DB Insurance

2020
INTEGRATED REPORT

About This Report

Reporting Period and Cycle

This report is DB Insurance's 5th Integrated Report and 10th Sustainability Report. We transparently disclose our financial and non-financial performances in our annual sustainability reports and wish to reflect the same in our future sustainable management by collecting feedback and opinions from various stakeholders. The reporting period of this report is from January 1, 2019, to December 31, 2019, and some of the significant activities executed in the first half of 2020.

Reporting Principle

This report complies with the International <Integrated Reporting> Framework ("<IR> Framework") guidelines developed by the International Integrated Reporting Council (IIRC). It complies with the guidelines of the Global Reporting Initiative (GRI) Standards and the reporting principles of the Financial Service Sector Supplement and is in accordance with all the core requirements. Financial performances were prepared based on the K-IFRS, and any modifications from previous reports were specially indicated in this report.

Reporting Scope

The scope of this report covers DB Insurance's domestic business sites (excluding affiliated companies) such as the headquarters, regional headquarters, and claims adjustment departments, and some performances of the company's overseas branches and liaison offices are also included. Non-financial data correspond to 100% of the company's sales, and environmental data are primarily based on the company's 9 buildings and leased offices.

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CEO Message

Dear respected stakeholders,

I would like to extend my sincere thanks for your considerable interest in, and support for, DB Insurance.

With the unprecedented global economic crisis caused by the COVID-19 pandemic,
Korea is facing headwinds for all society members
due to the transition of a decline in the total population and
extended period of low-growth and under-spending that has become a norm.

Accordingly, under a strategy of "realizing sustainable management through profit model reformation",
DB Insurance will commit to sustainable growth through
"attainment of unwavering channel competency", "revenue growth in line with profit principles",
"future competitiveness through digital enhancements", and
"asset management for expanded financial market volatility."

Moreover, leveraging our experience, we will strengthen our company-wide risk management system
to flexibly respond to all types of risk, including the turbulent business environment created by COVID-19,
while developing internal capabilities to stay a step ahead of the challenging market changes
caused by newly emerging IT technologies.

We support and diligently comply with both the UN Sustainable Development Goals (SDGs) and
UNEP FI Sustainable Insurance Principles (PSI).
We will also create social values by fulfilling corporate social responsibilities and
actively respond to our stakeholders' environmental and social issues.

Dear valued stakeholders,
We will, without a doubt, face even more remarkable changes as we move forwards.
Times are changing, and so are our lives.

Although these changes will result in an inevitable challenge
for our growth, we will overcome them and
become your partner in this new world of opportunities.

We thank you for your unwavering interest and trust in DB Insurance.
We promise to uphold our commitment to being your partner.

Thank you

September 2020
DB Insurance Co., Ltd.

Vice Chairman & CEO **Jeongnam Kim**

Jeongnam Kim

About DB Insurance

A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

Under a management philosophy that prioritizes customer satisfaction and financial stability, DB Insurance has grown into a leading non-life insurer in Korea. We are endeavoring to become a corporation that will ultimately transcend our enterprise value and foster shared growth with our stakeholders. To this end, we have been implementing strategies and policies that meet and exceed our stakeholders’ expectations, based on three initiatives: globalization, specialization, and high-added value.

No. of Retained Customers

944 million customers

(As of end of 2019)

No. of Employees and Sales Partners

28,145 people

(including 23,554 sales partners)

Credit Ratings

S&P A (Stable)

A.M.Best A (Excellent)

Company Information

Name of company	DB Insurance Co., Ltd.
CEO	Jeongnam Kim
Date of incorporation	March 1962
Field of business	Non-life Insurance Business
Total Assets	KRW 35.4 billion
Headquarters	DB Financial Center, 432 Teheran-ro, Gangnam-gu, Seoul, South Korea

Corporate History

2019

- First in the non-life insurance industry to declare a phase-out of coal financing
- Launched “DB Direct Talk”, a first-in-the-industry subscription service provided through KakaoTalk
- Launched the first cycle of the Social Venture Excavation Program, “Traffic & Environment Challenge”, to create social value
- Acquired CCM (Consumer-Centered Management) certification for 7 consecutive years, for the first time in the industry

2018

- First non-life insurer to be enlisted in the DJSI (Dow Jones Sustainability Indices) World for 6 consecutive years
- Selected as the “best financial company” in the Evaluation of Financial Consumer Protection
- Rated “A” by S&P Global Ratings

2017

- Changed the company name to ‘DB Insurance’ by inheriting its tradition and spirit in a modern way
- First Korean financial company to acquire “ISO 19600” certification

2015

- First Korean financial company to receive the “Presidential Award” in the National Quality Management competition
- First in Korean insurer to acquire Vietnamese non-life insurer, “PTI”

2013

- Established “DB MnS”, a sales-specialized subsidiary
- Acquired equities in a Chinese insurance company

2011

- Established three claim adjustment subsidiaries (CNS, CAS, and CSI), and built a stable loss control system
- Opened a branch in New York
- Acquired equities in a Chinese insurance brokerage firm

2010

- Declared new management principles of “Pursuit of actual essence”, “Mutual communications”, and “Autonomous management”, to create a corporate culture of creative thinking and dynamic execution and achieve active performance

2009

- Opened a branch in California

1995 - 2006

1995
- Changed the company name to Dongbu Insurance Co., Ltd. Dongbu Insurance Co., Ltd.

2006
- Opened a branch in Hawaii

1976 - 1984

1976
- First in Korea to introduce an unlimited-coverage liability insurance for car owner

1984
- Opened a branch in Guam

1962 - 1968

1962
- Founded as Korea Public Automobile Insurance Company

1968
- Re-established as Public Automobile Insurance Co.

Corporate Vision & Mission

Corporate Vision System

We have secured an advanced service system based on innovation activities in all aspects of management, including manpower, channels, and systems, as well as balanced development of sales, profits, and assets, and laid a solid foundation for sustainable growth. DB Insurance promises to become a global insurance financial group that is on the shoulder of the world, surpassing the domestic insurance market as a sustainable company that provides the value that customers want and fulfills its social responsibilities.

VISION

A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

Goal	Initative	Strategic Task
• Securing global business capability	• Globalization	• Expanding global sales base • Advanced global management system
• Establishing optimal profit structure based on high quality service	• Specialization	• Creating new revenue through business diversification • Securing and training professionals
• Establishing insurance financial business portfolio	• Adding high value	• Securing the best business competitiveness in the industry • Establishing a sustainable profit base

Sustainable Management Vision and Strategy

Our vision is to offer excellent products and services to customers, a pleasant working environment for employees according to their performance, and the best profitability (profit ratio) to our shareholders. We aim to collaborate in DB Insurance's founding philosophy of "Good company". We aspire to establish ourselves as a global insurance financial group by promoting our stakeholders' rights and interests and the development of society.

VISION | A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

Core Philosophy

Pursuing a Happy Society with Customers

"Pursing a happy life for customers and Sustainable development for the company"

Future Direction

Global Insurance Financial Group

"To go beyond the domestic market to a global enterprise, Growing from an Insurance Compnay to Global Financial Group"

Sustainable Management KPIs

Environment

- Develop Eco-friendly Products
- Response to Climate Change
- Increase Investment in Eco-friendly New Renewable Energy

Society

- Protect Human Rights of Stakeholders (Cyber Security, etc.)
- Develop Pro-social Product
- Activate Corporate Social Responsibility

Governance

- Establish a sound and transparent governance structure
- Strengthen the Ethics Management and Compliance System
- Response to changes in the business based on ICT

Business Model

Six Capitals

Financial Capital

Profits garnered from insurance premiums through insurance product sales to cover various finances, including insurance claims, business operation costs, operating assets, etc. As a result, DB Insurance makes strategic investments to manage customers’ assets securely and generate higher profits while identifying corporate social responsibility(“CSR”).

Manufacturing Capital

The business of DB Insurance relies on manufacturing capital, such as the computer system and data center. The company has established a response system to disasters and emergencies to be thoroughly prepared to provide customers with stable and reliable services.

Intellectual Capital

There is a growing trend in the transformation of insurance products and services due to the changes in external environments such as low birth rates, aging society, prolonged low economic growth, etc. DB Insurance carries out customer segmentation based on customer research and significant data analyses. It offers differentiated values by developing customer-oriented products according to the needs of different customer groups.

Product/Service Development

Create differentiated values with the development of in-demand products and services

Products

- **Long-term insurance**
- **Auto insurance**
- **General insurance**

Services

- Emergency dispatch service
  On-site dispatch service
- Auto-care service
  Promy car service
  Car-care service
- Promy health care service
  Funeral partnership service
  Will management service
- Risk management service
  Legal support service
  Retirement planning consulting

Human Capital

Owing to the nature of the insurance business, talented individuals are the central, foremost important asset that determines a company's competitive power over product development to sales. In the context of fierce competition, DB Insurance fosters top-level professionals in the industry based on new training systems designed to maximize management performance by improving individual performances.

Social/Relation Capital

DB Insurance seeks to achieve a happy society with customers and strives to ensure higher customer satisfaction by offering products and services they need. Also, as non-life insurers are subject to intense regulation by government agencies and supervisory authorities, they actively observe and participate in government policies.

Environmental Capital

We emit greenhouse gases from electric power, cooling/heating boilers, and power use of data centers in nine domestic offices and 556 rental offices nationwide. We systematically manage environmental resources by establishing environmental guidelines and such as the certification of the environmental management system (ISO 14001).

Product/Service Delivery

Deliver optimal customer experience through operating various sales channels that meet different customers' needs.

Exclusive Channels

PA (Prime Agent)

Insurance planners who can only sell DB Insurance's products

Insurance Agency

Insurance agencies that can only sell DB Insurance's products under an exclusive contract with DB Insurance

Non-exclusive Channels

Cross-over Planner (Life/Non-life)

Life insurance planners who are entitled to sell both life and non-life insurance products

GA (General Agency)

Non-exclusive insurance agencies that can sell insurance products form any insurance companies

Product/Service Sharing

Share customer values with specialized support systems to increase customers' assets and the operation of the nationwide claim-adjustment network.

Asset Management

Domestic/Overseas Investments and Loans

Establish a dedicated asset management team with mid- to long-term perspectives

Claim Adjustment

Damage Investigation › **Damage Adjustment** › **Damage Claim** (long-term, car, general)

Overview of DB Financial Group

Enhancement of Risk Management

The number and size of financial groups are increasing, in line with the growing trend of global financial institutions' expansion and crossover into the same or other business areas. In July 2018, the "Governance Code for the Supervision of Financial Groups" went into effect to prevent the mutual inadequacy risk of financial and non-financial companies within a group (e.g., deterioration of a financial group's capital soundness) in case of transfer of inadequacy from an affiliated company to financial companies.

To this end, as the representative company of DB Financial Group, DB Insurance established a new Group Risk Management Department in August 2018. We also created the "Group Risk Management Standards" to effectively manage risks at a group level and operate the Group Risk Management Council, thereby laying a strong foundation for risk management. In 2019, we established the Group Risk Management Strategy and set early warning indicators. As a result, we have achieved over 200% of capital adequacy, which is more than twice the minimum requirement of 100%, as of December 2019. Moreover, a mock evaluation in 2019 by the Financial Supervisory Service on systemic risk revealed that systemic risk level of DB Insurance was low due to insulated equity relations among financial and non-financial companies, and low dependence on internal transactions.

In June 2020, the "Act on the Supervision of Financial Groups" was announced, in which we are devising appropriate response measures to meet the enforcement. To this end, DB Insurance plans to strengthen the financial group's internal control and risk management through the strengthening of our internal control system and official announcement.

DB Insurance

DB Financial Investment

DB Life　DB Savings Bank

DB Asset Management

DB Capital

Establishment of Group Risk Management Strategy

In 2019, we established and implemented a group risk management strategy. We set risk appetite levels that consider an integrated emergency scenario at the DB Financial Group-level, the risk capital limit for the financial group and affiliated financial company, and early warning index for each a financial company.

Operation of the Group Risk Management Committee

In addition to complying with the risk appetite and limits outlined in the Group Risk Management Strategy, we report to the Risk Management Committee every quarter. The report includes the status and governance structure of DB Group affiliates, securities transactions among affiliates, and internal transactions and risk concentration status. Also, the Risk Management Committee developed a monitoring index by business area (insurance, financial investment, and loan) to conduct monthly monitoring as a measure to preemptively respond to the market and policy environment, thus implementing a group-level emergency response system.

Operation of the Group Risk Management Council

The Group Risk Management Council is comprised of CROs of major DB financial companies (DB Non-life Insurance, DB Life Insurance, DB Financial Investment, DB Asset Management, DB Savings Bank, and DB Capital). The Council performs precautionary reviews of the major risk items on the agenda and material management issues within the financial group subject to deliberation and resolution of the Risk Management Committee.

DB Financial Group Performance

DB Financial Investment

By establishing a customer base that meets digital orders while achieving an economy of scale, DB Financial Investment will become a company that continues to grow with customers.

2019 Business Performance

The decline in equity trading value and intensified competition resulted in a drop in the sector's profitability. However, the IB business area achieved reliable results in IPO, corporate financing, and structured PF. The trading and wholesale sectors achieved sound performance thanks to the diversification of the profit model, which enabled the business expansion to a retirement annuity, foreign bonds, and foreign alternative investments. Moreover, DB Financial Investment established a company-wide internal control system. It maintained guaranteed obligations at remarkably low levels compared to its competitors with systematic risk management, thereby boasting sound financial structure. To this end, the operating profit and net profit of DB Financial Investment have increased by KRW 9.1 billion and KRW 6.1 billion year-on-year.

2019 Sustainability Management Strategy

Goal	Implementation
Secure virtuous cycle structure through venture capital investment	• Invested in a startup-exclusive accelerator (Bluepoint Partners Co., Ltd.), thereby securing support for the venture capital ecosystem and additional business opportunities
Support to establish sound investment culture	• Provide financial information in an approachable way to individual investors through "DOMA", a mobile-exclusive app to induce organic learning of sound investment. • Hold DB GAPS Investment Competition to encourage university students to research portfolio-based investments and provide opportunities to foster and recruit excellent talents
Pursue happiness of employees and society	• Introduce and operate various welfare systems to enhance employee welfare • Regular sexual harassment prevention and workplace bullying prevention training • Conduct various support projects to encourage win-win relationships with local communities

Status of Employees

(Unit : Person)

Category		2018	2019
Total number of employees		816	804
	Male	564	554
	Female	252	250
New recruits/ Retired	New recruits (male/female)	72(40/32)	60(39/21)
	Retired (male/female)	89(50/39)	74(51/23)
Executives/ Employees	Executives	16	15
	Employees	800	789
Employment type	Permanent	720	717
	Temporary	96	87
Age	Up to 20 (male/female)	2(1/1)	6(1/5)
	20 to 30 (male/female)	86(27/59)	87(30/57)
	30 to 40 (male/female)	327(190/137)	292(171/121)
	40 to 50 (male/female)	301(248/53)	305(241/64)
	Older than 50 (male/female)	100(98/2)	114(111/3)

Customer Investment in New Technology/Ventures

(As of 2019, Unit : KRW million)

Category	Fund	No. of Accounts	Evaluated Amount
ESG	Ark Impact Venture Private Investment Trust Type 1~3	11	7,767
	Mirae Asset Global EST Socially Responsible Investment Index (H) CI	1	2,300
	Midas Responsible Investing Securities Investment Trust (Shares)	111	1,072
	SHBNPP materials, parts, equipment Mixed Asset Investment Trust [FOFs investing Professional Private Fund]	149	854
Industry 4.0	DB Global Robotics Index Securities H [Shares]	21	836
	NH-Amundi Victorious Korea Equity Fund [Shares]	56	192
	Mirae Asset Core Tech Securities Investment Trust (Shares) Cpe	15	150
	Kium Global 5G Next-gen Network (UH) [Shares], etc.	9	337
Total		373	13,508

2019 Hidden Champions IR Performance

(As of 2019, 27 times in total)

Content	Target company
Published introduction/ analysis data of unlisted companies (11 times)	A Plus Asset, TIUM Bio, Panasis, Farm8, Ohrakeom display, Dowooinsys, Auros Technology, VUNO Inc, Techpack Solutions, PnP secure, Deeping Source
Domestic institutional investors IR (16 times)	NEUROBO, Smart Biofarm, MicroDigital, AptaBio, OliPass, Jetema (3 times), TIUM Bio, RAPHAS, Astrogen, Syntekabio, MedPACTO, Bridge Biotherapeutics, ChunLab, ABION

DB Life Insurance

Based on advanced financial techniques, DB Insurance has generated a profit for 21 consecutive years since 1999. Based on each channel's balanced development such as FP, sales channel, GA, new channel, and bancassurance, we recorded a higher growth rate of an insurance premium revenue and asset margin ratio than the industry average.

2019 Business Performance

Amid continued slow growth and low-interest rate of the domestic economy, competition between insurance companies is intensifying. Separately, increased use of medical services due to policies that strengthen health insurance coverage negatively impacts insurance companies' profitability. However, based on the balanced products and diversification of channels, DB Life Insurance has increased its total assets by KRW 780 billion, protection insurance premium revenue by KRW 165.7 billion, and insurance premium revenue other than retirement annuity insurance increased by KRW 73.3 billion. Furthermore, we will continue to be a company beloved by customers through improvements in our product portfolio and the diversification of products and sales channels.

2019 Sustainability Management Strategy

Goal	Implementation
Pursue continuous growth through the diversification of products/sales channel	• Demonstrated product excellence with the exclusive rights of "Nonparticipating Special Coverage on Re-Diagnosis of Three Major Diseases" in 2019 • Received Excellence Rating for seven times from the Insurance Policy Understanding Level Evaluation hosted by the Financial Services Commission and organized by the Korea Insurance Development Institute
Become a life insurance company loved by customers	• Selected as the "Excellent Call Center" by the Korean Standard Service Quality Index (KSQI) for 4 consecutive years • Received the "Comprehensive Grand Prize in Customer Satisfaction Management" from the Management Grand Awards organized by KMA Consultants Inc. for 3 consecutive years
Turning Partners "Happy End" to "Happy And"	• Promoted for co-prosperity with the local community such as DB Life Angels Volunteer Group and Angel Love Marathon, based on the spirit of smile, thankfulness, and love

DB Savings Bank

DB Savings Bank leads the industry by continuing its growth based on sound financial stability and asset integrity. By minimizing risk factors and identifying new growth engines, DB Savings Bank creates a sustainable management environment in the economic environment with growing uncertainties.

2019 Business Performance

In 2019, DB Savings Bank received an "A-(Stable)" rating from the corporate credit rating system of the NICE Information Service based on its stable asset portfolio that is comprised of mortgage loans and guaranteed loans, and satisfactory earnings and adequacy. In the future, DB Savings Bank will continue to pursue sound management and stability by expanding products and services that are trusted and engaged by its customers.

DB Asset Management

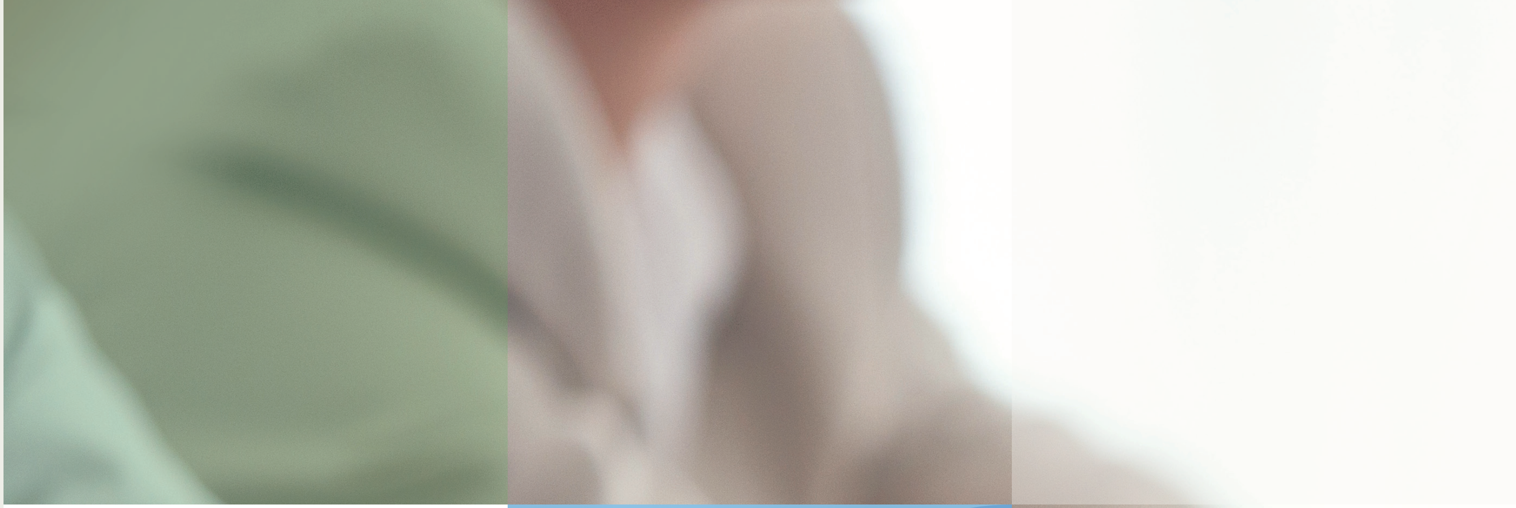
DB Asset Management aims to become Korea's best long-term investment leader through asset management devoted to the fundamentals and efficient management with a focus on teamwork. To this end, DB Asset Management complies with internal control standards under stringent risk management and pursues a consistent and stable increase of customers' asset value through the transparent operation.

DB Capital

DB Capital pursues stable assets and sustainable profit and loss growth by securing the foundation for corporate finance-oriented development and its systematic risk management and stabilizing the financing structure. Based on this, DB Capital strives to grow into an outstanding company that safeguards the interests of its customers and shareholders while contributing to the nation and society.

(Unit : KRW million)

	DB Financial Investment		DB Life Insurance		DB Capital		DB Savings Bank		DB Asset Management	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Total assets	7,043,192	8,422,447	10,961,200	11,741,051	240,003	275,313	1,364,608	1,260,526	54,340	59,543
Liabilities	6,282,325	7,610,867	10,369,668	11,114,146	153,912	184,267	1,196,376	1,080,046	3,874	5,300
Equity	760,866	811,580	591,532	626,905	86,091	91,046	168,232	180,480	50,466	54,242
Operating revenue	848,711	991,958	2,198,892	2,278,405	15,007	17,327	75,424	71,506	25,525	24,058
Net profit	63,124	58,392	26,371	17,035	3,571	4,953	12,574	11,892	4,577	5,143



MATERIAL TOPIC

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Promise for Mutual Happiness

Sustainable Management KPI

(Target year : 2022)

ENVIRONMENT

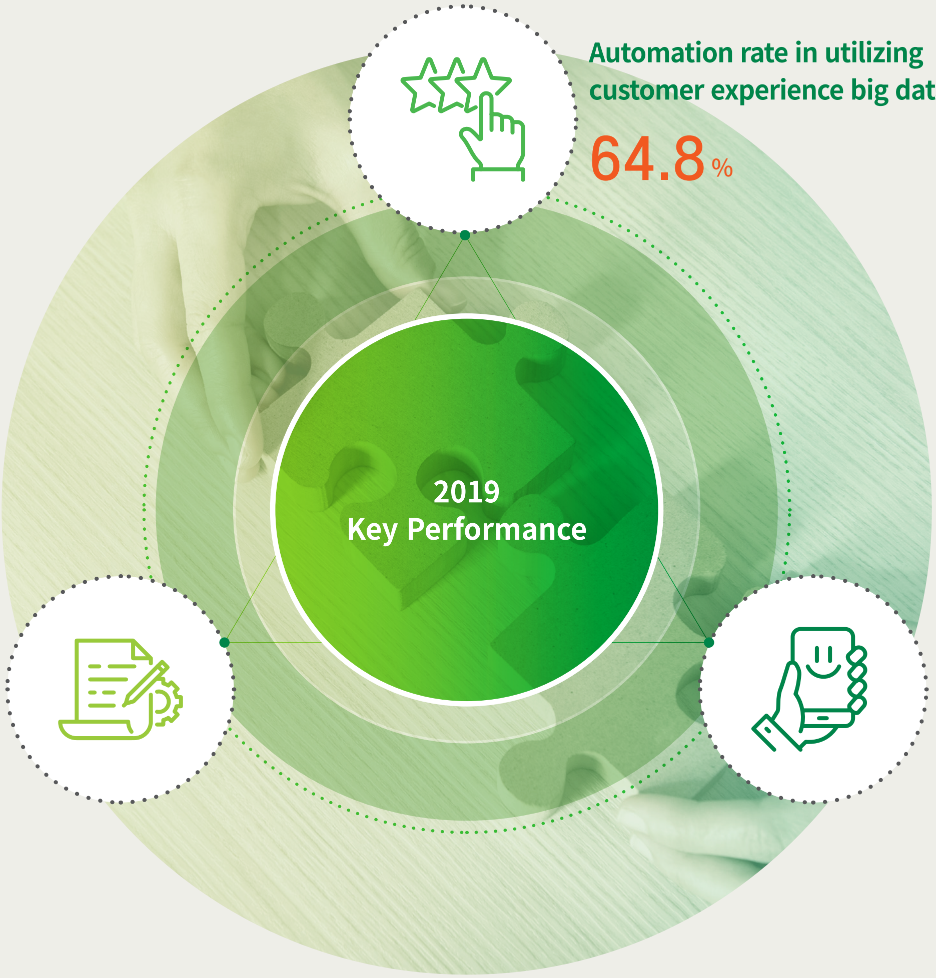
① Develop Eco-friendly Products
② Reduce GHG Emissions
③ Enlarge Investment in Eco-friendly New Renewable Energy

SOCIETY

① Ethical Management (Compliance Index)
② Develop Pro-social Products
③ Amount of Social Contribution Costs (Compared to the net income of current term)

TOPIC 01

Promise for the Future



2019 Key Performance

Automation rate in utilizing customer experience big data

64.8%

Automation rate in assessment for long-term insurance claims

21.1%

Waiting time for accident registration by introducing mobile video call system

Reduced by

20.7 minutes

Materiality

Digital technologies such as the expansion of ICT companies' entry into the financial market and the spread of convergence between finance and other businesses transform the value chain in the insurance industry. In particular, digital technologies are emerging as the new future growth engines of the insurance industry with the benefits they bring, such as enhanced work efficiency through AI-based work automation, service innovation, and provision of customized services with big data.

Management Approach

DB Insurance is implementing a company-wide digital transformation to become the leader of data-based financial innovation. We enhance the efficiency of work that uses AI technologies, provide customized services based on the analysis of various customer data, and increase the efficiency of internal processes, thus strengthening customer satisfaction. DB Insurance continues to seek new business opportunities by combining AI technologies in product and customer service areas.

Innovation Management System

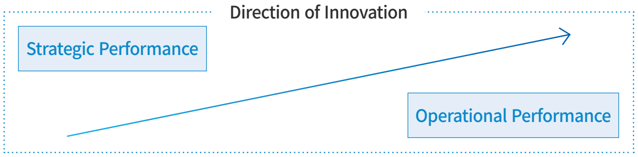
Establishment of Innovation Strategy and Integrated Performance Management

Through company-wide innovation management, DB Insurance explores future growth engines and improves management efficiency. By operating our Innovation Committee led by the CEO, the Innovation Committee decides the company's innovation plan and tasks based on mid- to long-term management plans and magnifies its ability to innovate and implement them by training innovative personnel and managing tasks through dedicated organizations. In particular, tasks implemented as innovation projects are systematically integrated and managed, and the effectiveness of the improvement plan is enhanced through continuous monitoring and feedback. In 2020, we are implementing speed innovation to enhance the implementation of digital innovation and the application of new Industry 4.0 technologies, such as AI, Big Data, and IoT, that were introduced in 2018.

Innovation Plan for 2020

Control Tower	**Innovation Committee (CEO as Committee Leader)** Selection of tasks, approval of tasks, feedback on performance
Innovation Core Office	**Business Innovation Part (6 MBB[1] members)** Management planning, selection of tasks and support of execution, verify performance (7 FEA[2] members)

	Innovation Method	Scope of Innovation	Goal
Top Down	Company-wide Innovation Tasks	Biz Model Innovation	Secure Competitiveness (Groundbreaking level up)
	Employee Innovation Tasks (Design Thinking) Internal/External Contest-type Innovation Task	Customer-oriented, Innovation of product process	Quality (Reduce Distribution)
Bottom Up	Speed Program	Unit Task Innovation	Efficiency (Improve Task Speed)
	Proposal/ Task Distribution	Improve Company-wide Tasks Remove Hidden Costs	Efficiency (Improve Task Efficiency)


Direction of Innovation

1) MBB (Master Black Belt) : advanced level (in-house innovation certification level)
2) FEA (Financial Effect Analyst) : Financial Effect Analyst

Roadmap for Innovation Management

~ 2009 Scientific innovation	2010 ~ 2017 Strategic innovation	2018 ~ present Digital innovation
• Introduce "6 Sigma" • Remove inefficiencies	• Innovate business structure • Expand new growth engines	• Apply new techniques to tasks • Increase problem-solving speed

Transformation to a High-efficiency Business Structure Befitting the Low-growth Era

To focus on our 2020 mid- to long-term strategy and strengthen its execution, DB Insurance has been implementing mid- to long-term strategic tasks for over 3 years, starting in 2016. In 2017, we expanded the scope of innovation tasks to our subsidiaries to strengthen innovation competency concerning on-site sales and claim adjustments. In 2018 and 2019, we comprehensively assessed existing mid- to long-term strategic tasks, digital innovation tasks and management issues, selecting the final 23 tasks and implementing them in a top-down method. In 2020, we applied an impementation-oriented design-thinking methodology to increase problem-solving speed, and introduced speed programs for inter-organizational issues. Further, we established a problem-solving innovation system to address recurring issues through internal and external contests.

Core Strategic Tasks for 2020

Contest-type Innovation Tasks	• Reduce checking procedures for the hospital at which the injured party is being treated • Reduce identifying the repair shop of the vehicle in the accident • Reduce auto insurance sectional endorsement processing • Improve the contract management support system of GA channel • Reduce long-term insurance deferred lapse policies • Increase medical expense adjustment amounts over the deductible limit
Customers, Products	• Improve the accuracy of machine-learning loss ratio forecast models • Establish product sales models based on financial platforms • Increase the efficiency of contactless services through the expansion of video consulting services
Channels	• Increase long-term income protection coverage sales based on customers with auto insurance/potential customers • Increase income protection productivity through the implementation of virtual PA • Increase standards adoption by raising the awareness of business managers and PAs
U/W·Claim Adjust-ment	• Improve evaluation portfolios through the expansion of automated payments • Increase work efficiency using the repair cost comparison platform • Increase automated accident reports by improving emergency dispatch processes
Asset Manage-ment	• Expand asset classes with additional income using derivative products • Prevent a second negative spread through the optimal distribution of assets • Improve the coverage structure of long-term insurance products in preparation for the introduction of the new K-ICS

Establishment of an "Innovation Culture"

DB Insurance strives to internalize innovation management. To this end, each year, we hold an annual in-house presentation competition to award outstanding projects, with the CEO reviewing company-wide innovation projects. Moreover, all executives conduct innovation projects, leading to the effective implementation of innovation management. Departmental suggestion activities conducted in 2016 were modified and developed into site-improving team activities in 2017, and in 2018, we renamed them "One-Team" activities that continued to have employees participate in team activities to improve workplaces. One-Team activities are voluntary groups where employees carry out work improvement activities, regardless of which department they belong to. From 2018 to 2019, 229 teams participated and in 2020, a total of 113 teams participated in the improvement activities. Through this, we are helping our environment and encouraging more efficient and proactive work from our employees.

Innovation Management Performance

Building the Best Quality Management System in Korea's Financial Industry

In 2015, we were awarded the National Quality Grand Prize, and we became the first Korean insurer to be awarded the National Quality Masters for 2 consecutive years (2016 and 2017), securing our status as a leader in the insurance industry. Also, in the "Superior Quality Control Circle" category of the National Quality Management Convention, hosted by the Korean Agency for Technology and Standards and organized by the Korean Standards Association, we were awarded Gold Prize in 2017, Bronze Prize in 2018, two Gold Prizes and one Silver Prize in 2019 being recognized as the best "superior quality" company in Korea's financial industry.

Upgrade Quality Management System

2019	• 2 Gold Prizes and 1 Silver Prize (Superior Quality Control Circle)
2018	• Bronze Prize (Superior Quality Control Circle)
2017	• Gold Prize (Superior Quality Control Circle) • National Quality Masters
2016	• National Quality Masters
2015	• National Quality Grand Prize
2008	• National Quality Innovation Award
2005	• National Quality Management Award

Management of Innovative Achievements

In 2004, we began measuring the performance of innovation projects, and as of the end of 2019, we have implemented 2,615 projects (45 in 2019). The cumulative financial performance has reached KRW 1,931.2 billion (KRW 102.5 billion in 2019). In terms of innovation capacity, 87.1% (358 employees) of employees at the headquarters office have achieved certification of GB (Green Belt)[3], and the ratio of BB (Black Belt)[4] was 52.8% (189 employees), as of the end of 2019. We contribute to the development of employee competency and the creation of a company-wide innovation culture.

[3] **GB (Green Belt)** : entry level (in-house innovation certification level)
[4] **BB (Black Belt)** : intermediate level (in-house innovation certification level)

Business Case

Enhancement of Insurance Claim and Management System Through the Standardized Settlement Prediction Model

In 2019, through the selection of "Direct Dispatch Team" at an in-house innovation competition where employees participate voluntarily, DB Insurance established an infrastructure that provides on-site dispatch service utilizing video calls for the first time in the industry. As a leading insurTech company, DB Insurance operates its digital infrastructure for field support, providing faster services with reduced employees' work fatigue and increased efficiency.

Background

External Environment	Internal Issues
• Increased customer dissatisfaction when dispatch to the accident site is delayed • As the number of car owners increases, accident reports and request for accident site dispatch increased	• A significant amount of time is taken to check information when accident site dispatch is requested for on-site actions • Unnecessary fees incurred with accident site dispatches for cases with a low likelihood of conflict

Improvement Concept

- Develop functions to connect to video calls and video calls on PCs for the 3 telecommunications providers
- Change the accident response process
  → **Establish the infrastructure to provide video call-based services**

Performance

- Customer waiting time after accident report : Average **20.7** minutes ▼
- Time required for repair company to arrive on-site : Average **115** minutes ▼
- Rate of service satisfaction : **94.7** %
  (Targeted for the customers who used the video call service)
- Financial effect from improved efficiency : KRW **1.74** billion

InsurTech Innovation Strategy

InsurTech Innovation Strategy

For the shift to a “Digital Insurance” based on the convergence of new InsurTech technologies and business, DB Insurance has established 2020 mid-to long-term strategies for InsurTech innovation. In the 4 major fields of AI (Artificial Intelligence), customer experience innovation, big data, and open innovation, we implement InsurTech innovations using blockchain, cloud computing, IoT, CX (Customer Experience) and so forth, to secure customer trust. Additionally, by identifying new products and services and achieving efficiency across our entire operation through new InsurTech technologies such as AI-based business automation and a strategic decision-making support system using big data, we plan to position ourselves as the head of the digital insurance industry.

Pursuing Digital Insurance through the Convergence of New Technology and Biz.

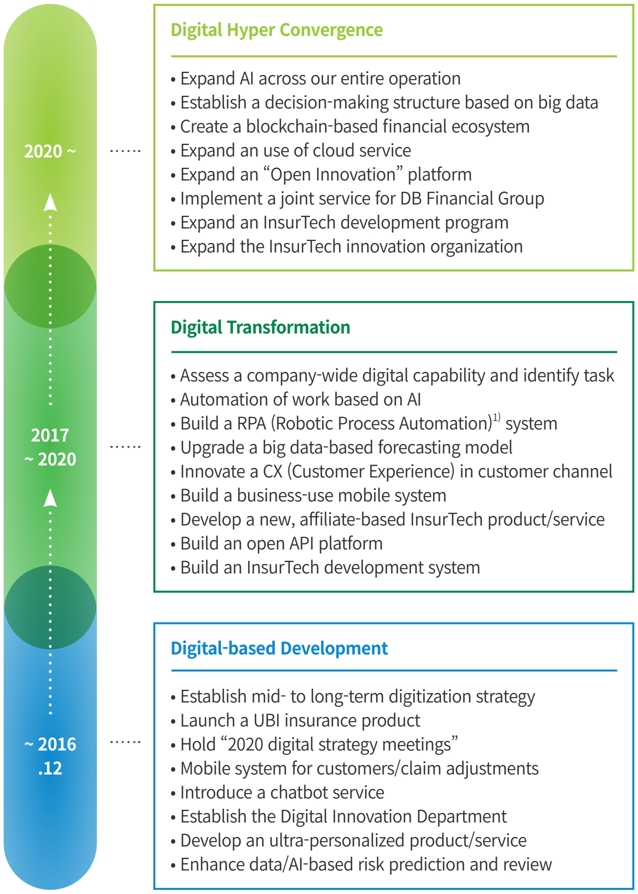
- Secure the trust of customers using the Smart Assistant (mobile, chatbot, and customer experience)
- Build a strategic decision-making support system based on big data
- AI-based business automation
- Create efficient IT assets by utilizing the cloud
- Develop IoT-based, customer-tailored products
- Business innovation using blockchain technology

Company-wide Digital Level Diagnosis and Task Identification

DB Insurance has evaluated its digital capacity for each value chain to preemptively respond to the rapidly changing digital environment and formulate breakthrough improvements using new digital technologies. We analyzed more than 70 domestic and foreign advanced cases and compared the level of technology application of advanced cases by process unit. We have also identified key tasks for each value chain from marketing to product and U/W, claim adjustment, customer service, and support. Initially, we plan to conduct business automation through “Robotellers”. We aim to improve the automation rates for complete sales monitoring, as of the end of 2021 and 2022, to 57% and 73%, respectively, thereby saving KRW 1.45 billion in business expenses per year. We will also establish an AI review system, which will automate the monitoring of 36,000 calls a month up to the end of 2021 and hence save KRW 1.73 billion of business expenses per year.

