2022 Samsung Fire & Marine Insurance
ESG Report (Integrated Report)

# GOOD INSURANCE COMPANY FOR BETTER LIFE

Samsung Fire & Marine Insurance

## ABOUT THIS REPORT

This report contains SFMI's ESG related policies, performances and achievements, serving as a communication channel with various stakeholders.

### Reporting Principles

This report is prepared in accordance with the core standards of GRI (Global Reporting Initiative), the international reporting guideline for sustainability management. Also, it is complied with the recommendations of TCFD (Task Force on Climate-Related Financial Disclosure) and PSI Report, the global sustainability initiative and UN SDGs with the aim of depicting key issues where the industry has great interests. The financial data included in this report meets K-IFRS (Korean International Financial Reporting Standards).

### Reporting Principle

This report focuses on performances in the year of 2021 with the three years of data needed for the comparison from 2019 to 2021. In case of information that matters to the stakeholders, it partly shows the data from the previous years and the first half of 2022.

### Reporting Scope and Boundaries

The scope of this report covers the head office, domestic branches, overseas corporations/branches/offices. Data with different scopes are indicated.

### Data Assurance

This report has gained better quality and credibility through the third party verification of which results can be found on page 104.

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# Overview


CEO Message

2021 SFMI at a Glance

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# CEO Message

Dear esteemed stakeholders,
I appreciate the unwavering support and interest you have shown to us.

Samsung Fire & Marine Insurance (SFMI) has earned and maintained the No.1 spot in the National Customer Satisfaction Index (NCSI) for the longest time in the Korean insurance industry on the strength of your support. In addition, the international credit rating agencies such as S&P or AM Best have assigned us the highest ratings among the companies in Korea, a clear demonstration that we are recognized for excellence in the market. Marking the 70th anniversary of our foundation, we will hone the competitiveness of our key businesses while keeping one eye on expanding the scope of new business, thereby making 2022 a year where we lay the foundation for a future growth engine.

Even in the aftermath of the COVID-19 pandemic along with the uncertain financial environment, we delivered KRW 1.1247 trillion in net profit, a 48.5% increase from 2020. This achievement is attributed to our pursuit of profitability-oriented growth and efficiency improvement amid the uncertainty of the insurance industry. Especially this year, insurers are at a critical juncture internally and externally as the beginning of tapering is likely to intensify the volatility in the financial market, and the insurance industry will enter the last phase of adopting the new IFRS standard, IFRS17.

At this momentous time, our focus will be on digital innovation and capacity-building for overseas operations on the robust foundation of our competitiveness in the main business. To this end, we will sharpen our capabilities required to drive innovation in a proactive manner to grasp demands from customers and secure future competitive edge.
In particular, as the Big Tech's entry into the financial business is projected to usher in more fierce competition within the industry, we will accelerate digital innovation with nimble responses. Multifaceted efforts will be made to innovate ourselves to create a digital-oriented work process, enhance our big data-based expertise and digitalize all areas ranging from sales to reward system. By doing so, we reinvent ourselves as a platform tailored to each individual's lifestyle so that we can take a step closer to our customers.

We will also be committed to delivering full-fledged ESG management while living up to our business nature, a life-care platform where customers can put their mind at ease with our top-notch products and services. With the aim of achieving sustainable growth underpinned by market trust and social stability, we seek for righteousness and reliability in our business management putting the environment and mankind at the heart of the management.
I am delighted to share our progress on this. We have suspended new investment in coal development since 2019 in response to the global environmental crisis. In 2020, we declared 'coal-free finance' to cease all the new investments and insurance acquisitions in relation to the coal business.
And we solidified the foundation for ESG management by operating the ESG Committee and setting ESG management goals and strategies under the vision of becoming a 'Good Insurance Company for Sustainable Future'. Besides, we have set an internal carbon-neutral target as well as a carbon emissions mitigation target for all of our assets we manage. As part of it, we will increase the ESG investment to KRW 10.5 trillion while actively joining various initiatives and campaigns.

Esteemed stakeholders,
Aims to become 'Samsung Fire & Marine Insurance creating future together with customers and employees', we will vault into the 'Next Level' insurance company equipped with unparalleled capabilities beyond comparison. We promise to evolve to touch your heart beyond delivering satisfaction. As the No.1 insurance company in Korea, we will go to the extra mile to become the greatest financial company in the 21st century, and always stay together with you as your reliable companion.
Going forward, I look forward to your unwavering trust and support.
Thank you very much.

June 2022
CEO & President **Hong Won-hak** Won hak, Hong



# 2021 SFMI at a Glance

## Financial Key Performance

### Hit a Record High in Financial Performance

Delivered approximately KRW 1.5 trillion in operating income before tax

Ran a surplus on the pre-tax profit in the auto insurance sector for two consecutive years

Turned a profit in the insurance business in four years

* Net income before income tax expense

### Launched Our New Digital Brand, 'Direct Chac'

Expanded our digital platform that fits into customers' lifestyle

### Business Cooperation with Canopius, an English Company, in Full Swing

Accelerated the driving force of new businesses through the growth underpinned by global collaboration

## Non-Financial Key Performance

### Ranked 1st in Customer Satisfaction

Maintained our No.1 position in NCSI for 21 consecutive years

Ranked 1st in customer satisfaction in the auto insurance sector for 24 consecutive years, and in the long-term insurance sector for 11 consecutive years

### Obtained ISO 14001 / ISO 50001 Certifications

Became the first to obtain two international certifications in the industry

### Established the ESG Committee

Launched the ESG Committee under the Board of Directors (BOD) (in March 2021)

### Rated A in the MSCI ESG Ratings

Achieved an A in Morgan Stanley Capital International (MSCI) ESG ratings

### Joined TCFD

Joined TCFD in July 2021, and disclosed our financial data regarding climate change in accordance with the recommendations of TCFD

### Scaled up Our Accumulated Investments in ESG

KRW 5.12 trillion (in 2021) → KRW 10.5 trillion (in 2030) to be invested(contract)

### Put Win-Win Finance into Action

Sales target of environmental and social insurance products at KRW 2.9 trillion (in 2021)
→ KRW 3 trillion (in 2023)

### Created a Paperless Office

Signed more than 90% of insurance contracts without paper

### Transition to Pollution-free Vehicles (K-EV100)

All our business vehicles to be converted to non-polluting vehicles by 2030

# Company Profile

## Introduction

Samsung Fire & Marine Insurance (SFMI) is the No.1 non-life insurer in Korea with underwriting operations in China, the U.S., Indonesia, Vietnam, Singapore, and the UK. We offer a wide range of insurance products and retirement pension plans such as fire, marine, automobile, accident, liability, long-term injury/sickness insurance and personal pension and also provide general, automobile and non-life insurance products overseas as well. In addition utilizing the capital funded by our underwriting business, we invest in key industries and companies to play a contributing role in promoting the balanced growth of the national economy and improving national welfare.

## Company Overview

| | |
|---|---|
| **Company Name** | Samsung Fire & Marine Insurance Co., Ltd. |
| **Business Type** | Non-life Insurance |
| **Date of Establishment** | January 26, 1952 |
| **CEO** | Hong Won-hak |
| **Headquarters** | 14 Seocho-daero 74-gil, Seocho-gu, Seoul, Korea |
| **No. of Employees** | 5,647 |
| **Homepage** | www.samsungfire.com |

## Financial Status (on a consolidated basis)

| Revenue (direct premiums written) | Net profit | Risk-based capital ratio |
|---|---|---|
| KRW 19.7318 trillion | KRW 1.1247 trillion | 305.37% |

## Organizational Structure

**3 Businesses, 4 Headquarters, 2 Divisions, 8 Business Teams, 36 Administrative Teams (CISO included)**

Commercial Lines Business, Automobile Insurance Business, Long-term Insurance Business, Personal Lines Headquarters, Strategic Channel Headquarters, Asset Management Headquarters, Digital Headquarters, Planning Division, Corporate Management Support Division, Audit Committee, Legal Affairs Team, Customer Policy Team, HR Team, etc.

## Subsidiaries

| Company Name | Location | Date of Establishment | Key Businesses | Share Ownership (%) |
|---|---|---|---|---|
| Samsung Fire & Marine Insurance Service Co., Ltd. | Seoul, Korea | Jan. 30, 1996 (May 28, 2002) | Claim adjustment service | 100% |
| Samsung Claim Adjustment Service Co., Ltd. | Seoul, Korea | Oct. 15, 1998 | Claim adjustment service | 100% |
| Samsung Fire & Marine Financial Service Insurance Agency | Seoul, Korea | Mar. 16, 2016 | Agency | 100% |
| PT Asuransi Samsung Tugu | Jakarta, Indonesia | Nov. 07, 1996 | Non-life insurance | 70% |
| Samsung Vina Insurance Co., Ltd. | Ho Chi Min, Vietnam | Nov. 14, 2002 | Non-life insurance | 75% |
| Samsung Property & Casualty Insurance Company (China), Ltd. | Shanghai, China | Apr. 25, 2005 | Non-life insurance | 100% |
| Samsung Fire & Marine Insurance Company of Europe | London, the UK | Mar. 30, 2011 | Non-life insurance | 100% |
| Samsung Reinsurance PTE Ltd. | Singapore | Dec. 09, 2011 | Non-life insurance | 100% |
| Samsung Fire & Marine Management Corporation | New Jersey, the U.S. | Jun. 23, 2011 | Insurance consulting | 100% |
| Samsung Fire & Marine Insurance ME and Agency of Africa | Dubai, the United Arab Emirates | Feb. 24, 2016 | Agency | 100% |

* If the date of acquisition is different from the date of establishment, the acquisition date is stated in parentheses

# Company Profile

## Our Mid-to Long-term Vision

**Good Insurance Company For Better Life**

SFMI aims to play a role in underpinning your future just beyond the role of safeguarding against risks as an insurer. We promise that we will deliver the best products and services for customers, achieve sustainable growth to create shareholder value for shareholders, and pursue shared development with our employees and local communities. Staying true to these commitments, SFMI will further grow as a socially responsible company.



# Business Portfolio

## Key Products and Services

| Classification | | Key Insurance Products |
|---|---|---|
| General Insurance | Fire | House, building, factory fire insurance |
| | Marine, Aviation | Hull, aircraft, cargo insurance |
| | Casualty & Specialty | Engineering, casualty, liability insurance, etc. |
| Long-term Insurance | Injury/Sickness | My Health Partner, Peaceful Three Generations Plus, My Health Junior, Medical Reimbursement Insurance, etc. |
| | Driver | Safe Drive Partner Plus |
| | Property | Feeling of Success, Super Business |
| | 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 |

## Economic Value Distribution

Unit: KRW 100 million

| | | 2019 | 2020 | **2021** |
|---|---|---|---|---|
| Customers | Insurance benefits | 152,656 | 153,700 | **152,476** |
| Employees | Wages, welfare benefits | 5,135 | 5,544 | **7,097** |
| Shareholders/ Investors | Dividends | 3,613 | 3,741 | **5,101** |
| Government | Corporate tax | 2,098 | 2,820 | **3,815** |
| Partner Companies | Insurance sales | 33,006 | 33,359 | **31,276** |
| Local communities | Donations for local community development | 128 | 64 | **41** |

## Key Financial Performances (Separate)

Unit: KRW 100 million

**Total Assets**

| | |
|---|---|
| 2019 | 844,369 |
| 2020 | 917,210 |
| **2021** | **933,848** |

**Total Equity**

| | |
|---|---|
| 2019 | 142,074 |
| 2020 | 162,378 |
| **2021** | **154,002** |

**Direct Premiums Written**

| | |
|---|---|
| 2019 | 188,393 |
| 2020 | 195,485 |
| **2021** | **196,497** |

**Net Profit**

| | |
|---|---|
| 2019 | 6,092 |
| 2020 | 7,668 |
| **2021** | **10,926** |

# Business Portfolio

## Global Credit Ratings

SFMI has been internationally recognized for our excellent financial strength, stable sales performance, and robust risk management, which is evidenced by the winning of the highest rating of A++ Superior for 11 consecutive years from A.M.Best, the world's largest credit rating agency for insurers, and AA- from S&P, one of renowned global credit rating agencies.

| Credit Rating Agency | 2018 | 2019 | 2020 | **2021** |
|---|---|---|---|---|
| A.M.Best | A++, Superior | A++, Superior | A++, Superior | **A++, Superior** |
| S&P | AA-, Stable | AA-, Stable | AA-, Stable | **AA-, Stable** |

## Key Awards in 2021

**May. 2021**

- KSQI-certified Outstanding Call Center Service for 17 consecutive years

Host Organization:
Korea Management Association Consulting

**Jun. 2021**

- No.1 Good Non-life Insurance Company for 19 consecutive years

Host Organization:
Korea Finance Consumer Federation

**Oct. 2021**

- No.1 Korean Customer Satisfaction Index (KCSI) rating in the auto insurance category for 24 consecutive years, No. 1 KCSI rating in the long-term insurance category for 11 consecutive years

Host Organization:
Korea Management Association Consulting

**Dec. 2021**

- No.1 National Customer Satisfaction Index (NCSI) rating in the non-life insurance category for 21 consecutive years

Host Organization:
Korea Productivity Center

**Dec. 2021**

- No.1 Korean Net Promoter Score (KNPS) rating in the auto insurance category for 12 consecutive years, No.1 KNPS rating in the long-term insurance category for 11 consecutive years

Host Organization:
Korea Management Association Consulting

# Global Management

## Global Network Business

With the objective of securing future profitability and becoming a global top-tier P&C insurance company, SFMI is actively seeking international businesses. We expand global networks and identify foreign markets while striking a balance between developed and emerging markets. We systematically implement foreign market tasks based on the mid- to long-term overseas business plans in regard of the foreign markets, key business areas, and required competencies. At the same time, we actively respond to overseas changes, providing unparalleled products and services for overseas local customers at 18 subsidiaries in 8 countries, including the U.S., Europe, and the Middle East. Our subsidiaries established in other countries, such as China, Indonesia, Vietnam, and Europe, make profits by selling insurance products and investments to individuals and corporate customers in the region. The premiums written in 2021 were about KRW 497.4 billion, up 11.3% from the previous year (about KRW 447 billion).




**Premiums written in 2021**

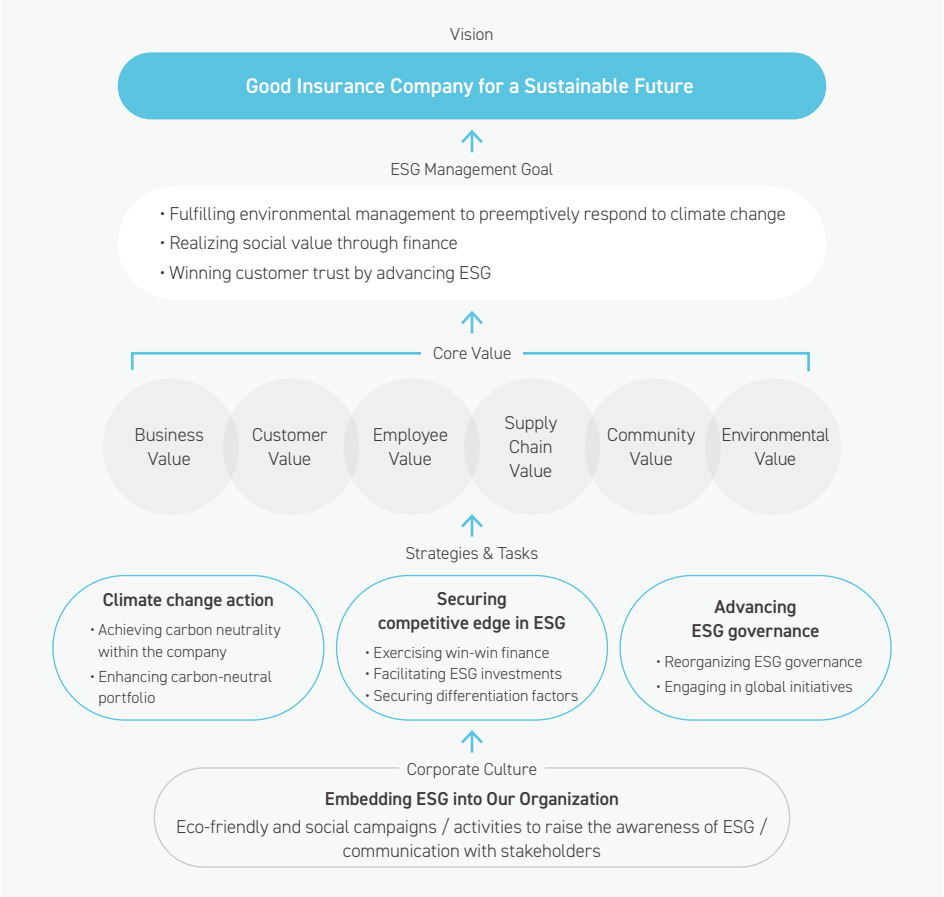
Unit: KRW million

| U.S. | Europe | Singapore | China | Vietnam | Indonesia |
|---|---|---|---|---|---|
| 73,021 | 72,355 | 103,531 | 160,384 | 57,425 | 30,636 |

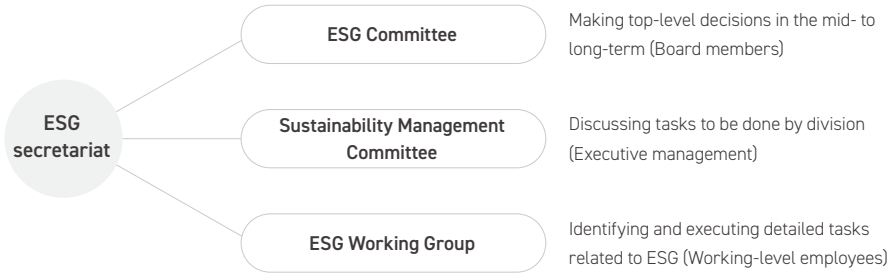
# Sustainability at SFMI

## ESG Management System

Under our ESG vision of 'Good Insurance Company for a Sustainable Future,' we are committed to putting ESG management into action. Based on the ESG management system, we carry out environmental management to preemptively cope with climate change crisis, fulfill social value through finance, and earn customers' trust through advancing ESG, thereby sharpening our competitive edge as a sustainable company.




## Organizational Structure for ESG Management




- Establishing organizational structures for ESG management by the BOD, the management, and working-level employees.
- Internalizing ESG management by striking a balance between top-down and bottom-up methods

### ESG Committee

SFMI has set up and operated the ESG Committee under the BOD. The committee is comprised of two non-executive directors and the CEO. It was newly established in March 2021 to preemptively respond to the paradigm shift in management triggered by the rising trend of ESG. The committee sets up company-wide strategies and policies with regard to ESG, serving as the top decision-making body by deliberation and resolution on ESG-related performances.

### Sustainability Management Committee

SFMI has formed and operated the Sustainability Management Committee in 2012 chaired by the CEO. The committee consists of a total of 7 executives; the CEO, CFO, Head of Corporate Planning Division, Head of Long-Term Insurance Division, Head of HR Team, Chief Compliance Officer, and Head of Planning Team 1.

### ESG Working Group

With an aim to control ESG management goals by division and respond to them, SFMI operates the ESG Working Group consisting of the heads of major departments working on ESG issues and people responsible for them.

# Sustainability at SFMI

## ESG Initiatives Membership Status

UNEP FINANCE INITIATIVE

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

PSI Principles for Sustainable Insurance

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

CDP DISCLOSURE INSIGHT ACTION

- The Carbon Disclosure Project (CDP) is a consultative organization that evaluates GHG emissions reduction activities of major listed companies in the world, providing relevant reports to investors. SFMI has been participating in disclosing carbon-related information as an institutional investor and information provider since 2010.

SUSTAINABLE DEVELOPMENT GOALS

- The Sustainable Development Goals (UN SDGs) are comprised of 17 goals and 169 targets that all stakeholders, including governments, businesses, and civil society, should engage in and fulfill in order 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 sustainability management activities.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB). It recommends disclosing climate-related information in the categories of corporate governance, strategy, risk management, and goals and indicators to companies. SFMI declared to endorse TCFD in July 2021. Since then, we have endeavored to advance the integration of climate change risks and opportunities by disclosing the relative data recommended by TCFD.



# Sustainable Value Story


Intro. For better future

01. **ESG**, Dreaming of Good Insurance underpinned by Sustainability

02. **Digitalization**, Ushering in the New Era of Insurance

03. **Customer Value**, Creating Customer Value

04. **Global Network**, Allowing Greater Cooperation and Growth

Outro. Our ESG Achievements

Intro

# For Better Future

## Shared Memories Over the Past 70 Years

This year marks the 70th anniversary of our foundation.
It is natural that insurance changes and grows over time. But there is one thing that never changes. It is the value of insurance. SFMI has strived to help customers in minimizing risks and envisioning their future amid uncertainty.
We embarked on the long-term non-life insurance business in 1999. Since then, we have launched innovative products that underpinned customers' health and lives, keeping pace with the demands from customers and the market and shaping the trends in this field.
'Samsung Anycar' ushered in a new era of automobile insurance in 2002. In 2009, we entered the Internet direct auto insurance market, and has ranked 1st to date. In 2019, we became the first company to hit more than 10 million customers in the industry and have firmly maintained our No.1 position in terms of customer satisfaction for 21 consecutive years. And we have made remarkable progress, unveiling a variety of services such as outreach services or customer call center operation, thereby providing more various insurance products and leading to the popularization of insurance.
Insurance comes in different forms over time but the nature of it never changes. And this spirit is what we value.

"Insurance comes in different forms over time, but the nature of it never changes. And this spirit is what we value."

## 70 Years Ahead for Better Future

Sometimes, innovation is required. We have presented a new vision to the role of insurer and reinvented ourselves as a supporter for customers' better future, beyond our intrinsic value of offering protection against risks.
Both at home and abroad, we are witnessing lingering stagnation and changes in demographic caused by the growing number of the aged and the emergence of generation MZ. Beyond climate change, the landscape of the insurance industry is experiencing rapid transformation with the strong rise of tech companies in this filed. Against this backdrop, innovation is coming to the fore in insurance products and services.
To move forward, we will sharpen competitiveness in our key businesses while grasping customer needs and suggesting optimized solutions based on future value. We will lay the groundwork for a better future, responding to the changing environment through reinforcing ESG management, increasing customer value, and expanding global cooperation.
In the pursuit of changes and innovation, we will be prepared for the next 70 years for the sake of ensuring the intrinsic value of insurance, 'good insurance for better life'. SFMI will create a future in collaboration with customers and employees based on sustainable growth.

"We will build better future, putting emphasis on ESG management, digital innovation, customer value improvement and broader global network."



Story #01

# ESG, Dreaming of Good Insurance Underpinned by Sustainability

As sustainable management has become an irreversible global trend, we have joined this movement by formulating our ESG vision and strategies, and putting into action our management as the 'Good Insurance Company for Sustainable Future,' which is evidenced by our efforts to achieve carbon-neutral goals and greater investment in ESG. We will vault into the responsible global insurer equipped with robust competitiveness both in financial and non-financial areas, taking one step ahead of others to respond to the rapidly-changing ESG management environment.

## ESG Management for Better Future

SFMI reinforced our ESG management with an aim of making preemptive response to the climate change as part of green management, thereby realizing social value through finance.
We are giving a hundred percent in securing competitive edge in ESG on the robust foundation of our competitiveness in the main businesses, ranging from investments in ESG-related businesses to in-house energy transition to putting Win-Win finance into action with the purpose of reducing GHG emissions. And we are planning to advance ESG management, carrying out our duty to the fullest as a global company in order to ensure sustainable future.

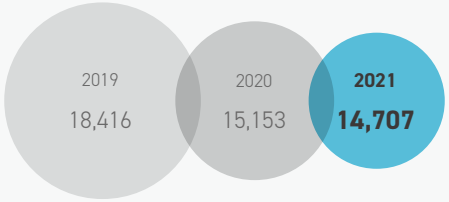
### Our Action on Climate Change

Our efforts have already begun to combat climate change.
In 2020, the declaration of 'Coal Phase-Out Finance' marked the beginning of the efforts. We decided to suspend the underwriting of the insurances for new coal-fired power plant construction, and any form of new investment associated with coal-powered generation. Since March 2019, we haven't approved new investments in this field. As part of the effort, the guidelines on ESG investment will be prepared along with effective strategies.
We announced ESG management with the declaration to endorse climate finance through which we commit ourselves to practicing climate finance for the sake of achieving 2050 carbon-neutral goals. In 2021, the ESG Committee was set up under the BOD to formulate strategies and policies regarding ESG whereas major environmental management strategies are established including ESG investment principles, measures to achieve carbon neutrality and enhanced carbon-neutral portfolio which will make us get ready for ESG management in full swing.

### GHG Mitigation

The system that enables environmental and energy management has been built in accordance with global standards, enhancing environmental values with activities to reduce GHGs and resource consumption based on the guidelines and goals regarding environmental and energy management. Thanks to various eco-friendly activities and resource savings, we have been seeing continuous reductions in carbon emissions. In 2021, our GHG emissions stood at 14,707 $tCO_2eq$, demonstrating a decrease by 2.9% from the previous year.
We are promoting 'Paperless' work system through which the usage of paper in the work process can be decreased. By means of the mobile-based e-signature system and electronic document delivery system, we pursue work efficiency and environmental protection at once.

