

Good Insurance  
Company for  
**Better Life**

SAMSUNG FIRE &  
MARINE INSURANCE  
INTEGRATED REPORT 2021



## ABOUT THIS REPORT

Samsung Fire & Marine Insurance (hereafter “SFMI”) strives to deepen communication with stakeholders by publishing this integrated report that covers the company’s financial and non-financial performances.

<b>Reporting Period</b>	January 1 to December 31, 2020 (extended to the first half of 2021 in some cases)
<b>Reporting Scope</b>	Head office, local branches, overseas subsidiaries/branches/offices
<b>Reporting Guidelines</b>	GRI (Global Reporting Initiative) Standards – Core
<b>Inquiries</b>	Planning Team 1 of the Corporate Sustainability Management Office 14 Seocho-daero 74-gil, Seocho-gu, Seoul, Korea (Zip Code: 06620) ddeut.han@samsung.com

### MEDIA

This report is published in Korean and English to facilitate communication with global stakeholders and is produced in Interactive PDF format.



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# SAMSUNG FIRE & MARINE INSURANCE

## INTEGRATED REPORT

# 2021

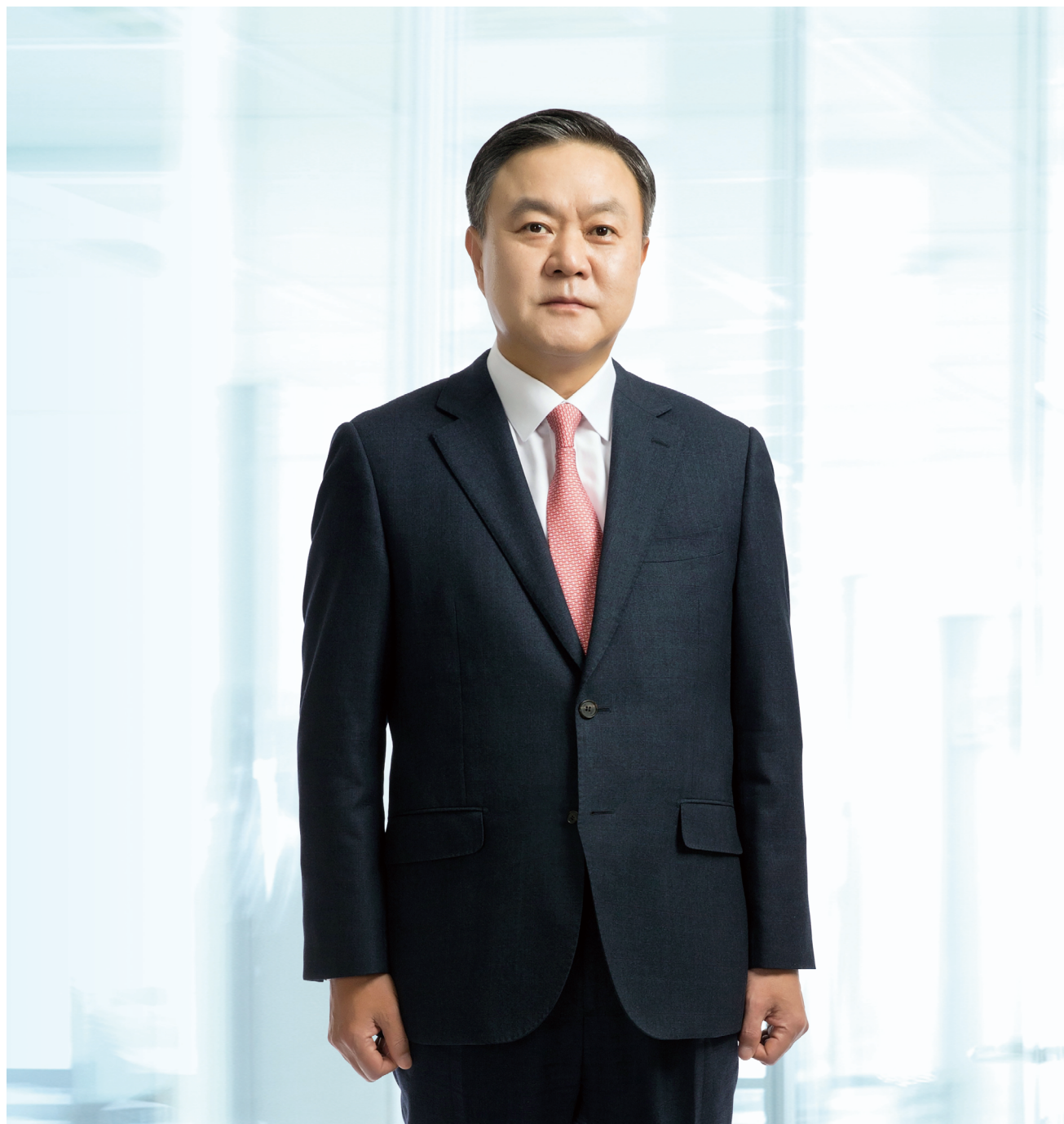
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## CEO Message



## Thanks to the love and support of our stakeholders, SFMI is becoming a better insurance company each day.

### Dear respected stakeholders,

First of all, I would like to extend my deepest gratitude to all of you for your continued interest and support for SFMI.

The COVID-19 pandemic has caused deep concerns over the growing uncertainties in the global financial environment and the prolonged economic downturn. Against this backdrop, SFMI has been focusing its effort on building a stable foundation for profit and enhancing future value.

Last year, the company strengthened the fundamentals of its key businesses by implementing a profit-oriented operation and creating a more efficient business structure for each business line. Activities aimed at overcoming the limits of the domestic insurance market and securing future growth engines, such as expanding overseas investment and promoting new businesses, also continued. Moreover, the ESG Committee was established within the Board of Directors, as we saw ESG management as an essential factor in achieving sustainable growth. Various efforts, such as announcing coal financing phase-out and expanding ESG investments, have been carried out to strengthen ESG management.

Since last year, SFMI has been focusing on the impact of non-financial activities on our businesses and began publishing an integrated report that covers both financial and non-financial performances. In this year's integrated report, we once again aim to share the achievements we have made through financial and non-financial activities and inform you of our vision and strategies for generating future value.

SFMI will deliver financial performances that fit our status as a leading player in the insurance industry and fulfill our social and environmental responsibilities as a global corporate citizen. First, we will continue to achieve stable

and robust growth by carrying out a profit-oriented operation, maintaining a stable loss ratio, and carefully managing potential risks.

In addition, we will lead the ongoing digital transformation effort in the industry to improve customer convenience and accelerate the speed of business innovation. We will make the best of our capacities to see tangible results from the gradual efforts we have made in overseas investment and promoting new businesses.

Finally, SFMI will strive to achieve "sound growth" based on sustainability by prioritizing the ESG criteria in the overall management activities.

In response to the global environmental crisis, we plan to adopt climate change strategies to achieve carbon neutrality, expand ESG investments in new and renewable energy and green industry, and participate in various initiatives and campaigns. Furthermore, we will pursue the values of social consensus and co-existence by practicing management that respects human rights, developing inclusive financial products, and carrying out social contribution activities. To maintain the soundness and transparency of governance, we will expand relevant disclosure and strengthen internal control procedures.

### Dear respected stakeholders,

We sincerely hope that this year's integrated report will effectively deliver SFMI's ambition for sustainable growth, and we promise that we will continue to do our best to become a better insurance company.

Thank you.

June 2021  
CEO Young Moo Choi



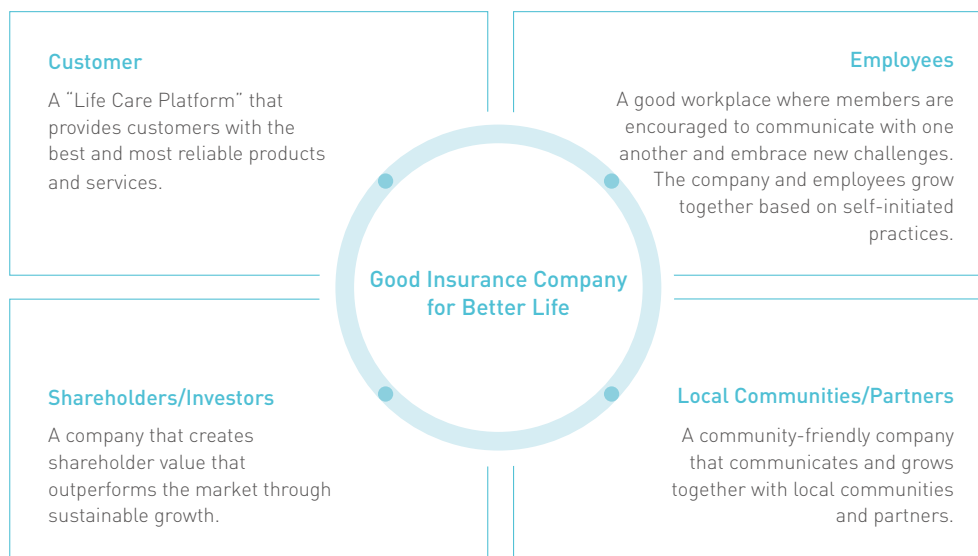
## Company Overview

As the number one non-life insurance company in Korea, Samsung Fire & Marine Insurance offers a variety of insurance products and retirement pension plans, including fire, marine, automobile, accident, liability, long-term non-life insurance, and personal pension. We also operate overseas businesses in China, the US, Indonesia, Vietnam, Singapore, and the UK, providing general insurance, automobile insurance, and reinsurance. In addition, SFMI uses the capital raised from its insurance business to invest in key domestic industries and corporate activities, thereby contributing to the balanced development of the national economy and enhancement of public welfare.

### Company Overview

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	5,819 (Male: 3,253, Female: 2,566/As of December 31, 2020)
Company Website	www.samsungfire.com

### Vision 2023



### Organizational Structure

6 Headquarters, 3 Divisions, 17 Business Teams, 33 Administrative Teams (including the CISO)  
Asset Management Headquarters, Personal Lines Headquarters, Strategic Channel Headquarters, Commercial Lines Headquarters, Automobile Insurance Headquarters, Digital 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	Date of Establishment	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%
PT 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	US	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%

\* SFMI has 7 local subsidiaries, 8 branches, and 3 representative offices as overseas footholds.

## Global Management

To secure future sources of profit and achieve the vision of becoming a “Global Top Tier P&C Insurance Company,” SFMI strives to expand the global network and discover new overseas markets while advancing into both advanced and emerging markets in a balanced manner. Our overseas expansion is promoted systematically based on mid and long-term plans regarding overseas markets, core fields of businesses, and necessary capacities, and we have been actively responding to changes in the overseas market environment. As a result, we today provide differentiated products and services to local customers through 18 footholds in 8 countries in North America, Europe, Asia, and the Middle East. Premiums written (original & ceded) in 2020 from overseas footholds, including the US branch, reached USD 378,815 thousand, and direct premiums written were USD 234,028 thousand in 2020.

The total AUM of six overseas footholds was USD 593,058 thousand.

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

146,717

Premiums written in 2020  
(Unit: USD thousand)

### Profit-oriented operation based on robust growth of general insurance and stabilization of auto 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 a stable business foundation and demonstrated excellent risk management and performance, which resulted in an “A” rating for seven consecutive years since 2008 and an “A+” rating for six consecutive years from 2015 to 2020 from S&P based in the US.

We also became the first Korean non-life insurance company to obtain “automobile liability insurance permission” in China in April 2013, and since May of the same year, we launched localized automobile insurance known as “Samsung Car Insurance.” Instead of simply expanding in size, we are reorganizing our business structure around stability and profitability while continuously implementing robust growth strategy.

We also offer tight insurance management services to Korean companies operating in China and have been improving proactive risk management services for accident prevention.

**Samsung Fire & Marine Management Corporation**

37,999

Premiums written in 2020  
(Unit: USD thousand)

### Profit-oriented management based on the provision of optimal services to group affiliates in the advanced financial market

Since it entered the US market in 1990 by opening a local branch, SFMI has sharpened its competitive through gaining experience in the advanced insurance market. The company established a management corporation in June 2011 to further develop and operate local business. In the continued pursuit of profit-oriented business management, SFMI US Management Corporation is enhancing service efficiency for affiliates and improving profitability by lowering business costs.

**PT Asuransi Samsung Tugu****28,852**Premiums written in 2020  
(Unit: USD thousand)**Aggressive marketing based on high credit ratings**

Established in 1996, PT Asuransi Samsung Tugu endeavors to become a small but strong insurance company in the Indonesian general insurance industry. The country has been enjoying rapid growth based on its large population and abundant natural resources. With the general insurance market expected to grow on the back of government-driven investment, the Indonesian subsidiary is expanding its business to Korean and local clients by capitalizing on outstanding financial soundness and high credit ratings (obtained an "A-" rating from A.M Best).

**Samsung Vina Insurance Co., Ltd.****46,117**Premiums written in 2020  
(Unit: USD thousand)**Provision of optimal services to local Korean companies**

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

**Samsung Fire & Marine Insurance Company of Europe****45,980**Premiums written in 2020  
(Unit: USD thousand)**Contributing to the HQ's reinsurance business by capitalizing on MI capacities in the advanced financial market**

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

**Samsung Reinsurance PTE Ltd.****73,149**Premiums written in 2020  
(Unit: USD thousand)**Pursuing a balanced reinsurance portfolio and business**

With the launch of Samsung Reinsurance in Singapore in 2011—the hub of the Asian reinsurance market—SFMI has been expanding its reinsurance business around property and cargo insurance in emerging Asian countries. The subsidiary contributes to the expansion of the headquarters' global reinsurance business by strengthening its marketing capacities through the formation of friendly ties with local reinsurers and brokers. The subsidiary is also recognized for its financial soundness, acquiring an "A" rating from A.M Best.

**Major Financial Performances****Total Assets**

(Unit: KRW 100 million)

**Total Equity**

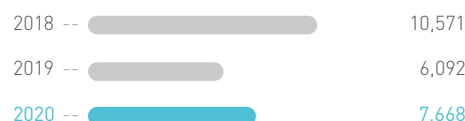
(Unit: KRW 100 million)

**Revenue: Direct Premiums Written**

(Unit: KRW 100 million)

**Net Profit**

(Unit: KRW 100 million)





## Global Credit Ratings

In recognition for its superb capital strength, solid business performance, and reliable risk management capacities, SFMI was granted the highest rating of an “A++, Superior” for ten straight years from A.M Best, the biggest credit rating agency for insurers in the world, and an “AA-” rating from S&P, another renowned global agency.

Credit Rating Agency	2017	2018	2019	2020
A.M.Best	A++, Superior	A++, Superior	A++, Superior	A++, Superior
S&P	AA-, Stable	AA-, Stable	AA-, Stable	AA-, Stable

## Key Products & Services

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

## Major Awards in 2020

Date	Details	Host
2020. 05	Winner of the Discipline Communication for 2018 Annual Report	IF Design Award
2020. 06	Certified as an Outstanding Call Center for the 16 <sup>th</sup> consecutive year by Korean Service Quality Index (KSQI)	Korea Management Association Consulting
2020. 07	No.1 Korean Standard-Service Quality Index (KS-SQI) rating in the auto insurance category for the 19 <sup>th</sup> consecutive year No.1 KS-SQI rating in the long-term insurance category for the 7 <sup>th</sup> consecutive year	Korean Standards Association
2020.10	No.1 Korean Customer Satisfaction Index (KCSI) rating in the auto insurance category for the 23 <sup>rd</sup> consecutive year No.1 KCSI rating in the long-term insurance category for the 10 <sup>th</sup> consecutive year	Korea Management Association Consulting
2020.11	Listed on the Dow Jones Sustainability World Indexes (DJSI World) for the 7 <sup>th</sup> consecutive year	S&P Global
2020.12	No.1 National Customer Satisfaction Index (NCSI) rating in the non-life insurance category for the 20 <sup>th</sup> consecutive year	Korea Productivity Center
2020.12	No.1 Korean Net Promoter Score (KNPS) rating in the auto insurance category for the 11 <sup>th</sup> consecutive year No.1 KNPS rating in the long-term insurance category for the 10 <sup>th</sup> consecutive year	Korea Management Association Consulting

## Top 10 News in 2020



01

### Earned KRW 1 trillion in pre-tax income

Recorded KRW 1.03 trillion in earnings before tax

\* 2020.01.01 ~ 2020.12.31



02

### Innovated the fundamentals of protection-type insurance business

Continued profit-oriented growth



03

### Digital marketing expanded in captive agent channel

Improved customer convenience by establishing a 24/7 operation system



04

### Launched GA-exclusive system

A user-friendly system that contributed to the growth of GA channel



05

### Pre-tax income for auto insurance moved back into surplus

The result of increased quality sales and profit improvement on site



06

### Established new centers to provide virtual claim services for auto insurance to respond to the changing environment

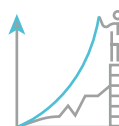
Six "Claim Core Centers" have been established across the country to enable a flexible response to the COVID-19 pandemic



07

### Established digital headquarters

A group dedicated to digital businesses has been established to proactively respond to the changing environment



08

### High-yield retail and corporate finance assets exceeded KRW 30 trillion

A feat achieved for the first time in Korea's non-life insurance industry



09

### SFMI Chinese subsidiary converted into a joint venture with Tencent, a leading online platform company

Sought opportunities to expand businesses using Internet-based platforms



10

### No. 1 NCSI rating for the 20<sup>th</sup> consecutive year

The longest record held in the financial industry

# Samsung Value System

SFMI aspires to become a “leading global insurance company” that contributes to society by developing the finest products and services with our talents and expertise. To this end, we are committed to delivering the five core values: People, Excellence, Change, Integrity, and Co-Prosperity.

## Samsung Philosophy

We will dedicate our human resources and expertise to develop superior products and services and contribute to society.

## Core Values



People



Excellence



Change



Integrity



Co-Prosperity

## Business Principles

### 1. We will comply with the laws and ethics.

- 1 - 1 We respect the dignity and diversity of individuals.
- 1 - 2 We compete fairly in compliance with laws and business ethics.
- 1 - 3 We maintain accounting transparency by keeping accurate records.
- 1 - 4 We do not intervene in politics and maintain a neutral stance on political issues.

### 2. We will maintain a clean organizational culture.

- 2 - 1 We draw a strict line between public and private affairs in all business activities.
- 2 - 2 We protect and respect the intellectual properties of the company and others.
- 2 - 3 We create a healthy organizational atmosphere.

### 3. We will respect customers, shareholders, and employees.

- 3 - 1 We value customer satisfaction as the top priority in our business activities.
- 3 - 2 We focus on shareholder value.
- 3 - 3 We endeavor to improve employees' quality of life.

### 4. We will be mindful of the environment, health, and safety.

- 4 - 1 We engage in environmentally friendly management practices.
- 4 - 2 We value the health and safety of the humanity.

### 5. We will take social responsibility as a global corporate citizens.

- 5 - 1 We actively perform our duty as a corporate citizen.
- 5 - 2 We respect local customs, culture, and society and strive to prosper with local communities.
- 5 - 3 We build win-win relationships with business partners.

## Scope of Application

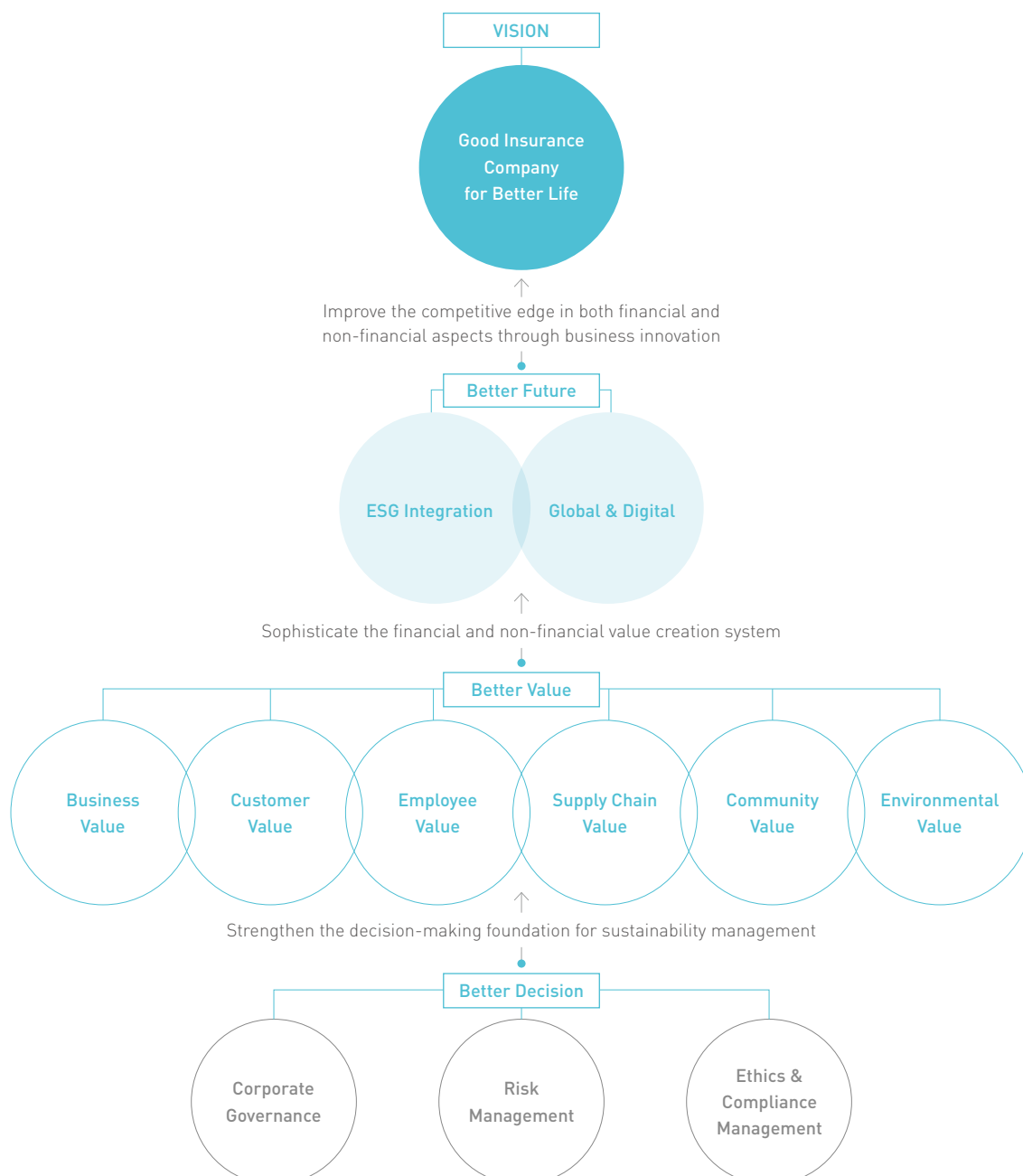
- The Business Principles shall be applied to “SFMI (including overseas subsidiaries)” and “all SFMI employees.”
- This content should be understood by partner companies and sales organizations (insurance agencies and sales agents known as “Risk Consultants”) so that they may follow the Principles willingly.

## Application of Principles

- Should the criteria of interpreting be unclear while applying the Principles to tasks, employees should consult with their directors. Important issues should be referred to the Chief Compliance Officer and the Business Principles Practice Committee for authoritative interpretation.
- All employees should comply with the Principles, and in case of any violations, they will be held accountable for their actions and be subject to disciplinary measures.
- Any employee who has detected the violation of the Principles by others should immediately report to their managers, and if they judge that those violations may either cause serious legal issues or hurt the company's reputation, they should immediately report to their directors and the Chief Compliance Officer.

## Sustainability Management System

Under the vision of "Good Insurance Company for Better Life," SFMI promotes sustainability management at the company level. Based on the sustainability management decision-making system, we will create value for our businesses, customers, employees, supply chain, communities, and the environment and strengthen our competitive edge in sustainability by pursuing business innovations around ESG, digital, and global initiatives.



## Sustainability Management Organization

### The ESG Committee

SFMI has established the ESG Committee under the Board of Directors. The Committee consists of two non-executive directors and the CEO, and it was established in March 2021 to proactively respond to the emergence of the ESG criteria and the ensuing paradigm shift in management. The ESG Committee serves as the highest decision-making body that establishes ESG-related strategies and policies at the company level and discusses and resolves matters related to ESG initiatives.

### The Sustainability Management Committee

The Sustainability Management Committee chaired by the CEO was established in 2012. The Committee consists of seven executives: the CEO, CFO, Head of Corporate Planning Division, Head of CPC Strategy Division, Head of HR Team, Chief Compliance Officer, and Head of Planning Team 1. In 2020, the Committee meeting was held once, and the main agenda included sustainability management status and performances, recent sustainability management trends, and future directions and tasks. To manage and make necessary responses to ESG management targets of each sector, we also operate the ESG Working Group that consists of the heads and managers of ESG-related departments.

### Stakeholder Engagement

Collecting the opinions of various stakeholders who influence business management and reflecting them in business activities is essential to sophisticating sustainability management. SFMI has defined five core stakeholders and operates a wide range of communication channels to collect their opinions and reflect them in our business activities.

	Stakeholder Engagement Policy	Communication Channels	Issues by Stakeholder	Reflection of Issues
Customers	Providing the best and most reliable products and services.	<ul style="list-style-type: none"> <li>Customer Panel</li> <li>VOC and feedback</li> <li>Official social media channels</li> </ul>	<ul style="list-style-type: none"> <li>Customer-centered management</li> <li>Stronger financial consumer protection</li> <li>Customer information protection</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the Care Center for Imported Cars</li> <li>Operating the Consumer Protection Center and Consumer Protection Committee</li> <li>Strengthening the information protection management system</li> </ul>
Employees	Offering opportunities to grow into global financial experts.	<ul style="list-style-type: none"> <li>Labor union</li> <li>Satisfaction survey</li> <li>Grievance handling system</li> <li>"SoTongHaeBom"</li> </ul>	<ul style="list-style-type: none"> <li>Work-life balance</li> <li>Talent development</li> <li>Improving communication between employees</li> </ul>	<ul style="list-style-type: none"> <li>All-day auto computer shutdown</li> <li>SFMI University and support for the acquisition of expert qualifications</li> <li>CEO's on-site visits</li> </ul>
Partners	Pursuing shared growth based on mutual trust.	<ul style="list-style-type: none"> <li>Discussion meetings</li> <li>In-house bulletin board</li> <li>Partner's Day</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the development of RC competency</li> <li>Improving communication</li> <li>Minimizing incomplete sales</li> </ul>	<ul style="list-style-type: none"> <li>CEO-RC meetings</li> <li>Customer Satisfaction Award</li> <li>Deploying compliance managers and monthly monitoring</li> </ul>
Local Communities/ The Government	Fulfilling social and environmental responsibilities as a global corporate citizen.	<ul style="list-style-type: none"> <li>NGOs</li> <li>National Police Agency, National Fire Agency, Government Ministries</li> <li>Satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the marginalized</li> <li>Advanced traffic safety culture</li> <li>Minimizing environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>Engaging in social contribution activities for different fields</li> <li>Providing traffic safety education</li> <li>Participating in "Earth Hour" Lights-out Event</li> </ul>
Shareholders/ Investors	Creating shareholder value that outperforms the market through sustainable growth.	<ul style="list-style-type: none"> <li>General shareholders' meeting</li> <li>Non-Deal Roadshow</li> <li>IR conferences</li> </ul>	<ul style="list-style-type: none"> <li>Improving shareholder value</li> <li>Improving communication</li> <li>Fair distribution of value</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the dividend payout ratio</li> <li>Improving communication through Earnings Release and IR Meetings</li> <li>Fair disclosure</li> </ul>

## UN SDGs Implementation

SFMI has aligned its management strategies with the UN Sustainable Development Goals and engaged in various activities to achieve four core implementation goals. Going forward, SFMI will continue to 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 for all age groups.

Business KPI: Auto insurance accident rate and loss ratio | Social & Environmental KPI: The number of traffic safety education trainings offered to children and the number of participants

Samsung Traffic Safety Research Institute is Korea's first research institute specializing in traffic safety. The institute contributes to the development of policies and system improvement to achieve the national target of reducing deaths from traffic accidents and prevent customers from being involved in accidents. It also provides safety training for those with limited mobility and residents in accident-prone areas and carries out guidance and educational activities by releasing press reports on seasonal accident risks. Meanwhile, the Samsung Transportation Museum—Korea's first museum specializing in automobiles—provides children with traffic safety training with easy explanations on frequent traffic accident types among children and preventative measures. In addition, the company encourages customers to improve their health by providing the "Anyfit Service," where customers can earn reward points by achieving exercise targets.



### SDG 4 Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities.

**Target 4.4** By 2030, substantially increase the number of youth and adults equipped with skills for employment, decent jobs, and entrepreneurship.

Business KPI: The number of applicants for the life planning program, the number of reemployed workers | Social & Environmental KPI: Average per capita training expense and hours

SFMI operates "SFMI University," a talent development system that helps all employees grow into the best finance and insurance specialists, as well as the "Individual Development Plan," a capacity development system aimed at enhancing employees' job expertise. We also provide various training programs to cultivate leaders equipped with global business competencies, such as the local expert dispatch program, GFP, GEP, MBA/EMBA, and academies. For retirees and employees who are soon to retire, SFMI offers career change programs fit for those working in the financial industry and life planning courses that cater to the needs of each age group.

**Target 4.5** By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations.

Business KPI: The number and ratio of office workers who have professional qualifications | Social & Environmental KPI: The result of projects aimed at improving disability awareness and the Kkumteo-Study Support Program

SFMI has eliminated gender disparities in education within the company and offers programs that train female employees to become financial and insurance specialists. In 2020, eight educational programs for office job groups that only consist of female employees were provided. Tuition discounts have been offered based on partnerships with Cyber Universities, and support for specialized qualification acquisition, qualification allowances, and additional points for performance appraisal also continue. SFMI also carries out music education projects and disability awareness improvement projects for the youth with disabilities and provides various educational programs, such as the Kkumteo-Study Program for teens from low-income households.

**Target 4.7** By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity.

Business KPI: The number of grievances handled | Social & Environmental KPI: The number of hours human rights protection and sexual harassment prevention education was given and the number of those who completed the education

SFMI stipulated the principle of human rights protection, such as the prohibition of discrimination against employees, respect for diversity, and prohibition of child and forced labor in Samsung Business Principle, SFMI's Human Rights Principle, and Guidelines to the Code of Conduct for SFMI's Employees and Partners, which are observed by all SFMI employees and partners. SFMI also provides training for all employees at least once a year to protect human rights and prevent workplace sexual harassment and offers counseling services to deal with and prevent unfair treatment regarding personnel affairs, sexual harassment, verbal abuse, and forced alcohol drinking.



## SDG 8 Pursuing sustainable and inclusive economic growth and job creation.

**Target 8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including greater access to financial services.

Business KPI: The amount of investment in start-ups and the return on investment | Social & Environmental KPI: The number of those who completed training programs designed for sales partners with varying work experience, the number of high-performing certified RCs

SFMI seeks win-win cooperation with business partners to promote co-existence and co-prosperity. We provide them with a variety of educational programs and support systems and engage in regular grievance consultation and communication via meetings. Moreover, we created a KRW 40 billion CVC (Corporate Venture Capital) fund in January 2019 for the first time in the domestic financial industry to respond to technological changes and the rapidly changing market and form strategic partnerships with start-ups.

**Target 8.8** Protect labor rights and promote safe and secure working environments for all workers.

Business KPI: The number of the Occupational Safety and Health Committee meetings held each quarter, the number of regular safety inspections | Social & Environmental KPI: The number of employees visiting the psychological counseling center, employee health checkup completion rate

SFMI has developed a safety and health management system to provide a safe and pleasant working environment for all employees. For example, we prevent accidents and prepare ourselves for effective follow-up management by establishing the "Industrial Accident Control Regulation" and "Emergency Preparation and Response Guidelines." Other activities include inspections on the safety of buildings, electrical facilities, firefighting devices, elevators, air and water quality check, as well as holding emergency drills and providing safety and health training and examinations for chemical substance handlers on a regular basis. SFMI also operates the "Maeumnuri Counseling Center," supports employees with health checkups, and runs fitness facilities and in-house doctor's offices.

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

Business KPI: The revenue and sales volume of social contribution insurance | Social & Environmental KPI: Ratings received from the three major customer satisfaction indexes (NCSI, KCSI, and KS-SQI) in Korea

As part of our customer-oriented management, SFMI strives to improve service quality by operating the Customer Panel, Consumer Protection Committee, and Customer Rights Protection Committee. In addition, our mobile app and website have been upgraded to make sure those who lack access to financial information, such as persons with disabilities, can use our financial services without trouble. Various social contribution insurance products and services, including auto insurance riders for low-income drivers, umbrella insurance preferential to welfare facilities for the disabled, and insurance services for foreigners, are being provided.



## SDG 10 Reducing inequalities within the country and between countries.

**Target 10.2** By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status

Business KPI: The amount of investment in social contribution projects, the amount of contribution to microfinance projects | Social & Environmental KPI: The number of employees who participate in volunteer activities and the time spent

SFMI carries out social contribution projects regarding transportation and life safety, the youth, the disabled, and the local community. In particular, we help low-credit and low-income individuals experiencing difficulty using institutional financial services stand on their own feet by carrying out microfinance projects to provide non-collateralized or non-guaranteed small loans for starting or running businesses. In addition, SFMI works with the Microfinance Foundation and spends dormant claims to provide protection-type microinsurance for children from low-income families, as well as liability insurance for the disabled and children from low-income families who use welfare facilities.

## PART 1

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# SFMI for Better Future







# ESG Integration

Creating new value through the integration of business  
and the ESG initiative.

SFMI presents,

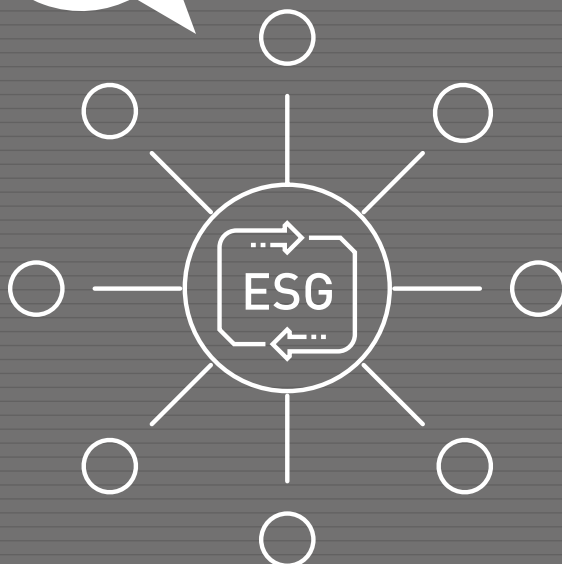
## Better Future



### The ESG Committee

To strengthen ESG management, we established the ESG Committee under the Board of Directors. The Committee serves as the highest decision-making body that proactively responds to the introduction of the ESG criteria and the ensuing change in the management paradigm. By establishing the ESG system, we plan to accelerate the internalization of ESG management.

**BETTER  
FUTURE**



### Announcing Coal Financing Phase-Out



SFMI announced "Coal Financing Phase-Out" in its business operation to proactively respond to the climate crisis. The initiative is about halting new investments in coal-fired power generation and is applied to direct investments and loans, as well as corporate bonds issued to construct coal-fired power plants. As an insurance company, we also established a policy that restricts the underwriting of insurance for coal-fired power plant construction.



### ESG Underwriting

We operate a decision-making system that considers ESG risks in the process of underwriting. We have separate ESG-related instructions within our underwriting guidelines, which prohibit the underwriting of insurance contracts for policyholders and the insured deemed inappropriate in terms of Environment, Society, and Governance, and we have been strictly following the said guidelines.

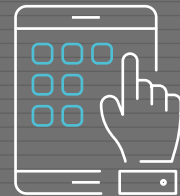


### Providing Environmental & Social Insurance Products

SFMI provides environmental and social insurance products to fulfill its social responsibility. In 2020, the total revenue of environmental and social insurance products was KRW 2.76 trillion. We established a goal to record KRW 3 trillion in revenue by 2023 by expanding the line of eco-friendly and socially responsible insurance products.

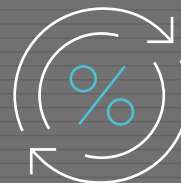
### Paperless Insurance Contracts

We have been signing more contracts in an eco-friendly manner, using a mobile sales system called "M Portal" that offers consultation, insurance planning, and e-signature option on mobile devices. By promoting paperless insurance contracts, SFMI saves a forest five times the size of soccer fields (15,600 trees) each year.



### ESG Investment

In 2020, we made a total of KRW 3.54 trillion ESG-related investments. This is a 30.4% increase year-on-year, and it reflects our increased investment in new and renewable energy, such as solar energy, wind energy, and fuel cells, and ESG bonds issued by public enterprises and corporations. SFMI aims to increase the amount of investment in ESG projects to KRW 10.5 trillion by 2030.



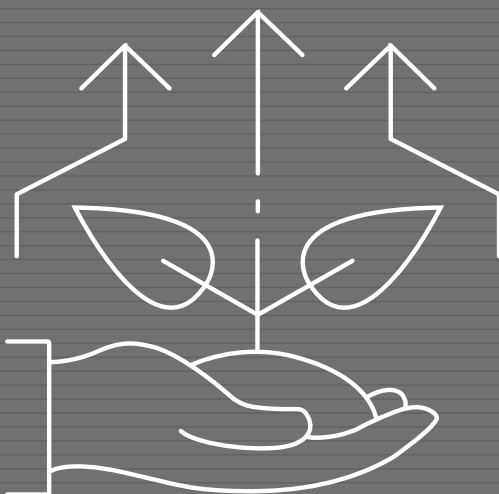
# ESG Highlights

SFMI & ESG in 2020

Better Future



BETTER  
FUTURE

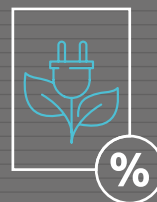


## External Assessment of ESG

- Listed on the Dow Jones Sustainability World Indexes (DJSI World) for the 7<sup>th</sup> consecutive year.
- Achieved CDP Climate Change Leadership level (A-) and named Carbon Management Sector Honors in the financial sector.
- Received an "A" MSCI ESG rating.
- Listed on the FTSE4Good Social Responsibility Index for the 8<sup>th</sup> consecutive year.
- Received an "A" rating from the Korea Corporate Governance Service (KCGS)'s ESG assessment.
- Received an "A" rating from Sustainvest's ESG assessment.

## GHG Reduction

SFMI has been reducing carbon emissions through various eco-friendly activities and resources saving efforts. In 2020, SFMI's GHG emissions stood at 15,153 tCO<sub>2</sub>eq, down 17.7% year-on-year.





# Global & Digital

Achieving internal stability and securing the future source of profit by providing innovative services based on digital technology and expanding the global business.

SFMI aims for,

## Better Future

**BETTER  
FUTURE**



### Strengthening Global Business Foundation

SFMI signed a strategic partnership with Canopus—one of the insurers in the UK's global insurance market, Lloyd's of London<sup>1)</sup>—promising an additional investment of USD 110 million (approximately KRW 125 billion). The company had already invested USD 150 million in 2019 to build the foundation for global business, and the new decision was made to seek further growth opportunities by strengthening the existing global business foundation.

1) Lloyd's of London: A global insurance market that underwrites casualty insurance from 80 countries worldwide.



### Chinese Subsidiary Becomes a Joint Venture

SFMI decided to turn its Chinese subsidiary into a joint venture with China's largest Internet-based platform company, Tencent. The plan is to utilize Tencent's competitive edge in information technology to discover new digital business opportunities in the Chinese market and secure a new source of profit based on online insurance businesses.



### The CVC<sup>1)</sup> Fund

SFMI created the CVC Fund to establish a digital insurance ecosystem through strategic partnerships with start-ups and digitally transform the insurance value chain. As of March 2021, KRW 26.6 billion has been contributed to nine companies in the healthcare and mobility industries, and we plan on contributing the entire KRW 40 billion within 2021.

1) Corporate Venture Capital

### Establishing Digital Headquarters

To implement the digital channel strategy more actively, digitalization efforts of each division have been brought together under the newly established Digital Headquarters. This enabled the company to move away from the Direct platform that focused mostly on sales and reach out to customers in their everyday lives to provide a wider variety of services and content beyond sales.

### Digital Healthcare Services

SFMI offers digital healthcare services to assist customers in healthcare and enhance customer convenience. 330,000 customers are using the "Anyfit" service where they can earn reward points by achieving exercise targets. In addition, 8,600 customers are using the "MyHealthNote" service, which helps customers suffering from diabetes manage and overcome their condition.



