### January 26, 1952

Founded as Anbo Fire & Marine Insurance Co., Ltd.



#### January 31, 1963

Acquired Ankuk Fire & Marine Insurance Co., Ltd. March 2, 1963

Changed company name to Ankuk Fire & Marine Insurance Co., Ltd.



## June 1, 1975

Initial public offering February 24, 1978 Opened Masan, Dongbu and Nambu branches

### February 4, 1979

Established the Samsung Risk Management Research Institute, current Global Loss Control Center



October 1, 1983 Launched an auto insurance business September 1, 1985 Opened an office in New York, U.S. October 17, 1987 Completed construction of the head office building May 26, 1989 Increased capital to KRW 8.4 billion 1990s

February 10, 1990 Increased capital to KRW 10 billion

## March 17, 1990

Increased capital to KRW 11.7 billion

## April 1, 1990

Opened a branch in the US May 29, 1990

Increased capital to KRW 12.8 billion April 1, 1992

Opened the Seoul Customer Service Center

March 26, 1993 Selected as the Korean local secretary company for

Mugunghwa Satellite Insurance November 29, 1993

Opened an office in Jakarta, Indonesia

December 6, 1993 Company name changed to Samsung Fire & Marine Insurance Co., Ltd.

January 10, 1994 Opened an office in Tokyo, Japan

May 9, 1994

Launched Yuseong Training Center October 20, 1994

Launched SFMI's Social Community Relations Team April 20, 1995

Opened an office in Beijing, China

July 15, 1995 Opened an office in Ho Chi Minh City, Vietnam August 27, 1996

Opened an office in Hanoi, Vietnam

September 20, 1996 Opened an office in Shanghai, China

February 18, 1997

Established a local subsidiary in Indonesia April 4, 1998

Increased capital to KRW 14.8 billion

October 15, 1998 Established Samsung Fire & Marine Insurance Claim Adjustment Service Co., Ltd.

January 19, 1999 Increased capital to KRW 20 billion

July 3, 1999 Stock split at par value of KRW 500 2000~2010

January 30, 2000

Increased capital to KRW 25 billion

May 30, 2000

Distributed stock dividends (Capital KRW 26.5 billion)

April 26, 2001

Opened a branch in Shanghai, China

July 24, 2001 Established the Samsung Traffic Safety Research Institute

December 31, 2001

Selected as one of Asia's top 200 leading businesses by Far Eastern Economic Review

January 18, 2002

Declared 2002 as the first year for ethical management at Samsung Fire & Marine Insurance January 26, 2002

Unveiled a time capsule in commemoration of the 50th anniversary of the company

April 2, 2002 Launched the Samsung Anycar auto insurance brand April 26, 2002

Named as one of "Korea's Most Admired Companies," in the non-life insurance category within "The First in Korea," by Korea Minting and Security Printing & ID Card Operating Corporation March 26, 2003

Selected as the "Fairest Trader" by the Korea Fair Trade Commission

August 27, 2003 Established Samsung Vina Insurance, a Vietnamese joint venture

September 30, 2003

Opened an office in Qingdao, China December 10, 2003

Launched the "Non-dividend Samsung Super Insurance," the industry's first combined insurance plan in Korea

December 30, 2003

Entered into an MOU with the China Pacific Life Insurance Company (CPIC)

August 19, 2004 Introduced the industry's first "Social Responsibility Brand"

February 3, 2005

Established the Samsung Global Loss Control Center

April 25, 2005

Established Samsung Fire & Marine Insurance (China), the first local subsidiary established by a foreign insurer in China

June 30, 2005

Launched the "KRW 500 Gift of Hope" campaign, a housing improvement project for the disabled

July 22, 2005

Opened an office in London, U.K.

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#### April 4, 2006

Introduced the "Life Care Insurance" slogan for long-term insurance plans August 23, 2006

Opened a branch in Beijing, China

November 29, 2006 Won the Presidential Award at the Korea Brand Awards

December 1, 2006

Won the Disabled Rights Award

#### December 12, 2006

Received the Presidential Citation at the First and Foremost Movement for Persons with Disabilities Awards

#### December 20, 2006

Won the Presidential Award at the Digital Knowledge Management Awards January 9, 2007

Samsung Traffic Safety Research Institute received a Samsung Award of Honor

### January 18, 2007

Selected as one of "Asia's Fab 50 Companies" in the Asia-Pacific region by Forbes magazine January 10, 2008