**GHG emissions** Unit: $tCO_2eq$




Setting up
**ESG Committee**

Ratio of new long-term insurance contract applications filed on mobile platforms in 2021
**96.4%**

**Paperless Insurance Contracts for Thriving Forests**

Approximately 130 A4 sheets are required to conclude one insurance contract which can be replaced by e-signature system to save a total of 156 million sheets of A4 paper per year. The green effect of e-signature system is equivalent to saving a forest five times the size of a soccer field (15,600 trees) each year. The Digital Sales Support System utilizes mobile devices, resulting in more than 90% of insurance contracts signed without paper. As of 2021, 96.4% of long-term insurance contract was signed through the mobile devices.

### Cutting Down Carbon Emissions in Asset Management

SFMI endeavors to achieve net-zero carbon emissions within the company, while cutting down carbon emissions in Scope 3 in asset management.

Considering ESG factors, we put an end to the underwriting of the insurances for the construction of new coal-fired power plants. New negative screening standards for the restrictions will be prepared to be reflected in U/W guideline.

### Boosting ESG Investment

We aim to scale up accumulated ESG contract investment to KRW 10.5 trillion by 2030 with strengthened ESG strategies, to stay true to our nature, sustainable finance.

In comparison with other insurers, we gained positive assessment due to our high proportion of investment in renewable energy. The investment in new and renewable energy in the ESG portfolio has been on the constant rise, increasing by 23.6% year-over-year. Going forward, ESG investment plans to be expanded in various ways.

A total of KRW 500 billion new investment will be made by 2025, including an annual investment of KRW 300 billion in renewable energy such as solar and wind power generation on top of KRW 200 billion a year in ESG bonds of excellent companies. In addition, the size of new investment is going to be expanded to KRW 1 trillion a year by 2030 with diversified investment areas from renewable energy to eco-friendly transportation such as electricity and hydrogen ships and real estate area including zero-energy buildings and green remodeling.

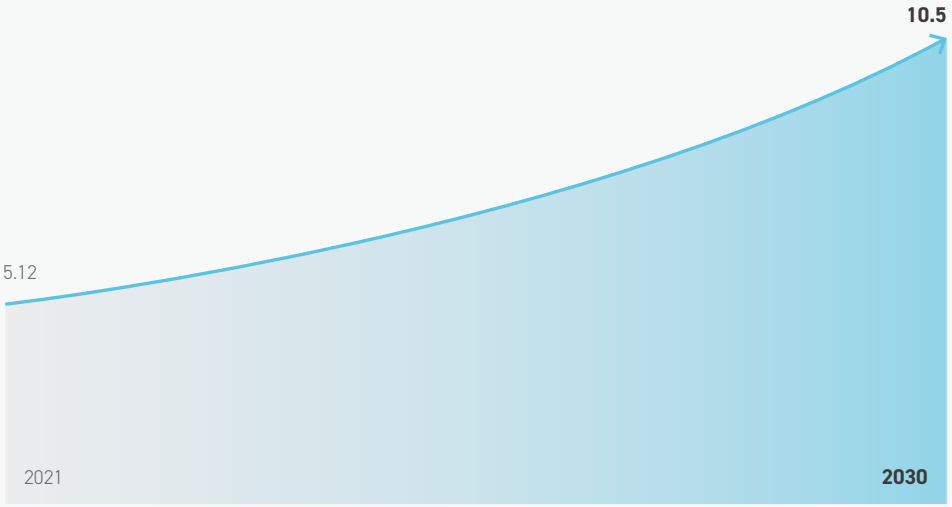
ESG investment principles will be reinvented. Currently, limited 'negative screening' is applied in the investment process along with the ESG investment guidelines revised in 2020. For example, if the proportion of coal, tobacco, and gambling is greater than 30% on companies' businesses. new investments and loans are restricted.

Looking forward, the subject for negative screening will be gradually expanded. The introduction of our own ESG evaluation system will bring the sustainability in ESG investment with the portfolio where business and companies who received negative results in their ESG implementation evaluation or fall short of the ESG standard are ruled out together with heightened risk review.

**Scale of ESG investment**

Unit: KRW trillion

* based on accumulated contract amount




Cutting down carbon emissions in **Scope 3** in asset management

Scaling up the accumulated ESG contract investment by 2030 KRW **10.5** trillion

Establishing **ESG** investment principles with the expanded scope to apply

### Turning Win-Win Finance into Practice Such as ESG Financial Support

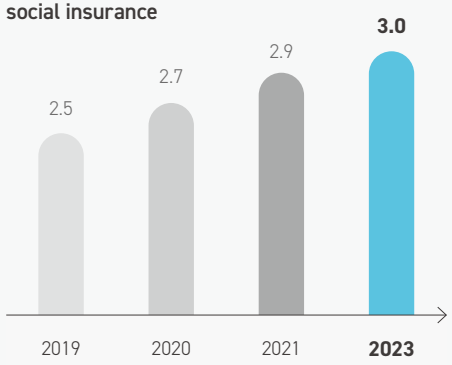
With the purpose of putting WIN-WIN finance into action, we will promote product and service development, setting the sales target of environmental and social insurance products at KRW 3 trillion in 2023.

As we are seeing the growing demand for products and services that safeguard against the risks in implementing eco-friendly businesses, SFMI are contemplating the ways of linking consulting services to related products as well as products that protect against the losses owing to climate change risks.

ESG-friendly companies will be provided with financial support while companies producing green products or using renewable energy will be benefited with preferential rates under the 'impact investment'. We will also make efforts to foster and support clean tech companies and eco-friendly startups.

**Sales of environmental and social insurance**

Unit: KRW trillion




## Capacity Building for Differentiated Safety Management

### Global Loss Control Center (GLCC) Supporting Safety Management by Accidents Prevention

In 1979, the Global Loss Control Center (GLCC) was established as the first private disaster prevention institution in the national non-life insurance industry. Professional engineers in each field offer specialized disaster prevention consulting to support accident prevention and safety management of our customers. Our corporate customers have been provided with 'industrial safety consulting' since September 2021 which focuses on the establishment of a safety and health management system under the Serious Accident Punishment Act and the Industrial Safety and Health Act. Last year, we signed a partnership with Lotte Chemical, the largest chemical company in Korea for 'severe disaster prevention risk management', supporting ESG safety management.

The Global Loss Control Center (GLCC) will continue to introduce and disseminate advanced disaster prevention technologies, thereby supporting customers' accident prevention and safe management activities.

### Traffic Safety Research Institute, Predicting Risks to Be Prepared for Future Environment

The Traffic Safety Culture Research Institute is making unwavering efforts to develop traffic safety policies, improve the traffic culture with an upgraded system and to provide safety education.

In cooperation with the transportation authorities, 'Variable Speed Limit' was introduced which changes the speed limit depending on weather. Also, the research center analyzed the overall effect of 'Safe Speed 5030' together with the National Police Agency.

The institute is working on research and system improvement in response to the changes and risk factors stemming from the changing mobility environment and preparing customized traffic safety policies for high-risk groups.

Sales target of environmental and social insurance products at

KRW **3** trillion in 2023

Global Loss Control Center (GLCC) providing disaster prevention consulting for corporate clients and

**ESG** safety management support

Traffic safety research institute preparing for predicted new risk factors due to changing

**mobility** environment

## Reorganizing ESG Governance

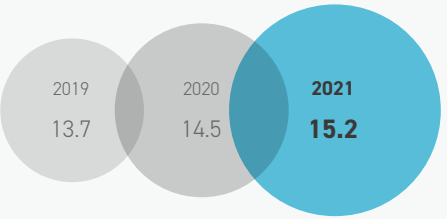
### Appointment of Female Non-executive Directors - Promoting Diversity

SFMI endeavors to balance the gender ratio of the BOD with the appointment of female non-executive directors in March 2022 as part of our governance system overhaul. As the amended 'Capital Markets and Financial Investment Business Act (Capital Market Act)' stipulates that the BOD of stock-listed corporations over KRW 2 trillion of total asset amount should not be composed of only a specific gender. Accordingly we will promote the higher proportion of female managers and the growing number of female talents for better internal diversity.

**Share of female managers**

Unit : %

* above Senior Manager






Story #02

# Digitalization, Ushering in the New Era of Insurance

The entry of Big Tech and a shift in generations to the Millennials and Gen Z is accelerating digitalization in the insurance industry. From increased data in the fields of finance, medical care, and public sector to advanced AI technology and digital ecosystem expansion, all of them are marking a fundamental reform of the insurance industry. Against this backdrop, we aim to play a leading role in opening up a new era of insurance by pushing forward digitalization across the board of value chain and by building capacity in digital business through IT technology and big data, and innovation of customer experience.

## Digitalization All Over Our Value Chain

Closely pursuing digital innovation, SFMI reinforces big data-based capabilities that enable internal and external data combination and utilization. Digitalization is being actively promoted across the board of business process from sales to compensation, thereby embedding the DNA of the digital insurance business.

### Our Strategies for Digitalization

**Expanded digital platform**

New digital platforms including our digital brand 'Chac', the advanced health care service 'Anyfit Plus' and the integrated financial app 'Monimo' will serve as a platform where we take the lead in the digital market and secure unique T&T with the value of our main insurance business remained intact.

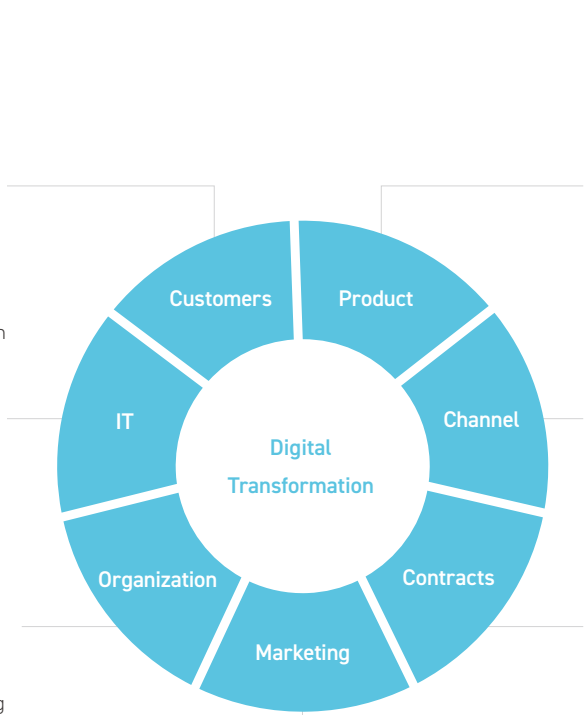
**Building IT infrastructure and data capabilities**

As a digital platform company, we plan to sharpen our capabilities to build efficient IT-based infrastructure, and to develop data integration services and advanced analysis systems as well as basic capabilities such as service, sales, and customer management.

**Sales growth of digital insurance**

Fully harnessing the digital platform 'Chac', we will continue to promote the growth of digital insurance sales and maintain the leadership in the digital automobile insurance market. To this end, we will provide products and services linked to customer experience and customized platform traffic, while expanding available services.

**Product-Channel-Operation System Upgrade to Prepare for Digitalization All Over the Value Chain**




- Developing insurance products targeting the elderly and generation MZ, advancing customized insurance that can provide individual alternatives with hyper-optimization
- Laying the foundation for a system that can shorten lead times
- Streaming the structure for system development to ease the difficulties in development, and improve efficiency in work process
- Reorganizing the operating system from product-centric to ecosystem-centric in line with the digital era
- Fostering startups by operating an incubator, accelerator and actively working with digital-based external IT companies
- Strengthening synergy between products
- Providing ecosystem-based comprehensive risk guarantee products
- Digital-specialized products, life insurance products that safeguard against daily risks, products for customer experience that are easy to claim and compensate, and customized products that guarantee the coverage for only necessary risks
- Securing various digital contacts to expand non-face-to-face channels while boosting expertise on face-to-face channels
- Sophisticated operation, simple and automatic processes for subscription establishing UX strategy based on benchmarking and research
- Offering optimized marketing tailored to the characteristics of customers based on data utilization

## Digital Platform That Fits into Customers' Lifestyle, 'Direct Chac'

A new brand 'Direct Chac' which was launched last year has been evolved from the sales-oriented platform to a 'living finance platform' where customers' daily lives and insurance are being connected through various insurance-related services and contents such as life-friendly insurance products, customized insurance curating, InsureTech and non-insurance contents beyond insurance subscription.

### Presenting Colorful Line-up of Digital Insurance Products

More insurance products are only available on digital channels, and in particular, hyper-customized services tailored to each lifestyle were emphasized with its importance growing. For example, 'Mileage Driver Insurance', which introduced the ECO mileage concept into driver's insurance, and 'Mini Life Insurance', the microinsurance that guarantees the coverage for minor accidents and risks that are easy to be found in our daily life, all of which are customized type of insurance featured with simple and easy access. Recently, an electric vehicle-only plan was launched, aiming to meet the needs of drivers of electric vehicles.

### Benefits to Find Small Satisfaction in Everyday Life

Under the theme of health, driving and travel, life-fit services are available while pet owners who subscribe the pet-only insurance received small benefits from the partnership with pet health care startups. Direct insurance products for screen golf hole-in-one was launched as the first solo product in the industry.

삼성화재 다이렉트 CHAC

### AI Recommendation for Customized Insurance

We developed 'Insurance Fitting' service that recommends optimized products to customers based on data analysis and AI technologies including 'Expected Premium' service, which adjusts guarantees depending on the desired insurance premium, and 'AI Recommendation' service which informs customers of the products that same gender and age group are interested in. Moreover, subscribers can use the service to check the adequacy of collateral and price by comparing and analyzing the subscription conditions of drivers similar to them based on statistical information of more than 5.2 million customers who are currently signed up.

### Non-face-to-face Loans and Insurance Claim Service

Non-face-to-face loans and insurance claims can also be made on the platform. The mobile insurance claim service enables substitute claims for underage children and elderly parents as well as claims from other insurance companies, expanding customer convenience for the first time in the non-life insurance industry.

## Launching 'Monimo', Integrated Financial Application of Samsung Financial Networks

The affiliates of Samsung Financial Networks launched an integrated platform application named 'Monimo'.

Monimo is a financial app service that integrates the business of Samsung Financial Networks, a joint brand of Samsung Financial Affiliates, Samsung Fire & Marine Insurance, Samsung Life Insurance, Samsung Securities, and Samsung Card. In cooperation with financial affiliates which play a leading role in each financial industry, we aim to create synergies and to make swift response to the changes in the digital financial environment on this integrated channel platform.

On the integrated app Monimo, users can enjoy services of four financial companies such as asset inquiry, financial tips, and free remittance along with daily life services like insurance premium payment, estimation for vehicles, and market price inquiry of automobile and real estate at once. Moreover, users who achieve goals such as walking, and saving can be rewarded with the exclusive 'reward' points called jelly.

While 'Direct Chac' aims to be a lifestyle-oriented insurance platform, 'Monimo' was developed with a purpose of boosting customers' convenience as they can use all the popular services of four financial companies on one integrated platform. Synergies are expected through traffic sharing between the two platforms.

**Integrated Financial Application**

Services of Four Financial Companies at Once

**Main Features of 'Monimo'**

- Accessible services of four financial companies, Samsung Fire & Marine Insurance, Samsung Life Insurance, Samsung Securities, and Samsung Card.
  - Emergency rescue service (SFMI), insurance claim (Samsung Life Insurance), application for limit increase (Samsung Card), fund investment (Samsung Securities)
- Providing comprehensive financial services such as integrated account management-simple remittance-credit management, etc.
- Running reward points named jelly which can be exchanged to Monimoney and be used as cash on Monimo

## 'Anyfit' and Healthcare Platform Ecosystem Expansion

As healthcare services are coming to the fore in the global society, the pandemic of COVID-19 has brought growing social interest in non-face-to-face health care services with the constraint of indoor and outdoor sports activities.

For health insurance customers, we offered an additional digital health care service 'Anyfit 2.0' which is an expanded and reorganized version of the previous 'Anyfit', with approximately 410,000 signed up customers and more than 70,000 daily access.

The service provides customers with reward points whenever they achieve an exercise goal related to walking, running, or mountain climbing. As the healthcare service category was added to provide services such as osteoporosis care, health risk analysis, health checkup appointment, and mental health checkup, it has been expanded as an integrated healthcare service platform.

Currently, we upgraded Anyfit 2.0 and expanded it to the open platform of 'Anyfit Plus' and 'Anyfit Pro'. By doing so, we plan to make healthcare our new business driving force while reinforcing the competitiveness of our main business.

### Launching Anyfit Plus and Anyfit Pro

Currently, 'Anyfit 2.0' has been completely overhauled from an additional digital healthcare service for subscribers to an integrated healthcare service platform where various healthcare services are available such as health risk analysis and chronic disease management.

'Anyfit Plus' will expand its target to all citizens over the age of 15 which is available for subscribers only, while 'Anyfit Pro' provides customized health management programs for corporate executives and employees, all of which are expected to push us to take the head in future healthcare-related markets.

### Investment Agreement with Caregiver Matching Service Platform in Connection with the Senior Business

Running our own health care service 'Anyfit', SFMI is pushing forward with strategic alliances with startups to revitalize digital health care.

Last year, we signed an investment agreement with a caregiver matching service platform, 'Care Nation' by HMC Networks, to launch the caregiver liability insurance which can be contracted on the platform only for the first time in the industry. We plan to develop the nursing care service platform in the short term, and furthermore, to cultivate healthcare services suitable for the senior ecosystem, thereby creating synergy in the mid to long term.

**Customized health management programs**

for subscribers and corporate employees

The target of 'Anyfit Plus':
all citizens over the age of 15

anyfit PLUS

The target of 'Anyfit Pro':
corporate executives and employees

anyfit PRO




**Development of Health Care Service Anyfit**

| | Anyfit 2.0 | Anyfit Plus / Anyfit Pro |
|---|---|---|
| Number of Subscribers | 410,000 (as of 2022) | Setting goals to secure 2 million (by 2024) |
| Target | An additional service for health insurance subscribers of SFMI | Open platform Subscribers (Anyfit Plus)<br>Corporate executives and employees (Anyfit Pro) |
| Main Features | • Providing customers with reward points whenever they achieve an exercise goal related to walking, running, or mountain climbing.<br>• Providing services such as osteoporosis care, diabetes care, health checkup appointment, hospital & pharmacy finder, general hospital appointment, mental health checkup, etc. | • Integrated healthcare service including health analysis to management.<br>• Offering customized health care programs by areas of B2C and B2B.<br>• Scheduled to provide services linked to other health care services. |



Story #03

# Customer Value, Creating Customer Value

We have not been saving any effort to keep the customer value, standing by our customers despite rapid digitalization and demographic changes. Our products and services are being upgraded in line with changing environment while we devoted ourselves to safeguarding the essence of insurance, which protects customers' health and guarantees the coverage for various risks. With the purpose of fulfilling customer satisfaction, we will lower the barrier to providing practical services that customers are seeking.

## Lowering the Barrier with Digitalization

### Customized Services on Mobile

As the growing number of customers look for non-face-to-face services, we intensified various mobile services. Since we introduced the mobile-based e-signature system for the first time in the industry, the areas have been expanded where customers use non-face-to-face services effortlessly. Diversified 'Smart Link'-based services increased consumer convenience in the online environment where customers can verify and handle the information in the process of maintaining the contract and benefit payment.

### Services on Mobile Web without Installing Applications

A new process has been prepared where customers can use one-stop services on the mobile web without any application, unlike the previous process in which the SFMI app installation was necessary to handle insurance claims, contract changes, insurance policy loans, and long-term insurance credit loan. In addition, more various authentication methods can be used on the mobile web, including Kakao Pay and simple password in the light of customer convenience.

Such digital services have contributed to the growing number of e-finance members on the website to the extent of an increase of 1.2 million compared to the previous year, receiving a fervent response.



An increase of **1.2** million
e-finance members compared to the previous year



Providing customized
**health and life-fit**
service, standing by customers



Operating the
**'Insurance Terms Improvement Task Force Team'**
to protect customers

## Customized Service to Meet the Specific Demands of Our Customers

### Expanding Healthcare Services to Take Care of Our Customers

We provide a variety of customer-oriented products and services including Anyfit which has laid the groundwork to serve as an integrated healthcare service.

Starting as the wellness service that rewards users with points for achieving certain exercise goals in partnership with the Samsung Health app of Samsung Electronics, Anyfit 2.0 was launched after being equipped with diverse contents such as health risk analysis, mental health checkups, diabetes, and osteoporosis care. On top of that, hospital & pharmacy finder, disease finder, and general hospital appointment services were added to achieve higher convenience and applicability, gaining positive reaction from customers. Anyfit service has evolved into an integrated healthcare service platform with the launch of Anyfit Plus and Anyfit Pro. With a more specialized integrated health care service, we will take care of our customers' health by their side.

### Taking A Lead in Life Insurance Fits 'Chac' into Customers' Lifestyle

We take the lead in developing customized insurance products tailored to the different lifestyles of various customers. A new brand, 'Direct Chac' pursues greater convenience and customized digital insurance at the same time. Recently launched products such as mileage driver insurance and mini life insurance represent hyper-personalization products tailored to different lifestyles of individuals. Customers can find products that suit their preferences with lower premiums among the diverse type of insurance for automobiles, kids, and pets. Under the theme of health, driving, and travel, we will continue to develop services through which customers receive small benefits in everyday life.

### Task Force for Improving Insurance Terms

The 'Insurance Terms Improvement Task Force' prevents incomplete sales by revising insurance terms to enhance customers' understanding. 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, which is planned to be expanded.

## We Safeguard Our Customers!

### Reorganization for Consumer Protection

We carry out various customer protection activities to ensure preemptive customer-oriented management. The 'Customer Rights Protection Committee' deliberates insurance disputes with fairness, objectivity, and expertise, while the 'Customer Protection Committee' addresses irrational systems and practices from the perspective of consumers. In eight areas nationwide, 'Consumer Protection Center' handles customer complaints on site.

### Reflecting Customers' Opinion in Improvement_Customer Panel System

We have been actively operating the 'Customer Panel' system by which customers experience products and services and collect the results to reflect them in improvement. Since its introduction in 2005 for the first time in the non-life insurance industry, gathered opinions have been reflected in the improvement of our products and services, leading to the practical customer-oriented management. Approximately 75% of suggestions among 950 proposals made by customer panels have been addressed which well depicts our determination to provide palatable products and services to our customers with the operation of customer panel system by different ages on a constant basis.

### Customized Services to Senior Customers

As an increasing number of senior customers are having trouble in financial transactions due to rapid digitization, we have introduced the 'Senior Customer Panel' system in 2021 involving customers 60 and older, which operated to the second term and reviewed to conduct a further operation.

The panels are undertaking various tasks such as insurance claims, premium payments and applying to direct insurance for about two months to check accessibility and understanding of application forms and terms and conditions for the betterment of services.

### Communication with MZ Generation

The 'Customer Panel' system covers the 'MZ generation Customer Panel' to listen to the opinions of customers in their 20s and 30s. 'MZ generation Customer Panel' composed of various classes such as college students and office workers between the ages of 20 and early 30 hale us to seek areas to be improved and solutions from their point of view. The identified needs and ideas of young generation through the system will be reflected in the development of new products that the youngsters are looking for.

### Consumer Protection Guidelines for the Elderly and the Disabled

Besides, SFMI prepared consumer protection guidelines for the elderly and the disabled, which are used in each consumer contact point. Customer service guidelines for the disabled and seniors are being applied at 41 customer counters across the country, with counseling services for older consumers available at the call center. In January of this year, a dedicated team for customers over 65 was launched to conduct detailed consultations with explanations that were easy to understand.

On January 7, 2013, we became the first Korean insurance company to obtain the 'WA Quality Certification Mark' which was awarded to websites that ensure equal access to marginalized groups with the certification renewed in 2020.



Communication with customers through various channels such as the senior customer panel system -

**consumers' right protection**

**Achieved 1st place in external evaluation on customer satisfaction**

As a result of a ceaseless effort that we have made to fulfill customer satisfaction, we maintained the top tier position in customer satisfaction evaluation of the National Customer Satisfaction Index (NCSI) by Korea Productivity Center and Korean Customer Satisfaction Index (KCSI) by Korea Management Association Consulting. We achieved the 1st rank of NCSI for consecutive 21 years and that of KCSI for consecutive 21 years, the longest record in the financial industry in both areas. Going ahead, we will continue to put emphasis on customer value and stay true to the intrinsic nature of insurance.

NCSI National Customer Satisfaction Index

NCSI 1st

Korean Customer Satisfaction Index KCSI

KCSI 1st



Story #04

# Global Network, Allowing Greater Cooperation and Growth

The insurance industry is experiencing more drastic changes than ever before owing to the digitalization that moved up by COVID-19, the entry of Big Tech, and sluggish growth in the domestic market. Against these circumstances, we have promoted overseas business to secure a foundation to earn mid-term profit. By securing opportunities for various cooperation and growth, we will diversify our portfolio for overseas business to secure a driving force for future growth.

## Creating Synergies in the Main Business through Inorganic Overseas Investments

We have looked out the opportunities to enter the developed countries to generate a new driving force in overseas business as the growth in the domestic market has shown a slow pace. Harnessing our excellent capital, we plan to secure future growth engines by discovering new investment opportunities that are possible to create synergies with our main business with significant potential in growth.

We will raise the share of overseas business contribution to profit by increasing inorganic overseas investment, the way of forming a partnership with local corporations. Currently, those kinds of business are being undertaken in nine countries which are expected to obtain outcomes centered on the collaboration with the UK and China.

