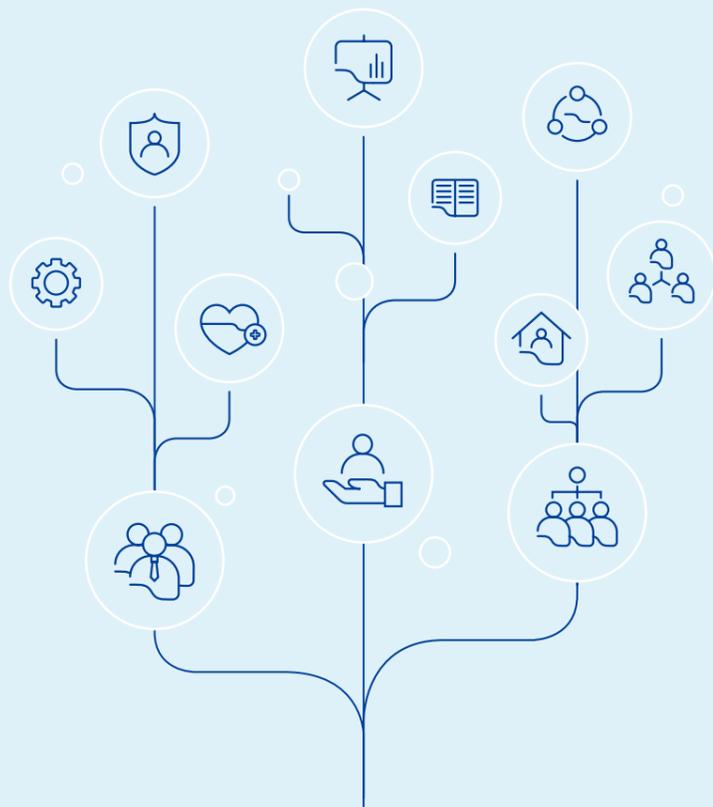


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SFMI's Sustainability Management Goals for 2017

- 01** SFMI will spare no effort to improve human rights as well as the safety and health of our employees and provide generous support for and investment in the development of human resources for further value creation.
- 02** SFMI will continue client-oriented management to deliver customer satisfaction by developing products and management programs that reflect their needs.
- 03** By utilizing our expertise and organizational capabilities SFMI will continue our endeavor to put sharing into practice with the socially underprivileged, thereby contributing to the development of local communities. The company will also work hard to implement the UN-sponsored effort "Sustainable Development Goals" in tandem with SFMI's sustainable management activities.

About This Report

SFMI (Samsung Fire & Marine Insurance) annually publishes a Sustainability Report to share activities, performances and future objectives of sustainability management with customers, shareholders / investors, employees, business partners and communities. This report, which is now in its sixth year, has been published as a PDF file in an effort to reduce the use of paper.

Reporting Period	From Jan. 1 to Dec. 31, 2016 (Partly including the activities in the first half of 2017)
Scope of Reporting	Head office, local branches, overseas subsidiaries / branches / offices
Indexes of Reporting	GRI (Global Reporting Initiative) G4 Guideline 'In accordance' - Core
Verification of Reporting	Korea Productivity Center
Further Information	CSR Office, Corporate Planning Division of SFMI Tel : +82-2-758-4954 E-mail : jjoya.kang@samsung.com

CEO Message

Dear stakeholders,
I would like to extend my deepest gratitude for your attention and support over the past year.



Last year, uncertainty in the global economy increased, driven by Brexit, Britain's decision to exit the European Union, and the US presidential election, and slow growth of the global economy dragged down the recovery of the Korean economy. Despite such unfavorable conditions, our unwavering commitment to profit-centered sound management brought us noticeable growth, resulting in a net profit of KRW 860.6 billion. In particular, SFMI's auto insurance segment returned to profit.