### Expanding the Use of Digital Technologies

We have been expanding the use of digital technologies to ensure greater convenience for internal and external stakeholders. We use the "Digital Sales System" that enables RCs to work anytime during the day and an office work support system based on AI/RPA. We will continue our efforts to diversify future profit sources by accelerating digital transformation and innovation.



## Sustainability Management Initiative



The United Nations Environment Programme Finance Initiative (UNEP FI) is a public-private partnership between the UNEP and financial institutions. SFMI has been part of the effort since 2010 to promote sustainable finance together with the international community.



The Principles for Sustainable Insurance (PSI) is a global framework and initiative aimed at promoting the sustainability management of insurers. After becoming the first Korean insurer to join the framework in 2015, SFMI has been making efforts to promote the sustainability of the insurance industry.



The CDP is a consultative organization that evaluates GHG emission reduction activities of major listed companies in the world and provides relevant reports to investors. SFMI has been participating in carbon information disclosure as an institutional investor and information provider since 2010.



The UN SDGs (Sustainable Development Goals) consist of 17 goals and 169 targets that all stakeholders, including governments, businesses, and civil society, should achieve to enable the sustainable development of all countries. As a global corporate citizen, SFMI is committed to accomplishing the UN SDGs by aligning the goals with its sustainability management activities.



Established by the Financial Stability Board (FSB), the Task Force on Climate-Related Financial Disclosures (TCFD) recommends that companies disclose climate-related information in the categories of corporate governance, strategy, risk management, and goals and indicators. Starting with the disclosure recommended by the TCFD, SFMI intends to improve the business integration of climate change risks and opportunities.



# PSI(Principles for Sustainable Insurance) Report

In January 2015, SFMI signed the PSI of UNEP FI (United Nations Environment Programme Financial Initiative) and announced its commitment to promoting sustainability in the insurance industry, together with global insurers. We at SFMI will work towards fulfilling our social responsibility as a global corporate citizen and carry out sustainability management, taking the environment, society and governance into consideration from a long-term perspective. In this regard, SFMI reports its ESG-related activities annually according to PSI's four principles.

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## **Principle 1 We will embed in our decision-making environmental, social, and governance issues relevant to our insurance business.**

- **Operating the ESG Committee** | SFMI has established the ESG Committee under the Board of Directors. Consisting of two non-executive directors and the CEO, the Committee serves as the highest decision-making body that develops ESG strategies and discusses and resolves matters related to ESG activities.
- **Operating 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 accelerates sustainability activities. The Committee consists of seven members: the 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 2020, the Committee discussed major issues, including sustainability management status and achievements, recent sustainability management trends, and future directions and tasks. We also operate the ESG Working Group that consists of the heads and managers of ESG-related departments to oversee and respond to sustainability management goals of each sector.
- **Social Responsibility Management Regulation** | In 2013, SFMI established the social responsibility management regulation, which has been implemented to reflect the ESG initiative in all decision-making processes and activities. In 2020, the regulation was upgraded to reflect our effort to mitigate and respond to climate change, with the addition of the "Coal Phase-out Principle," stating that all new investments, loans, and underwriting of construction insurance related to coal-fired power generation will stop. SFMI is making concerted efforts to contribute to the build-up of trust among insurance consumers and sustainable development of the society by faithfully carrying out social responsibilities regarding consumer protection, fair competition, improvement of labor quality, human rights protection, community participation and development, and eco-friendly management.

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## **Principle 2 We will work together with our clients and business partners to raise awareness of environmental, social, and governance issues, manage risk and develop solutions.**

- **Environmental & Social Insurance Products and Services** | SFMI provides a wide variety of insurance products and services that consider environmental impacts of activities such as climate change response and mitigation. We also engage in support activities in many fields so that the socially vulnerable and financially underprivileged such as low-income groups, persons with disabilities, and foreigners, can be prepared against various risks.
- **Paperless Insurance Contracts** | SFMI has been promoting eco-friendly sales process innovation by having sales partners or RCs (Risk Consultants) use mobile devices. We have been continuing our efforts to provide eco-friendly insurance contracts by going paperless and using digital counseling data and e-signatures.
- **Research on Climate Change Risks** | SFMI's GLCC (Global Loss Control Center) supports customers and communities in managing climate change risks by conducting a diverse range of R&D in relation to climate change.
- **Social Responsibility Code of Conduct for Employees and Partners** | SFMI established the Social Responsibility Code of Conduct for each stakeholder to encourage employees and partners to practice socially responsible management and induce change. We are also strengthening risk monitoring and support activities in sustainability management regarding human rights, safety, environment, and ethics to secure sustainable competitiveness.

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**Principle 3 We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social, and governance issues.**

- **Partnership with the Government and Civic Groups** | SFMI engages in various social contribution activities in collaboration with the government and civic groups to resolve social issues.

Category	Activities	Cooperating Agency
Social Welfare	Support for the underprivileged	National Police Agency, National Fire Agency
	Improving disability awareness	Ministry of Education, Korea National Institute for Special Education, Seoul National School for the Blind, Disabled Persons First Campaign Center
Research and Education	Educational donation, scholarship, etc.	Ministry of Education, Kids & Future Foundation, Child Fund Korea, Safe Kids Korea

- **Operating Samsung Traffic Safety Research Institute** | Established in 2001, Samsung Traffic Research Institute is the country's first private research organization specializing in traffic safety. Its goal is to establish an advanced traffic culture and creating a society with zero traffic accidents. As a drive to prevent traffic accidents, the Institute conducts scientific and systematic research on the traffic safety of roads, vehicles, and drivers, while offering press releases, policy proposals, and traffic safety campaigns.

Samsung Traffic Safety Research Institute Website | <http://www.stm.or.kr/main.html>

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**Principle 4 We will demonstrate accountability and transparency through regular disclosure of our progress in implementing the Principles.**

- SFMI systematically manages issues related to the environment, society, and governance and discloses them transparently to the public by publishing the integrated report, annual report on corporate governance and remuneration, and business report each year.
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# TCFD Index

TCFD Recommendation		Activities at SFMI		
Governance – The organization’s governance dedicated to assessing and managing climate-related risks and opportunities				
a) Describe the Board of Directors’ oversight around climate-related risks and opportunities.	We established the ESG Committee (consisting of the CEO and two non-executive directors) under the Board of Directors. The Committee serves as the highest decision-making body that determines mid-to-long term climate change response directions and oversees the company’s ESG management.			
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	The Sustainability Management Committee, consisting of seven executives, is in operation to assess and manage climate-related risks and opportunities. As the Chair of the Committee, the CEO presides over the management of climate-related risks and opportunities, and as a member, the CFO manages climate-related risks and opportunities from financial perspectives.			
Strategy: The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning				
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"><li>- Physical risks are being identified in the long-term, general, and auto insurance categories, where more damage is being inflicted by natural disasters, such as floods and typhoons. Natural disasters caused by climate change increase the loss ratio as more insurance claims are made.</li><li>- The increased demand for new insurance products and services following the changes caused by climate change is seen as a new opportunity, and the company is focused on developing relevant insurance products and services.</li><li>- Business losses may occur if the government enforces stronger carbon emissions-related regulations and laws to achieve carbon neutrality.</li></ul>			
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	<ul style="list-style-type: none"><li>- We provide a wide variety of environmental insurance products, such as storm and flood insurance, weather insurance, and mileage auto insurance, and a plan has been set up to expand the relevant line of products.</li><li>- To prepare for various transitional risks, we are adjusting our portfolio by downsizing investment assets that contribute to climate change with excessive carbon emissions and expanding eco-friendly investment assets.</li></ul>			
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"><li>- We determined the internal carbon price and have been carrying out various carbon reduction activities through voluntary management of the GHG inventory. In response to GHG regulations, we have been converting GHG reduction effects into economic value.</li><li>- We acquired the international standard certifications of ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System) by practicing environmental and energy management.</li></ul>			
Risk Management - The methods and processes used by the organization to identify, assess, and manage climate-related risks				
a) Describe the organization’s processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"><li>- The Sustainability Management Office—an ESG working group—and working-level employees from relevant teams of each division (teams dedicated to insurance underwriting and investment decision-making, etc.) identify and assess related risks.</li><li>- SFMI’s GLCC (Global Loss Control Center) runs simulations on the cumulative risk of natural disasters to identify clients’ vulnerabilities and assist them in developing alternative solutions. We operate our own disaster prevention and weather information system, which provides clients with real-time information on typhoons and projects changes in precipitation on the Korean Peninsula, considering the impact of climate change.</li></ul>			
b) Describe the organization’s processes for managing climate-related risks.	<ul style="list-style-type: none"><li>- After announcing the coal-phase out principle, we halted all new investments in coal-fired power generation, which includes any direct investments and loans, as well as corporate bonds issued to construct coal-fired power plants.</li><li>- Within the insurance underwriting guidelines, we have restrictions on underwriting the insurance of policyholders and the insured that make significant contributions to climate change (building coal-fired power plants, coal mining facilities, etc.).</li></ul>			
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	<ul style="list-style-type: none"><li>- After climate-related working-level employees identify and assess risks, the ESG Committee under the Board of Directors and the Sustainability Management Committee consisting of executives discuss, resolve, and monitor matters related to the company’s response to climate change.</li></ul>			
Metrics and Targets – The metrics and targets used to assess and manage climate-related risks and opportunities				
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities.	Internal carbon price, GHG emissions, energy consumption, sales of eco-friendly insurance products, eco-friendly investments			
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions.  * Scope 3 includes emissions from employee’s business trips, the use of water and sites, and waste generation.		2018	2019	2020
	Scope 1	4,776 tCO <sub>2</sub> eq	4,327 tCO <sub>2</sub> eq	3,233 tCO <sub>2</sub> eq
	Scope 2	15,412 tCO <sub>2</sub> eq	14,089 tCO <sub>2</sub> eq	11,920 tCO <sub>2</sub> eq
	Scope 3	4,560 tCO <sub>2</sub> eq	5,075 tCO <sub>2</sub> eq	4,081 tCO <sub>2</sub> eq
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"><li>- SFMI established a mid-to-long-term target of reducing GHG emissions by 30% from 2011 (base year) to 2020, and the target has been achieved.</li><li>- We also set up a new goal of reducing total GHG emissions by 50% by 2030 (compared to 2017).</li></ul>			

## PART 2

- 030 Business Value
- 042 Customer Value
- 054 Employee Value
- 068 Supply Chain Value
- 074 Community Value
- 084 Environmental Value

# SFMI for Better Value



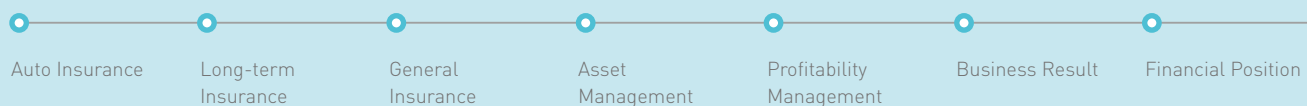


## Issue 01 | Business Value

# Business Value

Despite the growing uncertainties in the global financial market and increasingly challenging insurance market conditions amid the COVID-19 pandemic, SFMI has been creating business value based on profit-oriented business strategy, stable insurance loss ratio, and investment portfolio management as a leading insurance company.

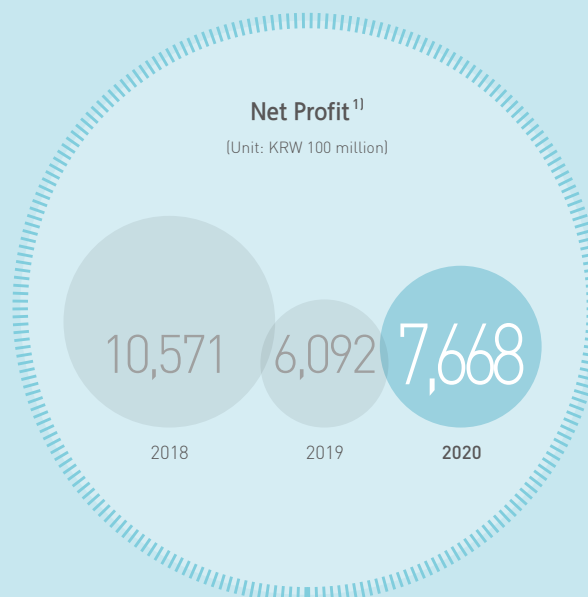
## KEY STRATEGIES



## KEY PERFORMANCE INDICATOR



1) Based on consolidated financial statements.



1) Based on consolidated financial statements.

# Auto Insurance

## Enhancing market dominance and achieving a surplus

SFMI recorded KRW 5.8 trillion in revenue and 29.6% in M/S in auto insurance. This is the second consecutive year where the revenue exceeded KRW 5 trillion, and we have been maintaining a strong market dominance with a M/S of nearly 30%. 2020 was a particularly meaningful year as our core competitive edges in product quality, review, and claim services pushed the pre-tax profit into surplus.

## Providing reliable products and services for customers

We have been providing one of the best claim services in the industry by constantly upgrading our specialties, the "Noblesse Plan" and "Care Plan for Imported Cars." In addition, as the demand for imported cars is increasing, we launched services that meet customers' needs, such as financial support programs for the vehicle registration fee of imported cars and transporting cost.

## Preparing for the future by promoting virtual services

As the COVID-19 pandemic prolonged, we developed various consultation tools for customers to improve the service quality. We are doing our best to improve customer experience by providing virtual services, such as virtual claim consultation service and video call system at each stage of auto repair.

### Direct premiums written in auto insurance

(Unit: KRW 100 million)



### Online auto insurance market share

(Unit: %)



## Long-term Insurance

### Expanding high-quality new contracts for the growth of protection-type subsequent premiums

Long-term insurance posted KRW 12.21 trillion in revenue, down KRW 23.8 billion or 0.2% year-on-year. New contracts for protection-type insurance amounted to KRW 15.5 billion on a monthly average, down KRW 1.7 billion year-on-year. However, instead of taking impractical measures in response to the competitive market environment, we pursued qualitative growth, which significantly improved efficiencies (contract retention rate on the 13<sup>th</sup> month: 83.4%, up 2.2%p year-on-year). In addition, protection-type subsequent premiums rose to KRW 10.56 trillion, up KRW 243 billion or 2.5% year-on-year.

### Enhancing sales competitiveness through productivity and risk loss ratio management

SFMI has been expanding training and improving the system for sales managers to enhance sales competitiveness in exclusive channels and boost the productivity and settlement rate of new RCs. We have been avoiding competition aimed at quantitative growth to minimize compliance risk in TM channels, such as telemarketing while pursuing an increase in the market dominance of GA

channels by enhancing product competitiveness. The risk loss ratio of long-term insurance, whose BEP is 100%, was 87.1%, up 2.9%p year-on-year. The long-term risk loss ratio excluding the IBNR<sup>1)</sup> effect increased year-on-year to 82.9% but is still one of the lowest levels in the industry.

1) Incurred But Not Reported

### Enhancing sales channel competitiveness and achieving a net increase of customers

SFMI will increase its market dominance by developing strategic products that reflect the latest trends, strengthening underwriting response, and utilizing its competitive edge in markets with high future value. We will also strive to achieve a net increase in the number of customers by discovering new markets. We will reinforce our competitive edge in the face-to-face channel by nurturing highly specialized RCs with consulting competence, and in the GA channel, we will expand work support and improve product competitiveness to strengthen the sales base. The Internet channel will be nurtured as the future growth engine that meets customers' needs in order to strengthen the competitiveness of each sales channel and enhance the company's future value.

#### Direct premiums written in long-term insurance (Unit: KRW 100 million)



#### Protection-type subsequent premiums (Unit: KRW 100 million)





# General Insurance

## Reinforcing market leadership

Direct premiums written from general insurance in 2020 were KRW 1.55 trillion, up 5.8% year-on-year. Despite uncertainties in the market environment, such as the prolonged COVID-19 pandemic, SFMI has been reinforcing its market leadership based on a profit-oriented business strategy.

## Profit-based business operation

To expand the portfolio of products with sound combined ratios in general insurance, SFMI has been improving underwriting governance and maintained stable risk management by integrating claim data and anti-disaster consulting. To enable the stable operation of overseas businesses, we are also strengthening their internal stability by improving governance and achieving cost efficiency.

## Securing new markets and future growth engines

SFMI is solidifying its dominance in the existing market by making proactive responses and conducting robust sales activities while identifying newly emerging risks such as cyberattacks. To keep up with the fast-changing market environment, we are developing relevant business models and expanding the pool of potential partners. We are also constantly developing new business models by partnering with foreign insurers and arranging M&A deals, and striving to secure a wide variety of growth engines.

### Direct premiums written in general insurance (Unit: KRW 100 million)



## Asset Management

### Boosting profitability and strengthening risk management by increasing high-yield loan assets

In response to the greater volatility in the global financial market following the spread of COVID-19, SFMI expanded investment in low-risk domestic loan assets. As of the end of 2020, loan assets, including corporate and retail loans, amounted to KRW 24.10 trillion, up 8.5% year-on-year. In the case of corporate loans, we invested in loans collateralizing offices in core business zones, PF loans for apartments whose lots have been sold out, and new and renewable energy PF loans with a stable profit structure. Retail loans increased mainly due to housing mortgage loans, and credit loans are being operated stably, considering the debtor's ability to repay. In terms of foreign funds, we invested in infrastructure funds based on advanced countries' long-term contracts as they are less susceptible to business fluctuations, and PEFs of global asset management firms. To secure a stable flow of dividend incomes, we mostly invested in low-risk debt funds, and we will constantly review our plan to invest in equity funds by closely monitoring the global economic situation.

#### Investment Profit

(Unit: KRW 100 million)



### Strengthening competitiveness in mid to long-term asset management

To strengthen competitiveness in mid to long-term asset management, SFMI has been rebalancing its portfolio. In terms of profit, our goal is to improve profitability by increasing the share of dividend income. In 2020, we earned KRW 1.69 trillion in interest income and KRW 308.3 billion in dividend income. Dividend income accounted for 15.8% of investment income, up 3.2% year-on-year. In 2021, we will continue to secure a stable flow of dividend income by investing in new and renewable energy projects such as solar energy and wind energy, as well as in domestic and foreign PEFs. We plan to diversify the source of profit by expanding the share of dividend income, and this, in turn, will reduce profit and loss volatility and boost the stability and profitability of our portfolio. We will also prepare ourselves for the new IFRS 9 accounting standard. In addition, we aim to boost interest income by investing in sound foreign bonds and diversifying the corporate loan portfolio. As of the end of 2020, ESG investment amounted to KRW 3.5 trillion, and we will continue to expand our investment in new and renewable energy, water treatment facility, and ESG bonds, in line with the government's carbon neutrality plan and the Green New Deal policy.

# Profitability Management

## Principles of Profit and Loss Management

In the 2020 fiscal year, we were faced with tough business environments, namely, growing uncertainties in the global financial market due to the COVID-19 pandemic, fierce competition in the domestic market, an increase in accidents, and a drop in interest rate. Nevertheless, SFMI recorded KRW 19.55 trillion in direct premiums written (non-consolidated basis) in 2020 and KRW 766.8 billion in net profit (non-consolidated basis), significantly improving profitability compared to last year. Moreover, we have been maintaining the highest level of capital strength in the industry, recording a Risk-Based Capital (RBC) ratio of 301%, and received an “AA-, Stable” rating and an “A++, Stable” rating from global credit rating agencies, S&P and A.M Best, respectively, proving our financial soundness. We are also preparing for the company’s future growth by establishing a joint venture with China’s Tencent and making additional equity investments in the UK’s Canopus of Lloyd’s of London. We have also established a sizable group (Digital Headquarters) dedicated to swiftly responding to the fast-changing digital environment.

## Major Performances

Direct premiums written amounted to KRW 19.55 trillion in the 2020 fiscal year on a non-consolidated basis, up 3.8% year-on-year. Net premiums earned also increased 2.4% to KRW 18.44 trillion. However, underwriting income suffered a deficit of KRW 820.2 billion, whereas investment income posted KRW 1.95 trillion, resulting in a 25.9% year-on-year increase of net profit to KRW 766.8 billion. In accordance with the mid-term dividend policy of gradually increasing the dividend payout ratio to 50% over three years until 2021, we raised the dividend payout ratio to 49.4% in 2020 and set cash dividend per share at KRW 8,800.

## Summarized Income Statement

(Unit: KRW 100 million)

	2019	2020	Change [%]
Direct premiums written	188,393	195,485	3.8
Net premiums earned	180,032	184,401	2.4
Underwriting income	-10,765	-8,202	N/A
Investment income	19,909	19,523	-1.9
Operating profit	9,144	11,321	23.8
Non-operating profit	-954	-832	N/A
Earnings before tax	8,190	10,489	28.1
Net Profit	6,092	7,668	25.9

# Business Result

## Results by Business Line

Direct premiums written in long-term insurance amounted to KRW 12.21 trillion. SFMI is focused on expanding the sales of new contracts in protection-type insurance, such as health and disease. Meanwhile, direct premiums written in auto insurance rose by 12.6% year-on-year to KRW 5.78 trillion, reflecting the effect of the increased rate. The highly profitable Internet channel solidified its position as the key channel by demonstrating continued growth. Direct premiums written in general insurance amounted to KRW 1.55 trillion, up 5.8% year-on-year.

### Direct Premiums Written by Business Line

	2019		2020		Change (%)
	Amount (KRW 100 million)	Proportion (%)	Amount (KRW 100 million)	Proportion (%)	
Long-term	122,387	65.0	122,149	62.5	-0.2
New premiums	2,377	1.3	2,037	1.0	-14.3
Subsequent premiums	120,010	63.7	120,112	61.4	0.1
Auto	51,371	27.3	57,847	29.6	12.6
General	14,635	7.8	15,490	7.9	5.8
<b>Total</b>	<b>188,393</b>	<b>100.0</b>	<b>195,485</b>	<b>100.0</b>	<b>3.8</b>

## Underwriting Efficiency - IFRS

The loss ratio for the 2020 fiscal year stood at 83.4%, down by 1.4%p compared to the previous year. The decrease in the overall loss ratio was mainly driven by the drop in the auto insurance loss ratio. The loss ratio in auto insurance decreased by 5.8%p year-on-year to 85.6%, while the loss ratio of long-term insurance<sup>3)</sup> increased by 2.9%p year-on-year to 87.1% due to the hike in the loss ratio of medical indemnity insurance.

	2019 (%)	2020 (%)	Change (%p)
<b>Loss Ratio</b>	<b>84.8</b>	<b>83.4</b>	<b>-1.4</b>
General	74.2	81.6	7.5
Long-term <sup>1)</sup>	83.6	82.6	-1.0
Auto	91.4	85.6	-5.8
<b>Expense Ratio<sup>2)</sup></b>	<b>21.2</b>	<b>21.1</b>	<b>-0.1</b>
General	20.0	18.7	-1.3
Long-term	23.3	24.0	0.8
Auto	16.3	15.2	-1.1
<b>Combined Ratio<sup>4)</sup></b>	<b>106</b>	<b>104.4</b>	<b>-1.5</b>

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

2) Expense ratio: (actual expenses - deferred expenses - reinsurance commission recovered) / Overall retention premiums

3) Long-term insurance risk loss ratio: loss ratio of long-term insurance business excluding savings-type insurance

4) The sum of loss ratio and expense ratio. A ratio of over 100% indicates loss.

## Expense Ratio by Item - IFRS

The expense ratio recorded 21.1%, down 0.1%p from the previous year. The expense ratio for auto insurance decreased by 1.1% year-on-year to 15.2% thanks to the increased sales via direct sales channels, and the long-term expense ratio increased by 0.7%p year-on-year to 24.0%.

	2019 (%)	2020 (%)	Change (%p)
Personnel Expenses	2.9	3.0	0.2
Selling and Administrative Expenses	12.8	12.6	-0.2
Maintenance Expenses	6.4	6.2	-0.1
Expenses Recovered	-0.8	-0.8	0.1
<b>Total</b>	<b>21.2</b>	<b>21.1</b>	<b>-0.1</b>

## Investment Profit

SFMI's investment profit recorded KRW 1.95 trillion, down 1.9% year-on-year. Despite the drop in the market interest rate due to the global economic slowdown, SFMI has been curbing the drop in investment profit by increasing investment in dividend-type assets such as alternative investment and PEF.

	2019		2020		Change (%)	
	Profit(KRW 100 million)	Rate of Return (%)	Profit(KRW 100 million)	Rate of Return (%)	Profit (%)	Rate of Return (%p)
Cash/Deposits	185	1.3	109	0.7	-40.9	-0.5
Stocks	2,739	3.5	2,908	2.7	6.2	-0.9
Bonds	9,397	3	8,691	2.8	-7.5	-0.2
Loans	7,733	3.4	7,467	3.1	-3.4	-0.3
Securities in Foreign Currency	1,182	3.1	1,676	3.7	41.7	0.6
Real Estate	87	1.1	80	1.1	-7.3	0.0
Investment Administration Expenses	1,414		1,408		-0.4	
<b>Total</b>	<b>19,909</b>	<b>2.9</b>	<b>19,523</b>	<b>2.7</b>	<b>-1.9</b>	<b>-0.3</b>

## ESG Investment

When it comes to making decisions on corporate investment, SFMI strictly applies the principles of Socially Responsible Investment (SRI) that consider the corporation's financial performances, as well as social and environmental achievements. We carry out thorough negative screenings when making investment decisions to avoid speculative investment and align them with the public interest. In 2020, our ESG investment amounted to approximately KRW 3.54 trillion. Among them, KRW 2.27 trillion was invested in new and renewable energy projects, such as solar energy, wind energy, and fuel cells, and environmental projects for clean water treatment, and the remaining KRW 1.26 trillion was invested in ESG bonds issued by public enterprises and corporations. To take part in the government's Green New Deal policy and "Renewable Energy 3020" initiative, and boost investments and loans for new and renewable energy, we not only investigate, analyze, and evaluate natural disaster risks during construction and operation in collaboration with the GLCC (Global Loss Control Center, formerly known as the Disaster Prevention Research Center)—an in-house expert

group—but also invite solar and wind power experts to regular seminars to enhance understanding of the new and renewable energy field. Through these efforts, these efforts, our goal is to expand ESG investment to KRW 10.5 trillion by 2030, based on committed amounts.

## ESG Underwriting

SFMI has a decision-making system that considers ESG risks in underwriting in order to manage potential risks and seek stable profit. We have ESG-related instructions within the underwriting guidelines, and they are being applied to the examination of corporate general insurances. The ESG-related guidelines prohibit underwriting from inappropriate policyholders and the insured regarding the environment, society, and governance, such as insurances for the construction or operation of coal-fired power plants or companies that violated human rights or engaged in unethical conduct. The detailed list is reviewed and managed by the ESG Committee.

## ESG Investment Performance

(Unit: projects, KRW 100 million)

	2018		2019		2020	
	Project	Investment Scale	Project	Investment Scale	Project	Investment Scale <sup>1)</sup>
New and renewable energy/ Water treatment	57	18,300	66	21,609	76	22,737
ESG bonds	-	-	47	5,515	118	12,641
<b>Total</b>	<b>57</b>	<b>18,300</b>	<b>113</b>	<b>27,124</b>	<b>194</b>	<b>35,378</b>

1) Investment Scale: The figures for new and renewable energy and water treatment are based on the committed amount, and the figures for ESG bonds is based on the market value.

# Financial Position

## Overview

As of the end of December 2020, operating assets stood at KRW 77.38 trillion, up 8.4% compared to the end of the previous fiscal year. Under the ALM principles, SFMI invests 82% of its operating asset in stable interest income assets such as bonds and loans. In preparation for the introduction of the IFRS and K-ICS, SFMI is improving the matching rate of duration between asset and liability by investing in long-term bonds while striving to secure profitability by expanding high-yield credit assets against bonds.

## Summarized Financial Position

(Unit: KRW 100 million)

	2019	2020	Change [%]
Operating assets	713,915	773,751	8.4
Cash and deposits	12,991	16,665	28.3
Stocks	96,071	125,557	30.7
Bonds	317,982	317,397	-0.2
Loans	234,572	258,308	10.1
Securities in foreign currency	44,689	48,612	8.8
Real estate	7,609	7,212	-5.2
Non-operating assets	130,454	143,459	10.0
<b>Total assets</b>	<b>844,369</b>	<b>917,210</b>	<b>8.6</b>
Policy reserve	578,664	595,655	2.9
Other liabilities	40,371	47,392	17.4
Separate account liabilities	83,260	111,785	34.3
<b>Total liabilities</b>	<b>702,295</b>	<b>754,832</b>	<b>7.5</b>
Total shareholders' equity	142,074	162,378	14.3
Reserve for contingencies	22,326	23,485	5.2
<b>Total liabilities and shareholders' equity</b>	<b>844,369</b>	<b>917,210</b>	<b>8.6</b>

## Securities Status

As of the end of the 2020 fiscal year, our total securities assets, including stocks, bonds, and securities in foreign currency, stood at KRW 49.16 trillion, up 7.2% year-on-year. Stocks were valued at KRW 12.56 trillion, up 30.7% year-on-year, thanks to the gains on valuation led by the rise in stock prices at home and abroad. We hold bonds valued at KRW 31.74 trillion, down 0.2% from the previous year due to the expansion of credit assets in response to the low interest rate. Securities in foreign currencies increased by 8.8% year-on-year to KRW 4.86 trillion as a result of expanding investment to improve profitability against domestic bonds while carrying out risk management efforts, such as diversifying currency portfolios.

## Securities in Detail

[Unit: KRW 100 million]

	2019	2020	Change (%)
Stocks	96,071	125,557	30.7
Held-for-trade securities	-	-	-
Available-for-sale securities	81,378	104,727	28.7
Investments in associates and subsidiaries	14,693	20,830	41.8
Bonds	317,982	317,397	-0.2
Held-for-trade securities	6,256	10,687	70.8
Available-for-sale securities	310,391	305,369	-1.6
Held-to-maturity securities	1,335	1,341	0.5
Securities in foreign currencies	44,689	48,612	8.8
Held-for-trade securities	-	-	-
Available-for-sale securities	44,689	48,612	8.8
Held-to-maturity securities	-	-	-
<b>Total</b>	<b>458,742</b>	<b>491,566</b>	<b>7.2</b>

## Loans and Asset Quality Classification

SFMI's loans grew 10.1% compared to the end of the previous fiscal year to KRW 25.75 trillion. Total household loans increased 4.8% year-on-year to KRW 14.10 trillion. Collateral loans increased 8.0% from the previous year, and the increase was bigger than that of last year due to the increase in apartment house transaction volume. Insurance loans and credit loans decreased 1.8% and 1.9% year-on-year, respectively. Corporate loans grew 17.3% year-on-year as we continued to identify projects in new fields, such as new and renewable energy. SFMI's loan asset quality is one of the best in the financial industry, with the delinquency rate at 0.06% and NPL at 0.04%.

## Breakdown of Loan Assets

[Unit: KRW 100 million, %]

	2019. 12		2020. 12		Change (%)
	Amount	Percentage	Amount	Percentage	
Household loan	134,526	57.5	141,026	54.8	4.8
Collateral	91,305	39.0	98,597	38.3	8.0
Insurance contract	41,196	17.6	40,443	15.7	-1.8
Credit	2,025	0.9	1,986	0.8	-1.9
Corporate loan	99,311	42.5	116,520	45.2	17.3
Collateral	99,271	42.5	116,120	45.1	17.0
Credit	40	-	400	0.2	900.0
<b>Total</b>	<b>233,827</b>	<b>100.0</b>	<b>257,546</b>	<b>100.0</b>	<b>10.1</b>



## Loan Asset Quality

[Unit: KRW 100 million, %]

	2019. 12	2020. 12	Change (%)
Total loan assets	256,995	290,068	12.9
Normal	256,804	289,889	12.9
Precautionary	111	74	-33.3
Substandard	60	85	43.0
Doubtful	9	8	-16.8
Estimated loss	11	12	11.0
Non-performing loan (NPL)	80	105	31.7
NPL ratio	0.03	0.04	16.7
NPL coverage ratio	2,699	2,243	-16.9
Delinquency rate	0.08	0.06	-27.9
Household	0.2	0.16	-13.8
Corporate	0.0	0.0	0.0

## ALM (Asset Liability Management) Status

As of the end of the 2020 fiscal year, the asset-liability spread margin stood at 29bp, down 5bp year-on-year. Our asset carry yield fell by 18bp year-on-year to 2.94% due to the low interest rate. The interest on liability, which lags behind the market interest rate through the disclosed interest rate adjustment, fell by 13bp to 2.65%.

SFMI manages the spread margin by establishing an asset investment strategy under ALM matching and continuously adjusting the disclosed interest rate. Also, as of the end of 2020, the duration matching rate between asset and liability stood at 83.7% as we strived to maintain stable revenue in preparation for the market interest rate change.

## ALM Status of Long-term Insurance

[Unit: KRW 100 million, %, %p]

	2019			2020			Change (%)		
	Amount	Spread	Duration <sup>4)</sup>	Amount	Spread	Duration	Amount	Spread	Duration
Assets <sup>1)</sup>	522,518	3.12	7.3	521,283	2.94	7.2	-0.2	-0.18	-0.1
Liabilities <sup>2)</sup>	470,836	2.78	8.6	475,893	2.65	8.6	1.1	-0.13	0.0
Difference <sup>3)</sup>	51,682	0.34	84.9	45,390	0.29	83.7		-0.05	-0.1

1) AUM in long-term insurance special accounts

2) Policy reserves + unearned premium reserves – cancellation benefits

3) Duration gap refers to the matching rate of asset-liability durations

4) Internal criteria (real interest rate) duration (1.7% in 2019 and 1.7% in 2020 for 10-year treasury bonds)

## Issue 02 | Customer Value

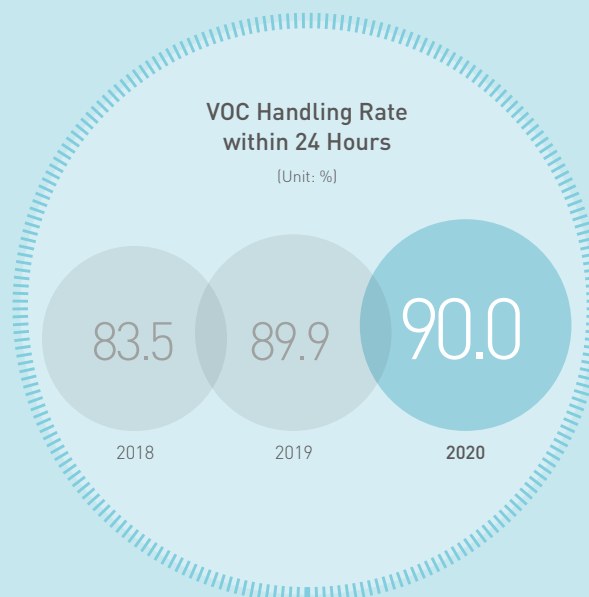
# Customer Value

One of SFMI's core principles in customer service is to address customers' needs "as if they were our own." By making constant improvements to offer greater convenience, deepen understanding of our customers, and provide lifetime services, we have been recognized for creating one of the best customer values in the industry.

### KEY STRATEGIES



### KEY PERFORMANCE INDICATOR



1) Ranked No.1 for the 20<sup>th</sup> consecutive year

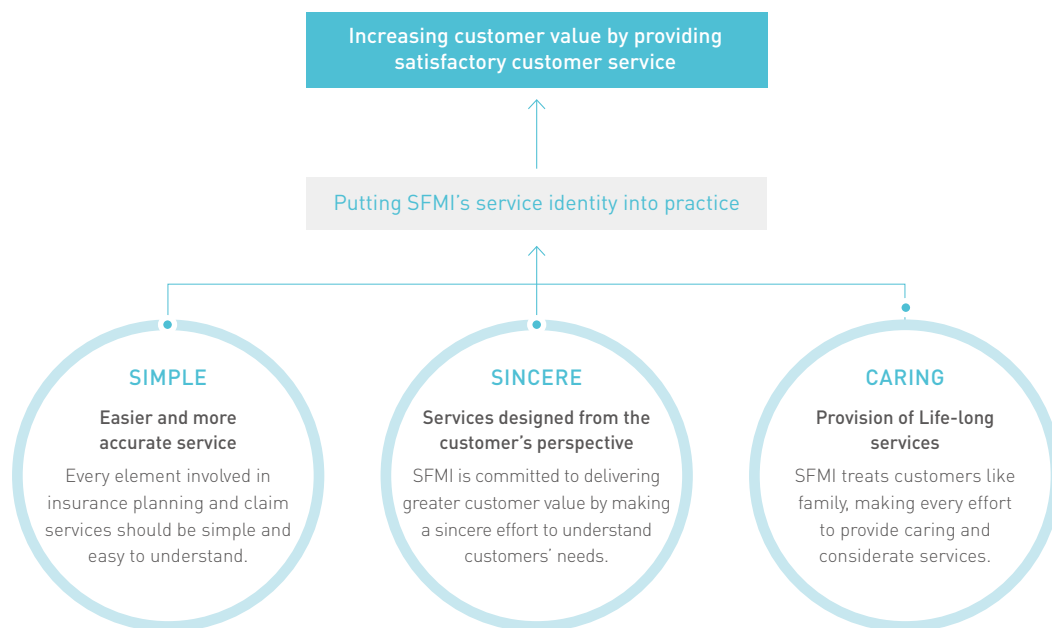
# Financial Consumer Protection System

## Charter of Customer Service

In providing services to customers, we will handle the matters “as if they were our own” to offer a reliable and satisfying experience. We will always keep in mind that our top priority lies in gaining customers’ trust and do our best to deliver the highest values to our customers with sincerity and kindness.

1. We will listen to customers’ opinions with an open mind and honor our promises.
2. We will always think of customers’ businesses like our own and provide the best service with kindness.
3. We will enhance customer value by understanding customers and providing them with the 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.

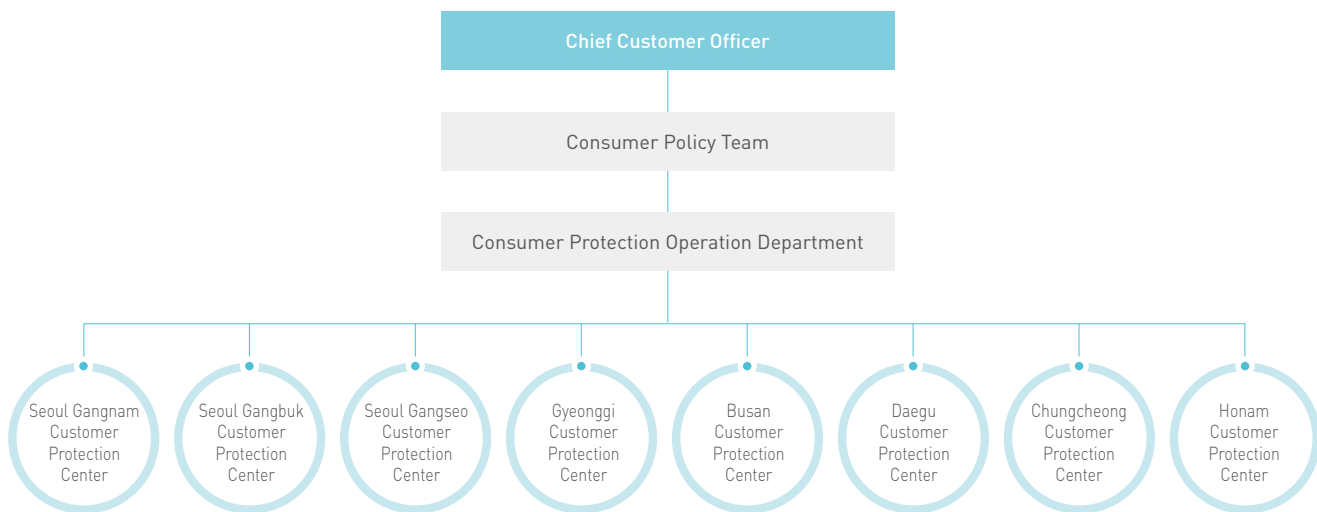
## Service Identity



## Organizational Chart for Customer Protection

To implement customer-oriented management in a proactively, SFMI appointed the Chief Customer Officer (CCO) under the CEO and assigned the Consumer Policy Team as the department in charge. To ensure fairness, objectivity, and expertise in deliberating disputes 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 eight metropolitan areas across the country to swiftly address customer complaints on-site and dispatched professionals with rich experiences in the sales and claiming process. Furthermore, SFMI operates the Customer Panel and Consumer Protection Committee to improve our service quality.

### Organizational Chart for Customer Protection



# Consumer Protection Activities

## Service Academy

SFMI operates the "Service Academy" to help employees and Risk Consultants (RCs) protect financial consumers and practice customer-centered management. The Academy is under the Customer Policy Team, and it is an organization dedicated to providing education and training. The Academy contributes to developing satisfactory customer service and provides customized CS training to promote the practice of customer-centered services on site. It also works toward improving the fundamentals of employees' engagement in customer service. As customer contact points are becoming more important in insurance purchase and claim requests, the Academy develops and provides education programs to enhance customer satisfaction. Going forward, SFMI will continue to provide the best customer service that is of no match through the Service Academy and prioritize customers in all of its work.