Mid- to Long-term Roadmap for InsurTech Innovation

To implement our mid- to long-term InsurTech innovation strategy, DB Insurance has established mid-to long-term roadmaps for 2020. In 2019, we selected key tasks and were implementing automation for our AI-based call center operations, as well as upgrades to our big data-based forecasting model, U/W sophistication, mobile/chatbot innovations to customer experience, open innovation for a more interconnected ecosystem, and digital culture dissemination and expert training, etc. From 2020, we will aspire to enhance customer convenience by digitizing all areas of our insurance business. In doing so, we hope to preemptively manage our losses through improving our risk prediction capabilities, developing products tailored for our customers’ needs, setting optimal prices, and enhancing underwriting and payment assessments using data.



Digital Hyper Convergence

- Expand AI across our entire operation
- Establish a decision-making structure based on big data
- Create a blockchain-based financial ecosystem
- Expand an use of cloud service
- Expand an “Open Innovation” platform
- Implement a joint service for DB Financial Group
- Expand an InsurTech development program
- Expand the InsurTech innovation organization

Digital Transformation

- Assess a company-wide digital capability and identify task
- Automation of work based on AI
- Build a RPA (Robotic Process Automation)1) system
- Upgrade a big data-based forecasting model
- Innovate a CX (Customer Experience) in customer channel
- Build a business-use mobile system
- Develop a new, affiliate-based InsurTech product/service
- Build an open API platform
- Build an InsurTech development system

Digital-based Development

- Establish mid- to long-term digitization strategy
- Launch a UBI insurance product
- Hold “2020 digital strategy meetings”
- Mobile system for customers/claim adjustments
- Introduce a chatbot service
- Establish the Digital Innovation Department
- Develop an ultra-personalized product/service
- Enhance data/AI-based risk prediction and review

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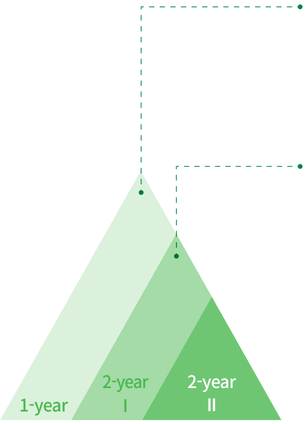
1) **RPA (Robotic Process Automation)** : Company-wide business automation system that handles simple, repetitive, and regular tasks such as data collection through robots (such as computers)

Creation of InsurTech Innovation Governance

DB Insurance has newly established the Digital Innovation Part to promote the new digital technology-based InsurTech business. The Digital Innovation Department, composed of experts in the fields of AI, big data, blockchain, mobile, IoT, and cloud computing, acts as the InsurTech control tower, setting the direction of InsurTech strategy, implementing individual tasks, and exploring businesses with potential for mid- to long-term future growth. Additionally, we operate a governance system for executive decision-making. It involves enhancing the company-wide functions of InsurTech business strategy coordination and consultation through bi-monthly "2020 digital strategy meetings", as well as reporting important matters to the BoD and CEO. We also offer opportunities for general stakeholders (consumers, research institutions, etc.) to attend meetings and present their opinions on different issues. Furthermore, by strengthening our collaborative network with competent, third-party companies specializing in InsurTech, we have secured the competitiveness of InsurTech in this industry. As a consequence, we have evaluated various technologies, such as machine learning and digital platforms, and are identifying collaboration-based business items (e.g., AI disease prediction, and Pay insurance payment service) across all fields - including products, marketing, U/W, and claim adjustments.

Create Company-wide Digital Culture and Train InsurTech Experts

DB Insurance runs its Dream Big Business School to respond to ICT-based market changes. It strengthens employees' capacity for digital innovation and stimulates creative and logical problem-solving abilities, with the aim of fostering expert talents in InsurTech who are well-equipped to respond to to the transition towards digitalization.



Digital Design Course (1-year)

- Understand and apply digital new technologies responding to the 4^{th} Industrial Revolution-induced changes in customer and market

Innovation Design Course (2-year)

Ⅰ - Understand and improve business process for better output
  - Insights for all aspects of marketing

Ⅱ - Establish future business strategy based on creative and logical problem-solving and customer value

Business Automation through RPA

DB Insurance has installed RPA (Robot Process Automation) to respond to the shorter work hours that come with the "52-hour workweek" effectively. Forty-one simple and repetitive jobs have been automated so far, such as collecting external information (from government ministries, etc.), preparing reports, and checking and monitoring that required documents are not missing. Through this automated system, we are expecting to save 46,000 hours of unnecessary work per annum. In the future, we plan to stabilize the system further and expand its scope, thus leading to more efficient management and securing our status as a leading digital insurance company.

Expected Impact through RPA

Save costs	• 46,000 hours or more of unnecessary work saved each year through automation
Reduce lead time	• Speedy handling of work and increase in work volume handled (ex, the time required for preparing a report has decreased from 1 hour or more to less than 3 minutes)
Improve accuracy	• More accurate work results from removing human errors such as calculation mistakes
24 X 365	• After-hours handling by Bot, except for work requiring an immediate response
Improve customer satisfaction	• Meeting customers' time expectations through speedy application to work
Increase employee productivity/ satisfaction	• More time to focus on core work instead of simple tasks
Strengthen responses to regulation	• Employees only perform work as instructed, and according to rules, leading to strengths in security and personal information protection • Processing of digital records for entire work history, enabling monitoring

Business Case

Enhancement of Insurance Claim Management System Through the Standardized Settlement Prediction Model

To secure preemptive and systematic damage management capabilities in line with social changes such as an increased number of registered vehicles. Likewise, a surge in minor accidents and average claims payment for minor accidents, DB Insurance established an AI model-based standard settlement calculation system. Through this, we expect to not only secure objectivity by providing data-based standard insurance settlement forecast, but also expect to reduce the discrepancies in payment agreement determined by employee judgment and improve the work efficiency of employees in charge of claims. DB Insurance will continuously strengthen its personal damage settlement competitiveness by continuing to develop the machine learning-based prediction model for proactive utilization of changing market environment and big data technology.

Improvement of Operational Efficiency Through AI

Through prediction modeling, which utilizes AI (machine learning), DB Insurance has strengthened its operations' efficiency throughout the value chain. By applying AI machine-learning techniques to auto and general insurance contract U/W, we have upgraded our U/W system. In addition, we have developed an AI loss prediction model by continuously analyzing the risks of various elements that affected loss ratio , and have established a standardized system in this respect. Furthermore, we have established a machine learning-based personal damage settlement measuring system to enable logical measurement of personal damage settlements, which were previously measured based on individual employees' subjective judgment. It results from an analysis of the types and patterns of claims using claim adjustment data from the past five years. Consequently, we expect to generate additional earnings of KRW 20.6 billion per year. We are using the same AI system to select customers looking for standardized or unsecured loans, and are using AI to provide them with relevant product information.

Systematic Decision-making Based on Big Data

Utilizing a new analytical technique, DB Insurance has established its mid- to long-term bid data roadmap. It is to strengthen InsurTech's service competitiveness, and through this roadmap, we can now utilize unused and external data such as public and social data. To gradually introduce big data-based decision making across the company, in 2017, we accumulated hands-on experience in big data analysis through the operation of pilot projects and implemented various business improvements in 2018. Further, in 2019, we established a plan to strengthen company-wide big data infrastructure and systematized selection, implementation, and management of projects for building the optimal big data infrastructure. In 2020, we are implementing big data as a company-wide innovation task. In the future, by fostering analytics experts and implementing company-wide analysis tasks, we will promote quick and accurate decision making based on data.

◘ Selection of Customized, Top Suppliers

DB Insurance has selected optimum contractors through pre-analysis of customer and vehicle information to inform its clients of its best contractors with lower repair costs and higher customer satisfaction and improve its case-handling rate. It enables its call center representatives to discuss, with the client, the best suppliers more effectively. By doing that, we improved the case-handling rate for repair-concluded domestic vehicles from 14.1% in 2018 to 17.6% in 2019.

Business Case

Automated Vehicle Components Input Process with Big Data Analysis

DB Insurance identifies technological and market changes and continues to make innovations that reflect cutting-edge trends. As vehicle components are further subdivided, and the number of vehicles with such components increases, more omissions and input errors of vehicle components occur in the accident claim process, which leads to customer dissatisfaction. As a result, incorrect policy information is supplied, creating inefficiency in work processes. To improve such work processes and provide more accurate services, we have established the industry's first automated vehicle components input system.

Background

External Environment	Internal Issues
• Additional automotive parts (e.g., automotive driving safety devices & convenience devices) are subdivided due to the advancement of IT technology	• Considerable time is expended to accurately check vehicle parts and calculate values due to the lack of a system that confirms the accurate information of automotive parts • Increased customer dissatisfaction and claims disputes due to omissions and errors of the components in the database

Improvement Concept

- Create a database of additional Components by vehicle
- Match Components by vehicle model between the basic data and vehicle model codes
- Real-time inquiry of external sources using IT technology for information on additional Components
- Develop a field system for the automation of Components input
  → **Develop a real-time inquiry and input automation system for additional parts by vehicle model**

Performance

- Decreased time consumed to input additional Components information by 60%
  → **Increased accuracy of policy information**
- Strengthened system competitiveness through the industry's only automated input system
- Decreased customer dissatisfaction caused by omitted/wrong input of Components information
- Secured contract adequacy through preemptive control of additional work
- Annual financial performance : KRW **1.35** billion

◘ Introduction of a Customer Behavior Analysis System

For CM channels, where we cannot obtain direct feedback from customers due to the characteristics of online sales, we introduced a customer behavior analysis system. It has allowed us to check customer behaviors and their categories of interest and analyzed the information collected from customer experience events and session replays. We have improved UX/UI through this activity, UX/UI and thus enhanced customer satisfaction, which resulted in an increase in our contract finalization rate from 14.9% to 23%. In the future, we plan to expand applications of this system to our in-house insurance planner system, and we expect to see an increase in employee work efficiency.

Development of an Electrical Fire Prediction Model

We became the first Korean non-life insurer to be selected by the government as the “Big-data Flagship Insurer in 2018”, and are developing a fire insurance product which applies a fire prediction algorithm based on external big data. By utilizing the Ministry of the Interior and Safety’s national building register (6 million buildings listed), the National Fire Agency’s past fire data, and the Korea Electrical Safety Corporation’s measurement data, we have developed an electric fire prediction model with 83.3% accuracy. Furthermore, we are developing an applicable insurance contract discount and surcharge system based on the general and long-term insurance contract and claim adjustment data from the past 5 years. This system was developed after analyzing risk rating and geospatial information based on the electric fire prediction model and classifying risk grade for individual buildings into 5 grades.

Development of Model to Identify Prospective Customers for Policy Loan

A policy loan is a product that takes the paid insurance premiums as collateral and lends money at a lower interest rate than standard loans. We analyzed the characteristics of the customers who received policy loans in the past and developed a model to identify prospective customers for policy loans. Through this, the average response rate in 2019 increased by 1.64 times year-on-year, and we are expanding the application of the concept of the model to credit loans.

Maximizing Customer Value Through Digital Products and Services

Building an Open API[1] Platform

In January 2020, DB Insurance established the Open API platform and Open API Integrated Monitoring System to strengthen the InsurTech business and partnership. We plan to provide products and services to our new affiliated partners via open APIs, diversify sales channels through computer interoperability with affiliates, and build a stable financial data infrastructure We are able to provide quicker services that meet the needs of customers and each partner company by integrating partner applications with external FinTech companies, online portals, and vehicle performance inspectors. We anticipate providing more diverse InsurTech-based products and services in the future.

Business Case

Development of the CM insurance premium calculation method using Kakao Platform, and an emergency dispatch request service

DB Insurance signed a strategic alliance with Kakao Corp. to enhance our image as a leading company, introducing advanced technologies of the 4th Industrial Revolution. Our partnership aims to create a multiplying effect as Kakao has a high level of contact and scalability with the DB Insurance CM business, which has a high mobile utilization. We launched the “DB Direct Talk” service, an interactive conversation service within KakaoTalk using the Kakao Platform. Through this, we provide auto insurance premium calculation service and emergency dispatch service based on location data.

A strategic partnership with Kakao Talk, Korea’s largest online chatting platform, we anticipate reaping the advantage of reduced time for insurance renewal of existing customers and calculating new customers’ insurance premium rates. The partnership also allows DB Insurance to replace part of our emergency dispatch service requests by providing the service within Kakao Talk Plus Friend, thereby improving our work efficiency. Furthermore, we have improved customer satisfaction with the emergency dispatch service by sharing the progress of dispatch after receiving an initial accident report.

DB Insurance will continuously expand the business partnership with Kako into media, contents, and mobility areas to accelerate the company’s work efficiency and provide differentiated customer services compared to our competitors.

Expansion of Digital-based Products

DB Insurance utilizes InsurTech to identify consumers’ needs and continue to develop various products to fulfill them, thus reinforcing our differentiation of customer experiences.

Expansion of Online Exclusive Products

As a measure to strengthen the competitiveness of non-face-to-face channels, we are developing insurance products exclusively for online channels that reflect social changes and customer characteristics.

Direct Goodbye Fine Dust Health Insurance	• First direct channel for insurance subscription in the industry • Coverage for operation and diagnostic expenses for six major diseases caused by fine dust
Promy Life Direct Excellent Cancer Insurance	• Stimulate subscription through non-face-to-face channel services • A product with options to select coverage for cancer by different body parts

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1) **Open API** : A platform that provides infrastructure to open company services to third parties, so that diverse partners can quickly and easily access new services.

Expansion of Data-based Customized Products

In 2020, DB Insurance became the first in the industry to establish "Automatic Disease Screening System," making it possible to determine in real-time on matters related to collateral based on the treatment history provided by the customers when purchasing insurance products. In addition, with this system, it is now possible to provide disease prediction services to customers.

I'm OK Cancer Insurance	• AI Disease Prediction Service • Extend the coverage to symptoms of cancer, from prevention to treatment
Healthy Excellent Health Insurance	• Provide AI disease prediction service using results of health checkups • Apply differentiated discount rate by stage considering the customer's health condition.

2020 Industry-first establishment of the automatic disease screening system

Development of Products Using Open API Technology

DB Insurance has introduced simplified plans for elevator liability insurance using open API technology. Through this, and with product designs informed by elevator information from the National Elevator Information Network, we have increased work efficiency and customer service satisfaction.

Elevator Liability Insurance	• An insurance product designed to guarantee the liability of elevator-management entities for personal and property damages caused by elevator accidents • Achieved 38,000 contracts signed in 2019

Launching an Advanced Safety Device-related Insurance Product in Response to Development in Self-Driving

With the development in advanced safety device technology and expansion in its use, DB Insurance launched an insurance product offering insurance premium discounts for vehicles equipped with such technology. Most notably, for vehicles equipped with Lane Departure Warning Warning (FCW), Lane Keep Assist System (LKAS), Forward Collision Warning (FCW), and Autonomous Emergency Braking (AEB), we offer 2% to 4% insurance premium discounts. Thus, drivers can enjoy benefits such as insurance premium savings and drive cars more safely to prevent accidents.

Applicability

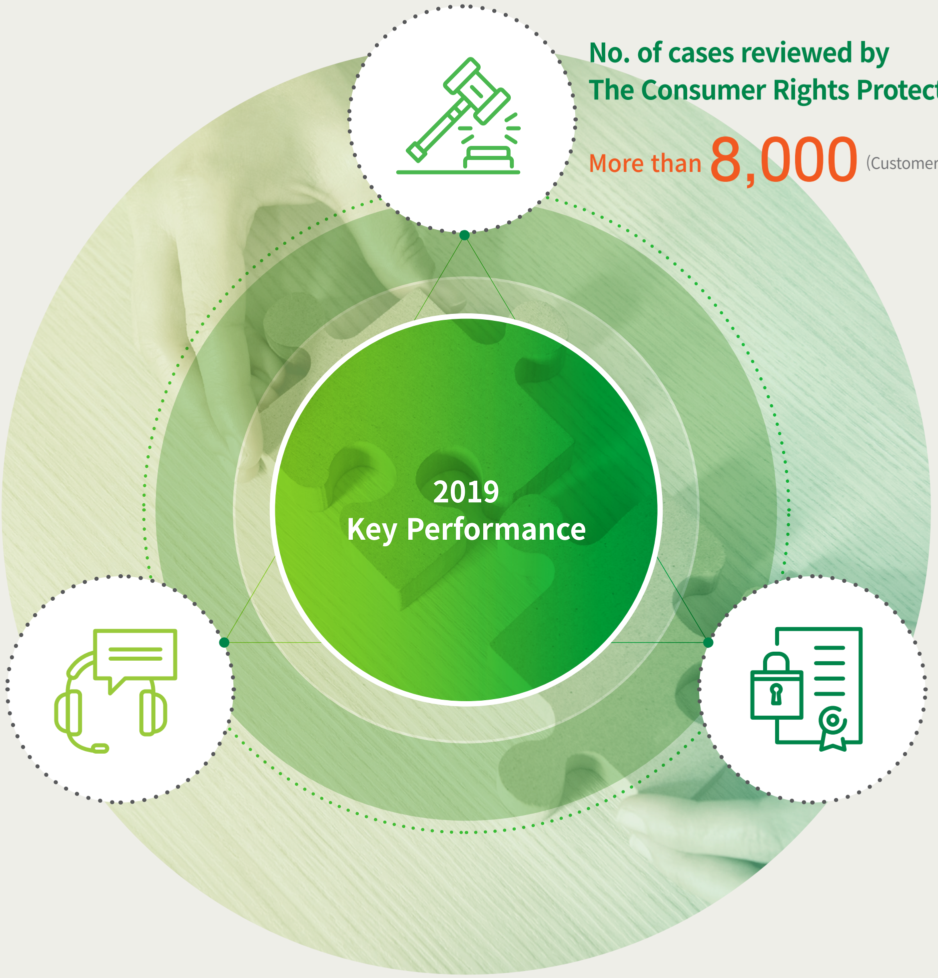
Lane Departure Warning System (LDWS) Device which issues a warning when the vehicle veers off the driving lane irrespective of the driver's intention	**Lane Keep Assist System (LKAS)** Device which automatically controls the vehicle and supports it to stay in the lane
Forward Collision Warning (FCW) Device which senses the distance between the vehicle in the front and the driver's vehicle and informs the driver of the risk	**Autonomous Emergency Braking (AEB)** Device which recognizes pedestrians or objects in the front, and applies brakes so that the vehicle can automatically reduce speed or stop

Introduction of Registered Mail for Mobile

The increase in one-person and dual-income households has caused the rate of return for registered mail to rise. There have been cases of insurance claim adjustment becoming payable without customers being notified of their loss of insurance. To solve this problem, DB Insurance offers a KakaoPay-certified Registered Mail Service for mobiles with the same legal classification as ordinary registered mail. Important matters for which registered mail used to be a "must", such as notice of loss of long-term insurance, a notice of payment demand for installment insurance premiums in auto insurance, a notice of expiration for general compulsory insurance, a notice of payment demand for installment premiums and loss of insurance, etc., can be viewed by customers on their mobile phones. It not only increases customer convenience but strengthens privacy protection. Additionally, we simplified the business process, expect annual operational budget savings of KRW 365 million, and will continue to expand this service's applications. We also introduced the KakaoPay-certified Registered Mail Service, enabling easy authentication for confidential messages received via KakaoTalk through the use of pre-registered passwords and fingerprints. We will continue to expand this to make various services available, such as customer information revision, refund requests, etc.

TOPIC 02

Promise for Customers



2019 Key Performance

No. of cases reviewed by The Consumer Rights Protection Committee

More than 8,000 (Customer acceptance rate of 63.5%)

VOC response rate within 1 hour

93.6%

No. of insurance products with exclusive rights

16 cases

(Cumulative, the most in the industry)

- Risk Ratio Concerning Long-term Nursing Care Costs, etc.

Materiality

The slowing global economic growth, in combination of a persistent low interest rate, aging population, rising millennials, and changes in social awareness of consumer protection are rapidly changing insurance consumption. Also, as competition between insurance companies intensifies, the significance of product development that reflects customer needs and market trends and diversification of sales channels is emphasized.

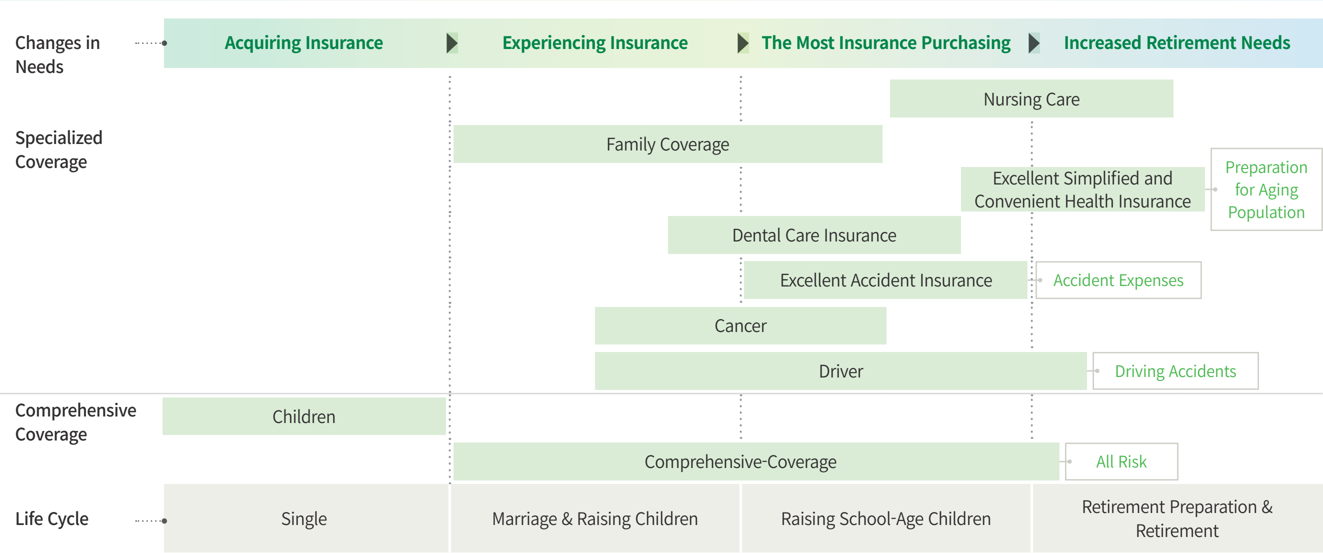
Management Approach

DB Insurance analyzes customer needs from the perspective of customers and based on the result, we meet diverse insurance needs by developing products and expanding insurance services for financially vulnerable groups. In addition, to improve consumer rights and interests, we are enhancing our CS quality competitiveness by promoting company-wide competency-building activities to establish a consumer-orientated corporate culture. To this end, DB Insurance strives to operate customer satisfaction management through continuous enhancement of consumer protection systems.

Developing Products Optimized for Customers’ Needs

Through big data and research-based analyses, DB Insurance develops products and services that are optimized for customers. We have built a customer experience-integrated monitoring system and a customer value assessment model, and we continued monitoring trends in the external environment - such as market trends and demographic changes - to quickly understand diversifying customer needs. We are also expanding our customer-oriented product portfolio by matching products in accordance with customers’ life cycles and how long they have been insured, as well as providing specialized products for each insurance area.

Product Matching According to Customer Life-Cycle



New technology and infrastructure

- Expanding new sales channels through IT technology
- Accumulating and sharing customer data (Big Data), and strengthening analysis thereof
- Intensifying competition among similar financial products due to increased abilities to collect customer data

Competition

- Increased market entry by various types of new competitors
- Intensifying competition within the industry for the same customer base

Customers

- More complex/diverse customer needs
- Greater needs for personalized goods and services
- Greater customer needs for One-Stop Shopping

Regulation and policies

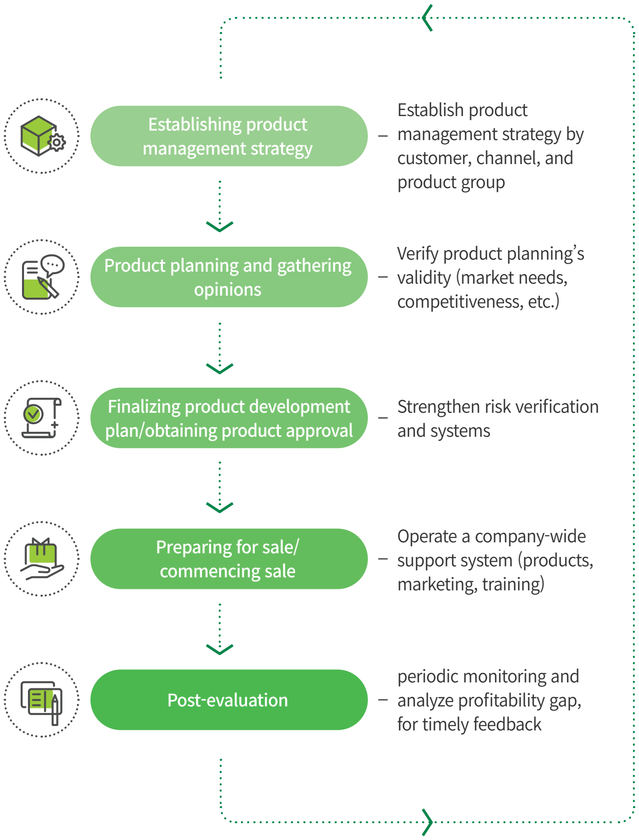
- Weakening boundaries between life insurance and property insurance allowing cross-selling
- Intensified competition in all directions in the financial industry due to relaxed regulations for economic stimulus

Analysis of changes in the external environment, and provision of differentiated customer value based on customer needs

Product and Service Development Process

DB Insurance operates a systematic product and service development process that involves establishing a product management strategy, conducting product planning and gathering opinions, finalizing development plans, and obtaining product approval to flexibly respond to internal/external environmental changes that can affect product composition. In long-term insurance and auto insurance, in particular, the Product Development Committee and Product Strategy Council systematically examines the social and environmental impact of our new products to better develop products and services that bring new value to our stakeholders.

DEVELOPMENT PROCESS



Strengthening Competitiveness through Insurance Products with Exclusive Rights[1]

Insurance product differentiation not only provides special value to customers but is the main factor in strengthening an insurance company's business competitiveness. Through continuous product diversification efforts, DB Insurance acquired exclusive rights for "Health Insurance with Progressively Greater Benefits" and "Excellent Health Insurance for Family" in 2016, "Excellent Comprehensive Insurance" and "Excellent Motorcycle Driver's Insurance" in 2017, and "Excellent Driver's Insurance" in 2018, "Long-term Nursing Care Cost Risk Ratio" and "Diagnosis Expense for Epilepsy and 3 Other Diseases Risk Ratio" in 2019, and "Traffic Accident Aid for Less than 6 Weeks of Recovery Period Risk Ratio" in 2020 (16 cases in total).

Acquired exclusive rights for the development of a product that covers minor injuries (less than 6 weeks to complete recovery) stemming from violations of major laws and regulations

In 2020, we acquired 3 months of exclusive rights from the General Insurance Association of Korea for special coverage relating to "traffic accident settlement (violations of major regulations, less than 6 weeks for complete recovery)" included within our "Excellent Driver's Insurance" product. This special coverage is different from existing products since it pays penal action settlements to the victim, in cases where the driver inflicts minor injuries (less than 6 weeks for complete recovery) caused by traffic accidents arising from significant violations of road regulations. In line with the increasing trend of minor accident occurrence and the expansion/enhancement of settlement targets as a result of the enactment of the Act on the Aggravated Punishment, etc. of Specific Crimes, we are receiving positive responses from our customers for strengthening coverage regarding penal action settlements for minor injuries. The "Excellent Driver's Insurance" is one of our key insurance products. By actively developing new collateral to alleviate drivers' increasing risks, we have acquired exclusive rights for 5 driver-related collaterals over the past 3 years. In the future, we will continue to enhance our competitiveness by developing differentiated insurance products that reflect social trends.

1) **Exclusive Rights** : A system in which, when products with new and creative features are introduced, the Korean Non-Life Insurance Association grants exclusive rights to the insurer for up to one year after an independent review

Development of Product by Life Cycle

DB Insurance develops and provides diverse products that can help its customers prepare for various potential risks that may occur in their course of their lives and live enriching and safer lives.

Single/Forming a family

- Single
- Customers at the stage of forming a family
- Households without children
- Households with pre-school child (children)

Medical Indemnity Insurance

- Covers items that are not covered by the national health insurance
- Subscribe to the out-of-pocket coverage only with general policy conditions

I LOVE Health Insurance

- Cover risks by growth stage
- Coverage for the growth period expires at 30, and available at an economic premium
- Coverage for the 3 major diseases expires at age 100

Excellent Driver's Insurance

- Insurance that includes not only car insurance but also the driver's accident risk and everyday damages

Family growth

- Customers with a growing family
- Customers with adult children

Excellent Dental Love Insurance

- Covers for various dental treatments in 3 stages
- Available to cover after retirement

Excellent Simplified and Convenient Health Insurance

- Insurance coverage for medical expenses of seniors
- Those with history of illness, high-blood-pressure patients, and diabetes patients can also subscribe

Smart Family Coverage Insurance

- Covers for property damage, body damage, and drivers' damage that may occur in the course of family life
- Covers for liabilities incurred in leased housing

Excellent Happy Plus Comprehensive Insurance

- Preparation for dementia that requires consistent treatment and nursing care
- Preparation for spinal diseases, 2 major organs (brain and heart) diseases, and chronic diseases

Retirement/Later years

- Customers 60 years or older
- Customers who need to manage retirement and later years

2Q Super Simple Health Insurance

- Simplified underwriting (insurance policy purchase) with 2 questions
- Those with history of illness can also easily subscribe

Simplified Family Love Care & Dementia Insurance

- Covers dementia by stage under the CDR (Clinical Dementia Rating)
- Covers for diagnostic expenses if diagnosed for long-term nursing care

Consumer–centered Management (CCM)

Strategic Direction

DB Insurance pursues a happy society together with our customers. To this end, we have established a consumer-centered management strategy and operate various consumer opinion-collecting channels to design and provide products and services from our customers' perspectives. Further, we have implemented a strict consumer protection system, thus prioritizing consumers' rights in all stages of product sales, claim adjustments, etc.

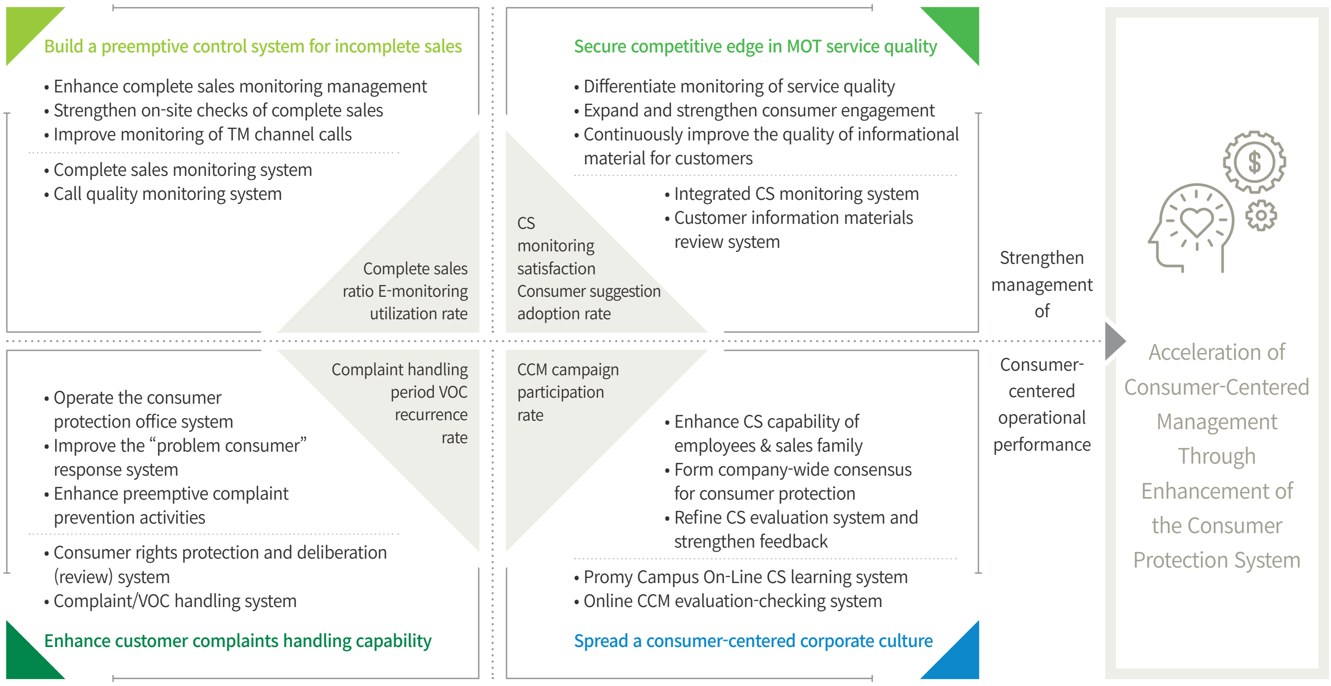
Consumer Rights Protection Committee

To make more objective and reasonable decisions concerning customer complaints arising from suboptimal handling of tasks such as sales, claims, and management of contracts, we operate an internal Consumer Rights Protection Committee on a weekly basis. In 2019, we reviewed 8,071 consumer disputes and complaints, and the rate of customers accepting recommendations rose to 63.5%. In addition, for frequent disputes arising from violations of notification obligations, we conduct detailed reviews together with medical professionals, thus striving for consumer-centered, objective dispute resolution.

Consumer Protection and Service Management System

To ensure independence in our work and enable swift decision-making, DB Insurance has placed the CCO (Chief Consumer Officer) and CCO-overseen departments the CEO's direct supervision, thereby implementing a management system centered on protecting financial consumers. The CCO and CCO-overseen departments have the authority to participate in the early stages of the product, service, and marketing planning, to review the potential for customer satisfaction impairment. Moreover, when any abnormalities are detected, to request suspension of new product launches and marketing, and other improvements, etc. Furthermore, we operate the Consumer Policy Committee composed of the CCO and executives and provide related departments with monthly feedback on consumer-related indicators such as customer complaints, VOC, and the complete sales ratio. As a result, the committee helps our service quality and reviews significant consumer-related policies and improvements to the system.

Consumer-Centered Management (CCM) Strategy



Build a preemptive control system for incomplete sales

- Enhance complete sales monitoring management
- Strengthen on-site checks of complete sales
- Improve monitoring of TM channel calls

- Complete sales monitoring system
- Call quality monitoring system

Complete sales ratio E-monitoring utilization rate

Secure competitive edge in MOT service quality

- Differentiate monitoring of service quality
- Expand and strengthen consumer engagement
- Continuously improve the quality of informational material for customers

- Integrated CS monitoring system
- Customer information materials review system

CS monitoring satisfaction
Consumer suggestion adoption rate

- Operate the consumer protection office system
- Improve the "problem consumer" response system
- Enhance preemptive complaint prevention activities

- Consumer rights protection and deliberation (review) system
- Complaint/VOC handling system

Complaint handling period VOC recurrence rate

Enhance customer complaints handling capability

CCM campaign participation rate

- Enhance CS capability of employees & sales family
- Form company-wide consensus for consumer protection
- Refine CS evaluation system and strengthen feedback

- Promy Campus On-Line CS learning system
- Online CCM evaluation-checking system

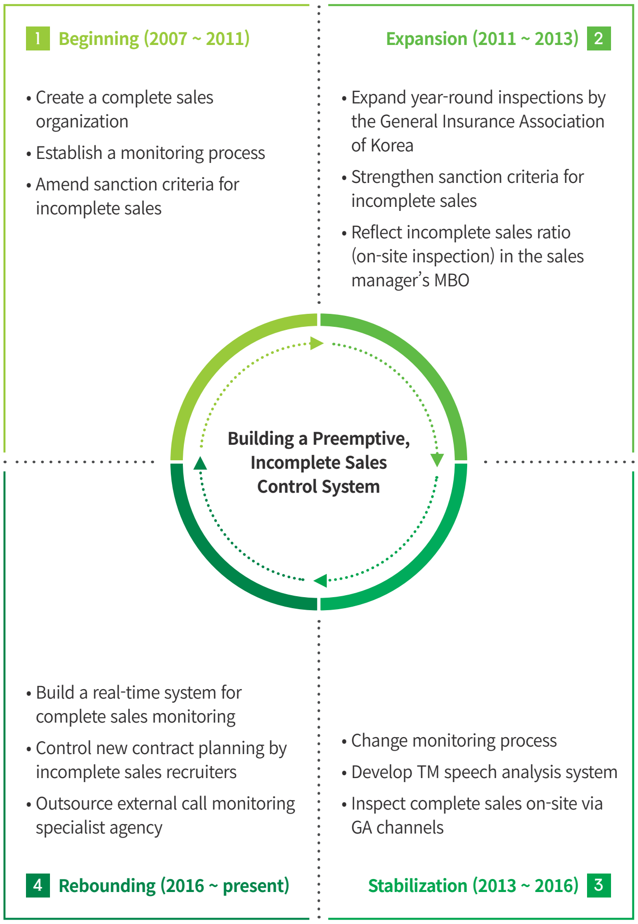
Spread a consumer-centered corporate culture

Strengthen management of Consumer-centered operational performance

Acceleration of Consumer-Centered Management Through Enhancement of the Consumer Protection System

Building a Preemptive, Incomplete Sales Control System

Roadmap for Complete Sales



1 Beginning (2007 ~ 2011)

- Create a complete sales organization
- Establish a monitoring process
- Amend sanction criteria for incomplete sales

Expansion (2011 ~ 2013) 2

- Expand year-round inspections by the General Insurance Association of Korea
- Strengthen sanction criteria for incomplete sales
- Reflect incomplete sales ratio (on-site inspection) in the sales manager's MBO

Stabilization (2013 ~ 2016) 3

- Change monitoring process
- Develop TM speech analysis system
- Inspect complete sales on-site via GA channels

4 Rebounding (2016 ~ present)

- Build a real-time system for complete sales monitoring
- Control new contract planning by incomplete sales recruiters
- Outsource external call monitoring specialist agency

Elaborate Complete Sales Monitoring Management

To reduce incomplete sales, the complete sales monitoring process has been improved so that we can confirm whether or not customers have received sufficient explanations and services from sales representatives before an insurance contract is signed. In addition, we built a customer-friendly monitoring system through which customers can check the contents of the contract on their smartphones prior to signing. Furthermore, we are outsourcing call monitoring to an external specialist agency to improve objectivity and enhance the quality of customer service.