In addition, SFMI received an RBC ratio of 330 percent, a measure indicative of a company's financial soundness, the highest among insurers. We were also rated AA-, the highest level among private companies in Korea, by the international credit rating agency S&P, while maintaining the highest grade of A++ from A.M. Best, a global rating agency for the insurance industry, for the sixth consecutive year.

We are fully aware that these achievements are owing to the trust and loyalty of our customers and society. Hence, we will not just focus on financial outcomes, but strive to fulfill our social responsibility as a global corporate citizen. We will continue to carry out sustainable management activities that promote communication with our stakeholders to reflect their opinions and add value for them. These activities are as follows :

First, we will continue client-oriented management to deliver customer satisfaction.
In preparation for the coming era of ten million customers, SFMI is committed to reinforcing communication with customers to develop products and management programs that reflect their needs.

Second, we will spare no effort to add value for our employees and partner companies by providing unstinted investment and support.
Prioritizing the protection of human rights and the safety and health of our employees, our company will offer various competency development programs to encourage them to grow along with the company.

Third, SFMI is committed to putting sharing into action with underprivileged groups in society and thereby contributing to the development of local communities.
We will carry out corporate social responsibility programs by utilizing our expertise and organizational capabilities and offering extended support for the underprivileged and local communities. We will also work hard to implement the UN-sponsored effort "Sustainable Development Goals" in tandem with SFMI's sustainable management activities.

We look forward to your continued support and encouragement for our endeavor to become the world's leading insurance company.

Thank you.

May 2017
President and CEO,
Ahn Min-soo

A handwritten signature in black ink, appearing to read 'Ahn Min-soo', positioned to the right of the printed name and title.

Company Profile

SFMI is the No. 1 non-life insurance company in Korea, which offers domestic and overseas private and corporate customers a wide-range of insurance products, including fire, marine, automobile, casualty, liability, term policy, and personal pension, as well as comprehensive risk solution services.

Company Name	Samsung Fire & Marine Insurance Co., Ltd.
Business Type	Non-life insurance
Established Date	January 26, 1952
CEO	Ahn, Minsoo
Headquarter	14 Seocho-daero 74-gil, Seocho-gu, Seoul, Korea
Number of Employees	5,754
Company Website	www.samsungfire.com

*SFMI headquarters relocated on December 4, 2016.

Company Overview

Name	Location	Established Date	Main business	Share ownership
P.T.Asuransi Samsung Tugu	Jakarta, Indonesia	1996.11.07	Non-life insurance	70%
SAMSUNG VINA INSURANCE CO., LTD.	Ho Chi Min, Vietnam	2002.11.14	Non-life insurance	75%
Samsung Property & Casualty Insurance Company (China), LTD	Shanghai, China	2005.04.25	Non-life insurance	100%
Samsung Fire & Marine Insurance Company of Europe	London, UK	2011.03.30	Non-life insurance	100%
Samsung Reinsurance PTE. LTD.	Singapore	2011.12.09	Non-life insurance	100%
Samsung Fire & Marine Consultoria em Seguros Ltda	Sao Paulo, Brazil	2009.09.15	Insurance consulting	100%
Samsung Fire & Marine management Corporation	New Jersey, U.S.	2011.06.23	Insurance consulting	100%
Samsung Fire & Marine Insurance ME and Africa Agency	Dubai, UAE	2016.02.04	Agency	100%
Samsung Fire & Marine Insurance Service Co., Ltd.	Seoul, Korea	1996.01.30	Claim adjustment service	100%
Samsung Claim Adjustment Service Co., Ltd.	Seoul, Korea	1998.10.15	Claim adjustment service	100%
Samsung Fire & Marine Financial Service Insurance Agency	Seoul, Korea	2016.03.16	Agency	100%

*Overseas operations : 8 Corporations, 8 Branches, 6 Representative offices in 11 countries