Currently, overseas business accounts for 30% of sales in the general insurance sector. With proactively promoting inorganic investment, we will boost the sales portfolio of overseas businesses up to 50% within the next five years. In line with this strategy, we plan to achieve sales figures overseas about three times the domestic sales, making a contribution of overseas business to profit take up 50% of sales in the general insurance sector.

### Making Inroads into the US Market in Partnership with Canopius

We accelerate our entry into the US and Asian markets with a strategic partnership with Canopius in the UK.

In 2019, we signed a contract to participate in the management in a capacity of strategic shareholder with investing USD 150 million in Fortuna Topco Co., Ltd., which owns 100% of Lloyd's Canopius in the UK. An additional USD 110 million was invested in 2020 to maintain the partnership.

Canopius is one of the insurers in the UK's global insurance market that underwrite original and reinsurance, having bases in the US, Bermuda, Singapore, China and Australia. In 2019, the insurer took over the Lloyd's business of Amtrust in US, becoming the top 5 company in the Lloyd's market. Last year, we signed a partnership with Canopius USA and agreed on a US fronting cooperation project, preparing a joint marketing strategy in Asia. SFMI and Canopius will continue to seek opportunities to jointly advance into the global insurance market by mobilizing the strengths of both companies.

### Establishment of Joint Venture with Tencent

We push ahead with the establishment of a joint venture with Tencent, China's largest Internet-based platform company.

The joint venture is on the brink of the approval from the China's financial authorities which will allow a joint management system between the two companies to realize business plan. Making the best use of Tencent's competitive edge in information technology, awareness, marketing channels, we will secure practical outcomes in the Chinese online insurance businesses with the Chinese Subsidiary's profitability of existing corporate insurance further strengthened.

A global Internet-based company, Tencent is running 'WeChat', the most influential social media platform in China with 1.2 billion users. From now on, we will spend our energy on online personal insurance market with Tencent's IT infrastructure, laying the foundation for future growth by sharpening our competitiveness in digital business in the Chinese market.

**Our Unique Global Network Competitiveness**

- Taskforce team to support global business only
- Building a remote management system to control overseas offices based on IT system
- Nurturing experts in overseas business
- Establishing overseas investment process

Fronting the US and Asian market - Expanding

**Mutual Business**

Targeting the online personal insurance market, taking advantage of

**'WeChat',**

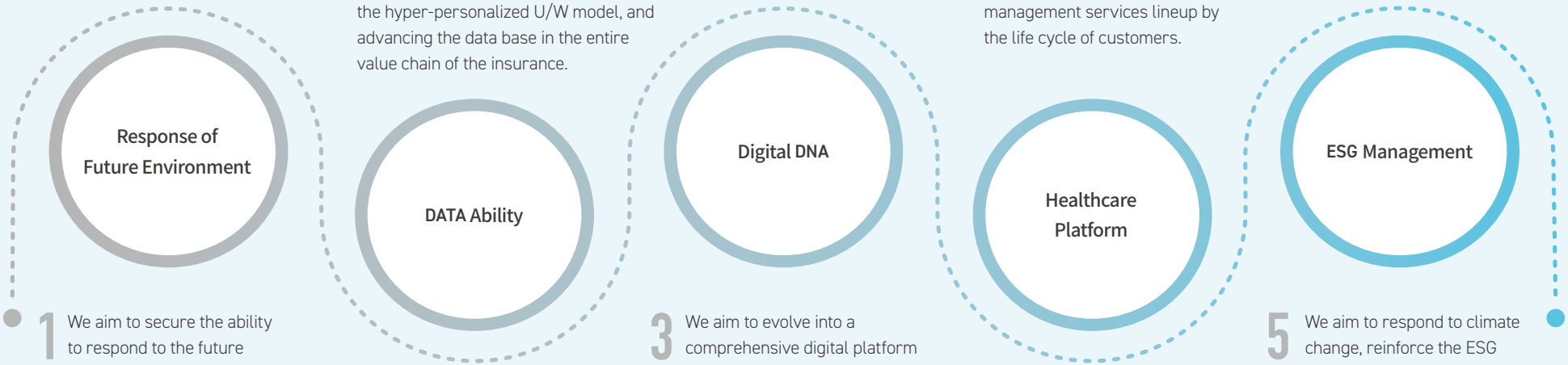
the Chinese social media platform

Aiming to increase sales by

**50%**

within 5 years through inorganic overseas investment

# Our Competitiveness and Goals by 2030 to Prepare for Changes in the Future




1 We aim to secure the ability to respond to the future growth markets by setting the roadmap for the new risks and transforming the mobility environment.

2 We aim to strengthen the data utilization capability related to the main business by reinforcing the system to build and utilize the customer database, refining the hyper-personalized U/W model, and advancing the data base in the entire value chain of the insurance.

3 We aim to evolve into a comprehensive digital platform beyond simple sales channels and to flexibly utilize IT infrastructure, thereby embedding the DNA of digital insurance.

4 We aim to expand healthcare platform ecosystem by reorganizing healthcare platform services equipped with health management services lineup by the life cycle of customers.

5 We aim to respond to climate change, reinforce the ESG competitiveness of our key business and realize the ESG management direction.

**Direction for Mid-to Long-Term Capital Policy**

We make a ceaseless effort to achieve a significant level of growth by making new digital businesses profitable on a sound foundation for profit that has been brought thanks to the consolidated competitiveness of the key business and by realizing the return on investment with broadened global cooperation.

Outro

# Our ESG Achievement

## Grade A

- Achieved an A in Morgan Stanley Capital International (MSCI) ESG ratings
- Earned Grade A in the Korea Corporate Governance Service's comprehensive ESG evaluation

## Environmental and social insurance

- Sales target of environmental and social insurance products at KRW 3 trillion by 2030
- Putting 'Win-Win Finance' into action

## 1.38°C

- Meeting the global climate response target with 1.38°C of MSCI 'Implied Temperature Rise'

## Paperless

- A total of 96.4% of new long-term insurance contract was signed without paper in 2021

## Internalizing ESG Management

- Launched the ESG Committee
- Established ESG investment guidelines

## Digitalization

- Launching 'Direct Chac', expanding healthcare platform and releasing integrated financial application, 'Monimo'

## 2050

- 2021 GHGs (Scope 1, 2) 14,707 $tCO_2eq$ (2.9% reduction compared to 2020)
- Practicing finance to achieving carbon neutrality by 2050

## Differentiated safety management

- Disaster Prevention Consulting for Corporate (Global Loss Control Center)
- Development / Introduction of Traffic Policies and Provision of Safety Education (Traffic Safety Culture Research Institute)

## KRW 10.5 trillion

- Accumulated contract investment in ESG-related businesses by 2030

## No. 1

- Ranked 1st in customer satisfaction
- Ranked 1st in brand reputation in non-life insurance sector



# ESG Fact Book


| | |
|---|---|
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| Social | 39 |
| Governance | 66 |
| Sustainable Finance | 85 |



# Environment

Action and Climate Change

Climate Risk Management

Resource Use and Pollution Reduction

Participation in Environmental Movement

# Action and Climate Change

## Strategy

We are making a multilateral effort in confronting climate change in line with global society by establishing climate change response strategies. First of all, we will secure energy efficiency with the replacement of old equipment in the office building and all business vehicles will be changed to electric vehicles by 2030, aiming to cutting down carbon emissions. Since 2020 when SFMI declared the coal Phase-out finance, we decided to suspend the underwriting of the insurances and any form of new investment associated with the construction of new coal-fired power plants. SFMI is expanding its target for accumulated ESG contract investments to KRW 10.5 trillion by 2030, proactively participating in the transition to carbon-neutral economic system.

Coal Underwriting Policy(p.47)

## Target

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

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| GHG emissions reduction achievement[1)] | % | 25.6 | 56.5 | **60.8** |
| GHG emissions(Scope 1&2)[2)] | $tCO_2eq$ | 18,416 | 15,153 | **14,707** |

1) Fisical Year, Emissions: FY2017, 21,124
Target Year, Percentage of Emissions: FY2030, 50
2) FY2021 Target Total Emissions: 14,950(Direct Emissions: 3,209, Indirect Emissions: 11,741)

## Assessment

### Environmental and Energy Management System

The environmental and energy management system was built in domestic office buildings to comply with global standards in our management activities. Also, SFMI has been maintaining its ISO 14001 (Environmental Management System) and ISO 50001(Energy Management System) certifications.

## 2021 Performance

### GHG Emissions

As the government's GHG regulatory standards are expected to be gradually tightened, we are setting a internal carbon price and reinvigorating activities to guarantee carbon reduction. The price is set in accordance with the average price of the Korea Exchange in the previous year, making KRW 30,180 in 2021, the average price of KAU20 (Korea Allowance Unit) and KRW 23,402 in 2022, the average price of KAU21. The internal carbon price which helps an abstract concept be converted to an economic value with the positive effect in reducing GHGs is being utilized in various ways in promoting our environmental and energy management. Moreover, the price serves as an important evidence to show that various efforts such as improved energy efficiency, greater investments in new renewable energy facilities and improved attitudes of employees are actually generating economic outcomes while responding to the government's GHG regulations.

### GHGs

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total emissions (Scope 1&2) | $tCO_2eq$ | 18,416 | 15,153 | **14,707** |
| - Direct emissions (Scope 1)[1)] | $tCO_2eq$ | 4,327 | 3,233 | **3,016** |
| - Indirect emissions (Scope 2) | $tCO_2eq$ | 14,089 | 11,920 | **11,691** |
| - Local based[2)] | $tCO_2eq$ | 14089 | 11,920 | **11,691** |
| - Market based[3)] | $tCO_2eq$ | 0 | 0 | **0** |

1) FY2021 Target: 3,209
2) FY2021 Target: 11,741
3) FY2021 Target: 0

# Action and Climate Change

## GHGs

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| - Other indirect emissions (Scope 3): Business trip, waste, water, paper | $tCO_2eq$ | 5,077 | 4,082 | **3,208** |
| - Emissions in business trip[4] | $tCO_2eq$ | 845.9 | 88.4 | **155.7** |
| - Emissions in end-of life treatment | $tCO_2eq$ | 173.0 | 151.8 | **160.5** |
| - Emissions in the use of water | $tCO_2eq$ | 81.7 | 87.3 | **65.5** |
| - Emissions in the use of paper | $tCO_2eq$ | 3,976 | 3,755 | **2,826** |

4) FY2021 Target: 420

## GHG emissions intensity

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| GHG emissions intensity: Based on Scope 1&2 emissions, the Head Office's mobile combustion excluded. | $tCO_2eq/m^2$ | 0.0505 | 0.0424 | **0.0414** |

## GHG emissions reduction

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total reduction (Scope 1&2&3): with Scope 3 is limitedly reflected (Business trip, waste, water, paper) | $tCO_2eq$ | 1,258 | 4,281 | **1,298** |
| Reduction Rate (Percentage of target achieved)[1] | % | 25.6 | 56.5 | **60.8**[2] |

1) ① Based on Scope 1&2, ② Percentage of 2030 target achieved

2) FY2021 Target: 44.0

## Energy Consumption

SFMI is improving facilities in an effort to reduce carbon emissions. A solar power generation facility was installed at the Goyang Global Campus (training institute), and reduced approximately 298.8$tCO_2eq$ in 2021, whereas two electric vehicle chargers were installed in the Pangyo office building to step up convenience of customers using eco-friendly vehicles.Looking ahead, SFMI will play a leading role in responding to climate change by reinforcing eco-friendly facilities to promote the use of renewable energy, going hand in hand with the government's carbon neutrality and the Green New Deal policy.

## General energy

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total consumption[1] | MWh | 103,741 | 85,416 | **84,024** |
| Direct consumption | TJ | 81 | 59 | **56** |
| Indirect consumption | TJ | 293 | 248 | **247** |
| Energy Intensity | TJ/m2 | 0.001071 | 0.000951 | **0.000898** |

1) FY2021 Target: 84,220

## Renewable energy

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total production | MWh | 681 | 640 | **650** |

1) FY2021 Target: 650

# Climate Risk Management

## Strategy

We have prepared a plan to establish the step-by-step climate risk management system. We identified climate-related risk factors in 2022 to figure out the impact that climate risks may have on our business, defining measures to quantify climate risks. In 2023, the governance and management system of the issue is expected to be set. Related information disclosures are made in line with the recommendations if the TCFD. As such, we are reinforcing our resilience to climate risks through the step-by-step management plan.

## Assessment

### Climate Change Risk Investigation and Evaluation

SFMI conducts various activities in relation to natural disasters to support customers and local communities with natural disaster risk management. Major roles of the Global Loss Control Center (GLCC) include conducting risk diagnosis of insured properties and consulting, carrying out research on the environment and safety, analyzing the natural disaster risk level by region and country, developing and managing risk related standards and guidelines. Moreover, the Institute developed the Global Risk Map (GRM), SFMI's unique estimated loss assessment model for different natural disasters which are being actively used 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, tsunami, 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.

# Resource Use and Pollution Reduction

## Strategy

According to our Environmental and Energy Management Principles, we participate in activities aimed at preserving the environment such as 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 to sales to claims management. With the mid-to long-term plan to increase the recycling rate to 50%, we are managing accumulated data to reduce waste generation.

Environmental Energy Management(p.52-53)

## Target

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Ratio of new long-term insurance contract applications filed on mobile platforms[1] | % | 86.8 | 94.8 | **96.4** |
| Green purchasing[2] | KRW 100 million | 22.2 | 17.9 | **18.8** |

1) FY2025 Target: 98
2) FY2025 Target: 20

## 2021 Performance

### Resource Use

#### Paperless Insurance Contract

In April 2012, SFMI introduced the mobile-based e-signature system. Following several rounds of innovation, customer consulting service, which had mainly used printed documents, now provides digital materials and e-signatures are being actively used in signing insurance contracts. 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 use of e-signatures which stood at 96.4% in 2021.




#### The Use and Treatment of Water Resource

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.

#### 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. In 2021, we consider 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 2021, we spent a total of KRW 1.88 billion on products with eco-friendly certifications.

#### 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 2021, business trips were minimized due to the COVID-19 pandemic, and the GHG emissions generated by business trips were 155.7t$CO_2$eq.

## Resource Use and Pollution Reduction

### Water[1)]

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total consumption | m³ | 246,068 | 262,901 | 197,235 |

1) FY2021 Target: 250,000

### Paper

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total amount purchased | ton | 3,015 | 2,848 | 2,158 |
| Amount of copying paper purchased | ton | 1,200 | 1,133 | 917 |
| Amount of printing paper purchased | ton | 1,815 | 1,715 | 1,241 |

### Waste

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Recycling/Reuse amount | ton | 386.8 | 321.5 | 351.4 |
| Waste throughput[1)] | ton | 413 | 474 | 475 |
| - Amount of waste landfilled | ton | 273 | 316 | 271 |
| - Amount of Waste Incinerated by Energy Recovered | ton | 84 | 100 | 136 |
| - Amount of waste incinerated without energy recovery | ton | 56 | 58 | 68 |

1) FY2021 Target: 470

## Participation in Environmental Movement

### Environmental programs

#### Earth Hour




Since 2010, we have been participating in the annual Earth Hour event, which is a global environmental protection campaign. In 2021, all lights within and outside the building and billboards at 15 company buildings were turned off temporarily on the day, and employees, Risk Consultants (RCs), and customers also participated in the campaign from home and had an opportunity to remind themselves of the danger posed by climate change.

#### Eco Office

We are carrying out various eco-friendly campaigns to raise employee's environmental awareness and promote 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. We will make continuous effort to reduce our environmental impact and to raise environmental awareness of employees throughout the company.

# Participation in Environmental Movement

## 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 2021, we recorded KRW 2.59 trillion in revenue for eco-friendly insurance products exceeding our goal of achieving KRW 2.5 trillion in sales 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.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No-driving day auto insurance | Cases | 1 | 1 | **1** |
| | KRW 1 million | 0.4 | 0.4 | **0.4** |
| Eco mileage auto insurance | Cases | 2,968,682 | 3,505,836 | **3,890,068** |
| | KRW 1 million | 1,937,416 | 2,285,773 | **2,561,782** |
| Storm & flood insurance | Cases | 3,553 | 10,045 | **15,565** |
| | KRW 1 million | 1,245 | 2,761 | **4,015** |
| Crop insurance | Cases | 2 | 1 | **1** |
| | KRW 1 million | 89,948 | 36,323 | **19,151** |
| Livestock disaster insurance | Cases | 1 | 1 | **1** |
| | KRW 1 million | 5,794 | 6,494 | **6,756** |
| Weather insurance | Cases | 1 | 1 | **1** |
| | KRW 1 million | 5 | 4 | **4** |
| Environmental pollution liability insurance | Cases | 13 | 10 | **5** |
| | KRW 1 million | 8,685 | 8,469 | **7,668** |

## Environmental certification

### ISO 14001 & ISO 50001

We have been renewing and maintaining certifications of international standards regarding company buildings to manage environmental indicators in accordance with ISO 14001. In 2014, the representative office building of SFMI in Seocho acquired ISO 14001 (Environmental Management System) certification, the highest international standard in the environmental management sector while all of 15 office buildings owned by the head office acquired ISO 50001 (Energy Management System) certification. Since then, SFMI have maintained the certifications through renewal assessment, pushing ahead with environmental management across all business activities.

### Violation of environmental regulations

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Violation of regulations | Cases | 0 | 0 | **0** |
| Fines and penalties | KRW 1 million | 0 | 0 | **0** |



# Social

Labor

Health and Safety

Human Rights

Supply Chain

Inclusive Insurance and Social Contribution

Information Security and Personal Information Leakage

Customer Communication

# Labor

## Strategy

Recognizing that human resources are key to developing a new model for the insurance industry, we are taking advantage of a talent development strategy to attract and nurture outstanding talents. Amidst the fast-evolving business environment arising from the demographic changes and digitalization, we are actively forming and developing a talent pool with data analysis experts to forecast the demand for manpower. Also, the development of a human resource data analysis tool is expected to identify the gap in competencies among human resources. SFMI provides our employees with self-initiated and company-initiated job rotation opportunities, aiming to refine their job skills.

## Target

Various labor-related indicators such as education, welfare, satisfaction, and the ratio of female employees are managed in a goal-oriented way. These indicators were established as mid- to long-term goals along with the current year's goals and managed in conjunction with the organizational KPIs.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Possession rate of financial expert qualifications[1)] | % | 52.4 | 52.4 | **54.2** |
| Rate of employees returning to work from childcare leave[2)] | % | 94.1 | 100 | **96.3** |
| Ratio of female employees[3)] | % | 46.1 | 44.1 | **44** |

1) FY2025 Target: 55
2) FY2025 Target: 97
3) FY2030 Target: 50

## Assessment

Every year, SFMI conducts the Samsung Culture Index (SCI) survey, developed by Samsung Global Research Institute to check the workplace satisfaction. Based on the survey results, the directions to go and tasks to be carried out are being set for better place to work. We operate goal-oriented performance evaluation system, using a three-step interview system (goals, interim findings, results), the 360-degree (seniors, colleagues, juniors) diagnosis and a comparative evaluation among employees in the same department to generate performance and enhance capabilities of our employees.

### Management By Objectives (MBO)




1) Frequent feedback

## 2021 Performance

As of the end of 2021, the number of our employees was 5,647 and male and female employees accounted for 56.0% and 44.0% 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. In 2021, we will continue to expand the scope of the selection of onsite-based high performers, and secure digital, data analysis, alternative investment experts to prepare for the future and strengthen the competitiveness of our core businesses.

# Labor

## Employees

### Total no. of Executives and Employees

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total no. of employees | Persons | 6,077 | 5,819 | **5,647** |
| - Male | Persons | 3,278 | 3,253 | **3,160** |
| - Female | Persons | 2,799 | 2,566 | **2,487** |

### Contract type

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Regular (executives included) | Persons | 5,643 | 5,691 | **5,577** |
| Non-regular | Persons | 434 | 128 | **70** |

### Position

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Employee | Persons | 3,311 | 2,938 | **2,692** |
| Manager | Persons | 2,479 | 2,586 | **2,670** |
| Department leader | Persons | 233 | 238 | **228** |
| Executive | Persons | 54 | 57 | **57** |

### Age

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| 20s or younger | Persons | 1,068 | 993 | **853** |
| In their 30s | Persons | 2,022 | 1,819 | **1,635** |
| In their 40s | Persons | 2,221 | 2,073 | **2,064** |
| 50s or older | Persons | 766 | 934 | **1,095** |

## Gender Balance

Currently, the ratio of female employees stands at 44% which is expected to increase to 50% along with 30% of female managers by 2030. Setting mid to long-term goals, we are boosting the diversity of our organization which will eventually result in enhanced competitiveness.

### Female employee[1)]

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total no. of female employees | Persons(%) | 2,799(46.1) | 2,566(44.1) | **2,487(44)** |
| Female manager | Persons(%) | 389(14.1) | 431(15.0) | **459(15.6)** |
| Female entry-level manager | Persons(%) | 334(20.6) | 357(21.6) | **366(22.2)** |
| Female executive | Persons(%) | 5(9.8) | 6(10.7) | **7(12.3)** |
| Female employee in profit-making departments | Persons(%) | 213(26.5) | 231(29.1) | **246(31.7)** |
| Ratio of female employees in STEM | Persons(%) | 43(48.3) | 40(44.4) | **39(41.9)** |

1) Total no. of female employees FY2030 Target: 50
Female manager FY2030 Target: 30
Female entry-level manager FY2030 Target: 45
Female executive FY2030 Target: 20
Female employee in profit-making departments FY2030 Target: 35
Ratio of female employees in STEM FY2030 Target: 50

# Labor

## Recruitment

We have been operating the blind recruitment system for the past four years to ensure that 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 make 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. As a result, we currently have many employees with disabilities and national veterans. In order to provide job opportunities for job seekers through continuous hiring despite the COVID-19 situation, we have 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 49 people joined us in 2020.

### No. of new hires & Average employment cost per capita

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Gender | Male | Persons(%) | 87(50) | 56(42) | **34(69)** |
| | Female | Persons(%) | 86(50) | 78(58) | **15(31)** |
| | Total | Persons | 173 | 134 | **49** |
| Position | Executives | Persons(%) | 0(0) | 0(0) | **2(4)** |
| | Middle manager | Persons(%) | 1(1) | 0(0) | **1(2)** |
| | Entry-level manager | Persons(%) | 25(14) | 14(10) | **21(43)** |
| | Employee | Persons(%) | 147(85) | 120(90) | **25(51)** |
| Internal recruitment rate | | % | 23.3 | 33.8 | **27.7** |
| Average employment cost per capita | | KRW | 4,000,263 | 3,374,048 | **4,283,274** |

### Minority

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Disabilities | Total | Persons(%) | 159(2.6) | 143(2.4) | **141(2.5)** |
| National Veterans | Total | Persons(%) | 97(1.6) | 94(1.6) | **93(1.6)** |

### Nationality[1)]

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Republic of Korea | Employee | Persons(%) | 6,062(99.8) | 5,808(99.8) | **5,637(99.9)** |
| | Manager | Persons(%) | 3,826(99.7) | 3,847(99.8) | **3,772(99.8)** |
| China | Employee | Persons(%) | 2(0.03) | 1(0.02) | **1(0.02)** |
| | Manager | Persons(%) | 1(0.03) | 0(0) | **0(0)** |
| U.S. | Employee | Persons(%) | 9(0.15) | 7(0.12) | **6(0.11)** |
| | Manager | Persons(%) | 8(0.21) | 6(0.16) | **5(0.13)** |
| Canada | Employee | Persons(%) | 3(0.05) | 2(0.03) | **2(0.04)** |
| | Manager | Persons(%) | 3(0.08) | 2(0.05) | **2(0.05)** |
| Malaysia | Employee | Persons(%) | 1(0.02) | 1(0.02) | **1(0.02)** |
| | Manager | Persons(%) | 1(0.03) | 1(0.03) | **1(0.03)** |

1) Employee (ratio to total employees), Manager (ratio to total manager)

# Labor

## Turnover

### Total no. of leavers and Rate

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Gender | Male | Persons(%) | 65(1.1) | 87(1.5) | **132(2.3)** |
| | Female | Persons(%) | 57(0.9) | 54(0.9) | **55(1.0)** |
| | Total | Persons(%) | 122(2.0) | 141(2.4) | **187(3.3)** |
| Position | Executives | Persons(%) | 1(0.02) | 20(0.3) | **8(0.1)** |
| | Middle manager | Persons(%) | 26(0.4) | 30(0.5) | **58(1.0)** |
| | Entry-level manager | Persons(%) | 33(0.5) | 27(0.5) | **55(1.0)** |
| | Employee | Persons(%) | 62(1.0) | 64(1.1) | **66(1.2)** |
| | Total | Persons(%) | 122(2.0) | 141(2.4) | **187(3.3)** |

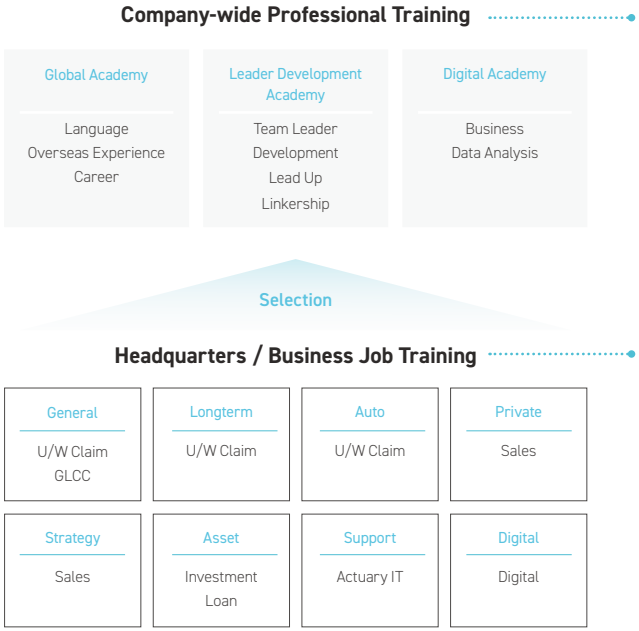
### No. of voluntary leavers and Rate

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Gender | Male | Persons(%) | 11(0.2) | 17(0.3) | **40(0.7)** |
| | Female | Persons(%) | 11(0.2) | 8(0.1) | **8(0.1)** |
| | Total | Persons(%) | 22(0.4) | 25(0.4) | **48(0.8)** |
| Position | Executives | Persons(%) | 0(0) | 0(0) | **0(0)** |
| | Middle manager | Persons(%) | 0(0) | 2(0.03) | **6(0.1)** |
| | Entry-level manager | Persons(%) | 6(0.1) | 7(0.1) | **23(0.4)** |
| | Employee | Persons(%) | 16(0.3) | 16(0.3) | **19(0.3)** |
| | Total | Persons(%) | 22(0.4) | 25(0.4) | **48(0.8)** |

## Talent Development

SFMI operates a talent development system that helps all employees grow into the best finance and insurance specialists. The 'Individual Development Plan (IDP),' a capacity development system aimed at enhancing employees' job expertise. We support the curation of in-house professional courses (face-to-face / virtual) and external training courses (face-to-face / virtual / e-learning /book-learning, etc.) tailored to each job level. Since 2020, we have created a 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).