Strengthened On-site Checking of Complete Sales

We are managing incomplete sales elements in the field through the development of early indicators of complete sales, the periodic disclosure of these indicators, and the performance of on-site checks of sales organizations with poor results. We also established a system that simplifies existing offline inspections to online inspections, thus, enabling prompt responses to changes in the area. By laying the foundation for sales organizations themselves to improve the quality of complete sales through real-time, on-site checks, we are minimizing incomplete sales at customer contact points.

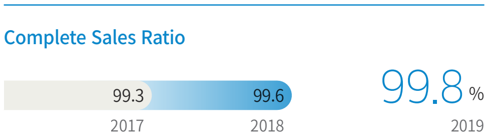
Improve Monitoring of TM Channel Calls

Through our "call monitoring system", we support GA (corporate agencies) sales channels for stability in TM-initiated contracts. Moreover, to prevent insufficient product explanations and related omissions, we have developed an electronic script to help our consumers gain a clear understanding of our insurance products and services, and have improved the quality of our contracts. In doing so, we have improved negative perceptions surrounding TM-initiated contracts and have removed elements that infringed on consumer rights, thereby contributing to the creation of a sound sales environment.

Business Case

| The First in the Non-Life Insurance Industry to Acquire CCM (Consumer-Centered Management) Certification for 7 Consecutive Years

In December 2019, DB Insurance became the first non-life insurance company to acquire CCM Certification for 7 consecutive years from the Korea Fair Trade Commission. CCM Certification refers to a certification system at which the Korea Consumer Agency reviews and the Korea Fair Trade Commission verifies whether all activities carried out by a company are arranged in a consumer-oriented way from the perspective of consumers and the company continues to improve its business activities. The certification expires in 2 years and assesses a company by detailed areas under 4 major categories (e.g., leadership, CCM structure, CCM management, and performance management).



Secure Competitive Edge in MOT Service Quality

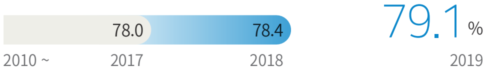
Strengthening CS Monitoring Management

To implement CCM, we have changed our employee call monitoring to a mystery method. We also connect customer complaints at each contact point to the VOC process for prompt handling and enter monitored complaints by category to organize them statistically and consistently. For departments that lag in terms of monitoring scores, we provide feedback at the CS Quality Improvement Meetings to facilitate improvements. Moreover, in connection with external survey agencies, we conduct customer satisfaction surveys, analyze the results to establish improvement plans for each contact point department, and provide feedback through our customer satisfaction taskforce.

Expanding and Strengthening Consumer Engagement Activities

DB Insurance aspires to strengthen communication with our customers. Hence, we conduct consumer evaluator group activities to explore company-wide customer contact issues and improve our service quality from customers' perspectives. Starting with the first launch in April 2010, 259 panels have been active over 9 years. 736 (79.1%) out of 930 cases that proposed differentiated products and services and objective measurement of service quality from the customers' perspective contributed to service improvement. In particular, external consumer protection experts participate in the Consumer Evaluation Committee activities and the Consumer Policy Committee by operating the "Consumer Policy Advisory System" for the first time in the industry. Through this, we secure expertise and objectivity in improving consumer policy and customer service quality.

Adoption Rate for Consumer Evaluator (Review) Group's Improvement Suggestions (Cumulative)



Continuously Improving the Quality of Customer Information Materials

DB Insurance systematically manage the histories of company-wide information materials through an "information materials review system". In 2019, we carried out the "Customer Information Materials I Found" campaign for our employees to implement customer information material renewal.

Enhance Customer Demand Handling Capability

Operate the Head of Consumer Protection Office System

To resolve various consumer VOCs, we introduced the Head of Consumer Protection Office System. The Head of Consumer Protection Office provides quick and accurate task support when a VOC occurs to resolve customer complaints at an early stage, and serves active problem-solving support roles, which approaches the issue from the consumers' perspective. As a result, the number of recurring VOCs due to unresolved cases saw a reduction compared to levels before introducing the system.

Improving the Response System for Problem Consumers

With the recent enhancement of social responsibility for financial consumer protection, we are implementing various activities and policies to improve financial consumer protection and customer service. While protecting consumers, we have also produced a "problem consumer response manual" to protect contact-point customer service employees against potential problem consumers. The manual consists of topics including "preventing problem consumers", "types of, and responses to, problem consumers", "cases of responses to problem consumers", and "crimes by problem consumers and cases of punishment", etc., to help our customer service employees efficiently handle problem consumers based on real-life cases.

Strengthening Preemptive Activities to Prevent Customer Complaints

To prevent the most frequent types of customer complaints, we operate a "customer complaint early warning system". Depending on the number of monthly complaints, we apply a 2-step ("caution, warning") classification and notify the field by identifying, in advance, signs of repetitive complaints and comprehensively monitoring not only the number but the types and severity of customer complaints.

Consumer Evaluator (Review) Group

Establishing a Consumer–centered Corporate Culture

Enhance the CS Capability of Employees & Sales Personnel

To establish a CCM culture through CS quality competitiveness, we conduct company-wide CS capability-enhancement activities. All employees continuously conduct basic CS activities monthly, such as “departmental CCM learning session” and “CS Story” activities. We also also operate various CS training programs such as Promy Campus On-Line CS learning for all employees, CS level-up curriculum for department CS coaches, CS education for new employees and counter staff sales family, and other diverse CS education programs. Also, to achieve consumer protection by protecting financial consumer rights, we hold “consumer protection conferences” for consumer protection personnel, where we promote understanding of the consumer protection policies of the company and financial authorities. Hence, we are striving to internalize CCM by sharing cases of good and bad CS through in-house broadcasting programs and by conducting CCM-themed campaigns concerning compliments and communication among employees.

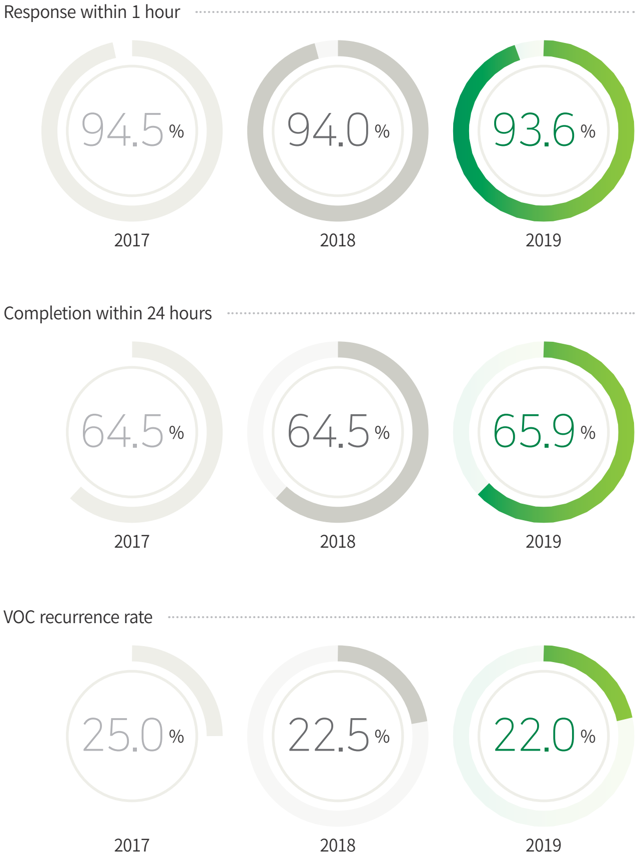
Forming Company-wide Consensus for Consumer Protection

To raise employee interest in VOC and prevent customer complaints, all employees listen to important customer complaint VOC recordings each month through the company portal system. We also run the “Consensus! VOC” program where problems in the VOC handling process, implications, and solutions are shared. Also, concerning “incomplete sales” personnel and employees that cause multiple complaints, we continuously engage in activities to form a consensus on consumer protection through “VOC Training Center” programs, such as the VOC prevention capability course, VOC consulting course, complete sales execution course, consumer experience course, etc. As a result of these efforts, we have become the first non-life insurer to receive the Fair Trade Commission’s CCM certification 7 times in a row.

Refining the CS Evaluation System and Strengthening Feedback

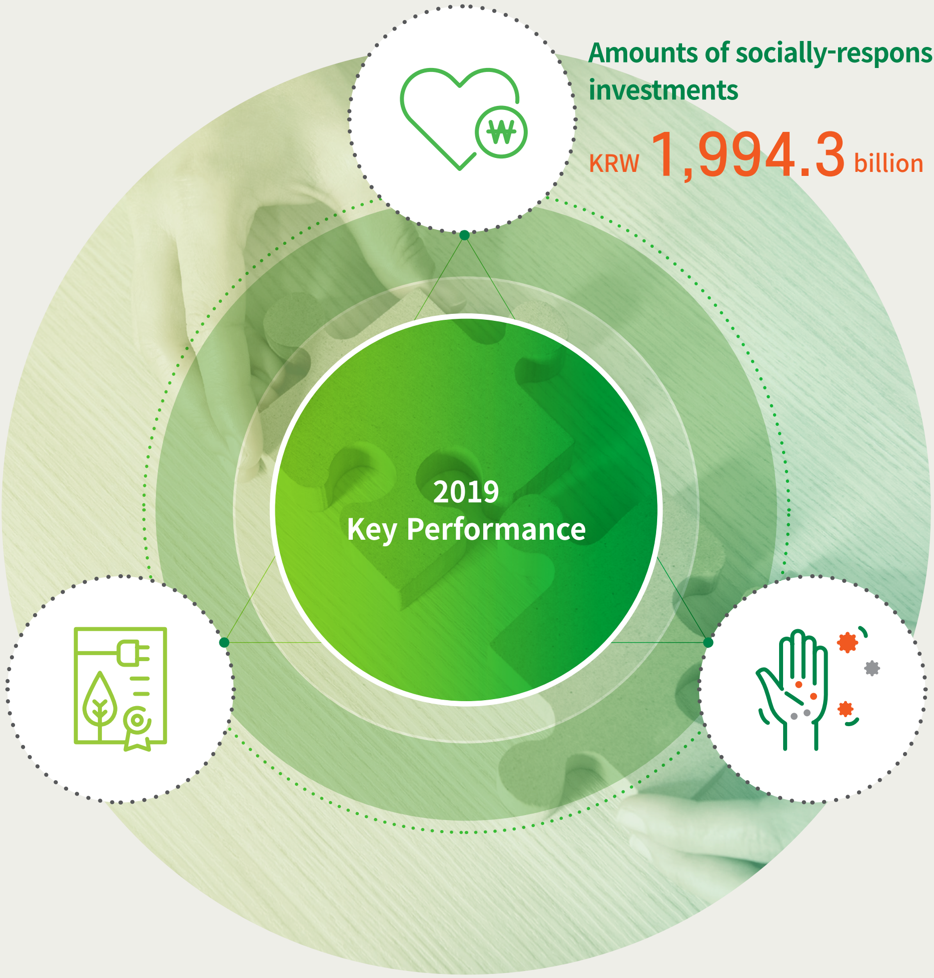
To establish a customer-centered corporate culture, we actively motivate our employees by strengthening the CCM and MBO, as well through monthly/quarterly CCM quality awards and employees prizes at the semi-annual management strategy meetings. In addition, we raise our employees’ interest by sharing system-based CS evaluation results and strengthening our feedback through CS consulting and other activities targeting poor-CS departments.

Status of VOC Management



TOPIC 03

Promise for Mutual Happiness



Amounts of socially-responsible investments

KRW **1,994.3** billion

Environmental Liability Insurance

14,118 cases

(KRW 74.8 billion in total)

For climate change caused by fine dust

Declared the Coal Phase-out Investment

(First in the industry)

Materiality

There is a growing voice around the globe that calls for companies to use their business characteristics to create social value on a range of issues, such as social and environmental, for the company's sustainable growth. Also, as members of society, companies fulfill their corporate social responsibility by actively participating in resolving economic and environmental issues. Therefore, a growing need to build a health insurance ecosystem is based on social and environmental responsibility.

Management Approach

DB Insurance has been performing diverse activities that create social values through which we actively communicate with society and consider various stakeholders. DB Insurance fulfilled its environmental responsibilities by declaring phase-out of coal-related investments to alleviate climate change issues (i.e., fine dust) and signing the Sustainable 'Green Growth MOU' with the UN Environment Program (UNEP). Furthermore, we are also striving to be the leader in resolving corporate social and environmental issues through various social contribution activities such as the Yellow Carpet project.

Pro–social, Eco–friendly Products and Services

Expanding Insurance Products to the Insurance-disadvantaged

We have developed various insurance products that benefit under-insured groups, such as those with a history of illness and the elderly, and have further expanded multiple insurances, products, such by introducing a pro-social underwriting process that considers social and environmental issues. In particular, we launched “Nice and Easy Care & Dementia Insurance” wherein notice items for insurance contracts are minimized so that those with illness history and the elderly can subscribe to the insurance. We enabled the under-insured group, who had difficulties using insurance due to chronic diseases, to easily obtain insurance coverage.

		Target	Product name
Simplified Notification	Health insurance that can be purchased by the elderly and anamnesis group through simplification of questionnaires	the elderly, those with history of illness	Excellent Simplified and Convenient Health Insurance
Accidents	Injury insurance that covers daily life risks such as injury/ monetary damage/liability	the elderly	Excellent Accident Insurance
Nursing Care	Nursing care insurance to cover nursing care funding in the event of conditions requiring nursing	the elderly, those with history of illness	Convenient, Family Love Care Insurance
Medical Indemnity	• Medical indemnity insurance for the elderly • Medical indemnity insurance with the simplified duty of notification	the elderly, those with history of illness	• Out-of-pocket Medical Insurance for Seniors • Convenient Out-of-pocket Medical Insurance

Provision of Electric Vehicle Exclusive Auto Insurance

In line with the government policy of increasing the supply of eco-friendly vehicles, we offer “Electric Vehicle Exclusive Auto Insurance”. This consists of discounted insurance premiums and coverage tailored to electric vehicles. Given the nationwide shortage of electric vehicle charging stations, we offer an emergency towing service for up to 60km, as well covering the risks of electric shock injuries that may occur during charging and the economic burden of battery replacement. In the future, we will continue to lead the eco-friendly electric vehicle market with a focus on drivers’ needs.

Bicycle Insurance	Bicycle Insurance ensures to protect bicycle riders against unexpected accidents. It was developed to encourage bicycles’ use by securing riders’ safety and strengthening environmental protection by boosting the number of bicycles on the roads.
Auto Insurance	DB Insurance reduces greenhouse gas emissions through: reimbursement of partial repair costs, or discount special offers on insurance fees for those that use recycled parts for vehicle repair; participation in the Car-less Day campaign; abiding by agreed mileage limits; and sending auto insurance documentation by e-mail.

Sales of SmarT-UBI Auto Insurance

In 2016, we launched “SmarT-UBI (Usage-Based Insurance)”, the first insurance product in Korea linked to driving habits to encourage customers to drive more safely. Through this product, information on driving speed, quick starts and quick stops, etc., is collected through a navigation app in the subscriber’s smartphone, and insurance premiums will be discounted by a minimum of 5% or up to 11% for safe driving. It is a differentiated InsurTech product which links auto insurance with ICT (Information and Communications Technology). Through this, the driver can prevent traffic accidents by safe driving, and at the same time, can enjoy the economic benefit of insurance premium saving. As of December 2019, we have sold 651,000 of this product.

Business Case

Launch of “Convenient, Family Love Care Insurance” for those with illness history and the elderly

There are approximately 7.4 million people older than 65 in Korea, including 900,000 beneficiaries of elderly long-term nursing care insurance and 800,000 dementia patients. In light of increasing life expectancies, we can expect nursing care’s economic cost to grow even further.

To address this burden, we have developed the unique “Nice and Easy Care & Dementia Insurance” product, which minimizes questionnaire items to the history of dementia, cancer, and beneficiary status of elderly long-term nursing care insurance, allowing the elderly and those with chronic illnesses to subscribe to insurance. This insurance product pays the subscriber if, following subscription, they become a 1~4 grade beneficiary of elderly long-term nursing care insurance due to injury or illness. Moreover, the product classifies the severity of dementia into mild, moderate, or severe to provide more insurance money to customers with more severe symptoms. Therefore, it is expected to help alleviate the social cost of nursing care that will increase as we move towards a “hyper-aged society”.

We have been continuously developing insurance products to protect vulnerable groups that are marginalized in terms of insurance, such as the elderly, those with a history of illness, and motorcyclists. As we advance, we will commit ourselves to continue launching products that fulfill our social responsibility as an insurance company.

Environmental Impairment Liability ("EIL") Insurance

DB Insurance has developed and sells an "EIL Insurance[1]" product, which is mandatory for environmental impairment liability under the "Act on Liability for Environmental Damage and Relief Thereof". Also, to manage environmental risks, we have developed a product covering damages in excess of the mandatory insurance coverage limit. Additionally, to improve awareness of voluntary insurance covering the excess damages and expand participation therein, we conduct professional consulting and education, etc. on an ongoing basis.

Together with UNEP, DB Insurance hosted an event to share global environmental policies and the environmental management practices of leading companies, while introducing Korea's outstanding environmental policies. To this end, we signed an MOU that uses as an excellent case for developing countries through UNEP. Besides, DB Insurance attended the "China (Guangxi) Environmental Protection Management Innovation Forum and International Environmental Liability Insurance Conference", raising our global prestige by presenting the successful introduction and operation of environmental liability insurance.

[1] **EIL (Environmental Impairment Liability) Insurance :** Liability insurance covering physical disability, property damage, pollution removal costs, legal expenses, etc., incurred by third parties due to environmental pollution. It was developed to prevent corporate bankruptcy as a result of damage compensation and to provide speedy compensation to victims of environmental pollution accidents where proving damages is difficult and litigation is exorbitantly expensive. In July 2016, this insurance became mandatory.

Facilities Subject to Mandatory Environmental Liability Insurance

Air	Class 1 & specific air pollutant emission facilities
Water	Class 1 & specific water pollutant discharge facilities
Wastes	Designated waste disposal facilities
Soil	[Facilities designated by Presidential Decree] Oil pipeline, petroleum manufacturing & storage facility with 1,000 kℓ or more storage capacity, and facilities required to file the risk management plan
Hazardous Chemicals	[Facilities designated by Presidential Decree] Facilities required to file the risk management plan
Marine	Same as facilities subject to the statute

Coverage of EIL Insurance

Covered damages

Environmental pollution arising from installation/operation of the facility stated in the insurance policy, which the insurance purchaser has to compensate the victim under the law during the period of insurance

① Legal damages

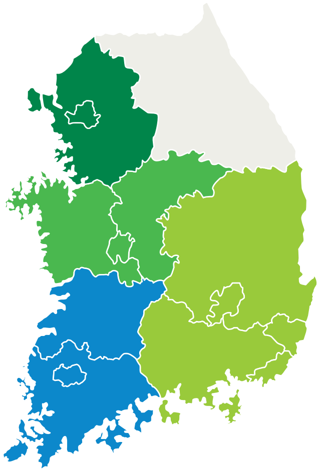
② Cost of damage prevention (excluding cost of pollution clean-up within the business site

③ Cost of litigation, attorneys' fees, and cost of arbitration, settlement, or mediation

④ Deposit guarantee insurance premium

Coverage of EIL Insurance

(Unit : Contracts)



🟩 Capital area	2017	6,333 (46%)
	2018	6,292 (45%)
	2019	6,333 (46%)
🟩 Chung-cheong area	2017	1,406 (10%)
	2018	1,465 (10%)
	2019	1,522 (11%)
🟩 Youngnam area	2017	4,544 (33%)
	2018	4,575 (33%)
	2019	4,660 (34%)
🟦 Honam area	2017	1,315 (10%)
	2018	1,322 (10%)
	2019	1,368 (10%)

※ The ratio in parenthesis refers to the regional weight to the nation

Environmental Liability Insurance Premiums

⬜ 2017	Total 13,829 contracts	100%
	Total 70.5 billion	100%
⬛ 2018	Total 13,889 contracts	100%
	Total 78.3 billion	100%
🟩 2019	Total 14,118 contracts	100%
	Total 74.8 billion	100%

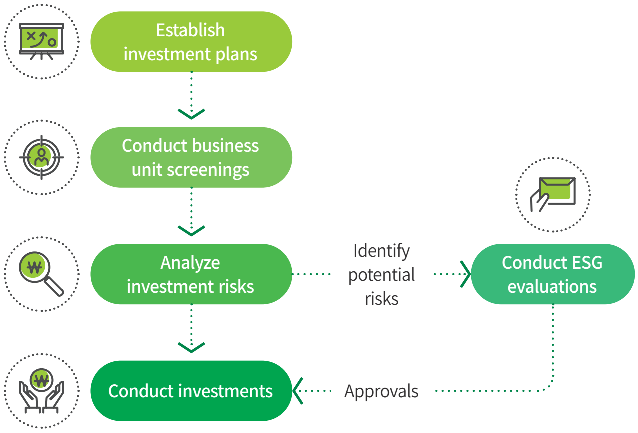
Expansion of Socially-responsible Investment

Principle of Socially-responsible Investment

DB Insurance conducts sustainable investments in consideration of environmental and social impacts as well as short-term profitability. Following our internal review criteria, we invest in moral, transparent corporations and eco-friendly corporations and strive to exclude unethical corporations and corporations that offer gambling, tobacco, and alcoholic beverages (“negative screening”), thus endeavoring to fulfill our social responsibility. Moreover, by becoming the first domestic private financial institution to declare a “phase-out of coal” investments in 2019, we are committing ourselves to create a sustainable investment environment by becoming the first domestic private financial institution to declare the “phase-out of coal” investment in 2019.

Furthermore, we contribute to infrastructure development, such as strengthening investment in renewable energy and SOC businesses which can create eco-friendly value as well as generate stable profitability. In 2018, we reviewed and invested in sustainable power generation, such as solar funds related to renewable energy, loans to wind farms and combined heat and power plants, waste-based power generation, and domestic wood pellet and biomass power plants. As a result, DB Insurance’s socially responsible investments yielded an excellent 3.91% profitability, 0.47%p higher than the investment profitability of 4.38% in 2019.

Process of Socially Responsible Investment



Signed MOU with UN Environmental Program to Promote Sustainable Green Growth

DDB Insurance signed an MOU with the UN Environmental Program (UNEP) to analyze global trends in environmental regulations, as well as exemplary environmental management case studies from leading companies. By doing so, we aim to promote outstanding environmental policies, including the Environmental Impairment Liability Insurance, and to create a social foundation on which these policies can be utilized. In the future, we will continue to collaborate with the UN Environmental Program to address climate change and bring about positive social changes.

Status of Socially-responsible Investment

(Unit : KRW 100 million, %)

Indicator		2017	2018	2019
Renewable energy	Scale of Operation	1,643	2,257	3,522
	Revenue	79	120	168
	Rate of Return	4.8	5.3	4.8
Green (eco-friendly) power generation	Scale of Operation	5,721	5,240	6,350
	Revenue	224	235	278
	Rate of Return	3.9	4.5	4.4
SOC	Scale of Operation	9,795	10,218	10,071
	Revenue	493	464	428
	Rate of Return	5.0	4.5	4.3
Total	Scale of Operation	17,158	19,996	19,943
	Revenue	815	899	874
	Rate of Return	4.8	4.5	4.4

Business Case

Declaration of Financial Investment for Coal Phase-out to Resolve Fine Dust & Climate Change

DB Insurance is the first private financial institution to declare an end to its investments in financing and bonds related to the construction of domestic and overseas coal-fueled power plants.

As the only private financial institution (with KRW 37 trillion in assets under management) in this respect, we participated in the Declaration Ceremony hosted by KoSIF (Korea Sustainability Investing Forum), and sponsored by UNGC and UNEP FI. In the future, we will continue to expand our sustainable investments in renewable energy and eco-friendly power generation to promote a low-carbon economy.

Strengthen Internal & External Activities for Disaster Response

Develop a Disaster Response Insurance Product

Launch the Insurance Product of Special Contract for Earthquake Risk, Covering Blind Spots for Insurance

Damage from earthquakes, as force majeure, were not covered by insurance, but with an increase in customers' coverage needs for damages arising from earthquakes in Gyeongju and Pohang, we launched a new insurance product of special contract for earthquake risk in 2017. In particular, we emphasize the social functions of insurance such as covering not only vehicular damage from earthquakes but also rental car fees during vehicle repair and vehicle acquisition tax to be paid for new cars in cases of total loss (vehicle registration abolishment, etc.), thus further strengthening coverage for blind spots for insurance.

Develop Disaster Liability Insurance Product (Mandatory Insurance for Disaster-prone Facilities)

With the Framework Act on the Management of Disasters and Safety mandating or obligating, 19 types of facilities with a high risk of disasters are covered by insurance, we developed a new disaster liability insurance product. Based on a "no-negligence liability principle", it compensates for the victim's damage even when the insurance purchaser (subscriber) is not negligent and enables speedy, substantial relief for the victim.

Key Features of the Product

Category	Facilities	No.
Reference rate	Museum, gallery, science museum, library, funeral hall, restaurant, apartment housing under 15 floors (including rental apartments, townhouses, and multiplex housing), lodgings	8
Reinsurer negotiated rate	Race tracks, off-track betting site, passenger vehicle terminal, gas station, warehouse, bicycle race track, regatta, display facility, underground shopping center, international conference facility	11

- **Applicability** : 19 types of facilities with a high risk of disasters
- **Covered Risk** : Damage to a third party's life, body, and property due to fire, explosion, or collapse occurring in disaster-prone facilities (Article 76 of the Framework Act on the Management of Disasters and Safety)

Establish Company-wide Disaster Response System

DB Insurance routinely conducts mock simulation against disaster recovery and IT failures. We established a next-generation disaster recovery system to secure business continuity for customer services in case of emergencies. We are also strengthening our internal response capacity by expanding the targeted tasks and branch/IT systems and conducting continuous maintenance.

Category	Content	Frequency
Mock BCP drill	• Review feasibility of initial and emergency responses, work resumption, and disaster recovery plans and identify areas for improvement (IT sector, 2016)	Annual
Drill to address open web server hacking	• Detect and block mock attacks on open servers such as web and e-mail servers after scanning the servers to reveal their weaknesses	
Drill to address malicious code and e-mails	• Detect, block and remove malicious codes after distributing e-mails with pseudo-malicious codes to e-mail accounts of employees	
Anti-DDoS drill	• Emergency responses to cyber infiltration such as hacking and DoS (Denial of Service) attacks	
Disaster/ accident restoration drill	• Establish a business continuity plan for emergency events such as disasters, to prevent interruption of operation • Verify the feasibility of recovery system operation/recovery process as well as system transition, for emergency events • Check the maintenance of emergency contact systems via surprise drills • Check the adequacy of the disaster recovery procedure and organization, be fully aware of the team/individual duties through mock drills, and improve system recovery technology • Check whether affected workers can be resumed and define additional resources necessary for recovery • Comply with Article 23 (Establishment and operation of emergency measures) of the Electronic Financial Supervision Regulation • Conduct drills at least once a year	Semi-annual
Backup outcome simulation	• Verify the adequacy of backup system operation and backup recovery plan • Verify the recovery time and integrity of backup data • Check the adequacy of backup recovery procedure and organization • Be fully aware of the team and individual duties through mock drills, and improve the system recovery technology	
Mock simulation against IT failures	• Verify adequacy of the failure response for key systems, through periodic failure simulation drills • Check adequacy of the failure simulation drill scenarios, detailed recovery procedure, and response organizations • Be fully aware of the duties through failure simulation drills and improve the system recovery technology for the same or similar failures • Reduce recovery time for anticipated failures through failure response drills for critical tasks	

Other Disaster-related Insurance Products

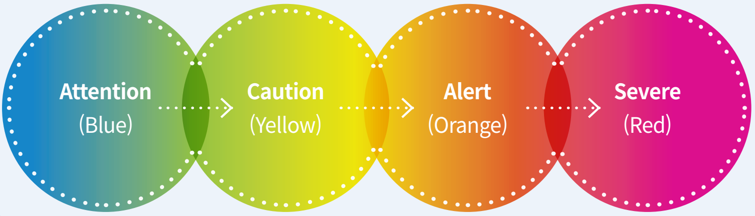
Fire insurance	A particular contract for earthquake risk provides indemnity for fire caused by earthquake or eruption or losses incurred by burn damage, collapse, destruction, being buried, loss prevention, and emergency evacuation. The particular contract for storm and flood damage provides compensation in case of typhoons, tornadoes, hurricanes, tempests, floods, tsunamis, inundation, and similar damage.
Storm and flood damage insurance	This insurance product is created to facilitate swift and substantial recovery from damage when property loss occurs due to storm or flood damage, such as typhoons, floods, torrential rain, tsunamis, strong winds, storms, and heavy snowfalls.
Crop insurance	This insurance product is developed to address management uncertainties of farmers and help stabilize their income. The contract mainly covers hurricanes, hail, and localized torrential rain, and special contracts, which can be selected by farmers, cover damage from various causes, such as frost in spring and autumn and unusually cold temperatures.

BCP-based Response to COVID-19

(BCP : Business Contingency Plan)

We have established a BCP-based response system that quickly normalizes business activities when disruptions occur due to disasters, catastrophes, and accidents. In particular, in 2019, we operated BCP during the national crisis caused by the global outbreak of COVID-19, to secure business continuity and maintain stable business operations. Furthermore, we promptly implemented actions to safeguard the health and safety of our employees and partners, and expanded support and donation activities to customers and local communities suffering from the disaster. Through these measures, DB Insurance is fulfilling its corporate social responsibility by helping overcome the challenges posed by the COVID-19 pandemic.

COVID-19 Outbreak Phases by DB Insurance



Prevention of Introduction and Spread to Business Sites

DB Insurance has established response measures and emergency plans for each stage of COVID-19 , and has newly established a Crisis Response Group that oversees the management of BCP response measures for major business activities. In addition, since January 2020, we have been operating a response system in preparation for situations in which the movement of employees is restricted, or in which regular business operations are disrupted due to COVID-19. We have provided employees with COVID-19 response guidelines at our headquarters and major business sites. Furthermore, we have distributed a system access manual concerning the operation of rotational telecommuting and the telecommuting of employees, thus enhancing our employees' understanding of, and capabilities in using, our internal system.

In addition, we have renewed the digital environment of our call centers and customer service centers to create a non-contact, telecommuting customer service environment for employees in these centers, and have supported our partners' transition to non-contact workplaces by improving the Smart Coverage Analysis system. DB Insurance will place the utmost priority on the health and safety of our employees and partners until the end of the COVID-19 crisis. We will frequently monitor the status of infections at our headquarters and sales sites, and strengthen our management system with step-by-step response measures through our Crisis Response Group.

Support for Social Contribution

- Provision of face masks worth KRW 100 million to vulnerable groups
- Provision of emergency support funds to 48 welfare centers nationwide
- Allowing delayed payments of insurance premiums and loan interest principals

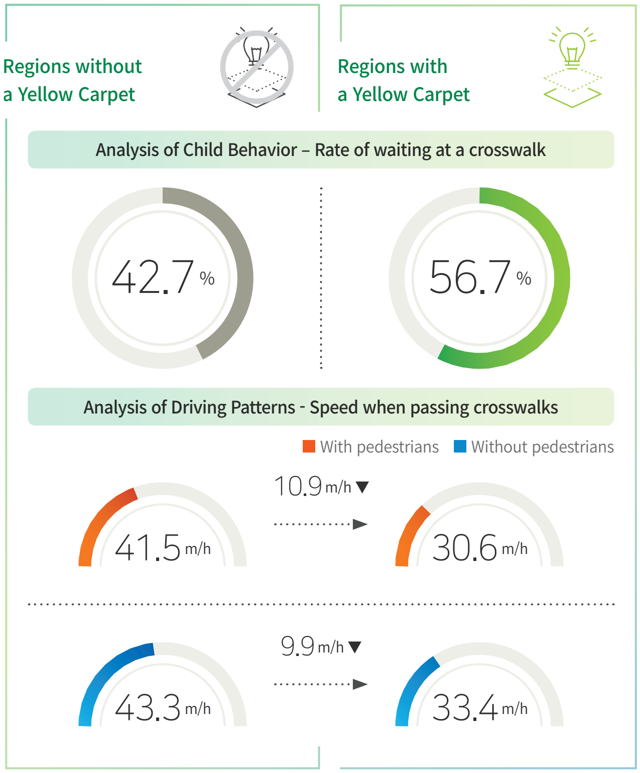
Provision of Quarantine Facilities to Prevent the Spread of COVID-19 in Local Communities

With the explosive increase of confirmed cases of COVID-19 as of March 2020, DB Insurance provided DB Talent Development Center as a COVID-19 quarantine facility to contribute to the shortage of treatment facilities due to the further spread of the disease caused by the inflow of confirmed cases from overseas. The employees of DB Talent Development Center are supporting the operation of the center under the supervision of the City of Gwangju, Gyeonggi Province, and putting their best effort to prevent the further spread of COVID-19.

Creating Value for Local Communities

Installing Yellow Carpets for Children's Traffic Safety

To prevent children from road traffic injuries, DB Insurance has been installing Yellow Carpets since 2016, which designate pedestrian crossing areas near elementary schools (children protection zone) with yellow signs. Every year, we install and repair more than 100 Yellow Carpets to contribute to the prevention of children's traffic accidents. To confirm the effect of traffic accident reduction for children through Yellow Carpets, we requested the Korea Road Traffic Authority to conduct analytical research on the effectiveness of the installation of Yellow Carpets. Based on the result of the research, we held the "Youth School Route Security Forum", an event hosted by the National Assembly Civil Politics Forum and organized by ChildFund Korea, the Korea Road Traffic Authority, and Traffic Broadcasting Network (TBN), to reinforce the effect of the Yellow Carpets and the importance of children's traffic safety.
In 2020, the Yellow Carpet was officially selected as a traffic safety facility within school zones and will be installed at expanded areas with the support of government agencies (e.g., The Ministry of Public Administration and Security, the Ministry of Education, etc.) DB Insurance will continue to discover ways to contribute to the prevention of child accidents through MOUs with related authorities.



Advertisement of Yellow Carpet

Organizing Global Finance Exploration Program

This year we hosted the 11th "DB Financial Essay Competition", a program we held to foster global financial talents. Targeted for university (post-graduate) students, the program awards scholarships to winners who presented their creative and practical ideas. The winners also receive special benefits such as an opportunity for global financial exploration and exemption from document screening process when applying for a position in DB Insurance. In 2019, students visited global financial institutions in New York, US, and Tokyo, Japan.

Winners exploring global financial institutions

Financial Education for Youth

DB Insurance provides financial education for elementary, middle, and high school students throughout Korea. We invite external specialist instructors to provide students with visiting classes as well as organize financial musical performances. In 2019, we conducted a total of 52 financial education sessions to 3,694 students in 48 affiliated schools in Korea. In 2020, we plan to increase the number of sisterhood schools to 53 schools and introduce quantitative and qualitative improvements by diversifying educational contents such as board game-type education.

Traffic & Environment Challenge

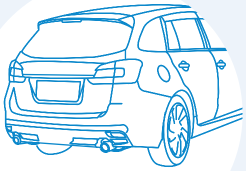
For the first in the industry DB Insurance identified social venture companies with innovative business solutions for traffic and environment-related social issues, which are closely related to general insurance. Moreover, we conduct sustainable social activities that address social issues and create value by supporting mid- to long-term development.

We received numerous applications for the second round of the Traffic & Environment Challenge, held in 2020, and shortlisted 5 social venture companies through document screening, first-round interviews, and PT screening. We plan to seek ways to develop shortlisted companies' solutions and provide management consulting services and funds to encourage business activities.

2nd Traffic & Environment Challenge Social Ventures

Soft Gear

Contributes to safe driving and the prevention of traffic accidents in or near tunnels by guiding drivers with hyper-cardioid speakers upon entering highway tunnels.

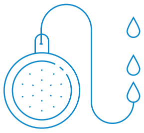


Bluewing Motors

Switched existing, fuel-driven, two-wheeled vehicles to renewable electric models, contributing to the reduction of pollutant emissions such as fine dust.

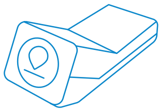
LBS TECH

Developed a pedestrian navigation service for the physically disabled, thus contributing to the creation of a society without a boundaries between the disabled and able-bodied.