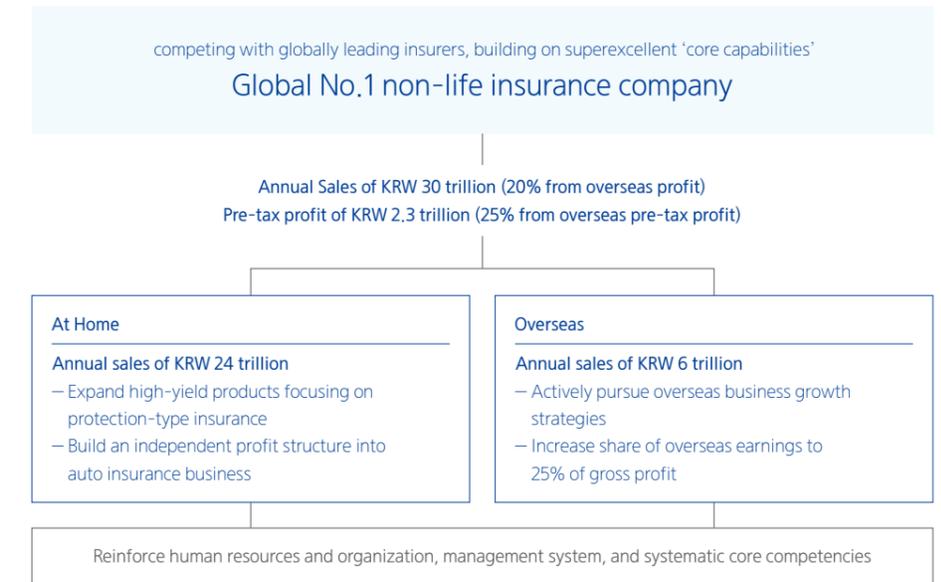
Launch of Samsung Fire & Marine Financial Service Insurance Agency (May of 2016)

Facing a new market environment of low growth and intensifying competition among business channels within the insurance industry, SFMI founded Samsung Fire & Marine Financial Service Insurance Agency, an affiliate specializing in selling insurance products, to strengthen the competitiveness of individual agents through our differentiated organizational management which assists agents according to their individual capabilities. The newly established insurance agency began service in May 2016 with 400 insurance planners and 10 branch offices. Business will be expanded by adding branch offices, including the 1st metropolitan branch in July, Gwangju branch in Jeolla-do Province, Dangsang branch in Seoul, Cheonan and Asan branch in Chungcheong-do Province, and the 2nd metropolitan branch in November this year.

Subsidiaries

As of Feb. 29, 2017

Vision 2023



Major Financial Performance



*The financial data is based on consolidated K-IFRS.

Current Status of the Organization

As of Feb. 29, 2017

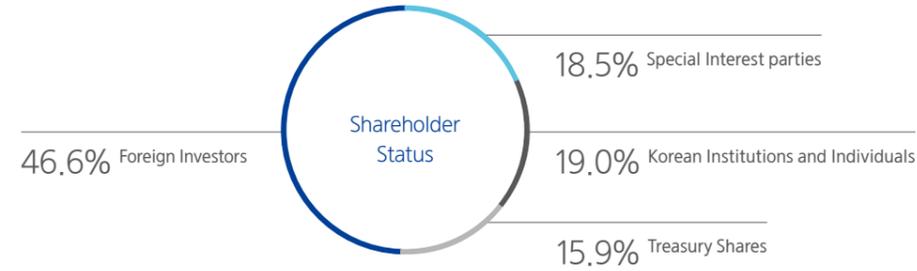
5 Headquarters, 4 Divisions, 16 Business Teams, 30 Teams

Personal Lines HQ, Commercial Lines HQ, Automobile Insurance HQ, Asset Management HQ, Strategic Channel HQ, Corporate Planning Div., Corporate Management Support Div., Global Business Div., CPC Strategy Div., HR Team, Audit Committee, Compliance & Internal Control Dept., CISO, etc.