Opened a branch in Shenzhen, China July 10, 2008

Opened a branch in Suzhou, China

November 20, 2008 Opened Korea's first financial planning center in the

industry
December 12, 2008

Opened an office in Singapore

January 15, 2009 Opened a branch in Qingdao, China March 3, 2009

Launched the Internet auto insurance Brand MyAnycar

#### April 23, 2009

Opened an office in India

July 1, 2009 Launched the AnyHome comprehensive insurance plan

#### September 15, 2009

Opened a subsidiary in Brazil

## June 21, 2010

Signed a comprehensive business alliance with Huatai Insurance Group in China July 14, 2010

Carried out first SFMI Happy School program **December 19, 2010** 

Opened an office in Dubai

#### March 30, 2011

Established a subsidiary in Europe

#### June 23, 2011

Established a U.S. corporation June 23, 2011

Inducted into Korea's Service Award Hall of Fame, an industry first

2011~2014

September 26, 2011

Opened a branch in Tianjin, China

## September 28, 2011

Received the Insurance Award at ASIA's Sustainable Finance Awards in Asia conference

## October 18, 2011

Inducted into the Customer Satisfaction Award Hall of Fame, an industry first

November 21, 2011

Received an A++ credit rating from A.M. Best December 9, 2011

Established a subsidiary in Singapore

#### April 1, 2012 Started the digital signature system for long-term insurance plans

April 3, 2012

#### Selected as Korea's Most Admired Company for the 9th consecutive year by the Korea Management Association Consulting

#### May 21, 2012

Opened the SFMI Euljiro Childcare Center May 25, 2012

#### may 23, 2012

Obtained ISO50001 (energy management system) certification, the first among all Korean financial companies

### September 5, 2012

Received the Presidential Citation at the 36th National Productivity Conference

#### October 3, 2012 Ranked 1st in Korean brand evaluation indexes

(NBCI, KS-PBI and K-BPI)

## November 27, 2012

Opened an office in Moscow

## December 7, 2012

Received an A+ credit rating from S&P for the 10th consecutive year  $% \left( {{{\rm{S}}_{\rm{A}}}} \right)$ 

#### January 25, 2013

Indonesia subsidiary received an A- credit rating from A.M. Best, the highest rating among all nonlife insurance companies in Indonesia

#### February 26, 2013

Launched the SRA (Samsung Risk Advisor), a professional organization of financial consulting, comprised of recent college graduates

#### March 14, 2013

Opened the Daegu Financial Planning Center, an industry first

#### April 18, 2013

Became the first Korean non-life insurer to obtain a business license for auto liability insurance in China

#### May 8, 2013

First Korean company in the Industry to launch direct sales of auto insurance in China

September 5, 2013

Launched the mobile-based Smart Compensation System

November 4, 2013

SFMI cited as the 2013 Carbon Management Industry Leader by the CDP Korean Committee

## December 23, 2013

20th anniversary ceremony for the Samsung Guide Dog School

January 28, 2014

Ahn, Min Soo appointed CEO & President

#### April 3, 2014

The Bluefangs crowned champion for the third year in a row, for a total of eight championships

#### April 25, 2014

Named a top-tier company for customer complaints in 2013 by the Financial Supervisory Service

#### September 22, 2014

Entered the DJSWI for the first time

## September 23, 2014

KRW 500 Gift of Hope beneficiaries surpassed 200 households/groups

#### November 6, 2014

SFMI Annual Report awarded the Gold Prize, non-life insurance category, at the 2014 International ARC Awards

#### December 12, 2014

Launched a new brand called Dangsinui Bom ("Your Spring") and a corporate brand slogan, "Always Caring Always Covering"

#### December 19, 2014

Held the completion ceremony of SFMI's Global Campus (Goyang Training Center)

#### December 19, 2014

Opened the SFMI Auto Insurance R&D Center

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## January 22, 2015

Became the first Korean insurer to join the UNEP Finance Initiative's Principles for Sustainable Insurance (PSI) program

March 23, 2015

Opened a branch in Shaanxi, China

## May 18, 2015

Adopted the industry's first coverage for hospitalization and medication to cure diseases related to pregnancy and childbirth

#### May 27, 2015

Awarded the Prime Minister's Prize for Best Companies in 2015 for Equal Employment

## June 25, 2015

Ranked 1st in auto insurance for 14 consecutive and in long-term insurance for 2 consecutive years at the KS-SQI

September 10

Entered the DJSI World for 2 consecutive years

## September 15, 2015

Chinese subsidiary acquired an A+ rating from S&P

## October 8, 2015

Marked the 10th anniversary of the KRW 500 Gift of Hope

#### October 13, 2015

Ranked 1st in auto insurance for 18 consecutive and in long-term insurance for 5 consecutive years at the KCSI

#### November 23, 2015

Won the Grand Prize in the corporation category of the Korea Internet Communication Association's Korea Social Media Awards