LK Green

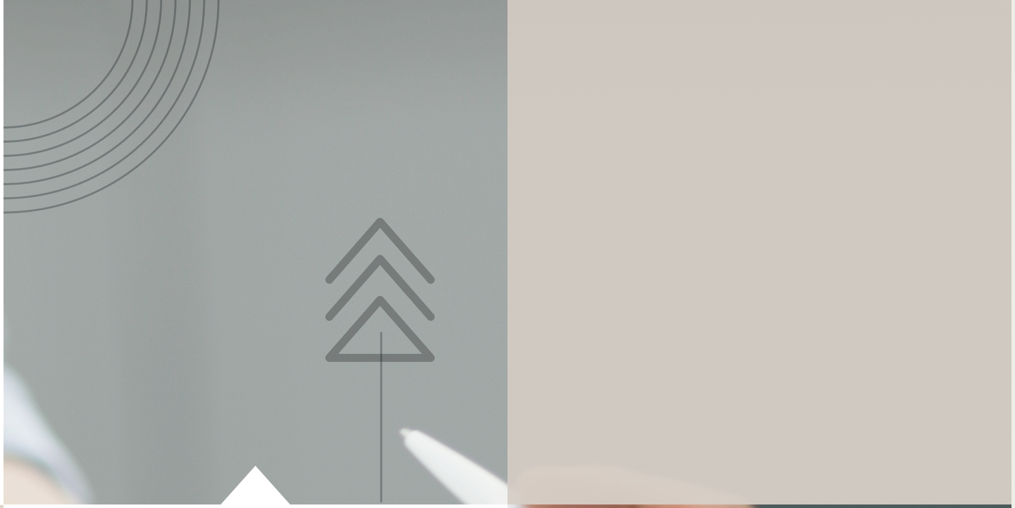
Developed a fine dust prevention mask and a semi-permanent humidifier/purifier that both use eco-friendly water filters, thus contributing to the reduction of single-use products.



GED

Contributes to the prevention of traffic accidents through technology that restricts the use of smartphones while driving.

SUSTAINABILITY SECTION



Sustainable Management KPI

(Target year : 2022)

ENVIRONMENT

1. Develop Eco-friendly Products
2. Reduce GHG Emissions
3. Enlarge Investment in Eco-friendly New Renewable Energy

SOCIETY

1. Ethical Management (Compliance Index)
2. Develop Pro-social Products
3. Amount of Social Contribution Costs (Compared to the net income of current term)

Economic Value Creation

Asset Management

DB Insurance preemptively responds to rapid changes in policies and economic cycles by strengthening our asset management system based on ALM (Asset Liability Management) and operational capacity. We also diversify the locations and targets of our investment, aiming to secure stable secondary margins as well as minimize risks.

Strengthening the Operating System for Asset Management Experts

DB Insurance identified core competencies in the 13 fields (in 6 job categories) necessary for its mid- to long-term asset management in 2017, and is strengthening its system for operating asset management professionals (recruiting, training, management, etc.). To achieve this, we have established a new sectoral, asset management-specialized training system, in which we train specialist instructors and hybrid-style talents who understand both insurance and investment and hold weekly study seminars on various investment themes to share investment ideas. We are also incorporating overseas investment bases and recruiting personnel to strengthen our overseas investment competency, and have expanded practical training for outstanding employees at leading insurers and asset management firms overseas, to provide them with opportunities to gain advanced investment expertise.

Strengthening Responses to Changes in the Mid- to Long-Term Investment Environment

It is expected that changes in accounting standards (IFRS17, IFRS9) and the supervisory system (K-ICS), scheduled for 2023, will greatly increase the “capital and profit/loss volatility” of insurers, and we are enhancing our preparation for these changes. We will divide our assets into a “liabilities-matching asset group” and “additional income asset group” and manage them appropriately to the fund's attributes to strengthen ALM and continue to expand asset duration in response to the insurance liabilities' maturity structure. We will also reduce the portion of investment types that increase net income/loss volatility (revenue-bearing securities, structured securities, etc.) and adjust, by stage, the portion of marketable assets with relatively larger risks. When the investment profitability falls, we will actively identify substitute domestic and overseas investments and supplement the loss by increasing capital efficiency.

Maintaining ROI competitiveness

Alongside additional income from leveraging market opportunities (e.g., stock trades), DB Insurance is also strengthening its ALM-based asset management system, such as maintaining the portion of interest-bearing assets, with stable interest secured dividends, at 90% or higher. Through these efforts, we achieved an asset management income of KRW 1,368.7 billion and an investment return of 3.91% in 2019, thus continuing our stellar performance concerning ROI.

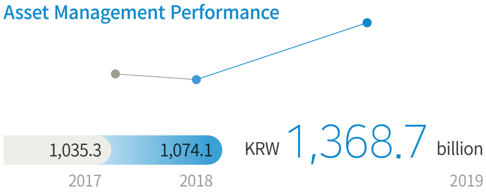
Expansion of the Global Network

Through an investment MOU with the No. 1 insurance company in North America, DB Insurance has strengthened its strategic alliance with leading overseas insurers and asset management firms by expanding joint investment in global real estate and infrastructure assets and overseas corporate bonds, through which it is expanding quality overseas investment deal sourcing channels and learning advanced investment expertise. Furthermore, by expanding and reinforcing our investment office in Manhattan, New York, and thereby lifting spatial and time restrictions on overseas investment, we plan to build a close network with local financial institutions and improve access to high-quality global investment information and the latest investment trends. We are also alleviating due diligence for overseas investments, which has been made difficult by the recent COVID-19 pandemic, through our New York subsidiary, while enhancing follow-up management for existing investment assets and identifying quality assets and managers. Moving forwards, we will improve accessibility to global networks and investment assets through continuous expansion of our overseas sites.

Amount of Total Managed Assets

KRW 37.0 trillion

Asset Management Performance



Global Business

China and Vietnam

DB Insurance collaborates with its subsidiaries in China and Vietnam, shares its business expertise, and promotes its corporate culture to build the foundation for differentiated competitiveness in the local market.

Joint Projects with Subsidiaries

China			Vietnam	
Improved profitability through enhanced efficiency	Round 7	2020	Round 4	Establishment of an ISP strategic system and enhanced management of reinsurance risks
Enhance the capability of private-channels' sales and establish a CM business model	Round 6	2019	Round 3	Build an investment-risk management system
Strengthen the competitiveness of general insurance, and stabilize exclusive channels	Round 5	2018	Round 2 (new)	Advance the bancassurance channel management system
Established exclusive sales channels	Round 4	2017	Round 1	• Enhance the competitiveness of TM business • Upgrade auto insurance payment system • Enhance competitiveness of treaty reinsurance
Formulated channel strategy	Round 3	2016		
Secured TM channels	Round 2	2015		
Improved claim adjustment system	Round 1	2014		

China

DB Insurance entered the Chinese market via a joint venture with local partners by acquiring equities, not independent, solo entry, considering high barriers in the early stage of market entry and uncertainty in the Chinese market. The company entered the Chinese market gradually through the opening of its Beijing office in 2006, the acquisition of equities of an insurance brokerage firm in Qingdao in 2011, and the acquisition of shares of a local Chinese insurance company in 2013. In particular, we are laying the foundation to be competitive in the Chinese market by securing local business capabilities through participation in the management of a local Chinese insurance company with a right to cover all of China and joint insurance business, etc.

Vietnam

DB Insurance aims to become a market leader in the high-potential Vietnamese market. Through the acquisition of Vietnam PTI in 2015, we have established a local business base and introduced differentiated services in the local market, including Vietnam's first advanced Korean style bancassurance, and has been operating it in a joint venture. In 2020, we will strengthen our internal capabilities and enhance our future competitiveness to secure platforms for business expansion in the Indochina Peninsula by intensifying cooperation with our partners.

Promoting joint ventures with overseas subsidiaries

The U.S.

The US branch of DB Insurance mainly targets locals and provides various household and corporate insurance products, such as package insurance (property/casualty), auto insurance, fire insurance for housing, etc. We have also established a local Business Support Division to enhance our business capabilities in the US. Therefore, we are committed to securing a competitive edge in various areas, increasing our work efficiency with the establishment of an integrated operation system, the cultivation of local experts, and the expansion of our operating regions.

Status and Plans Regarding the U.S. Market Expansion

We are striving to build a sustainable global business foundation by expanding our operating regions within the United States. We plan to create a stable market by establishing product lines, operations, and management strategies in consideration with differing regulations and business environments from state to state.

2018
Entered
Ohio State

>

2019
Entered
Indiana State

>

2020
Planning to enter Texas
& Pennsylvania States

Guam

Since our Guam branch's establishment in 1984, we have grown into a dominant insurance company on a foundation of community trust. It is the result of long-lasting ties with local dealers.

Hawaii

With prompt services and business processes, and differentiated products, we became a dominant non-life insurance firm in the local region. We continue to achieve stable growth based on profitability through close relationships with the channels that rank 1st to 7th place in the market. Furthermore, we enhance our customer service standards and market dominance through IT system improvements and are constantly identifying new markets for sustainable growth engines.

California

Through our localization strategy, we have secured various sales channels for ethnic Koreans and all residents in the region. We successfully entered the commercial automobile insurance industry through the strategic identification of partners, which laid the foundation for expanding into the US sales regions. Moreover, we began selling fire insurance for housing in 2020 and plan to build on these efforts to broaden our foundation further.

New York

We are targeting the local market by offering package products that provide small and medium-sized business owners with property/liability coverage and comprehensive homeowners' insurance products for individual customers. We have recently diversified our channels and portfolios to ensure business stability, thus building a profit-based growth model.

Branches in the U.S.[1]

Classification	Unit	Guam	Hawaii	California	New York	U.S. Business Support Division
No. of employees (local recruits)	Person	7(3)	17(14)	10(8)	9(7)	32(25)
Revenue	Million USD	43.9	76.3	57.4	42.2	-

In 2020, DB Insurance established an advisory subsidiary in New York to increase profitability, in line with an increase in assets, by actively securing investment opportunities and enhancing overseas assets' soundness through preemptive asset management. Through the operation of this overseas asset management advisory subsidiary, we will strengthen our overseas investment management operations and the asset management of overseas branches.

[1] Based on reporting of overseas branches' performance to Financial Supervisory Service (as of the end of 2019)

Key Management Performance

Today, there are increasing uncertainties in the global financial markets, such as an increase in interest rate volatility and the threat of protectionism. The domestic insurance market is also responding to changes in the business environment - changes caused by innovation in IT from the transition to Industry 4.0 and the adoption of the International Financial Reporting Standards (IFRS). Even in such challenging conditions, DB Insurance achieved KRW 13,026,984 million of DPW (Direct Premiums Written), 4.6% increase year-on-year, and a net profit of KRW 327,691 million, the highest net profit recorded since the company's establishment. In the future, we will continue to preemptively respond to market changes and continue our business innovation to achieve sustainable growth.

Summary of Separate Income Statement

(Unit : KRW million, %)

Category	2018	2019	Changes	G/R
Direct Premiums Written	12,449,298	13,026,984	577,686	4.6
Net Premiums Written	11,624,731	12,114,798	490,067	4.2
Net Premiums Earned	11,592,224	11,870,582	278,358	2.4
Loss Amount	9,664,744	10,241,678	576,934	6.0
(Loss Ratio)	83.4	86.3	2.9	
Net Operating Expenses	2,255,744	2,485,314	229,570	10.2
(Expense ratio)	19.5	20.9	(1.4)	
Underwriting Income	(328,264)	(856,410)	(528,146)	160.9
Investment Income	1,074,147	1,368,743	294,596	27.4
Operating Income	745,883	512,333	(233,550)	(31.3)
Non-operating/ Extraordinary income & loss (Expense)	(35,235)	(7,276)	27,959	(79.4)
Net Profit	514,792	372,691	(142,101)	(27.6)
(Profit Ratio)	4.4	3.1	(1.0)	

Summary of Separate Balance Sheet

(Unit : KRW million, %)

Category	2018	2019	Changes	G/R
Invested Assets	34,351,128	36,974,180	2,623,052	7.6
(Invested Ratio)	86.4	84.7	(2.0)	
Non-invested Asset	3,064,425	3,255,418	190,993	6.2
Separate account Assets	2,359,942	3,437,244	1,077,302	45.6
Total Liabilities	34,864,314	37,946,382	3,081,068	8.8
Paid-in Capital	35,400	35,400	0	0
Total Equity	4,911,180	5,720,665	809,485	16.5
Total Assets	39,775,494	43,667,047	3,891,553	9.8

Tax Policy

DB Insurance is transparent and strictly compliant with the tax laws and regulations of all countries in which it operates, as well as domestic and overseas operation. It fulfills the reporting obligations required by related regulations, and operates global tax policies for domestic and overseas business sites. In addition, we conduct quarterly external audits as well as end-of-the-year accounting audits under international accounting standards, and clearly disclose the audit results and related information including corporation tax, deferred corporate taxes, effective tax rate, etc. on the balance sheet and comments to external users through the Data Analysis, Retrieval and Transfer System (dart.fss.or.kr). Further, we actively respond to various tax investigations and requirements of tax authorities to thoroughly fulfill the obligation of tax payment cooperation.

Effective Tax Rate

(Unit : KRW million)

Category	2018	2019
Earnings before tax	710,661	505,057
Reported Taxes	195,869	132,366
Reported Tax Rate	27.56%	26.21%
Paid Tax Amount	176,352	62,427
Paid Tax Rate	24.81%	12.36%

Current Status of Corporate Tax Payment

(Unit : USD)

Category	Direct Premiums Written	Pre-tax profit	Tax payment	Foreign tax credit (KRW)
Overseas	219,781,232	10,838,877	445,444	560,861,033
U.S. Branch	175,843,417	7,153,739	-	-
Guam	43,937,815	3,685,138	445,444	560,861,033

Distribution of Economic Performance

The financial gains generated by DB Insurance will serve not only to drive further business growth but also to be appropriately shared with various stakeholders. In so doing, the company also assumes and continues its own role as a corporate citizen.

Sales Partners	Employees	Shareholders	Customers	Local Communities	
Commissions paid for insurance sales	Labor costs	Dividend paid	Claims paid	Total investment in social contribution	Participation hours (employees, planners)
KRW 466.1 billion	KRW 262.4 billion	KRW 94.9 billion	KRW 6,008 billion	KRW 5,626 million	49,052 hours

Sales result of ESG Products

ESG Products

(Unit : Case, KRW million)

Category		Type	Number of Contracts	Revenues (DPW[1])
Health/ Casualty Insurance	1Q Super Simplified and Convenient Health Insurance	For vulnerable groups in the insurance blind spot (Elderly, those with history of illness)	30,326	9,064
	2Q Super Simplified and Convenient Health Insurance	For vulnerable groups in the insurance blind spot (Elderly, those with history of illness)	10,613	2,700
	Family Love Nursing Care Insurance	For vulnerable groups in the insurance blind spot (Elderly, those with history of illness)	768	1,233
	Convenient Out-of-pocket Medical Insurance	For vulnerable groups in the insurance blind spot (Elderly, those with history of illness)	39,312	12,578
	Dream Love Insurance	For low-income families/children (in partnership with the Korea Inclusive Finance Agency)	275	197
	Out-of-pocket Medical Insurance for Seniors	For vulnerable groups with limited insurance access (Elder, anamnesis group)	623	97
	Excellent Motorcycle Driver's Insurance	Motorcycle drivers	5,940	1,064
	Nice and Easy Health Insurance	For vulnerable groups in the insurance blind spot (Elderly, those with history of illness)	30,216	27,111
	Excellent Simplified and Convenient Health Insurance	For vulnerable groups in the insurance blind spot (Elderly, those with history of illness)	179,420	81,411
Auto Insurance	Evergreen Special Coverage	Reducing carbon emissions	2,744,285	1,685,619
	Driving Distance Special Coverage	Reducing carbon emissions	2,179,707	1,528,229
	Safe Driving UBI Special Coverage	Reducing carbon emissions	650,600	401,498
	Electric Vehicle Special Coverage	Reducing carbon emissions	22,951	16,121
	Driving Day Special Coverage	Reducing carbon emissions	23	12
	Promy Heart Special Coverage (Special Rates for Working-Class People)	For low-income family/children	2,601	1,654
	Traffic Safety Training Special Coverage (Special Rates for Seniors)	For vulnerable groups in the insurance blind spot (Elderly)	1,897	1,506
	Gomduri Auto Insurance	For vulnerable groups in insurance blind spot (Disabled person)	219	169
Property Insurance	Environmental Liability Insurance	Eco-friendly	14,103	32,943
	Pollution Liability Insurance	Eco-friendly	5	279
	LNG Power Plant Exclusive Insurance	Eco-friendly (low-carbon energy generation)	1	2,106
	Comprehensive Public Bicycle Insurance	Eco-friendly	33	374
	Comprehensive Insurance for Engines and Machinery of Offshore Wind Farm	Eco-friendly	-	-
	Solar Power Rental Business Liability Insurance	Eco-friendly	-	142
	Solar Comprehensive Insurance	Eco-friendly	-	199
Total Performance			5,914,458	3,806,303

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1) **DPW** : Direct Premiums Written

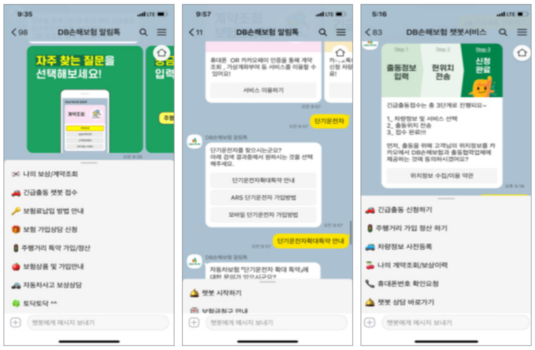
Customer

Service Management to Increase Customer Satisfaction

Promy ChatBot Service

“Promy ChatBot Service” is an AI-based chat consultation through which customers can immediately resolve their insurance inquiries. Through the KakaoTalk ChatBot service, we provide automated services that can be directly used by customers, such as emergency dispatch requests, policy inquiries, insurance consultation requests, and subscriptions and settlements for Driving Distance Special Coverage.

Moreover, we are actively responding to a financial environment that calls for contactless transactions by allowing customers to register for auto insurance and other products via KakaoTalk’s Direct Talk.



휴대폰 OR 카카오페이 인증을 통해 계약조회, 가상계좌부여 등 서비스를 이용할 수 있어요!

단기운전자

단기운전자를 찾으시는군요? 아래 검색 결과중에서 원하시는 것을 선택해주세요.

단기운전자확대특약 안내

자동차보험 "단기운전자 확대 특약"에 대한 문의가 있으시군요?

긴급출동접수는 총 3단계로 진행되요~
1. 차량정보 및 서비스 선택
2. 출동위치 전송
3. 접수 완료!!!

먼저, 출동을 위해 고객님의 위치정보를 카카오에서 DB손해보험과 출동협력업체에 제공하는 것에 동의하시겠어요?

Screenshot of KakaoTalk Chatbot Service

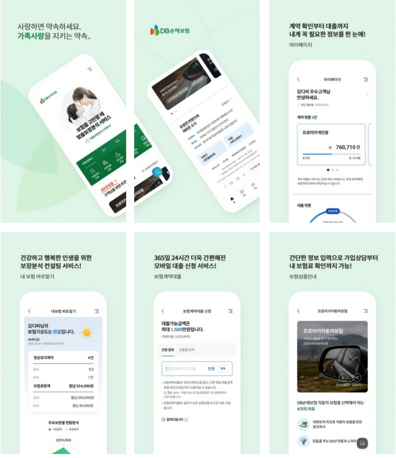
Swift Reception of Emergency Dispatch Requests through the Newly Established Customer Experience Database

To provide swift responses to customers who request emergency dispatch service due to a vehicle failure, DB Insurance has created the “Emergency Dispatch Customer Service Database”. With the new process’s implementation, the emergency dispatch service’s reception speed increased by two to three-fold. We were able to achieve success with the service in a short time period due to customers agreeing to provide personal information. As we advance, we will commit ourselves to swift emergency dispatch services and improving the emergency dispatch process from a customer’s perspective.

Integrating and Restructuring of Official Website & Mobile App

Reflecting the ever-increasing trend of online users, especially mobile users, we have revamped our website and mobile app to include customer-centered UI and UX. As part of the major reorganization, we introduced 144 new services along with existing services, and formulated customer-orientated processes and content. In particular, we established a range of new customized services for individual customers including “Knowing My Insurance”, customized consultation services using data from the Korea Credit Information Services and “Dispatcher Notification” services that provide emergency dispatches using customer’s location information as well as the location of the dispatcher. In addition to these initiatives, the services that were only available on the official website are now accessible on mobile applications.

In addition, we analyzed the database of inbound calls received by DB Insurance Customer Service Center (+82-1588-0100), in which we were able to create a “recommended keyword search” feature on our website and mobile app platform. This new feature provides a convenient and easy access function to our customers on the online platform. Providing customized services to our customers using big data is meaningful as the industry focuses on creating new innovative services in the digital space through big data analytics. We plan to rebuild our website and mobile app to provide services that customers want at their preferred moment, going beyond its simple service-providing function. In the future, we plan to constantly improve services by reflecting online trends and incorporating consumer-orientated UI and UX.



Screenshot of DB Insurance Mobile App

Visible-on-Screen ARS Service

"Visible-on-Screen ARS" is a service which additionally provides a voice ARS-synchronized web screen, and users can watch the screen while simultaneously listening to the voice message in all stages of the ARS. It not only solves the inconvenience of existing voice ARS wherein users had to listen to multiple stages of voice messages when using the service but also provides easier, speedier customer service. In particular, where phone connection to the service representative is delayed due to heavy call volumes or during scheduled periods when customer service is unavailable such as holidays or night time, it becomes possible to link to mobile and use the ARS service, making it possible to expect that various customer needs will be satisfied.

Screenshot of Visible Screen ARS

Enhancement of Customer Satisfaction through the Strengthening of Healthcare Services

We offer healthcare services, which provide customized health consultation with medical professionals and online and offline treatment reservations. Through alliances with specialized healthcare companies, we provide the health management that customers need. Access to these services through wearable devices and mobile apps enables more customers to use them easily, and it provides customized healthcare management that customers need. In the future, through customer research, market leader benchmarking, etc., we will continue to develop customized products linked with healthcare services.

Online/Offline Information Materials

Diversification of Customer Communications

To quickly identify and respond to customers' points of interest, DB Insurance operates SNS channels. We utilize various online communication channels such as our official blog, the Love for My Car and Love for My Child blogs, KakaoStory, Facebook, and so on. In addition to finance and insurance, each channel also provides points of interest for different age groups, such as life trends, travel, etc., and links to information on insurance products befitting customers' life cycle. This way, we have enhanced our customers' understanding of the insurance necessary for every situation.

"Customer Touch" Activities

By expanding its customer contact points, DB Insurance continues to conduct marketing linked to its flagship products and promotion of its brands. We organize a range of promotional programs related to children's insurance, including consulting activities for customers in their 20s and 30s at the Children's Exposition, providing medical information, and organizing "Pregnancy Classes" with information on how to stay healthy during early-stage pregnancy and other medical references. Also, we have been holding public-interest events with customers since 2017. Notably, we operate Female Driver Class to improve novice female drivers' traffic initial accident response and correct driving habits, and Children's Traffic Safety Class to enhance children's correct traffic culture through actual activities performed together with their parents, thus preventing traffic accidents and expanding youth marketing. In the future, we will continue to develop services from the perspective of customer experience, thus expanding customer communications.

Offline Marketing for Empathy with Customers

By adding stories about our insurance products, we are conducting a campaign of empathy with our customers. We launched the "Family Love Photo Studio" campaign in which customers could photograph their precious memories with family. In various photo zones representing the past and the present, such as the "7080 Time Travel Zone", "Sentimental Neon Sign Zone", etc., customers took family photos for free, having a good time while also creating memories. We also hosted the "Family Love Mail Box" event, where we mailed letters written by customers expressing their love for their family but which they struggled to articulate in person, enriching the meaning of the "Family Month". In the future, we will expand our various family-themed campaigns for to build customers' happiness.

Public-interest Marketing to Create Social Value

In 2019, DB Insurance began the "DB Insurance Traffic & Environment Challenge" program, which identifies startups with innovative solutions in solving social problems in the fields of traffic and the environment. We then help to develop these ideas over the mid- to long-term. This attempt to solve social problems through innovative technologies is the first public-interest social contribution program in the Korean insurance industry. We expect that this program will not only solve traffic and environmental problems, but also create jobs by nurturing social enterprises and startups.

Prevent Insurance Fraud

Insurance Fraud Prevention Activities

Under our "Insurance Crime Prevention Regulation", we operate the Insurance Crime Prevention Committee, which establishes basic policies to control insurance fraud and delierate sanctions for insurance fraud offenders. Our regional moral risk control councils implement joint response activities through regional matching between sales and claim adjustment divisions, enabling us to share and jointly respond to regional insurance fraud issues.
Also, to prevent company-wide insurance fraud, information on suspected fraud acquired in the course of sales activities and quarterly "Moral Risk Control Report" are shared to keep everyone informed on the status of insurance fraud derterction, key implementation plans, major work issue improvements, and reported cses. Furthermore, to prevent on-site insurance fraud, we conduct on-site inspection, provide feedback for business divisions, detect candidates with insurance criminal records at the recruiting stage, impose restrictions on the sales organization U/W and sales, and identify and improve significant issues related to on-site loss rates.

Insurance Fraud Management Process

Stage 1	Stage 2	Stage 3
Prevention	**Investigation & Detection**	**Follow-up Management & Recurrence Prevention**
• Insurance Crime Prevention Committee • Regional moral risk control councils • Evaluate the impact of new products on insurance fraud • Activities to improve contract quality	• Detection support system • Organizational cooperation system • Strengthen investigation capabilities	• Block insurance fraud offenders with the use of uncovered information

Strengthening Company-wide Insurance Fraud Control Functions

To strengthen our response (detection, prevention, etc.) to insurance fraud risks, which are on the rise, in 2019, we reorganized the SIU[1] department into the SIU Operation Part and the SIU Support Part. For improved investigative expertise, the SIU Operation Part now consists of an automobile and long-term investigation centers, and its insurance fraud detection function has been strengthened. Through activities such as contract quality improvement and data analysis-based investigations for insurance fraud, the SIU Support Part has expanded its management areas to payment leakage prevention and insurance fraud detection.
Furthermore, we cooperate with related departments and external institutions, such as the General Insurance Association of Korea and the Korea Life Insurance Association, to hold an annual Contest for Excellent Practices of Insurance Fraud Analysis and Detection. In doing so, we are able to share outstanding cases of insurance fraud detection and fraud analysis techniques. As a result, DB Insurance received the most awards in this industry in 2019, achieving the top rank in the industry, 1 Grand Prize and Excellence Prize winner, and 2 Participation Awards winners at the above contest, which was organized by the Financial Supervisory Service.

1) **SIU** : Special Investigation Unit

System Improvement to Support Insurance Fraud Detection

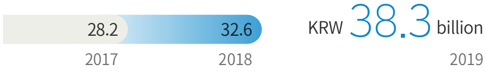
In 2019, we upgraded the IFDS[2], which has been in operation since 2011, to improve insurance fraud detection, building a data-based claim adjustment system capable of comprehensively managing all fields, from accident report reception to claim adjustment conclusion. By providing claim adjustment personnel with a score calculated from the integrated analysis of past accidents and insurance fraud detection data, we can suggest the proper direction for insurance accident investigations while also reducing work errors. Furthermore, since 2016, we have been operating a support system to protect the personal safety of employees in charge of reimbursement while proactively identifying and sharing problematic customers. By enabling adjusters to check abnormality indicators for hospitals, car repair shops, etc., we have made it easier to find information in accident investigation cases.

Organize Response System for Client Insurance Fraud

To effectively respond to ever-increasing insurance fraud by clients such as hospitals and car repair shops, we have strengthened claim adjustment workers' effective evidence gathering activities against clients committing illegalities, and based thereon, have re-established the SIU's process of active investigations. To support sufficient evidence gathering activities against clients' illegalities, SIU selects clients to be subjected to evidence gathering by analyzing data and collecting claim adjusters' opinions and enables collaboration so that focused gathering of valuable evidence is conducted within a short period of time.

We have also formulated a plan of specialized management for hospitals suspected of insurance fraud and assign a professional investigation team to intense investigation for claims involving such hospitals.

Amount of Insurance Fraud Detected[3]



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[2] **IFDS** : Insurance Fraud Detection System

[3] Adjustment of the detected amount due to establishment of industry-wide calculation standards

Performance

Indicators			Unit	2017	2018	2019
Complete sales ratio			%	99.3[1]	99.6	99.8
Sanctions made through internal inspection of incomplete sales	On-site inspection (Individuals)	Sales suspension	Persons	535	766	769
		Warning		1,302	1,040	1,161
	On-site inspection (TM)	Sales suspension		228	131	34
		Warning		1,176	509	334
CS monitoring score[2]			Points	95.7	96.2	96.1
Customer satisfaction survey DCSI[3]			Points	75.1	75.4	75.8

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[1] Data based on performance between January and June of 2017. Due to changes in the "complete sales monitoring system" by the Financial Supervisory Service, only indicators on pilot operation are available between July and December of 2017.
[2] DB Insurance's self-satisfaction survey of customers with a service experience
[3] DB Insurance Customer Satisfaction Survey (Korea Standards Association KS-SQI Pre-survey)

Employees

Organizational Culture of Respecting Human Rights

Respecting Human Rights

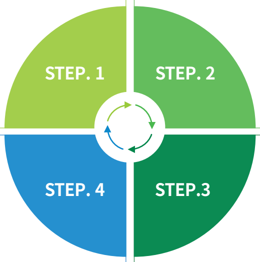
DB Insurance implements various programs to respect the dignity and human rights of all employees and operates a 24/7 social media reporting (whistle-blowing) system to ensure swift response measures are taken against human rights violations.

Human Rights Improvement System

Human Rights Due Diligence

DB Insurance conducts due diligence on the status of human rights in the company and its subsidiaries to proactively respond to potential impacts and risks related to human rights. We monitor human rights issues through the Compliance Part's on-site inspections of compliance with the Code of Ethics, the Corporate Culture Council led by the Human Resources (HR) Part. We are also operating a channel for whistle-blowing and collecting information on human rights issues at all times.

Human Rights Due Diligence Process



Analyze Potential Risks and Impacts
- Identify potential risk factors in terms of DB Insurance's management and the insurance industry
- Conduct impact analysis based on financial factors, non-financial factors, and incidence frequencies

Identify Assessment Factors and Subjects
- Identify human right assessment factors in view of internal/external environments and vulnerable groups in terms of human rights
- Identify the subjects of human rights assessment over its entire value chain including subsidiaries, etc.

Legal Review and Self-Inspection
- Conduct an internal legal review
- Conduct self-inspection (fact-finding survey, etc.) based on public disclosure materials including business reports, media analyses, etc.

Implement Feedback and Improvement Activities
- Share self-inspection results and improvements
- Recommend improvement activities in view of priority of findings, and check for required support

Respect for Diversity

DB Insurance respects the diversity of employees and avoids unreasonable discrimination. Hence, we DB Insurance stipulates in Article 6 (Employment Opportunity) of its Rules of Employment that "when the Company recruits and hires individuals, it shall not unreasonably discriminate based on gender, age, religion, social status, hometown, educational background, the status of marriage, pregnancy, childbirth, or history of illness" and also provides fair opportunities for compensation. As of the end of 2019, the proportion of DB Insurance female workers was 56.2% (2,582 female employees out of 4,591).

Identify Vulnerable Groups

Through employee satisfaction surveys and questionnaires, DB Insurance identifies vulnerable groups that are highly prone to human rights violations and exposed to high risk Executives and partners who work in customer contact organizations such as call center counselors who manage customer complaints on the phone and sales and claim-adjustment partners who face customers directly to provide products and services have been identified as vulnerable groups. We operate a counseling channel for vulnerable groups such as the call center counselors and employees who work in sales and reimbursement divisions.

Human Rights Improvement Activities

Human Rights Issue	Vulnerable Group	2019 Measures for improvement and aid
Manage legal work hours	All employees	• Proactively seek to achieve work-life balance by conducting PC-off system that prevents employees from accessing the intranet except during working time, setting up a system that can set up and operate an annual vacation plan for 10 days or more at the beginning of the year in advance
Prevent Rudeness and Inhumane Treatment	All employees	• Conduct annual cyber education and training for workplace harassment prevention for all employees (once a year) • Turn the previous sexual harassment education and training for each team and division into cyber content and provide to all employees as mandatory training (once a year) • Diversify reporting systems through routine anonymous surveys for whistleblowing and anonymous reporting channels. • Operate HR grievance hotline and a psychological & legal counseling corner in HR information system
Protect Customer Service Employees	Sales and Claim-adjustment partners	• Implement the "Problem Consumer Response Manual" to strengthen the protection of customer service employees • Analyze big data on call center customers to establish an improved response system for blacklisted consumers • Operate a mental health counseling room and dedicate masseurs

HR Management

HR Management System

Through its systematic HR management system and the CEO's management principles – the pursuit of facts, mutual communications, and autonomous management - DB Insurance is achieving "Best workplace where the talented want to work".

HR Vision System

Vision	A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers				
Core value system	3 Mindsets & 3 Attitudes · CEO's Management Principles · Key driver				
HR Vision	Strengthening the competitiveness of powerful overseas projects				
Strategy Vision	**Globalization**	**Specialization**	**High Value Added**		
Mid/long-term HR strategic tasks	Advancing directions of overseas business	Securing core key talent	Further developing meritocracy		
Basic policies	Training system Dream Big training system	Performance-based compensation Performance-based (meritocratic) HR system	Acceptance of HR Field-centered personnel management	Work environment GWP	
Operating principles	SDP	CDP	Individual evaluation, Promotion	Hiring (recruitment), Transfer of positions (assignment)	Wages & Benefits
HR directions	Autonomous personnel management at worksites (field)	Respect employees' opinions			

Employees' Job Security

For stability in our employees' labor activities, we continue to improve our work environment to create a good workplace. Additionally, even before enforcement of the legislation on non-regular employees, we converted 1,660 TM workers into regular employees in 2012, and thereafter have been reducing the ratio of non-regular employees, which reached 2.62% in 2019 (119 contract workers out of 4,545 employees, excluding executives)

"Dream Big" Corporate Culture Execution System

HR Management System

To establish a new DB culture, we have adopted the initiatives of "trust", "challenge", and "execution". Using the eight letters of "Dream Big", we have come up with eight execution keywords to guide the operation of various systems and programs and promote the "energetic DB culture of trust-based challenge and execution".

Dream Big

Culture of **Trust**	Culture of **Implementation**	Culture of **Challenge**
Diversity Diverse **Respect** Respectful	**Engagement** Commitment **Respect** Implementation **Motivation** Motivational	**Background** Teamwork **Growth** Grow together **Innovation** Pursue new endeavors

Establishment of DB Corporate Culture : Creating and Distributing DB Code of Conduct

Through the New Start DB course, we surveyed all our employees to identify the principles of conduct needed to create a corporate culture of trust, execution, and challenge. We then summarized the results and established a Code of Conduct through a vote participated by all employees. The Code of Conduct is created with positive language with colorful ideas to understand and practice the principles easily. Furthermore, we also conducted a multi-faceted evaluation of the heads of departments, the core actors who put the corporate culture into practice, by taking into account employees' various suggestions.

Establishment and distribution of DB Employees' Code of Conduct	• Identify the principles of conduct to create the corporate culture of "trust", "challenge", and "execution" : Established and distributed by a company-wide contest based on the employee suggestions gathered through the contest of the 2018 New Start DB course for all employees (mouse pads distributed to all employees)

Introduction of multi-faceted evaluation and development of leadership capabilities	• Identify leadership model suitable for the changes in organization environment by moving away from the previous one-directional evaluation to multi-faceted evaluation. • Operate special lectures aimed to reduce generational conflict through the course for heads of the department and ensure heads of department write pledges for future practices and share it with the members of their respective departments.

Operation of the Corporate Culture Council

All employees of the Company have freedom of association, and to collect grievances from the field and reflect the same to management, the Company holds workshops participated in by each division's opinion leaders, twice a year (1st and 2nd half). In February 2019, we appointed members of the Corporate Culture Council and hosted workshops in March and November. Through the workshops, we listen to various opinions of junior board members for the improvement of corporate culture. The opinions raised in the workshops are reviewed, and applicable items are implemented.

* Each year, DB Insurance collects employees' grievances through dialogue, and matters discussed in the Labor-Management Council are applicable to all employees (freedom of association in 2019: 100%).

EEI Survey for Better Work Environment

Through the annual Employee Engagement Index (EEI) surveys, which we have been conducting since 2018 on an annual basis, we get to see the state of employees' engagement in work and establish and implement systematic, company-wide improvement measures. In the EEI survey, we collect comments in groups by position, division, department, and work category (gender), and conduct tailored improvement activities to improve employees' engagement.

EEI Survey

Indicators	Unit	2018	2019
Rate of Industrial Accidents	%	0	0.02
Employee welfare and benefit expenses per person	KRW million	15.2	16.4
Employee Engagement Index (EEI)	Points	83.6	82.5

Family–friendly Management

Pursuit of Work-Life Balance

To create an environment where employees can fully focus on work and establish a thriving DB culture, we operate various programs to improve WLB (Work-Life Balance). Also, for work-hour efficiency, we operate PC-off, intensive work hours, smart meetings, improvements to staff dinner culture, etc., and more importantly, we have automated many repetitive jobs by introducing the RPA system. Furthermore, we support employees to secure time to recharge or spend with family through Family Day, annual leave, 369 Refresh Vacation, etc., thus improving employee satisfaction.