## Customer Rights Protection Committee

Through the Customer Rights Protection Committee consisting of six external experts, including professors, lawyers, and doctors, SFMI settles insurance disputes that are delicate and complicated to handle. Based on objectivity and expertise, this process ensures a fairer and more reasonable resolution of disputes. Since its establishment in 2009, 117 deliberations have been conducted, and the results are recorded and shared with field employees. We endeavor to prevent customer complaints in advance and strengthen remedial measures. On top of settling disputes, we also provide insights for our employees to improve their awareness of customer protection, and we thereby practice customer-centered management based on customer rights protection.

## Consumer Protection Committee

The "Consumer Protection Committee" was established in 2014 to improve the systems and practices that customers deem unreasonable. Executives in charge of sales, claim settlement, and insurance products participate in the Committee, and a total of 42 rounds of meetings have been held until 2020. The Committee strives to improve customer service quality and satisfaction by holding discussions and making improvements aimed at preventing customer complaints in advance and improving work efficiency.

## Online Consumer Protection Center

In May 2015, SFMI opened the "Consumer Portal" on its website to enable electronic complaints registration and provide useful content such as disclosure of complaints, best practices in consumer protection, financial consumer protection system, and financial information. Following the website's renewal in 2018, the "Consumer Portal" was renamed the "Consumer Protection Center" and was placed on the main page to enhance accessibility. We are committed to strengthening customer rights by making constant improvements, such as introducing the mobile consumer complaints registration system that allows customers to file complaints without logging in.

## Awarding Employees for Best Customer Service and Sharing Best Practices

SFMI operates various award programs such as the Company Foundation Day Award (once a year) and the Best Employee Award (3 times a year) to celebrate employees and partners who have provided outstanding customer service. In addition, SFMI introduces the best customer service practices of on-site employees and shares them with other employees and partners through in-house broadcasting and the intranet to encourage excellent CS activities.

## Financial Consumer Protection Evaluation

The Financial Supervisory Service conducts the "Financial Consumer Protection Evaluation" each year to assess financial companies' level of consumer protection. In 2020, SFMI received the same "Good" rating as 2019, and among Korean non-life insurance companies, only five have been able to make this achievement. Going forward, SFMI will continue to maintain its outstanding consumer protection practice by carrying out various measures aimed at consumer rights protection.

## Preventing and Detecting Insurance Fraud

SFMI operates the "Insurance Fraud Detection System (IFDS)" to prevent and detect insurance fraud. The IFDS uses Big Data that contains various insurance-related information such as insurance contracts, accidents, and benefit payment information. Once accidents are reported, the system calculates the risk of insurance fraud on a real-time basis, and if the score is above the standard, the case is classified as suspicious. SFMI will do its best to protect customers from insurance fraud by sophisticating the IFDS.

## Customer-centered Products & Services

SFMI develops and offers various products and services to provide customers with differentiated experiences. As part of an ongoing effort to enhance customer satisfaction, we recently launched services that assist customers in managing their health, utilizing new digital technologies and our expertise.

### Anyfit Service

Launched in June 2018, Anyfit is a wellness service provided in partnership with the Samsung Health app of Samsung Electronics. The service provides customers with reward points whenever they achieve an exercise goal related to walking, running, or mountain climbing. Reward points are accumulated based on the extent to which a customer achieves daily exercise targets, and more points can be earned through attendance checks and various events such as health quizzes. Anyfit also offers a "point back" insurance product that gives back a certain percentage of protection-type premiums in points when customers achieve walking goals within a set period. Customers can use the points on Anypoint Mall or can pay premiums, and they can also make donations to "Viva Chamber Ensemble," an orchestra ensemble consisting of musicians with developmental disabilities.

In recognition for an outstanding "digital technology that collects exercise information using Samsung Health" and the "innovative idea of having customers take care of their own health, which is the basis of lifetime asset management," the Anyfit service was awarded the grand prize in the service (insurance) category at the "2019 Hankyung Fintech Award" in September 2019.

In 2020, the "Healthcare Service" category was added to provide services in collaboration with affiliates, such as health risk analysis, mental health checkup, diabetes care, osteoporosis care, disease finder, hospital & pharmacy finder, general hospital appointment, and health checkup appointment, on top of the exercise category including walking, running and mountain climbing, providing greater convenience and healthcare support for customers. As a result of the customer-centered healthcare policy, as of the end of 2020, the number of subscribers increased to 330,000.

### MyHealthNote

"MyHealthNote," launched in January 2018, is a mobile app-based healthcare service for diabetic patients among SFMI long-term insurance policyholders. Users can input their blood sugar, diet, and exercise information into the MyHealthNote app, and health managers provide counseling to improve the users' living habits. MyHealthNote also provides useful health information on different themes related to diabetes, such as nutrition, weight, stress, and sleep management, so that diabetic patients can better understand their disease and manage their own health.

In recognition of its innovative and excellent healthcare service for diabetic patients among insurance policyholders, MyHealthNote received the InsurTech Innovation Award at Herald Business Insurance Grand Prize in October 2018 and the Excellence Award in the finance category at the Korea Mobile Award in November 2018. In 2019, SFMI developed a simpler version of MyHealthNote and added the service to certain group insurance products. As of the end of 2020, the number of subscribers increased to around 8,600, and going forward, SFMI will continue to receive feedback from app users to improve the service and assist customers in health management.

### Business Consulting

SFMI's Business Consulting is the industry's first fire insurance-specialized consulting service. The service analyzes potential fire risks present in customers' establishments, such as stores or plants, and suggests optimal protection plans based on the fire insurance they subscribed to. Our Business Consulting includes fire risk analysis for establishments, expected charge-off effect following the purchase of fire insurance, and consulting suggestions that present the optimal protection plan based on the analysis results. First, the building structure and level of deterioration are checked using the building register based on the establishment's address, and the fire risk analysis results of the building and business type are presented after conducting a simple survey on fire prevention practices. The service also offers guidelines for calculating the value of the building while helping customers confirm whether fire insurance is mandatory for their establishments. Based on these analysis results, we also provide a service where customers can receive insurance planning with the click of a button.

## Consultation System for Disease Risk Analysis

In August 2018, SFMI obtained a patent for the "Disease Risk Analysis" consultation system, which informs customers of expected diseases when they input their health information (Patent Registration Name: Disease Prediction and Consulting System). This system was built in 2015 for the first time in the insurance industry after a year of research involving medical experts at Gangbuk Samsung Hospital and SFMI. When customers input information on individual health conditions, including physical information, living habits, and diseases suffered by immediate family members, the system provides information on the diseases the individual should look out for and suggests insurance products that can serve as a safeguard. The system can easily be accessed through SFMI Risk Consultants (RCs) after authenticating oneself via text messages. SFMI will continue to make efforts to provide a wide variety of insurance products and services that meet customers' needs.

## Mobile Product Information Platform "Propose"

In January 2018, SFMI launched "Propose," a mobile product information platform that describes the necessity and characteristics of insurance products. The platform is divided into four sections with the themes of "Long and Healthy Life," "Little and Often Fills the Purse," "Safety for You and I," and "Useful to Know," offering informative content catered to the needs of customers with different lifestyles. As an increasing number of customers are using the Internet on mobile devices, the content consists of easy-to-read card news and infographics to enhance accessibility to insurance products.

## Insurance Terms Improvement Task Force

SFMI operates the "Insurance Terms Improvement Task Force" that prevents incomplete sales by revising insurance terms to enhance customers' understanding. The Task Force consists of working-level employees from the long-term insurance business line, and instead of thinking about ways to address complaints after they have been filed, they work with an "upstream" mindset, focusing on identifying and addressing

the fundamental cause of the problem. The Task Force has been contributing to the prevention of unnecessary disputes with customers by improving the insurance terms. So far, the Task Force has revised 70 types of terms and made sure consumers understand them better.

## Care Center for Imported Cars

To make sure customers can repair imported cars at a reasonable price, SFMI operates the Care Center for Imported Cars, where experts check the vehicle's condition and offer advice on the best repair methods and scope. Starting with the Gangbuk center, located in Seongsu-dong, Seoul, in September 2011, a total of 17 centers are currently in operation: 9 in the Seoul Metropolitan Area (Gangbuk, Gangnam, Gangseo, Bundang, Anyang, Ilsan, Suwon, Incheon, and Yongsan) and 8 major cities (Daejeon, Cheonan, Cheongju, Jeonju, Gwangju, Daegu, Busan, and Changwon). In addition, we launched the "Online Care Center for Imported Cars" in 2018 for the first time in Korea to assist customers who cannot visit the center in person. The Center has allowed customers to receive the service regardless of where they are. On top of the vehicle repair quoting service, the Center provides vehicle pick-up, simple damage repair, and electronic device examination services for free, contributing to the high level of customer satisfaction.

## Web Accessibility Certification

On January 7, 2013, SFMI became the first Korean insurance company to obtain the "WA Quality Certification Mark" granted by WebWatch, a tech social enterprise, and a state-registered web accessibility quality certification agency, and the certification was renewed in 2020. Web accessibility quality certification mark is awarded to websites that ensure equal access to persons with disabilities, senior citizens, or other marginalized groups.

## IT Infrastructure-based Services

SFMI provides stable insurance services and promotes constant innovation in management by using information technologies that reflect the latest digital trend. Our IT system connects the overall business process, including insurance products, contracts, and administrative management, organically and enables a swift and accurate service provision. Moreover, by utilizing the IT-based environment, we have built a structure where different services offered to customers can be handled within a single system. With abundant customer and business-related data and know-how, a robust IT system, and the adoption of new technologies such as AI and Big Data, we strive to provide a more customer-friendly and rich experience that differentiates us from our competitors.

### Enterprise IT System

SFMI's IT system enables the real-time monitoring of all business processes and supports stable business operations. In 2020, the system provided thorough support for overall business activities despite the COVID-19 pandemic and made sure there were no gaps in business operation. We also improved system operation efficiency and upgraded the IT infrastructure to make timely responses to the launch and upgrade of insurance products and the changes in the market and relevant regulations. In addition, we successfully carried out strategic projects, such as improving the sales system to enhance competitiveness in the GA market and refined the review and claims business for each insurance type, which strengthened our competitiveness in core business areas.

In 2021, we plan to secure competitiveness in future information technology by ensuring a smooth operation of the system to maintain market dominance even in the changing environment, rapidly translating business requirements into systems, and researching digital technologies in order to apply them to where they are most needed.

In terms of "enhancing IT operation stability," we aim to manage the quality of the IT infrastructure by preventing system failures and their recurrences, thereby strengthening the IT operation management system and replace old IT infrastructure based on a roadmap that considers the system's impact and cost-efficiency. We will also reinforce the IT governance in accordance with the new financial supervisory rules to enhance the level of internal control and promote IT performance-based investment management.

In terms of "securing IT competitiveness," we will expand the adoption of new digital technologies, such as AI, based on a sound IT infrastructure to digitalize the entire business

process, increase the use of Big Data platform and support new businesses with digital platforms. The modernization of the legacy system's IT-based technology structure will also be carried out stage by stage from 2020 to improve operational efficiency and processing speed and provide a more convenient configuration by utilizing new technologies. We also plan to upgrade the virtual work environment (VDI, teleconferencing, etc.) and enhance the competency of the IT personnel.

### Customer Contact System

In response to the use of smart devices and a growing preference for virtual communication, SFMI provides various mobile services. From contract signing to claim request, tablet PCs and smartphones are being widely used, and insurance subscriptions, accident investigations, and benefit payments are carried out on a real-time basis to provide greater convenience for customers. SFMI was the first in the industry to launch a mobile website and receive e-signatures, and we provide an app where customers' inquiries are handled and services ranging from contract change to accident report, loan application, and certificate application are offered. As part of the effort to provide customer-centered services, we conduct various analyses on customers' insurance using the mobile system and make sure customers understand the details easily. In addition, we are constantly upgrading the mobile experience and content to offer greater convenience and novel experiences.

In 2020, the customer self-handling system on our website was expanded to cover contract, claim, and loan processes, and by diversifying "Smart Link"-based services, we provided greater convenience for consumers in the online environment. Call centers have been equipped with the latest IT infrastructure, raising both the work efficiency of agents and customer satisfaction. Also, we built an environment where customers can address their issues on mobile devices by launching the digital ARS service.

In 2021, we will continue to improve our system to provide a greater customer experience on virtual platforms, such as the website, Direct platform, and call center. We plan to facilitate communication with customers by adopting new digital technologies such as the TTS in line with the acceleration of digital transformation. "Smart Link" will also be expanded, and we aim to enhance consistency and convenience by strengthening the management system. Various improvement efforts will also be made, such as upgrading the IT-based environment and operating system, so that the provision of customized products and services will take place swiftly on platforms within and outside the company.



## Customer Communication

### Customer Satisfaction Survey

As part of an effort to practice customer-centered management, SFMI conducts customer satisfaction surveys once a year to diagnose the service quality and identify improvements that need to be made. Based on the survey results, we improve the quality of our products and services, as well as management activities. In 2020, SFMI received the No. 1 rating in the customer satisfaction surveys conducted by three major agencies in Korea.

#### Achievements in 2020

National Customer Satisfaction Index (NCSI)  
Korea Productivity Center



78 points (No.1 in the non-life insurance category for the 20<sup>th</sup> consecutive year.)

Korea Customer Satisfaction Index (KCSI)  
Korea Management Association Consulting



86.5 points (No.1 in the auto insurance category for the 23<sup>rd</sup> consecutive year.)  
83.4 points (No.1 in the long-term insurance category for the 10<sup>th</sup> consecutive year.)

Korea Standard-Service Quality Index (KS-SQI)  
Korean Standards Association



76.3 points (No.1 in the auto insurance category for the 19<sup>th</sup> consecutive year.)  
74.7 points (No.1 in the long-term insurance category for the 7<sup>th</sup> consecutive year.)

### Voice of Customer (VOC)

SFMI listens attentively to the grievances and suggestions of customers reported via various channels, including website, postal mail, call centers, and mobile devices, and seeks to rapidly address the issues under the principle of "resolution within 24 hours." We also manage the VOC as a valuable management asset, using the VOC system and analyze the VOC to reflect the raised issues in product development. We also provide CS training for departments or employees who frequently receive complaints, reflecting the VOC in the overall management practice.

#### Rate of VOC Handled within 24 Hours

83.5%

2018

89.9%

2019

90.0%

2020

---

## Customer Panel System

SFMI has been actively operating the “Customer Panel” system since it was launched in 2005 for the first time in the non-life insurance industry. The CEO and major executives participate in the Customer Panel meetings, and activities aimed at improving management are carried out based on the panel’s activities and recommendations. 28 rounds of meetings have been held from 2005 to 2020, and 840 tasks have been completed. The Customer Panel presents the result of tasks that have been performed for around four months and shares them with the employees. This has been playing an important role in allowing the company to practice customer-centered management. Meanwhile, as an increasing number of senior customers are having trouble in financial transactions due to rapid digitization, we introduced the “Senior Customer Panel” system for the first time in the industry, involving customers 60 and older. With the Panel in place, we plan to conduct further research into ways to provide greater convenience for senior customers.

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## Social Media Communication

SFMI has been operating a wide variety of social media channels. Currently, three online PR channels, including YouTube, Facebook, and Instagram, are in operation, where active communication with social media fans is taking place. In particular, we are communicating with 580,000 (as of the end of 2020) Facebook users, which is the biggest number in the insurance industry, and by developing communication strategies that fit the characteristics and trends of each social media channel, we will continue to engage in communication across generations. Going forward, SFMI will go beyond securing the number one spot in the insurance industry and promote a friendly image by engaging in customer-centered communication.

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### Major Official Social Media Channels



- SFMI YouTube

<https://www.youtube.com/user/SamsungfireTalk>



- SFMI Facebook

<https://www.facebook.com/samsungfiretalk>



- SFMI Instagram

<https://www.instagram.com/samsungfiretalk/>

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## Brand Communication

### Brand Management: Leading Change and Innovation for Customers

By clearly defining the role of the brand in promoting products, services, and business activities and managing it in a systematic manner, SFMI is increasing its future value.

#### “Good Insurance”: Representing SFMI’s Sincerity

SFMI’s brand philosophy, “Good Insurance,” represents insurance that is committed to its proper role of being the guardian of customers against every concern in the world and the motivation to march toward a brighter and hopeful

world. “Good Insurance” is built on four core values. SFMI’s brand symbol “*Dangsinui Bom* (Your Spring)” is derived from the brand philosophy “Good Insurance,” and it has two meanings: the attitude of looking out for the anxieties and concerns of customers and a hopeful spring that has been brought by confronting the instability of the world, which is represented by the word “bom,” meaning both “seeing” and “spring” in Korean. SFMI pledges to usher in spring for customers and the world by committing ourselves to the philosophy of “Good Insurance.”

## Core Brand Values

### PRINCIPLE

A warm heart that cares for customers

- A warm heart that puts people first
- An attitude of putting customers’ needs first
- A sincere heart that neither lies nor deceives



### PRINCIPLE

Caring and understanding customers

- Understanding and paying attention to the thoughts and actions of customers
- Analyzing the situations and lives of customers
- Continuous learning to actively respond to the changing market

### PRINCIPLE

Heartfelt consideration for customers

- Easy-to-use and convenient product
- Easy-to-use and prompt services
- Always within reach



### PRINCIPLE

A change for the better with customers

- A reliable partner that enriches customers’ lives
- A motivation to dream of a hopeful today and tomorrow
- The power that makes the world a better and richer place

# Customer Information Protection

## Information Protection Management System

To ensure strict and rigorous 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 consisting of major executives. Moreover, the IT Information Protection Committee involving departments related to IT and security control, such as the IT Security Department, Information Protection Department, and Information Planning Department, gathers regularly to establish and monitor the implementation of security policies in order to protect customer information in the best way possible. The information security-related policies and systems are audited each year by the Financial Security Institute. Meanwhile, SFMI has been maintaining the ISMS (Information Security Management System) certification granted by the Ministry of Science and ICT (formerly known as the Ministry of Science, ICT and Future Planning) in 2014.

## Information Protection Activities

SFMI has been conducting regular security inspections through the security department, strengthening security rules, encrypting customer database, operating the information protection system, conducting an all year round 24/7 cyber monitoring, operating the intranet and the Internet separately, providing online and offline security

training, and conducting mock hacking and simulated training against malicious code infection. These activities have contributed to raising employees' awareness of information protection and addressing vulnerabilities. In addition, we have been strengthening internal control for all business lines and subsidiaries in terms of the processing and management of personal information (collection, use, destruction, etc.) and disclosed the policy to ensure customer information protection. We disclose customers' rights to the access, correction, and deletion of personal information on customer rights notice.

In 2021, we plan to carry out various projects and educational programs to improve information security awareness. We have also been conducting a rigorous oversight on security management by establishing a separate security control system to help both employees and outsourced partners safely manage the information of our customers. As a result of these efforts, there has been no leakage of information. We will continue to safely manage the personal information of customers in accordance with relevant laws such as the Personal Information Protection Act to preempt a single leakage.

## Information Protection Education

In order to improve the employees' awareness of information security and personal information protection, SFMI provides an education program titled "Understanding Information Security and Personal Information Protection" for all employees, including contract workers.

Mandatory Education on Understanding  
Information Security and Personal  
Information Protection in 2020

6 hours

Duration of the education  
program per person

5,934 persons

Participants

## Information Protection Certification

### Certified as Excellent Website in Terms of Personal Information Protection (ePRIVACY PLUS)

In 2000, SFMI's website was certified as an excellent website by the Korea Association for ICT Promotion during the first round of certification. After becoming the only Korean insurance company to receive the certification, SFMI has been renewing the certification every year. ePRIVACY PLUS is a mark granted to outstanding websites that have surpassed comprehensive and quantitative examination standards regarding the level of personal information protection and the physical and management protection of the system that processes personal information.

## Acquired Data Quality Certification-M (DQC-M) Level 4

SFMI is the first in Korea to acquire the "Data Quality Certification-M Level 4" certification from the Korea Data Agency under the Ministry of Science and ICT. Data Quality Certification is granted to public institutions or private corporations based on a comprehensive examination of the level of information system management. Two companies acquired the "Level 4" certification, and nine companies acquired the "Level 3" certification. SFMI is the only private corporation that received the "Level 4" certification, which is the highest level in Korea.

Issue 03 | Employee Value

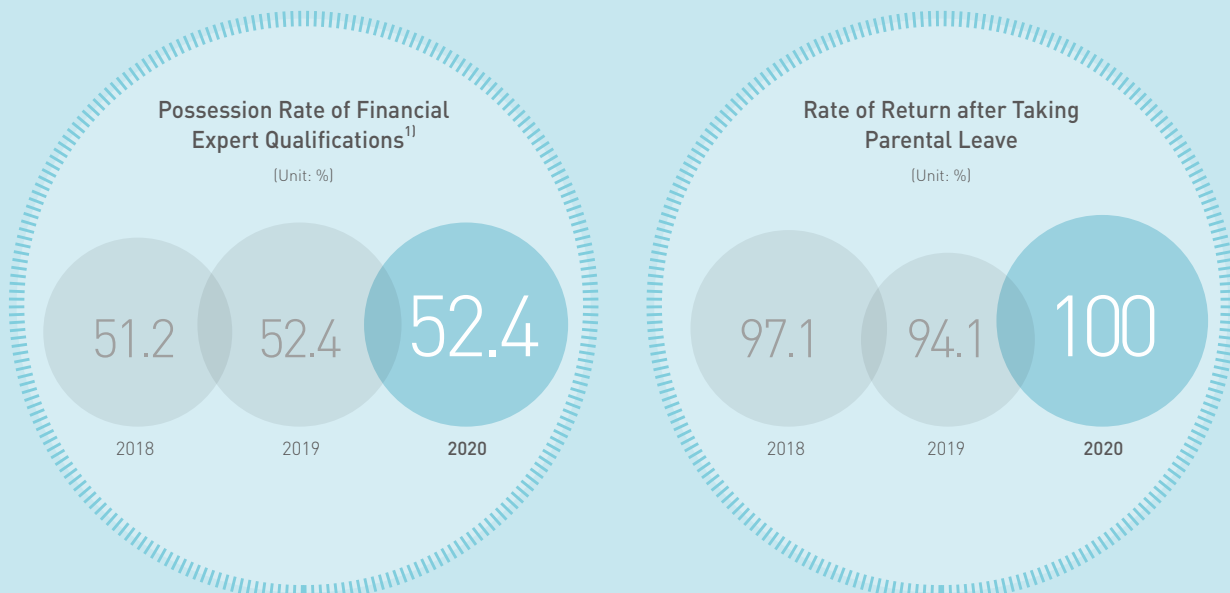
# Employee Value

Recognizing employees as a key asset for enhancing competitiveness, SFMI strives to secure talent and runs systematic talent development programs. We increase employee value by creating a corporate culture that makes the company a good place to work.

## KEY STRATEGIES



## KEY PERFORMANCE INDICATOR



1) 15 domestic qualifications (AFPK, claim adjuster, insurance examiner, etc.), 20 foreign qualifications (CPCU, Associate, CISA, etc.)

# Securing Talent

## Open Recruitment

SFMI has been operating the blind recruitment system for the past three years to ensure our recruitment process is fair, transparent, and open to anyone. Going forward, we will continue with our recruitment policy based on fairness and integrity.

We made efforts every month to support the underprivileged, in collaboration with the Korea Employment Agency for Persons with Disabilities and the Ministry of Patriots and Veterans Affairs, and as a result, we currently have 239 employees with disabilities and national veterans. In order to provide job opportunities for job seekers through continuous hiring despite the COVID-19 situation, we introduced an online hiring system for the first time in the company's history and engaged in active hiring. As a result of these efforts, a total of 53 people joined SFMI in 2020.

## Attracting Talent

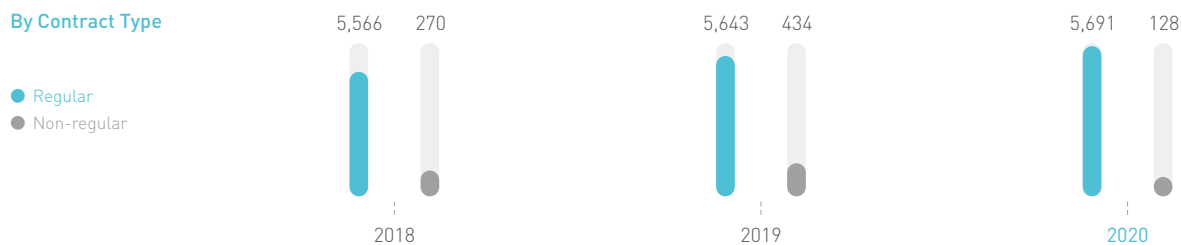
As of the end of 2020, the number of SFMI employees was 5,819, and male and female employees accounted for 55.9% and 44.1%, respectively.

The company operates a variety of HR programs, such as the expansion of selected promotions for high performers and an open job application system to support employees to grow into global financial experts. We also strive to secure diversity, with the employment rate of people with disabilities and national veterans standing at 2.5% and 1.6%, respectively, and the share of female managers was 16.1%. In 2021, we will continue to expand the selected promotion of high performers onsite and secure digital, data analysis, and alternative investment experts to prepare for the future and strengthen the competitiveness of our core businesses.

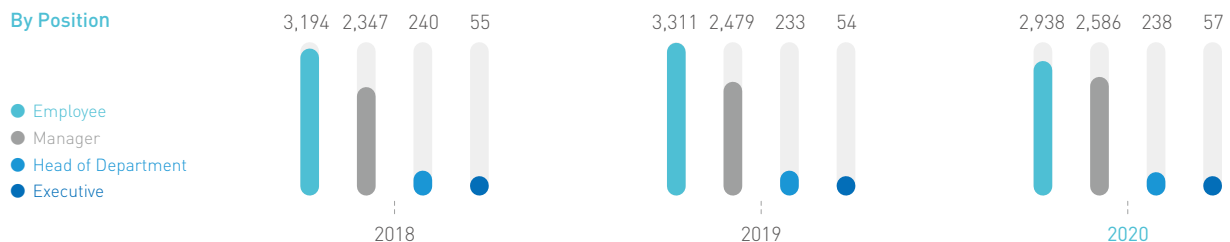
### Employment Status

(Unit: persons)

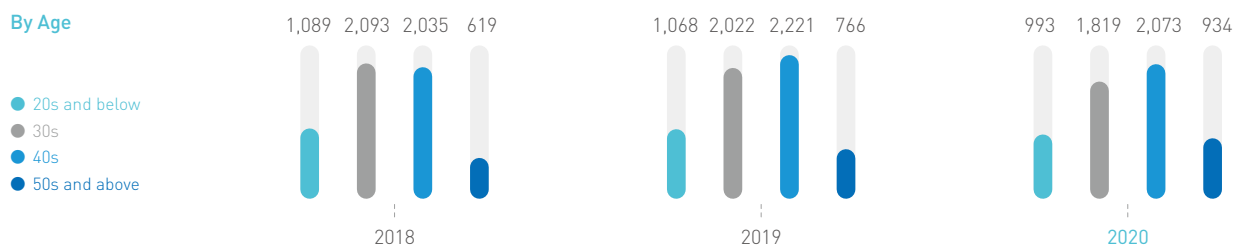
#### By Contract Type



#### By Position



#### By Age



# Evaluation and Compensation

## Performance Evaluation

SFMI conducts target-oriented performance evaluations for all employees. The evaluation considers performance and competency, using a three-step interview system (goals, interim findings, results) to ensure fairness and transparency. The 360-degree (seniors, colleagues, juniors) diagnosis and feedback system on basic, job, and leadership competency are also in place to support employees' competency development. SFMI encourages its employees to grow into global financial experts by conducting systematic performance evaluations.

### Management by Objectives (MBO)



## Compensation

We operate the annual salary system to establish a performance-oriented culture and the profit-sharing program to encourage employees to embrace new challenges. The salary of our new hires with a college degree is higher than the legal minimum, and the median value of salary for employees was KRW 98,996,960 in 2020. Moreover, there is no gender-specific salary gap at SFMI.

## Awards

SFMI operates a wide variety of award programs, such as the Company Foundation Day Award (annual), Best Employee Award (quarterly), and Best Department Award (quarterly), to help employees take pride in their work and grow further. Moreover, medals are awarded to employees who have contributed to the company's sustainable growth in the areas of achievement, innovation, customer satisfaction, Great Workplace (GWP), social contribution, and compliance along with benefits such as prize money and additional points for promotion.

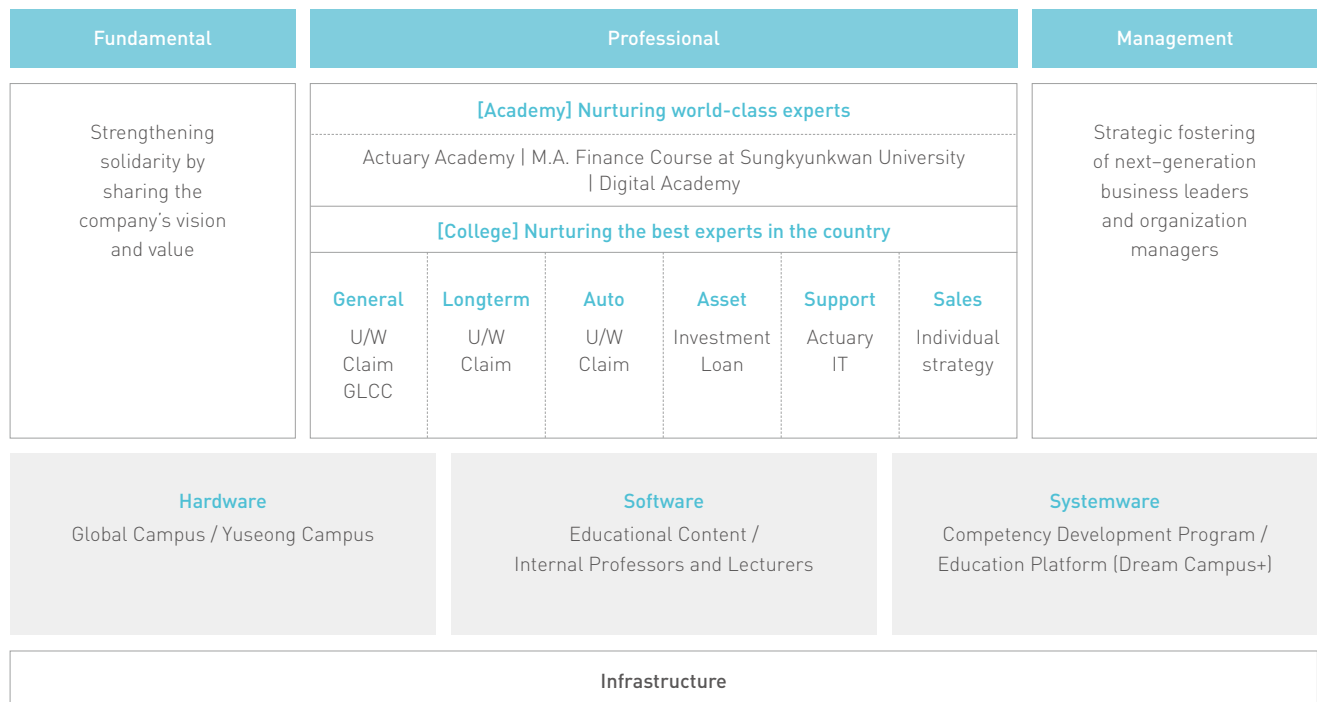


# Employee Competency Development

SFMI operates a talent development system to help our employees grow into the best experts in finance and insurance.

## SFMI University

SFMI operates an in-house university called "SFMI University" to nurture global and digital experts in finance and insurance. To strengthen the employees' job expertise, SFMI offers customized courses for different job levels (beginner, intermediate, advanced) (149 courses in 8 categories provided virtually due to the COVID-19 pandemic) and various support, such as e-learning, support for expert qualification acquisition, and online English classes. To nurture future insurance and financial experts, SFMI also established the Actuary Academy, Digital Academy, and the finance master's program at Sungkyunkwan University, and new courses aimed at strengthening the basic digital competency of all employees, such as the Digital Trend Catchup Course and SFDS Qualification Course have been established. We have an optimal training environment in place at the Global and Yuseong Campus, and by operating the DREAM CAMPUS+, a mobile platform that enables learning and communication anytime and anywhere, employees are given learning support at all times. SFMI has also been operating an internal professor program that encourages employees with expertise in their respective fields to contribute to in-house education by creating learning materials and giving lectures to share their know-how and expert knowledge. As of the end of 2020, a total of 128 employees served as internal professors, and they are eligible for various incentives, such as level-based lecture fees and extra points for promotion.



## Individual Development Plan (IDP)

SFMI has been developing employees' job expertise through the Individual Development Plan (IDP). We support the curation of in-house professional courses (group/camp) and external training courses (group/virtual/e-learning/reading learning, etc.) tailored to each job level and launched the New Competency Development Program that supports employees with competency development in fields outside their jobs.

In 2020, we created the culture of motivated and self-initiated learning by upgrading the IDP into an autonomous competency development program to provide employees with more diverse learning experiences (curated by level).

### Education and Training Status

	2018	2019	2020
IDP participation rate (%)	99.2	99.8	96.5
Number of courses	1,777	1,512	1,367
Annual average education cost per employee (Unit: KRW million)	1.58	1.39	0.81
Annual average education hours per employee (Unit: hours)	105.3	119.1	92.9
Possession rate of financial expert qualifications (%)	51.2	52.4	52.4

## Career-UP Program

SFMI introduced the Career-Up program in 2015 to provide job rotation opportunities for all employees. The system has helped employees develop their careers through extensive experience in diverse jobs and become leaders with a broader perspective on the insurance business. Through the Career-Up program, 30.1%, 23.3%, and 33.8% of applicants were assigned new jobs in 2018, 2019, and 2020, respectively.

## Change-Up Course

Due to the COVID-19 pandemic, we could not run various programs aimed at nurturing global leaders equipped with global business competencies. Thus, we created the Change-Up course to broaden the business perspective of juniors and motivate them to grow, and 40 juniors were selected for the course. Going forward, we plan to enroll more juniors in the course to establish juniors' visions for growth.

## Nurturing Job Experts

### Big Data/Digital Academy

SFMI provided data analysis courses by stage to nurture data analysis personnel, and 120 employees completed the course (70 for introductory course, 45 for basic course, 5 for expert course).

In addition, we created a specialized course aimed at strengthening competencies in data processing, business planning, and process design (Digital Biz Training) to nurture digital business professionals. A total of 12 working-level employees from 8 departments completed the course.

### Actuary Academy

In a bid to foster talented actuaries with international work competency, SFMI has been running an independent master's course in actuarial science in association with Sungkyunkwan University. From March 2017 to February 2020, the courses have been run twice, and 20 employees received the master's degree.

The program has been contributing to the expansion of talent with advanced actuarial capabilities that go on to enroll in a graduate course, participate in overseas seminars and apply for the US actuary examination.

## Master's Course in Finance

SFMI has been operating a master's course in finance at Sungkyunkwan University in partnership with financial subsidiaries of the Samsung Group to foster next-generation leaders equipped with expert knowledge in finance and management capabilities. Since September 2013, 30 employees have completed the course (11 in the first round, 9 in the second round, and 10 in the third session).

## Managing the Effect of Education

To manage the long-term effect of education programs for employees, SFMI conducts quantitative assessments, defining the business profit of each program and measuring their cost-effectiveness.

### 1. Job Training

Program Description	Job training refers to professional training for jobs in general insurance, CPC, auto insurance, individual sales, strategic sales, product actuary, and IT. In 2020, 3,270 employees participated in the program.
Business Profit	Improving employees' work proficiency and expert knowledge has a positive impact on the overall business. The profitability index is considered one of the most important indicators among various measures of impact.

### Quantitative Assessment

Educational Expenses	(Unit: KRW million)	Effect of Education: Operating Profit	(Unit: KRW 100 million)
2018 ---	698	2018 ---	15,206
2019 ---	877	2019 ---	9,144
2020 ---	634	2020 ---	11,321

\* In a survey of executives and employees who participated in job training in 2020, we received 4.8 points (out of 5 points) in terms of the application of the content of training to actual work.

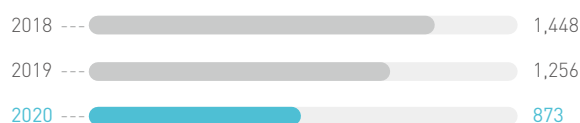
### 2. Global Talent Development

Program Description	In 2020, we could not run various programs aimed at nurturing global leaders equipped with global business capabilities due to the COVID-19 pandemic. Two employees participated in the GVP (Global Venture Program) course (aimed at forming networks to develop new projects and studying insurtech trends).
Business Profit	SFMI carries out overseas reinsurance sales by having the headquarters cooperate with marketing footholds. The employees' language skills and understanding of overseas insurance markets are essential capacities for a successful overseas business.

## Quantitative Assessment

### Educational Expenses

(Unit: KRW million)



### Effect of Education: Overseas Reinsurance Premiums

(Unit: KRW 100 million)



## 3. Mentoring Program

### Program Description

This program helps employees with less experience adapt to the corporate culture and build a long-term career. In 2020, a total of 387 executives and employees participated in the program.

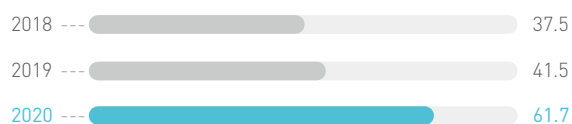
### Business Profit

SFMI believes that successful settlement and career development of executives and employees will lead to a drop in the employee turnover. From the business perspective, this can contribute to cost reduction.

## Quantitative Assessment

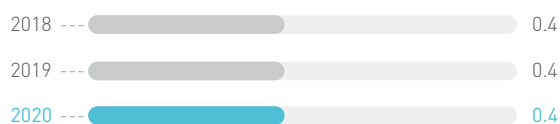
### Education Expense

(Unit: KRW million)



### Effect of Education: Voluntary Turnover Rate

(Unit: %)



# Employee Communication

## Handling Employees' Grievances

SFMI receives employees' complaints and suggestions through various consultation channels and the grievance handling system and strives to address the issues swiftly. The grievances that are reported are kept strictly confidential, and in the case of sexual harassment, female counselors are in charge of handling the issue. In 2020, a total of 70 grievances were settled.

### Grievance Handling Process

#### HR Issues

HR-related complaints on the leave of absence, reinstatement, training evaluation, etc. are received. → The Grievance Handling Committee (consisting of employee and company representatives) resolves the issue. → The results are notified.

#### Sexual Harassment

Reception of Grievances → Counseling and investigation  
→ Correction request and disciplinary action → Protection and remedies for the victims

#### Verbal Violence

Reception of complaints related to verbal abuse, inappropriate comments on physical appearance, and personal insults within or outside working hours → Counseling and investigation → Correction request and disciplinary actions against the violator depending on the facts and the degree of abuse

#### Alcohol-related Issues

Reception of complaints related to being pressured to drink alcoholic beverages at company gatherings → Investigation and corrective measures

## Employee Communication Channel

SFMI believes that two-way communication is the most important value in ensuring the happiness of the company and employees. Thus, we operate various online and offline communication channels, including CEO-Employee meetings during executives' site visits, an online community (SoTongHaeBom), and in-house broadcasting. We also appoint "Dream Supporters" for every department each year to listen to the opinions of every employee regardless of their place of work across the country and actively promote activities aimed at vitalizing the organization. Recently, we carried out the "Employee Vitality-UP Project," in order to restore vitality for the organization, where additional communication programs, such as online gatherings, online school entrance ceremonies, online farewell/welcoming parties, were operated at the company level. To celebrate the 69<sup>th</sup> anniversary of the establishment

of SFMI, we hosted the "SFMI 3.6.9 Quiz Show," where 2,300 employees answered quiz questions proposed by their colleagues online. The event served as a unique communication channel amid the COVID-19 pandemic. "SoTongHaeBom" is an online community platform on the intranet, designed for the communication of employees and Risk Consultants (RCs). The platform provides six menus: "CEO's Live Talk," which delivers the CEO's management philosophy and activities; "News Room," which reports major company news; "Media," which includes in-house broadcasting and video clips on sales and claim settlement training; "Insight & People," which shares useful information for work and the stories of employees and RCs; "Information Plus," and "Event." The platform serves as SFMI's unique communication channel, with the average number of daily visitors at around 4,300 in 2020.