#### November 27, 2015

Awarded the Excellent Anti-Money Laundering Agency citation by the Prime Minister

#### December 8, 2015

Ranked 1st in non-life insurance sector at the NCSI for 15 consecutive years

#### February 4, 2016

Established an agency in the Middle East

#### March 16, 2016

Established SFMI Financial Service Insurance Agency

## May 27, 2016

Awarded the Gold Award, in the brand renovation category, at the Asia-Pacific Stevie Awards

#### July 6, 2016

Ranked 1st in auto insurance for 15 consecutive and in long-term insurance for 3 consecutive years at the KS-SQI

#### September 28, 2016

Entered the DJSI World for 3 consecutive years

#### October 12, 2016

Ranked 1st in auto insurance for 19 consecutive and in long-term insurance for 6 consecutive years at the KCSI

## December 4, 2016

Relocated the head office to 14, Seochodaero 74-gil, Seocho-gu, Seoul

December 6, 2016 Ranked 1st in non-life insurance sector at the NCSI for 16 consecutive years

#### January 19, 2017

Designated as Silver Class for two consecutive years in the RobecoSam Sustainability Yearbook April 13, 2017

Officially changed the name of the 'China Suzhou branch' to the 'Jiangsu branch'

## May 7, 2017

Concluded the contract to acquire shares in PJICO (Petrolimex Insurance Corporation), the 5th biggest non-life insurer in Vietnam

## July 5, 2017

Ranked 1st in auto insurance for 16 consecutive and in long-term insurance for 4 consecutive years at the KS-SQI

## September 7, 2017

Entered the DJSI World for 4 consecutive years

### October 12, 2017

Ranked 1st in auto insurance for 20 consecutive and in long-term insurance for 7 consecutive years at the KCSI

#### October 24, 2017

Selected as the second Sustainability Partner for the 2018 PyeongChang Winter Olympics

## November 14, 2017

Ranked 1st in non-life insurance for 2 consecutive years at the KSI

## December 5, 2017

Ranked 1st in non-life insurance sector at the NCSI for 17 consecutive years

#### December 18, 2017

Ranked 1st in auto insurance for 8 consecutive and in long-term insurance for 7 consecutive years at the KNPS

#### March 23, 2018

Appointed Young-Moo Choi as the CEO March 27, 2018

Rated A by MSCI ESG Ratings

### April 2, 2018

Launched SFMI Diabetes Health Insurance April 24, 2018

Introduced SFMI Imported Car Care Center

#### May 3, 2018

Selected as KSQI Excellent Call Center for 14 consecutive years

## May 7, 2018

SFMI Annual Report 2016 selected as one of the 2018 ASTRID Grand Winners

## May 25, 2018

Acquired 5 percent share of Indonesian non-life insurance company TPI

#### June 4, 2018

Launched health improvement service Anyfit for customers who subscribe to SFMI health insurance

## July 4, 2018

Ranked 1st in auto insurance for 17 consecutive and in long-term insurance for 5 consecutive years at the KS-SQI

## July 9, 2018

SFMI Direct launched Smart Tailored Insurance August 1, 2018

Evaluated by FTSE4GOOD in Socially Responsible Investments for 6 consecutive years

#### September 8, 2018

SFMI's Family Medial History Consulting System acquired patent

#### September 13, 2018

Entered the DJSI World for 5 consecutive years September 17, 2018

Launched a health insurance product Yoobyngjangsoo Plus

September 19, 2018

Rated the highest A++ (Superior) by A.M. Best September 28, 2018

Rated AA- (Stable) by Credit Rating Agency S&P

## October 11, 2018

Ranked 1st in auto insurance for 21 consecutive and in long-term insurance for 8 consecutive years at the KCSI

#### November 1, 2018

Launched accident insurance product Safe Life Partner

November 5, 2018

Launched pet insurance AnyPet

## December 4, 2018

Ranked 1st in non-life insurance sector at the NCSI for 18 consecutive years

#### December 10, 2018

Earned A grade in Comprehensive ESG Evaluation by Korea Corporate Governance Service

## December 21, 2018

Formed Insurtech CVC fund

# 2019

#### January 1, 2019

Launched health insurance product Taypyongsamdae Plus

## January 4, 2019

Earned AAA Rating by Korea Business Ethics Index in Sustainability Management (KoBEX SM) for 7 consecutive years

#### January 7, 2019

Launched the "SF Branch," a specific organization for career interrupted female employees

### February 18, 2019

Launched a health insurance product Yoobyngjangsoo 100 Age Plus

#### February 21, 2019

Held the 100th Customer Rights Protection Committee

#### March 3, 2019

Celebrated the 10th anniversary of SFMI auto insurance

#### March 18, 2019

Opened a mobile sales system "M Portal" March 19, 2019

#### March 19, 2019

Ranked 1st in direct auto insurance for 5 consecutive years

## April 9, 2019

Vase-type fire extinguisher campaign won the Advertising Award of the Year from the Korea Advertising Society

## May 2, 2019

Signed a contract for equity investment in Canopius of Lloyd's, U.K.