Implementation of the Motherhood Protection System

We are creating a work environment where work-family balance is maintained to make it easier for women to work. We promote the psychological and physical well-being of pregnant and postpartum female workers by offering 90 days of maternity leave and supporting medical costs for childbirth or miscarriage/stillbirth to mitigate childbearing's economic burden. To help mothers focus on childrearing, our organization also supports the leave for prenatal diagnosis, paternity leave, childcare leave, reduced work hours, etc. In 2019, the return-to-work rate of female workers from maternity leave was 100%. Also, we provide workers with high-quality childcare services. To foster a safe and pleasant childcare environment, we opened the Promy Loving Child Kindergarten. This kindergarten operates on a commission basis run by the Puruni Child Care Foundation, whose expertise and experience have been well demonstrated. As of December 2019, a total of 29 children attended kindergarten. Furthermore, we adopted a telecommuting system to smoothly perform consultations and other services at home, with 34 female workers telecommuting as of December 2019.

Key Family-friendly Management Programs

Program	Description
Children's school expenses	• Kindergarten : KRW 100 thousand a month for 2 years • High school : Entrance fee, tuition, and school support fee (full) • University : Entrance fee and tuition (full)
Dream Big Plaza	Employee-only site for sharing GWP activities by department, Fun events, core values, corporate culture improvement activities, social contribution activities, etc.
Summer vacation facilities	A total of 19 vacation facilities, 50 rooms in 6 locations nationwide; accommodates 750 persons
Company resorts (resort hotel)	A total of 131 units in 29 areas nationwide

Promote Communication

We operate intra-departmental (vertical and horizontal) and interdepartmental communication channels and strengthen work efficiency and synergy for flexible and active communication.

Promoting Communications Channels

	Program	Description
Between the company and employees	Open Communication	A communication platform between the CEO and employees that has operated since 2010 (Total 66 times, with 3,487 employees as of the end of 2019)
	Diverse Communication Channels	Listen to opinions and implement improvements through diversification of communication channels such as in-house anonymous bulletin, anonymous survey through an external network, and reporting channels
	Corporate Culture Council	Selection of opinion leaders for each division to gather opinions on, and improve, the company's work culture and corporate system
	Promy TV	Weekly in-house broadcasting program for employees, sharing the company's operational direction, key issues, corporate culture, etc.
	Business Performance Briefing	Executive briefing on management status and issues through in-house broadcasting once a month
	E Promy Plaza	magazine for employees, covering key issues of the Company, employee contributions (travel, department introduction, etc.), PR department-produced news on the economy, culture, etc
Among employees	Dream Big Day	Sharing Core Values, CS Guidelines, corporate culture, and employee practices in each department every morning
	Dream Big Plaza	Employee-only site for sharing GWP activities by department, Core Values, Praise & Appreciation Day, Generational Dialogue 2345, corporate culture improvement activities, etc.
	Field Learning Group	Weekly employee discussions to share key issues and strategic directions for each department
	Study Group	Self-development and special activities among employees with common job-related interests
Among departments	Dream Big Council	Organization for opinion leaders to improve work culture and to achieve inter-sectoral collaboration through consultation
	Participation Platform	An anonymous question bulletin board to obtain the opinions of employees when deciding major system and policies
	Employee Engagement Survey	Internal Customer Satisfaction Index Survey (ICSI Survey) to improve staff department service satisfaction and Employee Satisfaction Index Survey (ESI Survey) for improvement suggestions by employees
	Dream Big Times	Monthly company newspaper where we identify and share priority issues with other divisions so that all employees can understand the company's strategic direction

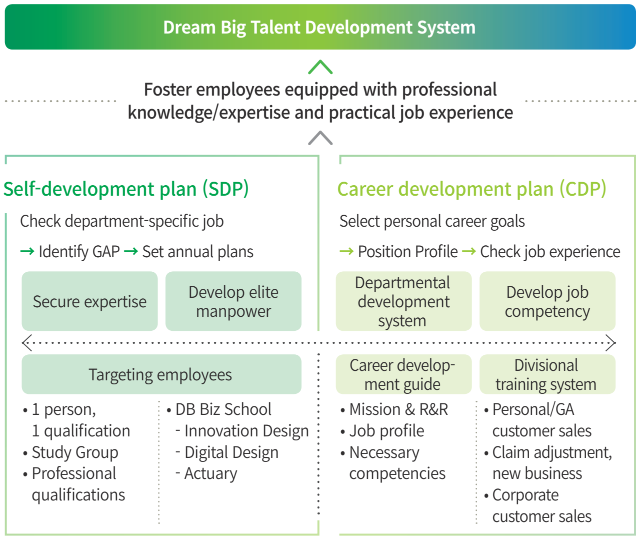
Human Resource Development

Dream Big Talent Development System

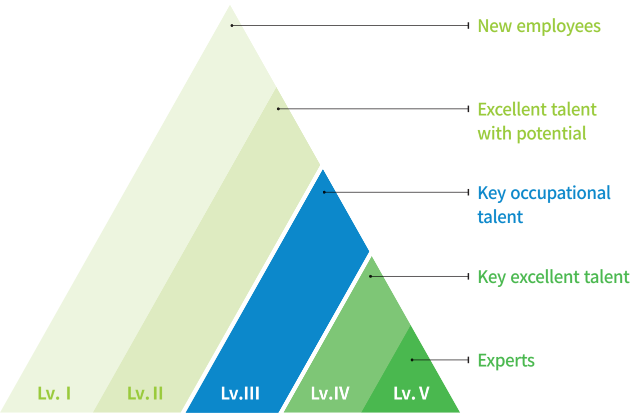
DB Insurance has established our Dream Big talent development system to improve employee expertise and secure "new knowledge", such as financial industry trends and digital innovations. With this, we support the voluntary self-development of individual employees and operate a self-directed, field-based learning system aimed at developing and fostering employees with practical experience through systematic job rotation and transfers. Every year, each learner assesses competencies he/she lacks and develops it through a suitable program. The heads of department compare the learner's assessment with his/her own and provides analysis and support for more effective competency development. Also, in connection with basic job competencies, we operate an in-house, professional qualification system for all employees, with support for learning materials, lectures, etc., so that all employees are certain to acquire qualifications related to their jobs. We provide a higher level and advanced programs to the employees who completed the qualification course to develop industry-leading professionals, providing further differentiated services to customers.

Operation of Training System by Level

DB Insurance operates a training system by the level that will enable all employees to develop as key talents of the company. This training system consists of an introductory course, a course for employees eligible for promotion, a post-promotion leadership course by rank, and a common-competency improvement course.



Training System by Level



Hierarchical/Occupational Expert Development

Training System by Level

- Introductory course, course for employees eligible for promotion
- Common-competency improvement course
- Group leadership course

Training System by Division

- Individual·Corporate·New business
- Claim·Subsidiary·IT
- Customer service·UWer

Training system for key occupational talent

Dream Big Talent Development System

- Qualification system (in-house qualification)
- Study Group
- DreamBig Development Assessment

Development of Core Talents

Development of Excellent Talents

- DB DNA Course
- DB CNA Course
- KAIST AIC Course
- KAIST Digital Frontier Course
- SNU Big-Data Course
- Strategic/Operational Leadership
- Theme-based Job Course
- Outsourcing Course
- Self-directed Learning

Development of Global Talents

- Long-term oversea straining (UK, US, Actuary, etc.)
- Global Local OJT
- Strengthen language proficiency by level
- Foster Local Talents

Dream Big Biz School

- Innovation Design Course
- Digital Design Course
- Actuary Course

Support acquisition of specialized insurance qualification

Operation of Job Expert Academy

DB Insurance operates three job expert academies tailored for each job category – Dream Big Business School (DBB School), Marketing Academy, and Actuarial Academy. DBB School, a reorganization of the former Innovation Academy, enhances the spirit of management innovation and digital capabilities through various courses (up-to-date innovation methodologies, marketing information, etc.), thereby training innovation experts capable of playing leading roles for projects. The Marketing Academy improves the field sales managers' marketing capabilities and helps them quickly adapt to the sales and organizational culture when deployed as a branch manager. Also, the Actuarial Academy operates to strengthen the competencies of the product development and actuarial personnel so that DB insurance can provide customers with necessary products and actively contribute to society.

Secure Organizational Competency for Leadership

DB Insurance operates Strategic·Operational·Self Leadership Course to develop employees' leadership qualities. The Strategic·Operational·Self Leadership Course is newly restructured from the former Core Leadership Course to integrate various leadership capabilities and provide optimized training in accordance with individual capability. Operated annually with contents that reflect external and internal environment as well as the company's major issues, the course targets the development of strategic leaders who lead the organizations' vision achievements and changes, leaders who manage the organization's people and work effectively, and high-achievers who contribute to the organizational performance while self-motivating.

Build an Organizational Culture of Learning

Through diagnosis and evaluation of the employee competency, we systematically manage three areas - basic, task behavior, and professional skills competencies - and based thereon, establish our long-term career development and self-development programs. Also, to respond to uncertainties of a rapidly-changing business environment, we promote the "organizational culture of voluntary learning", such as operating various learning organizations, including on-site study groups and proposal activities.

Performance Evaluation and Compensation

Performance Evaluation System

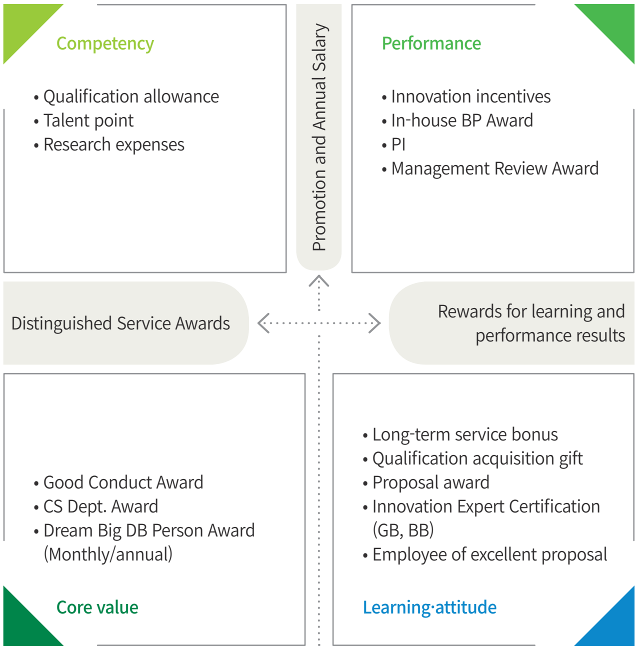
We established a performance-based system that adheres to the 'high compensation for high-performance' principles, allowing employees to set goals and conduct evaluations themselves. Through a monthly evaluation agreement system, self and career-development planning systems and other programs, we are promoting clear goal seetting and the resolve to achieve the objectives among employees. In addition, we sub-classify performance measurement perspectives by utilizing the Balance Score Card (BSC) and allocate the company's goals into organizational and individual KPIs. In the final performance evaluation, we allow the systemic filing of appeals and reflect performance feedback in establishing future goals and improving HR systems.

Assurance of Fair Opportunity

Since 2010, we have been separately evaluating male and female employees to guarantee fair opportunities for all employees. By doing so, we make sure that female workers are not at a disadvantage in the evaluation, thus removing gender discrimination. In addition, DB Insurance runs its MA program, a program to raise professional sales managers, so that sales partners (PA: Prime Agent), including female workers and employees in other divisions of the company are given opportunities to acquire branch management capabilities. In 2017, we launched Claim Academy (CA), providing employees with development support to grow into claim specialists. Upon completion of the program, employees pursue their career as chief of branch development and branch managers and receive support to develop into sales management specialists.

Reasonable Compensation System

Annual salary primarily consists of basic salary and performance compensation. We operate our salary system based on job and rank, and by applying different rates for different jobs, we make certain that performance-based compensation is adequate and reasonable. Employee evaluation consists of competency and performance evaluation to consider personal competency (qualitative aspect) and job performance (quantitative aspect). These quantitative and quantative evaluations are reflected when deciding annual wage and promotions. Additionally, by operating a performance-based compensation plan to realize the principle of "high compensation for high performance," we allow differentiated compensation based on performance. Furthermore, motivation is provided through various awards so that employees can continuously generate results on the job.



Building an Evaluation Appeal System

Our "Evaluation Appeal System" allows an employee to appeal the result of performance evaluation and competency evaluation. The HR Committee decides to accept or deny the appeal by deliberating on the appeal submitted, and through fair deliberations and decisions, enhances employee understanding and satisfaction. In 2019, out of a total of 50 appeals, evaluations were adjusted in 10 cases.

Welfare & Benefits

Selective Welfare & Benefit System

Under the DB Insurance's vision of "a great corporation where the talented gather and work together", we offer a range of welfare and benefits systems to motivate all members to take pride in the company. Moreover, we aim to maintain a high level of workplace engagement in a pleasant work environment based on the company's trust. To this end, the company sets up and implements core strategic values, including "Internalizing core corporate values and six shared values", "Actualizing a global level GWP", "Operating custom-made welfare & benefits system", "Establishing win-win labor-management culture," etc. From 2016 onwards, the company has actively reflected the government's policies, including the introduction of a salary peak system, retirement extension, etc., while continuing to uncover practically necessary welfare and benefits systems for workers by identifying their diverse needs via surveys, Opinions & Suggestions various meetings, external consulting and academic research, among others.

Support for Re-employment and an Enriching Post-Retirement Life

DB Insurance established a re-employment service for retirees to support our employees in preparing for a stable retired life. Through this service, we help our employees achieve peace of mind with respect to retirement and increase employee satisfaction. The service is provided to general and administrative employees aged 50 years or older and waiting for non-voluntary retirement. Beneficiaries are able to participate in "Dream Big Life", a training curriculum that assists with career planning. We also provide retirees who have outstanding work histories with employment opportunities at similar organizations or related subsidiaries. To this end, we are implementing a win-win welfare system that benefits both employees and the company; retirees can continue to work after their retirement, and the company can utilize the workplace know-how and expertise of experienced employees. On the other hand, the company operates two types of pension plans, the defined benefits (DB) pension plan and defined contribution (DC) pension plan for secure management of retirement pensions. The pension fund's operation is commissioned to multiple financial institutions, including DB Life Insurance, Korea Investment & Securities, Hyundai Marine and Fire Insurance, Kyobo Life Insurance, Samsung Life Insurance, KEB Hana Bank, Shinhan Bank, and Lotte Insurance in a bid to minimize any associated risks.

Welfare & Benefits Programs

Classification	Program Description
Health promotion program	• Medical check-up for workers and their families • Psychological counseling for employees and their families • Health fund (Prohibition of Smoking, Fitness Fund) • For employees' stress management, conduct online/offline training on emotional labor, sexual harassment, etc., and provide professional psychological counseling • Continued illness response system (Prevention/treatment/leave, etc.) • Group accident insurance for workers and their families • Health information seminars • In-house clubs • Support use of fitness center • Newly established examination leave (2020)
Create a healthy work environment	• Manage lighting, noise, indoor air quality, humidity, and temperature, to create an ergonomic work environment - Periodically replace office furniture, and replace all office lights with LED lighting - Operate SMART ventilation and room temperature control for company buildings, and manage HVAC (heating, ventilation, and air conditioning) system for major company buildings - Routine epidemic prevention activities
Create a flexible work environment	• Adopt flexible work hours to support work-life balance • Support telecommuting through telecommuting IT system
Creation, communication, and empathy (CCE) program	• Invitation to Humanities and Arts [Guest lectures] • Cultural events and performances • Volunteer activities for social contribution
Family-friendly programs	• Provide 90 days of pre- and post-birth paid leave • Operate Promy Loving Child Dare Care (employee-only childcare facility located in Donga-dong, Seoul) • Support school expenses (children attending kindergartens, high schools, and universities/colleges) • Operate Dream Big Plaza - Employee-only site for sharing GWP activities by department, Fun events, core values, corporate culture improvement activities, social contribution activities, etc.) • Operate summer vacation facilities (19 vacation facilities in 6 areas nationwide) and Company resorts (131 units in 29 areas nationwide) • Maternity leave for subfertility treatments • Family-care leave/leave of absence • Rewards by the length of service (e.g., travel vouchers) and leave policy
Stability fund	• Loans for purchasing/renting houses/small credit loan/ condolence money support
Company housing	• Company housing support for employees stationed in remote places - Temporary housing expense, company housing rent (deposit, monthly rent, etc.) and living expense, transportation expense to and from home
In-house clubs	• Club support (leisure, volunteering, travel/mountain climbing, culture/art, learning, etc.)

Performance

Indicators			Unit	2017	2018	2019
Status of employees	Executives		Person	57	48	46
	Employees		Person	4,426	4,439	4,545
	Total		Person	4,483	4,487	4,591
	Senior managers/ junior managers	Male	Person	527	673	696
		Female	Person	9	25	33
	Assistant managers	Male	Person	557	440	488
		Female	Person	82	62	64
	Junior assistant managers/ staff members	Male	Person	632	599	542
		Female	Person	1,207	1,151	1,163
	Specialists/consultants	Male	Person	245	217	237
		Female	Person	1,167	1,272	1,322
	Total		Person	4,426	4,439	4,545
Recruitment status	College graduates		Person	81	73	54
	Experienced workers		Person	175	362	272
	Female office workers		Person	54	56	49
	Total		Person	310	491	375
Recruitment status of female workers	Total employees		Person	314	776	375
	Female employees		Person	199	600	269
	Female high school graduates		Person	60	261	106
Locally-hired employees overseas			Person	52	52	58
Conversion into regular workers			Person	16	16	20
Training hours	Total training hours		Hours	326,215	366,263	317,528
	Training per person		Hours	72.8	81.6	69.2
Training expenses	Total training expenses		KRW million	4,381	5,596	4,933
	Per-capita training expenses		KRW million	0.98	1.25	1.07
Major training outcomes	No. of employees obtained qualification certificates		Person	2,666	782	529
	Employees with insurance qualification certificates		Person	1,082	1,168	1,203
	Insurance qualification ratio		%	35.0	35.5	36.9
Employees participating in study groups			Person	872	871	1,265
ESI satisfaction for employee education and training			Points	82.2	84.2	82.0
No. of employees engaged in self-diagnosis & devising self-development plan			Person	2,450	2,454	2,192
Per-capita productivity			KRW 100 million	38.8	38.8	40.4
Welfare & benefit expenses	Total welfare & benefit expenses		KRW 100 million	511	488	529
	Per-capita welfare & benefit expenses		KRW million	16.0	15.2	16.4
Status of maternity leave use	No. of leave users before and after childbirth		Person	107	103	83
	No. of childcare leave users		Person	114	122	117
	Return rate after paternity leave	Male	%	100.0	80.0	100.0
		Female	%	72.3	86.2	79.8
Retirement rate			%	4.3	4.0	3.5
Based on performance evaluation			%	93.1	96.7	95.5

Workplace Management

Status of Partners

DB Insurance recognizes that sales partners selling its products and services and claim adjustment partners dealing with claims for insurance accidents are an essential backbone of its business activities and its core stakeholders and endeavor to create the value of win-win cooperation. Sales partners consist of "exclusive channels" such as exclusive planners, called Prime Agent (PA), and insurance agencies and "non-exclusive channels" such as corporate agents, called General Agency (GA), and Cross-over planners entitled to sell life and general (non-life) insurance products, and in particular, we strategically diversify channels based on characteristics, such as complex models including Total Consulting (TC) and Life Design (LD) channels as well as traditional face-to-face sales and Tele-marketing (TM) channels. Claim adjustment partners are service providers, including hospitals, car repair shops, and damage appraisal firms, who ensure smooth claim adjustment for customers.

Sales Partners

Exclusive Channels	Non-exclusive Channels
Prime Agent Exclusive planner who can only sell DB Insurance's insurance products	**General Agency** Non-exclusive insurance agency and financial institution who can sell all insurers' insurance products
Insurance Agency Insurance agency who can only sell DB Insurance's insurance products through exclusive contract with DB Insurance	**Cross-over Planner (Non-life/Life)** Life insurance exclusive planner whose main job is a life insurance planner but can handle non-life insurance products

Claim Adjustment Partners

Accident investigators/ Damage appraisers Firm which conducts accident investigation for car, long-term, and general insurance and insurance damage appraisal	**Hospitals** Institution which provides insurance accident-related medical service and conducts diagnosis of medical issues
On-site/Emergency dispatch service providers Service provider which is dispatched to traffic accident sites, and service provider which is dispatched in emergencies such as vehicle failure	**Promy car service centers (maintenance shop)** Domestic car repair partner that has passed DB Insurance's review

Strengthening Business Competitiveness of Partners

Provide Differentiated Field Training

DB Insurance conducts a multi-dimensional training program to improve its planners' and business managers' expertise in the insurance industry. For planners, we organize sales invigoration training according to seniority and income tier, and, in particular, we operate a CPA course for PAs of 13 months or more to provide diverse curricula. Through this, we offer a diverse curriculum, such as smart coverage analysis and customer handling, based on disease information. We are also continuously strengthening educational infrastructure such as M-learning (mobile platform-based learning contents) to enhance job competency of training personnel and business managers directly or indirectly supporting planners through tailored education and self-driven learning. In 2019, we included training material in DB Smart Portal and expanded the contents. To this end, we resolved the delayed product information update issues and increased portability while overcoming the limitations of print-out training materials. Moreover, we provide mobile invigoration training by the group and lecture on the YouTube channel, thereby creating a mobile-based learning culture. Through this, we increased learning accessibility and effect and increased the number of electronic signature users by 23.9% compared to 2018.

Insurance Planner	Training Personnel	Business Manager
• Core competency-oriented training for novice • Activation training for high-age/career PAs • Strengthen specialized training according to organizational characteristics	• Standardize work and strengthen competency for training personnel • Strengthen training coaches' competency, based on their career and characteristics • Strengthen branch mentors' competency for activity coaching	• Core competency-oriented manager training course • Business manager training to strengthen execution • Expand foundation for business manager's self-directed learning

Systematic Training for Novice Planners

Recognizing that its novice planners will be directly linked to the company's growth, DB Insurance provides novice planners with training each month for their stable activity and ensure they will receive systematic training up to their 2nd year.

HQ-managed Programs

M (Month) 3	**Dream Big Course**	• Inspire novice planners' sense of belonging • Understanding DB Smart Portal (Smartphone/Smartpad)
M5	**Auto Claim Adjustment Course**	• Initial response to traffic accidents • Personal damage settlement by case studies • Understanding property damage settlement • Auto insurance sales speech
M7	**Consulting Course**	• Integrated coverage analysis and Use of consulting cards • Understanding other companies' products • External special lectures of CS and complete sales
M9	**BTS Seminar**	• Communication with seniors • Resilience • Health insurance expert
M12	**Success Course**	• Analysis and expansion of existing customers • Establish 2nd year of activities • Learn core products
M24	**Renewing Resolution Course**	• Self-diagnosis • Share best practices • Establish goals/visions
M25 ~	**PA Productivity Improvement Programs**	• Analyze retained customers • Analyze smart assurances • Understand disease information and competitors' products

Business Division-managed Programs

M13 ~	**CPA Course**	• Analyze retained customers • Consulting for 3 major diseases • Securities analysis and understanding competitors' products
M5 ~ 24	**Step-Up Course**	Provide continuous activity management and various activity issues
M1 ~ 4	**Field Training Course**	• Learn core products, customer management, and 10 speech techniques • Field Training Course
M (Month) 0	**Basic Training Course**	• Understanding the insurance industry and company products, acquisition of non-life insurance certifications, identifying customers • Basic Training Course

Strengthen Sales Support for Financial Planners

For insurance planners' effective customer service, DB Insurance provides various tools and contents. We offer planners to learn booklets and proposals that collect and summarize information on major diseases outlined in service terms. Using the same, insurance planners can provide customers with an understanding of conditions and various information. In 2018, we opened the "DB Smart Portal", enabling one-stop job handling—meeting customers on-site by using a tablet/smartphone to complete customer registration, insurance planning, electronic signature, and offer/acceptance. Moreover, the "Smart Coverage Analysis Service" provides "1-Minute Consulting", in which a planner can check the terms of customers' insurance and provide automatic planning. It has allowed our PAs to secure time for consulting and planning and lays the foundation for upgraded customer management. In 2019, due to these efforts, 2,513 excellence-certified and 317 blue-ribbon DB Insurance PAs were selected for the General Insurance Association of Korea operated Excellence Certification1) and Blue Ribbon2) systems, respectively.

1) **Excellence Certification** : This qualification is granted after comprehensive evaluation of the length of continuous service for the same insurer, new contract retention ratio, recruitment of new customers, number of incomplete sales, etc.
2) **Blue Ribbon** : Highest honor granted to PAs selected as excellence-certified planners (insurance agencies) for four consecutive years and setting examples to others

Support insurance planners' on-site activities

Reinforce TOOL Support for Customer Activities
- Establishing a foundation for contactless activity processes
- Opening the automated visit appointment system
- Supporting Touch activities for retained customers
- Opening the coverage analysis report transfer function
- Inserting QR codes for product leaflets in insurance plans

Strengthen customer handling and consulting capabilities
- Conduct education/training specialized for each business division/branch

Support for the Stabilization of Sales Partners

Commissions are not only performance-based rewards for insurance soliciting activities but also a reflection of company policies. DB Insurance enables the effective implementation of company strategies by frequently sharing the significance and direction of commissions with sales partners via in-house broadcasting and regular educational content. Additionally, to help new PAs make adjustments, we have strengthened "new performance" commissions and introduced "activity" commissions, thereby laying a foundation for continuous growth. To expand long-term insurance sales centered on efficiency, we have improved our criteria for returning evaluation-based commissions. In 2019 we launched a BTS program for 9th month PAs, after presenting the vision and goal as elite new recruits, we are managing them to participate in the 9th month BTS seminar, given that they achieve the targets.

Efficient Operation Support by Channel

To stimulate efficient growth for our sales partners, in 2015, we reorganized the branches into standard, Total Consulting (TC), general, and specialized branches, and redefined the responsibilities and roles of staff organizations. After the reorganization, to maximize branch productivity, we took measures such as revamping staff organizations' operational systems, differentiating operation costs based on branch characteristics, and enhancing the operational efficiency of outskirt base branches. In 2018, we launched the "Smart Coverage Analysis Service" to support smart sales activities.

In 2019, we separated the individual and strategic business channels to improve the effectiveness and engagement level of planners' work support, the increased commission rate for new employees and reorganized the advanced payment system to strengthen our competitiveness. Furthermore, we strengthened branch management standards to enhance branch effectiveness and moved the cross-center base to the area populated with life-insurance companies for increased sales.

1	2	3
Standard branch	Strategic business branch	Specialized branch
Exclusive PA channels, Foster elite consulting PAs	Focused support for GA agency work	Customer retention and work support for cross-over/GA/CA/aged PAs

LD Center: Support for Career-interrupted Women

Our Life Design (LD) Center, mainly composed of formerly career-interrupted women in their 30s and 40s, has positioned itself as a successful channel of its kind with training and operational methods that are differentiated from general planner channels in the industry. We support planning activities with the stable provision of quality data, enhance work capabilities with customized individual training, and train selected female PAs who are in their 30s and 40s from the standard branches by business divisions as our future growth engines. By doing so, we are discovering excellent talents who can solidify the competitiveness of exclusive channels. Additionally, we provide coaching on work adjustment and relationship building with colleagues based on personality tests for all new PAs, and periodically host image-making, lectures by show hosts and star lecturers, thus making differentiated efforts to develop the capabilities of our young women.

As a reflection of the organization's unique characteristics – in which the majority of employees are working mothers - we operate various programs to support work-family balance. Notably, the LD Center has flexible work hours, a consideration for working mothers' child-raising and household responsibilities, and in cases of employment gap due to child-raising, separate steps are provided. Additionally, we have children's play facilities within branches and hold periodic Family Day events (job experience, financial education, etc.), which enhance the loyalty of working mothers. We also share the economic burden of raising children by providing a congratulatory childbirth bonus and a child-raising allowance (until 18 months), income maintenance during pregnancy to minimize the employment gap during postpartum care, etc.

Enhance Customer Satisfaction by Providing Real-time Location Information of Dispatched Personnel

DB Insurance provides dispatched personnel location information systmes to customers who need emergency measures due to vehicle malfunction and traffic accidents. With this system, customers are given visual, real-time information on dispatch personnel's location and estimated arrival time. With this program, we aim to relieve, to a certain extent, customers' anxiety over unexpected situations that can occur during the use of a vehicle and provide a speedy dispatch service, helping to enhance customer satisfaction.

Strengthening Mutual Growth System with Partners

Promote Communication with PA

DB Insurance lets PAs with outstanding sales capacity join its "Product Leaders Club" which decides the direction of its product policies, thereby making it possible to reflect more candid voices from the field and broadly utilizes the "PA Opinions & Suggestions" system in its policies and systems. Our PA Opinions & Suggestions System is a communication channel where our PAs can deliver real-time opinions in the field on matters necessary for smoother sales activities, and the opinions and suggestions registered are directly transmitted to our headquarters, and relevant departments, and those adopted are reflected in our policies and systems.

In addition, DB Insurance operates various communications channels with the sales partners, such as DB Round Table (DBRT) seminar, cross-sales team leader course, GA manager course, mentor course, training coach course, sales team leader course, and TC Center leader course. Further, each year, we select excellent PAs based on evaluation of performance, customer satisfaction, and retention ratio, hold an annual award ceremony, and induct PAs contributing to the advancement of DB Insurance into the "DBRT Hall of Fame", promoting sales partners' loyalty and pride.

Broadening Partnerships with Claim Adjustment Partners

To provide differentiated services tailored to customer needs and build a mutually beneficial collaboration, DB Insurance continues to select and manage outstanding claim adjustment partners (vehicles repair shops). In 2019, we committed to expanding our partnerships with specialists in unlocking latching devices of imported vehicles to improve our partners' profitability and levels of customer service.

Moreover, to understand the current state of affairs in this sector and enhance our partners' pride and satisfaction, we hold annual partnership conferences. In 2019, a total of 105 partners, including 16 accident dispatch contractors, participated in a conference where we conducted ethical training and shared the automotive industry's present and future prospects and mutually beneficial strategies in the era of the 4th Industry Revolution.

Performance

Indicators		Unit	2017	2018	2019
Sales partners	Exclusive planner (PA)	Persons	13,245	12,977	14,756
	Cross-over Planner (Life/Non-life)	Persons	9,251	8,867	8,821
	Individual (non-corporate) agency	Agencies	2,827	2,452	2,419
	Corporate agency	Agencies	1,639	1,631	1,661
	BA (Bancassurance)	Agencies	40	38	38
Claim adjustment partners	Emergency dispatch network for vehicle failure	Agencies	457	473	481
	On-site dispatch network for car accidents	Agencies	512	434	388
	Specialized repair network	Agencies	377	362	340
	Accident investigator & damage appraiser	Agencies	15	17	19
Franchisee satisfaction index (FSI)		Points	70.0	70.2	66.1
Emergency dispatch service satisfaction		Points	97.8	97.9	98.2
Number of cases handled per claim adjustment partner		Cases	294	324	326

ESH

Environmental Management System

Mid- to Long-term Strategies of Environmental Management

DB Insurance actively implements environmental management strategies based on three principles of environmental management including specialization of environmental risk management, minimization of environmental footprint, and the expansion of green finance and environmental project. The company is committed to ensuring more sustainable recycling of resources by establishing and operating environmental management guidelines, thereby minimizing the environmental impact of its management activities.

Become the leading company in the field of environmental management by 2022

Reduce CO_2 emissions by 5% by 2020

Specialize environmental risk management	① Strengthen R&Ds on environmental risks ② Forge international ties for joint efforts and establish cooperative systems ③ Provide more opportunities for stakeholder engagement
Minimize environmental footprints	④ Minimize business impacts on the environment ⑤ Encourage business partners to engage in environmental management ⑥ GHG reduction activities ⑦ Expand the areas under the control of environmental index
Expand green finance and environmental businesses	⑧ Provide eco-friendly and pro-social products ⑨ Operate and invest in green industry assets ⑩ Support client's green management

Environmental Management Certifications

To identify environmental laws and material environmental aspects and minimize environmental impacts, we have obtained ISO 14001 certification for our environmental management system, which was established by the International Organization for Standardization.

Certification of Environmental Management

Environmental Management System (ISO14001)	To practice environmentally-friendly management at the society level, the company implemented innovation projects to tackle climate change risks such as training ISO 14001 Environment, management System Auditors, and the management of heavy rains.

Safety Management Certifications

To establish a systematic process for managing OHS matters, we obtained OHSAS[1] 18001 certification, which has allowed us to enhance the reliability of our OHS management system (e.g., endeavors to create a safe, healthy work environment by identifying and improving OHS hazards/risk factors).

Selected as a Leading Company in Weather Management[2]

DB Insurance periodically collects weather data (on heavy rain, strong winds, typhoons, snow, and earthquakes) from the Korea Meteorological Administration ("Comprehensive National Weather Information") and the Korea Fire Protection Association, and broadcasts it company-wide on a weather information screen (risk of heavy rain or typhoon and information on regional climate extremes). We support decision-making on insurance contract U/W reviews by assessing natural disaster risks. For risk management, we prevent damage to the life and property of customers by consulting with business sites that are vulnerable to natural disasters and providing them with reports.

DB Insurance's Weather Management System

Collect Weather Information

Korea Meteorological Administration + Korea Fire Protection Association

Analyze Weather Information

- Calculate natural disaster risks in five categories (heavy rain, strong winds, typhoons, snow, earthquakes)
- Developed a weather information system (GIS) in the second half of 2019 (calculating and computerizing natural disaster risks, providing visualizations on a map, automatic reporting, etc.)

Utilize Weather Information

- Upload weather information on the company system and share it across the organization
- Provide natural disaster risk analysis reports tailored to customer business sites and support decision-making on insurance U/W

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[1] **OHSAS (Occupational Health & Safety Assessment Series)** : International certification for OHS management systems

[2] **Leading company in Weather Management** : company selected by the head of Korea Meteorological Administration which creates added value through weather management activities (e.g., employing weather information across its entire operations, thereby increasing sales, saving costs, and preventing personal/property damages) and provides protection from weather disasters.

Waste Management

DB Insurance strictly separates and manages recycled and reclaimed waste for continuous improvement of waste discharge. Considering that most of the waste generated in the office building are old office supplies, we are also promoting waste reduction activities such as office furniture recycling and contributing to creating an eco-friendly working environment by introducing an IT-based work system.

Energy Use

Due to the increased areas of office buildings and expansion of IT-based business capabilities, utilization of data centers and energy consumption is increasing. Therefore, we are putting our efforts into reducing GHG emissions per unit area. To this end, the company sets specific energy consumption targets by different items and measures the performance of the nine domestic corporate buildings and leased offices in the country. In calculating the amounts of GHG emissions, the company applies coefficients set forth in the IPCC GL 2006, an inter-governmental council for climate change; GHG emissions from sales branches and overseas offices are excluded.
DB Insurance relies on bulk electrical supply by the Korea Electric Power Corporation (KEPCO) as its main energy source along with fossil fuels such as LNG, diesel, and petroleum for heating and emergency power generators Energy consumption was calculated in accordance with energy calorie conversion standards in the annex table of the Domestic Energy Act revised on December 30, 2011. Although the Company acknowledges the significance of using renewable energy including biofuels, solar energy, and fuel cells, it has not yet implemented the relevant power generators in consideration of the domestic new and renewable market environment. We will introduce new and renewable power generating facilities in our major buildings considering market maturity and the declining price trend of power-generating facilities.

Direct Greenhouse Gas Emissions (Scope 1)
– Gas and Fuel

DB Insurance defines air-conditioners and heating boilers, absorption-type water coolers and heaters, emergency generators, and gasoline-fueled corporate vehicles as direct GHG emissions sources and endeavors to reduce direct GHG emissions by continuously placing limits on cooling and heating temperatures and more.

Indirect Greenhouse Gas Emissions (Scope 2)
– Electricity

For the effective reduction of indirect GHG emissions as the by-product of electricity utilization, the company is replacing its lighting, the major source of electric power load, with LED lamps. Also, what underpins the company's drive to lower its indirect GHG emissions is the engaged participation of employees, as they enable the continued adoption of relevant campaigns such as turning off lights during non-business hours, and setting a limit on cooling/heating temperatures, among others.

Others Indirect Greenhouse Gas Emissions (Scope 3)
- Travel Distance

DB Insurance has a cross-country business travel management system for indirect GHG emissions management in a bid to identify opportunities and to control associated risks in respect of the indirect impact on climate change due to its business operations.

Occupational Health and Safety ("OHS") for Employees

Operation of the OHS Committee

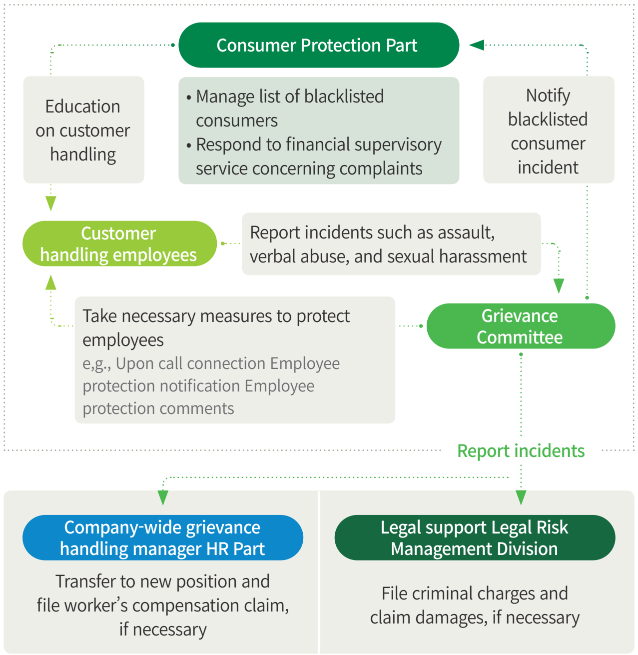
To maintain and improve the OHS of our executives and workers and thereby improve production efficiency, DB Insurance operates an OHS Committee. This is composed of three representatives each from labor and management and is responsible for reviewing OHS-related matters such as industrial accident prevention plans. In addition, we designate OHS managers who are responsible for a wide range of activities such as OHS training programs and work environment inspections, investigations into the causes of major accidents and preparation of measures to prevent recurrence thereof, etc.