### Talent Development - Education System




**Company-wide Professional Training**

- Preemptive cultivation of professional manpower for overseas business
- Sharpening the competency for next-generation field leaders
- Nurturing digital experts and expanding the talent base

**Nurturing Job Experts by Each Business**

- Operating 14 majors in 8 universities
- Job level (basic-intermediate-high) / optional course Operating 269 sessions of 164 courses in total in 2021
- Job experts in each field
  (Selecting 120 internal professors out of high-performers)

# Labor

### Talent Nurturing System-SFMI University

We operate an in-house university called 'SFMI University' to nurture global and digital experts in finance and insurance. To strengthen the employees' job expertise, we offer customized courses for different job levels (Beginner, Intermediate, Advanced) (149 courses in 8 categories provided in a virtual-centered way 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 has 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.

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. Furthermore, we have 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 2021, a total of 120 employees served as internal professors, and they are eligible for various incentives, such as level-based lecture fees and extra points for promotion.

### Education and Training Status

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Average training hours per capita | Hours | 117.0 | 92.9 | **87.4** |
| Average educational expenses per capita | KRW 1 million | 1.40 | 0.81 | **0.77** |
| Subject to capacity building program | Persons | 3,940 | 3,898 | **3,797** |
| No. of participants completed the course | Persons | 3,933 | 3,763 | **3,714** |
| Participation rate | % | 99.8 | 96.5 | **98.8** |
| No. of courses | Numbers | 1,509 | 1,367 | **779** |
| In-house professor | % | 141 | 128 | **120** |
| Possession rate of financial expert qualifications | Persons | 52.4 | 52.4 | **54.2** |

### Gender and Staff Level Status

Unit: hours

| | Gender | | Staff Level | | |
|---|---|---|---|---|---|
| | Male | Female | LP | SP | JP |
| Average training hours | 105.9 | 70.4 | 51.5 | 75.6 | 99.5 |

### Main programs

| Category | |
|---|---|
| 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. In 2021, 126 people are switched to the job through this program. |
| 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 in 2020 and 60 juniors in 2021 for the course. Going forward, we plan to enroll more juniors in the course to establish juniors' visions for growth. |
| Digital academy | We aim to secure unmatched competitiveness in the rapidly evolving insurance market through 'Digital Academy' system where we cultivate professionals equipped with digital comprehensive capabilities. By stage, 35 personnel in introductory courses and 153 personnel in pre-courses completed the program. Moreover, 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 19 working-level employees were engaged in three rounds. |
| Global academy | SFMI runs a Global Academy course to nurture professionals in inorganic global business. A total of 90 personnel (70 students in 7 Communication courses and 20 students in 1 Experience course) completed the courses of three stages under the theme of communication and experience, the core competencies in global business. |

# Labor

## Main programs

| Category | |
|---|---|
| Training for management and leadership development | SFMI believes that the capabilities of the department leader of each organization plays a pivotal role in generating consistent results based on solid teamwork, navigating through the recent rapid changes in the management and HR environment. Therefore, the course for new department leader, capacity building courses for second-year department leader and seminar and special training courses for all department leaders are provided respectively for the purpose of invigorating overall capability of department leaders such as performance and organization management. Besides, we are strengthening our leadership capabilities by conducting the 'Marketing Leader Course' along with the 'Training Course for Department Leader' targeting the candidate of department heads. In 2021, 50% of those who completed the 'Training Course for Department Leader' were promoted to the head of department. |
| Mentoring program | This program helps employees with less experience adapt to the corporate culture and build a long-term career. In 2021, a total of 102 executives and employees participated in the program. 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. |

### Managing the Effect of Education - Job training

Job training refers to professional training for jobs in general insurance, long-term insurance, auto insurance, individual sales, strategic sales, digital, product actuary, and IT. In 2021, 3,854 employees participated in the program. Improving employees' work proficiency and expert knowledge has a positive impact on the overall business including the profitability index.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Educational expenses | KRW 1 million | 877 | 634 | **711** |
| Effect of Education: Operating Profit | KRW 100 million | 9,144 | 11,321 | **15,502** |
| The application of the content of training to actual work. | Points[1)] | 4.9 | 4.8 | **4.9** |

1) Out of 5 points

### Managing the Effect of Education - Global talent development

In 2021, we could not run various programs aimed at nurturing global leaders equipped with global business capabilities due to the COVID-19 pandemic. A total of 100 employees participated in the Global Academy and Pre-GVP course, solidifying foundation for future growth capability. SFMI carries out overseas reinsurance sales by having the headquarters cooperate with marketing footholds. We anticipate that the Global talents cultivation Program will have positive influence in the Overseas Inward Reinsurance business in specific.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Educational expenses | KRW 1 million | 1,256 | 873 | **329** |
| Effect of education | KRW 100 million | 3,814 | 4,028 | **3,672** |

# Labor

## Labor Practices

### Labor-Management Relations

We have maintained 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 make improvements requested by the employees.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No. of Labor Union members | Persons | - | 3,431 | 3,392 |
| Labor Union membership | % | - | 64 | 60[1)] |

1) Collective bargaining application rate of the regular employee council will be replaced with the union membership rate from 2021

### 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.

### Handling Employees' Grievances

We receive employees' complaints and suggestions through various consultation channels and the grievance handling system and strive to address the issues in a swift manner. 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.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Grievance Handling | Cases | 66 | 70 | 36 |

### Grievance Handling Process

**HR Issues**

1. Reception of HR-related complaints on the leave of absence, reinstatement, training evaluation, etc.
2. Resolution of the Grievance Handling Committee (consisting of employee and company representatives)
3. Results notification

**Sexual Harassment**

1. Reception of grievances
2. Counseling and investigation
3. Correction request and disciplinary action
4. Protection and remedies for the victims

**Verbal Violence**

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

**Alcohol-related Issues**

1. Eception of complaints related to being pressured to drink alcoholic beverages at company gatherings
2. Investigation and corrective measures

# Labor

## Employee Welfare

SFMI provides various welfare programs to improve employees' quality of life. In 2011, SFMI adopted the selective benefit system, providing all employees including non-regular workers with annual benefit points they can use on self-development, healthcare, or family gifts, depending on their lifestyle and preferences.

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 50 and 55. In 2021, a total of 44 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. 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.

### Main Welfare

| Category | |
|---|---|
| Leisure | In-house fitness center, vacation for long-serviced employees, leisure facilities |
| Housing / Life stability | Company housing, private pension, loans from the in-house labor welfare fund |
| Healthcare | Medical checkup, group accident insurance<br>No. of employees who received health checkups and screening rate<br>- No. of participants: 5,166<br>- Screening rate: 100 |
| Childbirth / Maternity protection | In-house daycare centers, lounge for maternity protection, childbirth gifts |
| Education for children | School expense reimbursement, winter English camp, gifts for children entering school |
| Etc. | Counseling office, marriage support center, support for family events, etc. |

## Work-Life Balance

### Flexible Work System

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Selective working hour | Y/N | Y | Y | Y |
| Working from home | Y/N | Y | Y | Y |
| Part-time options | Y/N | Y | Y | Y |

### Main Programs

| | |
|---|---|
| Operating hobby clubs | To encourage mutual communication between employees and improve work-life balance, SFMI supports the operation of various hobby clubs. Every SFMI employee can join or start a hobby club. Currently, hobby clubs for hiking, soccer, tennis, bowling, photography, reading, and meditation clubs, are available. |
| Promotion celebration program | 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 | SFMI and its employees organize the filial piety festival to inform the parents of SFMI's leading status and deliver heartfelt appreciation. |
| Family care leave | 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 20 days per year). |
| Subfertility leave system | The company operates an subfertility leave system for female employees who are over 30 years old and have been married for more than 3 years, or have no children over 35 years old, and provides financial support for infertility treatment. |
| Getting off work on time | We have 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 unnecessary working overtime 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. |

# Labor

## Childbirth and Childcare

We are making all-out efforts to create a women-friendly corporate culture by running various programs for maternity protection. These include a flexible working system for pregnant women, and hotline for maternity protection with thoughtful consideration. 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 2021, a total of three centers were in operation (Seocho Ⅰ, Seocho Ⅱ, and Seosomun). Moreover, employees who have given birth are provided with maternity souvenirs and can use in-house maternity lounge for breastfeeding.

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Employee on maternity leave | | Persons | 70 | 78 | **76** |
| Rate of return from maternity leave | | % | 100 | 96.2 | **98.7** |
| Employee on childcare leave | Male | Persons | 30 | 26 | **38** |
| | Female | Persons | 151 | 129 | **116** |
| Return from childcare leave | Male | Persons (%) | 21(87.5) | 23(100) | **26(92.9)** |
| | Female | Persons (%) | 144(95.4) | 133(100) | **115(99.1)** |
| Rate of employees returning to work from childcare leave | | % | 94.1 | 100.0 | **97.9** |
| Working for more than 12 months after returning to work | Male | Persons (%) | 20(95.2) | 20(87) | **23(88.5)** |
| | Female | Persons (%) | 138(95.8) | 130(97.7) | **110(95.7)** |
| Childcare facilities | | Y/N | Y | Y | **Y** |
| Breastfeeding facility | | Y/N | Y | Y | **Y** |

## Performance Evaluation

### Regular performance evaluation

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Percentage of workers receiving a regular performance evaluation | % | 92.1 | 92.6 | **92.7** |
| No. of workers subject to a regular performance evaluation | Persons | 6,077 | 5,819 | **5,647** |
| No. of workers receiving a regular performance evaluation | Persons | 5,596 | 5,388 | **5,238** |

### Long-term incentive

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Ratio of employees subject to long-term incentives | % | 0.8 | 0.8 | **1.0** |
| High-ranking supervisory position | Persons | 47 | 49 | **54** |

## Equal Pay

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 127,254,230 in 2021. Moreover, there is no gender-specific salary gap at SFMI.

Unit: KRW 10 million

| Category | Executive[1] | | Supervisor (basic salary) | | Supervisor[2] | | Nonsupervisory (basic salary) | |
|---|---|---|---|---|---|---|---|---|
| Gender | Male | Female | Male | Female | Male | Female | Male | Female |
| FY2021 | 38.5 | 38.5 | 9.1 | 8.6 | 16.0 | 15.1 | 6.3 | 4.9 |

1) Executive basic salary + bonus and other cash bonuses
2) Supervisor basic salary + bonus and other cash bonuses

# Labor

## Engagement

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 Engagement

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Gender | All employees[1)] | Points | 77.3 | 80.3 | **78.6** |
| | Male | Points | 79.2 | 81.5 | **80.7** |
| | Female | Points | 74.7 | 78.5 | **73.5** |
| Position | Middle manager | Points | - | - | **79.2** |
| | Employee | Points | - | - | **78.0** |

1) FY2021 Target: 83

# Health and Safety

## Strategy

We have formulated health and safety policies under which self-assessment for risk factors in workplace and improvement activities are carried out to prevent industrial accidents and make sure the safety of employees along with strengthened business continuity. For the purpose of enhancing safety awareness of employees throughout the company, we prepared safety and health principles which is stipulated in the Code of Conduct.

Since 2014, SFMI has been operating the Occupational Safety & Health Committee consisting of 4 employee representatives and 4 company representatives every quarter to supervise and manage safety-related issues. The issues deliberated and resolved by the Committee are regularly documented and systematically managed to be reported to the BOD once a year.

Safety and Health Management Policy(p.10)

### Major Agenda Items Resolved by the Occupational Safety & Health Committee in 2021

**Agenda Items Resolved by the Occupational Safety & Health Committee in 2021**

- Plan to change the members of the Occupational Safety & Health Committee
- Results of inspection concerning the food poisoning prevention in Summer season
- Plan to revise safety and health management regulations
- Safe environment operation plan for 2022

※ Due to the COVID-19, only necessary agenda items were resolved and inspection was not conducted.



## Target

We set goals to create safety environment and be prepared for various risks such as casualties, material accidents and violations of regulations, realizing safety and health management with action plan and priorities. We targeted 0.01% of absence rate and zero occupational accidents respectively in 2025.

# Health and Safety

## Assessment

In order to create a safe and pleasant working environment, safety and health risk assessment and internal inspection are conducted on a regular basis. The results serves as an indicator to evaluate the progress toward annual goals regarding workplace safety and health. We have established the Business Continuity Plan (BCP) and various measures at a company level to prepare against the potential business disruptions caused by disasters and occupational accidents. Moreover, we are doing our best to minimize damages stemming from safety and health issues such as the spread of COVID-19 in the company by addressing issue through set investigation procedure. We make partnerships only with those who meet the health and safety standards, providing safety and health trainings to all employees of partner companies, including residing staff.

## 2021 Performance

SFMI conducts regular inspections on the safety of buildings, electrical facilities, firefighting devices, and elevators, carries out air and water quality check, holds emergency drills and provides safety and health training to prevent accidents. Also, we enhance the safety awareness among our employees, informing them of the safety rules through in-house broadcasting.

Furthermore, we are carrying out regular and special checkups on our 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 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 took disease control measures in close cooperation with the health authorities to minimize the impact. In addition, we conduct three times of training every year targeting 90 personnel in charge of disaster evacuation in the Headquarters with an aim of promoting safety perception.

## Occupational Accidents

### Employees

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Absence rate[1)] | % | 0.014 | 0.008 | **0.013** |
| No. of absent employees | Persons | 51 | 47 | **25** |
| Lost workdays (absence due to illness) | Days | - | 121 | **200** |
| No. of lost employees | Persons | - | 2 | **2** |
| No. of occupational accidents[2)] | Cases | - | 1 | **3** |

1) FY2021 Target: 0.0075

## Occupational Safety

### Safety Management

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Risk assessment | times per year | 4 | 4 | **4** |
| Safety prevention education for partner companies | Y/N | N | Y | **Y** |

# Health and Safety

## Support for physical health care

| | |
|---|---|
| Ergonomic working environment | 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. |
| Lighting | The company checks the lighting level in all company buildings and maintains a proper level. |
| Noise | The company manages and monitors the noise level at all company buildings. |
| Indoor air quality | 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. |
| Humidity | Every year, the company monitors the humidity of all company buildings and provides dehumidifiers during the rainy season. |
| Temperature | 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. |
| Health / Nutrition | The company conducts employee health checkups and operates fitness facilities and doctor's clinics to promote the health and wellbeing 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. |

## Support for mental health care

| | |
|---|---|
| Job stress control program | The company runs a stress test system that provides employees with stress tests at their request. Test results are managed by the Maeumnuri Counseling Center, an internal psychological counseling center. |
| Stress control training | Since 2010, the company has operated the Maeumnuri 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. |

## Accidents and Violation of regulations

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Safety accidents | No. of serious accidents | Cases | 0 | 0 | **0** |
| Violation of regulations | No. of violations | Cases | 0 | 0 | **0** |
| | Penalty | KRW 1,000 | 0 | 0 | **0** |
| | Fines | KRW 1,000 | 0 | 0 | **0** |

# Human Rights

## Strategy

### Protection of Human Rights

We comply 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, the Code of Conduct, and the Code of Conduct for Business Partners, which are observed by all our employees and business partners.

Human Rights Policy(p.41)

### Prevention of Workplace Bully and Sexual Harassment

We are making strenuous effort in protecting the human rights of employees to create a safe and pleasant working environment by implementing a policy against the workplace harassment and sexual harassment, common type of human rights violations in work place. Putting the protection of victims as a top priority, we address related issue with the zero tolerance principle. We take various measures including a switch to different department, a shift in position, and taking paid leave based on the results of the investigation and opinions of the victims.

Prohibition of Workplace Harassment including Sexual Harassment(p.07)

## Target

SFMI has set a goal of 'zero risk in human rights' to protect the human rights of all stakeholders. To this end, we discover human rights risks in advance to minimize the possibility of human rights violations, monitoring the status of human rights, including the results of grievances handling on a regular basis.

## Assessment

### Due Diligence and Identification of Human Rights

SFMI actively identifies possible human rights issues and related risks through the due diligence process to take preventive measures. Beyond inspecting potential human rights risks in our management activities, we closely look our partner's management activities to preemptively respond to those issues. Given the process of mergers and acquisitions, we identify possible human rights risks in new business relationships and select key issues in advance. As such, we consider all stakeholders in our business relationship. Moreover, human rights risks found through the process are regularly reviewed to overcome challenges in achieving substantial improvement.

Pre-assessment on Human Rights

| Category | Unit | Assesment Rate | Risk Detection Rate | Imprevement Rate |
|---|---|---|---|---|
| Employees | % | 100 | 0.64 | 100 |
| Children, Foreigners, Persons with Disabilities | % | 100 | 0 | 100 |
| Partners | % | 100 | 0 | 100 |

# Human Rights

## Due Diligence Process of Human Rights

| Stakeholder | Human Rights Issues | Risk Identification | Key Performance Indicators (KPI) for Risk Assessment | Alleviation plan | Improvement Measures |
|---|---|---|---|---|---|
| Employees | Human rights violation at the workplace | Grievance handling system, internal reporting system | • The number of grievances handled:<br>- Reported: 36 cases<br>- Addressed: 36 cases<br>- Handling rate: 100% | Preventing human rights violations in the workplace, Facilitating the grievance handling system | • Operation of the Workplace Harassment Deliberation Committee.<br>• Operation of the Verbal Abuse Reporting Cente, Workplace Harassment Counseling Center, Grievances Counseling Center, Personnel Matters Counseling Center, Sexual Harassment Counseling Center.<br>*Support for personnel matters>Open Help Center |
| | 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<br>- The number of participants: 5,116 (including family members)<br>- Screening rate: 100% | Managing employees' physical and mental health | • 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.<br>• Special online lectures for married couples/singles on top of basic counseling services and diverse content for improving mental health, such as psychological tests. |
| | Measures to protect pregnant employees and employees with disabilities | Taking measures to protect vulnerable workers, such as pregnant employees and employees with disabilities | • Maternity leave before and after childbirth, childcare leave, shortened working hours during pregnancy and childcare period<br>• Subfertility leave and medical cost support<br>• Flexible time system for pregnant employees<br>• Operating channels dedicated to maternity protection | Strengthening women's leadership and respecting diversity | • 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.<br>• Pregnant employees are allowed to work from home to prevent pregnant employees, fetuses, and infants from being infected by COVID-19. |
| | Forced labor | Compliance with working hours of employees | • Calculating working hours using timeclock attendance tracking system | 52 working hours per week, Flextime policy | • Compliance with 208 working hours per month using timeclock attendance tracking system<br>• Operating flextime policy |
| 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,<br>• Site managers' inspection on affiliated agents once every half year to once a year | Tightening the protection of customers' personal data | • Technological measures (encrypting customer information, operating a security system, using a firewall system to prepare for intrusion and vulnerability analysis system).<br>• 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.). |
| | 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: 89.5% | Establishing a financial consumer protection system and enhancing communication with customers | • Online Consumer Protection Center<br>- Electronic complaints registration, complaints disclosure, sharing best practices in consumer protection, financial consumer protection system, and disclosure of various financial information.<br>- Complaints can be filed on mobile platforms without logging in.<br>• Voice of Customer (VOC)<br>- Making improvements based on the inconveniences/complaints/suggestions reported via the company website, mail, call center, and mobile platform.<br>- The principle is to handle the VOCs within 24 hours(As of 2021, the handling rate was 89.0%).<br>- The system analysis result is used to develop new products and provide CS training. |

# Human Rights

| Stakeholder | Human Rights Issues | Risk Identification | Key Performance Indicators (KPI) for Risk Assessment | Alleviation plan | Improvement Measures |
|---|---|---|---|---|---|
| Customers | Settling insurance-related disputes | Customer Rights Protection Committee, Consumer Protection Committee | • The number of meetings convened:<br>- Customer Rights Protection Committee: 10 times<br>- Consumer Protection Committee: 3 times | Raising the rights and interests of financial consumers | • Customer Rights Protection Committee<br>- Consists of external specialists, including professors, lawyers, and doctors.<br>- Established in 2009, a total of 127 deliberations held until 2021.<br>• Consumer Protection Committee<br>- Employees in charge of sales, claim service, and products participate in the Committee to improve unreasonable rules and practices within the company.<br>- Established in 2014, and 45 meetings have been convened until 2021. |
| 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 | Expanding inclusive finance by improving financial accessibility for foreign clients and the underprivileged | • 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.<br>• Providing assistance for insurance cancelation and consultation, supporting Chinese and English language services, providing an English website.<br>• Dispatching the staff in charge of the exclusive call center for foreigners (English) to the direct auto insurance customer service center.<br>• Providing terms for the comprehensive personal liability policy in foreign language. |
| 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 | Reinforcing the financial capabilities of the financially vulnerable | • 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.<br>• 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.). |
| 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. | | • Auto insurance riders for senior citizens.<br>• One-stop service for elderly customers where they are directly connected to the call center staff without going through the ARS.<br>• Additional education and insurance services for the elderly. |
| 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 | | • Supporting children of traffic accident victims and children from low-income households with study programs.<br>- Providing financial and economic education through employees' talent donation.<br>- The education program was not provided in 2020 due to the COVID-19 pandemic.<br>• Providing financial education for elementary, middle, and high school students across the country.<br>- In 2020, 2,875 students from 23 schools enrolled in the program (downsized due to the COVID-19 pandemic). |
| Third Party Employees | Support for customer service and stress management | Operation of the emotional laborer protection system | • Call center monitoring | Protecting the health and rights of customer service staff | • Guaranteeing rest hours after providing customer service to customers who have caused trouble.<br>• 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.<br>• Providing support for employees in charge of grievance handling and operating counseling centers to look after the mental health of CS workers, etc. |
| Partners | Listening to grievances and communicating | Communication with sales and claim service partners | • Providing consultations and having meetings with partners, etc. | Enhancing win-win cooperation with partners | • Providing consulting for roadside assistants who are dispatched to the outskirts and newcomers.<br>- Helping early adjustment, discussing ways to increase income, addressing difficulties, etc.<br>• Holding meetings with the representatives of partner companies one to two times a year.<br>- Building communication channels, listening to suggestions, addressing difficulties, etc.<br>- In 2019, the meeting was held twice, and in 2020 and 2021, it was postponed due to the COVID-19 pandemic. |

# Human Rights

## 2021 Performance

### Report Handling

SFMI operates our own grievance handling system every year. Although there were 6 reports concerning human rights in 2021, we handled all of them through the grievance handling system, achieving a 100% handling rate.

| Category | No. of reports | No. of handling cases |
|---|---|---|
| FY2021 | 6 | 6 |

### Human Rights Education

We basically provide 3 hours of human rights education per employee. In addition, we conduct 1 hour for each education program, including sexual harassment prevention education, education to improve awareness of the disabled, and workplace harassment prevention education at a company level, making consistent efforts to elevate the awareness of human rights in the company.

| Category | Training hours on human rights per capita | Training hours on sexual harassment prevention | Training hours to raise awareness of the disabled | Training hours on workplace harassment prevention |
|---|---|---|---|---|
| FY2021 | 3 | 1 | 1 | 1 |

# Supply Chain

**Management - Sales Channels (RC, GA) / Automobile-related partner companies**

## Strategy

We have 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 that wish to join this movement must observe the Code of Conduct. Looking ahead, we will consolidate the review of risks in the sustainable sector including human rights, safety, the environment and ethics to encourage the practice of social responsibility management and induce the change of partner companies with unwavering support.