*CPC : Customer – Product – Channel

Shareholder Status

As of Dec. 31, 2016



Key Products & Services

Categories	Key Products
General Insurance	<ul style="list-style-type: none"> - Fire: House, building, factory, general fire insurance - Marine, Aviation: Hull, airplane, cargo insurance - Casualty: Engineering, Casualty, Liability Insurance
Long-term Insurance	<ul style="list-style-type: none"> - Disease / casualty: New Generation Health Insurance, Cancer Insurance, Medical Cost Insurance - Driver's: My Partner, Happy Drive - Bundled: 'NEW Super Plus' (Bundled type health insurance) - Property: Everyday Life Insurance, Household Property Insurance - Saving / Annuity: 'Super Save', 'Wonderful life'
Auto Insurance	- Anycar, Anycar Direct
Loan	- Mortgage loans, Policy holder loans, Credit loans
Other Services	- Anycar Service (Emergency roadside assistance, Vehicle inspection), Additional service for members

Major Awards in 2016

Award	Awarder
Grand Prize in Human Resources Development Excellence Award (March)	Korean Association of Human Resources Development
Consumers' Choice Outstanding Ad (March)	Korea Advertisers Association
Gold Prize in Award for Innovation in Brand Renovation (May)	Stevie Awards
Grand Prize for Non-life Insurance for Korea Pension Award (June)	Money Today
Education Minister's Award for Improvement of Disability Awareness (July)	Ministry of Education
Best Non-life Insurance in Korean Sustainability Index (September) / Ranked 1st in the Non-life Insurance Sector of Korean Sustainability Index (September)	Korean Standards Association
Excellence in Weather Management (October)	Korea Meteorological Administration
Included in Dow Jones Sustainability World Index for third consecutive year (October)	Korea Productivity Center and RobecoSAM
Excellence Award in Finance Sector for Carbon Management in CDP (November)	Korea CDP Committee

Included in the Dow Jones Sustainability World Index for third consecutive years and selected No.1 Non-life Insurance Company in Korea



Selected for the Silver Class in the Sustainability Ratings by RobecoSAM for the Second Consecutive Year



Ranked 1st Non-life Insurer in the Korean Sustainability Index



Received A+ rating of ESC (Environment, Social, and Governance) Evaluation by Korea Corporate Governance Service



Samsung Value System

SFMI aspires to become a respected and responsible leading global insurance company by developing the finest products and services backed by our superior talents and expertise. To achieve our ambition, we are committed to five core values: People, Excellence, Change, Integrity and Co-Prosperity.

Samsung Philosophy We will dedicate our human resources and expertise to develop superior products and services, thereby contributing to the society



Business Principles

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

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

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

Principle 4. We will care for the environment, health and safety.
 4-1 We engage in environmentally friendly management practices.
 4-2 We value human health and safety.

Principle 5. We are a socially responsibility as a corporate citizen.
 5-1 We actively perform our duty as a corporate citizen.
 5-2 We respect the characteristics of local custom, culture and society, and strive to prosper together with local communities.
 5-3 We build win-win relationships with business partners.

Application range
 -This Business Principles shall be applied to "SFMI (including overseas subsidiaries)" and "its all employees".
 -This content has to be understood by partner companies and sales organizations (insurance agencies, Risk Consultants) so that they may follow this Principles willingly.

Application of this Principles
 -Should the criteria of interpreting be unclear while applying this Principles in work, employees should discuss with their directors. Important issues have to be referred to Chief Compliance Officer and Business Principles Practice Committee for authoritative interpretation.
 -All employees should comply with this Principles and be responsible and punished for any violation.
 -Any employee who has detected the violation of this Principles by others should immediately report to their managers and if they judge that those violations may either cause serious legal problems to the company or have an adverse impact on the company, they should immediately report to their directors and Compliance Officer.