Implementation of a Health Maintenance Program for Employees

To create a healthy work environment, DB Insurance operates a variety of health maintenance policies and programs. The company provides its employees and their spouses with an annual medical checkup opportunity. We operate a health checkup program that meets the needs of our employees by providing differientiated checkup benefits based on age and years of service. For example, consulting desk workers receive a massage care program along with physical examination in musculoskeletal disorders. These efforts are preventive measures against company-wide health risks. In addition, the company helps to lift the burden of medical fees of its employees with a collective insurance program for injury and diseases encompassing not just the workers themselves but also lineal ascendants and descendants. Furthermore, we plan to include various health service programs, including psychological counseling by specialists and health fund programs, etc.

Measures to Protect Customer Service Employees

DB Insurance has appointed a grievance-handling manager in each division to respond to problems actively to prevent any disadvantages of employees arising from engaging customers with grievances. When problems arise, we take active measures. We even have a "problem consumer response manual", strengthening the protection of our customer service employees.



Performance

	Indicators	Unit	2017	2018	2019
Energy Consumption	District heating	Nm^3	1,307,991	1,349,169	1,233,229
	Fuel	ℓ	90,973	94,988	69,850
	Gasoline	ℓ	88,997	93,062	88,838
	Electricity	MWh	46,469	50,027	48,361
Greenhouse Gas Emissions	Scope 1 (District heating, Fuel, Gasoline)	tonCO$_2$eq	3,335	3,444	3,112
	Scope 2 (Electric power)	tonCO$_2$eq	21,664	23,322	22,546
	Scope 3 (Domestic business trips)	tonCO$_2$eq	460	697	458
Waste Management	Discharge of landfill wastes	ton	876	1,028	1,223
	Discharge of recycling wastes	ton	911	1,065	1,071
Water	Water usage	m^3	388,386	379,797	401,261
Domestic business trips		km	2,468,937	3,740,961	4,485,730

Sharing Management

Social Contribution System

To become a global insurance financial group that brings greater happiness to society in cooperation with its customers, DB Insurance spreads its spirit of warm sharing to society in three fields: business-based social contribution, sharing with local communities, and CSR participation of employees and sales partners.
DB Insurance also launched its Promy Volunteer Corps in 2006, forming 29 local volunteer corps nationwide under the leadership of the CEO (head of Promy Volunteer Corps) to systematically implement social contribution activities. Since 2015, we have been operating a range of volunteer programs through department-level Promy PA Volunteers Corp

VISION A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

SLOGAN Promise to Protect Love of Family

Business-based Social Contribution	**Carrying out social responsibility activities related to main business such as children, safety, and finance** • Installing Yellow Carpets for Children's Traffic Safety • Organizing Global Finance Exploration Program • "1 company 1 school" financial education for youth
Sharing with Local Communities	**Expanding customized social contribution activities to create value for local stakeholders** • Promy "Love of Family" Safety Education Festival • Sponsoring school activities for the hearing impaired • Activating local social contribution activities in the Promy Basketball Team's hometown (Wonju)
Participation of Employees and Sales Partners	**Raising awareness of the fulfillment of social responsibilities and conducting activities to promote social contribution** • Employees' volunteer activities through "Promy Volunteer Corps" • Love-sharing volunteering activity centered on sales family • Global Social Contribution Activities

Sharing with Local Communities

Sponsoring School Activities for the Hearing Impaired

DB Insurance has been sponsoring the baseball team of Chungju Sungsim School, for the hearing-impaired, for eight years since 2013, and is endeavoring to raise social interest in the disabled to improve their treatment. In 2019, in addition to offering scholarships, we were also expanding our exchange activities such as school environment improvement projects, sponsoring baseball equipment, and watching DB Promy professional basketball games with students.

Promy "Love of Family" Safety Education Festival

DB Insurance provides an opportunity/platform, "Promy Love of Family Safety Education Festival", where children are able to learn to address appropriately and respond to various risk situations such as fire, swimming accidents, elevator accidents, and kidnapping. In 2019, 2,500 children participated in the hands-on activities where they can engage in fun and diverse safety education for their summer vacation. In 2020, we are preparing to hold an online festival due to the outbreak of the COVID-19 pandemic. We will continue to operate "Love of Family" and safety programs that are safe and full of love in the future.

Promy "Love of Family" Safety Education Festival

Participation of Employees and Sales Partners

Employees' Volunteer Activities through "Promy Volunteer Corps"

Promy Volunteer Corps, participated by DB Insurance employees, runs a diverse theme-based volunteer program, including cleanup activities for the low-income class, sharing of "love briquettes", Promise Box Making, Get-together Camp and Love house Habitat, etc. In the future,we will continue to organize various social contribution activities and actively participate in addressing social issues to instill a mature volunteer culture across the company.

Activities by Promy Employee Volunteer Group

Love-sharing Volunteering

Led by its nationwide Promy PA Volunteer Corps, DB Insurance organizes its Love-sharing Volunteering activities for underprivileged children and seniors living alone through its affiliated 48 community centers nation-wide. Love-sharing Volunteering consists of programs such as facility renovations, living environment improvement, and cultural experiences for local affiliated community centers. In 2019, a total of 1,031 PA volunteers participated for a total of 4,096 hours in the program. The program is a recurring annual program, not a one-time event, demonstrating our commitment to sharing with our local communities.

Global Social Contribution Activities

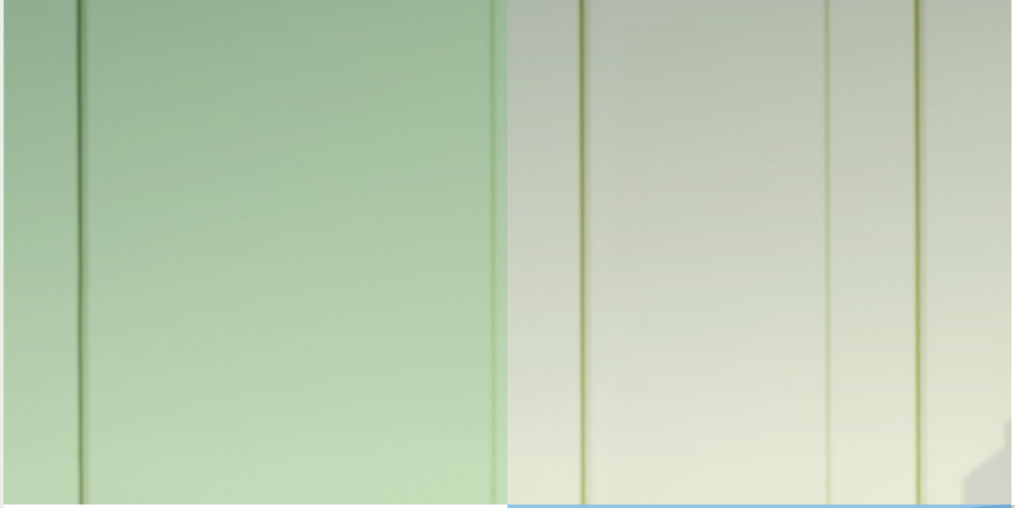
Since 2017, DB Insurance has been conducting, in its key overseas business bases, global social contribution activities contributing to local communities' development. In February 2018, we conducted social contribution activities in Vientiane, Laos, with 60 volunteers that included scholarship students from the Department of Korean Language at the National University of Laos. Besides constructing classrooms and painting murals, we organized programs, including classroom material support and sports events. In 2019, we conducted voluntary work in countries in the Indo-China Peninsular, such as Laos.

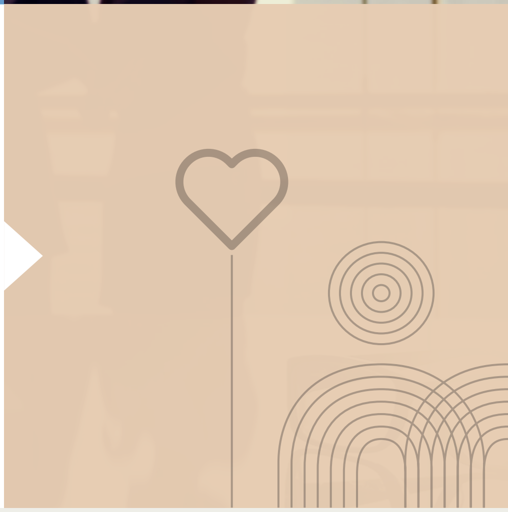
Social contribution activities in Laos

Business Case

Sponsoring Establishment of Local Libraries to Expand Educational Opportunities for the Underprivileged Groups and Children in Underdeveloped Regions

As a global insurance financial group pursuing creating an enriching society with its customers, DB Insurance sponsors the establishment of local libraries to expand educational opportunities in the underdeveloped communities as a measure to provide fair and equal education. In 2019, we supported establishing the "Firefly Library" of Youngwol-gun, Gangwon-do Province, which was previously a mining town. We also provided aid in establishing the "Nepido National School Library" and "Education Bank Library" of B.E.H.S. of North Okala, Myanmar where we operate a local office. Furthermore, we sponsored the "University of Yangon School of Economics Library", continuing our efforts to expand educational opportunities for underprivileged groups at home and abroad.





GOVERNANCE

Sustainable Management KPI

(Target year : 2022)

ENVIRONMENT

① Develop Eco-friendly Products
② Reduce GHG Emissions
③ Enlarge Investment in Eco-friendly New Renewable Energy

SOCIETY

① Ethical Management (Compliance Index)
② Develop Pro-social Products
③ Amount of Social Contribution Costs (Compared to the net income of current term)

Corporate Governance

Board of Directors

As the highest decision-making body in the company, the BoD (Board of Directors) makes important managerial decisions and audits its management. To establish a responsible management system from mid- to long-term perspectives and enhance fairness and transparency, the CEO serves as the chairman of the BoD. An independent lead director, representing all independent directors, is elected separately to ensure the BoD's soundness through its independence and checks and balances. We are also building a sound and independent corporate governance structure through continuous improvements to corporate governance, including the formation of subcommittees centered on independent directors.

Composition of the BoD

As per Articles of Incorporation of DB Insurance, we operate a BoD that consists of three to ten directors, including at least three independent directors to maintain a majority. By resolving the annual general meeting of shareholders (AGM) in 2019, and under the Act on Corporate Governance of Financial Companies, independent director Seungwoo Lee and Seongkook Kim was reappointed through a "separate election of independent directors who are also nominated for Audit Committee members". Additionally, independent director Jeongho Choi was newly appointed. In addition, the Audit Committee comprises entirely of the separately elected independent directors; Seungwoo Lee, Seongkook Kim, and Jeongho Choi. The BoD meetings consist of regular meetings held quarterly and ad hoc meetings held when there are management issues. The BoD resolves important management issues prescribed by applicable laws, its Articles of Incorporation, and its BoD Regulations. In the decision-making process, the BoD makes deliberations and resolutions by considering social and environmental impacts and corporate governance issues.

Operation of the BOD

Category	Unit	2017	2018	2019
No. of meetings held	Session	9	8	7
No. of agenda items submitted	Agenda item	17	24	17
Attendance rate[1]	%	97.8	100	97.2

1) Attendance rate of all registered directors (2 executive directors/3 independent directors), minimum of attendance for all members required : 80%

Profile of BoD members

(As of December 2019)

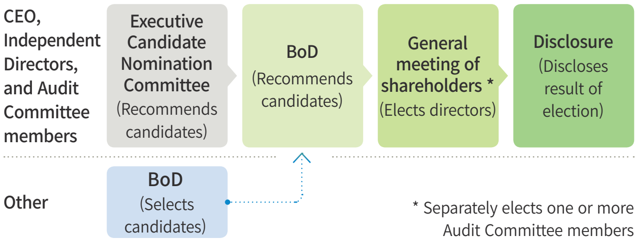
Name	Title	Year of Birth	Gen-der	Term	First Appointment (Most Recent Appointment)	Tenure	Field of Expertise	Background	Industry Experience[2] (Finance/ Insurance)
Jeongnam Kim[3]	CEO, Chairman of the BoD	1952	Male	3	2009.6.12 (2018.3.16)	10 years 6 months	Financial Services (Non-life Insurance)	• Head of Individual Business Division, DB Insurance • Head of New Business Division, DB Insurance • Head of Management Support Division, DB Insurance • (Present) Vice Chairman of DB Insurance	40 years
Seongkook Kim	Independent Director, Audit Committee Member	1950	Male	1	2016.3.18 (2019.3.15)	3 years 9 months	Financial Services, Financial Administration	• Insurance Bureau at the Ministry of Finance • Financial Services Commission • Korea Securities Finance Corp. • President of IBK Credit Information	34 years
Seungwoo Lee	Independent Director, Audit Committee Member	1952	Male	1	2017.3.17 (2019.3.15)	2 years 9 months	Financial Services, Financial Administration	• Ministry of Finance and Econom • Presidential Secretariat (Economic Policy Secretary) • Vice Chairman of the Financial Supervisory Commission • President of Deposit Insurance Corporation	29 years
Jeongho Choi	Independent Director, Audit Committee Member	1954	Male	1	2019.3.15 (2019.3.15)	9 months	Business Administration (Insurance)	• Financial Supervisory Service, Actuarial Standards Committee Member • Sogang University, Business Administration, Honorary Professor • Korean Insurance Academic Society, Director	37 years
Yeongmann Kim[3]	Executive Director	1954	Male	3	2017.3.17 (2017.3.17)	2 years 9 months	Financial Services (Non-life Insurance)	• Head of Product Development Team, DB Insurance • Head of Management Planning Team, DB Insurance • (Present) Management Support Chief/CFO, DB Insurance	39 years

2) Experience in financial companies and financial institutions
3) The Company's shares held by directors (Registered directors are not obligated to own the Company's shares)
- Jeongnam Kim (CEO, executive director) : 73,000 shares of common stock (Compared to basic salary : 11.10 times as of the end of 2019)
- Yeongmann Kim (CFO, executive director : 1,500 shares of common stock (Compared to basic salary : 0.27 times as of the end of 2019)

Process of Electing Directors

DB Insurance recommends candidates for CEO, Independent Directors, and Audit Committee members through the Executive Candidate Nomination Committee under the Act on Corporate Governance of Financial Companies. The Executive Candidate Nomination Committee consists of 3 or more directors, a majority being independent directors, and under the Company's regulations, its chairman must be selected from independent directors. The Executive Candidate Nomination Committee forms and operates candidate pools for independent directors and the CEO, and reports on the operating status of the pools at least once a year to the BoD. Those from the candidate pools who have passed a screening process covering their expertise, fairness in past work, ethics, and responsibility are recommended by the Executive Candidate Nomination Committee as candidates and then are elected as CEO or Independent directors by resolutions of the BoD and the general meeting of shareholders. The appointment of the CEO is carried out in accordance with the procedures of the CEO Succession Regulation and emergency measures to prevent a managerial vacancy caused by the replacement or vacancy of the CEO. Details of the election of directors are disclosed in the Annual Corporate Governance and Compensation Report on the Company's website.

Process of Electing Directors



* Separately elects one or more Audit Committee members

Operation of the Candidate Pool

(Unit : Person)

Category	No. of Members
CEO candidate pool	9
Independent director candidate pool	51

Operation of the Independent Directors' Candidate Pool

Category	Public Service	Finance	Academia	Legal	Total
Total	8	18	19	6	51
Female	0	4	8	2	14
Male	8	14	11	4	37

Independence of the BoD

1 Independent director shall not have been employed by the Company as top management including the CEO in the past 5 years

2 Independent director and/or his/her family shall not have received money in any form whatsoever from the Company or its parent company or subsidiary, in the past 3 years

3 Independent director and/or his/her family shall not have served as an executive of the Company or its parent company or subsidiary in the past 3 years

4 Independent director shall not be the Company's advisor, consultant, or its top management's advisor, nor be in a relationship of alliance with the Company

5 Independent director shall not be in a relationship of alliance with the Company's key customers (suppliers) or partner companies

6 Independent director shall not be in a relationship of personal transactions or service contract with the Company or its top management

7 Independent director shall not be in a relationship of transactions or alliance with NGOs, etc. receiving a significant amount of contributions from the Company

8 Independent director shall not have served as a partner or employee of the Company's auditor in the past 3 years

9 Independent director shall meet the independence or other requirements designated by the BoD, and shall not have conflicts of interest with the Company

Expertise of the BoD

Independent director candidates are nominated after fair verification according to the Executive Candidate Nomination Committee's regulations and other applicable laws. The company identifies and nominates directors from a pool of candidates composed of experts with a broad understanding and practical experience of the financial industry and relevant fields including economy, law, accounting, and media.

Diversity of the BOD

The BoD promotes diversity in its composition by appointing directors with extensive experience and professional knowledge of the financial industry and competitiveness in professional or specialized sectors such as non-life insurance business, financial industry regulation, fair trade, and personnel/labor management. In addition, director candidates are not discriminated for reasons of gender, race or ethnicity, nationality or country of origin, etc.

Diversity Policy of DB Insurance

Diversity of the workforce in terms of age, gender, and race is an asset to the company. We are committed to leveraging the diverse backgrounds, experiences, and perspectives of our employees to provide excellent, equal customer service to the communities we serve. We, therefore, pursue diversity at all job levels and all workplaces, including subsidiaries. The company's diversity has been reinforced by establishing policies to correctly recognize the importance of diversity in all areas of our business, such as recruitment, human resources development, competency enhancement, retention of employees, assignment of jobs, and mentoring/training programs.

BoD Activities

Prevention of Conflicts of Interest

The BoD receives periodic reports on the results of prior reviews and audits of potential conflicts of interest (e.g., internal transactions) conducted by the Risk Management Committee and the Audit Committee under applicable regulations. According to the reviews and audits, subcommittees support the BoD's decision-making by submitting their opinions for matters that are likely to cause conflicts of interest. When the approval requirements prescribed by the BoD and applicable laws are not met for relevant issues, the BoD can restrict such matters from proceeding. Under Article 34 of the Enforcement Decree of the Commercial Act, our BoD does not recommend or elect, as director, anyone serving as director, officer (executive), or Auditor Committee member of two or more companies other than us (DB Insurance).

Subcommittees within the BoD

In accordance with applicable laws and the Articles of Incorporation, there are five subcommittees under the BoD. Each subcommittee deliberates on and resolves matters delegated by the BoD.

Enhancement of Fairness in Performance Compensation for the Senior Management

The Compensation Committee is entirely composed of three independent directors to ensure objectivity and fairness in performance evaluations for senior management, including the CEO and CFO. The compensation for senior management is paid on a deferred basis of at least three years in accordance with the "Executive Performance Compensation Regulation". In addition, the company has stipulated the method of recovering compensation from the management. The compensation system is disclosed in the Annual Corporate Governance and Compensation Report on its official website.

Compensation Ratio[1]

Total compensation for CEO		KRW 785 million
Annual compensation of employees, except CEO	Median	KRW 67.0 million
	Mean	KRW 70.1 million
Ratio of employee compensation and CEO's total annual compensation	Ratio of median compensation	11.7 times
	Ratio of mean compensation	11.2 times

1) Compensation includes bonuses (performance compensation).

Composition and Roles of the BoD's Subcommittees

Category	Duties	Composition	Chairperson	Requirement
BoD	Decide important management issues; convene a general meeting of shareholders, approve financial statements and business plans, etc.	3 independent directors 2 executive directors	Jeongnam Kim (Executive director)	When the chairperson is not an independent director appoint an independent lead director (current independent lead director : Seongkook Kim); a majority shall be independent directors.
Board of Inspection	Appoint the external auditor, conduct an independent audit of the company's operations and accounting, analyze the status of sales and assets, etc.	3 independent directors	Seongkook Kim (Independent director)	Shall consist of 3 or more directors, with at least 2/3 or more and the chairperson being independent directors.
Risk Management Committee	Make decisions on key risk management issues, such as establishing risk management strategies, setting risk limits, and managing group-level risks	3 independent directors 1 executive director	Seungwoo Lee (Independent director)	Shall consist of 2 or more directors, with a majority and the chairperson being independent directors.
Compensation Committee	Operate and review performance compensation system for executives and employees	3 independent directors	Jeongho Choi (Independent director)	Shall consist of 3 or more directors, with a majority and the chairperson being independent directors.
Executive Candidate Nomination Committee	Manage and review candidate pools for CEO and independent directors, and recommend candidates for CEO, independent directors, and Audit Committee members	2 independent directors 1 executive director who is not the CEO	Seongkook Kim (Independent director)	Shall consist of 3 or more directors, with a majority and the chairperson being independent directors.
Management Committee	Make decisions on frequent, general management issues, such as branch opening/closing, manager appointment, etc.	2 executive directors	Jeongnam Kim (Executive director)	Shall consist of 2 or more directors, with the CEO serving as the chairman.

Performance Evaluation of the BoD

DB Insurance evaluates the operation of the BoD and its subcommittees and also evaluates all its registered directors. The methods and main contents of the evaluation are disclosed once a year in the Annual Corporate Governance and Compensation Report.

Website URL for Disclosure of the Corporate Governance and Annual Compensation Report

https://www.idbins.com/pc/bizxpress/contentTemplet/pb/mp/fr/list.jsp

Sustainable Management of the BoD

Each quarter, DB Insurance holds a meeting of its Sustainable Management Committee, which decides major sustainability issues such as company-wide sustainable management strategies. The Sustainable Management Committee consists of key management personnel, with the CEO as its chairman, and its activities and major decisions are reported to the BoD once a year. In 2019, the adequacy of contributions to affiliated non-profit corporations and donations made to those entities were reported to the BoD. In addition, we have the Sustainable Management Working Committee, a subcommittee under the Sustainable Management Committee, to ensure its smooth operation. This subcommittee has three divisions: Economy, Environment, and Society. Each division identifies key issues by analyzing internal/external environmental issues related to sustainable management, identifying stakeholder issues, etc., and carries out detailed improvement tasks. Issues and improvement tasks identified by the subcommittee are reflected in our corporate strategies through the Sustainable Management Committee's resolutions.

Tasks of the Sustainable Management Working Committee

Overall sustainable management	• Advancing sustainable management strategies, and establishing a working-level organization and operational system for sustainable management
Environmental areas	• Establishing environmental management policies, strengthening environmental KPI management, and developing eco-friendly products and services • Creating carbon-neutral plans, and building an environmental risk recognition system
Economic areas	• Strengthening independence and transparency of the BoD, and enhancing responsibility for sustainable management • Reinforcing operational transparency of the Code of Ethics, and improving consumer protection • Increasing brand value assessment, and establishing an integrated stakeholder management system • Strengthening stakeholder issue analysis and the sharing system
Social areas	• Advancing social contribution strategies, advocating human rights and diversity, and enhancing safety and health management • Bolstering external cooperation and networks, and improving social contribution performance management • Introducing supplier guidelines, and furthering business partner management • Strengthening responsibility for the underprivileged, and responding to the issue of population aging • Asset management in consideration of CSR

Composition of Shareholders

DB Insurance has issued a total of 70,800,000 common shares and has not issued any preferred stock. Under applicable laws, we are listed in the Korea Exchange and may issue classes of shares with restricted voting rights, but may not issue shares with unequal voting rights (e.g., poison pill, golden share) as per applicable domestic laws.

Major Shareholders

(As of December 2019)

Category	Share (%)		Remarks
Namho Kim	9.29	25.84	Largest shareholder
Junki Kim	7.44		Affiliated person (family)
Juwon Kim	3.52		
DB Junki Kim Cultural Foundation	5.59		Affiliated non-profit corp.
National Pension Service	11.31		Pension fund
Matthews International Fund	5.52		Overseas investor

※ Based on the total number of voting shares

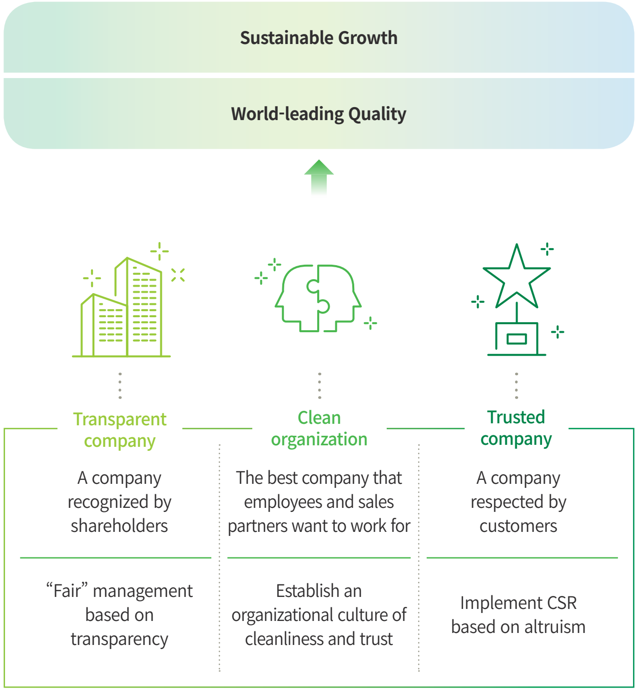
Ethical Management

Establishing a Foundation for Ethical Management

Compliance Management System

In 2017, DB Insurance became the first Korean insurer to acquire "ISO 19600" certification, an international standard for a compliance management system, proving its global-level compliance management system in terms of compliance policy, risk identification and assessment, control, and monitoring, internal review, business performance review, etc. In addition, we ensure the transparent maintenance of ethical compliance system through annual inspections. In 2020, we are preparing for a 3-years renewal evaluation.

Furthermore, we reflected relevant legislation in line with the enactment of the Anti-graft Act in the revision of the Code of Ethics and Implementation Guidelines to disseminate ethical awareness across the company management. In the future, we will expand the application of ISO 19600 Certification and Code of Ethics to subsidiaries and overseas business sites.



Sustainable Growth

World-leading Quality

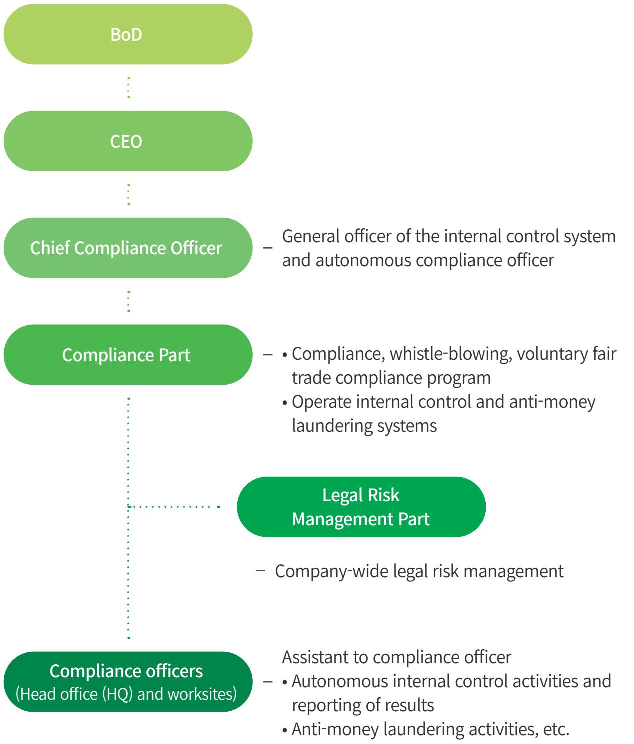
Transparent company	Clean organization	Trusted company
A company recognized by shareholders	The best company that employees and sales partners want to work for	A company respected by customers
"Fair" management based on transparency	Establish an organizational culture of cleanliness and trust	Implement CSR based on altruism

Ethical Management Governance

DB Insurance is operating a semi-annual Internal Control Committee, chaired by the CEO, to discuss matters related to internal control such as compliance and financial accidents, permanent monitoring and inspection of internal control weak points, and reporting on the improvement measures.

We have appointed the Chief Compliance Officer under the CEO to ensure the independence of compliance management. We are improving efficiency and professionalism by clearly separating roles and responsibilities among the Compliance Part, Legal Risk Management Part, and compliance officers.

Organization for Ethical Management



BoD

CEO

Chief Compliance Officer – General officer of the internal control system and autonomous compliance officer

Compliance Part –
- Compliance, whistle-blowing, voluntary fair trade compliance program
- Operate internal control and anti-money laundering systems

Legal Risk Management Part – Company-wide legal risk management

Compliance officers (Head office (HQ) and worksites) – Assistant to compliance officer
- Autonomous internal control activities and reporting of results
- Anti-money laundering activities, etc.

Systematic Management of Company-wide Compliance

To strengthen company-wide management of internal control each year DB Insurance conducts internal control activities in accordance with our compliance risk management guidelines. We carry out regular monthly monitoring of key indicators by assessing risks among the departmentally analyzed compliance risk and management methods. When abnormalities such as hyper- or hypo-indicators in the monitored items, we conduct inspections to identify issues and further improve the system.
Furthermore, compliance officers appointed by each business site and departments conduct quarterly self-inspections to prevent financial accidents and wrongful processing of work.

Major Internal Control Activities (2019)

(Unit : Activity)

Category		No. of Activities
Customer complaint consultation/ reporting	Complaints about services (products)	4
	Employee wrongdoing	1
	Complaints about suppliers	2
	Complaints about CS response	0
	Others (personal information, etc.)	0
Measures taken	Heavy discipline	0

Participation Rate of Signing the Pledge of Compliance

⬜ 2017	100%
▨ 2018	100%
🟩 2019	100%

Compliance Training (2019)

Training Course	Training Method	Period
4 Mandatory Compliance Course	VOD video	November
Compliance Officer Course	Collective training	May
New Employee Induction Course	Lecture	January, July
Compliance broadcasting	In-house broadcasting	March, June, September, December

Major Internal Control Activities (2019)

(Unit : Case)

Category	Number of Performance	Key description
Continuous monitoring	24	Monitoring of key indicators of monthly sales and compensation department
(Routine) Inspection	11	Inspection of key policy department's work
On-site department self-inspection	8	Inspection by the dispatched compliance officer, Branch's self-inspection
Total	43	

Diverse Compliance Activities

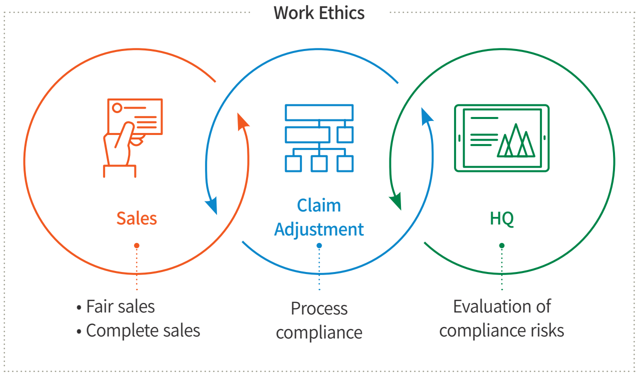
Compliance training is mandatory in our introductory programs for new employees (general and administrative categories), and we have diversified contents to raise awareness on compliance (company broadcasting, VOD, etc.) and enhance employee interest and understanding. We also conduct four mandatory compliance training for each department and report the results to the Compliance Part. Since 2019, we have been making a course comprised of video lectures, enabling employees to access the course easily and more conveniently. We also provide feedback on the results. Additionally, we are internalizing compliance by conducting annual collective training for compliance officers at 200 departments.
Additionally, we are expanding our subsidiaries' compliance culture by including ethical management topics in basic training courses, including DB Car Claim Adjustment, DBCAS, DBCSI, DBCNS, DBMNS, etc. Furthermore, each subsidiary must sign an online Pledge of Compliance tailored to its business characteristics. Moreover, we operate the Ethical Issue Reporting Center on our official website that enables employees and sales organizations to report unethical acts. In 2019, we informed this reporting system through our internal system with pop-up windows, striving to encourage active reporting activities.

Compliance Performance

Compliance Index

To systematically manage such company-wide compliance items as job ethics testing, compliance reporting, compliance risk assessment, etc., DB Insurance operates a compliance index assessment system that measures departmental (HQ, sales, claim adjustment, etc.) compliance levels.

We continuously improve and supplement our compliance index assessment items based on changes in the internal and external environment, the occurrence of compliance issues, etc. In 2019, our compliance index was 96.5, a 0.4 point decline from the previous year.



Compliance Index

(Unit : Point)

Implementation of Compliance

For transparent competition based on fair-process transactions, DB Insurance adopted its "Voluntary Fair Trade Compliance Regulation" in 2003. Also, for all our employees to internalize the fair trade culture, we introduced voluntary fair trade compliance programs and conducted training for them at least once a year.

Each year, to inspect the status of voluntary compliance with fair trade and employees' and suppliers' compliance with the Code of Ethics implementation guidelines, we have been sending to all our clients or accounts, including goods suppliers, loan recruiters, car repair shops, etc., such notices named "request for cooperation to establish ethical culture", and performing due diligence on unfair trade and sites according to their characteristics.

As for requirements or demands collected through their VOCs, we performed active improvements, and in 2019 we strengthened the activities by expanding the scope of applicable clients or accounts and period and area of due diligence.

Risk Assessment and Constant Monitoring System

Analyzing and Assessing Compliance Risks

Since 2017, DB Insurance has identified potential compliance risks in each department's work or business, assessed risk levels (depth and frequency), and established and implemented methods to manage them. As of the 1st half of 2020, we have identified and assessed a total of 390 compliance risks, up from about 200 in 2017. We have instituted methods to address the risks and uploaded the risk items in our internal ethics/risk system. We update randomly-occurring compliance risks in addition to those that are identified on an annual basis.

No. of Compliance Risks and Risk-Management Methods

390 cases

(As of 1st half of 2020)

Legal Risk Response System

The Legal Risk Management Part is comprised of internal counsels and other legal experts, and endeavors to prevent legal risks, such as the provision of legal risk-related training and information, administration of management litigations and non-insurance litigations, legal review/advising related to business, etc.

Through the effective operation of the legal risk management system, it actively responds to company-wide legal issues, such as issues on enactment/revision of the Article of Incorporation, internal regulations, guidelines, labor relations, and HR matters, etc.

Legal Risk Review

(Unit : Case)

Category	2017	2018	2019
HQ Inquiries	610	653	613
Sales Department	998	1,513	1,602
Claims Department	71	62	83
Total	1,679	2,228	2,298

Operation of Internal Accounting Management System

With the "Act on External Audit of Stock Companies" ("External Audit Act") coming into effect, DB Insurance has systematically designed and runs the Internal Accounting Control System ("IACS"). We launched a new Internal Accounting Task Force and upgraded a new Internal Accounting System, thus reorganizing our Internal Accounting Management System. In 2019, we conducted design and operational evaluation of the 579 material control items and revised and supplemented improvement measures.

Eliminating Unethical Conduct within the Company

DB Insurance operates various systems to prevent employees' unethical conduct and raise awareness within the company. Through our internal whistle-blowing system, we create an atmosphere in which employees can freely report unethical practices. In the event of disciplinary action, we disclose those disciplined and the grounds of such discipline and conduct education to prevent a recurrence. As an external channel, the Financial Irregularities Report Center is available on our official website to report financial incidents and internal control violations. The Chief Compliance Officer consistently follows up such reports.

In addition, employees who received gifts or valuables which are difficult to return as their senders are unknown can report the cases to the Chief Compliance Officer through the "gifts & valuables reporting system" in our internal ethics and compliance site. The reported valuables are auctioned, and a total of KRW 4 million was donated to social welfare organizations such as the Korean Disabled People's Association and the company's "Heart Fund" (in-house fund) in 2019. As a result, there has been no single case of violation of applicable laws or imposition of fine or penalty in relation to corruption, bribery, antitrust or anti-competitive practices in the last five years.

No. of Annual In-house Audits in 2019	43 times
No. of Departments Inspected	210 departments
No. of Institutional Improvements	20 cases
No. of Actions Taken	20 cases

Operation of Anti-Money Laundering System

DB Insurance designated a supervisor in charge of money laundering surveillance in the compliance team to enhance expertise in anti-money laundering tasks. In addition, more than 200 compliance officers, composed of practitioners in each organization, each month report to the compliance team transactions suspected of money laundering. Further, we regularly report to the Korea Financial Intelligence Unit (KoFIU) every month through our Anti-Money Laundering (AML) system. In 2016, we received consultations on the status of our company to comply with the requirements for the establishment of the prevention system. In 2018, we completed building a new RBA system, and we utilized the system into our operation in 2019.

Management of Disclosure Violations

In accordance with the relevant laws and regulations, we have established internal disclosure guidelines, including procedures and management, so that employees can follow the correct Code of Conduct in the performance of their duties. In addition, our disclosure officers regularly check disclosures and immediately notify the relevant departments when problems emerge.

Contributions to Political Parties and Sponsor Groups

As a Korean corporation, DB Insurance is restricted from making political donations in under Article 31(1) of the Political Fund Law. Consequently, we have made no contributions to political parties or their sponsor groups during the reporting period and, in principle, are prohibited from political participation by the Code of Ethics. Moreover, while the employees may still disclose their political views as individuals, they are advised to ensure that these personal opinions cannot be misconstrued as representing those of the company.