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## Labor-Management Relationship

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SFMI maintains a cooperative labor-management relationship based on harmony and mutual trust and respects the employees' freedom of association. Thus, the Employee Council and labor union were established in March 1988 and March 2020, respectively, and they have been playing a key role in the amicable settlement of collective bargaining agreements, protecting the rights and enhancing the economic status of employees, and the company's development. SFMI respects the autonomy of its labor union and is committed to promoting a mutually beneficial labor-management relationship by communicating with the employees to enhance working conditions and making improvements requested by the employees. Meanwhile, as SFMI became a company with multiple labor unions with a new labor union established in March 2021, a representative labor union was selected, and we have been peacefully negotiating collective bargaining agreements with the said representative. The collective bargaining agreement is applied to all employees except the executives, and the union membership stands at 64% with 3,431 members.

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### Labor Union Status<sup>1)</sup>

3,431 persons  
Number of Labor Union Members

64%  
Labor Union Membership

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1) Labor union membership has been used in place of the proportion of employees subject to the collective bargaining agreement of the Employee Council since 2021.

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# Work-Life Balance

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## Employee Satisfaction Survey

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Every year, SFMI conducts the Samsung Culture Index (SCI) survey, developed by Samsung Economic Research Institute, to create a pleasant workplace. The SCI survey is conducted on all employees each year and consists of 50 questions related to three categories and two influence factors. The comprehensive satisfaction score of the SCI in 2020 marked 80.3 points. The year-on-year increase (3 points) is the highest within the Samsung Group, and we maintained a high score in every category. Based on the SCI survey results, SFMI identifies the necessary improvements and tasks that should be carried out to build a better organizational culture.

## Operating Hobby Clubs

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To encourage mutual communication between employees and improve work-life balance, the Employee Council supports the operation of various hobby clubs. Every SFMI employee can join or start a hobby club, and as of the end of 2020, a total of 131 hobby clubs, including hiking, soccer, tennis, bowling, photography, reading, and meditation clubs, were available (92 in the Seoul Metropolitan Area and 39 in local areas).

## Promotion Celebration Program

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In a bid to congratulate the new beginning of employees who are getting a promotion, SFMI holds an event where the employees are given congratulatory message cards from the CEO and gifts.

## Filial Piety Festival

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SFMI and its employees organize the filial piety festival to inform the parents of SFMI's leading status and deliver heartfelt appreciation.

In 2020, the festival was tentatively postponed because of the COVID-19 pandemic. Once the situation improves, we plan to hold the most memorable event for parents.

## Family Care Leave

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If employees' family members (grandparents, parents, spouse, parents-in-law, children, grandchildren) require care due to sickness, accident, or old age, employees can take family care leave (a minimum of 30 days and a maximum of 90 days per year) or family care vacation (a maximum of ten days per year).

## Subfertility Leave System

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SFMI allows female employees 30 or older to take subfertility leave if they have no children after three or more years of marriage and provides financial support for subfertility treatment.

## Getting Off Work on Time

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SFMI introduced the Home Run System, where PCs are automatically shut down at the end of work hours to encourage employees to get off work on time. This is to prevent employees from having unnecessary overtime work and help them strike a work-life balance. In addition, as part of the flexible working hours system, we have "Core Time Days" twice a month where the employees can work during the core time (10 am to 4 pm) and leave the office.

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## Maternity Protection

SFMI creates a women-friendly corporate culture by running various programs for maternity protection. These include maternity leave before and after childbirth, childcare leave, shorter working hours during pregnancy and childcare period as stipulated in the law, as well as subfertility leave and medical cost support for those preparing for pregnancy, a flexible time system for pregnant women, and hotline for maternity protection.

### Maternity Leave/Childcare Leave

(Unit: persons, %)

	2018	2019	2020
Employees on maternity leave	96	70	78
Rate of return from maternity leave	100	100	96.2 <sup>1)</sup>
Employees on childcare leave (female)	156	151	129
Employees on childcare leave (male)	34	30	26
Rate of return from childcare leave	97.1	94.1	100

1) Three employees left the company during maternity leave (contract expired)

## Daycare Center at Workplace

To make sure working parents can focus on work without concerns, SFMI operated three in-house daycare centers (Seocho I, Seocho II, Seosomoon) for children aged 1 to 5 in 2020.



# Employee Welfare

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

## Selective Benefit System

In 2011, SFMI adopted the selective benefit system, providing employees with annual benefit points they can use on self-development, healthcare, or family gifts, depending on their lifestyle and preferences.

## Life Planning Program

In accordance with the "Act on the Guarantee of Employees' Retirement Benefits," SFMI offers retirement pension plans to make sure employees can have a stable income in their life in retirement.

We established the Financial Career Consulting Center in 2009 to support retired or soon-to-be-retired employees in finding new jobs that will extend their financial career, and we are also the first financial company to offer age-specific life planning courses for employees going on 45, 50, and 54. In 2020, a total of 61 employees received support for

starting a new business or changing jobs, and 13 of them successfully landed a new job. This program has helped employees accept different ways of life to expand their careers and professionalism and gain confidence in their post-retirement life. Since 2018, we have been providing more practical help through one-on-one counseling for soon-to-retire employees or those who need counseling. In 2021, SFMI launched a senior course for employees aged 58, along with the existing life planning program to help them prepare for a post-retirement life after 60.

## Psychotherapy Program

SFMI has been operating the Maeumnuri Counseling Center since 2010 to promote the mental health of employees. The center provides professional counseling for employees, as well as their spouses and children suffering from personal life, childcare, or study-related stress and concerns. In addition, the center has been providing employees with personality and psychological tests through online and offline consultations since 2013, in cooperation with specialized counseling service providers that have branches across the country.

### Major Welfare Benefit Programs in 2020

Leisure	In-house fitness center, vacation for long-tenured employees, leisure facilities
Housing/Life Stability	Company housing, private pension, loans from the in-house labor welfare fund
Healthcare	Medical checkup, group accident insurance
Childbirth/Maternity Protection	In-house daycare centers, lounge for maternity protection, childbirth gifts
Education for Children	School expense assistance, winter English camp, gifts for children entering school
Etc.	Counseling office, marriage support center, 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 consisting of employee representatives (Chair of the Employee Council and three others) and company representatives (Head of the HR Team and three others) every quarter. The Committee discusses and resolves matters, such as plans for the operation of partner hospitals for health checkups and safety inspection plan and result.

### Major Agenda Resolved by the Occupational Safety & Health Committee in 2020

- |  |  |   |
|--|--|---|
| • Plan to change the members of the Occupational Safety & Health Committee | • Result of inspection on facilities prone to fire accidents                     | • Result of safety inspection in the summer season of 2020 in preparation for damage from storm and flood |
| • Plan for the operation of partner hospitals for health checkups          | • Result of inspection concerning the revised Occupational Safety and Health Act | • Safe environment operation plan for 2021  |

## Safety Inspection and Education

To establish a safe working environment, SFMI conducts regular inspections on buildings, electrical facilities, firefighting systems, and elevators and measures air and water quality. Regular training and drills are also being conducted to make sure employees are fully aware of the emergency protocol in the face of accidents or disasters, and safety regulations are broadcasted throughout the company to have the employees be mindful of safety management at all times and prevent accidents. These are the efforts we have been making to increase the safety awareness of our employees.

## Safety Management of Office Buildings

SFMI conducts regular and special checkups on its buildings. These include regular safety inspections against seasonal disasters such as fire, storm, and flood (four times a year) and inspections on old facilities, and training and inspection of chemical substance handlers.

In addition, we have established emergency response protocols in accordance with the "Emergency Preparation and Response Guidelines" to identify emergencies and accidents and make necessary responses based on a thorough assessment of the situation.

In 2020, we disinfected the office building every week or every other week to minimize damage caused by the COVID-19 virus, and when confirmed cases were reported, we shut down the building and carried out disease control measures in close cooperation with the health authorities to minimize the impact.

## Support for Promoting Health

SFMI offers health checkup services to employees and operates fitness centers and the doctor's office.

### Employee Absence, Losses, and Occupational Accidents

(Unit: days, persons, accidents)

	2018	2019	2020
Absent days	281	215	118
Number of absent employees	59	51	47
Lost workdays <sup>1)</sup>	336	-	121
Number of lost employees	5	-	2
Number of occupational accidents	4	-	1

1) Lost workdays: Absence due to illness

## Issue 04 | Supply Chain Value

# Supply Chain Value

SFMI introduced the social responsibility code of conduct for business partners, such as sales and claims partners, to encourage the practice of social responsibility and has been increasing the supply chain value by cooperating in education, welfare, and grievance handling.

### KEY STRATEGIES

Social Responsibility Code of Conduct  
for Business Partners

Support for Business Partners

### KEY PERFORMANCE INDICATOR

Number of Partners that  
Accepted the Social Responsibility  
Code of Conduct<sup>1)</sup> and Rate of Acceptance  
(Unit: companies, %)

Year	Number of Partners	Rate of Acceptance (%)
2019	2,524	98.4
2020	2,515	99.4

Number of RCs Certified for  
Excellence by the General Insurance  
Association of Korea  
(Unit: person)

Year	Number of RCs
2018	5,706
2019	6,152
2020	6,551

1) The information was collected for the first time in 2019 from auto insurance and long-term insurance partners.

# Social Responsibility Code of Conduct for Business Partners

SFMI developed the “Social Responsibility Code of Conduct for Business Partners” to encourage the practice of social responsibility management and induce change. We ask for business partners’ consent in implementing the Code of Conduct. To make sure partners can secure sustainable competitiveness, we have strengthened risk monitoring and support activities for sustainability management, which spans human rights, safety, the environment, and ethics.

Our business partners are required to comply with all applicable laws and regulations and ethically manage the company so as to be respected by all of its members. The Social Responsibility Code of Conduct recommends that business partners run their businesses responsibly, being mindful of human rights, safety, the environment, and ethics. Business partners and the supply chain that wish to participate must observe the Code of Conduct. In the event of any conflict between the Code of Conduct and regulations, more stringent standards shall prevail, and the Code of Conduct may be modified in case of any change to the partnership management policies or rules of SFMI.

Human Rights	Child labor	SFMI partners shall not hire child laborers in any case.
	Forced labor	SFMI partners shall prohibit forced labor, and all forms of labor shall be voluntary. Forced laborers, laborers bound by confinement contracts, involuntary prisoners, or laborers subject to human trafficking shall not be hired.
	Working hours and wages	SFMI partners shall comply with the laws and regulations on working hours and wages. Wages given to workers shall include the minimum wage, overtime allowances, and welfare benefits stipulated by the law.
	Humane treatment	SFMI partners shall not engage in any inhumane treatment of employees such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, and verbal abuse, nor shall they make any threats to treat employees in such way.
	Prohibition of discrimination	SFMI partners shall protect employees from any unfair discrimination based on bias and take extra precaution against the infringement of the rights of the marginalized, such as women, persons with disabilities, children, and foreigners.
Safety	Accident prevention	SFMI partners shall eliminate risk factors considering the potential safety hazards in the industry and take preventive measures to protect employees from risks. They shall establish and implement protocols for emergencies and accidents that may happen, in order to minimize damage.
	Disease control	SFMI partners shall establish procedures for preventing industrial accidents and occupational illnesses and provide employees with a sanitary working environment consisting of clean restrooms, drinking water, and facilities.
Environment	Minimization of pollution	SFMI partners shall observe the laws and regulations on all forms of waste to minimize pollution.
	Environmental preservation	SFMI partners shall actively engage in environmental preservation and promote sustainable use of resources by engaging in energy conservation, reducing greenhouse gas emissions, recycling, and detecting and removing risk factors.
Ethics	Anti-corruption	SFMI partners shall carry out all transactions transparently, and they shall not promise, suggest, or offer certain value in return for inappropriate gains. Corrupt acts such as bribery, fraud, money laundering, embezzlement, concealment, and unfair exercise of influence on counterparties are strictly prohibited, and relevant regulations shall be observed.
	Compliance	SFMI partners shall not engage in any form of unlawful business practices that restrict competition, such as price-fixing, bid-rigging, or unfair collusive acts and transactions stipulated by Articles 19 and 23 of the Monopoly Regulation and Fair Trade Act. They shall also make a reasonable effort to protect intellectual property rights, customer information, and personal information of SFMI and fully comply with relevant regulations.

## Support for Business Partners

### Sales Partners

Risk Consultants or RCs are financial specialists and key sales partners who provide our customers with top-class insurance consulting and services. SFMI RCs comply with the principles for complete sales to gain trust from customers. They are required to provide customers with accurate explanations on insurance terms, receive customers' signatures, and deliver copies of application forms, and are doing their best to promote a sound insurance sales culture. Thanks to the efforts of employees and RCs to engage in ethical sales practices in accordance with insurance mandates, no sanctions related to customer information protection, such as those regarding the leakage of customer information, have been imposed for the last three years.

### Claim Service Partners

SFMI established business partnerships with roadside assistance providers and repair shops across the country to provide our customers with quick and accurate claim services. Roadside assistance providers are SFMI's major claim service partners, and they are dispatched to the scene of accidents whenever auto insurance policyholders report car accidents or breakdowns via the SFMI Call Center. They take emergency measures and cater to customers' needs to minimize damage. Moreover, AnyCar Land and our partner AnyCar Family Center (AFC) are outstanding repair shops that practice ethical management together with SFMI, and they strive to improve customer satisfaction by providing quick and accurate maintenance.

### Major Partners

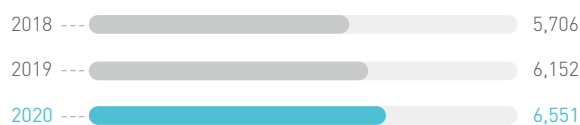
[Unit: persons, partners]

		2018	2019	2020
Sales Partner <sup>1)</sup>	Risk Consultant (RC)	43,129	36,329	39,372
	Insurance agency (individual, corporate)	4,642	4,723	4,835
	Insurance agency (financial institutions)	46	48	49
Claim Service Partner	Roadside assistance providers	1,574	1,562	1,541
	Repair & maintenance shops	1,491	1,887	1,939
	Claim adjustment company	13	13	14

1) As of February 2020, the number of RCs includes that of cross-selling consultants.

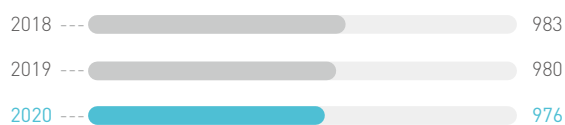
### Number of excellent RCs certified by the General Insurance Association of Korea

[Unit: persons]



### Number of outstanding repair & maintenance partners

[Unit: partners]



## Partner Support System

### Sales Partner

Mobile Sales Support System (M-Portal)	The M-Portal is a mobile sales support system that allows the RCs to provide customers with customized services ranging from consultation to contract signing. As RCs come face to face with customers as they engage in sales activities, we established a smart work system using tablet PCs and smartphones so that RCs can swiftly respond to customers' needs. We also use the Galaxy Book device to operate the consultation archive that contains various materials that RCs can use during consultations.
Activity Support System	SFMI operates one of the best sales support systems in the industry to assist RCs in their sales activities. We provide systemized customer management processes, ranging from managing prospective customers, finding new customers using the CRM analysis, and customer management tools and support system-based sales activities.
Barotong	"Barotong" is a mobile content transmission system used for customer communication, and it supports the sales activities of RCs. By using smartphones, the Galaxy Book, and PCs, RCs can send text messages to customers anytime and anywhere to remind them of the necessity of insurance and deliver interactive materials.
Consulting System	The consulting system allows RCs to automatically check customers' insurance status and recommend customized products and coverages based on customers' coverage status.
Learning Platform "MOVE"	We opened a learning platform called "MOVE" to support the growth of RCs. "MOVE" was created as a result of the educational paradigm shift that allows RCs to study using PCs or mobile devices anytime and anywhere. By utilizing the platform, RCs can gain greater expertise and contribute to financial consumer protection.
Sea of Information	"Sea of Information" is an information content service that supports RCs' sales activities. By using the service, RCs can send the company's DMs directly to customers and receive support in purchasing PR materials and printing sales materials, such as leaflets and relevant news articles.

### Claim Service Partner

Consulting for New Roadside Assistants	To ensure early adjustment of new roadside assistants, SFMI provides consulting services to help those starting CS activities, share the value of the roadside assistance business, and improve the service quality.
Consulting for Roadside Assistants Dispatched to the Outskirts	We provide separate consulting services for roadside assistants who are dispatched to the outskirts and do not have many opportunities to receive consulting. The goal is to improve customer service and strengthen loyalty.
Anycar Land Establishment Course	SFMI provides consultation for those who want to open a new Anycar Land branch and offers business courses to enhance brand competitiveness.

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## Training Programs for Business Partners

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### Sales Partner

#### Basic Curriculum

This is a curriculum aimed at helping new RCs with less than one year of experience to understand the basics of insurance sales and consulting. Even those who do not have any sales experience will learn the necessity and benefits of having insurance through SFMI's systematic curriculum and become a confident professional consultant.

#### Professional RC Training Course, Samsung Sales University (SSU), SFMI MBA

We provide the best curriculum, including the professional financial consultant training course, Samsung Sales University (SSU, SFMI's educational program specializing in non-life insurance), and SFMI MBA (insurance marketing expert training course offered in association with Sungkyunkwan University) to support sales partners to become industry-leading consultants.

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### Claim Service Partner

#### Overseas Training Course for the CEOs of Outstanding Partners

We provide an overseas training course for partners with outstanding customer service and maintenance quality so that they can experience advanced technologies, strengthen competitiveness in customer service, and foster a business mindset.

#### Technical Training Assistance

We provide training on new technologies, new vehicles, and recovery repair technology to improve maintenance quality and prevent the devaluation of customers' vehicles.

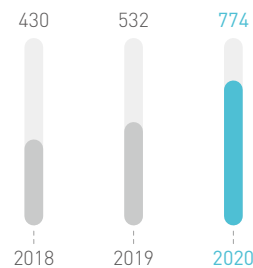
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## Nurturing RCs with Certificates of Excellence

In order to promote professionalism and complete sales, every year, the General Insurance Association of Korea awards the Certificate of Excellence and the Blue Ribbon (Blue Ribbon winners are selected among RCs who have received the Certificate of Excellence for five consecutive years) to RCs (or sales branches) who demonstrate excellence in sales training, contract retention rate, and compliance with ethical sales procedures. In 2020, a total of 6,551 SFMI RCs received the certificate, accounting for 36.2% of all consultants working at non-life insurance companies. Moreover, 774 RCs received the Blue Ribbon (38.7% of all Blue Ribbon winners), which is the largest number of RCs recognized as financial experts among domestic non-life insurance companies. The Blue Ribbon is awarded to those who passed the screening in terms of the record of violating ethical sales procedures, contract retention rate on the 13<sup>th</sup> and 25<sup>th</sup> month, number of years of service, and number of contracts.

### Blue Ribbon Winners



(Unit: persons)

## Nurturing RCs Among Women who Experienced Career Interruption

SFMI operates SF (Success of Forty) branches, which mainly consist of female RCs with college degrees aged 30 to 45. Established in May 2019, SF branches offer a working environment suitable for women whose careers were interrupted due to childbirth and childcare, adjusting training and working hours to guarantee time for childcare. Currently, about 700 RCs work at 23 SF branches across the country.

## Listening to Grievances and Improving Communication

SFMI hosts regular meetings with RC representatives to listen to and address their grievances. In 2020, we invited high-performing RCs who won the Grand Prize and Gold Prize at the Customer Satisfaction Award and RC representatives from each business division to share the company's management principles and listen to their recommendations on ways to revitalize the front offices. On top of the regular meeting, we listened to the opinions of those working on-site by having virtual meetings for each group and region in response to the COVID-19 pandemic and shared thoughts on any necessary improvement. We also hold meetings twice a year with excellent repair and maintenance service providers—the Anycar Family Center operators—to listen to and address concerns of claim service partners. Moreover, various festivals and technical training sessions are held to facilitate open communication.

Issue 05 | Community Value

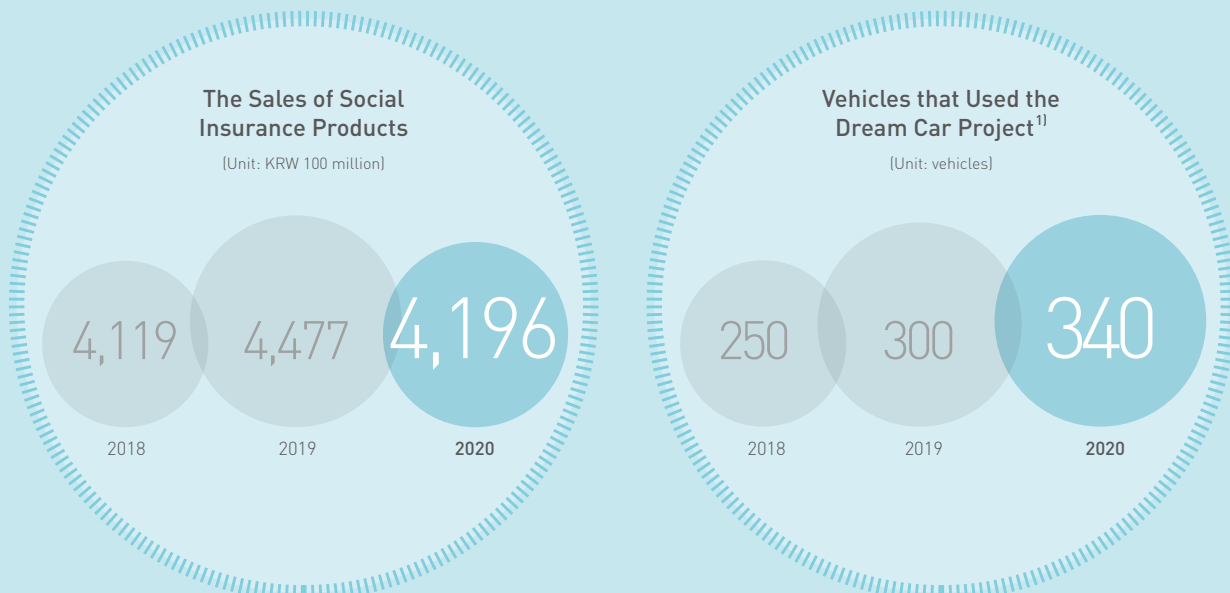
# Community Value

Under the social contribution vision of “Let’s Go Together to the Future! Enabling People,” SFMI generates community value in areas associated with its insurance business and organizational competencies, including safety and disability awareness.

## KEY STRATEGIES



## KEY PERFORMANCE INDICATOR



1) Free auto checkup and parts replacement for the disabled.

# Social Contribution System

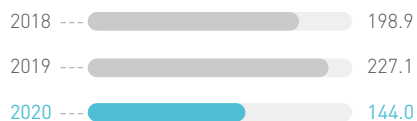
Under the vision of “Let’s Go Together to the Future! Enabling People,” SFMI wants to become a company that practices the value of sharing and contributes to humanity by carrying out continuous and systematic social contribution activities.

## Principles for Social Contribution

1. Secure expertise in terms of social contribution by utilizing the nature of insurance business and organizational capabilities.
2. Promote social contribution activities aimed at enhancing the resilience of local communities.
3. Expand the engagement of employees and partners (RCs) in volunteer work and donation.
4. Create synergy through strategic partnerships with the government and civic groups.

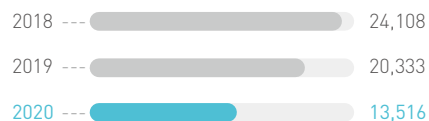
### Investment in Social Contribution Activities

(Unit: KRW 100 million)



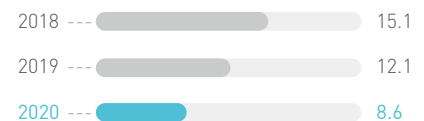
### Number of Participants in Volunteer Work

(Unit: persons)

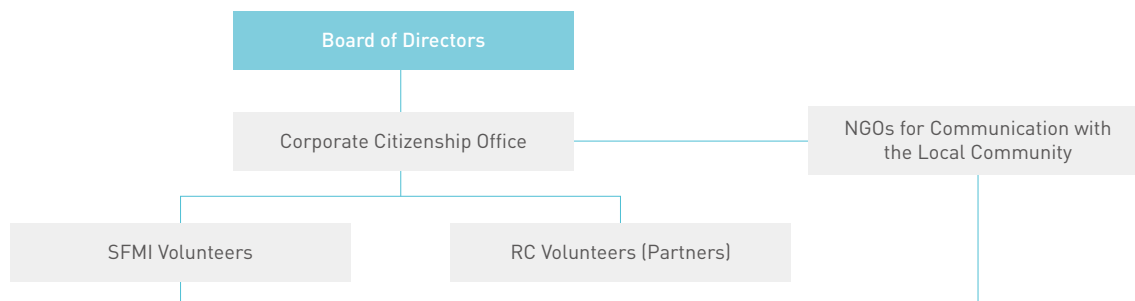


### Time Spent on Volunteer Work per Employee

(Unit: hours)



## Organization Behind Social Contribution Activities



## Partner Institutions for Social Contribution

Area	Activities	Partner Institutions
Social Welfare	Supporting the underprivileged	National Police Agency, National Fire Agency
	Improving disability awareness	Ministry of Education, Korea National Institute for Special Education, Seoul National School for the Blind, Disabled Persons First Campaign Center
Research and Education	Educational donations, scholarship support, etc.	Ministry of Education, Kids & Future Foundation, Child Fund Korea, Safe Kids Korea

# Support for Safe Life

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## Samsung Traffic Safety Research Institute

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Samsung Traffic Safety Research Institute is Korea's first private research institution specializing in traffic safety, established in July 2001 to promote advanced traffic safety culture and create a society where traffic accidents are reduced to zero.

To reach the national target of reducing deaths from traffic accidents and prevent customers from being involved in accidents, the Institute conducts systematic and scientific research into the three major components of traffic safety (road environment, automobile, driver). Based on the R&D results, the Institute also contributes to developing and improving traffic safety policies, educates those with limited mobility and residents of accident-prone regions, and provides guidance by publishing press releases on seasonal accidents.

The Institute focuses on enhancing the effectiveness of traffic safety policies such as the "Safe Speed 5030" project in partnership with relevant organizations, including the National Policy Agency and Ministry of Land, Infrastructure, and Transport (MOLIT), improving road conditions where accidents occur frequently, and enhancing safety on roads within big apartment complexes and universities to minimize blind spots in traffic safety. Thanks to these efforts, the Institute has been recognized for its contribution to raising the people's awareness and preventing traffic accidents at various awards, including the Advanced Traffic Culture Award (National Assembly) and Traffic Culture Development Conference (MOLIT).

Moreover, in December 2014, SFMI established the Auto Insurance R&D Center as part of an effort to become a globally-renowned insurance company. The Center aims to develop employees' expertise by conducting research into car repair, damage quotient, new technologies, and safety and offers training to enhance the technical skills of partner companies. As a result, the Institute obtained the ISO 9001 (Quality Management System) certification in the category of repair technology research and education services in July 2015.

## SFMI Transportation Museum

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Established in May 1998, the SFMI Transportation Museum is Korea's first museum specializing in automobiles. The museum was established to introduce the history behind the development of automobiles around the world and enhance the automobile culture in Korea. It has been collecting, researching, and preserving automobile-related natural heritages. In addition, the museum provides "Traffic Safety Education for Children" to prevent traffic accidents involving children. The program provides children with easy explanations on the type of accidents that frequently involve children and ways to prevent those accidents. In 2020, the museum was closed in response to the COVID-19 pandemic, but once the situation improves, the museum will resume the "Traffic Safety Education for Children".

## Dream Playground Project

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SFMI carries out the Dream Playground Project to transform old playgrounds into safe and eco-friendly playgrounds for underprivileged children. In 2020, we carried out safety inspections and maintenance on existing Dream Playgrounds (33 in total) and disinfected them to contribute to children's physical and emotional development.

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## Happy School Campaign

The Happy School Campaign is a fund created in 2010 with the voluntary participation of SFMI RCs, who donated KRW 500 for every new auto insurance contract signed. The fund is used to establish the Traffic Safety Experience Centers for children, distribute safety packages (safety umbrellas, etc.) and provide safety education. Since 2010, Experience Centers have been established at 83 schools and safety education programs were provided. We could not run the campaign in 2020 because of the COVID-19 pandemic, but we plan to provide donations to nine Happy Schools in 2021.

## Providing SFMI Training Center to be Used as a Community Treatment Center

In response to the spread of COVID-19 in Korea, SFMI provided the Goyang Training Center (Global Campus), free of charge, to be used as a Community Treatment Center for the government the government. Community Treatment Centers are operated to prevent the spread of COVID-19 in local communities by accommodating patients with mild or no symptoms that have met the discharge standard as well as treating confirmed patients. Since August 2020, more than 3,000 patients have been accommodated, and the accommodation cost is estimated at an approximate KRW 2.1 billion.



Photos of the Community Treatment Center.

# Support for the Disabled

## Supporting the Visually Impaired with Guide Dogs

Guide dogs are assistance dogs trained to lead the visually impaired around obstacles. The guide dog support system reflects the quality of a country's welfare program, and countries where guide dogs are highly appreciated are recognized as an advanced country in terms of welfare benefits. SFMI has been training and offering guide dogs to the visually impaired, free of charge, since 1993. In 2020, 14 dogs (242 in total) were provided to the visually impaired, and they have assisted the visually impaired to become proud members of society as college students, teachers, public officials, pianists, and more. In 2021, we plan to train and provide at least ten guide dogs for free.

## Support for the Youth with Disabilities

SFMI hosts a concert titled "Poco A Poco" every year to give musically talented youths with disabilities across the country an opportunity to perform on stage and communicate with the world through music. "Poco A Poco" is a music term that means "little by little," and many youths with disabilities were able to begin their career as musicians through the concert. In 2020, we hosted a virtual one-on-one "Poco A Poco" camp and held the "Poco A Poco" concert online in December.

In addition, we established the "Viva Chamber Ensemble" to nurture students with disabilities into professional musicians, and have been providing regular training and performance opportunities, thereby promoting positive disability awareness. In 2020, the Viva Chamber Ensemble took part in nine performances, including the Nationwide Music Festival for the Disabled, and received professional training offered by supervisors.

In 2021, we plan to hold the 13<sup>th</sup> Poco A Poco Camp and 12<sup>th</sup> Poco A Poco Concert, and the Viva Chamber Ensemble will host a regular concert where the audience would be able to see various performances of aspiring musicians.

## KRW 500 Gift of Hope

The "KRW 500 Gift of Hope" refers to a fund created in 2005 with the voluntary participation of SFMI RCs where they donate KRW 500 for every new long-term insurance contract signed. The fund is used to improve the living environment of households or facilities with disabled members by revamping the kitchen, restroom, and study room. In 2020, we improved the condition of two households, which raised the total number of households and facilities that benefited from the project since 2005 to 305. In 2021, we plan to add ten more households and facilities with disabled members to the list.

## Improving Disability Awareness

SFMI supports the production of dramas aimed at helping children and adolescents have a correct understanding of disability. This is an effort made as part of the extension of the Memorandum of Understanding (MOU) we signed with the Ministry of Education and Disabled Persons First Campaign Center in 2019. In 2020, we produced and released educational animations for children for the first time, and the educational dramas produced for adolescents have been airing every year since 2009 on the "Day of People with Disability." The dramas are planned and produced by talented employees of SFMI's Media Department. On the Day of People with Disability in 2020, we released a drama titled "Tortoise Channel," which had been produced the year before, and the drama has been played at middle and high schools across the country for educational purposes. In addition to drama production, SFMI co-hosts writing contests for elementary, middle, and high school students nationwide with the Disabled Persons First Campaign Center and Kids Korea Times. Under the theme of "Our Differences Make Us Special," we received a total of 7,272 essays from 1,382 schools in 2020, including writings about the feelings students had while spending time with friends with disabilities and the small steps they have taken to better communicate with persons with disabilities. Students who wrote the best essays were selected as winners and awarded prizes.

In 2021, SFMI plans to produce the second educational animation titled "Let's Be Friends" to improve disability awareness among children and the 13th drama to enhance understanding of disability.

## Support for the underprivileged

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### Supporting the Children of Traffic Accident Victims

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Since 1993, SFMI has selected children whose parents died or lost their economic ability in traffic accidents and provided them with financial support such as monthly scholarships, gifts congratulating their entrance to upper-level schools, and presents in celebration of birthdays and national holidays. We also provide emotional support through one-on-one mentoring, cultural experience programs run by employees, and home visits. In 2021, we plan to select 38 children to provide various support.

### Supporting the Children of Fallen Police Officers and Firefighters

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SFMI's "Big Love Scholarship" was created to honor police officers who sacrificed themselves in the line of duty and provide support for their surviving families who are faced with financial difficulties. Since 2012, SFMI has been providing support for the surviving children of fallen firefighters who made the ultimate sacrifice by signing an agreement with the National Emergency Management Agency.

### "Kkumteo" Study Support Program

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SFMI operates the "Kkumteo" study support program that provides afterschool study support for middle school students from low-income families who are deprived of educational opportunities due to economic difficulties. Our employees use their capabilities to guide students in their studies after school as volunteers, provide the students with career mentoring, and opportunities to participate in culture and art programs. We also offer scholarships for students to motivate them to study harder.

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### Forming Sisterhood Relationship with Farming and Fishing Communities

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To help farming and fishing communities suffering from a shortage of labor and unusual weather, SFMI established sisterhood relationships with them and participated in various projects, providing a helping hand and enrolling in village programs. In addition, to support the expansion of sales channels for agricultural produce, we operate an online market for employees every year, in the run-up to the Lunar New Year and Korean Thanksgiving holidays.

### Microfinance Project

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Through the microfinance project run by the Korea Inclusive Finance Agency, SFMI provides low-income and low-credit individuals who have trouble using formal financial institutions with non-collateralized and non-guaranteed small loans, which are used to start or run businesses.



# Global Social Contribution

## Social Contribution of Local Subsidiaries

SFMI is actively carrying out social contribution activities mainly in China and Southeast Asia. Our subsidiaries engage in region-specific activities, with the Chinese subsidiary raising funds for the disabled, the Indonesian subsidiary supporting school expenses for students from low-income families, and the Vietnamese subsidiary supporting the renovation of elementary schools.

## SFMI World Go Masters

Launched in 1996, the SFMI World Go Masters has contributed to elevating the standing of Go in the world, with its reputation of being a “festival of Go stars.” It has spearheaded changes and innovation in global Go competitions by introducing open tournaments and prize money systems and creating new categories such as the “senior cup,” “women’s cup,” and “world cup.” The schedule and rules of the competition have been overhauled from the 2019 championship. The finals, which used to be held from September to December was shortened to just eight days, and all matches except the final match were turned into single-round tournaments. The new system that accelerated the game progress allowed Go fans to experience greater intensity and excitement. In 2020, we successfully finished the championship despite the COVID-19 pandemic by holding games online. The SFMI World Go Masters awards a total of KRW 780 million in prize money, and the champion receives KRW 300 million. The competition is organized by JoongAng Ilbo and sponsored by SFMI.

## Volunteer Work and Donation

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### SFMI Volunteers

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"SFMI Volunteers" consisting of SFMI employees play a crucial role in SFMI's social contribution activities. In 2020, 290 volunteer teams across the country participated in blood donation campaigns, year-end charity campaigns, and hope-sharing volunteer works during national holidays. Despite the COVID-19 pandemic, the family members of employees also participated in various virtual volunteer works such as hands-on volunteer projects and kit making to give back to the community.

### Employee Talent Donation

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SFMI promotes the "One Company-One School Financial Education" program organized by the Financial Supervisory Service to help adolescents—future financial consumers—to acquire proper financial knowledge. In 2020, we minimized school visits in response to the COVID-19 pandemic, and a total of 80 financial training sessions were held at 23 schools. In 2021, we plan to offer various programs to promote the value of sharing, including talent donations for schools and children from low-income families.

### Dream Car Project

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The Samsung Claim Adjustment Service has been actively participating in social contribution activities in collaboration with SFMI's outstanding maintenance partners and the Korea Foundation for Persons with Disabilities since 2013. It provides checkups and maintenance for vehicles of welfare facilities for the disabled and disabled individuals from low-income households who have trouble maintaining their vehicles. The effort to promote the safety of the disabled is known as the "Dream Car Project," and the cumulative number of vehicles that benefited from the free maintenance service surpassed 340, with 40 vehicles added to the list in 2020.

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### Dream Fund

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Created in September 2001 by SFMI employees in an effort to provide neighbors and communities with new dreams and hopes, 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 2020, 94.4% of regular employees joined the fund, and 72.1% of them donate 1% of their monthly wages. A total of KRW 19.8 billion was raised as of the end of 2020, and the fund is used to finance the one-department one-child support program and Dream Playground Project, and support the Viva Chamber Ensemble.

### One Department-One Child Support Program

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SFMI sponsors children in need of social support, including those from low-income families and single-parent households or who are under the care of elderly grandparents. 250 departments across the country have established one-on-one ties with children to provide age-specific support, including monthly donations, gifts, and supplies when entering upper-level schools. In 2020, we provided them with an opportunity to make their wish come true in celebration of the Family Month of May and held various programs including, the "Kimchi-sharing program," at the end of the year.

## Social Contribution Insurance Products and Services

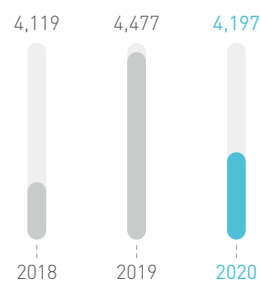
In 2020, revenue from social insurance products reached KRW 419.7 billion, and we aim to generate more than KRW 500 billion in revenue by 2023.

### Social Contribution Insurance Products and Services

Category	Name	Description
Low-income households	Auto insurance rider for low-income drivers	An auto insurance product with lower premiums and equal coverage offered to recipients of national basic benefit to lighten their financial burden.
	Microinsurance – Insurance for children from low-income households	To protect children from low-income households who have a fragile economic foundation and are exposed to various risks such as diseases and injuries, we support protection-type microinsurance for children aged 17 and under, who are from single-parent, grandparent-headed, and multicultural households and fall into the second-lowest income bracket. We work with the Microfinance Foundation and use dormant claims to finance the project.
Persons with disabilities	Umbrella insurance preferential to welfare facilities for the disabled	An insurance product that provides protection against fire or liability welfare facilities for the disabled may face and the risk of injury among facility users.
	Microinsurance – Installation insurance for welfare facilities for the disabled	We support the disabled and children from low-income households that use welfare facilities with the purchase of property damage, liability, and physical damage insurance to protect them from risks, such as fires at welfare facilities, together with the Microfinance Foundation.
Foreigners	Insurance for foreign workers	We provide accident insurance, return cost insurance, and departure guarantee insurance for foreigners to protect them against non-occupational injuries or diseases and cases where they may incur unexpected expenses to return home.
	Insurance consulting service for foreigners	We operate consulting centers and a website for foreigners to facilitate insurance consulting and purchase.
Volunteer workers	Comprehensive insurance for senior volunteers	We provide insurance products that cover physical injuries of volunteer workers and the liabilities facility owners face in case of accidents that may happen during volunteer work.

### Revenue from Social Insurance Products

(Unit: KRW 100 million)

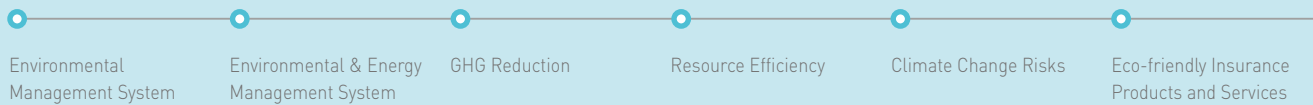


Issue 06 | Environmental Value

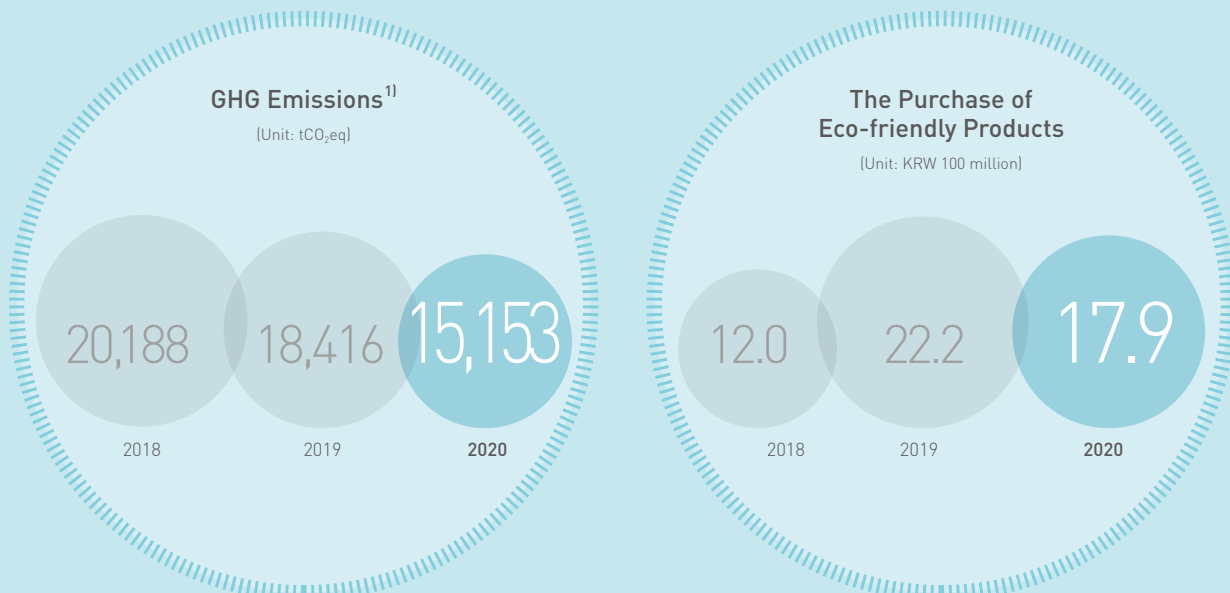
# Environmental Value

SFMI enhances the environmental value by establishing the environmental and energy management system based on global standards, striving to reduce GHG emissions to reach the target, and engaging in resource-saving activities.