Sustainability Management

Vision

competing with globally leading insurers, building on superexcellent 'core capabilities'
Global No.1 non-life insurance company

	Sustainability Management Strategy	Major Communication Channels	Major Issue	Result
Customers	Provide security with leading insurance services and excellent network	Customer panel system, Satisfaction survey, SNS, Voice of Customer (Customer feedback channel)	Focus on customer-oriented management, Strengthen customer protection activity, Protect customer information	Launched SFMI membership, Expanded Imported Car Repair Estimate Service Centers, Operated Consumer Protection Centers and Consumer Protection Committee, Strengthened security management system, including separation of computer networks
Shareholders & Investors	Protect shareholder interest through sustained growth incorporate value	General Meeting of Shareholders, Conference, Non-Deal Roadshow, Regular Investor meetings, Public announcement	Increase shareholder value, Strengthen communication, Distribute values fairly	Expanded payout ratio (25.0% → 28.3%), Fiscal Year End Earnings Results Announcement, regular IR meetings, Distributed value among stakeholders
Employees	Offer opportunities to develop into global financial experts	Employee Council, Satisfaction survey, Employee distress assistance program, 'Communicate' (company intranet)	Maintain work-life balance, Foster talents, Strengthen communication between directors and employees	PC off on Wednesday / Friday, Operation of SMFI university and support for related certificate acquisition, Expanded communication activity such as CEO field visit, discussion meetings
Business Partners	Promote mutual prosperity based on mutual trust	Discussion meetings, In-house bulletin board, Partner's Day events	Support to enhance competitiveness, Strengthen communication, Minimize incomplete sales	Pride Club, Mobile assistance system, CEO-RC meetings, Awards for customer satisfaction, Deployed compliance managers and performed monthly monitoring
Communities	Fulfill social and environmental responsibilities as a global corporate citizen	NGO meetings, Social Responsibility Committee, Satisfaction survey	Increase activity to support the underprivileged, Establish advanced traffic safety culture, Minimize environmental impacts	Promoted social contribution activities continually, Held seminars on traffic safety, Participated in Eco-office, Earth Hour event

Operation of Sustainability Management Committee

Sustainability Management Committee, headed by our CEO, was established in 2012 to reinforce the foundation of sustainability management. The Committee is composed of seven members : CEO, CFO, Director of the Planning Office, Director of the CPC Strategy Office, Head of Human Resources, Compliance Officer and Secretary General for CSR. Major issues dealt with by the Committee in 2016 include recent sustainability management-related issues at home and abroad, key achievements of sustainability management activities, approval of Sustainability Report, and advancement of environmental management.

International Initiatives

International Initiatives | The world is now facing greater environmental, social and governance challenges than ever. SFMI will continue to cooperate with the global initiatives to establish a more socially engaged and sustainable insurance industry.

Initiative	Major Activities
 UNEP Finance Initiative Changing finance, financing change	UNEP FI is a public-private partnership between UNEP and the financial sector. SFMI became a member of UNEP FI in 2010 and we aim to advance the global initiative in incorporating sustainability in the financial industry.
 PSI Principles for Sustainable Insurance	SFMI is the first Korean insurer to become a signatory of the PSI in January 2015, is exerting all effort to spread the principles of sustainable insurance through the insurance industry.
 CDP DRIVING SUSTAINABLE ECONOMIES	The Carbon Disclosure Project is a not-for-profit organization that evaluates response of major listed companies around the world to greenhouse gas reduction and publishes reports to provide information for corporate investment. SFMI has actively participated as an institutional investor and information provider since 2010.

UN SDGs (Sustainable Development Goals)

In September 2015, the UN General Assembly adopted the Sustainable Development Goals 2016-2030 (SDGs), which build on the Millennium Development Goals 2000-2015. A new set of goals that the UN member states agreed to achieve by 2030 to promote sustainable development, the SDGs consist of 17 goals, which guide the role of governments, businesses, and civil society to ensure the world will proceed towards sustainable development, and their 169 targets. SFMI, as a global corporate citizen, will carry out its own sustainability management activities in accord with the universal goals of the SDGs.