Risk Management

Company–wide Risk Management

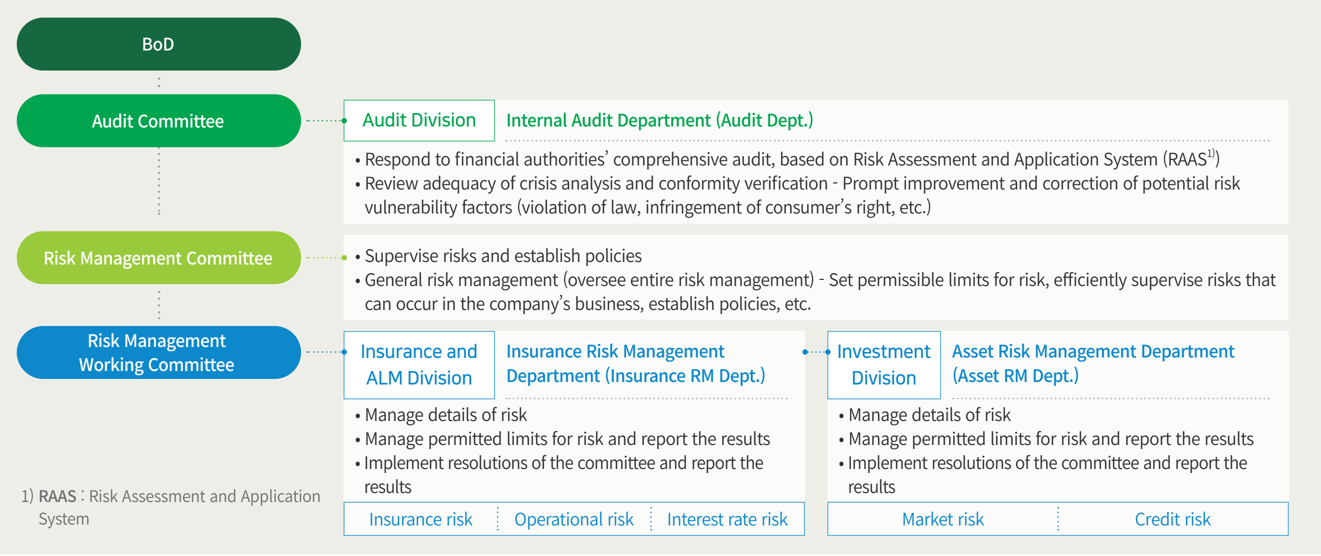
Risk Policies and Strategies

DB Insurance is actively responding to the diversification of the global insurance market environment and strengthening business regulations. To this end, we are laying the groundwork for strategic risk management, thereby creating a stable foundation for profit. We undertake rigorous monitoring and control activities in accordance with the risk management strategy limits and guidelines newly established in 2019. Each year, we obtain approval from the Risk Management Committee for risk management strategies linked to mid- to long-term management strategies and business plans. In addition, risk capital is allocated to each risk category so that the overall risk can be maintained at an appropriate level relative to the available capital. Risk burdens are minimized by ascertaining in advance the levels of risk factors, size, and adequacy.

1 Risk appetite including the company's total risk amount and target RBC ratio
2 Allocating capital for each risk by utilizing RBC (Risk-based Capital)
3 Risk limitations that take into account optimal asset portfolios (Var/Exposure/Loss/Loss cut/Concentration limits) and guidelines
4 ALM strategy for interest rate risk management (guidelines on average collection periods and guidelines on expected interest rates)
5 Optimal reinsurance operation strategy including limits in possession of insurance risk
6 Establish DB Financial Group-level risk management organization (prevent risk transfer and concurrent insolvency among group companies due to risk concentration)

Risk Management Organization

DB Insurance has established the Risk Management Committee under the Board of Directors, the oversight organization for risk management, following the Act on Corporate Governance of Financial Companies. Also, due to the need to respond flexibly to the rapidly-changing financial market environment, we operate the Risk Management Working Committee. We have separate departments for insurance risk and asset risk within the aforementioned working committee, thereby enhancing the expertise of our operations. In addition, we enhance our soundness and financial system safety through our internal audits.



- Respond to financial authorities' comprehensive audit, based on Risk Assessment and Application System (RAAS[1])
- Review adequacy of crisis analysis and conformity verification - Prompt improvement and correction of potential risk vulnerability factors (violation of law, infringement of consumer's right, etc.)

- Supervise risks and establish policies
- General risk management (oversee entire risk management) - Set permissible limits for risk, efficiently supervise risks that can occur in the company's business, establish policies, etc.

- Manage details of risk
- Manage permitted limits for risk and report the results
- Implement resolutions of the committee and report the results

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- Manage permitted limits for risk and report the results
- Implement resolutions of the committee and report the results

[1] **RAAS** : Risk Assessment and Application System

Establishment of a Risk Management System

DB Insurance manages its financial soundness by setting individual risk limits according to the target RBC[2] ratio (risk tolerance level) through the projection of changes in the market and regulatory environment, mid- to long-term business plan, and RBC ratio. Also, we conduct a periodic crisis analysis where we evaluate our capital availability by applying various scenarios on risk factors such as stock price, interest rate, and exchange rate, and then establish countermeasures. DB Insurance conducted an ERM (Enterprise Risk Management) project to support risk management tasks such as risk volume calculation, stress tests, and the formulation of risk-based management plans, enabling more efficient risk management.
In 2019, we reorganized the risk management information system to preemptively respond to the new solvency system based on a market valuation of assets/liabilities to be introduced in the future. Further, in 2020, we conducted preliminary work to introduce a new system by enhancing the system through an advanced trial operation.

Types of Risk Management

	Risk	Description
Financial Risks	Insurance risk	• Premiums and reserves risk caused by the difference between expected and actual figures of premiums and reserves
	Interest rate risk	• Risk of loss caused by decreases in the company's net asset value in the event of changes in interests rates, triggered by discordance between assets' and liabilities' maturity and interest rate structures
	Market risk	• Risk of price volatility caused by changes in interest rates, stock prices, exchange rates, etc.
	Credit risk	• Risk arising from transaction counterparty's default • Risk of change in asset value due to default or change in credit rating of borrowers • Reinsurance credit risk: risk of reinsurer's bankruptcy
	Subsidiary risk	• Risk arising due to the subsidiary risk exposure being reflected in the parent company's financial statements
Non-financial Risks	Managerial risk	• Risk arising from the strategic aspects of management (e.g., delay in setting up necessary management system, failure of decision-making, etc.)
	Legal risk	• Risk of loss due to errors in interpretation or application of law, non-compliance with legal regulation, new legal regulation, etc.
	Risk in conduct of work	• Risk arising from employee's professional negligence or misconduct, error in the work process, or error in standard-setting
	IT risk	• Risk arising from program error, system error, computer equipment error, etc.
	Reputational risk	• Risk of our creditworthiness being adversely affected by the managerial failure, violation of applicable laws, social scandals, etc.
	Operational risk	• Risks of injury/property damage arising from disasters, etc

Management of BCP (Business Continuity Plan)

As disasters become more frequent, diverse, and larger, to secure continuity of corporate management in cases of suspension of operation due to unexpected disaster, we have conducted BCP projects since 2013.

Analyze operation impact, by department	• Divide a department's duties (jobs) into unit duties, and based on importance, derive the duty requiring top priority recovery during suspension of operation
Establish company-wide BCM	• Analyze each department's BCM (Business Continuity Management) results at a company-wide level and readjust priority duties • Formulate how to manage the organization, personnel, substitute sites, IT system, important information, equipment, supplies, etc. • Update each department's R&R and personnel established through the project
BCP simulation drills	• For a review of BCP's effectiveness and for greater awareness, each year we revise the incident scenario, etc., and supplement weaknesses through post-drill reviews • Concurrently perform IT disaster recovery drill (DR) following the Electronic Finance Supervision Regulation

Management of Financial Soundness and Limit Establishment

To maintain stable capital adequacy, DB Insurance assesses the soundness of its owner's equity relative to risks based on the RBC system stipulated by the supervisory authorities in 2009. Our RBC ratio stood at 224% as of December 2019. In addition, we allocate the required capital for each risk based on the RBC standard and set the risk tolerance limit after approval by the Risk Management Committee. We regularly report this to the Risk Management Committee and senior management and strictly manage related matters through continuous monitoring.

Analysis of Risk Factor Sensitivity

We aim to preemptively respond to any negative impact on capital values and profit associated with various risk factors in the market. To this end, we analyze asset sensitivity caused by the changes in the risk factors, thus identifying factors that have the most significant impact on our RBC ratio. According to the crisis analysis criteria suggested by the financial authorities and our own scenarios, we conduct risk-by-risk factor crisis analyses according to changes in the interest rate, stock price, exchange rate, default rate, and loss ratio, and also conduct an integrated crisis analysis. As a result of these efforts, our RBC ratio has never fallen below 100%, even in emergencies.

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2) **RBC (Risk Based Capital)** : Insurance Company's solvency ratio, which indicates financial soundness.

Financial Soundness Management

Insurance Capital Standard (K-ICS)

With "IFRS17", the international accounting standards based on insurance liabilities market valuation, scheduled to be enforced in 2023, the supervisory authorities are preparing to introduce a Korean Insurance Capital Standard, new financial soundness system based on mark-to-market of assets and liabilities. Thus, DB Insurance is building a risk management system containing the K-ICS standard model and its internal model in the IFRS17 integrated system, based on the 5 sub-items of K-ICS (available capital, long-term non-life insurance risk, general non-life insurance risk, market risk, and credit risk), and is conducting expansion of interest-bearing assets for duration and cash flow matching, adjustment of insurance liabilities portfolio, and if necessary, review of capital expansion, etc.

Key contents of K-ICS

① Increased volatility of available capital and required capital due to assets/liabilities market valuation

② Strengthen reliability level for required capital measurement (99% → 99.5%)

③ Expansion and segmentation of risk measurement targets

④ Require future cash flow projection for assets and liabilities

IFRS9

With "IFRS9" the international accounting standards for financial products prescribing changes in financial product classification criteria and changes in loss measurement method, scheduled to be enforced, DB Insurance needs an asset management system that complies with the new accounting standards. Thus, we are conducting a project to build a system in preparation for IFRS9's exclusive application in 2022 by reflecting changes brought by IFRS9.

Integrated supervision of financial group

Due to past incidents of concurrent insolvency among financial companies of a group, financial companies becoming larger and more diversified in terms of size and services, and development of non-regulated financial areas such as hedge funds, there have been lively discussions on how to manage integrated, financial group-level soundness. Thus, the Financial Services Commission established the "Model Practices on Supervision of Financial Groups" for soundness management of large financial groups, and began pilot- running the policy for 7 financial groups, including DB Group since the 2nd half of 2018, and plans to push for legislation in cooperation with the legislature. As the flagship of the company of DB Financial Group, we have established an integrated risk management system by which we will manage by-sector capital adequacy of the group companies and group-level owner's equity ratio in consideration of intra-Group transactions, and disclose important matters.

Key contents of integrated supervision of financial groups

① Financial group risk management system and internal control system

② Periodically evaluate the status of group risks

③ Check financial group-level capital adequacy

④ Perform reporting and disclosure of essential matters

Emerging Risk

DB Insurance continuously monitors and analyzes newly emerging risks that come from changes in the insurance industry environment and implements strategic risk management to proactively respond to them.

Major risks	Cyber security	Demographic changes	Accelerated climate change
Background and definitions	• Potential risk of data leakage associated with the collection, management, and use of the personal information of customers and employees. • Security risks arising from hacking and damage of key IT systems • Legal/regulatory risks associated with reinforcement of laws and regulations concerning cybersecurity • Increased chance of exposure to new IT security-related risks due to new technologies such as blockchain and InsurTech	• A demographic change is in progress due to the aging population as baby boomers get older and the economic slowdown keeps the birthrate low - A demographic cliff and decreased working-age population, precipitated by the increased number of the elderly, along with the low birth rate could lead to a consumption cliff	• Greater social/environmental losses caused by climate change - Greater frequency and severity of extreme weather - More stringent regulations on climate change in accordance with The Paris Agreement, etc.
Major changes and potential risks (Risk impact)	• Leakage of customer data at financial companies leads to serious reputational risk, which in turn spills over to such management risk as penalties imposed by supervisory authorities - Personal information leakage incident in 2014 (the relevant credit card company was suspended for three months), WannaCry attack in 2017, etc. - Increased IT costs for cybersecurity systems, etc. • The company manages the data of 9.44 million customers, about 18.3% of the total population (51.71 million at the end of 2019), and the resulting regulatory and management risks are expected to keep increasing - The company plans to review internal procedures and data protection measures regarding related issues • South Korea, as the only divided nation in the world and an IT powerhouse, is exposed to cyber threats such as DDoS attacks. Since the company handles mandatory statutory insurances such as auto insurance and environmental impairment liability (EIL) insurance, there is an increasing need to take measures against network attacks such as malicious hacking and DDos from overseas (domestic sales accounted for 98% of the company's total sales in 2019)	• Due to the low birth rate and aging population, potential insurance purchasers will decrease in number, whereas an increase in the number of elderly beneficiaries will lead to greater loss in insurance sales • A protracted economic downturn due to a consumption cliff may lead to a decrease in insurance sales and investment returns, resulting in industry restructuring as seen in the Japanese insurance market in the past	• Increased difficulties in predicting loss ratio of the existing insurance products due to the increased frequency of abnormal weather changes (local torrential rain, heavy snow, cold wave, fine dust, etc.). • Increased demand for climate change-related financial products and services • Increased business expenses and legal risks due to the strengthened environmental regulations
Response efforts	• Established a responsible team for cyber data protection and appointed a Chief Information Security Officer (CISO) • Introduced a network separation system that separates intranet and Internet • Re-organized the dedicated personnel so that IT security personnel will account for 5% or more of all employees • Upgraded the company-wide cybersecurity and data protection management system - Established a risk management system through reinforcement of the IT system, securing of experts and training employees There has been no incident related to customer information leaks	• Developed insurance products and services targeting the elderly and those with history of illness • Executed social contribution activities that link the company's business with low-birth rate themes such as children's traffic safety (Yellow Carpet) • Bolstered family-friendly management efforts such as in-house child-care centers and encouraged maternity leave • Supported re-employment of aged retirees into subsidiaries and introduced a retirement pension system for a stable retirement	• Established preemptive response strategies for climate change - Offered products/services suitable for environmental/social demands - Responded to more stringent climate change-related regulations such as GHG emissions regulations
Page	84-85p	35p, 53-54p, 59p, 68p	35-36p

Information Security

Instituting Computing Security System

Strengthen Computing Security System across the Value Chain

DB Insurance established its mid- to long-term Information Strategy Plan (ISP) in 2016 and by 2020 will have selected a total of 8 strategic tasks and 37 IT sub-strategic tasks to implement. We are making IT investments for about 100 development and infrastructure items each year. In particular, we are securing InsurTech competitiveness through various external collaborations such as national projects on big data/Blockchain, strategic alliance with financial/IT companies, etc.

In 2019, we established an information protection strategy to enhance customer satisfaction in IT services. Through these initiatives, we are focusing on preventive/preemptive failure response measures to strengthen IT service quality and basic inspection activities and strengthen field support activities to secure each channel's IT competitiveness, thereby enhancing field support activities.

Strategic Direction: Creating Future IT Value in Convergence with Biz Growth Engines

Strengthening Biz Competitiveness through IT Leadership

	Enhance customer satisfaction in IT services	Increase productivity through reduction in IT business expenses
Strengthening Workplace Support Activities	**Enhancement Customer System** • Strengthen workplace IT support programs • Strengthen IT support for new businesses (GA, TM, etc.)	**Strengthening Work-IT Leadership** • Identify new technology-based services (AI, etc.) • Strengthen internal/external communication channels (rearrange meetings)
Enhancing IT Service Quality	**Advancement of IT Project Management** • Establish a system of project implementation groups • Improve system ROI management system	**Establishing a Preemptive Error Prevention management system** • Eliminate incident-causing factors • Strengthen control of irregularities and improve weaknesses
Efficiency in IT Business Expenses	**Reducing Operational Expenses by Area** • Establish a new ITO control and management system • Reduce inefficient work factors (e.g., RPA)	**Reducing Infrastructure/Project Investment Expenses** • Efficient VDI infrastructure • Expand project performance capacity
Increasing System Efficiency	**Increase Efficiency of System Quality/Data Management** • Improve the system quality index • Expand data DG/BR improvement activities	**Increase Efficiency of IT Resource Management System** • Adopt low-cost, high-efficiency models (open source, etc.) • Increase efficiency of infrastructure resources (server, storage, etc.)

Efficiency of IT Operation Expenses

KRW 7.18 billion

Strengthen Field Support Activities

Through upgrading the customer service system in the field, DB Insurance is enhancing customer satisfaction. We not only stabilize basic IT service quality (preventive, preemptive failure response, sufficient inspection activity, etc.) but also strengthen field support activities to secure IT competitiveness of each channel. In 2019, to enhance the response to the on-site IT issues and execution capabilities, we conducted information protection training for recruiters through internal broadcasting. Furthermore, we strengthened customer information security by blocking access to policy information at the request of customers and registered customers who requested not make contacts for product information and product sales pitches in the No-Call customer list.

Strengthen IT Service Quality

Our company-wide IT management system integrating field operation support and internal system efficiency, etc. on the business process (Value Chain). Through the life cycle management system, it provides efficient, effective IT solutions required by each field. We continue to improve vulnerabilities. In addition, we support stable operations by optimizing the performance of infrastructure and applications run by all processes, which enable faster, more accurate information processing at each decision-making stage, increasing productivity. In 2019, by utilizing the Integrated Security Control System, we inspected weaknesses in intelligence assets and established an automatic collection system. Through continuous improvements and enhancements of IT service quality, we will earn customers trust in our information protection solution across all business processes.

Commitment to Enhancing Future Competitiveness in IT Business

Since the expansion of VDI (virtual PC) to work computers to secure business continuity in the post-COVID-19 work environment, we have achieved smooth and stable work performance without any failures. We are also preparing to implement company-wide video conferencing by enhancing the current electronic meeting system. Even before the outbreak of COVID-19 in early 2020, we had already established a stable virtual work network to create a company-wide telecommuting environment. Furthermore, we plan to extend this system/infrastructure to create an optimal telecommuting environment to consider company-wide work characteristics.

Personal Information Protection

Management System for Information Protection

DB Insurance understands that information protection issues are part of company-wide business risks and holds quarterly Information Protection Committee meetings attended by the CISO(Chief Information Security Officer) and upper management. The Information Protection Committee discusses important matters related to information protection and reports the results to the CEO, actively endeavoring to protect customers' and the company's valuable information. We have also established a strict monitoring process, such as 24/365 integrated security control, voluntary information protection audits concerning the IT environment. We conduct a website assessment at least semi-annually by outside experts to periodically verify that our customer information protection system is sufficient. The evaluation includes inspection of trustees' personal(credit), a review of insurance subscriber recruiting trustees, on-site inspection of collected consent forms to insurance plans, and monitoring of excessive inquiries on customer information. The result of the examination is reported to the BoD annually. Furthermore, we have purchased "Private Information Liability Insurance", and "E-financial Transaction Liability Insurance" to cover our third-party liabilities related to company-wide information protection, minimizing our information protection risk.

Information Protection Management Governance

BoD	Business reporting of management and protection of credit information (annual)
CEO	Reporting of Information Protection Committee's deliberations and resolutions
Information Protection Committee	Deliberation and resolution of planning, establishment, and operation of company-wide information protection (quarterly)
Chief Information Security Officer (CISO)	**Head of Information Protection Team** Oversight of company-wide information protection activities, establishment and implementation of information protection plans, etc.

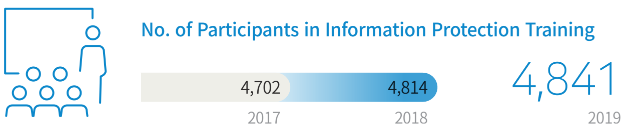
Head of Strategic Marketing Team	Head of IT Support Team	Head of General Affairs Team
Responsible for collection, use, sharing, and destruction of customer information	Responsible for management of IT defects, system failure, and hacking, etc.	Responsible for management of documents(printouts) information and facilities (building security)

Strengthening the Data Breach Prevention System

DB Insurance, in 2019, revalidated our compliance with the separation of our company intranet from the Internet, and established an automated collection system for information asset weakness assessment results using the Integrated Security control System. With the establishment of the Customer Information Consignment Management System in 2019, we are preventing information omission due to the negligence of the consignment companies. In addition, we built a personal information detection system within the open server and an internal file server. As a result, there was not a single violation related to customer information leakage between 2013 and 2019.

Internalize Awareness of Information Protection

As the insurance industry regularly handles sensitive information, we have established information protection guidelines for employees and periodically conduct training to strengthen awareness of information protection. Additionally, in cases of emergencies, we conduct adequacy verification to ensure business continuity, information infringement response training to enhance employees' awareness (server hacking, DDoS attacks, etc., disaster recovery training, and business continuity plan (BCP) mock training each year. In 2019, we commenced 12 training programs covering personal (credit) information protection and understanding of financial security laws and systems. A total of 4,841 employees of the company completed the training. Furthermore, we also provided information security training to IT subcontractors and recruiters.


No. of Participants in Information Protection Training

Strengthening Customer Information Protection and Abnormality Monitoring

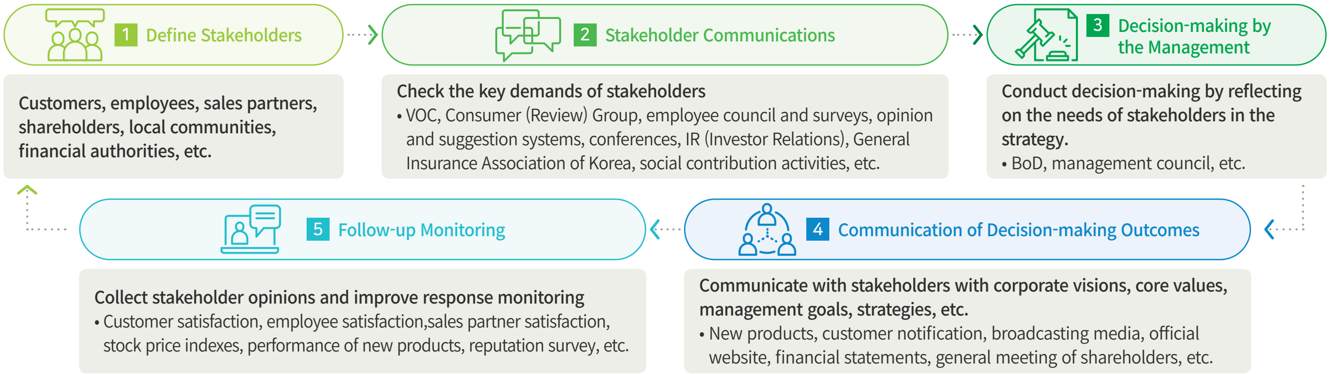
To safely protect customer information, we encrypt and store structured (DBMS) and unstructured (images, recordings, etc.) customer information. We also inspect the compliance with our legislative obligations to display information on the official website, security agreement, and implementation of training and inspections and make improvements on weaknesses identified through quarterly evaluation of trustees for planners and agencies. In particular, in 2019, we focused on implementing preemptive prevention of compliance issues and response activities through overall inspection of the influx of customer information by channel.

APPENDIX

Stakeholder Engagement

DB Insurance defines customers, shareholders and investors, executives, employees, partners, and communities as key stakeholders. We actively collect internal and external stakeholders' opinions through communication channels, considering each stakeholder's characteristics, and reflect them in major decisions in our management activities. Also, the company conducts monitoring through direct surveys such as internal and external customer satisfaction surveys (CSI), employee satisfaction surveys, partner satisfaction surveys (FSI) surveys, online reputation survey systems, and indirect surveys such as sales performance of new products and stock price flow, and the results are reflected in management's decision-making and improved.

Stakeholder Communication System



1 Define Stakeholders

Customers, employees, sales partners, shareholders, local communities, financial authorities, etc.

2 Stakeholder Communications

Check the key demands of stakeholders
- VOC, Consumer (Review) Group, employee council and surveys, opinion and suggestion systems, conferences, IR (Investor Relations), General Insurance Association of Korea, social contribution activities, etc.

3 Decision-making by the Management

Conduct decision-making by reflecting on the needs of stakeholders in the strategy.
- BoD, management council, etc.

4 Communication of Decision-making Outcomes

Communicate with stakeholders with corporate visions, core values, management goals, strategies, etc.
- New products, customer notification, broadcasting media, official website, financial statements, general meeting of shareholders, etc.

5 Follow-up Monitoring

Collect stakeholder opinions and improve response monitoring
- Customer satisfaction, employee satisfaction,sales partner satisfaction, stock price indexes, performance of new products, reputation survey, etc.

Creating Values for Stakeholders

Sales Partners

Communication channels for individuals or groups who rapidly, accurately deliver DB Insurance's products and services

Communication Channels |
On-site PA Communication Channels/Sales Partner TV

- DBRT (DB Round Table)/Seminar
- Partnership Conference of Car Repair Agencies
- Meetings of DPs (DB Partner)
- Network of Medical Consultants (Medical Specialists)

Employees

A group of activities belonging to DB Insurance provides a certain amount of work or service and receives the corresponding remuneration

Communication Channels |
Dream Big Plaza/Opinion & Suggestion Systems/Participation Platform

- Dynamic Leaders Conference/Open Communication with CEO
- Employee Satisfaction Index (ESI)
- Monthly management briefings (Promy TV)

Stakeholders

Customers

Individual/group purchasers or potential purchasers of DB Insurance financial products

Communication Channels |
Consumer Evaluator (Review) Group/VOC/ Campaign of Know Your Customers

- External Customer Satisfaction Indexes (KCSI, KS-SQI, NCSI)
- Customer Satisfaction Index of DB Insurance

Shareholders

Individuals or groups that provide capital to DB Insurance for specific profit-seeking purposes

Communication Channels |
IR (Investor Relations)/Company Presentation

- Disclosure (DART, "Data Analysis, Retrieval and Transfer System", an electronic disclosure system & website)

Local Communities

Communication channels for individuals or groups of individuals or groups that exchange direct/ indirect influences in the areas of the company's business

Communication Channels |
Social contribution activities sport sponsorships/public services

Management Decision-making System

DB Insurance makes decisions on important management issues through its BoD, committees in different sectors, management conference bodies, etc., and continuously improves its operating system in line with changes in its management environment and strategies. A speedy, smooth decision-making process is facilitated by our electronic document-approval(decision-making) system, and essential decision-making items are transparently shared with all employees through our work portal system.

Materiality Test

To identify critical issues of sustainable management that may affect the company's business, DB Insurance conducted internal/external environment analysis on global sustainable management trends, key industry issues, internal management issues, etc., and identified stakeholders' opinions and needs a survey of key stakeholders.

Step1 Forming a major issue pool

- Conduct a multi-faceted analysis of DB Insurance's sustainable management

Identifying External Issues

Review of International Standards

- Analyzed and identified the requirements of international standards such as GRI Standards, DJSI, ISO 26000, UN SDGs, etc.

Review of Internal Materials

- Analyzed major sustainable management issues and activities of global leading companies (11 in total) in the industry

Media Research

- Reviewed 1,978 articles exposed to the press in 2019

Survey of Stakeholders

- Conducted surveys to customers, shareholders, investors, communities, sales partners, and sustainability management experts

Identifying Internal Issues

Survey of Employees

- Survey of employees

Review of Internal Materials

- Reviewed a key announcement of CEO and other management materials
- Reviewed a key article of company newsletters published in 2019

Key Issues of Sustainable Management

- Implementation of DB Insurance's emphasis on sustainable management and reflection of its significant managerial directions

Step2 Materiality Mapping and Identification of Key issues

- Materiality test in consideration of stakeholder impact ("Impact") and business relevance ("Relevance")

Evidence of Impact	Evidence of Relevance
Issues of interest by stakeholders, trend in social issues, compliance with legal regulation	Link with financial/insurance industry, consistency with short/long-term visions

Step3 Review of Validity and Report

Reflecting Internal Opinions

- Consultations with sustainable management TF team
- Review by the Sustainable Management Committee

Reporting on Core Issues

- Detailed reporting, with an emphasis on activities and performances for the derived issues

Reporting on Potential Issues

- Reporting on issues specifically managed by the company on an ongoing basis

Materiality Map

Result of Materiality Test

Core Issues of Stakeholders	Impact Assessment of Issues			Reporting Issues	Page	GRI Standards
	Finance	Operation	Risk Management			
1 Expanding the foundation for future growth	○			Material Topic - 1 Promise for the Future	18-25	-
2 Enhancing digital innovation, such as InsurTech	○					
3 Develop customer-tailored products/services	○			Material Topic - 2 Promise for Customers	26-33	Marketing and Labeling
4 Revitalizing customer communication		○				
5 Increasing strategic social contribution activities related to the insurance sector			○	Material Topic - 3 Promise for Mutual Happiness	34-41	Product Portfolio Indirect Economic Impacts Local Communities
6 Expand socially responsible investment (SRI)		○				
7 Secure transparency of BoD composition and operation		○		Governance	72-75	Governance
8 Strengthen ethical management and prevent corruption		○		Governance	76-79	Anti-corruption Compliance
9 Advancement of company-wide integrated risk management system		○		Governance	80-83	-

GRI Index

Universal Standards (GRI 100)

Classification	Disclosure	Indicators	Page	Note
Organizational Profile	102-1	Name of the organization	6	
	102-2	Activities, brands, products, and services	10, 11	
	102-3	Location of headquarters	6	
	102-4	Location of operations	6, 45, 46	
	102-5	Ownership and legal form	6	
	102-6	Markets served	6, 44-46	
	102-7	Scale of the organization	6, 47, 48	
	102-8	Information on employees and other workers	53-60	
	102-9	Supply chain	10, 11	
	102-10	Significant changes to the organization and its supply chain	-	No significant changes
	102-11	Precautionary Principle or approach	80-83	
	102-12	External initiatives	102, 103	
	102-13	Memership of associations	104	
Strategy	102-14	Statement from senior decision-maker	4, 5	
	102-15	Key impacts, risks, and opportunities	83	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	76-79	
	102-17	Mechanisms for advice and concerns about ethics	76-79	
Governance	102-18	Governance structure	72-75	
Stakeholder Engagement	102-40	List of stakeholder groups	87	
	102-41	Collective bargaining agreements	-	All employees except for registered directors according to employment regulations
	102-42	Identifying and selecting stakeholders	87	
	102-43	Approach to stakeholder engagement	87	
	102-44	Key topics and concerns raised	88, 89	
Reporting Practice	102-45	Entities included in the consolidated financial statements	-	Business Report
	102-46	Defining report content and topic Boundaries	About This Report	
	102-47	List of material topics	88, 89	
	102-48	Restatements of information	-	Stated separately as a footnote at the related content
	102-49	Changes in reporting	About This Report	
	102-50	Reporting period	About This Report	
	102-51	Date of most recent report	About This Report	
	102-52	Reporting cycle	About This Report	
	102-53	Contact point for questions regarding the report	About This Report	
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	
	102-55	GRI content index	90, 91	
	102-56	External assurance	100, 101	

Topic–specific Standards

Classification	Disclosure	Indicators	Page	Note
Indirect Economic Impacts	103-1, 2, 3	Management Approach	34	
	203-1	Financial implications and other risks and opportunities due to climate change	37	
	203-2	Defined benefit plan obligations and other retirement plans	48, 68, 69	
Anti-corruption	103-1, 2, 3	Management Approach	76	
	205-2	Communication and training about anti-corruption policies and procedures	76-79	
	205-3	Confirmed incidents of corruption and actions taken	76-79	
Local Communities	103-1, 2, 3	Management Approach	34	
	413-1	Operations with local community engagement, impact assessments, and development programs	40, 48, 68, 69	
	413-2	Operations with significant actual and potential nagative impacts on local communities	-	No Such Cases
Marketing and Labeling	103-1, 2, 3	Management Approach	26	
	417-1	Requirements for product and service information and labeling	-	No Significant Incidents
Compliance	103-1, 2, 3	Management Approach	78	
	419-1	Non-compliance with laws and regulations in the social and economic era	-	No Significant Incidents
Product Portfolio	103-1, 2, 3	Management Approach	34	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	35-37	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	35-37	

Other Standards

Classification	Disclosure	Indicators	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	47, 48	
	201-2	Financial implications and other risks and opportunities due to climate change	83	
	201-3	Defined benefit plan obligations and other retirement plans	59	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	76-79	
Energy	302-1	Energy consumption within the organization	66, 67	
	302-2	Energy consumption outside of the organization	66, 67	
	302-4	Reduction of energy consumption	66, 67	
Water	303-3	Water withdrawal	67	
Emissions	305-1	Direct (Scope 1) GHG emissions	66, 67	
	305-2	Energy indirect (Scope 2) GHG emissions	66, 67	
	305-3	Other indirect (Scope 3) GHG emissions	66, 67	
	305-5	Reduction of GHG emissions	66, 67	
Effluents and Waste	306-2	Waste by type and disposal method	66, 67	
Employment	401-1	New employee hires and employee turnover	60	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55, 59	
	401-3	Parental leave	55, 59	
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	55, 56	
Occupational Health and Safety 2018	403-8	Workers applicable to the occupational health and safety management system	67	
	403-9	Work-related injuries	55	
Training and Education	404-1	Average hours of training per year per employee	60	
	404-2	Programs for upgrading employee skills and transition assistance programs	56, 57	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	60, 72	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	58	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	53	
	412-2	Employee training on human rights policies or procedures	53	
Public Policy	415-1	Political contributions	104	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No Significant Incidents

Independent Auditor's Report

Submitted to the shareholders, Board of Directors and Audit Committee of DB Insurance Co., Ltd.

Audit opinion

We audited the consolidated financial statements of DB Insurance Co., Ltd. and its subsidiaries (hereinafter "affiliates" or "the Group"). The consolidated financial statements consist of the consolidated statement of financial position as of December 31, 2019 and December 31, 2018, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the two reporting periods ending on the dates above, and the consolidated financial statements' notes that contain a summary of significant accounting policies.

In our opinion, the attached financial statements fairly represent the affiliates' financial position as of December 31, 2019 and December 31, 2018 and their financial performance and cash flows for the two reporting periods ending on the dates above in terms of materiality in accordance with the Korea-International Financial Reporting Standards ("K-IFRS").

Basis of audit opinion

We performed the audit in accordance with the Republic of Korea's accounting audit standards. Our responsibilities under the standards are described in the section "Auditor's Responsibilities for Auditing the Consolidated Financial Statements" in the audit report. We are independent from the affiliates under the Republic of Korea's ethical requirements related to audit of consolidated financial statements, and have fulfilled other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate as the basis for the audit opinion.

Core audit matters

The core audit matters refer to the most significant matters in the audit of the consolidated financial statements for the fiscal year according to our professional judgment. These matters were addressed in formulating our opinion in the perspective of auditing the entire consolidated financial statements, and we do not provide separate opinions on those matters.

Insurance premium reserve, out of insurance contract liabilities

As mentioned in Note 2-20 (Insurance Contract Liabilities) to the consolidated financial statements, the affiliates, in accordance with the Insurance Business Supervision Regulation and applicable laws, are accumulating insurance premium reserve ("premium reserve") to pay insurance money, refunds, dividends, etc. in the future to the insurance policyholders or beneficiaries regarding the insurance contracts carried. As mentioned in Note 31 (Details of Insurance Contract Liabilities) to the consolidated financial statements, the carrying amount of premium reserve as of the end of the reporting period is 35.5 trillion Won, accounting for 71.5% of the total liabilities of 49.6 trillion Won and 86.2% of the insurance contract liabilities of 41.2 trillion Won. The premium reserve is an item that involves the management's significant judgment as it is calculated as the present value of future cash flows for the estimated insurance period based on the basic rate at the time of settlement as determined and used per product by the insurance company. So, deemed to require the auditor's significant attention, the item was determined as belonging to core audit matters.

The major audits we performed regarding the premium reserve of 35.5 trillion Won recorded by the affiliates in the consolidated financial statements as of the end of the reporting period are as follows.

- Understand the affiliates' accounting policies related to the calculation of premium reserve and check that the calculation method complies with the Insurance Industry Supervision Regulation and the Enforcement Rule thereof
- Check if there were changes in the supervisory laws and internal calculation regulations applied to calculate the premium reserve and, if there were, that they were properly reflected
- Check that the basic information for calculation (methodology, assumptions, input variables, etc.,) was applied in compliance with the supervisory regulations and internal calculation regulations, for products with a high proportion of holdings by collateral
- Check omissions in the applicable contracts, through comparison between the contract information (information on carried contracts) in the company's operating system and the contract information as a result of premium reserve calculation
- Check that the total amount of premium reserve in the final reserve closing file matches the settlement information

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For evaluation of the design and operations of the internal accounting management system, the CEO and the internal accounting manager used the 'Conceptual system for the design and operations of the internal accounting management system', presented at the Internal Accounting Management System Operation Committee, as the criteria.

The management's and the governing body's responsibilities for the consolidated financial statements

The management is responsible for preparing and fairly presenting the consolidated financial statements in accordance with the K-IFRS, and is also responsible for the internal control determined to be necessary for preparing consolidated financial statements free of material misrepresentations due to irregularities or errors. When preparing consolidated financial statements, the management is responsible for evaluating the affiliates' ability to survive as a going concern and if applicable, for disclosing the matters related to "going concern". And unless intending to liquidate the company or suspend operations, the management is also responsible for use of the "going concern" premise in accounting. The governing body is responsible for monitoring the affiliates' financial reporting procedures.