Samsung Fire and Marine Supplier Code of Conduct(p.61)

## Target

SFMI evaluates the share of eco-friendly repairs (rate of bumper restoration), aiming to urge the practice social responsibility management and bring about change of our partner companies which eventually led to constant improvement of our partners who want to maintain a cooperative relationship with us.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Evaluation of the share of eco-friendly repairs (rate of bumper restoration)[1] | % | 42.3 | 45.1 | **46.0** |
| Training on restoration repair technology[2] | Numbers | 35 | Stopped due to COVID-19 | **Stopped due to COVID-19** |

1) FY2022 Target: 47.0% over
2) FY2022 Target: 50 over

# Supply Chain

Management - Sales Channels (RC, GA) / Automobile-related partner companies

## Assessment

As part of the effort to induce our suppliers to deliver responsible management and change, we conduct customer satisfaction surveys through the monitoring of clients.

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Customer satisfaction assessment for roadside assistance providers | Roadside assistance providers for car accidents | Points | 95.7 | 96.1 | **96.2** |
| | Roadside assistance providers for breakdowns | Points | 97.6 | 98.0 | **98.1** |

## 2021 Performance

### Social Responsibility Code of Conduct for Business Partners and Sales Channels

In the event of any conflict between 'Social Responsibility Code of Conduct for Business Partners' 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. SFMI evaluates customer satisfaction through customer monitoring to practice socially responsible management and induce change of business partners.

As of. 2021

| Category | No. of target companies | No. of agreed companies | No. of disagreed companies | Consent rate |
|---|---|---|---|---|
| Sales Channels (RC, GA) | 45,484 | 45,484 | - | 100 |
| Anycar Service | 1,407 | 1,394 | 13 | 99.1 |
| Commissioned compensation claims examiners | 9 | 8 | 1 | 88.9 |
| Total | 46,900 | 46,886 | 14 | 99.97 |

### Major Partners

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Sales Partner | Risk Consultant (RC) | Persons | 36,329 | 39,372 | **40,435** |
| | Insurance agency (individual, corporate) | Numbers | 4,723 | 4,835 | **5,049** |
| | Insurance agency (financial institutions) | Numbers | 48 | 49 | **49** |
| Claim Service Partner | Roadside assistance provider | Numbers | 1,562 | 1,541 | **1,527** |
| | Repair & maintenance shop | Numbers | 1,887 | 1,939 | **1,989** |
| | Claim adjustment company | Numbers | 13 | 14 | **14** |
| RC with Certificates of Excellence by General Insurance Association of Korea | RCs with Certificates of Excellence by General Insurance Association of Korea | Persons | 6,152 | 6,551 | **6,703** |
| Outstanding repair & maintenance partner | Outstanding repair & maintenance partners | Numbers | 980 | 976 | **995** |

### Partner Support System

#### Sales Partners

Risk Consultants (RCs) are financial specialists and key sales partners who provide our customers with top-class insurance consulting and services. Our 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, no sanctions related to customer information protection, such as those regarding the leakage of customer information, have been imposed for the last three years.

# Supply Chain

Management - Sales Channels (RC, GA) / Automobile-related partner companies

## Sales Partners

| | |
|---|---|
| Mobile Sales Support System (M-Portal) | Customized services ranging from consultation to contract signing. As RCs come face to face with customers as they engage in sales activities, we have established a smart work system using tablet PCs and smart phones so that RCs can swiftly respond to customers' needs. We also use Galaxy Book devices 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. |
| SF (Success of Forty) | 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. |

## Claim Service Partner

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 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.

| | |
|---|---|
| Consulting for New Roadside Assistants | To ensure early adjustment of new roadside assistants, we provide consulting services to help those start 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 | We offer consultation for those who want to open a new Anycar Land branch and furnishes business courses to enhance brand competitiveness. |

# Supply Chain

Management - Sales Channels (RC, GA)/ Automobile-related partner companies

### Paying attention to Grievances and Improving Communication

SFMI hosts regular meetings with RC and claim service partners to listen to and address their grievances. In 2021, we elected RC representatives from each business division on the meeting to share the company's management principles and listen to their recommendations on ways to revitalize the front offices. On top of the regular meetings, we pay attention 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. Moreover, various festivals and technical training sessions are held to facilitate open communication.

| | | |
|---|---|---|
| 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. |
| 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. |

### Nurturing RCs with Certificates of Excellence

For the sake of 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 2021, a total of 6,703 RCs received the certificate, which accounts for 35% of all consultants working at non-life insurance companies.

Moreover, 974 RCs received the Blue Ribbon (40% of all Blue Ribbon winners), which is the largest no. 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 13th and 25th month, no. of years of service, and no of contracts.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Blue Ribbon Winners | Persons | 532 | 774 | **974** |

# Inclusive Insurance and Social Contribution

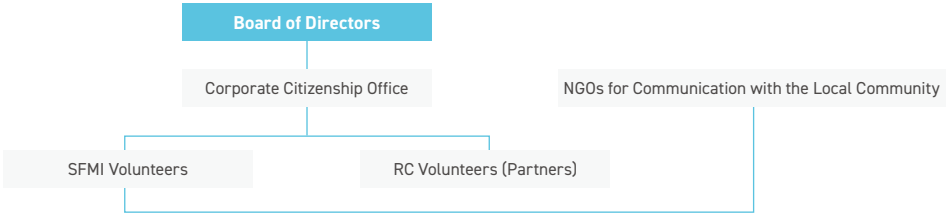
## Strategy

Under the vision of "Let's go together to the future! Enabling people," SFMI is creating multifaceted community values centering on safety and the disabled, the areas where the nature and organizational capabilities of the insurance industry are closely related to.

### Principles for Social Contribution

1. Securing expertise in terms of social contribution by utilizing the nature of insurance business and organizational capabilities. ➡ **UN SDGs No. 3**
2. Promoting social contribution activities aimed at enhancing the resilience of local communities. ➡ **UN SDGs No. 8**
3. Expanding the engagement of employees and partners (RCs) in volunteer work and donation.
4. Creating synergy through strategic partnerships with the government and civic groups. ➡ **UN SDGs No. 17**

### Organization Behind Social Contribution Activities




## Target

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Amount of investment in social contribution projects (employees)[1)] | KRW 100 million | 227.1 | 144 | 125.3 |
| More social insurance products[2)] | KRW 100 million | 4,477 | 4,197 | 3,663 |

1) FY2025 Target: 150
2) FY2023 Target: 5,000

## Assessment

We have set up KPIs for social contribution projects for the purpose of efficiently managing social responsibility performance through quantitative indicators. Satisfaction surveys targeting beneficiaries confirm our business performance and in case where quantitative evaluation is not available, satisfaction is inspected with qualitative questions.

## 2021 Performance

### Inclusive Insurance Products and Services

SFMI provides inclusive and social insurance products to fulfill the social responsibility of insurance. In 2021, revenue from those kinds of products reached KRW 366.3 billion, and we aim to generate KRW 3 trillion in revenue by 2023 by expanding eco-friendly and social insurance products.

#### Low-income household

**Auto insurance rider for low-income drivers** is an auto insurance product with lower premiums and equal coverage offered to recipients of national basic benefit to lighten their financial burden.

| Category | Social KPI | Business KPI |
|---|---|---|
| Auto insurance rider for low-income drivers | No. of subscribers: 13,106 | Amount: 8,579 KRW million |

**Insurance for children from low-income households** is an microinsurance plan that covers injuries from unexpected accidents and diseases to children in low-income families raised by grandparents, single-parent families, muti-cultural families, aged 17 or younger since they are easily exposed to various risks on the vulnerable economic foundation, spending dormant claims in cooperation with the Microfinance Foundation.

| Category | Social KPI | Business KPI |
|---|---|---|
| Insurance for children from low-income households | No. of subscribers: 2 | Amount: 1,308 KRW million |

# Inclusive Insurance and Social Contribution

## Persons with disabilities

**Umbrella insurance preferential to welfare facilities for the disabled** is 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.

| Category | Social KPI | Business KPI |
|---|---|---|
| Facilities for the disabled | No. of subscribers: 19 | Amount: 11 KRW million |

**Installation insurance for welfare facilities for the disabled** is a insurance that supports 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 Korea Inclusive Finance Agency.

| Category | Social KPI | Business KPI |
|---|---|---|
| Facilities for volunteer service | No. of facility: 1,189 | Amount: 392 KRW million |

## Foreign workers

**Insurance product for foreign workers** 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. Also, SMFI operates a counseling center and website for foreigners to use easy and convenient consultation service for their insurance subscription.

| Category | Social KPI | Business KPI |
|---|---|---|
| Insurance product for foreign workers | No. of subcribers: 159,417 | Amount: 346,380 KRW million |

## Volunteer Work

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.

| Category | | Unit | 2021 |
|---|---|---|---|
| Comprehensive insurance for senior volunteers | No. of subscribers | Persons | **606,500** |
| | Collected premium | KRW 1 million | **6,785** |

## Revenue from Social Insurance Products

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Revenue from Social Insurance Products | KRW 100 million | 4,477 | 4,197 | **3,663** |

## Social Charitable Investment and Donation

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| The Amount of Investment in Social Contribution Projects | | KRW 100 million | 227 | 144 | **125** |
| The Amount of Charitable Donations | The amount of donation in cash | KRW | 9,545,262,733 | 6,769,994,154 | **4,297,582,427** |
| | Total hours of volunteer work | Hours | 73,700 | 49,767 | **19,770** |
| | The amount of donation in kind | KRW | 9,889,132,536 | 4,847,043,815 | **5,587,066,448** |
| | Business overhead expense | KRW | 3,274,678,594 | 2,781,931,072 | **2,647,351,198** |
| The Amount of Political Donation[1)] | | KRW 100 million | - | - | - |

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.

# Inclusive Insurance and Social Contribution

## Social Contribution Program

### Support for Safe Life

| | |
|---|---|
| Samsung Traffic Safety Research Institute | 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. |
| SFMI Transportation Museum | 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. As the museum was closed in response to the COVID-19 pandemic in 2020, online education was introduced and being settled in 2021. Offline traffic safety education resumed in May 2022. |
| Dream Playground Project | SFMI carries out the Dream Playground Project to transform old playgrounds into safe and eco-friendly playgrounds for underprivileged children. In 2021, we carried out safety inspections and maintenance on existing Dream Playgrounds (34 in total) and disinfected them to contribute to children's physical and emotional development. |
| 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 94 schools and safety education programs were provided. |
| 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. A total of 9,340 patients have been accommodated until April 2022, and the accommodation cost is estimated at an approximate KRW 5.64 billion. |

### Support for the Disabled

| | |
|---|---|
| Supporting the Visually Impaired with Guide Dogs | SFMI has been training and offering guide dogs to the visually impaired, free of charge, since 1993. In 2021, 13 dogs (255 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 2022, we plan to train and provide at least 15 guide dogs for free. Also, we are preparing promotional projects to raise awareness, marking 30th anniversary. |
| 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. 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 2021, we held the Poco A Poco Camp and online concert, and the Viva Chamber Ensemble hosted a regular concert where the audience would be able to see various performances of aspiring musicians on the online-based stages. |
| 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 2021, we improved the condition of 13 households of the disabled, which raised the total number of households and facilities that benefited from the project since 2005 to 318. |
| 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 2021, we released the educational drama titled 'To My You' on the 'Day of People with Disability' 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 'My small steps to communicate with people with disabilities', we received a total of 18,301 essays from 1,478 schools in 2021. Students who wrote the best essays were selected as winners and awarded prizes. |

# Inclusive Insurance and Social Contribution

## Support for the Underprivileged

| | |
|---|---|
| Supporting the Children of Traffic Accident Victims | 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 2022, we plan to select 38 children to provide various support. |
| Supporting the Children of Fallen Police Officers and Firefighters | SFMI's "Big Love Scholarship" was created to honor police officers who sacrificed themselves in the line of duty and 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 | 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. |
| Forming Sisterhood Relationship with Farming and Fishing Communities | 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 | 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.' |

## Volunteer work and donation

| | |
|---|---|
| SFMI Volunteers | 'SFMI Volunteers' consisting of SFMI employees play a crucial role in SFMI's social contribution activities. In 2021, 306 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 | 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 2021, we minimized school visits in response to the COVID-19 pandemic, and a total of 63 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 | 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 386, with 46 vehicles added to the list in 2021. |

# Inclusive Insurance and Social Contribution

Volunteer work and donation

| | |
|---|---|
| Dream fund | SFMI employees started the Dream Fund 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 2021, 88.8% of regular employees joined the fund. A total of KRW 21.5 billion was raised as of the end of 2021, and the fund is used to finance the one-department one-child support program, support the Viva Chamber Ensemble and hands-on volunteer projects. |
| One Department-One Child support program | 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 2021, we operated various programs that are suitable in the COVID-19 pandemic including support for online education, sending gifts in New Year's Day and Chuseok and book mentoring. |

## Performance of inclusive insurance and social contribution

| | Business KPIs | Social & Environmental KPIs |
|---|---|---|
| Samsung Traffic Safety Research Institute / SFMI Transportation Museum | - Decrease rate of auto insurance accident<br>· SFMI auto insurance accident rate: 11.0% decrease (over past 5 years)<br>· Auto insurance loss rate: 3.7% decrease compared to '20 | - Social & Environmental KPIs: no. of children completed traffic safety education trainings<br>· 2021: 8,195 Persons |
| Inclusive insurance products and services | - Sales of inclusive insurance products<br>· 2021: KRW 366.3 billion | - No. of beneficiaries of inclusive insurance products<br>· 2021: 1,246,555 Persons |
| Social contribution programs | - Brand reputation in non-life insurance industry and social contribution index in 2021<br>· Brand reputation 1st (Total 6 months)<br>· Social contribution index 1st (Total 7 months) | - Volunteers<br>· 2021: 5,313 Persons<br>- Volunteer hours per capita<br>· 2021: 3.5 Hours |

# Information Security and Personal Information Leakage

## Strategy

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 members of the board and 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. The results and future plan of IT Information Protection Committee are reported to the CEO every month while the BOD receives annual reports on the company's information protection-related performance, issues and plans in a regular meeting. For the purpose of safe protection on all information assets owned by the company, we have prepared a classification system and policies that employees comply with in the process of the collection, use, management, and destruction information depending on the attribute of each asset.

## Target

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No. of data asset leakages including personal data | Cases | 0 | 0 | **0** |
| No. of the violations of the data security laws | Cases | 0 | 0 | **0** |
| Rate of employees completing data security training | % | 100 | 100 | **100** |

# Information Security and Personal Information Leakage

## Assessment

In 2014, we acquired Information Security Management System Certification presented by the Ministry of Science, ICT which has been renewed every year. Furthermore, we are equipped with the highest level of information protection system in Korea, being certified as an excellent website in terms of personal information protection and acquiring the 'Data Quality Certification-M Level 4'.

### Certified as an 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 managerial 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.

## 2021 Performance

### Information Leakage

We have bolstered information security-related internal regulations by establishing a security task force. Our customer information is encrypted and stored in DB, and we operate information protection system and 24/7 cyber control with network for business and Internet separated. So far, there has been no leakage of information with zero sanctions from regulators. We continuously monitor the percentage of users whose customer data is used for secondary purposes. The percentage of users for a legal purpose is 0.39% in 2021. 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.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No. of complaints related to information leakage | Cases | 0 | 0 | **0** |

### Certification and 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. We conduct regular and multifaceted inspections such as mock hacking and emergency drills to prevent malware infection, providing on and off line trainings to raise awareness of employees and take complementary action. We also examine vulnerabilities on our electronic financial infrastructure with the Financial Security Agency, an information security specialized institute, and report the results to the Financial Supervisory Service. Moreover, our external systems are inspected through DDoS simulation training with the Financial Security Agency while we receive the reports on the analyzed hacking signs on a daily basis to make prompt respond to APT attacks. In addition, the Financial Security Agency and Samsung Integrated Security Center are constantly testing the details of our control system in the process of preventing external intrusion.

## Information Security and Personal Information Leakage

### Training on information security and personal information protection

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No. of employees completed training | Persons | 5,826 | 5,934 | **5,584** |
| Training hours per person | Hours | 6 | 6 | **6** |
| Whether training is provided to all employees, including staff in partner companies | Y/N | Y | Y | **Y** |

### International certification

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| ISMS certification | Y/N | Y | Y | **Y** |
| Certified as an excellent system in terms of personal information protection | Y/N | Y | Y | **Y** |

### Audit

Our policies and systems regarding information security are audited annually by the Financial Security Agency, gaining recognition for excellence in information security management system.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| External audits on information security policies and systems | Y/N | Y | Y | **Y** |

# Customer Communication

## 2021 Performance

### Customer Satisfaction

| Category | | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Customer Satisfaction | National Customer Satisfaction Index | | Points | 78 | 78 | **79**[1)] |
| | Korea Customer Satisfaction Index[2)] | Auto insurance | Points | 83.3 | 86.5 | **88.0** |
| | | Long-term insurance | Points | 81.0 | 83.4 | **85.3** |
| No. of VOC handled within 24 hours | | | Points | 89.9 | 90.0 | **89.5** |
| No. of customers | | | 10,000 persons | 1,009 | 1,055 | **1,103** |

1) No.1 in non-life insurance for 21 consecutive years
2) No.1 in auto insurance for 24 consecutive years, No.1 in long-term insurance for 11 consecutive years



# Governance

The BOD

Risk Management

Ethical Management

Compliance

Tax and Accounting

# The BOD

## Strategy

### The role of the BOD

The BOD provides full support for the management to practice responsible management on the basis of sound management. To this end, the BOD comprises experts from different fields who are meet the standards of independence, diversity, expertise to make 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 strengthened gender diversity in the BOD by appointing female executives in March 2022.

Policy on Diversity of BOD(p.06)

### Independence of the BOD

SFMI defines the BOD's independence in accordance with the Commercial Act and the Act on the Corporate Governance of Financial Companies as well as global standards 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.

Policy on Independence of BOD(p.03)

### Director Appointment Process

The Candidate Recommendation Committee or the BOD recommend and approve candidates who satisfy qualifications stipulated in the relevant laws and regulations for their excellence in rich experience and expertise followed by the general shareholders' meeting where directors are finally appointed. Different agendas are proposed for the appointment of each director.

## Assessment

In terms of the BOD operation and directors, we conduct annual evaluation through which expertise, understanding, and independence of the BOD are evaluated. The evaluation results confirmed that all non-executive directors are performing their duties fairly and faithfully to improve shareholder value and are making strenuous efforts to facilitate communication with the management from the perspective of shareholders, and made independent decisions at decisionmaking bodies, such as the BOD, by actively expressing their opinions based on their professionalism.
Moreover, KCGS(Korea Corporate Governance Service) annually evaluates the level of our governance and gave us B+ in 2021.

## 2021 Performance

### Composition

#### Independence

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Ratio of non-executive directors of the BOD | % | 57.14 | 66.67 | 66.67 |
| Whether non-executive directors serve as a chairman | Y/N | Y | Y | Y |
| Operation of shareholder recommendation system for non-executive directors | Y/N | Y | Y | Y |

# The BOD

## Professionalism

As of Apr. 2022

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Non-executive directors with industrial experience[1)] | Persons (%) | 3(75) | 3(75) | **3(75)** |
| Risk management expert | Persons (%) | 3(42.9) | 3(50) | **3(42.9)** |
| Financial expert | Persons (%) | 4(57.14) | 4(66.67) | **5(71.4)** |

1) Financial Corporate Governance Act

## Efficiency

For efficient management of the BOD, we set an internal standard of minimum attendance rate as 90 % in the process of evaluation, making the average attendance rate of the BOD 98 % over the past three years. According to Article 8, Paragraph 3, section 4 of the Enforcement Decree of the Act on the Corporate Governance of Financial Companies, non-executive director cannot concurrently serve as directors, executive officers, or auditors of more than one company other than SFMI and all non-executive directors of SFMI comply with the relevant law.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Average term of office | Years | 2.07 | 3.42 | **3.42** |
| Attendance rate | % | 94.60 | 100.00 | **100.00** |
| Re-election cycle | Years | 3 | 3 | **3** |

## Members of the BOD

### 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. We aim to consolidate the independence of the BOD by setting the objective to increase the ratio of non-executive directors within the board to 70% by 2025.

### 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.

# The BOD

## Composition of the BOD

As of Apr. 2022

| Name | Executive/ Non-executive | Position | Career | | Appointed date | End of term of office | Term | Assigned subcommittee |
|---|---|---|---|---|---|---|---|---|
| Dae Dong Park | Non-executive director | Chair of the BOD<br>Chair of the Executive Candidate Nomination Committee<br>Chair of the ESG Committee<br>Member of the Risk Management Committee | 2017 (Current) Non-executive Director of SFMI<br>2016 (Current) Non-executive Director of Cellmech International<br>2016 Advisor at Yulchon LLC | 2012 Member of the 19th National Assembly (Saenuri Party)<br>2008 CEO of the Korea Deposit Insurance Corporation | 2017.03.24 | 2023.03.19 | 61 months | Executive Candidate Nomination Committee<br>Risk Management Committee<br>Internal Transaction Committee |
| Se Min Park | Non-executive director | Non-executive director<br>Chair of the Internal Transaction Committee<br>Member of the Audit Committee<br>Member of the Executive Candidate Nomination Committee<br>Member of the Remuneration Committee | 2017 (Current) Non-executive Director of SFMI<br>2016 Member of the Third Insurance Subcommittee of the Insurance Product Committee<br>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)<br>2010 (Current) Professor, Graduate School of Law, Korea University (Insurance Law) | 2017.03.24 | 2023.03.19 | 61 months | Internal Transaction Committee<br>Audit Committee<br>Executive Candidate Nomination Committee<br>Remuneration Committee |
| Sung Jin Kim | Non-executive director | Non-executive director<br>Chair of the Audit Committee<br>Chair of the Risk Management Committee<br>Chair of the Remuneration Committee<br>Member of the Internal Transaction Committee | 2018 (Current) Foreign Investment Ombudsman<br>2018 (Current) Non-executive director of SFMI<br>2016 Non-executive director of Hanyang Securities | 2008 Advisor and visiting member of the Korea Capital Market Institute<br>2007 Administrator of the Public Procurement Service<br>2005 Deputy Minister for International Affairs, Ministry of Finance and Economy | 2018.03.23 | 2024.03.22 | 49 months | Risk Management Committee<br>Audit Committee<br>Remuneration Committee<br>Internal Transaction Committee |
| Seong Yeon Park | Non-executive director | Non-executive director<br>Member of the Audit Committee<br>Member of the Internal Transaction Committee<br>Member of the ESG Committee | 2022 (Current) Non-exacutive Director of SFMI<br>2017 Director of the Beautiful Foundation<br>2016 (Current) Director of the Post Office Public Interest Foundation | 2015 (Current) Vice President of the Korea Marketing Association<br>2007 Non-exacutive Director of Hyundai Marine & Fire Insurance<br>1994 (Current) Professor, Business Administration, Ewha Womans University | 2022.03.18 | 2025.03.17 | 1 month | Internal Transaction Committee<br>Audit Committee<br>ESG Committee |
| Won Hak Hong | Executive | CEO | 2021 (Current) Chief Executive Officer of SFMI<br>2020 Head of Automobile Insurance HQ<br>2020 Head of Samsung Life Insurance FC Sales HQ | 2018 Head of Samsung Life Insurance Strategy Sales HQ<br>2018 Head of Samsung Life Insurance Specialized Sales HQ<br>2011 Head of Samsung Life Insurance HR team | 2021.03.19 | 2024.03.18 | 13 months | Executive Candidate Nomination Committee<br>Management Committee<br>ESG Committee |
| Sung Woo Hong | Executive | Executive director | 2020 (Current) Head of SFMI Management Support Division<br>2020 Head of SFMI CPC Planning Team<br>2018 Head of SFMI Personal Sales Marketing Team | 2018 Head of SFMI Busan Business Department<br>2015 Head of SFMI Gyeonggi Business Departmen | 2021.03.19 | 2024.03.18 | 13 months | Remuneration Committee<br>Risk Management Committee<br>Management Committee |
| Moon Hwa Lee | Executive | Executive director | 2021 (Current) Head of SFMI General Insurance Division<br>2020 Head of SFMI General Insurance HQ | 2020 Head of SFMI Strategic Sales HQ<br>2018 Head of SFMI CPC Strategy Office | 2022.03.18 | 2025.03.17 | 1 month | - |

# The BOD

## Operation

### BOD operation

In 2020, the BOD was convened nine times with an average attendance rate of 100%, enabling practical deliberation and decision-making on agendas. We inform 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 64 reports and resolutions were passed in 2021.