## KEY STRATEGIES



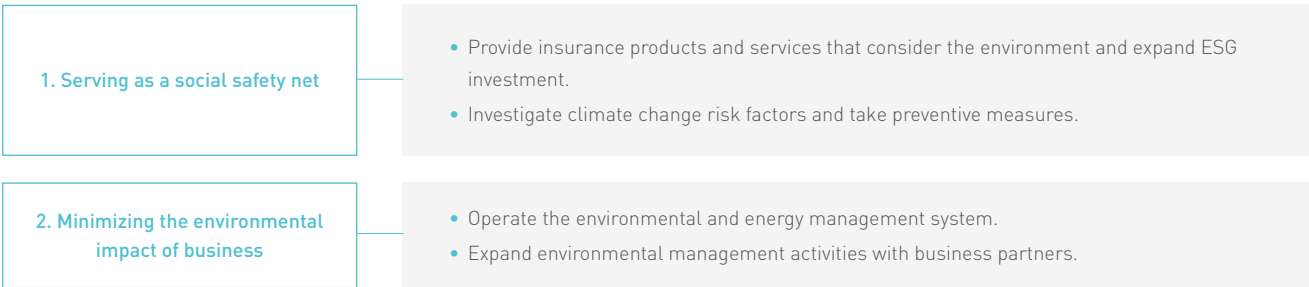
## KEY PERFORMANCE INDICATOR



1) Scope 1, 2

# Environmental Management System

## Environmental Management Strategies



## Environmental Management Organization



## Environmental & Energy Management System

SFMI established the environmental and energy management system at all our buildings in Korea to comply with global standards and reflect them in our business activities. We have also been maintaining the ISO 14001 (Environmental Management System, since 2014) and ISO 50001 (Energy Management System, since 2012) certifications.

### SFMI Environmental and Energy Management Principles

1. SFMI operates the environmental and energy management system at the enterprise level to boost the company's environmental and social value.
2. SFMI complies with international conventions and national and regional laws and regulations on the environment and energy and seeks to improve its environment and energy control level by having the internal staff and expert groups conduct due diligence.
3. SFMI participates in activities aimed at preserving the environment and energy, such as reducing energy consumption and GHG emissions, and saving and recycling resources as part of its effort to minimize environmental impacts throughout the entire business process ranging from insurance product development to distribution, sales, and claims management.
4. SFMI contributes to creating a sustainable society by conducting R&D on the environment, energy-related insurance products, and research on risk management, and engaging in asset management activities.
5. SFMI evaluates the performances in the fields of environment and energy regularly and discloses the results to internal and external stakeholders in a transparent manner.
6. SFMI actively participates in the environment and energy-related projects of stakeholders, including customers, shareholders, business partners, and employees, to pursue mutual growth.
7. SFMI engages in activities aimed at preserving the environment and energy in collaboration with local communities, as part of its effort to fulfill corporate social responsibility.

# GHG Reduction

## Setting GHG Emissions Reduction Targets

In 2011 (base year), SFMI established a voluntary mid to long-term goal to reduce GHG emissions by 30% compared to the base year by 2020 and has been implementing measures to reach the goal at 15 SFMI-owned buildings where operations can be controlled. In 2020, our total GHG emissions compared to the base year decreased by 63.6%, reaching the mid to long-term GHG reduction target earlier than scheduled. Moreover, following the relocation of the headquarters from Euljiro (SFMI-owned building) to Seocho (rented facility) in 2016, we set up and have been managing a separate GHG reduction goal for the Seocho building (3% per year until 2020). On top of that, we established a new mid to long-term goal to reduce GHG emissions by 50% compared to 2017 by 2030 and have been making various efforts to reach the target.

## Internal Carbon Price Control

The direct and indirect regulatory limit for Korean companies emitting GHG is 50,000 tCO<sub>2</sub>eq per year. Our emissions in 2020 stood at 15,153 tCO<sub>2</sub>eq for SFMI-owned buildings, remaining well below the regulatory limit. However the limit is expected to be tightened due to the government's strong will to reduce GHG emissions, and in response, SFMI has been setting internal carbon prices and strengthening carbon reduction efforts to make sure we do not become subject to the regulation in the future.

The internal carbon price is set based on the average price determined by the Korea Exchange the previous year, and in 2020, KRW 29,466, the average price of KAU19 (Korea Allowance Unit), was set as the internal carbon price. Our goal is to apply KRW 30,180, the average price of the KAU20, in 2021. Internal carbon pricing makes it possible to convert the abstract concept of GHG reduction effect into an economic value and, thus, is utilized for our environmental and energy management in various ways. It is not only used to respond to the government's GHG regulations but also serves as important data for proving the economic value of improving energy efficiency, expanding investment in new and renewable energy facilities, and altering employees' behavior.

## Expanding Eco-friendly Facilities

SFMI has been making efforts to reduce carbon emissions by improving its facilities. In 2019, we installed a solar power generator with an annual production capacity of 495 Mkw at the Global Campus (Training Center) in Goyang city to power electricity, and we have been able to reduce approximately 305 tCO<sub>2</sub>eq of carbon emissions annually. We also installed two EV charging stations at the Pangyo office building to provide greater convenience for EV drivers. SFMI will continue to expand eco-friendly facilities that meet the requirements of the government's carbon neutrality drive and the Green New Deal policy and be at the forefront of the country's response to climate change.

## Paperless Insurance Contract

In April 2012, SFMI introduced the mobile-based e-signature system in collaboration with our sales partners, the RCs. Following several rounds of innovation, customer consulting service, which had mainly used printed documents, now provides digital materials and e-signatures, and electronic document delivery systems are being actively used in signing insurance contracts. In addition, SFMI introduced the “Immediate Insurance Application Verification Service,” which does not involve even a single sheet of paper. In recognition of its efforts to promote eco-friendliness, SFMI received the “Insurtech Innovation Award” at the Herald Biz Insurance Award and the “Smart Finance Grand Prize” from Newspim in 2017. In 2019, we launched the “M-Portal,” an innovative mobile sales system, which increased the number of eco-friendly insurance contracts. It allowed customer services ranging from providing consultation and insurance planning, and receiving e-signatures to be possible anytime and anywhere

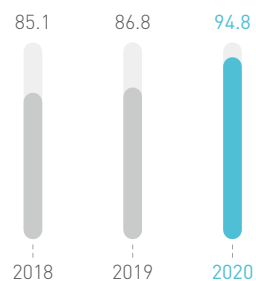
using the Galaxy Book device. In 2020, to raise customers’ awareness of paperless insurance contracts, we distributed certification marks that recognize customers’ participation in environmental protection and provided a video clip informing customers of environmental conservation activities if they chose the e-signature option. These efforts have been contributing to greater awareness of environmental conservation.

## Business Trips

SFMI recommends that employees use public transportation when going on business trips to reduce GHG emissions (Scope 3). At SFMI, we try to reduce unnecessary overseas business trips and encourage the use of multi-party video and voice conferencing systems on electronic devices. In 2020, business trips were minimized due to the COVID-19 pandemic, and the GHG emissions generated by business trips were 88 tCO<sub>2</sub>eq.

The Share of New Long-Term Insurance Contracts Signed with Mobile E-Signatures

(Unit: %)





# Resource Efficiency

## Eco-Office Activities

SFMI carries out various eco-friendly campaigns to raise employee's environmental awareness and encourage eco-friendly practices.

Since 2018, we have been taking part in the "Zero Standby Power Campaign," where employees cut down all standby power after work and introduced the "Nudge for Green" guidelines, calling on employees to change their behavior for the good of the environment. The guidelines are promoted via PCs, elevators, and TVs in company buildings. Moreover, we have been involved in the "Eco-friendly Sharing Campaign" in collaboration with the G-Foundation, an international cooperation agency. Under this campaign, employees donate school supplies and books they do not use anymore to the underprivileged children at home and abroad, and many employees took part in the campaign as they can contribute to society while protecting the environment at the same time. We also organized the "Plastic Free Campaign" to reduce plastic waste, which is one of the most serious environmental issues these days. Compared to the month before the campaign was launched (January 2020), we reduced the consumption of more than 1,000 disposable cups at in-house coffee shops, and we completely banned the use of plastic straws at the same time.

Moreover, we organize the "Old Mobile Phone Collection Campaign" every year to promote resource circulation and encourage employees to take part in environmental protection. During the most recent campaign, we managed to collect 73kg of old mobile phones (about 670 devices). SFMI will continue to carry out programs that employees can participate in to minimize environmental pollution.

## Earth Hour

Since 2010, SFMI has been participating in the annual Earth Hour event, which is a global environmental protection campaign. In 2020, all lights within and outside the building and billboards at 15 company buildings were turned off temporarily on the day, and employees, RCs, and customers also participated in the campaign from home and had an opportunity to remind themselves of the danger posed by climate change.

## The Use and Treatment of Water Resources

SFMI-owned buildings in Korea use public water supply as water sources. Wastewater is treated through urban sewage treatment facilities, and we do not use or discharge harmful substances that may impact the surrounding environment. The amount of water consumption increased amid the COVID-19 pandemic as efforts have been made to promote personal hygiene and carry out disease control measures. We plan to reduce consumption once again by launching various campaigns.

## Green Purchasing

To promote a sustainable consumption culture, SFMI established preferential purchasing guidelines for eco-friendly products in December 2006. According to the guidelines, we prioritize the purchase of products with eco-friendly certifications, recycled products, and high energy-efficiency products over regular products when purchasing work-related consumables, such as computer products and office supplies. We also provide training on environmental management to encourage employees to buy eco-friendly products in their everyday lives. In 2020, we began considering ESG factors in choosing partner companies by adding a new evaluation standard where partners are given incentives or penalties according to their ESG management status. In 2020, we spent a total of KRW 1.79 billion on products with eco-friendly certifications.

# Climate Change Risk

## Climate Change Risk Investigation and Evaluation

The Global Loss Control Center (GLCC) of SFMI conducts various activities in relation to natural disasters to support customers and local communities with natural disaster risk management. Major roles of the GLCC include conducting risk diagnosis of insured properties and consulting, developing new projects related to risk control, carrying out research on the environment and safety, analyzing the natural disaster risk level by region and country, and developing and managing risk-related standards and guidelines.

Moreover, the GLCC uses the Global Risk Map (GRM)—SFMI's unique estimated loss assessment model for different natural disasters—in various tasks, including accumulated risk assessment and insurance examination. The GRM provides the risk map for natural disasters, such as floods, earthquakes, volcanic eruptions, tsunamis, and typhoons, and it is possible to simulate the estimated loss amount for individual insured property and Cat Zone. It is a sophisticated and reasonable simulation verified internally and by external industrial modeling firms, reinsurance brokers, and Nat Cat professionals.

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



#### Business Case

#### Weather Risk Management

Given the nature of the non-life insurance business, weather changes, including severe weather conditions, may have a critical effect on our operating performance. Therefore, SFMI collects weather information in a systematic manner and uses relevant information to prevent accidents and losses, especially for auto insurance policyholders. 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 when special weather reports regarding typhoons or heavy snow are issued. We provide systematic consulting services with regards to natural disasters for overseas worksites and provide weather information on a regular basis to prevent loss of life and property damage.

## Eco-friendly Insurance Products and Services

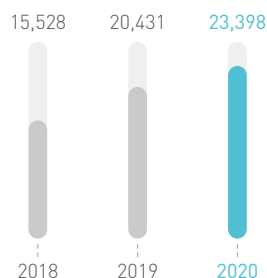
SFMI provides environmental insurance products related to climate change, such as Storm & Flood Insurance, Weather Insurance, Crop Insurance, and Mileage-based Auto Insurance. In 2020, we recorded KRW 2.34 trillion in revenue for eco-friendly insurance products and the goal is to reach KRW 2.5 trillion in revenue by 2023. Going forward, we will continue to develop and launch insurance products and services that consider environmental consequences, such as products that encourage climate change mitigation and ensure quick claim payment for economic damage caused by climate change, in order to offer stability in customers' everyday lives and business operation.

### Eco-friendly Insurance Products and Services

	Products & Services	Description
General and Long-term Insurance	Storm & Flood Insurance	Compensation for damage to agricultural facilities (house, greenhouse) caused by typhoons, floods, etc.
	Crop Insurance	Compensation for damage to agricultural products (fruit trees, rice, etc.) caused by natural disasters.
	Environmental Pollution Liability Insurance	Compensation for damage caused by environmental pollution, such as the leakage of toxic chemical substances.
	Weather Insurance	Compensation for the drop in sales or increase in cost caused by abnormal weather conditions.
	Livestock Disaster Insurance	Compensation for damage to livestock caused by natural disasters, fire, disease, and injury (16 kinds of livestock, including cows, pigs, and chickens).
Auto Insurance	Eco Mileage Rider	Premiums are discounted when cars are driven within the contracted mileage (encourages the use of public transport).
	No-driving Day Auto Insurance Rider	Premiums are discounted for those who leave their cars on a designated day of the week as part of the no-driving day campaign (encourages the use of public transport).
	Auto Insurance Rider for Used Parts	The amount of money saved by the use of used parts for car repair is given back to customers (contributes to resource recycling).
Paperless Services	Electronic Policy Conditions	Premiums are discounted if customers receive insurance policy conditions by email.

### Revenue from Eco-friendly Insurance Products

(Unit: KRW 100 million)



## PART 3

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# SFMI for Better Decision





# Corporate Governance

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## Corporate Governance Principles and Policies

### Stable Governance

To promote checks and balances among its members, SFMI delegated the responsibility for decision-making and business operation to the Board of Directors (BOD) and the management, respectively, and the management is required to report the business management status to the BOD. To make sure the BOD can fulfill its duty of keeping the management in check, the BOD has the authority to appoint, reappoint, and dismiss the CEO in accordance with relevant laws. In addition, non-executive directors, whose independence has been verified, hold a majority of the BOD (two executive and four non-executive directors as of the end of 2020) to make sure the checks and balances are not weakened due to a cozy relationship with the management. Though there are concerns that such system may undermine the efficiency of corporate governance, we have built governance in which the BOD, the management, and non-executive directors can hold each other in check and strike a balance, based on the belief that authority without checks and balances can result in the failure of corporate governance.

### Efficient Governance

The BOD comprises members with a wide range of expertise to ensure professionalism and diversity of perspectives. It addresses various challenges faced by the company in an efficient manner by holding regular and non-regular meetings to make sure the members' expertise creates synergy and makes up for any shortcomings.

### Transparent Governance

The Articles of Incorporation and the BOD regulation are disclosed on the company's website to make the business operation standard, procedures, and results available to the public. In addition, major activities of the BOD and subcommittees are disclosed through the Business Report (including quarterly and semiannual reports) and Annual Report.

## Board of Directors

### The role of the BOD

The BOD provides full support for the management to practice responsible management on the basis of sound management. When issues are spotted in the standard,

procedure, and method of the management's activities, the BOD points them out and calls for corrective measures to ensure reasonable decision-making. To this end, the BOD comprises experts from different fields and makes a concerted effort to facilitate communication among the members. It also seeks help from external experts when necessary.

### Professionalism of the BOD

The Executive Candidate Nomination Committee and the BOD review the qualifications of executive candidates through fair procedures that are in accordance with relevant rules and regulations. They closely examine not only the passive qualifications stipulated in the law but also active qualifications, including expertise, job fairness, ethics and 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 as final candidates.

### Diversity of the BOD

SFMI regards the diverse background and experience of the BOD as a valuable asset that can contribute to the stabilization of our business and the creation of new business opportunities in the future insurance industry, where rapid changes are expected to occur. To secure diversity among the BOD members, we consider candidates who can bring new and diverse perspectives to the BOD and do not limit the pool of candidates on the basis of gender, race, ethnicity, place of birth, nationality, or age. We plan to secure gender diversity in the BOD by appointing female executives by 2022.

### 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 selected among those recognized for their rich experience and knowledge, as well as expertise in their respective fields, and do not have reasons for disqualification, as stipulated in relevant laws. SFMI defines the BOD's independence in accordance with the Commercial Act and the Act on the Corporate Governance of Financial Companies to ensure the BOD continues to keep the management in check, and the majority of the BOD is composed of non-executive directors that meet the definition.

## Composition of the BOD

As the highest decision-making body at SFMI, the BOD is authorized to appoint and dismiss the CEO and the Chair of the BOD in accordance with relevant laws, including the Commercial Act and the Act on the Corporate Governance of Financial Companies, and the Chair of the BOD is selected among non-executive directors. In addition,

independent non-executive directors with expertise hold a majority of the BOD to ensure faithful checks on the management. The BOD also has seven subcommittees: The Management Committee, Executive Candidate Nomination Committee, Risk Management Committee, Internal Transaction Committee, Remuneration Committee, Audit Committee, and ESG Committee.

### BOD Members<sup>1)</sup>

Name	Executive/ Non-executive	Position	Career	Appointed	End of Term of Office	Term	Assigned Subcommittee
Dae Dong Park	Non-executive Director	Independent Director (Chair of the BOD) Chair of the Executive Candidate Nomination Committee Chair of the Risk Management Committee Member of the Internal Transaction Committee	2017 (Current) Non-executive Director of SFMI 2016 (Current) Non-executive Director of Cellmech International 2016 Advisor at Yulchon LLC 2012 Member of the 19 <sup>th</sup> National Assembly (Saenuri Party) 2008 CEO of the Korea Deposit Insurance Corporation	'17.03.24	'23.03.19	45 months	Executive Candidate Nomination Committee Risk Management Committee Internal Transaction Committee
Dong Keun Cho	Non-executive Director	Independent Director Chair of the Audit Committee Member of the Executive Candidate Nomination Committee Member of the Remuneration Committee	2017 (Current) Member of SFMI's Audit Committee 2016 (Current) Non-executive Director of SFMI 2011 President of the Korea Hayek Society 2005 (Current) Honorary Professor, Dept. of Economics, Myongji University 1986 Associate Professor, Dept. of Economics, Myongji University	'16.03.11	'22.03.21	57 months	Audit Committee Executive Candidate Nomination Committee Remuneration Committee
Se Min Park	Non-executive Director	Independent Director Chair of the Remuneration Committee Member of the Risk Management Committee Member of the Internal Transaction Committee Member of the Audit Committee	2017 (Current) Non-executive Director of SFMI 2016 (Current) Member of the Third Insurance Subcommittee of the Insurance Product Committee 2014 (Current) Vice Chairman, Korea Maritime Law Association 2011 Member of the Insurance Law Revision Committee, Ministry of Justice [Chairman of the Non-life Insurance Subcommittee] 2010 (Current) Professor, Graduate School of Law, Korea University (Insurance Law)	'17.03.24	'23.03.19	45 months	Remuneration Committee Risk Management Committee Internal Transaction Committee Audit Committee
Sung Jin Kim	Non-executive Director	Independent Director Chair of the Internal Transaction Committee Member of the Audit Committee	2018 (Current) Foreign Investment Ombudsman 2018 (Current) Non-executive Director of SFMI 2016 (Current) Non-executive director of Hanyang Securities 2008 Advisor and visiting member of the Korea Capital Market Institute 2007 Administrator of the Public Procurement Service 2005 Deputy Minister for International Affairs, Ministry of Finance and Economy	'18.03.23	'21.03.22	33 months	Internal Transaction Committee Audit Committee
Young Moo Choi	Executive Director	CEO Chair of the Management Committee Member of the Executive Candidate Nomination Committee	2018 (Current) Chief Executive Officer of SFMI 2013 Head of Automobile Insurance HQ (Executive Vice President) 2011 Head of Strategic Channel Business HQ (Senior Vice President) 2005 Head of SFMI HR Team (Senior Vice President) 1987 Joined Ankuk Fire & Marine Insurance	'18.03.23	'21.03.22	33 months	Management Committee Executive Candidate Nomination Committee
Teh Young Beh	Executive Director	Executive Director Member of the Management Committee Member of the Risk Management Committee Member of the Remuneration Committee	2018 (Current) Executive Director of SFMI 2018 Head of SFMI Management Support Div. (Senior Vice President) 2014 Head of SFMI Corporate Management Support Team (Vice President) 2011 Served as Executive of SFMI Management Support Div. (Vice President) 1986 Joined Dongbang Life Insurance	'18.03.23	'21.03.22	33 months	Management Committee Risk Management Committee Remuneration Committee

1) As of the end of 2020

## Term of Office of Directors

The first term of office of both executive (including the CEO) and non-executive directors is three years, and they can serve a second term. However, the second term of non-executive directors is set within three years, and the entire term of office cannot exceed six years. The rule has been established based on the belief that a short term of office of executive directors may result in the pursuit of short-term profits instead of responsible management, while the long term of office of non-executive directors may hinder proper checks on them.

As of the end of 2020, the average term of office of the BOD members was approximately 41 months (Non-executive Director Dae Dong Park for 45 months, Non-executive Director Dong Keun Cho for 57 months, Non-executive Director Se Min Park for 45 months, Non-executive Director Sung Jin Kim for 33 months, CEO Young Moo Choi for 33 months, and Executive Director Teh Young Beh for 33 months).

## Evaluation of Non-executive Directors

The evaluation of the 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. Quantitative evaluation is based on the directors' attendance rate in the BOD meeting, while self-assessment and company-driven evaluation are conducted based on a survey on professionalism, fairness, ethics and responsibility, and faithfulness developed by the BOD. The result of the evaluation conducted in February 2021 showed that all non-executive directors had worked fairly and diligently to increase shareholder value, strived to communicate with the management from the perspective of shareholders, and made independent decisions at decision-making bodies, such as the BOD, by actively expressing their opinions based on their professionalism.

## BOD Operation

In 2020, the BOD was convened twelve times with an average attendance rate of 100%, 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, executives in charge of each agenda provide a detailed explanation in advance to enhance understanding. The BOD members with various professional backgrounds engaged in active discussions, and as a result, a total of 53 reports and resolutions were passed in 2020.

## BOD Meeting Results in 2020

Date of Meeting	Main Agendas	Attendance
2020.01.30	12 items, including the approval of the establishment and operation of the Samsung Compliance Monitoring Committee	6/6
2020.02.27	7 items, including the report on the evaluation results of the BOD and BOD subcommittees	6/6
2020.03.20	7 items, including the appointment of the Chair of the BOD	7/7
2020.04.28	Approval of the real estate lease transaction with Samsung Card	7/7
2020.06.11	Appointment of the members of Samsung Compliance Monitoring Committee	7/7
2020.06.25	4 items, including the report on the status of the internal control system in the financial group	7/7
2020.09.24	6 items, including the report on the management of non-executive director candidates	7/7
2020.10.28	2 items, including the report on additional equity investment in a UK non-life insurance company	7/7
2020.11.17	Report on the equity alliance for the Chinese subsidiary	7/7
2020.11.30	2 items, including the execution of donations	7/7
2020.12.09	2 items, including the appointment of major operating officers	6/6
2020.12.24	8 items, including the report on the ESG management implementation strategy	6/6



## BOD Subcommittees

### Management Committee

The Management Committee was established to enhance the efficiency of the BOD's operation. The Committee makes key decisions on general management issues, asset management, and major issues, excluding those that 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 later be appointed at the general shareholders' meeting and the BOD.

### Internal Transaction Committee

Composed of non-executive directors only, the Committee was established to enhance transparency in transactions with affiliated companies, and it reviews, deliberates, and resolves internal transaction issues and requests corrective measures.

### Risk Management Committee

The Risk Management Committee applies the risk management policy to the company's decision-making on corporate management and raises awareness on the importance of risk management among the executives, contributing to establishing the culture of measuring and controlling risks in insurance sales and asset management.

### Remuneration Committee

The Remuneration Committee engages in designing and operating the compensation system for the management and decides on the payment.

### Audit Committee

Composed of non-executive directors only, the Audit Committee audits the business operation of the management in terms of legitimacy and suitability to make sure the management can make reasonable decisions.

### ESG Committee

The ESG Committee establishes the company's ESG-related strategies and policies and manages and oversees the progress of various projects.

## Governance Status

Internal Organizations	Major Role	Composition (No. of Non-executive Directors/ Total)	Chair (Name/Position)	Relevant Regulations
Board of Directors	Highest permanent decision-making body	4/6	Dae Dong Park (Non-executive)	- Article 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	2/3	Dae Dong Park (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	Sung Jin Kim (Non-executive)	- Article 29-2 of the Articles of Incorporation - Internal Transaction Committee Regulation
Remuneration Committee	Operation of the management compensation system	2/3	Se Min Park (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 2020

## Compensating the Management

### Methods for Measuring Performance and Translating Performance into Compensation

SFMI measures performance using financial and non-financial indices. Major financial indices include the profitability index (earnings per share, pre-tax profit margin, price-earnings ratio, etc.) and productivity index (retention rate of insurance contracts, execution rate of selling and administrative expenses), while non-financial indices consist of soundness index (compliance, etc.), customer satisfaction index (Financial Supervisory Service's complaint evaluation grade, etc.), and risk index (loan delinquency rate, safety environment incidents and accidents, etc.).

In the case of executives, financial and non-financial indices, such as earnings per share, pre-tax profit, and the price-earnings ratio, are used to measure the company-wide performance, and the indices are used to determine compensation based on individual performance.

### The Standard for the Deferral, Adjustment, Withdrawal, and Payment of Compensation

40% of the compensation determined based on performance evaluation is paid in cash, and the remaining remuneration is delivered as deferred payment for three or more years after being recalculated in connection with the stock price, using predetermined methods.

For executives, cash and stock grant amount are adjusted according to their performance achievement rate, and short-term performance-based remuneration is paid in line with the corporate management goal attainment rate, organizational performance, and excess earnings. In case of violating corporate rules, acting against the benefit of the company, or doing damage to the company, the compensation that has been tentatively determined can be canceled or reduced.

### Standard on Determining the Allocation of Compensation, Such as Cash and Stocks

We classify the compensation into two categories: basic salary, which is the amount included in the average wage stipulated by the Labor Standards Act or similar to that of general employees; and performance-based remuneration, which is paid as incentives based on the executives' long-term performances. Incentives paid based on long-term performances are determined by evaluating the performances for three years, and the incentive can range from a minimum of 0% to a maximum of 300% of their three-year average annual salary. In order to offer long-term performance-based compensation, we pay 40% of the incentives determined at the Remuneration Committee in cash in the first year, and the remainder is deferred and paid in the form of equity-related products at the rate of 20% per annum from the second to the fourth year.

#### Remuneration and Owned Stocks of Executive Directors

(Unit: stocks, KRW million)

Name	Title	Holdings	Value of Holdings <sup>1)</sup>	Remuneration <sup>2)</sup>
Young Moo Choi	CEO	1000 (Common Stock)	187.5	754
Teh Young Beh	Executive Director	300 (Common Stock)	56.3	352

1) Value of holdings: The number of shares held, multiplied by the closing price on December 30, 2020 (KRW 187,500)

2) Directors' remuneration is the amount disclosed in the business report (salary).

#### Employee Remuneration

(Unit: KRW million)

2,070

CEO

99

Average Employee  
Remuneration

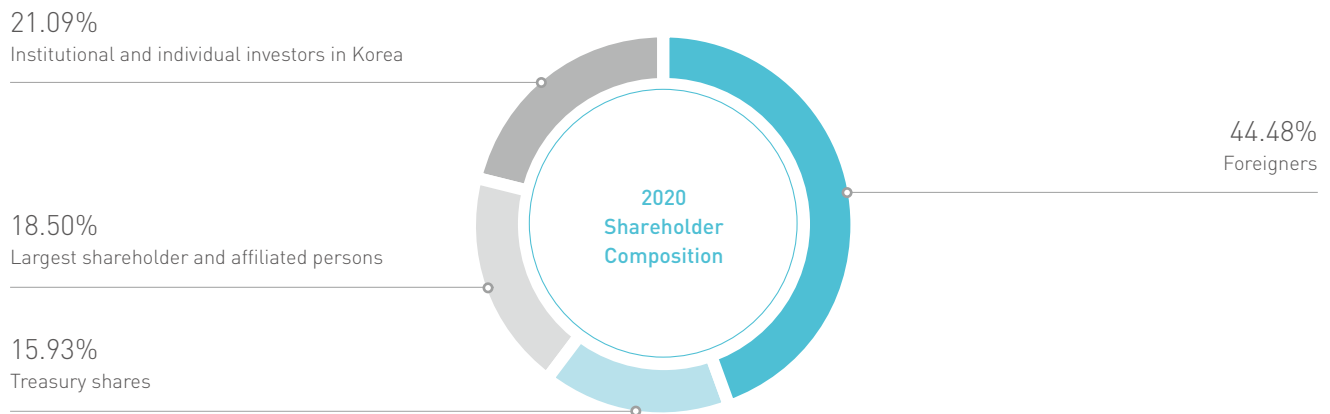
99

Median Value of  
Employee  
Remuneration

## Enhancing Shareholder Value

### Shareholders

SFMI's total number of issued shares is 47,374,837 (common stocks) as of December 31, 2020. 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%. In addition, 10.76% of shares are held by the National Pension Service. SFMI is committed to increasing the corporate value by moving away from the pursuit of short-term profit and achieving higher shareholder value and long-term performance goals.



### Fair Disclosure

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

### Communication with Shareholders and Investors

SFMI hosts IR events, such as Non-deal Roadshows (NDR) and conferences to enhance shareholders' and investors' understanding, gain trust, and inform the market of the company's competitiveness. Our financial information and earnings reports are released on our website and the DART system of the Financial Supervisory Service. Moreover, the opinions of shareholders and investors collected through IR activities are reported to the management and shared with relevant departments to be reflected in corporate management activities.

# Risk Management

## Risk Management Policy and Strategy

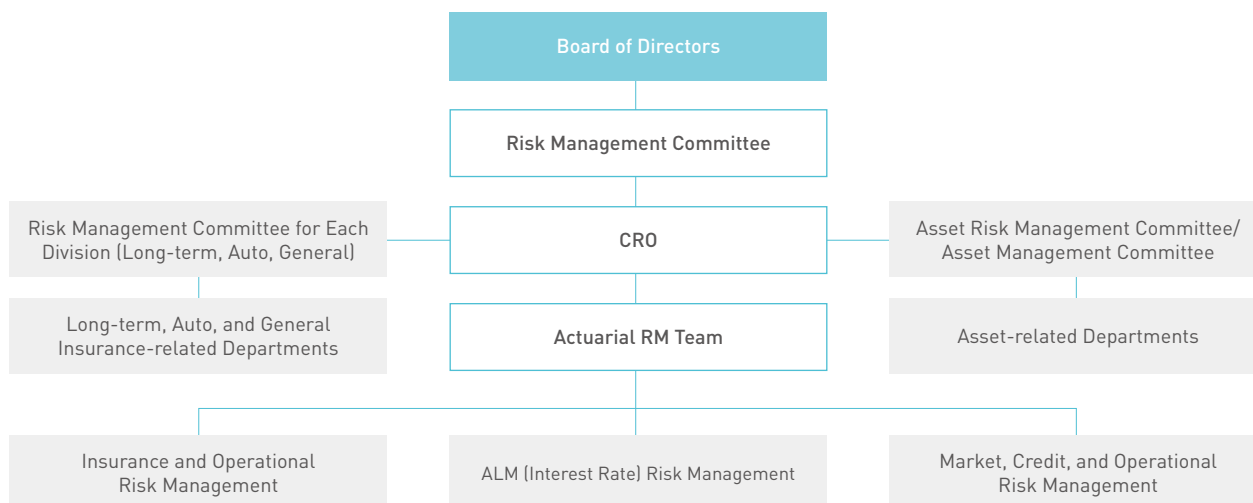
To ensure the stable growth of the company and enhance customer value, SFMI manages various risks that may arise from management activities.

- Establishing the general insurance retention and reinsurance strategy to manage insurance risk and setting profit guidelines for new long-term insurance
- ALM (Asset Liability Management) strategy aimed at controlling the interest rate risk and assumed interest rate strategy for long-term insurance
- Establishing a standard for managing risk-based capital ratio for financial soundness

## 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 the risk appetite. The Risk Management Committee executes the overall risk management-related tasks delegated by the BOD, makes decisions on risk management strategies, and inspects results.

### Risk Management Organization



### CRO (Chief Risk Officer)

The CRO implements the risk management strategies established by the BOD and Risk Management Committee and supervises the recognition, measurement, control, and management of risks.

### Risk Management Departments

Established under the CRO, the RM Planning Department, RM Operation Department 1, and RM Operation Department 2 are in charge of risk management, such as assessing, monitoring, and controlling risks. The Departments are guaranteed with independence as they are operated separately from insurance sales and asset management-related departments. To make decisions on risk control, the insurance division operates the General/Long-term/Auto Insurance Risk Management Committee, while the asset

management division has the Asset Risk Management Committee and Asset Management Committee.

### Risk Management Committee

As a subcommittee within the Board of Directors, the Risk Management Committee applies the risk management policy to the company's decision-making and raises awareness on the importance of risk management among the executives. The Committee fosters the culture of checking and managing risks in insurance sales and asset management throughout the company and is composed of one executive director and two non-executive directors. The non-executive directors are provided with briefings and materials to enable in-depth discussions during Committee meetings. In 2020, we offered three face-to-face briefing sessions and two virtual briefing sessions.

### Activities of the Risk Management Committee in 2020

Date of Meeting	Activity	Agenda
2020.03.20	Report	Report on risk-based capital ratio based on supervisory and internal standards as of the end of 2019
	Report	Report on emergency analysis as of the end of 2019
	Resolution	Plan on the expected interest rate of long-term insurance in 2020
2020.06.25	Report	Report on risk-based capital ratio based on supervisory and internal standards as of the end of March 2020
2020.09.24	Report	Report on risk-based capital ratio based on supervisory and internal standards as of the end of June 2020
	Report	Report on emergency analysis as of the end of June 2020
	Report	Report on the ALM status of 2020
	Resolution	Inspection on derivatives risk control in 2020 and transaction strategy for 2021
2020.11.26	Resolution	Setup of profitability guidelines for new long-term insurance products in 2021
	Report	Report on the results of the standard emergency analysis as of the end of June 2020
	Report	Progress on internal risk model improvement and follow-up plan
	Resolution	General insurance retention and reinsurance strategy for 2021
	Report	Report on reinsurance monitoring and risk transfer evaluation results
2020.12.24	Resolution	Inspection on ALM operation in 2020 and strategies for 2021
	Resolution	Plan for the setup of company-wide risk propensity in 2021
	Resolution	Plan for the setup of risk tolerance limit in 2021

## Risk Measurement and Management

### Risk Management Process

SFMI's risk management process consists of four stages: risk recognition, measurement and monitoring, control, and report.



### Definition of Risks by Type and Management of Methods

SFMI manages possible risks that may occur in the non-life insurance business regarding insurance, market, credit, interest rate, and operation. The Risk Management Committee reviews major risk issues, and decisions are made based on the impact assessment of each risk, which is done by using the risk model. We also established risk control guidelines for the value chain of each business division, considering the market situation and our mid to long-term management strategy. Risk control efforts are monitored to check their compliance with the guidelines.

Risk	Definition	Management Method	Measuring Method & System
Insurance Risk	Risk about the possible decrease in corporate value in relation to the company's main business involving insurance contract, due to a rise in loss ratio and termination rate. We manage the loss ratio by conducting regular monitoring, reducing and transferring risks through reinsurance, and operating the underwriting guidelines. We also regularly monitor the termination rate to protect innocent policyholders from malignant contracts.	<ul style="list-style-type: none"> <li>• Setting risk tolerance limit regarding changes in loss ratio and policy termination rate and monitoring the burn rate regularly.</li> <li>• Establishing and implementing owned reinsurance strategies</li> </ul>	<ul style="list-style-type: none"> <li>• VaR(Value at Risk)</li> <li>• ReMetrica</li> <li>• RAFM(Risk Agility Financial Modeler)</li> </ul>
Market Risk	Risk about the possible decrease in corporate value due to changes in market variables such as stocks, real estate, and exchange rates. Stock price risk is managed by setting guidelines on maintaining reasonable share ownership without leaning too much toward certain sectors. Real estate risk control is executed based on the guidelines on invested properties. Exchange rate risk associated with overseas assets is managed by investing in derivatives to reduce and transfer the risk, and in the case of foreign liabilities, we apply a natural hedging method where investments are made in local currency.	<ul style="list-style-type: none"> <li>• Applying the investment eligibility criteria to securities and loans and establishing loss-cut criteria to prevent the expansion of losses.</li> </ul>	<ul style="list-style-type: none"> <li>• Market VaR</li> <li>• KRM(Kamakura Risk Management) System</li> </ul>
Credit Risk	Risk about the possible decrease in corporate value due to the default of owned corporate bonds, the bankruptcy of borrowers, and a decrease in credit ratings. We have guidelines on the limit on corporate bond ownership and borrowers and we detect credit risks in advance by reviewing individual cases when new large-scale investments are made. We also monitor changes in credit ratings of corporate bonds and borrowers to minimize credit risks.	<ul style="list-style-type: none"> <li>• Diversifying risks by setting transaction limits by business type and using the exposure inquiry system to check whether the limit has been exceeded.</li> </ul>	<ul style="list-style-type: none"> <li>• Credit VaR</li> <li>• Risk Weight Function(Basel II)</li> </ul>
Interest Rate Risk	This risk arises mainly from the difference between the return on asset management and the amount of interest to be paid to policyholders in accordance with the level of interest rate. Loss is incurred if the return on asset management is lower than the amount of interest to be paid to policyholders under low interest rate conditions. To avoid such situations while protecting policyholders, we mainly invest assets in stable long-term bonds. We establish the ALM strategy every year, through which the company sets an asset-liability duration gap target and monitors its status on a monthly basis.	<ul style="list-style-type: none"> <li>• Establishing guidelines to determine the estimated interest rate and guaranteed minimum interest rate.</li> <li>• Setting the asset duration target based on liabilities cash flow that reflects the changes in liabilities structure and interest rate.</li> </ul>	<ul style="list-style-type: none"> <li>• VaR</li> <li>• ALM[to calculate the market value of assets]</li> <li>• RAFM [to calculate the market value of liabilities]</li> </ul>

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## Operational Risk Management

Operational risks are those caused by inadequate internal control, employees' mistakes, external incidents, and failure to make strategic decisions, and can lead to losses in business operation and decrease in corporate value. It is difficult to quantify operational risks, and it is also challenging to reduce and transfer the risk through derivatives and reinsurance. Therefore, SFMI manages the operational risks by having departments cooperate under the leadership of those in charge of controlling each risk.

- Infrastructure risk refers to the risk that losses may occur in terms of the IT systems and business site operation due to insufficient management and external factors. SFMI minimizes risk occurrence by setting up contingency plans and providing training on system restoration to adequately respond to system failure, holding malicious code simulation training, engaging in compliance activities, conducting safety inspection on business sites, and offering safety and health training under the supervision of the IT Strategy Team, Audit Team, HR Team, and Actuarial RM Team.
- Process risk refers to the risk that losses may occur due to insufficient procedure and governance in business operation, employees' mistakes, and insufficient internal control. SFMI engages in risk control activities such as checking operational risks, automatically delegating authorities in accordance with the arbitrary decision regulation, and conducting compliance training to prevent accidents under the oversight of the Chief Compliance Officer and Actuarial RM Team.
- Strategic risk refers to the risk that potential losses such as the decline of the market position may occur due to a failed response strategy against changes in institutions, industrial structure, and demographics, or M&A and marketing failure. SFMI monitors industry trends at home and abroad and analyzes the impact of changes in relevant laws and regulations under the supervision of the Planning Team to make sure risks do not occur in relation to the company's management strategy.
- Reputation risk refers to the risk that may cause potential loss to the company due to customer complaints, negative public opinion, or a decrease in credit rating. SFMI manages reputation risk by monitoring how complaints are handled by the PR Team, Chief Compliance Officer, Customer Policy Team, and operational departments in the product/sales/claim divisions and their daily activities.