Auditor's responsibilities for audit of consolidated financial statements

Our purpose is to issue an audit report containing our opinions with reasonable assurance on whether the consolidated financial statements of the affiliates as a whole are free of material misrepresentations due to irregularities or errors. Reasonable assurance refers to a high level of assurance, but does not guarantee that an audit conducted in accordance with the audit standards will always discover material misrepresentations. Misrepresentations may arise from irregularities or errors, and if it is reasonably expected that the misrepresentations will individually or collectively affect users' economic decision-making based on the consolidated financial statements, the misrepresentations are considered material.

As part of an audit according to the audit standards, we exercise professional judgment and maintain professional doubts throughout the entire audit process. Also, we:

- Identify and evaluate the risk of material misrepresentations in the financial statements due to irregularities or errors, and design and conduct audit procedures to respond to the risk. In addition, we obtain sufficient and appropriate audit evidence as the basis for the audit opinion. Since irregularities can involve collusion, falsification, intentional omission, false representation or disabled internal control, the risk of not discovering material misrepresentations due to irregularities is greater than that due to errors
- Understand the internal control related to the audit in order to design an audit procedure suitable for the situation. However, this is not intended to express an opinion on the effectiveness of internal control
- Evaluate the suitability of the accounting policies applied by the management to prepare the consolidated financial statements and the reasonableness of the accounting estimates derived by the management and the related disclosures
- Make conclusions on the adequacy of the "going concern" premise in accounting as used by the management and conclusions on whether there are material uncertainties related to events or circumstances that, based on the audit evidence obtained, can raise significant questions about the ability to survive as a going concern. When we conclude that material uncertainties exist, we are required to call attention, in the audit report, to the disclosure of the consolidated financial statements, and, if the disclosure is inappropriate, to modify the opinion. Our conclusions are based on audit evidence obtained up to the audit report date, but future events or circumstances may cause the affiliates to cease existence as a going concern
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the transactions and events underlying the consolidated financial statements are presented by such financial statements in a fair manner
- Obtain sufficient and appropriate audit evidence related to the corporate financial information or the business activities in the Group, in order to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the Group's audit and are wholly responsible for the audit opinion

We communicate with the governing body about significant audit findings, including the planned scope and timing of the audit, and any significant internal control deficiencies identified during the audit. In addition, we provide representation to the governing body that we comply with ethical requirements related to independence and communicate with the governing body all relationships and other matters that we deem to be related to our independence issues and, where applicable, relevant institutional safeguards.

Among the matters communicated with the governing body, the most significant matters in the audit of the consolidated financial statements for the current period are determined as core audit matters. Unless the law excludes public disclosure thereof or, in extremely rare circumstances, the negative consequences of describing the matter in the audit report are reasonably expected to exceed the public interest benefits of the communication and we conclude that we should not communicate the matter in the audit report, we state these in the audit report

Executive Director Shin Geum-cheol performed the audit providing the basis for this audit report.

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111 Yeouigongwon-ro, Yeongdeungpo-gu, Seoul
Ernst and Young Korea

CEO **Park Yong-geun**
February 14, 2020

Consolidated Financial Statements

Consolidated Statement of Financial Position

53rd Term : As of December 31, 2019
52nd Term : As of December 31, 2018
51st Term : As of December 31, 2017

DB Insurance Co. Ltd., and its subsidiaries

(Unit : KRW)

Category	53rd Term	52nd Term	51st Term
Assets			
1. Cash and cash equivalent	830,764,561,941	1,355,523,910,215	861,779,794,277
2. Financial assets at fair value through profit or loss	1,501,358,235,644	1,127,448,907,222	1,089,768,818,238
3. Available-for-sale financial assets	23,306,572,234,773	21,481,086,399,191	21,035,625,272,290
4. Gain on financial assets at fair value through profit or loss	1,583,653,497,198	-	-
5. Loans and receivables	18,082,079,619,797	17,785,139,260,599	15,615,722,791,964
6. Derivative financial assets for hedge accounting	191,386,711,876	153,245,398,209	434,060,266,521
7. Investments in associates and joint ventures	266,417,815,529	253,397,283,875	252,657,178,284
8. Tangible assets	424,709,863,129	401,907,533,262	384,993,525,108
9. Investment property	1,301,395,220,600	1,327,813,639,790	1,358,952,328,782
10. Intangible assest	173,952,894,610	197,450,414,985	257,380,983,816
11. Reinsurance assets	690,280,490,210	625,266,483,751	643,700,157,279
12. Other assets	2,049,742,495,170	1,972,387,621,809	2,033,333,594,291
13. Deferred tax assets	26,887,602,589	24,365,873,249	3,324,855,070
14. Current tax assets	27,948,406,743	-	-
15. Separate account assets	5,320,609,467,957	4,224,069,613,977	4,404,311,195,054
Total assets	**55,777,759,117,766**	**50,929,102,340,134**	**48,375,610,760,974**
Labilities			
1. Insurance contract liabilities	41,200,783,757,129	38,754,744,646,459	36,718,801,483,506
2. Financial liabilities at fair value through profit or loss	4,471,608,814	3,514,797,797	2,606,136,847
3. Derivative financial liabilities for hedge accounting	91,242,722,861	62,042,547,785	11,951,519,230
4. Retirement benefits	30,183,368,481	31,664,233,664	22,844,768,001
5. Other liabilities	2,266,751,916,006	1,862,658,787,847	1,757,749,389,707
6. Deferred income tax liabilities	633,445,636,528	366,460,763,540	306,097,131,234
7. Current income tax liabilities	-	46,499,664,470	98,479,340,590
8. Separate account liabilities	5,401,791,588,846	4,508,758,794,440	4,624,071,409,288
Total labilities	**49,628,670,598,665**	**45,636,344,236,002**	**43,542,601,178,403**
Equity			
1. Capital stock	35,400,000,000	35,400,000,000	35,400,000,000
2. Capital surplus	37,912,781,518	37,912,781,518	37,912,781,518
3. Capital adjustments	(29,655,475,800)	(29,655,475,800)	(29,655,475,800)
4. Accumulated other comprehensive income	1,132,111,761,903	532,289,972,810	448,377,205,605
5. Retained earnings	4,773,279,041,144	4,521,870,885,460	4,136,000,837,502
(Additional bad debt reserve)	(82,670,664,559)	(71,285,909,734)	(53,279,917,333)
(Additional contingency reserve)	(932,220,238,263)	(851,326,171,683)	(771,360,661,096)
(Planned bad debt reserve)	2,608,175,684	(11,384,754,825)	(18,005,992,401)
(Planned bad debt reserve)	(91,425,897,473)	(80,894,066,580)	(79,965,510,587)
Equity of parent company	5,949,048,108,765	5,097,818,163,988	4,628,035,348,825
6. Non-controlling interests	200,040,410,336	194,939,940,144	204,974,233,746
Total equity	**6,149,088,519,101**	**5,292,758,104,132**	**4,833,009,582,571**
Total liabilities and equity	**55,777,759,117,766**	**50,929,102,340,134**	**48,375,610,760,974**

Consolidated Statement of Comprehensive Income

53rd Term : From January 1 to December 31, 2019
52nd Term : From January 1 to December 31, 2018
51st Term : From January 1 to December 31, 2017

DB Insurance Co. Ltd., and its subsidiaries

(Unit : KRW)

Category	53rd Term	52nd Term	51st Term
Operating revenue	**18,676,127,539,094**	**17,454,511,735,438**	**17,855,286,055,454**
1. Premium income	14,398,431,205,010	13,694,903,918,841	13,571,668,576,493
2. Net reinsurance income	629,249,632,265	572,687,287,879	552,115,110,701
3. Compensation income	16,835,534,404	10,425,295,349	9,679,233,956
4. Interest income	1,317,559,978,903	1,271,241,145,006	1,149,091,373,809
5. Investment income from financial instruments	1,047,634,819,690	723,923,745,697	1,710,511,762,923
6. Gain on foreign currency transaction	548,671,180,803	476,659,852,308	146,706,706,125
7. Commission received	10,050,392,316	8,690,691,406	9,703,078,287
8. Dividend income	197,263,460,704	150,551,979,079	146,743,874,569
9. Other operating revenues	372,457,626,038	411,621,739,634	375,627,316,087
10. Separate accounts income	137,973,708,961	133,806,080,239	183,439,022,504
Operating expenses	**18,164,482,354,682**	**16,733,798,427,809**	**16,987,425,788,248**
1. Provision for insurance contract liability	2,359,330,655,519	2,037,324,168,536	2,569,040,831,094
2. Insurance claims expenses	6,266,404,699,552	5,684,187,801,355	4,970,487,146,482
3. Refund paid	3,523,330,560,400	3,474,180,520,751	3,498,005,400,186
4. Dividend paid	8,038,765,484	6,262,064,705	6,447,753,799
5. Claim handling expenses	144,453,086,963	128,437,766,586	118,949,481,054
6. Reinsurance expenses	904,422,225,181	806,068,720,594	783,757,005,466
7. Operating and administrative expenses	1,598,993,901,941	1,486,212,400,502	1,442,739,352,512
8. Amortization of deferred acquisition costs	1,348,186,374,730	1,255,765,834,667	1,135,796,731,479
9. Interest expenses	47,788,284,729	42,611,716,337	30,215,607,126
10. Investment expense from financial instruments	1,138,381,095,738	992,200,075,071	437,912,995,962
11. Allowances for possible loss	17,566,145,967	14,603,462,659	18,062,982,217
12. Loss on foreign currency transaction	176,465,185,737	164,938,814,998	1,286,413,060,260
13. Property management expenses	104,304,138,561	98,724,398,655	103,165,632,086
14. Real estate management expenses	17,163,844,728	16,421,080,959	8,088,778,862
15. Other operating expenses	371,679,680,491	392,053,521,195	394,904,007,159
16. Separate accounts expenses	137,973,708,961	133,806,080,239	183,439,022,504
Operating profit	**511,645,184,412**	**720,713,307,629**	**867,860,267,206**
Other non-operating income	**38,294,966,897**	**29,669,083,352**	**49,740,104,609**
Other non-operating expenses	**25,591,799,780**	**15,091,927,536**	**28,301,127,486**
Net income before income tax expense	**524,348,351,529**	**735,290,463,445**	**889,299,244,329**
Income tax expense	**142,081,078,844**	**197,516,684,077**	**220,102,896,088**
Net income	**382,267,272,685**	**537,773,779,368**	**669,196,348,241**
Current net income of parent company	**377,630,072,359**	**532,538,849,876**	**661,145,875,416**
Current net income of non-controlling interests	**4,637,200,326**	**5,234,929,492**	**8,050,472,825**
Other comprehensive income (loss)	**606,635,582,284**	**73,536,077,237**	**(101,822,815,784)**
1. Other comprehensive items to be reclassified as profit or loss in subsequent periods			
Gain (loss) on valuation of available-for-sale financial assets	602,704,862,521	72,031,849,530	(52,270,027,153)
Loss in value of held-to-maturity financial assets	(16,623,261,170)	-	-
Equity changes related to other comprehensive incomes of related companies	11,913,123,389	(10,080,024,748)	(8,406,877,725)
Gain (loss) on valuation of derivative instruments designated as hedges	(22,294,156,182)	(9,004,533,337)	58,321,257,769
Gain(loss) on overseas operations translation credit	2,832,079,137	11,178,392,258	(74,482,652,489)
Other comprehensive income (loss) on separate accounts	27,481,761,266	18,558,906,323	(20,091,440,227)
2. Other comprehensive items not to be reclassified as profit or loss in subsequent periods			
Remeasurement on defined benefit plans	1,069,305,179	(8,718,239,833)	(994,008,629)
Revaluation surplus of tangible assets	(448,131,856)	(430,272,956)	(3,899,067,330)
Total comprehensive income	**988,902,854,969**	**611,309,856,605**	**567,373,532,457**
Total comprehensive income of controlled interests	**977,451,861,452**	**616,451,617,081**	**563,035,685,366**
Total comprehensive income of non-controlled interests	**11,450,993,517**	**(5,141,760,476)**	**4,337,847,091**
Bonds and diluted earnings per share of controlled interests	**5,966**	**8,413**	**10,445**

Statement of Changes in Equity

53rd Term : From January 1 to December 31, 2019
52nd Term : From January 1 to December 31, 2018
51st Term : From January 1 to December 31, 2017

DB Insurance Co. Ltd., and its subsidiaries

(Unit : KRW)

Category	Controlling Interests						Non-controlling Interests	Total Assets
	Capital Stock	Capital Surplus	Capital Adjustments	Accumulated Other Comprehensive Income	Retained Earnings	Total		
January 1, 2017 (beginning of year before prior year)	**35,400,000,000**	**37,912,781,518**	**(29,655,475,800)**	**546,487,395,655**	**3,579,518,761,548**	**4,169,663,462,921**	**175,067,481,655**	**4,344,730,944,576**
Total comprehensive income (loss):								
Profit for the year					661,145,875,416	661,145,875,416	8,050,472,825	669,196,348,241
Change in value of available-for-sale financial assets				(48,103,903,962)		(48,103,903,962)	(4,166,123,191)	(52,270,027,153)
Equity changes related to other comprehensive incomes of related companies				(8,406,877,725)		(8,406,877,725)		(8,406,877,725)
Change in value of derivative financial instruments for hedge accounting				57,947,654,872		57,947,654,872	373,602,897	58,321,257,769
Profit and loss in conversion from overseas business				(74,482,652,489)		(74,482,652,489)		(74,482,652,489)
Other comprehensive income of separate accounts				(20,091,440,227)		(20,091,440,227)		(20,091,440,227)
Revaluation surplus				(3,899,067,330)		(3,899,067,330)		(3,899,067,330)
Remeasurement on defined benefit plans				(1,073,903,189)		(1,073,903,189)	79,894,560	(994,008,629)
Subtotal				**(98,110,190,050)**	**661,145,875,416**	**563,035,685,366**	**4,337,847,091**	**567,373,532,457**
Deals with shareholder directly reflected to capital:								
Dividends					(104,663,799,462)	(104,663,799,462)	(4,295,760,000)	(108,959,559,462)
Issuance of new capital securities							29,864,665,000	29,864,665,000
Recognition of non-controlling interests upon business integration							485,000	485,000
Acquisition of non-controlling interests							(485,000)	(485,000)
December 31, 2017 (end of year before prior year)	**35,400,000,000**	**37,912,781,518**	**(29,655,475,800)**	**448,377,205,605**	**4,136,000,837,502**	**4,628,035,348,825**	**204,974,233,746**	**204,974,233,746**
January 1, 2018 (beginning of year before prior year)	**35,400,000,000**	**37,912,781,518**	**(29,655,475,800)**	**448,377,205,605**	**4,136,000,837,502**	**4,628,035,348,825**	**204,974,233,746**	**204,974,233,746**
Total comprehensive income (loss):								
Profit for the year					532,538,849,876	532,538,849,876	5,234,929,492	537,773,779,368
Change in value of available-for-sale financial assets				82,222,915,707		82,222,915,707	(10,191,066,177)	72,031,849,530
Equity changes related to other comprehensive incomes of related companies				(10,080,024,748)		(10,080,024,748)		(10,080,024,748)
Change in value of derivative financial instruments for hedge accounting				(8,990,727,011)		(8,990,727,011)	(13,806,326)	(9,004,533,337)
Profit and loss in conversion from overseas business				11,178,392,258		11,178,392,258		11,178,392,258
Other comprehensive income of separate accounts				18,558,906,323		18,558,906,323		18,558,906,323
Revaluation surplus				(8,546,422,368)		(8,546,422,368)	(171,817,465)	(8,718,239,833)
Remeasurement on defined benefit plans				(430,272,956)		(430,272,956)		(430,272,956)
Subtotal				**83,912,767,205**	**532,538,849,876**	**616,451,617,081**	**(5,141,760,476)**	**611,309,856,605**
Deals with shareholder directly reflected to capital:								
Dividends					(146,668,801,918)	(146,668,801,918)	(4,892,533,126)	(151,561,335,044)
December 31, 2018 (end of year before prior year)	**35,400,000,000**	**37,912,781,518**	**(29,655,475,800)**	**532,289,972,810**	**4,521,870,885,460**	**5,097,818,163,988**	**194,939,940,144**	**5,292,758,104,132**
January 1, 2019 (beginning of year before prior year)	**35,400,000,000**	**37,912,781,518**	**(29,655,475,800)**	**532,289,972,810**	**4,521,870,885,460**	**5,097,818,163,988**	**194,939,940,144**	**5,292,758,104,132**
Total comprehensive income (loss):								
Profit for the year					377,630,072,359	377,630,072,359	4,637,200,326	382,267,272,685
Change in value of available-for-sale financial assets				591,919,142,515		591,919,142,515	10,785,720,006	602,704,862,521
Loss in value of held-to-maturity financial assets				(12,909,047,967		(12,909,047,967	(3,714,213,203)	(16,623,261,170)
Equity changes related to other comprehensive incomes of related companies				11,913,123,389		11,913,123,389		11,913,123,389
Change in value of derivative financial instruments for hedge accounting				(22,276,978,178)		(22,276,978,178)	(17,178,004)	(22,294,156,182)
Profit and loss in conversion from overseas business				2,832,079,137		2,832,079,137		2,832,079,137
Other comprehensive income of separate accounts				27,481,761,266		27,481,761,266		27,481,761,266
Revaluation surplus				1,309,840,787		1,309,840,787	(240,535,608)	1,069,305,179
Remeasurement on defined benefit plans				(448,131,856)		(448,131,856)		(448,131,856)
Subtotal				**599,821,789,093**	**377,630,072,359**	**977,451,861,452**	**11,450,993,517**	**988,902,854,969**
Deals with shareholder directly reflected to capital:								
Dividends					(126,221,916,675)	(126,221,916,675)	(6,350,523,325)	(132,572,440,000)
December 31, 2019 (end of year before prior year)	**35,400,000,000**	**37,912,781,518**	**(29,655,475,800)**	**1,132,111,761,903**	**4,773,279,041,144**	**5,949,048,108,765**	**200,040,410,336**	**6,149,088,519,101**

Consolidated Cash Flow Statement

DB Insurance Co. Ltd., and its subsidiaries

53rd Term : From January 1 to December 31, 2019
52nd Term : From January 1 to December 31, 2018
51st Term : From January 1 to December 31, 2017

(Unit : KRW)

Category	53rd Term		52nd Term		51st Term	
Cash flow from operating activities		**2,196,575,041,559**		**246,437,608,324**		**(315,993,198,771)**
1. Net income before income tax expense	524,348,351,529		735,290,463,445		889,299,244,329	
2. Adjustment of income and cost	2,250,776,566,201		2,041,686,850,110		2,288,439,286,263	
3. Changes in operating assets and liabilities	(1,816,102,578,562)		(3,648,150,940,517)		(4,554,436,684,471)	
4. Receipt of interest income	1,232,201,842,870		1,233,717,046,285		1,102,280,332,012	
5. Payment of interest expense	(36,423,191,131)		(32,736,465,363)		(25,024,606,180)	
6. Receipt of dividends	200,981,671,862		154,501,077,089		148,735,864,836	
7. Payment of income tax	(159,207,621,210)		(237,870,422,725)		(165,286,635,560)	
Cash flow from investing activities		**(2,329,041,168,099)**		**144,508,919,678**		**(604,246,157,568)**
1. Inflow of cash	9,343,448,911,744		7,333,030,105,120		9,501,992,584,308	
Decrease in security deposit for tenant	13,532,545,471		22,373,422,723		27,186,212,573	
Disposal of available-for-sale financial assets	8,583,538,840,045		7,293,997,996,671		8,764,465,233,480	
Accounting of hedging derivatives	-		-		283,132,761,656	
Repayment of held-to-maturity financial assets	22,894,949,112		-		-	
Disposal of investment in subsidiaries	689,366,090,121		12,994,170,371		425,637,466,231	
Proceeds from disposal of investment properties/property and equipment	33,685,131,817		1,383,784,107		1,115,100,000	
Disposal of tangible assets	431,355,178		2,280,731,248		325,117,368	
Disposal of intangible assets	-		-		130,693,000	
2. Outflow of cash	(11,672,490,079,843)		(7,188,521,185,442)		(10,106,238,741,876)	
Acquisition of available-for-sale financial assets	(10,518,174,140,978)		(7,074,461,378,034)		(10,038,776,308,866)	
Acquisition of held-to-maturity financial assets	(604,781,354,145)		-		-	
Acquisition of investments(shares) in subsidiaries and affiliates	-		-		(8,426,096,870)	
Settlement of derivative financial instruments for hedge accounting	(509,544,230,782)		(65,643,010,054)		-	
Acquisition of intangible assets	(14,104,695,971)		(13,816,557,368)		(22,180,630,489)	
Increase in lease security deposit for tenant	(7,390,403,993)		(11,735,407,872)		(15,519,646,804)	
Proceeds from acquisition of investment properties/ property and equipment	(198,246,967)		-		(75,926,248)	
Acquisition of tangible assets	(18,025,167,905)		(22,550,584,954)		(20,325,020,427)	
Outflow of cash due to restoration work	(271,839,102)		(314,247,160)		(637,285,614)	
Acquisition of business	-		-		(297,826,558)	
Cash flow from financing activities		**(116,447,499,811)**		**(44,802,344,392)**		**501,143,417,019**
1. Inflow of cash	58,651,495,706		115,732,419,291		620,424,555,714	
Increase in lease security deposit for tenant	-		-		29,864,665,000	
Net increase in debt loan	57,196,690,846		111,725,203,723		582,297,068,918	
Increase in security deposit for landlord	1,454,804,860		4,007,215,568		8,262,821,796	
2. Outflow of cash	(175,098,995,517)		(160,534,763,683)		(119,281,138,695)	
Decrease in lease security deposit for tenant	(5,186,743,400)		(8,944,628,639)		(10,321,579,233)	
Expense of stock issue	-		(28,800,000)		-	
Dividends paid	(132,572,440,000)		(151,561,335,044)		(108,959,559,462)	
Payment of lease payments	(37,339,812,117)		-		-	
Net increase in cash and cash equivalents		**(248,913,626,351)**		**346,144,183,610**		**(419,095,939,320)**
Net foreign exchange difference		**(570,259,845)**		**2,439,961,845**		**(8,963,680,041)**
Cash and cash equivalents at the beginning of the year		**674,400,710,937**		**325,816,565,482**		**753,876,184,843**
Cash and cash equivalents at the end of the year		**424,916,824,741**		**674,400,710,937**		**325,816,565,482**

Financial & Non-Financial Statements

Respectfully submitted to the shareholders, BoD, and Audit Committee of DB Insurance Co., Ltd.

The CEO and Internal Accounting Manager assessed the design and operation of the Company's Internal Accounting Control System ("IACS") for the fiscal year ended December 31, 2019.

The responsibility for designing and operating the IACS lies with the management of the Company, including the CEO and the Internal Accounting Manager.

The CEO and the Internal Accounting Manager evaluated whether or not the Company's internal accounting management system is designed and operates effectively to prevent and detect errors or misconduct that may cause distortions in the financial statements so that reliable financial statements can be prepared and disclosed.

The "Internal Accounting Control System, Design and Operation - Conceptual System", released by the Internal Accounting Control Steering Committee, is used by the CEO and internal accounting manager as a frame of reference for assessing the design and operation of the internal accounting control system.

Based on their evaluation of the IACS operation, the CEO and the Internal Accounting Manager is of the opinion that As of December 31, 2019, the Company's IACS is effectively designed and operated in terms of materiality under the "IACS Best Practice".

The CEO and Internal Accounting Manager confirmed that the contents of the report are not falsely stated or indicated, and there is no missing information to be stated or indicated. Also, the CEO and Internal Accounting Manager confirmed that the report contained anything causing material misunderstanding, and directly checked and reviewed, by exercising sufficient care, statements of the report.

February 9, 2020

CEO **Jeongnam Kim**
Internal Accounting Manager **Yeongmann Kim**

GHG Assurance Statement

Introduction

Korea Productivity Center was required to verify “2019 Greenhouse Gas (GHG) emissions Statements (hereinafter “Statement”)”, of which reporting years was defined as January 1, 2019 to December 31, 2019, by DB Insurance Corporation.

Levels of Assurance

A reasonable level of assurance was agreed.

Verification Scope

The verification team verified GHG emissions at 9 workplaces of DB Insurance Corporation in 2019.

Verification Criteria

- GHG Energy Target Management Guideline
- ISO 14064-3 : 2006
- WRI/WBCSD GHG Protocol : 2004

Limitation

Having investigated by sampling method, the Statement might have errors and uncertainties. Final GHG estimates may contain uncertainty for the reasons such as unspecified standard and method, although no exceptional factors has been reported.

Conclusion

- This assurance was conducted in accordance with domestic GHG energy control standards, ISO 14064-3 verification principles and standards based on the information and data collected by DB Insurance to calculate GHG emissions volume.
- Appropriate corrective action was taken by DB Insurance Corporation in accordance with investigation results from the verification team.
- The verification team confirms that the GHG (Scope 1, Scope 2, Scope 3) “Statements(2019)” was being reported “appropriately” in accordance with relevant standards.

Classification	Greenhouse Gas (GHG) Emissions
Direct Emissions (Scope 1)	3,112 ton CO_2e
Indirect Emissions (Scope 2)	22,546 ton CO_2e
Other Indirect Emissions (Scope 3)	458 ton CO_2e
Total Emissions[1]	25,657 ton CO_2e

1) The total emissions include Scope 1 and Scope 2, which is calculated as an integer by disposing of decimal places

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August 3rd, 2020

Korea Productivity Center, Sustainability Management Center

Indepednet Assurance Statement

To Management and Stakeholders of DB Insurance

Korea Sustainability Investing Forum (hereinafter "KoSIF") was commissioned by DB Insurance (hereinafter "Company") to provide an independent assurance statement for its 'DB Insurance Sustainability Report 2020' (hereinafter "the report"), and hereby presents the following third-party assurance statement.

Responsibility and Independence

Other than providing this independent assurance statement, KoSIF does not hold any interest in the Company that may affect the independence and fairness of the verification. Although this assurance statement is written for management and stakeholders of DB Insurance, KoSIF expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this assurance statement.

Assurance Criteria and Principles

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

Assurance Process and Limitations

After KoSIF carried out an initial review based on publicly available IR materials and supporting data obtained directly from the Company, an on-site audit was implemented and the scope of it limited to the headquarter of the company. KoSIF verified the basis of claims related to the environmental, social, and economic data listed in the report by checking their consistency and conducting sampling inspection. KoSIF sought to increase the level of confidence by carrying out a face-to-face interview with the personnel in charge of writing the report and increased reliability by conducting interviews with personnel responsible for the report. KoSIF confirmed that the financial data were appropriately retrieved from financial statements verified in Data Analysis, Retrieval and Transfer System(DART), and also that GHG data were consistent with verification opinion by certified professionals. Data and information stretching outside the reporting scope of the Company(e.g. suppliers) were excluded from the audit. The result of the assurance may differ if additional assessment is made.

Assurance Results

Nothing has come to KoSIF's attention that causes KoSIF to believe the information and data provided were misplaced or misleading. KoSIF could also not find anything that may provide a basis that the report was not prepared in accordance with the Core Option of the GRI Standard Guidelines.

KoSIF's opinion regarding the principles of AA1000 (2008) is as follows:

Inclusivity

The Company defines customers, shareholders/investors, employees, business partners, and local communities as major stakeholders and through customized communication channels (all the time, regularly, irregularly), the company gathers stakeholders' opinions from each group. Nevertheless, the inclusivity is assessed to be insufficient in the survey for collecting stakeholders' opinions.

Materiality

The company conducted internal and external environment analysis such as global sustainable management trends, benchmarking of best-in-class companies, media analysis, stakeholder surveys, internal management data, and major issues of sustainable management. In addition, it mapped out important issues and drew key issues in consideration of stakeholders' interests and business associations, and selected reporting issues by reflecting internal opinions through consultation with sustainable management TF departments and review by the sustainable management committee. The issues were selected through the materiality assessment process. KoSIF could not find any material issue that has been omitted from the report but only recommends finding a way to promote active participation of stakeholders in the survey.

Responsiveness

The Company reports activities and performance affecting stakeholders based on the result of the materiality assessment. KoSIF could not find any evidence that the company's countermeasures to critical stakeholder issues were inappropriately recorded in the report. However, it is KoSIF's judgement that the Company needs to improve its activities and performance reporting practices related to environmental management.

Recommend–ations

KoSIF recommends the following to enhance Company's sustainability management

1. In order to further enhance the materiality assessment of DB Insurance, it is recommended to establish a constant bilateral communication channel for each stakeholder.
2. The world is undergoing a shift from exclusive to inclusive growth, from high carbon to a low carbon society, and a drastic shift in digital finance. In order for DB Insurance to actively respond to such trends, a systematic 'sustainable financial system' such as innovative financing, inclusive financing, and green financing needs to be established. In particular, considering that there is a growing adoption of green and climate finance initiatives such as CDP, TCFD (Task Force on Climate-related Financial Disclosures), and NGFS (Network for Greening the Financial System), and that non-life insurance is one of industries most affected by climate change, a systematic response to green and climate finance is urgent. DB Insurance's '2022 Environmental Management Leading Company' can only be achieved through this response. KoSIF recommends that the Company communicate its relevant efforts to investors and other stakeholders in future integrated reports.

August 13th, 2020

Korea Sustainability Investing Forum
Chairman **Kim, Young Ho**

Major Initiatives

UN Global Compact

DB Insurance supports the UN Global Compact, the global sustainability management initiative, and is faithfully observing the ten principles of human rights, labor, environment, and anti-corruption. We will continue to fulfill our social responsibilities as a corporate citizen through our sustainability management activities.

Classification	Principle	Activities
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Championing human rights protection by joining UNGC
	2. Businesses should make sure they are not complicit in human rights abuses.	• Internal control activities • Human rights and ethical education for employees • Reinforcement of customer data safeguard
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Host Dynamic Leader Conference • Hold "Open Communication with CEO" events
	4. The elimination of all forms of forced and compulsory labour.	• Prohibit forced labour
	5. The effective abolition of child labour.	• Prohibit child labour
	6. The elimination of discrimination in respect of employment and occupation.	• Operation of grievance process • Operation of fair evaluation system
Environment	7. Businesses should support a precautionary approach to environmental challenges.	• Establish CO_2 Emission Reduction Target
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Spearheading energy-saving campaign • Participation in green sports movement • Use of recycled toners and goods
	9. Businesses should encourage the development and diffusion of environment friendly technologies.	• Develop eco-friendly auto insurance rider (UBI rider, etc.) • Develop Environmental Impairment Liability (EIL) Insurance
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• All employees sign pledges of ethical & legal conduct • Operate an open auction system • Operation of whistle-blowing system

UNEP FI

In December 2016, DB Insurance joined the "Principles for Sustainable Insurance(PSI)" promulgated by the United Nations Environment Program Financial Initiative(UNEP FI) in 2012 and was actively participating in the related activities. As a global financial group, we will take the lead in fostering eco-friendly finance.

Classification	Principle
Principle 1	We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
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.
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.
Principle 4	We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

TCFD Disclosures

To enable a systematic response to climate change, DB Insurance carries out the following climate change responses based on the TCFD recommendations, corporate governance, strategy, risk management, goals, and indicators.

Category	TCFD Recommendations	Responses by DB Insurance
Corporate Govern-ance	A Describe the board's oversight of risks and opportunities associated with climate change.	The Board of Directors is the highest decision-making body of the company. It understands the company's ethical duties and social responsibilities and reflects these decisions while reviewing climate change issues as serious matters. The CEO of DB Insurance holds the highest responsibility and the authority to make final decisions regarding climate change.
	B Describe management's role in assessing and managing risks and opportunities associated with climate change.	DB Insurance actively responds to climate change issues through the quarterly Sustainable Management Committee meetings. The committee consists of a major executive, the CEO as a chairman. It also makes a significant decision by reporting to the BoD once a year. The Working Committee carries out tasks such as establishing environmental management policies, management of environmental KPIs, development of environmental products and services, carbon-neutral planning, and establishment of the environmental risk management system, etc.
Strategy	A Describe the risks and opportunities associated with climate change that the organization has identified over the short-, medium-, and long-term.	DB Insurance recognizes extreme weather such as typhoons and floods caused by global warming as a short-term risk factor. Industries that are vulnerable to natural disasters such as typhoons, floods, etc. may suffer critical financial losses due to those disasters, and the difficulties in forecasting the loss rate of the existing insurance products. In 2019, DB Insurance developed the "Environmental Liability Insurance" to fulfill its CSR, including environmental impacts. If DB Insurance successfully secures risk-free assets for its customers and enhances its image as a company that fulfills CSR, it will be a great opportunity for DB Insurance.
	B Describe the impact of risks and opportunities associated with climate change on the organization's businesses, strategy, and financial planning.	DB Insurance reviews and invests in eco-friendly financial products that address climate change, such as solar funds related to renewable energy, loans to wind farms and combined heat and power plants, waste-based power generation, and domestic wood pellet and biomass power plants. When making investment decisions, we strive not only to consider the return on investment but also positive social and environmental impacts. (Refer to page 37 of the report for more detailed performance.)
	C Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	South Korea has established a plan to reduce its GHG emissions by 37% against BAU by 2030. DB Insurance also set its climate change-related scenarios in line with the government's reduction target calculation method.
Risk Manage-ment	A Describe the organization's processes for identifying and assessing climate-related risks. B Describe the organization's processes for identifying and assessing climate-related risks. C Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	"DB Insurance integrates climate change issues in the risk management system that includes company-wide risk identification, evaluation, and management process and conducts periodic analyses. Under the PSI Principles of UNEP FI, we recognize the climate change issue as a key factor in financial products' stability and reflect such consideration in our business management. Through the company's opportunity and risk analyses, climate change is reflected in the short-term strategies of DB Insurance and its mid- to long-term strategies, and such climate change management strategies and their executions are systematically and comprehensively managed in the CSR Secretariat. Also, when developing products and making decisions on investments, we monitor risks and opportunities regarding environmental regulations, changes in consumer behavior to eco-friendly products, corporate reputation by eco-friendly activities, etc. To this end, by identifying financial and non-financial risks and opportunities associated with climate change, we manage climate change risk of products."
Metrics and Targets	A Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	To evaluate the risks and opportunities associated with climate change, we use metrics such as GHG emissions and energy consumption.
	B Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We report GHG emissions data in the annual integrated reports.
	C Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	GHG Emissions Target is disclosed in the reports by establishing a short- to mid-term reduction target for intensity based on the national GHG emissions reduction target. The absolute value also sets targets of other environmental performances.

UN SDGs (Sustainable Development Goals)

Major Goals of DB Insurance	Policies and Activities	Business Benefit KPIs	Social/Environmental Benefit KPIs
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Financial education session for elementary schools (1 company 1 school), expanded scholarship program, etc.	• Enhance corporate image • Increase brand impact	Ensure educational opportunities for vulnerable groups and expand social returns
Goal 11. Make cities inclusive, safe, resilient and sustainable	Social contribution activities (i.e., Yellow Carpet)	• Control car accident loss rate	Increase children's traffic safety
Goal 13. Take urgent action to combat climate change and its impacts	Investment in the eco-friendly industry	• Reduce climate change risk • Increase asset management yield	Expanding response to climate change, including environmental pollution

Other Goals of DB Insurance	Activities
Goal 1. End poverty in all its forms everywhere	"Rice donation" for the underprivileged
Goal 3. Ensure healthy lives and promote well-being for all at all ages	Expand products designed for the less privileged in terms of insurance policies
Goal 10. Reduce inequality within and among countries	Global social contribution activities for the less fortunate regions

Major Accolades and Memerships

Major Accolades

Mobile Web Access Certification Mark
6 consecutive years of renewal

Webwatch Co., Ltd. (Designated Agency of the Ministry of Science, ICT and Future Planning of Korea)

National Quality Management Competition
Awarded "Presidential Award"

Korean Standards Association

2020 CCM (Consumer-centered Management) Certification

Organized by Fair Trade Commission/
Evaluated by Korea Consumer Agency

Grand Prize, 2019 Service Design Competition

Co-hosted by Korean Standards Association and
Korea Service Management Society

"Best Practice" Prize, 2019 Korea Service Awards

Hosted by Korean Standards Association

1st Prize, 2019 KS-SQI Auto Insurance Sector

Hosted by Korean Standards Association

Memberships in Associations and Organizations

National Quality Award(NQA) Winners
Establish a network of companies which won the world-class national quality prizes that meet global standards

Korea Personnel Improvement Associate
Build networks to share information on the latest information on personnel and education and training

Korea Management Association
Exchange opinions on innovative managements and enhancing corporate competency

Korea Non-Life Insurance Association
Respond to common issues in the industry and pursue joint social contribution projects

Korea Listed Companies Association
Exchange opinions and protect rights and interests of the listed firms

Korea Employers Federation
Exchange opinions on major issues including labor-management relations from the perspective of employers

Korean Fire Protection Association
Responsible for fire prevention, safety check of fire extinguishing facilities, and research and education on fire-related issues

The Korea Academy of Business Ethics
Share and apply the examples of excellent ethical management

Financial Security Agency
Exchange various information protection activities such as the prevention and counter measure of financial security failures

CFO Association(Forum)
A platform for establishing a global CFO community, networking, expressing CFO's opinions on corporate management and capital market, and practicing ethical management

Korean Insurance Academic Society
Research the theories, laws and regulations, and business practices of insurance studies, insurance industry and apply the research data and resources

Korea Financial Information Protection Council
Exchange opinions with financial institutions and supervisory authorities to protect information

Major Contributions to Policy Institutes

(Unit : KRW million)

Classification	Institutions	Amount of Funds
1	Korean Non-life Insurance Association	3,697
2	Korea Insurance Development Institute	2,208
3	Korea Automobile Insurance Repair Research & Training Center	2,096
4	Korea Insurance Research Institute	845
5	Korea Credit Information Services	598
	Total	**9,444**

DB Insurance

2020 Sustainable Management
Integrated Report

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