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Meetings | No. of meetings | Meeting | 8 | 12 | 9 |
| Reporting and resolutions | No. of reporting | Cases | 14 | 24 | 21 |
| | No. of resolutions | Cases | 24 | 29 | 43 |

### BOD meeting results

| Date of meeting | Main Agendas | Attendance |
|---|---|---|
| Jan 28, 2021 | 9 cases, including the approval of the 71st financial statements and business reports | 6/6 |
| Feb 24, 2021 | 11 items, including the report on the evaluation results of the BOD and BOD subcommittees | 6/6 |
| Mar 19, 2021 | 12 items, including the appointment of the Chair of the BOD | 7/7 |
| Apr 01, 2021 | Approval for the establishment of an integrated platform with Samsung Life Insurance, Samsung Card and Samsung Securities | 7/7 |
| Jun 24, 2021 | 3 cases, including the revision of the Regulations of the Risk Management Committee | 7/7 |
| Sep 16, 2021 | 10 cases, including reports on the management status of candidates for non-executive directors | 7/7 |
| Nov 29, 2021 | The execution of the donation | 7/7 |
| Dec 15, 2021 | 2 cases, including the appointment of a major business executive | 6/7 |
| Dec 23, 2021 | 15 cases, including the appointment of CEO | 7/7 |

## Responsibility

### Limit the liability

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Subscription of liability insurance | Y/N | Y | Y | Y |
| Leadership-related issues | Cases | 0 | 0 | 0 |

### Training for directors

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Participation in in-house training | Y/N | Y | Y | Y |
| Inviting external experts on demand | Y/N | Y | Y | Y |

## BOD Subcommittees

### 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.

- Chairperson: Sung Jin Kim (non-executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, Regulations of the Audit Committee

As of Mar. 2022

| Category | No. of members (person) | Ratio of non-executive directors(%) | No .of financial experts(person) | No. of industrial expert(person) |
|---|---|---|---|---|
| 2021 | 3 | 100 | 2 | 0 |

# The BOD

### Remuneration Committee

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

- Chairperson: Sung Jin Kim (non-executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, Remuneration Committee

| Category | No. of members (person) | Ratio of non-executive directors(%) | No. of meetings(person) |
|---|---|---|---|
| 2021 | 3 | 66.7 | 5 |

### 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.

- Chairperson: Sung Jin Kim (non-executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, Risk Management Committee

| Category | No. of members (person) | Ratio of non-executive directors(%) | No .of financial experts (person) |
|---|---|---|---|
| 2021 | 3 | 66.7 | 3 |

### 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.

- Chairperson: Dae Dong Park (non-executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, Executive Candidate Nomination Committee

| Category | No. of members (person) | Ratio of non-executive directors(%) | Participation of CEO | Participation rate(%) |
|---|---|---|---|---|
| 2021 | 3 | 66.7 | Y | 100 |

### 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.

- Chairperson: Se Min Park (non-executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, Internal Transaction Committee

| Category | No. of members(person) | Ratio of non-executive directors(%) |
|---|---|---|
| 2021 | 3 | 100 |

### 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.

- Chairperson: Won Hak Hong (executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, Management Committee

| Category | No. of members(person) | Ratio of non-executive directors(%) |
|---|---|---|
| 2021 | 2 | 0 |

# The BOD

### ESG Committee

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

- Chairperson: Dae Dong Park (non-executive)
- Relevant regulations: Article 29-2 of the Articles of Incorporation, ESG Committee

| Category | No. of members(person) | Ratio of non-executive directors(%) |
|---|---|---|
| 2021 | 3 | 66.7 |

## ESG Main Issues

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Integrated management and decision-making on climate change issues | Y/N | N | N | Y |
| Establishment and implementation of risk management system | Y/N | Y | Y | Y |
| Review and approval of non-financial risk (ESG) | Y/N | N | N | Y |

## Evaluation and Compensation

### 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, settlement rate). Beside the absolute evaluation such as the percentage of target achieved compared to the objectives and past performance, we also conduct relative evaluation such as earnings per share, pre-tax profit margin, price-earnings ratio improvement over competitors. 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.).

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

A total of 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 withdrawn.

### 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.

## Compensation

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Guidelines for variable compensation of CEO | | Y/N | Y | Y | Y |
| Rate of performance- based incentives of CEO and deferred period | | %(Years) | 60(3.5) | 60(3.5) | 60(3.5) |
| Payment gap between CEO-employee | CEO remuneration | KRW 1 million | 1,517 | 2,070 | 2,346 |
| | Average employee remuneration | KRW 1 million | 88 | 99 | 127 |
| | Median value of employee remuneration | KRW 1 million | 85 | 99 | 127 |

# The BOD

## Remuneration and owned stocks of executive directors

| Name | Level | No. of Shares | Value of Shares[1)] | Remuneration[2)] |
|---|---|---|---|---|
| Won Hak H. | CEO | 2,500(Ordinary) | 505 | 557 |
| Sung Woo H. | Executive Director | 102(Ordinary) | 20.6 | 214 |

1) Value of holdings: The number of shares held, multiplied by the closing price on December 30, 2021 (KRW 202,000)
2) Unit: KRW 1 million

## Stocks

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Shareholding ratio of directors and CEO | % | 0.01 | 0.00 | **0.01** |
| Shareholding ratio among incentives of CEO | % | 60 | 60 | **60** |
| Average no. of shares held by executives except for CEO | Number | 71.35 | 116.66 | **83.16** |
| Payment of treasury stock to employees for the past two year | % | 0 | 0 | **0** |

## Rights of Shareholders

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.

SFMI's total number of issued shares is 47,374,837 (common stocks) as of December 31, 2021. 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, 9.29% 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.

## Shareholders in 2021

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Institutional and individual investors in Korea | % | 18.87 | 21.47 | **17.75** |
| - Shareholding ratio of NPS | % | 9.34 | 10.76 | **9.29** |
| Largest shareholder and affiliated persons | % | 18.51 | 18.51 | **18.51** |
| Shareholding ratio of the founding family | % | 0.09 | 0.09 | **0.09** |
| Treasury shares | % | 15.93 | 15.93 | **15.93** |
| Foreigners | % | 46.69 | 44.09 | **47.81** |

## Invigorating voting rights

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Introducing e-voting system | Y/N | N | N | **Y** |
| Disclosure of regulations on the exercise of voting rights by proxy | Y/N | Y | Y | **Y** |
| Proxy solicitation for all shareholders | Y/N | Y | Y | **Y** |

## Protection of shareholder rights

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Introducing cumulative voting | Y/N | N | N | **N** |
| Disclosure of dividend policy | Y/N | Y | Y | **Y** |
| Notice of agenda before general meeting | Y/N | Y | Y | **Y** |
| Disclosure of audit report prior to convening notice | Y/N | N | N | **N** |

# Risk Management

## Strategy

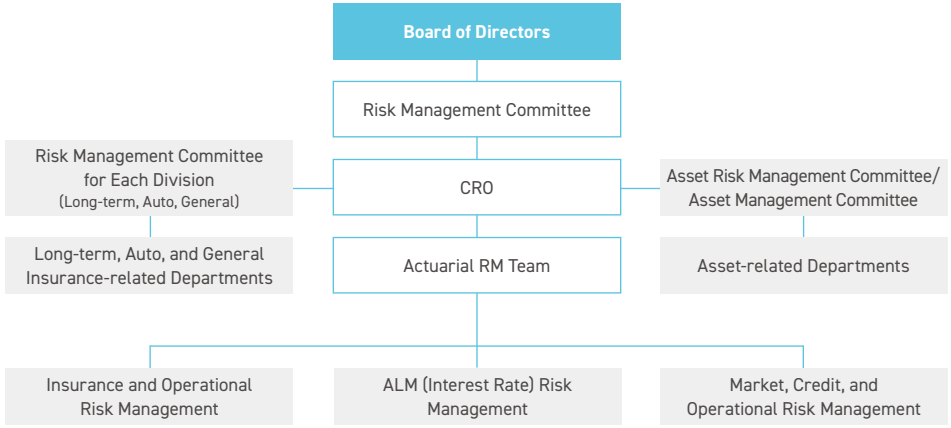
We have streamlined the risk management system to comprehensively all possible risks at the company level in order to ensure our stable growth and deliver greater gains to clients. Making sure that the profitability against risk is taken into account when making decisions, we have established and executed our risk management strategy to preemptively respond to the fast-evolving financial environment. In addition, we provide regular education or job training related to risk management for non-executive directors. In 2021, all non-executive directors were trained on the risk management system and solvency margin system.

- Establishing strategies for general insurance retention and reinsurance to manage insurance risks and setting up the guidelines on the profitability of new long-term insurance
- Drawing up the strategies for ALM (Asset Liability Management) and assumed interest rate of long–term insurance to handle interest rate risks
- Formulating a set of management standards for solvency margin ratio

## 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 BOD, it is responsible for reflecting risk management policies in the company's management decisions, playing a role in making the management recognize the significance of risk management. In close cooperation of one executive director and two non-executive directors, the culture of measuring and managing risks in insurance sales and asset management is spreading to the company. Non-executive directors are provided with face-to-face explanations and training materials which enable in-depth discussions at the committee. In 2021, one face-to-face explanation and four non-face-to-face explanations were implemented.

# Risk Management

## Risk Management Committee

### Activities

| | Report / Resolution | Activities |
|---|---|---|
| 2021.03.22 | Report | Report on supervisory standards and internal standards solvency ratio for 2020 |
| | Report | Crisis situation analysis result report for 2020 |
| | Resolution | Long-term insurance expected interest rate operation (draft) for 2021 |
| | Resolution | Revision of guidelines for asset quality classification and loan loss provisions |
| 2021.04.21 | Resolution | Plan to change general insurance and reinsurance strategy for 2021 |
| | Resolution | Retaining general insurance domestic riders inward reinsurance and plan to set strategies for reinsurance in 2021 |
| 2021.06.24 | Report | Report on risk-based capital ratio based on supervisory and internal standards as of the end of March 2021 |
| | Resolution | Plan to moderate derivatives transaction strategy in 2021 |
| | Resolution | Plan to set limit on alternative investment in asset management |
| 2021.09.16 | Report | Report on risk-based capital ratio based on supervisory and internal standards as of the end of June 2021 |
| | Report | Report on emergency analysis as of the end of June 2021 |
| | Resolution | Inspection on derivatives risk control in 2021 and transaction strategy for 2022 |
| 2021.11.23 | Resolution | Revision of Risk management regulations related to the Act of Financial Conglomerates |
| | Resolution | Revision of guidelines for asset soundness classification and accumulation of the allowance for uncollectible accounts |
| | Resolution | Plan to change general insurance and reinsurance strategy for 2022 |
| | Report | Report on emergency analysis as of the end of June 2021 |
| | Report | Report on K-ICS impact assessment |
| | Report | Progress of internal risk model improvement and future plan |
| 2021.12.23 | Resolution | Plan to set risk appetite of the company in 2022 |
| | Resolution | Plan to det the risk tolerance limit in 2022 |
| | Resolution | Inspection on ALM operation in 2021 and strategies for 2022 |
| | Resolution | Setup of profitability guidelines for new long-term insurance products in 2022 |
| | Report | Report on reinsurance monitoring and risk transfer evaluation result |

## Target

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Targeted RBC ratio | % | 150 | 170 | **170** |
| Risk tolerance limit | KRW 1 trillion | 11.5 | 11.5 | **11.8** |

## Assessment

### Risk management process

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

**1 Risk Recognition**
- All employees
- Insurance/interest rate/market/credit/operational risk

**2 Measurement and Monitoring**
- Quantification of risks
- Daily/weekly/monthly/quarterly monitoring

**3 Risk Control**
- Establishment and implementation of contingency plans
- Management of risk-based capital ratio and risk limits

**4 Report**
- Report on major risk management-related issues

### 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.

- Currently, we are maintaining 305.4% of Risk Based Capital, the highest RBC in the domestic industry at the end of 2021, with exceeding 250% of RBC in the evaluation by European SolvencyII, a global standard, which means that the introduction of new prudential regulations will have little impact on us.
- Value-Based Management : we are making major decision centered on market valuation in which potential risks are reflected, rather than short-term performance creation.
- In the decision-making process, we put emphasis on company value enhancement for which the impact of potential risk is analyzed by Embedded Value Analysis and Dynamic Financial Modeling on top of profitability analysis taking into account risks.

# Risk Management

### 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 the surplus capital based on strong financial soundness and capital adequacy.

### Stress test and sensitivity analysis

Every six months, we conduct 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 270%, even in the worst-case scenario. We also conduct market fluctuation sensitivity analysis to prepare for the possible negative impact of market fluctuation on profitability and capital operation.

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| RBC Ratio Recommended by Supervisory Institutions | % | 307.1 | 300.8 | **305.4** |

## 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.

| | |
|---|---|
| PLAN | • Understanding the demand of different organizational environments<br>• Establishing business continuity management targets, guidelines, and implementation procedures |
| DO | • Introducing and implementing the business continuity plan<br>• Developing recovery procedures in preparation for business disruptions |
| CHECK | • Verifying and assessing progress against the objectives<br>• Reporting the results of management evaluation<br>• Granting the right to take corrective and improvement measures |
| ACTION | • Reassessing business continuity plans and goals<br>• Implementing corrective measures based on the result of management evaluation.<br>• Carrying out maintenance. |

## 2021 Performance

### Key Business Risks

We manage possible risks in the non-life insurance business regarding insurance, market, credit, interest rate, and operation. Quantifiable risks are managed by setting and monitoring KRI and managing risk tolerance limit. Given qualitative risks such as risks in operation and emerging risks are managed by measures of risk management and risk control under the leadership of the management entity by risks. 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.

| | Report / Resolution | Activities |
|---|---|---|
| Insurance risk | Definition | 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 having the underwriting guidelines. We also regularly monitor the termination rate to protect innocent policyholders from malignant contracts. |
| | Management method | • Setting risk tolerance limit regarding changes in loss ratio and policy termination rate and monitoring the reduction rate regularly<br>• Establishing and implementing owned reinsurance strategies |
| | Measuring method & system | • VaR(Value at Risk)<br>• ReMetrica<br>• RAFM(Risk Agility Financial Modeler) |
| Market risk | Definition | 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. |
| | Management method | • Applying the investment eligibility criteria to securities and loans and establishing loss-cut criteria to prevent the expansion of losses |
| | Measuring method & system | • Market VaR<br>• KRM(Kamakura Risk Management) System |

# Risk Management

## Key Business Risks

| | Report / Resolution | Activities |
|---|---|---|
| Credit risk | Definition | 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 |
| | Management method | • Diversifying risks by setting transaction limits by business type and using the exposure inquiry system to check whether the limit has been exceeded. |
| | Measuring method & system | • Credit VaR<br>• Risk Weight Function(Basel II) |
| Interest rate risk | Definition | 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 in stable long-term bonds. We establish the ALM strategy every year, through which the company sets a target of asset-liability duration gap and monitors its status on a monthly basis. |
| | Management method | • Establishing guidelines to determine the estimated interest rate and guaranteed minimum interest rate<br>• Setting the asset duration target based on liabilities cash flow that reflects the changes in liabilities structure and interest rate |
| | Measuring method & system | • VaR<br>• ALM<br>• RAFM |

## 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, we manage the operational risks with departmental cooperation under the leadership of those in charge of controlling each risk.

- **Infrastructure risk** refers to the risk that losses may occur in the IT systems and business site operation due to insufficient management and external factors. We minimize risks 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 due to a failed response strategy against changes in institutions, industrial structure, and demographics, or M&A and marketing failure. We monitor 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. We manage 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

Our 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.

# Risk Management

## Emerging Risks

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

### Climate change

#### Definition

Climate change risks are the risks that occur over a long period of time due to the increase in GHG emissions, such as CO2 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 over 10 billion KRW in yearly 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, we must develop measures to minimize impacts stemming 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

We engage in various activities to help customers and local communities manage 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)-our own 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. We joined the Carbon Disclosure Project (CDP) in 2010 and has been maintaining its GHG emissions measurement and verification 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.

# Risk Management

## Digital Transformation

### Definition

New technologies in relation to the 4th industrial revolution, such as AI, blockchain, or IoT, have brought a great change to the insurance industry. Digital technology development entails digital transformation risk, and the scope of the risk spans system risk triggered by network interdependence, cyber security risk, and others.

### Impact on business

1) **System Operation Risk:** System has been developed in a way of increasing network interdependence among such as cloud or digital platforms, which increasingly poses a system operation risk. There is likely to be more errors caused by not only from computer systems, but also process automation and service digitalization.

2) **Cyber Security Risk:** As AI technology enables collections, storage, processing and analysis of massive data, the insurance industry will utilize this technology in the procedures for insurance subscription, screening, and compensation. In the process, improper application of software could aggravate security vulnerability, which, in turn, could lead to clients' personal data leakage and misuse.

### Mitigating actions

With an aim to prepare for the digital transformation that will affect the insurance industry in the future, we operate a risk management system considering both technical and managerial aspects. As technical measures, we capitalize on customer data encryption, security devices, access prevention system against external intrusion, and vulnerability analysis system while checking and improving vulnerabilities through intrusion incident response training such as mock hacking and malicious code infection prevention simulation training. As a management measure, we are prepared for system operational risks by operating a control system 24 hours a day, 365 days a year through an organization dedicated to security tasks and separating the business network from the internet network. Through the Financial Security Agency, a data protection organization, we conduct vulnerability checks on electronic financial infrastructure, implement DDoS simulation training for external systems, and analyze signs of hacking in preparation for APT attacks every day, followed by receiving results in a report form. The Samsung Integrated Security Center also tests the external intrusion prevention and control performance, thoroughly preparing for any cases.

## Demographic change

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, a drop in interest rate, and shrinking areas requiring insurance coverage.

### Impact on business

1) **Decrease in asset management yield:** 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.

2) **Shrinking areas in need of insurance coverage and decrease in new demand:** Economic slowdown weakens investment, and this will reduce areas 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.

3) **Impact on the health insurance business:** 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.

### Mitigating actions

To prepare for the risks posed by the low interest rate trend, we continue 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 make 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.

# Ethical Management

## Strategy

We have established the ethical management system that realize compliance management cantering on key elements of integrity, fairness, co-prosperity, transparency and compassion with an aim of creating good company for better life. Those key factors are embodied in the Code of Conduct of SFMI, clearly demonstrating standards that employees should comply with in their business process and furthermore in their everyday life. On top of that, we are carrying out a range of ethical management activities including obtaining consent to Compliance Pledge and producing and distributing educational materials for compliance training to practice our moral obligations and social responsibilities. In addition, we will place the menu of internal reporting system, Whistleblowing on the front of the employee portal site for better accessibility, thereby detecting and preventing unethical behavior in advance.

## Target

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Self-inspection and training by department[1)] | times | 11 | 11 | 11 |
| Self-inspection on ethics and compliance[2)] | times | 4 | 4 | 4 |

1) Target: 12 times per year
2) Target: 4 times per year

## Assessment

Ensuring all executives and employees practically comply with the Code of Conduct, we conduct compliance self-inspection and training for each department in which results are submitted. For employees, we conduct self-inspection four times a year on major issues related to compliance in the format of pop-ups.

## 2021 Performance

Based on management principles and behavioral guidelines, we provide education programs on ethics to all employees by organizing required contents such as monthly education on compliance security for each department, annual online compulsory courses, and educational curriculum for each position. In case of partner companies, we urge ethical practice of our partners by means of providing educational materials related to ethical management, compliance information in signing contract and gaining consent to compliance pledge.

### Ethics education

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Training hours on ethics per employee | Hours | 8.0 | 7.9 | 7.7 |
| Ratio of employees completed trainings on ethics | % | 100 | 100 | 100 |
| Providing staff in partner companies with trainings on ethics | Y/N | Y | Y | Y |
| Trainings on prevention of sexual and workplace harassment | Y/N | Y | Y | Y |

### Internal reporting system

SFMI operates internal reporting channels where whistleblowing 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.

### Internal reporting system

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No. of cases reported and addressed | Cases | 41 | 103 | 115 |
| Alleged offense | Cases | 21 | 8 | 14 |
| Complaints | Cases | 10 | 48 | 38 |
| Etc. | Cases | 10 | 47 | 63 |

# Ethical Management

## Reporting channel

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

## Monitoring

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Regular ethics audit(monitoring for reporting and disciplinary action) | Y/N | Y | Y | Y |

## Violation of regulations

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| No. of non-monetary sanctions related to anti-corruption | Cases | 0 | 0 | 0 |
| Fines and settlements related to anti-trust and anti-competitive behaviors | KRW | 0 | 0 | 0 |

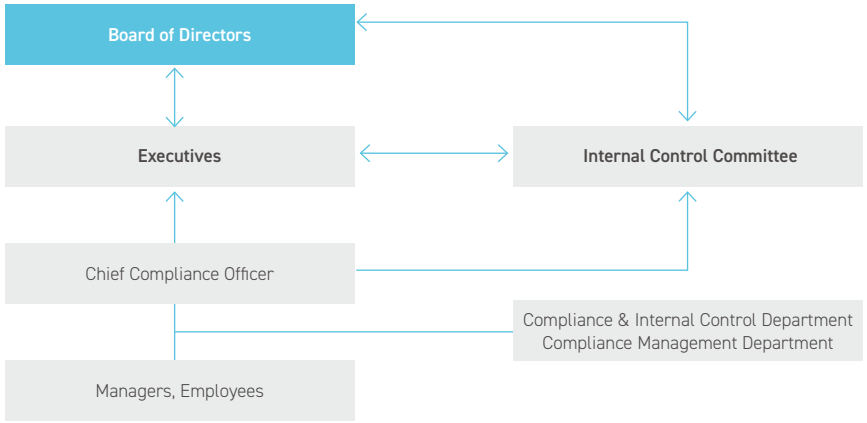
# Compliance

## Strategy

Based on the Act on Corporate Governance of Financial Companies, SFMI established the internal control standard to comply with the law, maintain the soundness of asset management, and protect policyholders and we operate compliance system aimed at encouraging voluntary compliance with fair trade laws. For unwavering development of the system, we plan to conduct consulting on company regulations to check whether amendments to laws and organizational changes are reflected and to make up for any deficiencies.

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

### Major Compliance Support Systems

- Pre-Compliance: 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.
- Compliance Program (CP): A compliance system aimed at encouraging voluntary compliance with fair trade laws. Fostering the culture of voluntary compliance with fair trade laws and enhancing the company's competitiveness by appointing the fair-trade voluntary compliance manager (Chief Compliance Officer) and setting business guidelines.
- Anti-Money Laundering system (AML): 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. Preventing potential risks and increasing transparency in the management of customers' assets by assessing and monitoring the risk of money laundering. Reconducts and verifies CDD (Customer Due Diligence) and monitors suspicious transactions using scenario rules.

## Assessment

Each executive in SFMI is given compliance improvement tasks every year of which results are collected and managed. By doing so, we are proactively preventing compliance risks and bolstering leadership in compliance management. 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 department self-inspections and occasional inspections, we strive to minimize compliance risks.

## 2021 Performance

### Commitment to Fair-Trade

We operate a fair trade system and education aimed at voluntary compliance with fair trade laws.

#### Compliance Program(CP)

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Risk assessment | Y/N | Y | Y | Y |
| Prior consultation system | Y/N | Y | Y | Y |
| Internal supervision system | Y/N | Y | Y | Y |

#### Reqiored training on CP

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Training hours per employee | Hours | 2 | 2 | 2 |
| No. of students | Persons | 6,003 | 5,987 | 5,114 |

## Reporting and Violation

### Status of sanctions by external institutions

SFMI received the following penalty from a supervisory agency in 2021. We have further strengthened our internal control system to prevent the recurrence of such incident.

※ Monetary sanctions related to violations of laws and regulations / Date / Organization / Penalty / Reason / Legal basis

- In 2020: '20.01.23 / Organization Financial Supervisory Service / KRW 17million / Reason Unfair underpayment of insurance benefits / Legal basis the Act of Insurance Business, Article 127, Section 3 and Article 196
- In 2021: '21.02.19 / Organization Financial Supervisory Service / KRW 153million / Reason Violation of the duty to explain important matters in signing insurance contract / Legal basis the Act of Insurance Business, Article 35, Section 2, Paragraph 1

### 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.

#### Violation of regulations

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Unfair trade practices, such as disturbing competition and monopoly | Cases | 0 | 0 | 0 |
| No. of monetary sanctions related to violations of laws and regulations | Cases | 0 | 1 | 1 |
| No. of lawsuits related to violations of laws and regulations | Cases | 0 | 0 | 0 |
| Fines and settlements related to anti-trust and anti-competitive behaviors | KRW 100 million | 0 | 0 | 0 |

# Tax and Accounting

## Strategy

In accordance with established tax policies, we comply with the tax laws of each country where we operate the business and faithfully fulfill our reporting and tax liability.
We identify 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, developing measures to manage such risks.

Tax Policy(p.39)

## Assessment

We monitor and review changes in tax laws, new rules and precedents to take swift response to tax risks. If necessary, tax-related decisions are made considering the advice of external tax experts and the authoritative interpretation of tax authorities.

# Tax and Accounting

## 2021 Performance

### Tax Report

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).

Unit: KRW 1 million (on a consolidated basis)

| Nation | Corporate | No. of employees | Business profit | Profit before tax | Unpaid corporate tax | Paid corporate tax |
|---|---|---|---|---|---|---|
| Republic of Korea | Samsung Fire & Marine Insurance Co., Ltd[1)] | 5,647 | 24,444,258 | 1,517,315 | 172,607 | 309,047 |
| Vietnam | Samsung Vina Insurance Co., Ltd[1)] | 67 | 85,342 | 8,218 | 142 | 1,942 |
| Singapore | Samsung Reinsurance PTE Ltd.[1)] | 25 | 134,352 | 13,423 | 1,440 | 928 |
| China | Samsung Property & Casualty Insurance Company (China), Ltd.[1)] | 363 | 211,038 | 17,659 | - | 4,467 |
| Indonesia | PT Asuransi Samsung Tugu[1)] | 45 | 47,063 | 3,397 | 518 | 263 |
| U.S. | Samsung Fire & Marine Management Corporation[2)] | 25 | 4,569 | -3 | 15 | - |
| Europe (located in UK) | Samsung Fire & Marine Insurance Company of Europe[1)] | 14 | 108,141 | 4,802 | - | 551 |
| UAE | Agency Samsung Fire & Marine Insurance ME and Agency of Africa[3)] | 4 | 888 | -13 | - | - |

* Activities: 1) Non-life insurance
2) Insurance consulting
3) Agency

### Corporate Tax

(on a consolidated basis)

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Profit before tax | KRW 1 million | 866,328 | 1,030,852 | **1,517,315** |
| Corporate tax expenses | KRW 1 million | 220,712 | 275,902 | **392,605** |
| Corporate tax expenses/Profit before tax | KRW 1 million | 25.5 | 26.8 | **25.9** |
| Corporate tax payment | KRW 1 million | 270,892 | 140,538 | **309,046** |
| Corporate tax payment/Profit before tax | KRW 1 million | 31.3 | 13.6 | **20.6** |
| Changes in deferred tax | KRW 1 million | 10,337 | 9,412 | **32,315** |
| Effects of tax adjustment changes | KRW 1 million | 10,473 | -6,906 | **-1,366** |
| Effective tax rate | % | 25.5 | 26.8 | **25.9** |

### Accounting and Auditing

| Category | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| External audit expenses | KRW 100 million | 12 | 14 | **16** |



# Sustainable Finance

Sustainable Insurance

# Sustainable Insurance

## Strategy

In pursuit of the nature of the insurance industry, sustainability, we are stepping up our responsible investment. To combat climate change, we declared 'coal phase-out finance' in 2020, followed by the establishment of the guidelines on ESG investment and the adoption of negative screening. Accordingly, we have already suspended providing loans or investing in companies where more than 30% of sales come from coal-, tobacco- or gambling-related businesses.