## Setup and Management of Risk Tolerance Limit

SFMI's risk tolerance limit is set by the Risk Management Committee every year at a level in which capital adequacy can be secured and maintained. We make sure the risks stay within the limit and monitor the management status regularly. In cases where the limit is crossed, or any critical changes in risks are detected, the issues must be reported to the Committee.

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## Emerging Risks

In order to protect our customers from uncertainties, SFMI has been making thorough preparations against potential risks that may arise in the insurance industry.

### 1. Climate Change

#### Description

Climate change risks are the risks that occur over a long period of time due to the increase in greenhouse gas emissions, such as CO<sub>2</sub> emissions, and the subsequent rise of the Earth's average temperature. Climate change risks are largely classified into two categories: physical risks associated with the increasing frequency and severity of natural disasters, such as typhoons, floods, and heavy rain caused by global warming, and transitional risks associated with the failure to respond to tightening climate change regulations and market changes.

#### Impact on Business

##### 1) The Impact of Physical Risks

The increasing frequency and severity of natural disasters caused by global warming may have a critical impact on the loss ratio in the insurance business. Our auto insurance business has directly been influenced by natural disasters such as floods and typhoons, having faced an approximately 11% increase in average loss over the last decade. The general insurance business is exposed to the risks of natural disasters that may occur at both home and abroad. Given that a third of our direct premiums written comes from auto and general insurance, SFMI must develop measures to minimize impacts from natural disasters and reduce carbon emissions.

##### 2) The Impact of Transitional Risks

There is a possibility that the Korean government may strengthen laws and regulations on carbon emissions in order to achieve its long-term goals outlined in the Paris Climate Change Agreement. Failure to deal with such regulatory changes may cause compliance issues. Considering the fact that environmental changes brought by climate change risks may generate demand for new products and services, we need to pay close attention to the relevant market trends and strive to seize the opportunities in advance.

#### Mitigating Actions

SFMI engages in various activities to help customers and local communities control natural disaster risks. We respond to climate change risks by conducting risk diagnosis, providing consultations on insured goods, developing new risk control projects, researching the fields of the environment and safety, analyzing natural disaster risk level by region and country, and setting up and managing risk management-related standards and guidelines. Moreover, we use the GRM (Global Risk Map)—SFMI's unique estimated loss evaluation model for natural disasters—for various works such as cumulative risk assessment and insurance review. The GRM makes it possible to simulate estimated loss for individual insured property and Cat Zone by providing risk maps for natural disasters such as floods, earthquakes, volcanic eruptions, tsunami, and typhoons.

In addition, diverse campaigns have been launched to reduce carbon emissions. Our employees have been participating in the "Zero Standby Power Campaign" since 2018, where they cut all standby power after work by installing power strips. We have also been distributing the "Nudge for Green" guidelines to encourage employees to change their behavior for the good of the environment. We have been developing and launching in-house programs such as the "Eco-friendly Sharing Campaign" and "Plastic Free Campaign," where employees can participate and contribute to minimizing environmental pollution.

SFMI has been taking steps to deal with potential transitional risks posed by climate change. The company joined the Carbon Disclosure Project (CDP) in 2010 and has been maintaining its GHG emissions measurement and verification (including Scope 3) certification, as well as ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System) certifications. We are also committed to developing eco-friendly products and services such as the "Eco-mileage" rider and electronic insurance policy conditions to respond to the market changes caused by climate change.



## 2. Technological Changes

Description	<p>Risks from technological changes are caused by the changes brought forth to the insurance industry with the introduction of new technologies of the 4<sup>th</sup> industrial revolution, including AI, blockchain, and IoT. The rapidly advancing technologies will be applied to sales, claim process, and service of insurance business before long, transforming the entire industrial landscape. These changes could be a risk that may undermine the company's competitiveness but also a new opportunity to take the lead in new markets.</p>
Impact on Business	<p><b>1) Insurance and Automation</b></p> <p>As it became possible to collect, save, process, and analyze massive amounts of data using AI technology, it will be possible for insurance companies to streamline the insurance purchase, review, and claim settlement processes based on text, audio, and image data of customers.</p> <p><b>2) Diversification of Services</b></p> <p>The IoT technology, designed to connect things to the internet and exchange data, is expected to create a sizable market in the future. If more sophisticated IoT technologies are introduced to the insurance industry, customers will be able to enjoy the benefits of better health and safety management services and a decrease in premiums.</p> <p><b>3) Changes in Sales Channels</b></p> <p>Recently, there have been growing opportunities for sales in the digital ecosystem, such as internet portals and mobile applications beyond the existing sales channels. The insurance business is no exception to the diversified sales and distribution channels. Therefore, it is expected that competition to dominate new online insurance sales platforms will become fiercer as the majority of insurance sales will most likely happen on online platforms.</p>
Mitigating Actions	<p>SFMI has been making various attempts to prepare for the technological changes that could affect the insurance industry.</p> <p>We established the Digital Headquarters, which was assigned with the role of strengthening digital capabilities at the company level and we provide the AI Insurance Review System and Digital ARS services. We operate the "Family Medical History Consulting System," which is an insurance information service that offers customized health-related information for customers. The information is generated based on statistical data when customers enter their physical conditions, life habits, and medical history of immediate family members. We also provide the IoT-based "Anyfit" service, which is run on a mobile app that measures the amount of exercise customers are getting and provides rewards accordingly.</p> <p>The T-map driving habit rider, launched in 2019, is another special rider designed to reward drivers who use the mobile navigation application. Drivers are given premium discounts if they collect a certain amount of safety points on the app. Moreover, SFMI decided to invest KRW 39.6 billion in the Insurtech Fund managed by Samsung Venture Investment to take full advantage of Big Data and AI technologies in the insurance business.</p>

### 3. Demographic Change

Description	<p>It is expected that Korea will become a super-aged society in 2026, as people aged 65 or older will account for around 20% of the population. Demographic risks refer to those that may threaten the insurance business in the future, such as the decrease in the working-age population, weak economic growth, drop in interest rate, and a decrease in the type of risks that require insurance coverage.</p>
Impact on Business	<p><b>1) Decrease in Asset Management Yield</b></p> <p>The decrease in the working-age population and increase in fiscal expenses for the elderly population will bring about a significant slowdown in economic growth and lower the interest rate, which will have negative consequences on the asset management yield.</p> <p><b>2) Reduction of coverage and decrease in new demand</b></p> <p>Economic slowdown weakens investment, and this will reduce the type of risks that require insurance coverage. Therefore, direct premiums written may decrease due to the diminishing demand for insurance following population aging, low birth rate, market saturation, and intensified competition.</p> <p><b>3) Impact on the health insurance business</b></p> <p>The 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 the demand for new services, such as healthcare services.</p>
Mitigating Actions	<p>To prepare for the risks posed by the low interest rate trend, SFMI continues to implement an ALM-based asset allocation strategy, which focuses on long-term bonds and corporate loans such as large office mortgage loans and SOC investment as an alternative way to ensure profitability. Diversification of overseas investments is also underway. In preparation for the worsened profitability in the health insurance business due to population aging, we also focus on providing healthcare services that will improve the loss ratio and try to meet consumers' needs at the same time. Such services include the "Anyfit" service, a mobile app-based service that rewards users with points for achieving certain exercise goals such as walking and running, and "MyHealthNote," which helps diabetic patients improve their living habits and manage their condition better. We will continue to utilize new digital technologies that will complement our core business and expand services that can support customers with health management.</p>

### Capital Adequacy Management

SFMI maintains the highest RBC ratio that is unmatched in the non-life insurance industry. We calculate the internal RBC ratio based on advanced standards, including the Solvency II of Europe, and set and manage the risk tolerance limit.

#### RBC Ratio Recommended by Supervisory Institutions

We maintain outstanding financial soundness to protect customers' assets and improve shareholder value.

- SFMI's RBC ratio under the current supervisory regulation stands at 300.9% as of the end of 2020, which is the highest in the industry, and even when calculated based on the Solvency II of Europe, it exceeds the 250% level. Thus, the strengthened regulations on financial soundness will not have much impact on SFMI.
- Value-Based Management: Key decisions of the company are made not in terms of short-term profitability, but based on the mark-to-market valuation that considers future risks.
- SFMI prioritizes the enhancement of corporate value in decision-making and, thus, has adopted the Embedded Value Analysis and Dynamic Financial Modeling to assess the impact of future risks and conduct risk-based profitability analysis.

### Assessment and Management of Internal Capital Adequacy

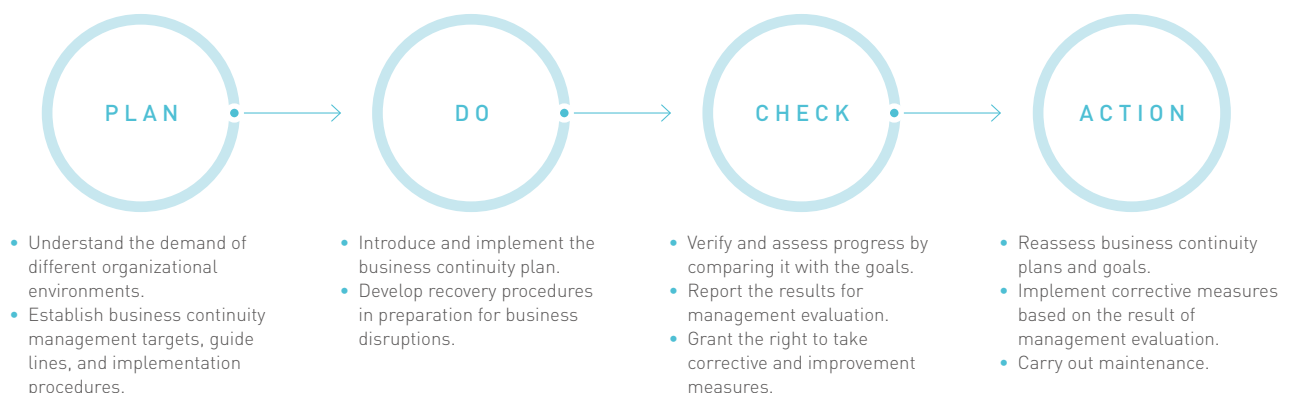
At SFMI, the Risk Management Committee approves the internal RBC (Risk-based Capital) ratio and risk tolerance limit. On top of following the RBC ratio recommended by supervisory agencies, the internal RBC ratio is managed by using the Solvency II methodology that measures insurance, interest rate, market, credit, and operational risks. This process allows us to measure and manage risks and utilize surplus capital based on strong financial soundness and capital adequacy.

### Stress Test and Sensitivity Analysis

Every six months, SFMI conducts stress tests based on supervisory agencies' financial crisis scenarios and reports the results to the Risk Management Committee. In the latest stress test, it was found that SFMI will be able to maintain an RBC ratio of 201%, even in the worst-case scenario. SFMI also conducts market fluctuation sensitivity analysis to prepare for the possible negative impact of market fluctuation on profitability and capital operation.

### Business Continuity Management

To prepare for potential business disruptions caused by disasters, SFMI established the Business Continuity Management system and operates the Risk Management Committee—an anti-disaster decision-making body—which consists of the CEO and major executives. SFMI also conducts IT DR (Disaster Recovery) drills, disaster evacuation drills, and business resumption drills regularly to secure business continuity and resilience. Based on these risk management capabilities, we have obtained and maintained the ISO 22301 certification, an international standard for business continuity management.



# Ethical and Compliance Management

## Ethical Management

### SFMI Code of Conduct

As part of an effort to fulfill its 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 terms of their business operations and everyday lives.

**Human Rights** | SFMI employees shall respect the dignity and diversity of all individuals, comply with labor standards and HR-related rules such as equal employment, and not engage in any actions that can undermine the company's healthy organizational culture, such as sexual harassment.

**Health and Safety** | SFMI employees shall strictly comply with every country's laws and internal regulations related to safety.

**Customer-centered Service** | SFMI employees shall observe the law and act in accordance with the practical principles for ethical sales to set an example of sound insurance sales. Employees shall also put customers' needs first and upgrade all services to customer-centered services.

**Environmental & Energy Management** | SFMI employees shall recognize the influence of its management activities on the environment and make efforts to reduce or mitigate relevant risks.

**Information Protection** | SFMI employees shall collect, process, and use the personal information of customers and employees in accordance with the purposes and methods allowed by the laws of each country, such as the Personal Information Protection Act. SFMI employees shall also prevent personal information leakage and comply with the laws and regulations associated with personal information protection.

**Company Asset Management** | SFMI employees shall strictly comply with the 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 shall not provide illegal funds, valuables, or entertainment to stakeholders, including public officials and customers at home and abroad, or receive such to obtain business opportunities or favorable treatment. Employees shall comply with all anti-corruption laws and regulations within and outside the country.

**Fair Competition** | SFMI employees shall respect the free and fair order of the market economy and comply with the fair trade laws of each country. Employees shall engage in fair competition and shall not engage in any activities that hamper free competition, such as price-fixing.

**Co-prosperity** | SFMI employees shall respect partner companies as business companions, comply with subcontracting laws, and shall not abuse their power by making unfair requests and engaging in retaliatory actions.

### Raising Awareness on Ethical Management

SFMI implements the Code of Conduct based on its five core values of "People, Excellence, Change, Integrity, and Co-prosperity" and provides various systematic training programs. In 2020, we carried out various ethical management activities, including the Ethical Management Campaign and created and distributed educational materials on the topic of compliance to spread the culture of compliance throughout the company. In addition, SFMI appoints compliance staff to carry out various compliance activities such as providing monthly on-site training, identifying the best ethical management practices, and sharing ideas and information to ensure ethical management and sales on site.

## Compliance Management

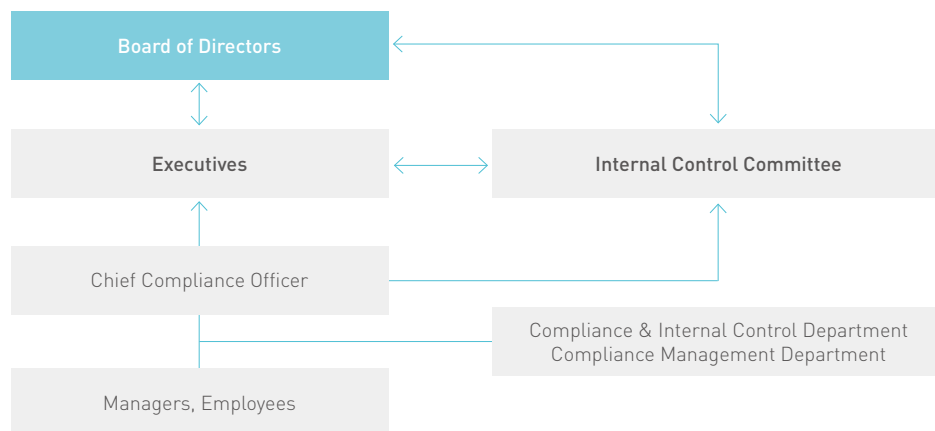
### Establishing and Monitoring Internal Control Standards

Based on the Act on Corporate Governance of Financial Companies, SFMI established the internal control standard that employees should observe in business activities in order to comply with the law, maintain the soundness of asset management, and protect policyholders. The standard includes guidelines on employees' roles and responsibilities for internal control, the appointment of Chief Compliance Officer, internal control system, Code of Conduct, and matters to be attended to for each task and compliance monitoring.

### Internal Control Standard Operation System

The Chief Compliance Officer (CCO), who oversees the operation of the internal control system and regime, frequently inspects whether the internal control standards are being observed and improves shortcomings by operating a dedicated organization established under the CCO or by appointing compliance staff for each department, and violators are handled in accordance with company rules. The CCO also monitors the operation of the internal control system and reports the findings to the Internal Control Committee and the BOD. Meanwhile, middle managers implement effective internal control procedures for each division and supervise employees' performance of roles. Employees hold the primary responsibility for internal control as they should understand their roles and comply with the rules, internal regulations, and the Code of Conduct.

### Compliance Management Organization



### Compliance Education and Inspection

Every year, SFMI provides employees with the "Mandatory Compliance Education," which covers the subjects of anti-bribery, fair trade, anti-money laundering, healthy corporate culture without sexual harassment and gender discrimination, human rights protection, and the Improper Solicitation and Graft Act. In addition, employees conduct monthly self-inspections on compliance, in which they go over the legal risks associated with the work they are in charge of. This enhances the employees' understanding of compliance and raises their awareness. Through employee self-inspections (monthly), department self-inspections (monthly), and occasional inspections, we strive to minimize compliance risks and promote ethical management.

**Mandatory Compliance Education in 2020**

(Unit: hours, persons)

2

Hours spent on mandatory compliance  
education per employee

5,987

The number of participants

**Operation of the Compliance Support System**

SFMI operates various internal control programs to prevent the occurrence of compliance risks. The programs include monitoring employees' work processes and legal compliance, pre-compliance, review of product advertisements, Compliance Program (CP), and Anti-Money Laundering System (AML).

**Major Compliance Support Systems**

Pre-Compliance	<ul style="list-style-type: none"><li>• Preliminary compliance inspection conducted by the Chief Compliance Officer before making a final decision on key business operations, including the establishment and revision of internal regulations and product advertisement.</li></ul>
Compliance Program (CP)	<ul style="list-style-type: none"><li>• A compliance system aimed at encouraging voluntary compliance with fair trade laws.</li><li>• Fosters the culture of voluntary compliance with fair trade laws and enhances the company's competitiveness by appointing the fair trade voluntary compliance manager (Chief Compliance Officer) and setting business guidelines.</li></ul>
Anti-Money Laundering System (AML)	<ul style="list-style-type: none"><li>• A management system aimed at preventing the money laundering of crime funds through financial institutions within and outside the country and maintaining a healthy financial trade order.</li><li>• By assessing and monitoring the risk of money laundering, the system prevents potential risks and increases transparency in the management of customers' assets.</li><li>• Reconducts and verifies CDD (Customer Due Diligence) and monitors suspicious transactions using scenario rules.</li></ul>

**Anti-Money Laundering System**

As required by laws regarding the prohibition against money laundering and financing of terrorism, SFMI implements the Customer Due Diligence (CDD) system as reasonable care when making financial transactions with customers in order to prevent criminal acts and promote transparent financial transactions. Furthermore, we assess the risk of money laundering among different types of customers and transactions, and when classified as high-risk, the Enhanced Due Diligence (EDD) system is implemented. The

risk assessment system helps prevent the potential money laundering risk and we look out for Suspicious Transaction Report (STR) or Currency Transaction Report (CTR). Moreover, SFMI established an anti-money laundering internal control system and has been making efforts to improve and sophisticate the system. We also carried out preventive measures, such as inspections and education to improve employees' understanding of work and strengthen business capabilities. As such, SFMI strives to boost the quality of its anti-money laundering system.

## Fair Trade for Consumers

SFMI provides training on complete sales and monitors sales agents (sales partners including the RCs) to make sure they offer customers with products that suit their needs and give clear explanations so that customers fully understand the details of the product. In addition, in accordance with the Insurance Business Act and insurance industry supervisory regulations, we established a standard for publishing and using insurance-related pamphlets and training materials, and abide by domestic and foreign standards associated with advertisements.

## Minimizing Incomplete Sales

To foster a trusted insurance sales practice and protect consumers' rights, SFMI carries out diverse activities to

promote complete sales of insurance products. The Compliance Management Department dedicated to promoting complete sales focuses on protecting customers from incomplete sales. To practice ethical sales, we provide training on preventing incomplete sales every month via online and offline channels and operate a monitoring system, where undercover customers are dispatched on site to monitor sales activities. In addition, we monitor and manage incomplete sales indicators every month.

## Penalty Imposed by External Organizations

SFMI received the following penalty from a supervisory agency in 2020. We have further strengthened our internal control system to prevent the recurrence of such incident.

Date	Organization	Reason	Penalty
2020.01.17	Financial Supervisory Service	Violation of the duty to include matters that are required to be entered in the basic documents [unfair underpayment of insurance benefits]	A fine of KRW 17 million

## Internal Reporting System

SFMI operates internal reporting channels where whistle-blowing and reporting of alleged offense are possible. The identity of reporters and content are kept strictly confidential in accordance with the guidelines on internal reporting system operation. If the allegations reported through the channels are confirmed to be true, disciplinary measures are taken according to the severity of the matter.

### Reports Made in 2020

(Unit: cases)

	2018	2019	2020
The number of cases reported and addressed	54	41	103
Alleged offense	5	21	8
Complaints	17	10	48
Etc.	32	10	47

### Reporting Channels

Whistleblowing	Management Principle Practice Office (Compliance & Internal Control Department) Tel: 02-758-7112/Fax: 02-758-4310/Email: ethics.sfmi@samsung.com
Reporting of alleged offense	Audit Team Tel: 02-758-7106/Fax: 02-758-7796/Email: auditing@samsung.com

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## Human Rights Management

### Human Rights Protection

SFMI complies with the basic principles on protecting and respecting human rights as outlined in the UN Human Rights Commission's Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, Korea's Labor Standard Act, and International Labor Organization (ILO) regulations. In addition, principles on the protection of human rights, such as the prohibition of discrimination against employees, respect for diversity, and prohibition of child and forced labor, are stipulated in the Samsung Group's management principle, SFMI's Code of Conduct, and the Code of Conduct for Business Partners, which are observed by all SFMI employees and business partners.

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### SFMI's Major Human Rights Principles

1. SFMI complies with the regulations regarding working and rest hours and pays wages in accordance with the standards stipulated in relevant laws.
2. SFMI strives to create a safe and pleasant working environment for its employees.
3. SFMI pursues a mutually prosperous labor-management relationship based on mutual trust and effective communication.
4. SFMI does not discriminate against employees in terms of working conditions on the basis of their nationality, gender, age, race, religion, or social status.
5. SFMI does not allow child labor, forced labor, or wage theft under any circumstances.
6. SFMI uses the personal information of customers and employees only for the purpose and through the methods permitted by the laws of each country to protect personal information and performs thorough security control to prevent leakage.
7. SFMI respects the dignity of all employees and prohibits inhumane acts such as sexual harassment, corporal punishment, mental or physical coercion, and verbal abuse.
8. SFMI shares human rights protection policies with its partners.
9. SFMI respects human rights in all of its business activities, including the provision of products and services and investment, monitors major human rights issues, and prepares against potential risks.



## Human Rights Policy

Category	Details
SFMI's commitment to integrating human rights into business management	SFMI and its value chain respect the human rights of all stakeholders in the global market. We observe the UN Human Rights Commission's Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, the regulations of the International Labor Organization, and the Labor Standard Act of Korea, and signed the UN's Principles for Sustainable Insurance (PSI) Initiative. In addition, we assess the impact of our business activities on human rights in accordance with the Samsung Group's management principles, SFMI's Code of Conduct, and Code of Conduct for Business Partners. We are committed to making improvements and disclosing relevant information. The Human Rights Policy stipulates the human rights protection principles, including the prohibition of discrimination against employees, respect for diversity, and prohibition of child and forced labor, and describes the patterns of behavior that are necessary to achieve the human rights goals in line with the highest ethical standards. The ESG Committee established in 2021 will adopt the strengthened human rights policy and apply the principles to the company's overall business activities.
The purpose and scope of human rights policy	<p>SFMI is doing its best to identify, prevent, and reduce human rights issues that arise in association with our business sites, products and services, business relationships, and projects we have invested in or insurance we have underwritten, and, in turn, directly or indirectly affects our employees, customers, investors, partners, and local communities.</p> <p>To this end, SFMI engages in the following activities:</p> <ul style="list-style-type: none"> <li>- Raising human rights awareness in all business activities.</li> <li>- Communicating with stakeholders to address human rights issues.</li> <li>- Adopting grievance handling systems for all stakeholders in relevant countries and departments.</li> <li>- Identifying and understanding human rights risks on a regular basis.</li> <li>- Addressing the human rights issues that arise in areas we are responsible for and taking corrective measures.</li> <li>- Recording the outcome of preventing and addressing human rights issues.</li> </ul>
Human rights policy for employees	<ol style="list-style-type: none"> <li>1. SFMI respects the dignity of all employees and prohibits all forms of harassment and discrimination on the basis of age, disability, ethnicity, gender, marital status, national origin, political affiliation, race, religion, nationality, sexual orientation, and social status.</li> <li>2. SFMI abides by the regulations on working and rest hours and pays wages in accordance with relevant regulatory standards.</li> <li>3. SFMI conducts fair performance evaluations and offers compensations accordingly, and provides employees with equal opportunities for self-development based on their capabilities and talent.</li> <li>4. SFMI provides and maintains a safe and healthy working environment for all employees.</li> <li>5. SFMI builds a mutually prosperous labor-management relationship based on harmony and mutual trust and respects the employees' freedom of association.</li> <li>6. SFMI operates an official internal reporting channel as part of its effort to practice ethical and compliance management. The identity of reporters and content are kept strictly confidential in accordance with the guidelines on the internal reporting system to make sure all employees and stakeholders can make reports anonymously.</li> </ol>
Human rights policy for partner companies	<ol style="list-style-type: none"> <li>1. SFMI values its partner companies as business companions and pursues mutual prosperity.</li> <li>2. SFMI established the "Social Responsibility Code of Conduct for Business Partners" and trains, supports, and encourages partners to make improvements in sustainability management in the aspects of human rights, safety, the environment, and ethics.</li> <li>3. Companies that faithfully abide by domestic and foreign regulations, as well as SFMI's Code of Conduct, are considered preferred potential partners and evaluated accordingly, and the evaluation results are taken into account when the contract is up for renewal.</li> <li>4. When selecting business partners, we do not force them to purchase our products and services and we engage in transactions as equals.</li> </ol>
Human rights policy for customers	<ol style="list-style-type: none"> <li>1. SFMI does not discriminate against customers on the basis of gender, age, physical disability, ethnicity, marital status, national origin, political affiliation, race, religion, nationality, sexual orientation, or social status in its provision of financial services.</li> <li>2. SFMI uses the personal information of customers only for the purpose and through the methods permitted by the laws of each country and conducts a rigorous oversight on security management to prevent the leakage of information.</li> <li>3. SFMI guarantees customers' rights over the control of personal data, as stated in the customer rights notice.</li> <li>4. SFMI develops and provides the best products and services that meet customers' expectations.</li> </ol>
Human rights policy for shareholders and investors	<ol style="list-style-type: none"> <li>1. SFMI maintains the accuracy and reliability of accounting data to secure transparency in management.</li> <li>2. Shareholders and investors are provided with the necessary information in a fair and timely manner, in accordance with relevant regulations and internal rules.</li> <li>3. SFMI builds mutual trust with shareholders and investors by respecting legitimate requests and suggestions.</li> </ol>
Human rights policy for local communities	<ol style="list-style-type: none"> <li>1. As the number one non-life insurance company in Korea, SFMI is aware of its responsibility for the development of local communities and actively participates in social contribution activities as a member of the community.</li> <li>2. SFMI does not discriminate against the marginalized in society in terms of the provision of financial products and services, employment opportunities, and financial education programs.</li> <li>3. In the case of large-scale projects that have the potential to cause environmental and social problems, we consider their impact on the local community before making the final decision on whether to provide loans or investment.</li> <li>4. SFMI strives to create a healthy and transparent society by curbing transactions involving false-name or borrowed-name accounts or illegal money laundering transactions.</li> </ol>
Human rights policy regarding insurance and investment	SFMI established the ESG guidelines that are applied to insurance underwriting and investment activities. The guidelines prohibit the company from underwriting insurance for policyholders and the insured who have violated human rights, and we do not invest in companies and businesses that are not socially responsible.

## Human Rights Due Diligence Process

SFMI prepares for human rights risks that may occur in business activities by implementing the “Due Diligence Process,” which is used to detect and evaluate major human rights issues. We also conduct a preliminary evaluation of the groups that may be especially vulnerable to human rights risks, such as children, foreigners, the disabled, and third-party contract workers.

Stakeholder	Human Rights Issues	Risk Identification	Key Performance Indicators (KPI) for Risk Assessment	Risk Level	Improvement Measures
Employees	Human rights violation at the workplace	Grievance handling system, internal reporting system	The number of grievances handled: - Reported: 70 cases - Addressed: 70 cases - Handling rate: 100%	Very low	<ul style="list-style-type: none"> <li>• Operation of the Workplace Harassment Deliberation Committee.</li> <li>• Operation of the Verbal Abuse Reporting Center/Workplace Harassment Counseling Center/Grievances Counseling Center/Personnel Matters Counseling Center/Sexual Harassment Counseling Center.</li> <li>*Support for personnel matters&gt;Open Help Center</li> </ul>
	Guaranteeing industrial safety and health	Mental and physical checkup for employees and detailed analysis on the results	The number of employees who received health checkups and screening rate - The number of participants: 5,796 (including family members) - Screening rate: 100%	Very low	<ul style="list-style-type: none"> <li>• Operation of counseling channels via phone call, email, and messenger services to respond to the spread of the Corona Blue following the outbreak of COVID-19.</li> <li>• Special online lectures for married couples/singles on top of basic counseling services and diverse content for improving mental health, such as psychological tests.</li> </ul>
	Measures to protect pregnant employees and employees with disabilities	Taking measures to protect vulnerable workers, such as pregnant employees and employees with disabilities	<ul style="list-style-type: none"> <li>- Maternity leave before and after childbirth, childcare leave, shortened working hours during pregnancy and childcare period</li> <li>- Subfertility leave and medical cost support</li> <li>- Flexible time system for pregnant employees</li> <li>- Operating channels dedicated to maternity protection</li> </ul>	Very low	<ul style="list-style-type: none"> <li>• Fostering a women-friendly corporate culture by allowing maternity leave before and after childbirth, childcare leave, and shortened working hours during pregnancy and childcare period as stipulated by the law, offering subfertility leave and medical cost support for those who are preparing to have children, implementing the flexible time system for pregnant employees, and operating the Hot Line for maternity protection.</li> <li>• Pregnant employees are allowed to work from home to prevent pregnant employees, fetuses, and infants from being infected by COVID-19.</li> </ul>
Customers	Customer information protection	Monitoring the information protection efforts of sales offices and affiliated agents	On-site security inspection on sales offices two to three times a month, site managers' inspection on affiliated agents once every half year to once a year	Very low	<ul style="list-style-type: none"> <li>• Technological measures (encrypting customer information, operating a security system, using a firewall system to prepare for intrusion and vulnerability analysis system).</li> <li>• Administrative measures (minimizing access rights to customer information, regular in-house training on personal information protection—a three-hour session for executives once a year, a six-hour session for employees twice a year—commissioned training, having all employees sign security pledges once a year, etc.).</li> </ul>
	Consumer protection	Responding to losses incurred to customers in any part of our service, ranging from filing an application to contract signing and claim service.	VOC handling rate within 24 hours: 90.0%	Very low	<ul style="list-style-type: none"> <li>• Online Consumer Protection Center               <ul style="list-style-type: none"> <li>- Electronic complaints registration, complaints disclosure, sharing best practices in consumer protection, financial consumer protection system, and disclosure of various financial information.</li> <li>- Complaints can be filed on mobile platforms without logging in.</li> </ul> </li> <li>• Voice of Customer (VOC)               <ul style="list-style-type: none"> <li>- Making improvements based on the inconveniences/complaints/suggestions reported via the company website, mail, call center, and mobile platform.</li> <li>- The principle is to handle the VOCs within 24 hours (As of 2020, the handling rate was 90.0%).</li> <li>- The system analysis result is used to develop new products and provide CS training.</li> </ul> </li> </ul>
	Settling insurance-related disputes	Customer Rights Protection Committee, Consumer Protection Committee	The number of meetings convened: - Customer Rights Protection Committee: 8 times - Consumer Protection Committee: 5 times	Very low	<ul style="list-style-type: none"> <li>• Customer Rights Protection Committee               <ul style="list-style-type: none"> <li>- Consists of external specialists, including professors, lawyers, and doctors.</li> <li>- Established in 2009, a total of 117 deliberations held until 2020.</li> </ul> </li> <li>• Consumer Protection Committee               <ul style="list-style-type: none"> <li>- Employees in charge of sales, claim service, and products participate in the Committee to improve unreasonable rules and practices within the company.</li> <li>- Established in 2014, and 42 meetings have been convened until 2020.</li> </ul> </li> </ul>

Stakeholder	Human Rights Issues	Risk Identification	Key Performance Indicators (KPI) for Risk Assessment	Risk Level	Improvement Measures
Foreigners	Improving financial accessibility	Provide insurance products and services to foreigners equally so that no stakeholders are excluded.	Regular monitoring of call centers for foreign workers	Very low	<ul style="list-style-type: none"> <li>Operating an exclusive consultation center for foreigners, where a three-way phone call is made between the foreign customer, consultation center, and call center to provide interpretation services.</li> <li>Providing assistance for insurance cancelation and consultation, supporting Chinese and English language services, providing an English website.</li> <li>Dispatching the staff in charge of the exclusive call center for foreigners (English) to the direct auto insurance customer service center.</li> <li>Providing terms for the comprehensive personal liability policy in foreign language.</li> </ul>
Persons with Disabilities	Improving financial accessibility	Provide insurance products and services to the disabled equally so that no stakeholders are excluded.	Monitoring of the sign language service for the disabled	Very low	<ul style="list-style-type: none"> <li>Has been providing consultation in sign language since 2013 for the hard of hearing, and consultation services on car accident/breakdown, product, and loan are available.</li> <li>SFMI's company website is certified for its excellent web accessibility. There are menus designed specifically for the disabled (video subtitles for the hard of hearing, images and photos are provided with explanations in text, alternative website design options for customers with color vision deficiency, etc.).</li> </ul>
Children	Improving financial accessibility	Provide insurance products and services to children and adolescents equally so that no stakeholders are excluded.	One Company-One School financial, economic education	Very low	<ul style="list-style-type: none"> <li>Supporting children of traffic accident victims and children from low-income households with study programs. <ul style="list-style-type: none"> <li>Providing financial and economic education through employees' talent donation.</li> <li>The education program was not provided in 2020 due to the COVID-19 pandemic.</li> </ul> </li> <li>Providing financial education for elementary, middle, and high school students across the country. <ul style="list-style-type: none"> <li>In 2020, 2,875 students from 23 schools enrolled in the program (downsized due to the COVID-19 pandemic).</li> </ul> </li> </ul>
Senior Citizens	Improving financial accessibility	Provide insurance products and services to senior citizens equally so that no stakeholders are excluded.	VOC, checking the details of the complaint, reviewing rejected contracts, etc.	Very low	<ul style="list-style-type: none"> <li>Auto insurance riders for senior citizens.</li> <li>One-stop service for elderly customers where they are directly connected to the call center staff without going through the ARS.</li> <li>Additional education and insurance services for the elderly.</li> </ul>
Partners	Support for customer service and stress management	Operation of the emotional laborer protection system	Call center monitoring	Very low	<ul style="list-style-type: none"> <li>Guaranteeing rest hours after providing customer service to customers who have caused trouble.</li> <li>Warning and call forwarding for customers who use inappropriate language that sexually harasses, insults, or threatens the staff. Operate a customer service group dedicated to providing service to difficult customers.</li> <li>Providing support for employees in charge of grievance handling and operating counseling centers to look after the mental health of CS workers, etc.</li> </ul>
	Listening to grievances and communicating	Communication with sales and claim service partners	Providing consultations and having meetings with partners, etc.	Very low	<ul style="list-style-type: none"> <li>Providing consulting for roadside assistants who are dispatched to the outskirts and newcomers. <ul style="list-style-type: none"> <li>Helping early adjustment, discussing ways to increase income, addressing difficulties, etc.</li> </ul> </li> <li>Holding meetings with the representatives of partner companies one to two times a year. <ul style="list-style-type: none"> <li>Building communication channels, listening to suggestions, addressing difficulties, etc.</li> <li>In 2019, the meeting was held twice, and in 2020, it was postponed due to the COVID-19 pandemic.</li> </ul> </li> </ul>

## Pre-assessment on Human Rights

Scope	Assessment Rate	Risk Detection Rate	Improvement Rate
Employees	100%	1.08%	100%
Children, Foreigners, Persons with Disabilities	100%	0.0%	-
Partners	100%	0.0%	-

## Fulfillment of Tax Liability

### SFMI's Major Tax Policies

1. SFMI fulfills its tax payment and tax cooperation duties by strictly complying with tax laws and regulations of the countries where we operate our businesses. We engage in business activities under the principle of maintaining an honest and transparent relationship with tax authorities.
2. SFMI does not take advantage of the tax rate structure and tax system unfairly for tax evasion, nor does it transfer its profits to other countries or regions with lower tax rates by unfair means.
3. SFMI makes sure its overseas footholds apply the normal price in accordance with the methods stipulated by the tax law.
4. SFMI carries out tax reporting and payment, and submits tax documents in accordance with the government's tax law and authoritative interpretation. In doing so, SFMI uses the financial information that is managed according to the government's accounting regulations and the company's internal accounting policy.
5. SFMI manages and monitors tax affairs at all times to prevent other tax risks.

### Tax Risk Management

As tax risks may have a greater impact on the company than financial risks, SFMI identifies tax risks and evaluates and manages them in a prudent manner. We closely monitor the tax risks that may cause changes in the management of tax affairs, such as the risk arising from the introduction of a new accounting standard (IFRS Phase 2), the launch of new products and transactions, and risks related to international tax obligation. We develop measures to manage such risks.

### Transparent Disclosure of Corporate Tax

SFMI reports further details on corporate tax, deferred corporate tax, and effective tax rates through independent auditors' reports, and they are disclosed on our website and Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART).



## 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 (hereafter "the Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Korean International Financial Reporting Standards ("K-IFRS").

### Basis for Opinion

We conducted our audits in accordance with the 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 the 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 of the current period. 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, 2020, amounted to KRW 5,370,962 million (7.04% of total liabilities) and was recorded as insurance contract liabilities. Among reserve for the outstanding claims, the amount of direct reserve for outstanding claims amounted to KRW 4,717,192 million that consists of KRW 2,773,521 million of OS (58.80%), KRW 1,494,231 million of IBNR (31.68%), and KRW 449,440 million of the others (claims adjustment reserves and compensation income, etc., 9.53%). OS is the estimated future payment for already reported claims, and IBNR is the 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 Detailed Regulations on Supervision of Insurance Business (aggregate estimation). In particular, IBNR calculated based on statistical methods requires a significant degree of estimation by the management in determining the application methodology for each accident year (PLDM, ILDM, BFM, FSM, etc.) and the development factor, 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.

In conducting our audit, we engaged our internal actuarial specialists and IT specialists to assist us in reviewing matters that require an important actuarial judgment and testing the completeness and accuracy of the underlying data for estimates.

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

The primary audit procedures we performed to address this key audit matter included the following:

- We checked whether the accounting policies related to OS and IBNR comply with the Regulation on Supervision of Insurance Business and Detailed Regulations on Supervision of Insurance Business.
- We tested the effectiveness of design and operation of the Group's Internal Accounting Control System ("IACS") as follows:
  - Verified the accuracy of OS calculation based on the insurance policy conditions and standard loss table.
  - Tested the completeness and accuracy of the basic data used for calculating the standard loss table and verified the standard loss table.
  - Tested the completeness of underlying data used to calculate the table of claims and OS by each payment year for estimating the aggregate amount and the accuracy of significant financial and non-financial components in the underlying data. Verified the table of claims and OS by each payment year.
  - Determined each accident year's statistical methodology for senior actuaries' estimation of the aggregate amount and verified the development factor and aggregate amount of output.
- Sampled accidents with assigned numbers using statistical methods and verified whether the OS for each accident is calculated based on the insurance policy conditions and standard loss table. In addition, the appropriateness of the standard loss table was verified.
- Obtained and sampled the data on insurance benefits paid after the end of the reporting period using statistical methods and verified the appropriateness and completeness of the OS by comparing it with the OS at the end of the reporting period.
- Obtained the basic data necessary to calculate the claims paid and OS for each fiscal year and verified the major financial and non-financial factors. Sampled the data with professional judgment and recalculated and verified the claims paid and OS for each fiscal year.
- Verified each accident year's statistical methodology used to estimate the aggregate amount and the appropriateness of major variables such as development factor etc., and conducted an independent recalculation for verification.