#### June 3, 2019

Launched the "Healthy Golf Life" insurance and opened the point mall for customers

#### June 4, 2019

Became first Korean company to acquire the highest data management rating (level 4) from the Korea Data Agency

#### June 18, 2019

Europe subsidiary obtained the A+ credit rating from A.M.Best

#### June 21, 2019

Vase-type fire extinguisher campaign won the bronze prize in the creative strategy sector of Cannes Lions

#### July 4, 2019

Ranked 1st in auto insurance for 18 consecutive and in long-term insurance for 6 consecutive years at the KS-SQI

#### July 23, 2019

Acquired an exclusive right of use on Anyfit Step Count Discount Rider in auto insurance

### July 25, 2019

Entered the FTSE4Good Sustainability Index for 7 consecutive years

#### August 16, 2019

Liquidated Brazil subsidiary

#### September 14, 2019

Entered the DJSI World for 6 consecutive years

#### September 20, 2019

Indonesia subsidiary and Vietnam subsidiary obtained A- credit rating from A.M.Best for 7 and 6 consecutive years, respectively. SFMI HQ obtained A++ credit rating from A.M.Best for 9 consecutive years.

#### September 21, 2019

Singapore subsidiary obtained A credit rating from A.M.Best for 9 consecutive years.

#### September 26, 2019

Introduced AI-based contract examination system

## October 1, 2019

Launched "MyHealthPartner" insurance

### October 11, 2019

SFMI HQ obtained AA- credit rating from S&P for 5 consecutive years.

## October 15, 2019

Ranked 1st in auto insurance for 23 consecutive and in long-term insurance for 10 consecutive years at the KCSI

#### October 22, 2019

Obtained A rating in integrated ESG evaluation and selected as an excellent ESG company by KGCS

#### October 23, 2019

Celebrated 10th anniversary of "Poco–a– Poco," a music concert for the adolescent with disabilities

#### November 4, 2019

Acquired equity of Lloyd's in the global insurance market

#### November 15, 2019

Surpassed 10 million in the number of policy holders

## November 19, 2019

Obtained A rating in ESG assessment from the Sustinvest

#### December 10, 2019

Ranked 1st in non-life insurance sector of NCSI for 19 consecutive years

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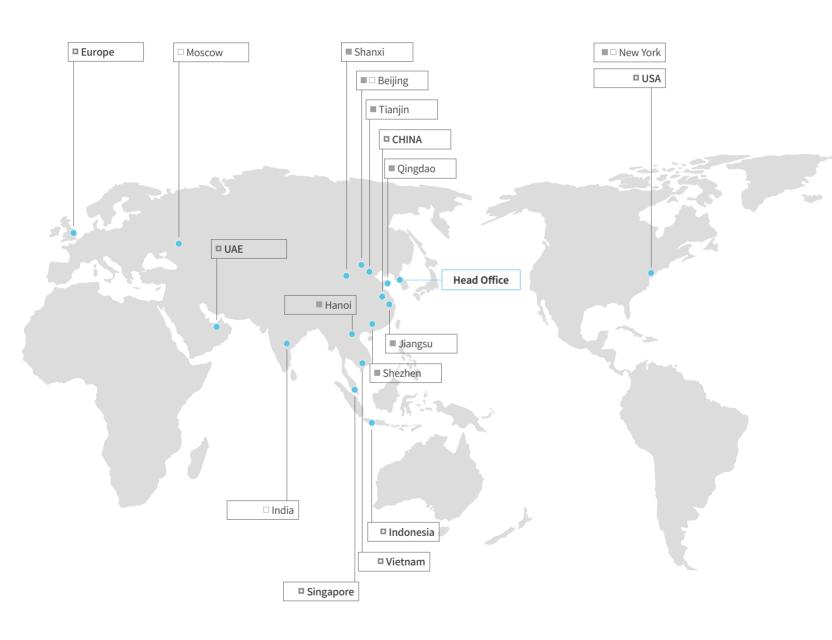
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# Global Network

Subsidiaries and Joint Ventures

Branches

Representative(Liaison) Offices



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#### Samsung Fire & Marine Insurance Co., Ltd.

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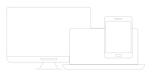
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