In 2022, we formulated the policies on responsible investment and coal underwriting to make it clear the subjects of investment exclusion and its procedure. Based on this policy, we aim to more actively communicate with our investment target companies and relevant departments to improve our ESG management. Our efforts to create a better life are evidenced by the expanded and diversified investments in ESG. We also plan to more invest in ESG bonds associated with new and renewable energy or water treatment business just beyond corporate finance while broadening the scope of our investment into eco-friendly transportation and green remodeling.

As for the ESG issues of high risk, the BOD manages and supervises and we also plan to phase in our investment principles incorporating ESG. In addition, we align our principles and guidelines on responsible investment with global initiatives such as PSI (Principles for Sustainable Insurance) or UNEP FI (United Nations Environment Program Finance Initiative).

## Target

In addition to our emissions mitigation target, we are setting up a target of reaching net-zero in our investment portfolio. And our targets are based on the measurement of financed emissions by PCAF (Partnership for carbon Accounting Financials) and SBTi (Science-Based Targets initiative). With the purpose of strengthening our ability to execute, we plan to scale up the amount of accumulated contract investments up to KRW 10.5 trillion by 2030.

## Assessment

In accordance with the standards of the Partnership for Carbon Accounting Financials (PACF), we classified our assets into ① listed stocks and corporate bonds, ② corporate loans and unlisted stocks, ③ project finance (PF), ④ commercial real estate, ⑤ mortgages, and ⑥ car loans to measure at a 100% coverage rate only for asset groups that can be calculated with the current secured data. Based on the financial emissions we measured, we will establish reduction targets for each industry that meet the mitigation plan under the Sectoral Decarbonization Approach (SDA) of SBTi.

## 2021 Performance

### Responsible investment

In line with the ESG investment guidelines, which actively reflect the principles of Social Responsible Investment (SRI), we invest in the areas benefiting the public interest by conducting thorough negative screening when making investment decisions. We have joined the government's Green New Deal policy as well as the 'renewable energy 2030' policy while collaborating with Global Loss Control Center (GLCC), an internal corporate expert group, in analyzing, researching, and evaluating the natural disaster risks during the construction and operation stage, aiming to facilitate new renewable energy investment and financing. On top of that, we plan to regularly invite experts from solar and wind power areas to enhance our understanding of the new renewable energy sector.

As part of the policy to suspend financing fossil fuels, we have prohibited funding, investing, and underwriting regarding unconventional oil and gas* including oil sands, shale oil / gas, arctic oil / gas, and ultra-deep-water (UDW) oil / gas.

* Unconventional oil and gas are usually heavier and contain more carbon and sulfur which are produced in a different way from conventional energy.

### Management sclae

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| ESG investment scale[1] | Total investment | KRW 100 million | 27,124 | 35,378 | **46,240** |
| | Total no. of investments | Cases | 113 | 194 | **229** |
| | Amount of environmental investments[2] | KRW 100 million | 21,609 | 22,737 | **26,279** |
| | No. of Environmental investments[2] | Cases | 66 | 76 | **89** |
| | Amount of ESG bonds | KRW 100 million | 5,515 | 12,641 | **19,961** |
| | No. of ESG bonds | Cases | 47 | 118 | **140** |

1) based on balance
2) renewable/water treatment

# Sustainable Insurance

## Insurance underwriting

With an aim to manage potential risks and seek stable profits, we have established a decision-making system in consideration of ESG risks in the insurance underwriting process. We have separate guidelines for taking over ESG factors within the underwriting guidelines, and they are applied when reviewing general corporate insurance. The ESG-related takeover guidelines prohibit the new underwriting of insurance in the construction and operation of coal-fired power plants, which affect climate change, while restricting the underwriting of insurance in the companies violating human rights or committing unethical acts. The guidelines stipulated not to underwrite the insurance of policyholders or insurants who are considered inappropriate regarding environment, society, and governance. On the basis of this ESG-related principle, we notified the risks and opportunities in regard to ESG for high-risk customers 100% in 2021.

### ESG products and services

| Category | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Revenue scale of ESG-based products | Revenue scale of ESG-based products | KRW 100 million | 19,721 | 27,595 | **29,657** |
| | Total revenue of ESG-based non-life insurance products | KRW 100 million | 61,373 | 73,337 | **75,741** |
| | Ratio of ESG-based non-life insurance product income to total non-life insurance business income | % | 32.1 | 37.6 | **39.1** |
| Green infrastructure insurance products | ECO mileage auto insurance | KRW 100 million | 19,374 | 22,858 | **25,618** |
| Eco-friendly disaster insurance products | Wind and flood insurance | KRW 100 million | 12 | 28 | **40** |
| | Crop insurance | KRW 100 million | 899 | 363 | **192** |
| | Livestock insurance | KRW 100 million | 88 | 65 | **68** |
| | Environmental pollution liability insurance | KRW 100 million | 87 | 85 | **77** |
| Social contribution insurance products and services | Amount of the Korea Inclusive Finance Agency contributions | KRW 100 million | - | - | **28** |
| | Low-income child insurance | KRW 100 million | - | 12 | **12** |
| | Facilities for the disabled (package) | KRW 100 million | - | - | **4** |
| | Local children's center (package) | KRW 100 million | - | - | **2** |
| | Foreigner insurance | KRW 100 million | 4,301 | 4,001 | **3,464** |
| | Silver volunteer comprehensive insurance | KRW 100 million | - | 61 | **68** |
| | Special contract preferential to the low-income people | KRW 100 million | 86 | 87 | **86** |

## Financial Emissions

### Financial absolute emissions

| Category | | Unit | 2021 |
|---|---|---|---|
| Scope 3 financial emissions | | 10,000 $tCO_2eq$ | **1,305.06** |
| Scope 3 Financial emissions intensity[1] | | 10,000 $tCO_2eq$/KRW 1 trillion | **30.96** |
| Asset Classification[2] | Listed stocks and corporate bonds | 10,000 $tCO_2eq$ | **1,093.85** |
| | Corporate loans and unlisted stocks | 10,000 $tCO_2eq$ | **0.04** |
| | Project finance (PF) | 10,000 $tCO_2eq$ | **201.67** |
| | Commercial real estate | 10,000 $tCO_2eq$ | **5.34** |
| | Mortgage | 10,000 $tCO_2eq$ | **4.06** |
| | Car loans | 10,000 $tCO_2eq$ | **-** |
| Asset intensity | Listed stocks and corporate bonds | 10,000 $tCO_2eq$/KRW 1 trillion | **47.16** |
| | Corporate loans and unlisted stocks | 10,000 $tCO_2eq$/KRW 1 trillion | **0.10** |
| | Project finance (PF) | 10,000 $tCO_2eq$/KRW 1 trillion | **59.22** |
| | Commercial real estate | 10,000 $tCO_2eq$/KRW 1 trillion | **1.03** |
| | Mortgage | 10,000 $tCO_2eq$/KRW 1 trillion | **0.41** |
| | Car loans | 10,000 $tCO_2eq$/KRW 1 trillion | **-** |

1) Scope 3 Financial emissions intensity: Amount of financial emissions to total assets

2) based on PCAF asset classification

## Capacity building

We provide ESG education for employees in charge of analyzing ESG issues so that their competency in the investment and insurance underwriting process can be further enhanced. In 2022, we have established an education course of four to five hours for each field, including safety, health, environment, and construction safety. Two to four responsible employees completed the training courses.



# Appendix


01. Financial Data
02. Double Materiality Assessment
03. PSI Report
04. GRI Index
05. TCFD
06. Independent Assurance Statement
07. GHG Assurance Statement
08. Association Membership & Contributions
09. UN SDGs Implementation

# Financial Performances

## Consolidated Statements of Financial Position

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

as of December 31, 2021 (end of the 72nd year, current)
as of December 31, 2020 (end of the 71st year, previous)
Unit: KRW

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| **Assets** | | |
| I. Cash and deposits | 1,733,734,341,558 | 2,075,613,980,750 |
| II. Financial assets | 75,635,862,806,420 | 75,448,762,839,480 |
| 1. Financial assets at fair value through profit or loss | 1,989,586,385,800 | 1,738,875,789,820 |
| 2. available-for-sale financial assets | 44,912,034,859,785 | 45,881,979,227,658 |
| 3. Held-to-maturity financial assets | 175,638,129,035 | 163,657,572,201 |
| 4. Loans | 27,245,717,119,885 | 26,390,175,918,257 |
| 5. Other receivables | 1,312,886,311,915 | 1,274,074,331,544 |
| III. Investments in associates | 287,860,458,102 | 301,215,403,352 |
| IV. Derivative assets | 23,528,420,742 | 171,305,291,275 |
| V. Reinsurance assets | 1,153,837,042,703 | 937,466,423,672 |
| VI. Investment properties | 919,737,714,879 | 718,413,004,645 |
| VII. Property and equipment | 791,132,418,675 | 695,079,465,875 |
| VIII. Intangible assets | 224,304,003,426 | 322,407,064,716 |
| IX. Assets held-for-sale | 629,751,654,602 | 238,682,349,679 |
| X. Net defined benefit assets | 77,670,948,436 | 45,891,692,164 |
| XI. Current tax asset | 1,060,657,624 | 51,354,220 |
| XII. Deferred income tax assets | 40,523,724,369 | 35,758,375,273 |
| XIII. Other assets | 2,470,114,414,080 | 2,334,733,885,400 |
| XIV. Separate account assets | 10,944,892,504,836 | 9,270,997,761,563 |
| **Total asset** | **94,934,011,110,452** | **92,596,378,892,064** |

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| **Liabilities** | | |
| I. Insurance liabilities | 60,876,109,429,118 | 59,583,067,064,996 |
| II. Financial liabilities | 1,889,758,901,294 | 1,400,850,845,094 |
| III. Derivative liabilities | 229,760,951,294 | 75,768,086,230 |
| IV. Provisions | 68,178,365,551 | 70,020,249,522 |
| V. Current tax liabilities | 174,722,131,579 | 120,781,401,451 |
| VI. Deferred income tax liabilities | 2,735,203,404,157 | 3,273,809,714,666 |
| VII. Other liabilities | 611,047,248,480 | 482,347,018,991 |
| VIII. Liabilities held-for-sale | 488,450,888,434 | 128,749,248,323 |
| IX. Separate account liabilities | 12,368,448,009,828 | 11,178,450,522,902 |
| **Total liabilities** | **79,441,679,329,735** | **76,313,844,152,175** |
| **Shareholders' equity** | | |
| I. Controlling Company Shareholders' Equity | 15,467,008,869,690 | 16,260,955,753,261 |
| 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 | 5,717,828,814,082 | 7,260,821,532,248 |
| 5. Retained earnings | 10,270,693,211,645 | 9,521,647,377,050 |
| (Credit losses to be reserved: KRW 22,122,522,577<br>Reserved credit losses: KRW 228,047,420,753)<br>(Fund for emergent risk to be reserved: KRW 112,548,537,054<br>Reserved fund for emergent risk: KRW 2,348,491,078,338) | | |
| II. Non-controlling interests | 15,492,331,780,717 | 16,282,534,739,889 |
| **Total shareholders' equity** | **94,934,011,110,452** | **92,596,378,892,064** |
| **Total liabilities and shareholders' equity** | **94,934,011,110,452** | **92,596,378,892,064** |

# Financial Performances

## Separate Statements of Financial Position

Samsung Fire & Marine Insurance Co., Ltd.

as of December 31, 2021 (end of the 72nd year, current)
as of December 31, 2020 (end of the 71st year, previous)
Unit: KRW

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| **Assets** | | |
| I. Cash and deposits | 1,345,621,453,025 | 1,666,541,185,203 |
| II. Financial assets | 75,819,299,534,412 | 75,664,860,014,698 |
| 1. Financial assets at fair value through profit or loss | 858,051,904,674 | 1,068,652,358,508 |
| 2. Available-for-sale financial assets | 46,826,111,297,783 | 47,381,946,121,361 |
| 3. Held-to-maturity financial assets | 134,713,819,995 | 134,104,881,258 |
| 4. Loans | 26,698,135,711,041 | 25,830,803,911,698 |
| 5. Other receivables | 1,302,286,800,919 | 1,249,352,741,873 |
| III. Investments in subsidiaries and associates | 571,851,107,306 | 571,893,631,556 |
| IV. Derivative assets | 15,263,423,075 | 125,615,864,125 |
| V. Reinsurance assets | 1,009,258,454,555 | 842,225,544,363 |
| VI. Investment properties | 241,446,817,013 | 257,907,218,975 |
| VII. Property and equipment | 684,815,363,010 | 624,509,762,883 |
| VIII. Intangible assets | 218,689,032,888 | 317,256,780,032 |
| IX. Non-current assets held-for-sale | - | - |
| X. Net defined benefit assets | 60,663,313,069 | 38,905,190,948 |
| XI. Current tax asset | - | - |
| XII. Deferred income tax assets | 17,006,938,408 | 16,967,630,314 |
| XIII. Other assets | 2,456,004,784,018 | 2,323,283,356,512 |
| XIV. Separate account assets | 10,944,892,504,836 | 9,270,997,761,563 |
| **Total asset** | **93,384,812,725,615** | **91,720,963,941,172** |

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| **Liabilities** | | |
| I. Insurance liabilities | 60,639,466,710,571 | 59,406,170,088,382 |
| II. Financial liabilities | 1,229,980,952,467 | 914,507,370,228 |
| III. Derivative liabilities | 196,769,764,050 | 64,140,103,251 |
| IV. Provisions | 65,972,782,049 | 67,889,822,089 |
| V. Current tax liabilities | 172,607,023,617 | 117,677,145,480 |
| VI. Deferred income tax liabilities | 2,776,104,326,897 | 3,308,430,467,137 |
| VII. Other liabilities | 535,236,215,883 | 425,940,744,712 |
| VIII. Separate account liabilities | 12,368,448,009,828 | 11,178,450,522,902 |
| **Total liabilities** | **77,984,585,785,362** | **75,483,206,264,181** |
| **Shareholders' equity** | | |
| 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 | 5,844,064,626,233 | 7,400,082,856,501 |
| V. Retained earnings | 10,073,959,233,469 | 9,355,471,739,939 |
| (Credit losses to be reserved: KRW 22,122,522,577<br>Reserved credit losses: KRW 207,545,542,880)<br>(Fund for emergent risk to be reserved: KRW 112,548,537,054<br>Reserved fund for emergent risk: KRW 2,348,491,078,338) | | |
| **Total shareholders' equity** | **15,400,226,940,253** | **16,237,757,676,991** |
| **Total liabilities and shareholders' equity** | **93,384,812,725,615** | **91,720,963,941,172** |

# Financial Performances

## Consolidated Statements of Comprehensive Income

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

as of December 31, 2021 (end of the 72nd year, current)
as of December 31, 2020 (end of the 71st year, previous)
Unit: KRW

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| I. Operating revenues | 24,444,257,521,333 | 24,044,905,963,497 |
| 1. Insurance operating income | 21,255,457,261,252 | 21,075,578,948,479 |
| (1) Premium income | 20,106,066,001,421 | 20,013,295,763,614 |
| (2) Reinsurance income | 733,032,400,969 | 660,325,439,570 |
| (3) Gain (Loss) on changes of reinsurance assets | 193,546,314,449 | 195,244,339,291 |
| (4) Compensation income | 6,139,595,474 | 3,741,282,799 |
| (5) Expense recovered | 200,079,761,361 | 171,450,645,998 |
| (6) Gain on foreign exchange transactions | 16,593,187,578 | 31,521,477,207 |
| 2. Investment income | 2,897,738,061,264 | 2,695,604,528,736 |
| (1) Interest income | 1,740,569,291,765 | 1,746,295,352,916 |
| (2) Dividend income | 465,437,962,374 | 278,635,486,797 |
| (3) Gain on valuation and sales of financial instruments | 216,467,492,237 | 201,980,171,999 |
| (4) Gain on valuation and sales of derivative instruments | 30,081,285,620 | 259,730,369,895 |
| (5) Reversal of allowance and impairment losses of financial assets | 320,370,118 | 1,567,974,625 |
| (6) Rental income | 71,029,558,917 | 65,410,440,642 |
| (7) Commission income | 5,065,313,273 | 4,514,978,566 |
| (8) Gain on foreign exchange transactions | 358,505,606,683 | 134,476,649,494 |
| (9) Gain on disposal of investment properties | - | 32,912,542 |
| (10) Miscellaneous investment incomes | 10,261,180,277 | 2,960,191,260 |
| 3. Separate account commission | 46,962,915,080 | 48,314,216,966 |
| 4. Separate account income | 244,099,283,737 | 225,408,269,316 |

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| II. Operating expenses | 22,937,395,785,260 | 23,000,513,493,422 |
| 1. Insurance operating expenses | 21,915,744,438,380 | 22,009,132,042,430 |
| (1) Claims paid and refund of insurance policies | 14,496,495,268,225 | 14,399,097,359,782 |
| (2) Reinsurance expenses | 1,331,332,042,415 | 1,084,909,341,959 |
| (3) Increase in insurance liabilities | 1,258,096,697,435 | 1,715,316,090,826 |
| (4) Loss adjustment expenses | 662,048,929,039 | 592,891,451,232 |
| (5) Expenses paid | 4,151,578,320,018 | 4,186,312,750,594 |
| (6) Loss on foreign exchange transactions | 16,193,181,248 | 30,605,048,037 |
| 2. Investment expenses | 775,693,578,821 | 764,821,169,708 |
| (1) Interest expenses | 59,175,208,865 | 40,105,876,883 |
| (2) Loss on valuation and sales of financial instruments | 60,650,549,004 | 68,043,865,877 |
| (3) Loss on valuation and sales of derivative instruments | 345,196,553,393 | 135,266,373,850 |
| (4) Impairment losses on financial assets | 56,181,111,449 | 69,386,970,738 |
| (5) Investment management expenses | 168,366,996,387 | 157,627,814,408 |
| (6) Maintenance expenses on investment properties | 14,136,559,719 | 14,835,011,742 |
| (7) Depreciation expenses on investment properties | 12,711,770,962 | 9,879,773,414 |
| (8) Loss on foreign exchange transactions | 54,196,340,817 | 267,358,870,495 |
| (9) Loss on disposal of investment properties | - | 47,867,494 |
| (10) Miscellaneous investment expenses | 5,078,488,225 | 2,268,744,807 |
| 3. Separate account commission paid | 1,858,484,322 | 1,152,011,968 |
| 4. Separate account expenses | 244,099,283,737 | 225,408,269,316 |

# Financial Performances

## Consolidated Statements of Comprehensive Income

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

as of December 31, 2021 (end of the 72nd year, current)
as of December 31, 2020 (end of the 71st year, previous)
Unit: KRW

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| III. Operating profit | 1,506,861,736,073 | 1,044,392,470,075 |
| IV. Non-operating revenues | 24,421,580,805 | 31,275,491,870 |
| V. Non-operating expenses | 30,995,273,839 | 47,519,629,957 |
| VI. Profit before income tax from continuing operations | 1,500,288,043,039 | 1,028,148,331,988 |
| VII. Income tax expense from continuing operations | 389,003,037,160 | 275,825,192,464 |
| VIII. Profit for the period from continuing operations | 1,111,285,005,879 | 752,323,139,524 |
| IX. Profit from discontinued operations after income tax | 13,425,305,328 | 4,980,293,801 |
| X. Profit for the year | 1,740,569,291,765 | 1,746,295,352,916 |
| (Profit for the year adjusted for regulatory reserve for credit loss: Current year: KRW 1,102,587,788,630 Previous year: KRW 736,801,555,452) (Profit for the year adjusted for regulatory reserve for emergent risk Current year: KRW 1,012,161,774,153 Previous year: KRW 641,419,867,978) | | |
| XI. Other comprehensive income, net of tax | (1,540,854,377,190) | 1,565,831,332,380 |
| 1. Items that will not be reclassified subsequently to profit or loss | (2,394,627,051) | 10,027,356,942 |
| 2. Items that will be reclassified subsequently to profit or loss | (1,538,459,750,139) | 1,555,803,975,438 |
| XII. Total comprehensive income | (416,144,065,983) | 2,323,134,765,705 |
| 1. Profit for the period from continuing operations attributable to: | | |
| Owners of the Group | 1,108,793,116,746 | 750,008,138,284 |
| Non-controlling interests | 2,491,889,133 | 2,315,001,240 |
| 2. Consolidated net income attributable to: | | |
| Owners of the Group | 1,122,218,422,074 | 754,988,432,085 |
| Non-controlling interests | 2,491,889,133 | 2,315,001,240 |
| 3. Total comprehensive income attributable to: | | |
| Owners of the Group | (420,774,296,092) | 2,322,147,028,615 |
| Non-controlling interests | 4,630,230,109 | 987,737,090 |
| XIII. Earnings per share | 965,338,208,537 | 507,787,363,540 |
| 1. Basic earnings per share | 26,399 | 17,760 |
| 2. Diluted earnings per share | 26,399 | 17,760 |
| 3. Basic earnings from continuing operations per share | 26,083 | 17,643 |
| 4. Diluted earnings from continuing operations per share | 26,083 | 17,643 |

# Financial Performances

## Separate Statements of Comprehensive Income

Samsung Fire & Marine Insurance Co., Ltd.

as of December 31, 2021 (end of the 72nd year, current)
as of December 31, 2020 (end of the 71st year, previous)
Unit: KRW

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| I. Operating revenues | 23,967,024,499,195 | 23,685,879,756,732 |
| 1. Insurance operating income | 20,966,509,822,969 | 20,858,042,879,910 |
| (1) Premium income | 19,929,641,761,136 | 19,873,191,509,083 |
| (2) Reinsurance income | 717,218,204,456 | 647,125,962,920 |
| (3) Loss (Gain) on changes of reinsurance assets | 160,399,272,202 | 168,903,945,539 |
| (4) Compensation income | 6,139,595,474 | 3,741,282,799 |
| (5) Expense recovered | 140,132,712,541 | 139,280,927,008 |
| (6) Gain on foreign exchange transactions | 12,978,277,160 | 25,799,252,561 |
| 2. Investment income | 2,709,452,477,409 | 2,554,114,390,540 |
| (1) Interest income | 1,697,462,180,500 | 1,714,136,785,169 |
| (2) Dividend income | 510,485,685,540 | 308,271,702,616 |
| (3) Gain on valuation and sales of financial instruments | 151,405,079,472 | 182,280,114,527 |
| (4) Gain on valuation and sales of derivative instruments | 19,640,685,904 | 203,100,582,398 |
| (5) Reversal of allowance and impairment losses of financial assets | 320,370,118 | 1,567,974,625 |
| (6) Rental income | 30,815,545,416 | 32,391,609,143 |
| (7) Commission income | 5,065,313,273 | 4,514,978,566 |
| (8) Gain on foreign exchange transactions | 290,445,197,353 | 105,434,679,607 |
| (9) Gain on disposal of investment properties | - | 32,912,542 |
| (10) Miscellaneous investment incomes | 3,812,419,833 | 2,383,051,347 |
| 3. Separate account commission | 46,962,915,080 | 48,314,216,966 |
| 4. Separate account income | 244,099,283,737 | 225,408,269,316 |

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| II. Operating expenses | 22,506,864,154,063 | 22,666,531,504,539 |
| 1. Insurance operating expenses | 21,648,601,950,974 | 21,823,303,662,686 |
| (1) Claims paid and refund of insurance policies | 14,457,973,891,874 | 14,362,543,249,913 |
| (2) Reinsurance expenses | 1,222,654,978,552 | 1,010,020,632,986 |
| (3) Increase in insurance liabilities | 1,221,244,998,601 | 1,677,186,445,570 |
| (4) Loss adjustment expenses | 621,594,582,868 | 575,143,654,986 |
| (5) Expenses paid | 4,115,022,422,833 | 4,173,799,417,455 |
| (6) Loss on foreign exchange transactions | 10,111,076,246 | 24,610,261,776 |
| 2. Investment expenses | 612,304,435,030 | 616,667,560,569 |
| (1) Interest expenses | 20,156,018,458 | 25,532,105,298 |
| (2) Loss on valuation and sales of financial instruments | 58,187,326,195 | 32,406,591,800 |
| (3) Loss on valuation and sales of derivative instruments | 281,875,517,848 | 117,734,362,289 |
| (4) Impairment losses on financial assets | 56,181,111,449 | 70,174,646,132 |
| (5) Investment management expenses | 147,458,737,619 | 140,839,573,427 |
| (6) Maintenance expenses on investment properties | 14,136,559,719 | 14,835,011,742 |
| (7) Depreciation expenses on investment properties | 6,323,693,573 | 6,600,994,383 |
| (8) Loss on foreign exchange transactions | 26,876,908,798 | 206,680,559,595 |
| (9) Loss on disposal of investment properties | - | 47,867,494 |
| (10) Miscellaneous investment expenses | 1,108,561,371 | 1,815,848,409 |
| 3. Separate account commission paid | 1,858,484,322 | 1,152,011,968 |
| 4. Separate account expenses | 244,099,283,737 | 225,408,269,316 |

# Financial Performances

## Separate Statements of Comprehensive Income

Samsung Fire & Marine Insurance Co., Ltd.

| Item | End of the 72nd year (current) | End of the 71st year (previous) |
|---|---|---|
| III. Operating profit | 1,460,160,345,132 | 1,019,348,252,193 |
| IV. Non-operating revenues | 20,244,806,441 | 40,388,338,609 |
| V. Non-operating expenses | 6,315,531,057 | 10,855,073,120 |
| VI. Profit before income tax | 1,474,089,620,516 | 1,048,881,517,682 |
| VII. Income tax expenses | 381,504,980,086 | 282,047,220,323 |
| VIII. Profit for the year | 1,092,584,640,430 | 766,834,297,359 |
| (Profit for the year adjusted for regulatory reserve for credit loss:<br>Current year: KRW 1,070,462,117,853<br>Previous year: KRW 746,332,419,486)<br>(Profit for the year adjusted for regulatory reserve for emergent risk:<br>Current year: KRW 980,036,103,376<br>Previous year: KRW 650,950,732,012) | | |
| IX. Total other comprehensive income, net of tax | (1,556,018,230,268) | 1,624,913,531,024 |
| 1. Items that will not be reclassified subsequently to profit or loss | (3,421,863,979) | 13,491,328,142 |
| 2. Items that will be reclassified subsequently to profit or loss | (1,552,596,366,289) | 1,611,422,202,882 |
| XII. Total comprehensive income for the year | (463,433,589,838) | 2,391,747,828,383 |
| XIII. Earnings per share | - | - |
| 1. Basic earnings per share | 25,702 | 18,039 |
| 2. Diluted earnings per share | 25,702 | 18,039 |

# Double Materiality Assessment

With the purpose of identifying material issues regarding sustainability, SFMI annually conducts a materiality assessment in accordance with the international frameworks and standards including GRI Standards. Double Materiality, defined by the EU's Non-Financial Reporting Directive (CSRD (Corporate Sustainability Reporting Directive) replacing NFRD (Non-Financial Reporting Directive)), a concept that focuses on not only the impact that social and environmental factors may have on corporate sustainability, but also the impact that corporate business operations may have on the environment when selecting sustainable topics. So the double materiality assessment takes economic, social, and environmental impacts into account. To take double materiality into consideration in management will become a necessity, not an option in the ecosystem of society. It will be mandatory to apply this concept through the CSRD and updated GRI Standards from 2023.