## B. Assessment of measurement of securities classified within level 3 of the 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 within level 3 of the fair value hierarchy according to K-IFRS NO. 1113 as of December 31, 2020, amounted to KRW 3,698,497 million (3.99% of total assets) and reported as available-for-sale financial assets and financial asset at fair value through profit or loss. The securities consist of KRW 88,163 million of unlisted stocks, KRW 160,772 million of equity investments, KRW 2,844,217 million of beneficiary certificates, and KRW 605,345 million of beneficiary certificates in foreign currency.

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

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

The primary audit procedures we performed to address this key audit matter included the following:

- We tested the effectiveness of design and operation of the Group's IACS as follows:
  - Inspected the appropriateness of the management's verification of external valuation data (reviewed the valuation method, basic data, assumptions, etc.)
- Identified and analyzed the methodologies and major assumptions used for the valuation of each asset type.
- Sampled securities using statistical methods and compared the samples with external data in terms of observable input variables (assumptions) and verified the reliability and appropriateness of unobservable input variables (assumptions).

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the K-IFRS, and for the internal control the management decided is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or 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 as the 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 from material misstatement, whether due to fraud or error and to issue an auditors' 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 the 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 the 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 the management 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 as the 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 relevant 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 11, 2021  
KPMG Samjung Accounting Corp.

CEO **Kyo Tae Kim**



This report is effective as of March 11, 2021, 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, 2020 and 2019, 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, 2020 and 2019, and its separate financial performance and cash flows for the years then ended in accordance with the Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with the Korean Standards on Auditing (KSAs), the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2020, based on the criteria established in the 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 11, 2021, 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 the 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 the 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, 2020. 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 separate financial statements, reserve for outstanding claims as of December 31, 2020, amounted to KRW 5,158,501 million (6.83% of total liabilities) and recorded as insurance contract liabilities. Among reserve for outstanding claims, the amount of direct reserve for outstanding claims amounted to KRW 4,625,099 million that consists of KRW 2,689,129 million of OS (58.14%), KRW 1,486,921 million of IBNR (32.15%), and KRW 449,049 million of the others (claims adjustment reserves and compensation income, etc., 9.71%). OS is the estimated future payment for already reported claims, and IBNR is the 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 Detailed Regulations on Supervision of Insurance Business, 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 the development factor, etc.

As we considered that the risk of material misstatement in separate 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.

In conducting our audit, we engaged our internal actuarial specialists and IT specialists to assist us in reviewing matters that require an important actuarial judgment and testing the completeness and accuracy of the underlying data for estimates.

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

The primary audit procedures we performed to address this key audit matter included the following:

- We checked whether the accounting policies related to OS and IBNR comply with the Regulation on Supervision of Insurance Business and Detailed Regulations on Supervision of Insurance Business.
- We tested the effectiveness of design and operation of the Company's Internal Accounting Control System ("IACS") as follows:
  - Verified the accuracy of OS calculation based on the insurance policy conditions and standard loss table.
  - Tested the completeness and accuracy of the basic data used for calculating the standard loss table and verified the standard loss table.
  - Tested the completeness of underlying data used to calculate the table of claims and OS by each payment year for estimating the aggregate amount, and the accuracy of significant financial and non-financial components in the underlying data. Verified the table of claims and OS by each payment year.
  - Determined each accident year's statistical methodology for senior actuaries' estimation of the aggregate amount, and verified the development factor and aggregate amount of output.
- Sampled accidents with assigned numbers using statistical methods and verified whether the OS for each accident is calculated based on the insurance policy conditions and standard loss table. In addition, the appropriateness of the standard loss table was verified.
- Obtained and sampled the data on insurance benefits paid after the end of the reporting period using statistical methods and verified the appropriateness and completeness of the OS by comparing it with the OS at the end of the reporting period.
- Obtained the basic data necessary to calculate the claims paid and OS for each fiscal year and verified the major financial and non-financial factors. Sampled the data with professional judgment and recalculated and verified the claims paid and OS for each fiscal year.
- Verified each accident year's statistical methodology used to estimate the aggregate amount and the appropriateness of major variables such as development factor etc., and conducted an independent recalculation for verification.

## **B. Assessment of measurement of securities classified within level 3 of the fair value hierarchy**

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

As described in Note 5. (2) to the separate financial statements, securities classified within level 3 of the fair value hierarchy according to K-IFRS NO. 1113 as of December 31, 2020, amounted to KRW 4,537,443 million (4.95% of total assets) and reported as available-for-sale financial assets. The securities consist of KRW 16,709 million of unlisted stocks, KRW 186,500 million of equity investments, KRW 4,201,790 million of beneficiary certificates, and KRW 132,444 million of beneficiary certificates in foreign currency.

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

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

The primary audit procedures we performed to address this key audit matter included the following:

- We tested the effectiveness of design and operation of the Group's IACS as follows:
  - Inspected the appropriateness of the management's verification of external valuation data (reviewed the valuation method, basic data, assumptions, etc.)
- Identified and analyzed the methodologies and major assumptions used for the valuation of each asset type.
- Sampled securities using statistical methods and compared the samples with external data in terms of observable input variables (assumptions) and verified the reliability and appropriateness of unobservable input variables (assumptions).

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

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

In preparing the separate 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 as the 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 Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' 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 the 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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.
- Evaluate the appropriateness of accounting policies the management used in the preparation of the separate 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 as the 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 Company'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 relevant disclosures in the separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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.

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March 11, 2021  
KPMG Samjung Accounting Corp.  
CEO **Kyo Tae Kim**



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This report is effective as of March 11, 2021, 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 separate 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.

## Consolidated Statements of Financial Position

Samsung Fire &amp; Marine Insurance Co., Ltd. and Subsidiaries

As of December 31, 2020 (End of the 71<sup>st</sup> year, current)  
As of December 31, 2019 (End of the 70<sup>th</sup> year, previous)

(Unit: KRW)

Item	End of the 71 <sup>st</sup> year (current)		End of the 70 <sup>th</sup> year (previous)	
<b>Assets</b>				
I. Cash and deposits		2,075,613,980,750		1,874,997,330,395
II. Financial assets		75,448,762,839,480		69,886,803,342,176
1. Financial assets at fair value through profit or loss	1,738,875,789,820		1,142,858,115,731	
2. Available-for-sale financial assets	45,881,979,227,658		43,664,733,382,889	
3. Held-to-maturity financial assets	163,657,572,201		175,160,401,722	
4. Loans	26,390,175,918,257		23,654,786,721,077	
5. Other receivables	1,274,074,331,544		1,249,264,720,757	
III. Investments in associates		301,215,403,352		212,488,563,539
IV. Derivative assets		171,305,291,275		55,287,587,690
V. Reinsurance assets		937,466,423,672		787,318,933,309
VI. Investment properties		718,413,004,645		796,190,142,502
VII. Property and equipment		695,079,465,875		703,611,262,858
VIII. Intangible assets		322,407,064,716		441,887,605,860
IX. Assets held-for-sale		238,682,349,679		7,771,908,212
X. Net defined benefit assets		45,891,692,164		11,846,889,066
XI. Current tax asset		51,354,220		3,306,187,828
XII. Deferred income tax assets		35,758,375,273		25,258,358,356
XIII. Other assets		2,334,733,885,400		2,276,485,565,510
XIV. Separate account assets		9,270,997,761,563		8,088,918,416,271
<b>Total Asset</b>		<b>92,596,378,892,064</b>		<b>85,172,172,093,572</b>
<b>Liabilities</b>				
I. Insurance liabilities		59,583,067,064,996		58,044,829,550,606
II. Financial liabilities		1,400,850,845,094		1,187,408,197,737
III. Derivative liabilities		75,768,086,230		118,779,599,840
IV. Provisions		70,020,249,522		66,366,683,360
V. Current tax liabilities		120,781,401,451		1,315,503,797
VI. Deferred income tax liabilities		3,273,809,714,666		2,673,919,060,178
VII. Other liabilities		482,347,018,991		432,097,371,764
VIII. Liabilities held-for-sale		128,749,248,323		-
IX. Separate account liabilities		11,178,450,522,902		8,326,020,688,387
<b>Total liabilities</b>		<b>76,313,844,152,175</b>		<b>70,850,736,655,669</b>
<b>Shareholders' equity</b>				
I. Controlling Company Shareholders' Equity		16,260,955,753,261		14,299,853,389,856
1. Share capital	26,473,418,500		26,473,418,500	
2. Capital surplus	939,233,350,327		939,233,350,327	
3. Capital adjustment	(1,487,219,924,864)		(1,487,219,924,864)	
4. Accumulated other comprehensive income, net of taxes	7,260,821,532,248		5,693,662,935,718	
5. Retained earnings	9,521,647,377,050		9,127,703,610,175	
[Credit losses to be reserved: KRW 20,501,877,873]				
[Reserved credit losses: KRW 207,545,542,880]				
[Fund for emergent risk to be reserved: KRW 115,883,565,347]				
[Reserved fund for emergent risk: KRW 2,232,607,512,991]				
II. Non-controlling interests		21,578,986,628		21,582,048,047
<b>Total shareholders' equity</b>		<b>16,282,534,739,889</b>		<b>14,321,435,437,903</b>
<b>Total liabilities and shareholders' equity</b>		<b>92,596,378,892,064</b>		<b>85,172,172,093,572</b>

## Separate Statements of Financial Position

Samsung Fire & Marine Insurance Co., Ltd.

As of December 31, 2020 (end of the 71<sup>st</sup> year, current)  
As of December 31, 2019 (end of the 70<sup>th</sup> year, previous)

(Unit: KRW)

Item	End of the 71 <sup>st</sup> year (current)		End of the 70 <sup>th</sup> year (previous)	
<b>Assets</b>				
I. Cash and deposits		1,666,541,185,203		1,299,105,789,066
II. Financial assets		75,664,860,014,698		70,207,109,654,050
1. Financial assets at fair value through profit or loss	1,068,652,358,508		625,639,723,686	
2. Available-for-sale financial assets	47,381,946,121,361		44,686,409,171,866	
3. Held-to-maturity financial assets	134,104,881,258		133,506,411,886	
4. Loans	25,830,803,911,698		23,457,221,349,865	
5. Other receivables	1,249,352,741,873		1,304,332,996,747	
III. Investments in subsidiaries and associates		571,893,631,556		428,649,563,173
IV. Derivative assets		125,615,864,125		43,248,496,581
V. Reinsurance assets		842,225,544,363		676,859,319,535
VI. Investment properties		257,907,218,975		283,394,695,046
VII. Property and equipment		624,509,762,883		674,153,640,582
VIII. Intangible assets		317,256,780,032		436,469,993,766
IX. Non-current assets held-for-sale		-		7,771,908,212
X. Net defined benefit assets		38,905,190,948		8,111,926,043
XI. Current tax asset		-		2,631,019,523
XII. Deferred income tax assets		16,967,630,314		17,784,884,210
XIII. Other assets		2,323,283,356,512		2,262,644,061,057
XIV. Separate account assets		9,270,997,761,563		8,088,918,416,271
<b>Total Asset</b>		<b>91,720,963,941,172</b>		<b>84,436,853,367,115</b>
<b>Liabilities</b>				
I. Insurance liabilities		59,406,170,088,382		57,736,394,134,232
II. Financial liabilities		914,507,370,228		951,788,242,275
III. Derivative liabilities		64,140,103,251		82,552,243,426
IV. Provisions		67,889,822,089		64,641,362,153
V. Current tax liabilities		117,677,145,480		-
VI. Deferred income tax liabilities		3,308,430,467,137		2,692,573,712,567
VII. Other liabilities		425,940,744,712		375,528,843,367
VIII. Separate account liabilities		11,178,450,522,902		8,326,020,688,387
<b>Total liabilities</b>		<b>75,483,206,264,181</b>		<b>70,229,499,226,407</b>
<b>Shareholders' equity</b>				
I. Share capital		26,473,418,500		26,473,418,500
II. Capital surplus		939,233,350,327		939,233,350,327
III. Capital adjustments		(1,483,503,688,276)		(1,483,503,688,276)
IV. Accumulated other comprehensive income, net of taxes		7,400,082,856,501		5,775,169,325,477
V. Retained earnings		9,355,471,739,939		8,949,981,734,680
(Credit losses to be reserved: KRW 20,501,877,873)				
Reserved credit losses: KRW 207,545,542,880]				
(Fund for emergent risk to be reserved: KRW 115,883,565,347)				
Reserved fund for emergent risk: KRW 2,232,607,512,991]				
<b>Total shareholders' equity</b>		<b>16,237,757,676,991</b>		<b>14,207,354,140,708</b>
<b>Total liabilities and shareholders' equity</b>		<b>91,720,963,941,172</b>		<b>84,436,853,367,115</b>

# Consolidated Statements of Comprehensive Income

Samsung Fire &amp; Marine Insurance Co., Ltd. and Subsidiaries

From January 1 to December 31, 2020 [the 71<sup>st</sup> year, current]  
From January 1 to December 31, 2019 [the 70<sup>th</sup> year, previous]

(Unit: KRW)

Item	End of the 71 <sup>st</sup> year (current)	End of the 70 <sup>th</sup> year (previous)
<b>I. Operating revenues</b>	<b>24,044,905,963,497</b>	<b>22,906,771,883,773</b>
1. Insurance operating income	21,075,578,948,479	20,103,406,749,927
(1) Premium income	20,013,295,763,614	19,347,356,744,934
(2) Reinsurance income	660,325,439,570	550,432,674,049
(3) Gain (Loss) on changes of reinsurance assets	195,244,339,291	[14,905,925,539]
(4) Compensation income	3,741,282,799	18,534,842,057
(5) Expense recovered	171,450,645,998	178,775,056,245
(6) Gain on foreign exchange transactions	31,521,477,207	23,213,358,181
2. Investment income	2,695,604,528,736	2,532,142,911,019
(1) Interest income	1,746,295,352,916	1,813,669,610,993
(2) Dividend income	278,635,486,797	266,990,251,704
(3) Gain on valuation and sales of financial instruments	201,980,171,999	151,857,894,270
(4) Gain on valuation and sales of derivative instruments	259,730,369,895	46,917,769,506
(5) Reversal of allowance and impairment losses of financial assets	1,567,974,625	3,205,756,781
(6) Rental income	65,410,440,642	66,621,083,434
(7) Commission income	4,514,978,566	3,228,129,018
(8) Gain on foreign exchange transactions	134,476,649,494	168,774,409,750
(9) Gain on disposal of investment properties	32,912,542	1,690,268,933
(10) Miscellaneous investment incomes	2,960,191,260	9,187,736,630
3. Separate account commission	48,314,216,966	45,675,794,745
4. Separate account income	225,408,269,316	225,546,428,082
<b>II. Operating expenses</b>	<b>23,000,513,493,422</b>	<b>22,040,865,898,059</b>
1. Insurance operating expenses	22,009,132,042,430	21,289,152,782,784
(1) Claims paid and refund of insurance policies	14,399,097,359,782	13,268,831,074,947
(2) Reinsurance expenses	1,084,909,341,959	895,494,219,045
(3) Increase in insurance liabilities	1,715,316,090,826	2,400,259,763,746
(4) Loss adjustment expenses	592,891,451,232	583,153,120,361
(5) Expenses paid	4,186,312,750,594	4,120,226,827,521
(6) Loss on foreign exchange transactions	30,605,048,037	21,187,777,164
2. Investment expenses	764,821,169,708	524,384,689,618
(1) Interest expenses	40,105,876,883	34,725,054,884
(2) Loss on valuation and sales of financial instruments	68,043,865,877	28,006,691,074
(3) Loss on valuation and sales of derivative instruments	135,266,373,850	188,083,320,758
(4) Impairment losses on financial assets	69,386,970,738	36,089,664,879
(5) Investment management expenses	157,627,814,408	155,719,072,650
(6) Maintenance expenses on investment properties	14,835,011,742	17,129,006,777
(7) Depreciation expenses on investment properties	9,879,773,414	11,595,788,390
(8) Loss on foreign exchange transactions	267,358,870,495	49,976,068,789
(9) Loss on disposal of investment properties	47,867,494	1,214,799,080
(10) Miscellaneous investment expenses	2,268,744,807	1,845,222,337
3. Separate account commission paid	1,152,011,968	1,781,997,575
4. Separate account expenses	225,408,269,316	225,546,428,082



(Unit: KRW)

Item	End of the 71 <sup>st</sup> year (current)		End of the 70 <sup>th</sup> year (previous)	
III. Operating profit		1,044,392,470,075		865,905,985,714
IV. Non-operating revenues		31,275,491,870		26,766,353,909
V. Non-operating expenses		47,519,629,957		23,044,745,529
VI. Profit before income tax from continuing operations		1,028,148,331,988		869,627,594,094
VII. Income tax expense from continuing operations		275,825,192,464		222,461,693,706
VIII. Profit for the period from continuing operations		752,323,139,524		647,165,900,388
IX. Profit from discontinued operations after income tax		4,980,293,801		[1,549,649,231]
X. Profit for the year		757,303,433,325		645,616,251,157
(Profit for the year adjusted for regulatory reserve for credit loss:				
Current year: KRW 736,801,555,452				
Previous year: KRW 634,797,163,271]				
(Profit for the year adjusted for regulatory reserve for emergent risk:				
Current year: KRW 641,419,867,978				
Previous year: KRW 491,194,399,523]				
XI. Other comprehensive income, net of tax		1,565,831,332,380		1,798,617,981,489
1. Items that will not be reclassified subsequently to profit or loss	10,027,356,942		[21,161,097,076]	
2. Items that will be reclassified subsequently to profit or loss	1,555,803,975,438		1,819,779,078,565	
XII. Total comprehensive income		2,323,134,765,705		2,444,234,232,646
1. Profit for the period from continuing operations attributable to:				
Owners of the Group	750,008,138,284		644,542,913,843	
Non-controlling interests	2,315,001,240		2,622,986,545	
2. Consolidated net income attributable to:				
Owners of the Group	754,988,432,085		642,993,264,612	
Non-controlling interests	2,315,001,240		2,622,986,545	
3. Total comprehensive income attributable to:				
Owners of the Group	2,322,147,028,615		2,440,617,656,475	
Non-controlling interests	987,737,090		3,616,576,171	
XIII. Earnings per share				
1. Basic earnings per share		17,760		15,126
2. Diluted earnings per share		17,760		15,126
3. Basic earnings from continuing operations per share		17,643		15,162
4. Diluted earnings from continuing operations per share		17,643		15,162

## Separate Statements of Comprehensive Income

Samsung Fire &amp; Marine Insurance Co., Ltd.

From January 1 to December 31, 2020 (the 71<sup>st</sup> year, current)  
From January 1 to December 31, 2019 (the 70<sup>th</sup> year, previous)

(Unit: KRW)

Item	The 71 <sup>st</sup> year (current)		The 70 <sup>th</sup> year (previous)	
<b>I. Operating revenues</b>		<b>23,685,879,756,732</b>		<b>22,646,319,506,348</b>
1. Insurance operating income	20,858,042,879,910		19,930,513,951,293	
(1) Premium income	19,873,191,509,083		19,223,577,103,347	
(2) Reinsurance income	647,125,962,920		553,026,497,521	
(3) Loss (Gain) on changes of reinsurance assets	168,903,945,539		[31,395,923,522]	
(4) Compensation income	3,741,282,799		18,534,842,057	
(5) Expense recovered	139,280,927,008		147,307,701,844	
(6) Gain on foreign exchange transactions	25,799,252,561		19,463,730,046	
2. Investment income	2,554,114,390,540		2,444,583,332,228	
(1) Interest income	1,714,136,785,169		1,792,772,313,276	
(2) Dividend income	308,271,702,616		298,665,342,984	
(3) Gain on valuation and sales of financial instruments	182,280,114,527		124,910,286,598	
(4) Gain on valuation and sales of derivative instruments	203,100,582,398		31,674,678,201	
(5) Reversal of allowance and impairment losses of financial assets	1,567,974,625		3,205,756,781	
(6) Rental income	32,391,609,143		35,455,922,414	
(7) Commission income	4,514,978,566		3,228,129,018	
(8) Gain on foreign exchange transactions	105,434,679,607		144,314,881,915	
(9) Gain on disposal of investment properties	32,912,542		1,690,268,933	
(10) Miscellaneous investment incomes	2,383,051,347		8,665,752,108	
3. Separate account commission	48,314,216,966		45,675,794,745	
4. Separate account income	225,408,269,316		225,546,428,082	
<b>II. Operating expenses</b>		<b>22,666,531,504,539</b>		<b>21,812,023,281,838</b>
1. Insurance operating expenses	21,823,303,662,686		21,147,700,139,188	
(1) Claims paid and refund of insurance policies	14,362,543,249,913		13,250,306,304,793	
(2) Reinsurance expenses	1,010,020,632,986		841,655,724,700	
(3) Increase in insurance liabilities	1,677,186,445,570		2,372,496,894,853	
(4) Loss adjustment expenses	575,143,654,986		563,587,357,184	
(5) Expenses paid	4,173,799,417,455		4,102,316,336,900	
(6) Loss on foreign exchange transactions	24,610,261,776		17,337,520,758	
2. Investment expenses	616,667,560,569		436,994,716,993	
(1) Interest expenses	25,532,105,298		24,466,170,146	
(2) Loss on valuation and sales of financial instruments	32,406,591,800		26,440,690,263	
(3) Loss on valuation and sales of derivative instruments	117,734,362,289		149,777,533,192	
(4) Impairment losses on financial assets	70,174,646,132		36,089,664,879	
(5) Investment management expenses	140,839,573,427		141,418,738,463	
(6) Maintenance expenses on investment properties	14,835,011,742		17,129,006,777	
(7) Depreciation expenses on investment properties	6,600,994,383		7,215,749,193	
(8) Loss on foreign exchange transactions	206,680,559,595		31,841,844,544	
(9) Loss on disposal of investment properties	47,867,494		1,214,799,080	
(10) Miscellaneous investment expenses	1,815,848,409		1,400,520,456	
3. Separate account commission paid	1,152,011,968		1,781,997,575	
4. Separate account expenses	225,408,269,316		225,546,428,082	

(Unit: KRW)

Item	The 71 <sup>st</sup> year (current)		The 70 <sup>th</sup> year (previous)	
III. Operating profit		1,019,348,252,193		834,296,224,510
IV. Non-operating revenues		40,388,338,609		22,643,846,627
V. Non-operating expenses		10,855,073,120		37,920,657,916
VI. Profit before income tax		1,048,881,517,682		819,019,413,221
VII. Income tax expenses		282,047,220,323		209,785,947,784
VIII. Profit for the year		766,834,297,359		609,233,465,437
(Profit for the year adjusted for regulatory reserve for credit loss:				
Current year: KRW 746,332,419,486				
Previous year: KRW 598,414,377,551				
(Profit for the year adjusted for regulatory reserve for emergent risk:				
Current year: KRW 650,950,732,012				
Previous year: KRW 454,811,613,803				
IX. Total other comprehensive income, net of tax		1,624,913,531,024		1,799,910,015,102
1. Items that will not be reclassified subsequently to profit or loss	13,491,328,142		(18,146,229,703)	
2. Items that will be reclassified subsequently to profit or loss	1,611,422,202,882		1,818,056,244,805	
XII. Total comprehensive income for the year		2,391,747,828,383		2,409,143,480,539
XIII. Earnings per share				
1. Basic earnings per share		18,039		14,331
2. Diluted earnings per share		18,039		14,331

# Non-financial Performances

## Business Value

### Distribution of Economic Value

(Unit: KRW 100 million)

		2018	2019	2020
Customers	Insurance benefits	147,091	152,656	153,700
Employees	Wages, welfare benefits	5,854	5,135	5,544
Shareholders/Investors	Dividend	4,889	3,613	3,741
Government	Corporate tax	3,831	2,098	2,820
Partners	Insurance sales	30,234	33,006	33,359
Local communities	Donation for local community development	101	128	64

### Corporate Tax

(Unit: KRW million)

	2018	2019	2020	2019-2020 Average
Profit before tax	1,456,346	866,328	1,030,852	948,590
Corporate tax expenses	385,628	220,712	275,902	248,307
Corporate tax expenses/Profit before tax (%)	26.5	25.5	26.8	26.2
Corporate tax payment	236,767	270,892	140,538	205,715
Corporate tax payment/Profit before tax (%)	16.3	31.3	13.6	21.7
Changes in deferred tax	91,891	10,337	9,412	9,875
Effect of tax adjustment change	-904	10,473	-6,906	1,784
Effective tax rate (%)	26.5	25.5	26.8	26.2

### Operating Revenue, Profit on Sales, and Corporate Tax Expenses at Home and Abroad <sup>1)</sup>

(Unit: KRW million)

	Korea	Overseas			Total
		Vietnam	Singapore	China	
Operating revenue	24,084,697	72,636	90,468	242,662	575,623
Profit on sales	19,873,192	54,370	86,312	173,011	229,156
Corporate tax expenses	5,199	2,009	1,197	2,781	4,935

<sup>1)</sup> Consolidated adjusting amount of corporate tax: KRW 4,800 million

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

General Insurance Association of Korea	Korean Fire Protection Association	Korea Insurance Development Institute	Korea Automobile Insurance Repair Research & Training Center	Korea Insurance Research Institute
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1) SFMI strictly abides by the Political Funds Act of Korea that prohibits corporations or organizations from donating political funds and does not provide any political funds. In the case of industry-related associations, SFMI provided a total of KRW 13.99 billion (as of 2020).

## Contributions to Relevant Institutions

(Unit: KRW 100 million)

Institutions			Amount
General Insurance Association of Korea	Roles	Conducts research and makes suggestions about ways to improve the systems related to non-life insurance, conducts research on ways to prevent disasters and reduce losses, protects insurance policyholders, and prevents mishap and insurance money leakage, etc.	49.6
	Purpose	Seek healthy development of non-life insurance businesses and maintenance of order of business.	
Korea Fire Protection Association (KFPA)	Roles	Safety inspection on fire prevention, insurance business, anti-disaster consulting, survey and research, calculation of fire insurance merit discount rate, self-inspection of firefighting facilities, etc.	28.5
	Purpose	Prevent the loss of lives and property damage from fire by conducting safety inspections and surveys and research, and contribute to greater stability in the people's lives by promptly carrying out disaster recovery and ensuring proper compensation for the loss of lives.	
Korea Insurance Development Institute (KIDI)	Roles	Insurance product development, insurance-related survey and research, fair and reasonable calculation of insurance rate, protection of insurance policyholders' rights, efficient management and use of insurance-related information, and seeking healthy development of the insurance industry.	28.9
	Purpose	Provision of services aimed at protecting consumers and developing the insurance industry.	
Korea Automobile Insurance Repair Research & Training Center (KART)	Roles	Improving auto repair techniques and studying ways to reasonably reduce repair cost, developing an objective standard for calculating the repair cost, creating basic data to impose a fair rate for each vehicle, etc.	21.5
	Purpose	Contribute to the development of the insurance industry and protect consumers' rights and interests by seeking to properly price auto repair or reduce auto repair costs.	
Korea Insurance Research Institute (KIRI)	Roles	Analyzes the domestic and global economy and financial market trends, and their impact on the insurance industry, conducts research on the asset and risk management of insurance companies, engages in R&D, provides support for developing policies for the insurance industry and carries out system improvement measures.	11.4
	Purpose	Contribute to the healthy development of the insurance industry and national economy by conducting systematic and in-depth research on financial institutions with a focus on insurance and suggesting practical alternatives.	
Total			139.9

## Customer Value

### Achievements Regarding Customer Satisfaction

(Unit: ranking, points)

	Organization	Category	2018	2019	2020
National Customer Satisfaction Index (NCSI)	Korea Productivity Center	Non-life insurance	1 <sup>st</sup> (78)	1 <sup>st</sup> (78)	1 <sup>st</sup> (78)
Korean Customer Satisfaction Index (KCSI)	Korea Management Association Consulting	Auto insurance	1 <sup>st</sup> (81.2)	1 <sup>st</sup> (83.3)	1 <sup>st</sup> (86.5)
		Long-term insurance	1 <sup>st</sup> (77.4)	1 <sup>st</sup> (81.0)	1 <sup>st</sup> (83.4)
Korean Standard-Service Quality Index (KS-SQI)	Korean Standards Association	Auto insurance	1 <sup>st</sup> (75.4)	1 <sup>st</sup> (75.5)	1 <sup>st</sup> (76.3)
		Long-term insurance	1 <sup>st</sup> (74.4)	1 <sup>st</sup> (74.0)	1 <sup>st</sup> (74.7)

### VOC Handling Rate within 24 Hours

(Unit: %)

	2018	2019	2020
	83.5	89.9	90.0

### Number of Customers

(Unit: 10 thousand persons)

	2018	2019	2020
	965	1,009	1,055

## Employee Value

### Employee Composition by Gender

(Unit: persons)

	2018	2019	2020
<b>Total Employees</b>	<b>5,836</b>	<b>6,077</b>	<b>5,819</b>
Male	3,249	3,278	3,253
Female	2,587	2,799	2,566

### Employee Composition by Contract Type, Position, and Age

(Unit: persons)

		2018	2019	2020
Contract Type	Regular (including executives)	5,566	5,643	5,691
	Non-regular	270	434	128
Position	Employee	3,194	3,311	2,938
	Manager	2,347	2,479	2,586
	Department leader	240	233	238
	Executive	55	54	57
Age	20s or younger	1,089	1,068	993
	30s	2,093	2,022	1,819
	40s	2,035	2,221	2,073
	50s or older	619	766	934

### Female Employees

(Unit: persons, %)

	2018	2019	2020
Total number of female employees	2,587	2,799	2,566
Number of female managers	331	375	413
Ratio of female managers	12.8	13.4	16.1

### Recruitment

(Unit: persons, %)

		2018	2019	2020
<b>Total number of new employees</b>		<b>213</b>	<b>174</b>	<b>134</b>
Career entrants	High school graduate	107	59	-
	College degree or higher	84	78	53
Experienced new recruits		22	37	22
Persons with disabilities		122	159	143
Ratio of persons with disabilities among employees		2.1	2.6	2.4
National veterans		103	97	94
Ratio of national veterans among employees		1.7	1.6	1.6

## Maternity Leave and Childcare Leave

(Unit: persons, %)

	2018	2019	2020
Employees on maternity leave	96	70	78
Rate of return from maternity leave	100	100	96.2 <sup>1)</sup>
Employees on childcare leave (Female)	156	156	129
Employees on childcare leave (Male)	34	34	26
Rate of return from childcare leave	97.1	97.1	100

1) Three employees left the company during maternity leave (contract expired)

## Retired Employees

(Unit: persons, %)

	2018	2019	2020
Total number of employees	5,836	6,077	5,819
Total number of retirees	169	122	141
Ratio of retirees	2.9	2.0	2.4
Voluntary retirees	23	24	25
Ratio of voluntary retirees	0.4	0.4	0.4

## Labor Practices

(Unit: persons, %, cases)

	2018	2019	2020
Total number of employees	5,836	6,077	5,819
Employees subject to the collective bargaining agreement <sup>1)</sup>	3,915	3,833	3,745
Ratio of employees subject to the collective bargaining agreement	67.1	63.1	64.4
Grievance handling <sup>2)</sup>	72	66	70

1) Collective bargaining agreement: Depends on whether one is a member of the Employee Council. The figure will be replaced by labor union membership from 2021.

2) Grievance handling: Personnel matters, sexual harassment, verbal abuse, pressure to drink, etc.

## Employee Satisfaction

(Unit: points, %)

	2018	2019	2020	Goal for 2025
Employee satisfaction level	77.4	77.3	80.3	83
Survey response rate	63.3	64.8	52.9	75



## Employee Health, Safety, and Welfare

<b>Job stress control program</b>	The company runs a stress test system that provides employees with stress tests at their request. Test results are managed by the Maeumhuri Counseling Center, an internal psychological counseling center.
<b>Stress control training</b>	Since 2010, the company has operated the Maeumhuri Counseling Center to improve employees' mental health. The Center is open to employees, as well as their spouses and children, and they can receive professional psychological counseling on various concerns associated with personal life, childcare, and studies. Since 2013, the company has also been working with external counseling providers that have branches across the country to make it easier for employees to take personality and psychological tests via nearby branches or the Internet.
<b>Ergonomic working environment</b>	The company provides employees with ergonomic office chairs that do not put pressure on their back and spine. Since 2015, standing desks have also been offered to employees suffering from conditions, such as a herniated disc.
<b>Lighting</b>	The company checks the lighting level in all company buildings and maintains a proper level.
<b>Noise</b>	The company manages and monitors the noise level at all company buildings.
<b>Indoor air quality</b>	Every year, the company commissions an external company to measure the air quality in all company buildings, which includes measuring the level of fine dust, formaldehyde, carbon dioxide, and carbon monoxide.
<b>Humidity</b>	Every year, the company monitors the humidity of all company buildings and provides dehumidifiers during the rainy season.
<b>Temperature</b>	The company monitors the temperature of all company buildings every morning and at noon. We are making extra efforts to maintain a proper temperature during hot and cold seasons.
<b>Health/Nutrition</b>	The company conducts employee health checkups and operates fitness facilities and doctor's offices to promote the health of the employees. We also manage the calories and nutrients of the meals offered at office cafeterias by hiring dietitians to provide a healthy diet.
<b>Flexible work system</b>	The company operates diverse flexible work systems, such as the selective working hour system, telecommuting system, and working hour reduction system.
<b>Childcare facilities</b>	The company operates in-house daycare centers for the children of employees (aged 1 to 5) to help working parents concentrate on work without concern. As of the end of 2020, a total of three centers were in operation (Seocho I, Seocho II, and Seosomun).
<b>Maternity and childcare leave policy</b>	<b>Childcare leave</b> The company guarantees a 2-year childcare leave for female employees beyond the legal obligation of one year (for those with children born in March 2016 and later).
	<b>Childbirth leave for male employees</b> The company provides male employees with a 10-day paid leave when their spouses are on maternity leave, and the leave period can be divided if necessary.
<b>Other programs</b>	<ul style="list-style-type: none"> <li>- Employees can take family care leave (a minimum of 30 days, a maximum of 90 days per year) when their family members are in need of care due to illness, accident, or old age.</li> <li>- The company allows female employees 30 or above to take subfertility leave if they have no children after three or more years of marriage and provides financial support for subfertility treatment.</li> <li>- In 2011, SFMI introduced the selective welfare benefit system, where employees are given annual welfare points they can use on benefits of their choice, such as self-development, healthcare, and gifts for family, depending on their lifestyle and preferences.</li> </ul>

## Employee Training

(Unit: hours, KRW million, persons, %, courses)

	2018	2019	2020
Average hours spent on training per person	105.3	116.7	92.9
Average training cost per person	1.58	1.40	0.81
Employees eligible for the competence development program	4,262	3,940	3,898
Employees who completed the competence development program	4,229	3,933	3,763
Participation rate for the competence development program	99.2	99.8	96.5
Number of courses available	1,777	1,509	1,367
Possession rate of financial expert qualifications	51.2	52.4	52.4
Internal professors	143	141	128

## Supply Chain Value

### Social Responsibility Code of Conduct for Business Partners

(Unit: partners, %)

	Partners within the Scope of Application	Committed Partners	Uncommitted Partners	Commitment Rate
AFC	968	965	3	99.7
Anycar Service	1,554	1,542	12	99.2
Commissioned compensation claims examiners	9	8	1	88.9
<b>Total</b>	<b>2,531</b>	<b>2,515</b>	<b>16</b>	<b>99.4</b>

## Community Value

### Inclusive Financial Products

Product Name	Social KPI (Key Performance Indicator)	Business KPI (Key Performance Indicator)
Auto insurance riders for low-income drivers	SFMI provides auto insurance riders for the beneficiaries of the basic livelihood security system and low-income earners. In 2020, 13,576 people from low-income households received a discount on auto insurance premiums.	SFMI collected a premium of KRW 8,651 million in 2020 from auto insurance riders for low-income drivers.
Insurance products for foreign workers	SFMI provides accident insurance, return cost insurance, and departure guarantee insurance for foreign workers to help them cope with non-occupational injuries, diseases, or accidents and assist them with the expenses for returning home. As of the end of 2020, the number of accident insurance, return cost insurance, and departure guarantee insurance policyholders reached 171,955, 195,975, and 196,133, respectively. We also provide various services for them, such as a mobile app for foreign workers that supports 16 languages.	SFMI collected a premium of KRW 400,094 million in 2020 from the insurance products for foreign workers.
Comprehensive insurance for senior volunteers	SFMI provides an insurance plan for the participants of senior employment and social activities programs (volunteer work including public interest activities and sharing talents) which protects against injuries caused by accidents that may happen during volunteer work and liabilities so that they can engage in these programs in a safer environment. As of 2020, the insurance plan was offered to a total of 593,212 people.	SFMI collected a premium of KRW 6,138 million from the comprehensive insurance for volunteers.
Insurance for children from low-income households (II)	SFMI offers an insurance plan that covers injuries from unexpected accidents and diseases for 129,000 supporters (persons with parental right) of low-income single-parent families and children aged 17 or younger, respectively.	As of 2020, SFMI collected a premium of KRW 1,198 million from the insurance for children from low-income households (II).

### Sales of ESG-related Products

(Unit: KRW 100 million, %)

	Direct Premiums Written
Total sales of ESG-related non-life insurance products <sup>1)</sup>	27,595
Total sales of non-life insurance products	73,337
Ratio of ESG-related non-life insurance products to all non-life insurance products	37.6

1) The sum of the sales of social contribution and eco-friendly insurance products.

### Social Contribution

(Unit: KRW million, persons)

	2018	2019	2020	Goal for 2025
Donations for social contribution	198.9	227.1	144.0	250
Number of employees participating in volunteer work	24,108	20,333	13,516	28,000
Hours spent on volunteer work per employee	15.1	12.1	8.6	15.1
Political donations <sup>1)</sup>	-	-	-	-

1) SFMI strictly abides by the Political Funds Act of Korea that prohibits corporations or organizations from donating political funds and does not provide any political funds.

## Environmental Value

### Energy Consumption

	2016	2017	2018	2019	2020
<b>Total Consumption (TJ)</b>	<b>584</b>	<b>426</b>	<b>411</b>	<b>373</b>	<b>307</b>
Direct Consumption (Scope1)	107	91	90	81	59
Indirect Consumption (Scope2)	478	335	321	293	248
Intensity (TJ/m <sup>2</sup> )	0.0013	0.0012	0.0012	0.0010	0.0009

### GHG Emissions

	2016	2017	2018	2019	2020
<b>Total Emissions (tCO<sub>2</sub>eq)</b>	<b>28,681</b>	<b>21,124</b>	<b>20,188</b>	<b>18,416</b>	<b>15,153</b>
Direct Emissions (Scope1)	5,629	4,903	4,776	4,327	3,233
Indirect Emissions (Scope2)	23,051	16,221	15,412	14,089	11,920
Intensity (tCO <sub>2</sub> eq/m <sup>2</sup> )	0.0626	0.0588	0.0582	0.0505	0.0424

### Waste

	2016	2017	2018	2019	2020
<b>Total Generation (Ton)</b>	<b>1,271</b>	<b>921</b>	<b>882</b>	<b>836</b>	<b>710</b>
Recycling Rate (%)	54.9	49.7	50.0	46.3	45.3
GHG Emissions (tCO <sub>2</sub> eq)	252.0	179.3	180.3	173.0	151.8

### Water

	2016	2017	2018	2019	2020
<b>Total Consumption (m3)</b>	<b>346,173</b>	<b>266,843</b>	<b>255,708</b>	<b>246,068</b>	<b>262,901</b>
GHG Emissions (tCO <sub>2</sub> eq)	114.9	88.6	84.9	81.7	87.3

### Paper

	2016	2017	2018	2019	2020
<b>Total Amount Purchased (Ton)</b>	<b>3,724</b>	<b>2,833</b>	<b>2,674</b>	<b>3,015</b>	<b>2,848</b>
Amount of Copying Paper Purchased	1,346	1,263	1,213	1,200	1,133
Amount of Printing Paper Purchased	2,378	1,570	1,461	1,815	1,715
GHG Emissions (tCO <sub>2</sub> eq)	4,956	3,691	3,477	3,976	3,755

## Business Trip

	2016	2017	2018	2019	2020
<b>Total Distance Travelled (1000km)</b>	<b>13,715</b>	<b>10,601</b>	<b>8,519</b>	<b>9,576</b>	<b>1,710</b>
Airplane	8,092	5,673	4,711	4,675	324
Train	4,952	4,226	3,226	4,280	1,251
Bus	671	702	582	621	135
<b>Total GHG Emissions</b>	<b>1,381</b>	<b>997</b>	<b>819</b>	<b>845</b>	<b>88</b>
Airplane	1,214	851	707	701	49
Train	148	127	96	127	36
Bus	19	19	16	17	3

## Environmental Data from the Secho HQ Building

	2016	2017	2018	2019	2020
<b>Total Emissions (tCO<sub>2</sub>eq)</b>	<b>-</b>	<b>2,779</b>	<b>2,832</b>	<b>2,589</b>	<b>4,750<sup>1)</sup></b>
Direct Emissions (Scope1)	-	529	575	477	770
Indirect Emissions (Scope2)	-	2,250	2,257	2,113	3,980
Intensity (tCO <sub>2</sub> eq/m <sup>2</sup> )	-	0.0713	0.0727	0.0664	0.0526

1) From 2020, the emissions have been calculated based on the contract area, including the common area (Previously, the calculation was based on the area for exclusive use, excluding the common area).