In proactive response, we took the concept of double materiality to identify the impact our business operations may have on the environment and society, and vice versa, based on which the material issues were selected. The selected issues were reflected in our management in association with our ESG strategies, and the results were reported in a transparent manner.

To conduct the double materiality assessment, we took two-pronged perspectives; impact materiality in terms of economy, society, and the environment, and financial materiality for corporate value and finance.

### Economic, Social, and Environmental Impact(Impact Materiality)

Materiality assessment of corporate economic, environmental, and social impact using the method presented by GRI from the inside-out perspective

### Financial Impact(Financial Materiality)

Materiality assessment of the impact on corporate value and finance from the outside-in perspective in compliance with the SASB Standards.

**STEP 1**

**Topic selection**

- Confirming sector standards
- Reviewing material topics in 2021
- Analyzing benchmarking data (Key peer groups at home and abroad)
- Studying the topics covered by GRI, SASB, and MSCI
- Analyzing internal and external management materials and data

**STEP 2**

**Topic impact identification**

- Domestic and overseas regulations and guidelines
- Checking controversial issues in recent three years in the same industry
- Inspecting the investor groups' perception on risks and opportunities
- Identifying the range and timing of impact

**STEP 3**

**Prioritization based on the results of double materiality assessment**

1) Economic, social and environmental impact assessment (Impact Materiality)*

① Occurrence possibility

② Impact severity

- Scale: Scale of impact (materiality)
- Range: Range of impact (value chain, the environment, local communities, etc.) - Resilience: Resilience from impact (separately calculated for company and the environment & society)

*On a scale of 5 point

2) Financial impact assessment (Financial Materiality)*

① Direct and measurable financial impacts and risks

② Topic-related legal regulations or government policies

③ Influence of expectations and demands for high-level of sustainability management and performance on financial performance

④ Influence of stakeholder awareness and social trends on financial performance

⑤ Influence of innovation opportunities by providing new competitive advantages on financial performance

*On a scale of 5 points

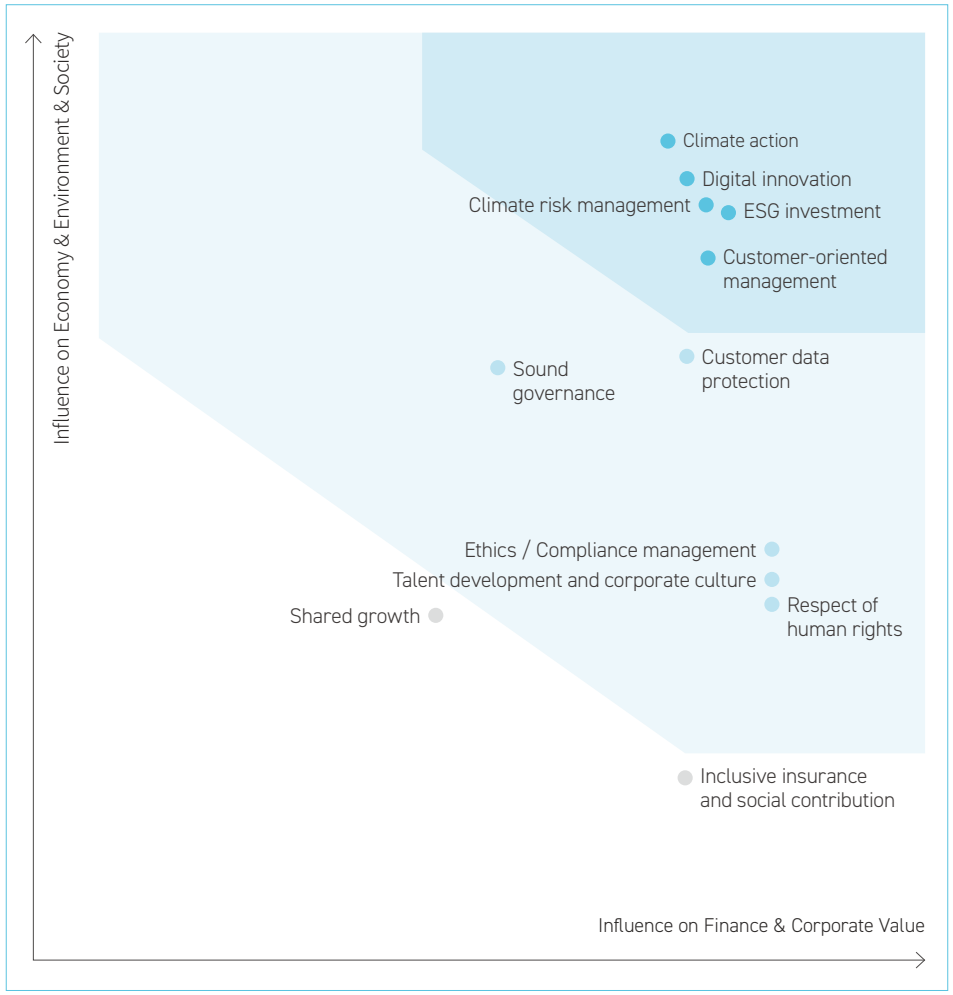
**STEP 4**

**Prioritization**

- Categorizing topics and having internal review within SFMI
- Discussing them with key stakeholders

# Double Materiality Assessment

## Double Materiality Asessment Result




| 2021 Topic | |
|---|---|
| ① Climate action | ⑦ Ethics / Compliance management |
| ② Digital innovation | ⑧ Talent development and corporate culture |
| ③ ESG investment | ⑨ Respect of human rights |
| ④ Climate risk management | ⑩ Sound governance |
| ⑤ Customer-oriented management | ⑪ Inclusive insurance and social contribution |
| ⑥ Customer data protection | ⑫ Shared growth |

## Double Materiality Impact on topics

| | 2021 Topic | Influence on Finance & Corporate Value | Influence on Economy & Environment & Society | Report Page |
|---|---|---|---|---|
| E | Climate action | ● | ● | 33 |
| | Climate risk management | ● | ● | 35 |
| S | Customer-oriented management | ● | ● | 25-26, 56, 65 |
| | Customer data protection | ● | ● | 63-65 |
| | Talent development and corporate culture | ● | ● | 43-49 |
| | Respect of human rights | ● | ● | 52-55 |
| | Digital innovation | ● | ● | 21-23 |
| | Inclusive insurance and social contribution | ● | ● | 59-63 |
| | Shared growth | ● | ● | 55-58 |
| G | Sound governance | ● | ● | 67-73 |
| | Ethics / Compliance management | ● | ● | 80-83 |
| Economy | ESG investment | ● | ● | 86-87 |

● High Impact ● Medium Impact ● Low Impact

# PSI 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. As a global non-life insurance company, SFMI fulfills our social responsibilities and carries out sustainable management activities considering the environment, society and governance. In this regard, SFMI reports its ESG-related activities annually according to PSI's four principles.

## 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 on 2021 under the Board of Directors. The ESG Committee, comprised of the CEO as well as two non-executive directors, serves as the highest decision-making body that establishes ESG strategies and deliberates and decides on 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 is composed of a total of 7 members; the CEO, CFO, Head of Corporate Planning Division, Head of Long-Term Insurance Division, Head of HR Team, Chief Compliance Officer, and Head of Planning Team 1. The main agenda items include sustainability management status and performances, 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. Since 2019, we have reflected ESG-related matters in the company's underwriting and asset management strategies, and in 2020, we added the 'Coal-free Principle' to suspend new investment, loans, and insurance contracts related to coal power when we revised the regulations containing our efforts to alleviate climate change and respond to it. Particularly in 2022, we have established and operated the 'Responsible Investment Principle' and the 'Coal Underwriting Policy' to practice the 'Coal-free Principle'.

## 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 |** Since 2012, SFMI has been pushing forward the user- and environment-friendly sales process innovation using mobile devices together with our sales partner, Risk Consultant (RC). 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. We respond to various climate change risks, utilizing our Global Risk Map (GRM), the unique risk and estimated loss assessment model for different disaster types.

GLCC | http://rm.samsungfire.com

**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.

# PSI Report

**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

**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.

# GRI Standards Index

## Universal Standards(GRI 100)

| Topic | No. | Category | Pages |
|---|---|---|---|
| Organizational Profile | 102-1 | Name of the organization | 7 |
| | 102-2 | Activities, brands, products, and services | 7, 9 |
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# TCFD

The nations that joined the Paris Agreement in 2015 set their target of mitigating GHG emissions and resolved to join hands to combat global warming. In the face of growing demand for action on climate change from the international community, FSB (Finance Stability Board) launched TCFD (Task Force on Climate related Financial Disclosures) in December 2015. In accordance with the recommendations of TCFD, SFMI strives to grasp the opportunities and risks posed by climate change, upgrade the method of identification, and disclose our financial impact.

| TCFD Recommendation | Activities at SFMI | CDP |
|---|---|---|
| **Governance – The organization's governance dedicated to assessing and managing climate-related risks and opportunities** | | |
| a) Describe the board's oversight of climate-related risks and opportunities | In order to make integrated decisions on climate change, we put in place the ESG Committee under the BOD (comprised of CEO and two non-executive directors). By doing so, we make the top decision making body take on the roles of managing and supervising the execution of strategies to respond to climate change. The ESG Committee is convened half yearly, but if needed, convened frequently.<br>The ESG Committee integrates climate change-related issues regarding GHG emissions, energy, or water resources, into management strategy, key action plans, risk management policy, business plans, and annual budget to make decisions. And it reviews the aspects of climate change-related risk and opportunity factors across all our business sectors including insurance, underwriting, investment, and business sites we operate to manage. And the establishment of targets and monitoring of the execution and progress in regard of climate change are one of the duties of the committee. | C2.1, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | With the aim of quickly responding to risks and opportunities presented by climate change, our management has improved the internal decision making process. As part of the effort, we have operated the Sustainability Management Committee comprised of seven executives with the CEO assuming the position of the Chair. The committee discusses climate change-related risks that can occur in relation to our investment activities, insurance, underwriting, and business sites we directly operate, trends, how to respond, and the tasks to be done. The committee has established a response system in close collaboration with the organization in charge of ESG affairs and relevant departments. The CFO serves as a member of the committee to make it possible to manage and handle issues by sector, and also to evaluate and manage them from a financial perspective. | C1.2 |
| **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 | SFMI identifies risk and opportunity factors that climate change entails, and calculates possible impacts on our finance according to the results. Especially, we have drawn up roadmaps for GHG emissions mitigation over short-, mid-, and long-term periods, and then classified them by phase to manage. The followings are the climate change-related risks identified.<br>With an aim to be prepared for the transition risks posed by climate change, we have set and implemented a goal to apply the carbon-neutral investment principle to all asset management sectors from 2025 and expand the cumulative ESG investment commitment to KRW 10.5 trillion by 2030. | |
| b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | **Climate Change-related Risk Factors**<br>Transition Risk<br>• **Market Risk (long-term)**: On the assumption that frequent natural disasters, such as cyclones, floods, or typhoons, do greater damage, and the regulations that limit global warming to 1.5°C compared to the level of industrialization by 2100 take effect, we expect the value of assets we invest in to decrease, which will incur loss ratio. Furthermore, more stringent regulations and laws on carbon emissions in accordance with the government' net-zero policy will be likely to incur business loss. According to the .5°C scenario, complex utility, comprehensive petroleum and gas, electricity utility, and refining and marketing petroleum and gas, and steel business are classified as ones with high loss ratio. And the financial impact is projected to be KRW 4.31 trillion of investment balance. Accordingly, it is required to take climate risks into account. | C2.1a, C2.3, C2.3a, C2.4, C2.4a |

# TCFD

| TCFD Recommendation | Activities at SFMI | CDP |
|---|---|---|
| | **Physical Risk**<br>• **Rapid Changes in Physical Environment (mid-term)**: We are seeing a growing deviation in terms of precipitation from region to region, and the growing frequency of heavy rainfall in Korea where our most of insurance and pledged assets are located. In case of typhoon that accounts for 56% of the cost of damage caused by natural disasters, about 3.1 typhoons annually hit Korea, and the strong wind strengths are growing. The worsening intensity and rising frequency of natural disasters stemming from global warming could have a significant impact on insurance loss ratio. In particular, given the fact that about one third of our direct premiums written are generated from auto and general insurances, the physical risk arising from climate change will have a far reaching impact on our finance. In the years to come, we need to minimize damage incurred by providing financial assistance for customers and local communities hit by natural disasters.<br><br>**Climate Change-related Opportunity Factors**<br>• **Product and Service (mid-term) Opportunity:** We are seeing the sales of climate change-related insurance products on the constant rise, increasing by 15% in 2020, 11% in 2021. As more and more people are aware of climate change risks, and the demand for related insurance is increasing, the sales in this sector will be likely to rise. Accordingly, SFMI is working on the development of services and products, targeting KRW 3 trillion in sales by 2023.<br>• **Market (mid-term) Opportunity:** The development of technologies and growing attention to eco-friendly mobility comes with the growing sales of environment-friendly vehicles, such as autonomous cars or EVs, as well as rising demand for related insurance products. In line with the changes in the mobility environment derived from climate change, SFMI recognizes an opportunity to dominate the market by developing exclusive products for new markets, such as connected cars, autonomous vehicles, shared vehicles, and electric vehicles. We currently provide a variety of environmental insurance products related to climate change, such as daily auto insurance, eco-mileage auto insurance, wind and flood damage insurance, and environmental pollution liability insurance. And we plan to further expand eco-friendly insurance products. | |
| c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | In order to understand the impact of climate change on the business, we utilize RCP1.9, RCP8.5 and IEA 2DS scenarios by analyzing loss rates by affiliates, asset types, major industries, and commercial real estate. Based on the results, we respond to them accordingly. In addition, the internal carbon price is calculated based on the average unit price of the Korea Exchange in the previous year (KAU20, 30,180 KRW), and financial emissions by the asset are also measured through an environmental measurement company. We make efforts to achieve our GHG mitigation goals by carrying out voluntary and diverse reduction activities and converting the GHG reduction effect into economic value. | C3.2, C3.2a, C3.2b |
| **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 climaterelated risks | Being aware of the crisis caused by climate change, we identify and evaluate related risks. The ESG Committee under the BOD identifies risks and conducts monitoring. In particular, we respond to climate change risks by reviewing relevant major agenda items, such as the integrated management of climate change issues, establishment of risk management system, review of implementation, and the review and approval of non-financial (ESG) risks. The evaluation and results are managed and operated to be reflected in the company-wide business plan.<br><br>Our Global Loss Control Center (GLCC) established various standards and guidelines based on risk identification, such as climate change risk analysis, risk diagnosis, and consulting for customers and local communities. We developed the Global Risk Map (GRM), which is a risk assessment of each natural disaster and expected loss. We operate an assessment simulation for climate change. | C2.1, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e |

# TCFD

| TCFD Recommendation | Activities at SFMI | CDP |
|---|---|---|
| b) Describe the organization's processes for managing climate-related risks | We continuously monitor regulations and policies, the current state of the industry, and the needs of investment institutions and identify climate change risks based on the analysis, aiming to respond to environmental issues. Risks selected through identification are prioritized for key risk factors related to climate change and opportunity factors through annual materiality assessments for internal and external stakeholders. We share the results with business units across the company and strive to reflect those for improvement.<br>To manage 'market risk' among the expected transition risks, we declared 'coal-free finance' and announced the 'coal underwriting policy' that restricts new investment in coal mining, coal-fired power generation, and coal infrastructure and excludes insurance underwriting in those sectors. On top of that, by establishing the 'Responsible Investment Policy,' we are preemptively restricting the investment and loans to companies and industries with a negative impact on the environment and society.<br>We also launch and develop diverse insurance products, which can respond to the climate change with the objective of managing business risks derived from sudden climate change.<br>The ESG committee under the BOD will build a systematic management process at a company level for climate change-related risks and gradually establish the plan for quantifying climate risks by each climate risk factors, governance, and management system. | C2.1, C2.2, C-FS2.2d, C-FS2.2e |
| c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | For sustainable management, we integrated climate change risks into the company-wide risk management system. It is managed as a potential risk affecting business activities. After preemptive identification and evaluation of climate change risks (by classifying them into physical and potential risks) for each climate change-related working group, the ESG Committee and the Sustainability Management Committee under it are mainly in charge of actively responding to climate change and conducting relevant deliberation, resolution, and supervision. | C2.1, C2.2 |
| **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 | For the management of risk and opportunity factors related to climate change, we select indicators, such as internal carbon price, GHG emission, energy consumption, eco-friendly insurance product sales, eco-friendly investment, asset-specific and industry-specific loss rate in the SBTi 1.5°C and 2°C scenarios. These selected indicators are measured and monitored, followed by regular disclosure, striving to secure management transparency. | C4.1, C4.2, C4.2a, C4.2b, C9.1 |
| b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions | | C6.1, C6.3, C6.5, C12.4, C-FS14.0, C-FS14.1, C-FS14.1a |
| c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | In the long term, we make efforts to achieve internal carbon neutrality and carbon neutrality of investment assets by 2050. More specifically, we set targets for GHG emissions by subdividing them into absolute quantity, intensity, and portfolio and managing them at the company-wide level.<br>From 2017 (base year), we established a mid- to long-term GHG emission reduction target to reduce 50% of emissions from the amount of the base year by 2030. In 2021, we achieved to cut 30.4% compared to the base year in 2021. | C4.1a, C4.1b, C-FS4.1d, C4.2, C4.2a, C4.2b |

| | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Scope 1 | $tCO_2eq$ | 4,327 | 3,233 | 3,016 |
| Scope 2 | $tCO_2eq$ | 14,089 | 11,920 | 11,691 |
| Scope 3 | $tCO_2eq$ | 5,075 | 4,081 | 3,208 |

# Independent Assurance Statement

**To readers of Samsung Fire & Marine Insurance ESG REPORT 2022**

## Introduction

Korea Management Registrar (KMR) was commissioned by Samsung Fire & Marine Insurance to conduct an independent assurance of its ESG Report 2022 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Samsung Fire & Marine Insurance. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Samsung Fire & Marine Insurance and issue an assurance statement.

## Scope and Standards

Samsung Fire & Marine Insurance described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Management approach of Topic Specific Standards
  - GRI 201: Economic Performance
  - GRI 305: Emissions
  - GRI 404: Training and Education
  - GRI 413: Local Communities
  - GRI 416: Customer Health and Safety

As for the reporting boundary, the engagement excludes the data and information of Samsung Fire & Marine Insurance's partners, suppliers and any third parties.

## KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- Reviewed the overall report;
- Reviewed materiality assessment methodology and the assessment report;
- Evaluated sustainability strategies, performance data management system, and processes;
- Interviewed people in charge of preparing the report;
- Reviewed the reliability of the report's performance data and conducted data sampling;
- Assessed the reliability of information using independent external sources such as financial supervisory service's dart and public databases.

## Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by Samsung Fire & Marine Insurance to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

# Independent Assurance Statement

## Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Samsung Fire & Marine Insurance on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

### Inclusivity

Samsung Fire & Marine Insurance has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

### Materiality

Samsung Fire & Marine Insurance has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

### Responsiveness

Samsung Fire & Marine Insurance prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Samsung Fire & Marine Insurance's actions.

### Impact

Samsung Fire & Marine Insurance identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

## Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

## Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Samsung Fire & Marine Insurance and did not provide any services to Samsung Fire & Marine Insurance that could compromise the independence of our work.

July 2022 Seoul, Korea

CEO

E. J Hwang

KMR 한국경영인증원 Korea Management Registrar
SRV1000 Sustainability Committee Assurance
AA1000 Licensed Report 000-129/V3-6KBJ6

# 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 2021 Greenhouse Gas Emission & Energy Consumption Report (hereinafter 'GHG Inventory').

### Verification Scope & Standard

KFQ's verification was conducted three business sites of manufacturing division and logistics division under operational control of 『SAMSUNG FIRE & MARINE INSURANCE』. 'Greenhouse Gas and Energy Target Management Scheme (Notification No. 2021-47 of Ministry of Environment & IPCC Guidelines 2006)' were mainly applied in verification process but also the Company Guidelines for GHG Inventory was considered.

### Verification Procedure

The Verification has been planned and conducted by the "Greenhouse Gas and Energy Target Management Scheme", and to reach reasonable level of assurance. Consideration and Limitation Accuracy and completeness of emission data reported in the 'GHG Inventory' are subject to inherent limitations due to their nature and the methodology used in determining, calculating and estimating such data.

### Conclusion/Opinion

Based on verification process according to the ISO 14064-1, ISO 14064-3, KFQ obtained reasonable basis to express the following conclusion on the 2021 Company GHG Inventory. As a result of materiality assessment on 2021 Greenhouse Gas Emission of entire business places, material discrepancy is less than the criteria of 5% for the organization who emits less than 500,000 $tCO_2$-eq/yr in accordance with the requirements of the 'Greenhouse Gas and Energy Target Management Scheme'.

**2021 Greenhouse Gas Emissions of 『SAMSUNG FIRE & MARINE INSURANCE』**

| Report Year | | | 2021.1.1. ~ 2021.12.31 |
|---|---|---|---|
| 2021 Total Annual Emissions ($tCO_2$-eq) | Total Emissions (Scope 1, 2) | | 14,707 |
| | Direct Emissions (Scope 1) | | 3,016 |
| | Indirect Emissions (Scope 2) | | 11,691 |
| | Other Indirect Emissions (Scope 3) | Business Trip | 156 |
| | | Waste Treatment | 160 |
| | | Water Use | 66 |
| | | Paper Use | 2,826 |

kfq Korean Foundation for Quality

2022.04.08
Korean Foundation for Quality (KFQ) **Ji-Young Song** Ji Young Song

# Association Membership and Contributions

## Association Membership[1)]

| General Insurance association of Korea | Korean Fire Protection association | Korea Insurance Development Institute |
|---|---|---|

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.

## 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. | 47.9 |
| | 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. | 29.1 |
| | 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 | 24.2 |
| | Purpose | Provision of services aimed at protecting consumers and developing the insurance industry | |
| Total | | | 101.2 |

# UN SDGs

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

SFMI is researching a traffic safety culture for healthy lives of all age groups. 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 "AnyfitPLUS" 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 2021, a special educational program 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.

# UN SDGs

## 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. We have invested in a total of 11 startups through the CVC fund and made various business collaborations with the startups we invested in.

**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 major customer satisfaction index, NCSI, 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 insurance for the disabled and children from low- income families who use welfare facilities.

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