## Eco-friendly Insurance Products

(Unit: cases, KRW million)

	2018		2019		2020	
	Cases	Sales	Cases	Sales	Cases	Sales
Auto Insurance for No-driving Day Campaign Followers	11	7	1	0.4	1	0.4
Eco-mileage Auto Insurance	2,405,815	1,502,015	2,968,682	1,937,416	3,505,836	2,285,773
Storm & Flood Insurance	3,837	1,118	3,553	1,245	10,045	2,761
Crop Insurance	8	48,409	2	89,948	1	36,323
Livestock Disaster Insurance <sup>1)</sup>		-	1	5,794	1	6,494
Weather Insurance	1	1	1	5	1	4
Environmental Pollution Liability Insurance	9	1,274	13	8,685	10	8,469
<b>Total</b>	<b>2,409,681</b>	<b>1,552,824</b>	<b>2,972,253</b>	<b>2,043,094</b>	<b>3,515,895</b>	<b>2,339,824</b>

1) Newly introduced in 2019

## Environmental KPI and Goals

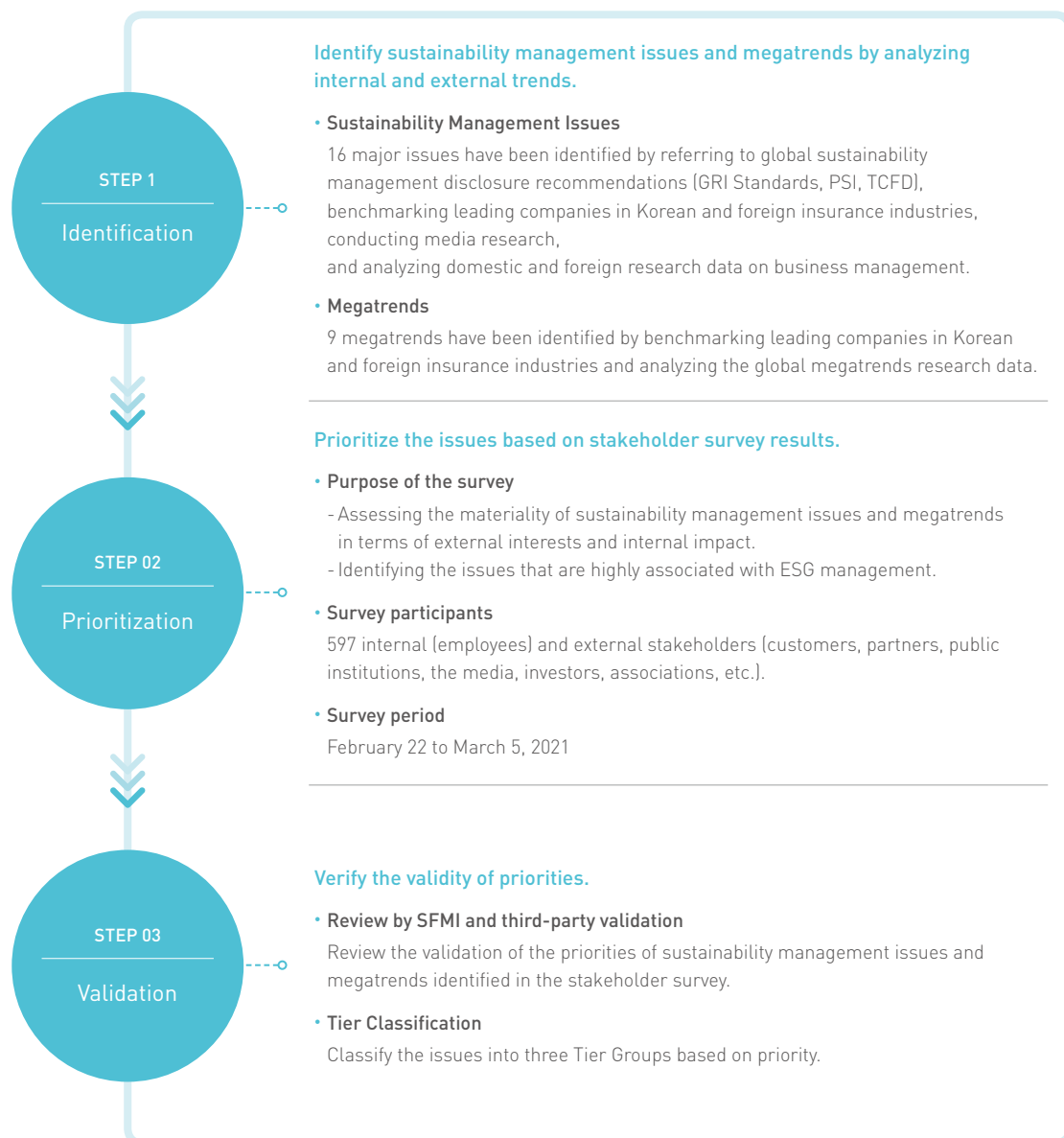
Environmental KPI	2018	2019	2020	Goal for 2030
GHG reduction (tCO <sub>2</sub> eq)	20,188	18,416	15,153	10,500
ESG investment (KRW 100 million) <sup>1)</sup>	18,300	27,124	35,378	105,000
Ratio of new long-term insurance contract applications filed on mobile platforms	85.1	86.8	94.8	98

1) ESG investment: new and renewable energy, ESG bonds, etc.

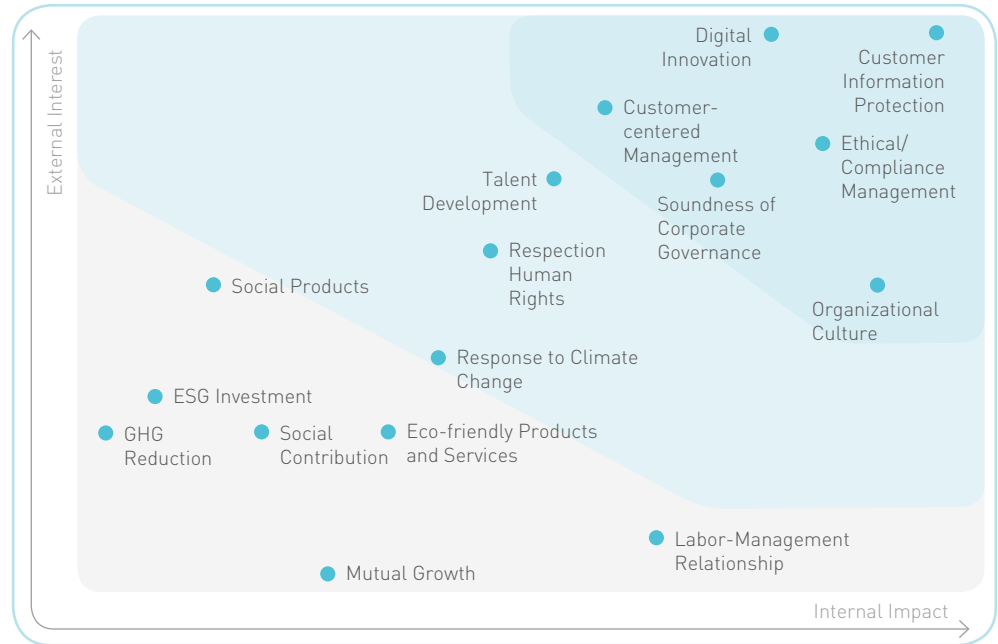
# Materiality Assessment

Every year, SFMI identifies and reports key issues that affect our sustainability in accordance with the international standard for reporting sustainability impacts, "GRI Standards." To ensure the reliability of the issue identification process and assessment results, our report is based on the three principles of inclusiveness, materiality, and responsiveness required by the sustainability report assurance criteria, AA1000. In 2020, SFMI began conducting materiality assessments on megatrends, on top of major sustainability management issues, to make sure stakeholders' diverse views are reflected in ESG strategies. Six issues, including customer information protection, were identified as core issues, and among the megatrends, the themes of new technologies, the advent of a contact-free society, and demographic changes were included in the Tier 1 group. The major issues that have been identified are used as a basis in establishing SFMI's sustainability management strategies.

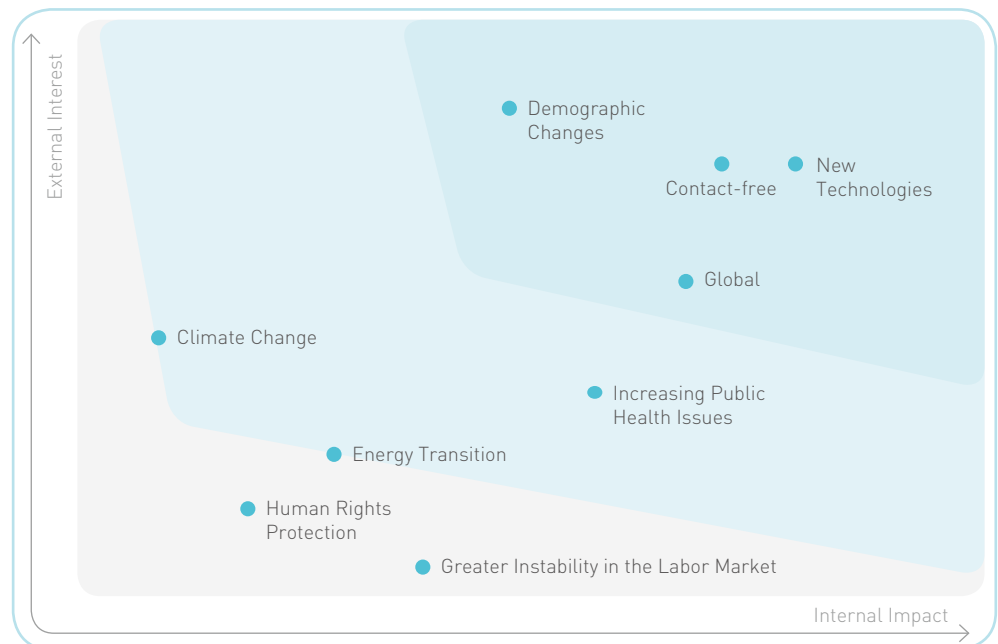
## Materiality Assessment Process



## Sustainability Management Issue Matrix



## Megatrend Matrix



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# GRI Standards Index

## Universal Standard (GRI100)

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	102-5	Ownership and legal form	98, 99	
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	102-8	Information on employees and other workers	6, 135	
	102-9	Supply chain	7	
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	102-11	Precautionary Principle or approach	100-107, 109-111, 112-115	
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	102-24	Nominating and selecting the highest governance body	95-96	
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	102-47	List of material topics	143	
	102-48	Restatements of information	-	No edits
	102-49	Changes in reporting	-	No change
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
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## Material issues

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## Topic Specific Standard

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## Third-Party Assurance Statement

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### To the stakeholders of Samsung Fire & Marine Insurance

The Korea Productivity Center (hereinafter the "Assurer") was appointed by Samsung Fire & Marine Insurance (hereinafter the "Company") to provide independent assurance of its "Samsung Fire & Marine Insurance 2021 Sustainability Report" (hereinafter the "Report"), and hereby presents the following assurance statement.

### Responsibility and Independence

The Company is entirely responsible for all information and opinions presented in this Report. The Assurer is solely responsible for the assurance statement on the content of the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing the Report, nor in any conflicts of interest that may undermine our independence.

### Assurance Standard

This assurance was conducted in accordance with Type 1 defined in ISAE 3000 of the International Auditing and Assurance Standards Board (IAASB) and AA1000AS v3(2020) and Type 2 method was used together for specific indicators that require reliability (greenhouse gas, energy consumption, waste, water). According to AA1000AP(2018) verification principle, we checked the appropriateness in terms of inclusivity, materiality, responsiveness and impact and the appropriateness of the potential impact from organization's activities and performance in accordance with verification principle. It means that a comprehensive review was conducted on the effectiveness and reliability of the reporting standards. The level of assurance is based on the reduction of risk at a limited degree as defined in the ISAE 3000 and is the same as the Moderate Level defined in the AA1000AS v3(2020).

### Methodology

This assurance was conducted through the following methods.

- Verified if the requirements for core options of GRI Standards were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on GRI Standards.
- Verified the selection of material issues covered and the appropriateness of the technical content through media research and benchmarking analysis.
- Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
- Verified the basis of comprehensive data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

### Findings and Conclusion

It is the Assurer's opinion that the Report represents the sustainability efforts and performance results of the Company in a fair and accurate way. In addition, the Assurer verified if the requirements for core options of GRI Standards were fulfilled and the reasonable level that can be presented by Type 2 assurance level is achieved. Universal Standards Disclosures were prepared in full compliance with the requirements for core options while topic-specific Standards Disclosures were reviewed in line with disclosures of material topics identified through the process of determining report content as follows.

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Material issues	Disclosures	Material Topic
Management outcome	201-1	Creation and distribution of direct economic values
Customer-oriented activity	416-1	The number of disputes in which customer's personal Information infringement and customer information loss were proven
Risk management	201-2	Risk and opportunity of financial impact of climate change and business activities
Social contribution	413-1	Participation of local community, impact analysis, ratio of regional development program
Talent management	404-1	Average training hours per employee
	404-2	Program to strengthen capability and support conversion of employees
	404-3	Ratio of employees who received regular performance and career development review

#### • Inclusivity: Engagement of shareholders

The Assurer confirmed that Samsung Fire & Marine Insurance conducts communication through communication channel for each stakeholder to comply with the principle of inclusivity. Samsung Fire & Marine Insurance defines major stakeholders and classifies their systematic engagement structure considering its business characteristics. The expectation of stakeholders identified by the engagement of stakeholders is reviewed in line with the company's strategic direction and strategic tasks.

#### • Materiality: Identification and reporting of material issues

The Assurer verified that Samsung Fire & Marine Insurance used materiality evaluation process for identifying key issues. The company selected material issue areas by analyzing the impact of various sustainability issues on stakeholders' decision-making and analyzing its impact on business performance. The selected issues are circulated to the top management and are incorporated into business activities through processes such as material evaluation process. The Company fully disclosed its responsive activities and performance on sustainability issues by area.

#### • Responsiveness: Organization's response to issues

The Assurer verified that the Company had an organization dedicated to identify material issues with an impact on the performance of stakeholders and to respond to such issues and incorporated relevant information properly in the report. In addition, the Company presented clear goals regarding issues raised by stakeholders and disclose and manage the outcome transparently.

#### • Impact: Consideration of the impact of the organization on society

Samsung Fire & Marine Insurance is making an effort to identify the organization's impact on the society and make improvement by setting the boundary of the impact of material issues. The Assurer verified that the company managed social and environmental impact through ESG finance and developed financial products and services to minimize negative impact. In addition, efforts to increase values for stakeholders by establishing ESG management system are incorporated in the report.

## Limitations

The Assurer verified the reliability of the performance mentioned in the Report based on the aforementioned assurance scope and level. The on-site verification was carried out at the headquarters in Seoul. The financial data in the Report was verified through the financial statements, which were audited by an auditor, and disclosure information, while environmental and social performance data was checked by checking data and verifying process through interview. This Assurance Statement is published for the management of the Company based on a contract and the Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## Recommendation

The Assurer recognizes the diverse efforts and performance made by the Company and suggests the following for the Company's publication of the Report in the future and the improvement of its sustainability standards.

- It is advised that the Company changes the way of reporting focusing on key material issues of Samsung Fire & Marine Insurance from the current way of reporting sustainable management focusing on stakeholders. It is thought that the Company can disclose long-term growth direction of the company through reporting focusing on material issues based on comprehensive judgement on industrial characteristics, corporate strategies and stakeholders' interest among various activities related to sustainable management.
- It is advised to add the format where the achievement and implementation status can be identified if the sustainable management objectives are established. Disclosure of the progress on established goals can serve as an important tool to upgrade the verity of the report.

2021. 06.

Korea Productivity Center President **Wan-ki Ahn**



The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by Accountability that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with of experienced experts who are qualified for the consultation and assurance of sustainability practice.

\* AA1000AS[2008] : AA1000 Assurance Standard [2008] is the global assurance standard established by Accountability to provide a comprehensive way of verifying an organization's management, compliance with the principles and reliability of performance data for reporting its sustainability issues.

\*\* AA1000AP[2008] : AA1000 Accountability Principles Standard [2008] is the global assurance principles established Accountability to provide the basis for the AA1000 Assurance Standard.

# 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 2020 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

- 1) All of the domestic subsidiaries controlled and owned by the Company (Scope 1, 2).
- 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 2020 『SAMSUNG FIRE & MARINE INSURANCE』's Inventory.

- 1) The GHG Inventory of all business sites including 『SAMSUNG FIRE & MARINE INSURANCE』 was prepared according to the "Greenhouse Gas and Energy Target Management Scheme".
- 2) As a result of materiality assessment on 2020 Greenhouse Gas Emission of entire business places, material discrepancy is less than the criteria of 5% for the organization which 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".
- 3) Therefore, we present appropriate opinions on 2020 Greenhouse Gas Emission of 『SAMSUNG FIRE & MARINE INSURANCE』.

	Report Year	2020.1.1. ~ 2020.12.31
2020 Total Annual Emissions (tCO <sub>2</sub> -eq)	<b>Total Emissions (Scope 1, 2)</b>	15,153
	Direct Emissions (Scope 1)	3,233
	Indirect Emissions (Scope 2)	11,920
	<b>Other Indirect Emissions (Scope 3)</b>	
	Business Trip	88
	Waste Treatment	151
	Water Use	87
	Paper Use	3,755

April 19<sup>th</sup>, 2021

Korean Foundation for Quality (KFQ)

CEO Ji-Young Song

*Ji Young Song*

# History Highlights

## 1950s

**1952.01.26**

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

## 1960s

**1963.01.31**

Merged with Ankuk Fire & Marine Insurance Co., Ltd.

**1963.03.02**

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

## 1970s

**1975.06.30**

Initial Public Offering

**1978.02.24**

Opened Masan, Dongbu, and Nambu branches

**1979.02.04**

Established the Samsung Risk Management Research Institute (currently known as, Global Loss Control Center)

## 1980s

**1983.10.01**

Launched the auto insurance business

**1985.09.01**

Opened an office in New York, US

**1987.10.17**

Completed the construction of the HQ building

**1989.05.26**

Increased capital to KRW 8.4 billion

## 1990s

**1990.02.10**

Increased capital to KRW 10 billion

**1990.03.17**

Increased capital to KRW 11.7 billion

**1990.04.01**

Opened a branch in the US

**1990.05.29**

Increased capital to KRW 12.8 billion

**1992.04.01**

Opened the Seoul Customer Service Center

**1993.03.26**

Selected as the Korean local secretary company for Mugunghwa Satellite Insurance

**1993.11.29**

Opened an office in Jakarta, Indonesia

**1993.12.06**

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

**1994.01.10**

Opened an office in Tokyo, Japan

**1994.05.09**

Opened the Yuseong Training Center

**1994.10.20**

Established the SFMI Social Community Relations Team

**1995.04.17**

Opened an office in Beijing, China

**1995.07.15**

Opened an office in Ho Chi Minh City, Vietnam

**1996.08.28**

Opened an office in Hanoi, Vietnam

**1996.09.20**

Opened an office in Shanghai, China

**1996.11.07**

Established a local subsidiary in Indonesia

**1998.04.04**

Increased capital to KRW 14.8 billion

**1998.10.15**

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

**1999.01.19**

Increased capital to KRW 20 billion

**1999.07.03**

Stock split at par value of KRW 500

## 2000~2010

**2000.01.30**

Increased capital to KRW 25 billion

**2000.05.30**

Distributed stock dividends  
(Capital: KRW 26.5 billion)

**2001.04.26**

Opened a branch in Shanghai, China

**2001.07.01**

Established the Samsung Traffic Safety Research Institute

**2001.12.31**

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

**2002.01.18**

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

**2002.01.26**

Unveiled a time capsule in commemoration of the 50<sup>th</sup> anniversary of the company

**2002.04.02**

Launched the Samsung AnyCar auto insurance brand

**2002.04.26**

Received "Korea's Most Admired Company" award in the non-life insurance category at "The First in Korea" hosted by the Korea Minting and Security Printing & ID Card Operating Corporation

**2002.11.14**

Established a local subsidiary in Vietnam

**2003.03.26**

Selected as an "Outstanding Company in Voluntary Compliance with Fair Trade Rules" by the Korea Fair Trade Commission

**2003.05.26**

Opened an office in Qingdao, China

**2003.12.10**

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

**2003.12.30**

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

**2004.08.19**

Introduced the industry's first "Social Contribution Brand"

**2005.01.14**

Established the Samsung Global Loss Control Center, a first among private companies in Korea

**2005.04.25**

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

## 2011~2014

**2005.06.30**

"KRW 500 Gift of Hope" Agreement Ceremony

**2005.07.22**

Opened an office in London, UK

**2006.04.04**

Introduced the "Life Care Insurance" slogan for long-term insurance plans

**2006.08.03**

Opened a branch in Beijing, China

**2006.11.29**

Won the Presidential Award at the Korea Brand Awards

**2006.12.01**

Won the "Disability Rights" Award

**2006.12.12**

Received the Presidential Award at the 2006 First and Foremost Movement for Persons with Disabilities Awards

**2006.12.20**

Won the Presidential Award at the Digital Knowledge Management Awards

**2007.01.09**

Samsung Traffic Safety Research Institute received the "Samsung Award of Honor"

**2007.01.18**

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

**2008.01.10**

Opened a branch in Shenzhen, China

**2008.08.05**

Opened a branch in Suzhou, China

**2008.11.20**

Opened the industry's first Samsung Noble Class FP Center

**2008.12.18**

Opened an office in Singapore

**2009.01.15**

Opened a branch in Qingdao, China

**2009.03.03**

Launched the "Internet Auto Insurance Service"

**2009.04.23**

Opened an office in India

**2009.07.01**

Launched the AnyHome comprehensive insurance plan

**2009.09.15**

Opened a subsidiary in Brazil

**2010.06.21**

Signed a comprehensive business alliance with Huatai Insurance Group in China

**2010.07.14**

Happy School No.1 Donation Ceremony

**2010.12.19**

Opened an office in Dubai, UAE

**2011.03.30**

Established a subsidiary in Europe

**2011.06.23**

Established a US corporation Inducted into the Korea Service Award Hall of Fame, an industry first

**2011.09.26**

Opened a branch in Tianjin, China

**2011.09.28**

Received the Insurance Award at ASIA's Sustainable Finance Award

**2011.10.18**

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

**2011.11.21**

Received an A++ credit rating (the highest rating) from A.M Best

**2011.12.09**

Established a subsidiary in Singapore

**2012.04.01**

Adopted the e-signature system for long-term insurance plans

**2012.04.03**Selected as Korea's "Most Admired Company" for the 9<sup>th</sup> consecutive year by the Korea Management Association Consulting**2012.05.21**

Opened the "SFMI Euljiro Daycare Center"

**2012.05.25**

Obtained the ISO 50001 (Energy Management System) certification, the first among Korean financial companies

**2012.09.05**Received the Presidential Citation at the 36<sup>th</sup> National Productivity Conference**2012.10.03**Ranked 1<sup>st</sup> in three brand indices in Korea (NBCI, KS-PBI, K-BPI)**2012.11.27**

Opened an office in Moscow, Russia

**2012.12.07**Received an A+ credit rating from S&P for the 10<sup>th</sup> consecutive year**2013.01.21**

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

**2013.02.26**

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

**2013.03.14**

Opened the Daegu FP Center, an industry first

**2013.04.18**

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

**2013.05.08**

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

**2013.09.05**

Launched the mobile-based "Smart Compensation System"

**2013.11.04**

Received the "2013 Carbon Management Industry Leader Award" (non-bank category) from the CDP's Korean Committee

**2013.12.23**20<sup>th</sup> Anniversary Ceremony for the Samsung Guide Dog School**2014.01.28**

Ahn, Min Soo appointed CEO &amp; President

**2014.04.03**

The Bluefangs crowned champion for the third year in a row, for a total of eight championships (V8)

**2014.04.25**

Received Grade 1 from the Financial Supervisory Service's "2013 Customer Complaint Evaluation on Financial Companies"

**2014.05.12**

Obtained the ISO 14001 (Environmental Management System) certification

**2014.09.22**

Entered the "Dow Jones Sustainability World Index (DJSWI)"

**2014.09.23**

"KRW 500 Gift of Hope" beneficiaries surpassed 200 households/groups

**2014.11.06**

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

**2014.12.12**

Launched a new brand called Dangsiniui Bom ("Your Spring")

**2014.12.19**Held the Opening Ceremony of SFMI's Global Campus (Goyang Training Center)  
Opened the SFMI Auto Insurance R&D Center

## 2015~2019

**2015.01.22**

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

**2015.03.23**

Opened a branch in Shaanxi, China

**2015.05.18**

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

**2015.05.27**

Awarded the Prime Minister's Prize for being selected as an outstanding company in terms of gender-equal employment in 2015

**2015.09.15**

Chinese subsidiary acquired an A+ rating from S&P

**2015.10.08**

Marked the 10<sup>th</sup> anniversary of the "KRW 500 Gift of Hope" campaign, a housing improvement project for the disabled

**2015.11.23**

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

**2015.11.27**

Awarded the "Excellent Anti-Money Laundering Organization" citation from the Prime Minister

**2015.11.23**

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

**2015.11.27**

Awarded the "Excellent Anti-Money Laundering Organization" citation from the Prime Minister

**2016.02.04**

Established an agency in the Middle East

**2016.03.16**

Established SFMI Financial Service Insurance Agency

**2016.05.27**

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

**2016.12.04**

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

**2017.01.19**

Included in the Silver Class for two consecutive years in the RobecoSam Sustainability Yearbook

**2017.04.13**

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

**2017.05.07**

Concluded the contract to acquire shares of PJICO (Petrolimex Joint Stock Insurance Corporation), the 5<sup>th</sup> biggest non-life insurer in Vietnam

**2017.10.24**

Selected as the No.2 Sustainability Partner for the 2018 PyeongChang Winter Olympics

**2017.11.14**

Ranked 1<sup>st</sup> in the non-life insurance category of KSI (Korean Sustainability Index) for the second consecutive year

**2017.12.18**

Ranked 1<sup>st</sup> in the auto insurance category for the 8<sup>th</sup> consecutive year and in the long-term insurance category for the 7<sup>th</sup> consecutive year in the KNPS (Korean Net Promoter Score)

**2018.03.23**

Appointed Young Moo Choi as the CEO

**2018.03.27**

Received an A rating from the MSCI ESG Rating

**2018.04.02**

Launched SFMI Diabetes Health Insurance

**2018.04.24**

Introduced SFMI Care Center for Imported Cars

**2018.05.07**

SFMI was selected as one of the Grand Winners at the 2018 ASTRID Award—one of the three major awards in the world for corporate PR materials—hosted by MerComm Inc. based in the US.

**2018.05.25**

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

**2018.06.04**

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

**2018.07.09**

SFMI Direct launched "Smart Tailored Insurance"

**2018.09.08**

Acquired patent for the "Family Medical History Consulting System"

**2018.09.17**

Introduced "Elderly Longevity Plus," a health insurance product

**2018.11.01**

Introduced "Safe Life Partner," an accident insurance plan

**2018.11.05**

Introduced "AnyPet," a pet insurance plan for dogs

**2018.12.10**

Earned Grade A in the Korea Corporate Governance Service's comprehensive ESG evaluation

**2018.12.21**

Created the Insurtech CVC Fund

**2019.01.01**

Introduced "Peaceful Three Generations Plus," a health insurance product

**2019.01.04**

Earned an AAA rating in the Institute for Industrial Policy Studies' Korea Business Ethics Index in Sustainability Management (KoBEX SM) for the 7<sup>th</sup> consecutive year

**2019.01.07**

Launched the "SF Branch," an organization for female employees who experienced a career break

**2019.02.18**

Launched "Elderly Longevity 100 Years Plus," a non-cash surrender value type health insurance product

**2019.02.21**

Held the "100<sup>th</sup> Customer Rights Protection Committee" meeting

**2019.03.03**

Celebrated the 10<sup>th</sup> anniversary of SFMI direct auto insurance

**2019.03.18**

Opened "M Portal," a mobile sales system

**2019.03.19**

Ranked 1<sup>st</sup> in terms of direct auto insurance subscription for the 5<sup>th</sup> consecutive year

**2019.04.09**

SFMI's vase-shaped fire extinguisher "Firevase" campaign won Korea Advertising Society's Ad of the Year Award

**2019.05.02**

Signed a contract for equity investment in Canopus of UK's Lloyd's of London

**2019.06.03**

Introduced the "Healthy Golf Life," a golf insurance plan without dividend, and opened the Point Mall for customers

**2019.06.04**

Became first Korean company to acquire the highest level in data management certification (level 4) granted by the Korea Data Agency

**2019.06.18**

The European subsidiary received an A+ credit rating from A.M Best



2020

**2019.06.21**

"Firevase" campaign won a bronze prize in the creative strategy sector of Cannes Lions

**2019.07.23**

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

**2019.08.16**

Liquidated the local subsidiary in Brazil

**2019.09.20**

Subsidiaries in Indonesia and Vietnam obtained an A- credit rating from A.M Best for the 7<sup>th</sup> and 6<sup>th</sup> consecutive years, respectively.

**2019.09.21**

Singapore subsidiary obtained an A credit rating from A.M Best for the 9<sup>th</sup> consecutive year.

**2019.09.26**

Introduced an AI-based contract examination system

**2019.10.01**

Introduced the "MyHealthPartner" insurance

**2019.10.22**

Earned Grade A in the Korea Corporate Governance Service's ESG evaluation on listed companies and selected as an outstanding company in the ESG category

**2019.10.23**

Celebrated the 10<sup>th</sup> anniversary of "Poco-a-Poco," a music concert performed by adolescents with disabilities

**2019.11.04**

Acquired equity in the global insurance market, UK's Lloyd's of London

**2019.11.15**

The number of SFMI policyholders surpassed 10 million

**2020.01.13**

Introduced direct fee-for-service health insurance for people with pre-existing condition

Introduced the self-coverage analysis service on the company website

**2020.02.03**

Achieved the CDP Climate Change Leadership level (A-)

**2020.03.28**

Received an A rating from the MSCI ESG Ratings

**2020.06.01**

Ranked number one in the industry in terms of the number of RCs certified for excellence in 2020 (A total of 6,551 RCs)

**2020.06.16**

SFMI's call center was named excellent call center for the 16<sup>th</sup> consecutive year in the call center category of Korea Management Association Consulting's Korean Service Quality Index

**2020.07.01**

Ranked 1<sup>st</sup> in the auto insurance category and long-term insurance category of the Korean Standard-Service Quality Index (KS-SQI) for the 19<sup>th</sup> and 7<sup>th</sup> consecutive year, respectively.

**2020.07.30**

Listed on the FTSE4Good Sustainability Management Index for the 8<sup>th</sup> consecutive year

**2020.08.03**

Introduced "The Simpler Elderly Longevity," a health insurance plan

**2020.08.31**

Introduced "Kids with Dream," an insurance plan for children

**2020.09.24**

Acquired an exclusive right of use on the rider that covers "the cost of antiviral drugs for flu (influenza)"

**2020.09.25**

SFMI's HQ received an AA- rating from S&P for the 6<sup>th</sup> consecutive year

**2020.10.9**

SFMI HQ receives an A++ rating from A.M Best for the 10<sup>th</sup> consecutive year

**2020.10.14**

Earned Grade A in the Korea Corporate Governance Service's ESG evaluation on listed companies

**2020.10.15**

Ranked 1<sup>st</sup> in the auto insurance and long-term insurance categories of the Korean Customer Satisfaction Index (KCSI) for the 23<sup>rd</sup> and 10<sup>th</sup> consecutive year, respectively.

**2020.10.16**

Signed an additional equity acquisition contract with Canopus of UK's Lloyd's of London

**2020.10.31**

Introduced the Digital ARS Service, an industry first

**2020.11.01**

Introduced "Anyfit 2.0," a comprehensive healthcare service

**2020.11.12**

Declared its commitment toward "Coal Phase-out Finance"

**2020.11.14**

Listed on the Dow Jones Sustainability World Indices (DJSI World) for the 7<sup>th</sup> consecutive year

**2020.11.16**

Introduced "Biz and Safe Partner," a property insurance product

**2020.11.17**

Received Grade A in Sustainvest's ESG evaluation on listed companies

**2020.11.26**

The Chinese subsidiary signed a contract with investors, such as Tencent, to establish a joint venture

**2020.12.03**

Acquired an exclusive right of use on the rider that covers "the legal fee in case of professional negligence resulting in death" and "daily wages (one day or more) in case of business suspension (due to fire, storm and flood, collapse, etc.)"

**2020.12.07**

Ranked 1<sup>st</sup> in the National Customer Satisfaction Index's (NCSI) non-life insurance category for the 20<sup>th</sup> consecutive year

**2020.12.09**

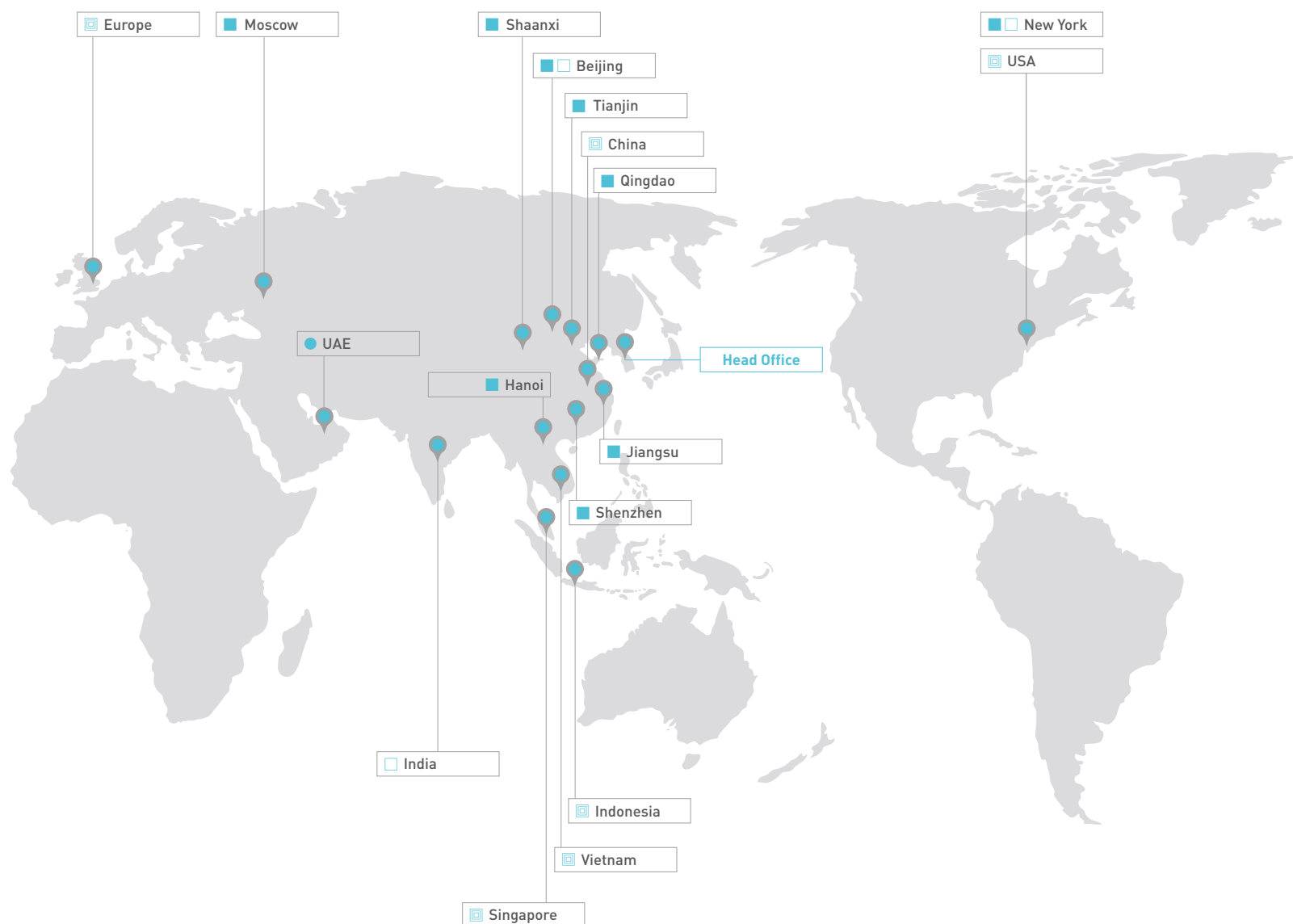
Achieved the CDP Climate Change Leadership level (A-)

**2020.12.16**

Ranked 1<sup>st</sup> in the auto insurance and long-term insurance categories of the Korea Management Association Consulting's Korean Net Promoter Score (KNPS) for 11<sup>th</sup> and 10<sup>th</sup> consecutive year, respectively.

## Global Network

- ▣ Subsidiaries and Joint Ventures
- Branches
- Representative(Liaison) Offices



## Head Office

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

14, Seocho-daero 74-gil, Seocho-gu, Seoul, 06620, Rep. of KOREA  
T. 82 2 1588 5114

## Subsidiaries and Joint Ventures

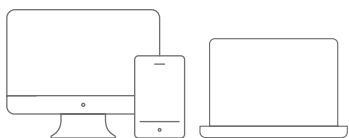
<b>China</b>
<b>Samsung Property &amp; Casualty Insurance Company (China), Ltd.</b>
7F Building B, The Mixc office Shanghai, No.1799, Wuzhong Road, Minhang District, Shanghai T. 86 21 2227 2094
<b>Indonesia</b>
<b>PT. Asuransi Samsung Tugu</b>
AIA Central 27 <sup>th</sup> Fl, Jl. Jend. Sudirman Kav. 48A Jakarta T. 62 21 8062 2000
<b>Vietnam</b>
<b>Samsung Vina Insurance Co., Ltd.</b>
45 <sup>th</sup> Floor, Bitexco Financial Tower, 2 Hai Trieu, District 1, Ho Chi Minh City T. 84 28 3823 7812
<b>United States</b>
<b>Samsung Fire &amp; Marine Management Corporation</b>
5 <sup>th</sup> floor, 105 Challenger Road Ridgefield Park NJ 07660 T. 1 201 329 6395
<b>Europe</b>
<b>Samsung Fire &amp; Marine Insurance Company of Europe Ltd.</b>
16 <sup>th</sup> Floor, 88 Wood Street, London, EC2V 7QT T. 44 20 7367 0018
<b>Singapore</b>
<b>Samsung Reinsurance Pte. Ltd.</b>
23th Fl, Samsung Hub, Church Street 3, Singapore 049-483 T. 65 6 645 5591
<b>UAE</b>
<b>Samsung Fire &amp; Marine Insurance Management Middle East Ltd.</b>
#501, Gate Village Building 10, DIFC, Dubai 482019 T. 971 4 358 6110

## Branches

<b>China</b>
<b>Beijing Branch</b>
25 <sup>th</sup> Floor, China Merchants Tower N0118, Jianguo Road, Chaoyang District, Beijing 100022 T. 86 10 65685828 1300
<b>Shenzhen Branch</b>
Unit01,17 <sup>th</sup> floor, China Life Building, Xinzhou Road and Fuhua Road Intersection, Futian District, Shenzhen T. 86 755 82520379 1632
<b>Jiangsu Branch</b>
RM. 505, SIFC, 24A, Times Square, Huachi Road, Suzhou Industrial Park, Suzhou, Jiangsu, 215028 T. 86 512 62925968 1500
<b>Qingdao Branch</b>
13F, Jinding Mansion, No.83, Haier Road, Qingdao T. 86 532 86679950 1700
<b>Tianjin Branch</b>
Room 2004-2005, 20 <sup>th</sup> floor, Xinyin Building, No. 28, Zengjin Road, Hexi District, Tianjin 300201 T. 86 22 28459128 1400
<b>Shaanxi Branch</b>
Room 4002-4003, B block, Greenland Center, No.11 Jinye Road, High&Tech Zone, Xi'an, Shaanxi T. 86 29 65691088 1288
<b>United States</b>
<b>U.S. Branch</b>
1133 Westchester Avenue. 1 <sup>st</sup> Floor, White Plains, NY 10604 T. 1 201 329 6395
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