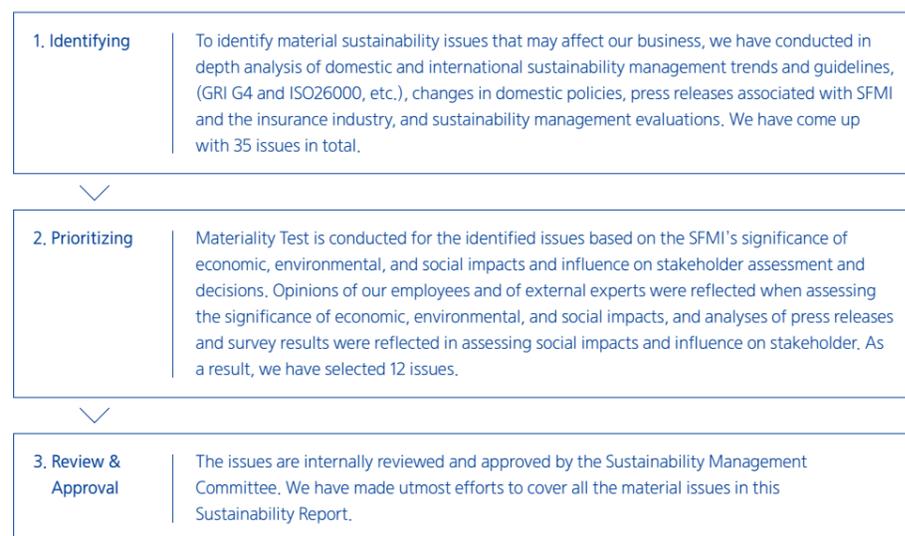


1. End poverty in all its forms everywhere
2. Zero hunger
3. Ensure healthy lives and promote well-being
4. Ensure quality education
5. Achieve gender equality
6. Ensure sustainable management and sanitation of water
7. Ensure access to affordable and sustainable energy for all
8. Promote sustainable economic growth, full employment, and decent work
9. Build resilient infrastructure
10. Reduced inequality
11. Build sustainable cities and human settlements
12. Ensure sustainable production and consumption patterns
13. Combat climate change
14. Conserve marine resources
15. Protect eco-systems
16. Establish accountable and inclusive institutions
17. Strengthen the means of implementation and revitalize the global partnership

Materiality Matters

SFMI's Sustainability Report focuses on key material issues, both internal and external, which we have determined as material to corporate management and to our stakeholders according to GRI G4 guidelines. In addition, we have selected critical issues based on global benchmark indexes, including the DJSI and FTSE4Good, domestic and overseas insurance firms, media analyses, initiatives, and expert opinions. In regard to these selected issues, a materiality test was carried out and subsequent results obtained after internal review by the CSR Office and the final decision of the management.

Process of Determining Issues



Materiality Issues

Category	Key Issue	Current Conditions	Page
Customers	Customer-oriented activity	Retained 1st place in customer satisfaction index and improved retention rates of protection products	18
	Customer information protection	Maintained zero leaks in customer information and upgraded customer information management system	22
Shareholders / Investors	Business results	Pressed ahead with differentiation strategies based on reliable management	10
	Governance policy	Enhanced transparency and autonomy of the Board of Directors	46
Employees	Work-life balance	Strengthened family-friendly management and maternity protection system	28
	Talents management	Systematized human resources development and increased educational support programs	25
Business partners	Programs and education for support of business partners	Improved retention rates of RCs and cultivated top caliber RCs	36
	Sustainability Management with Business Partners	Examined risks in sustainability management of partners and performed support activities	36
Communities	Social responsibility programs	Developed social responsibility programs most suited to the insurance business	30
	Socially responsible products and services	Developed products and services and continued to increase sales	35
environment	Research on climate change risks	Made efforts to adapt to and lessen climate change and began weather risk management	41
	environment-friendly products and services	Developed environment-friendly products and services and continued to increase sales	41

Business Result

Notwithstanding unfavorable business conditions, SFMI saw significant improvements in financial results including operating revenues, operating income, and investment income on the back of excellent business channels and differentiated risk and asset management. The company will further strengthen sound and reliable management practices to maximize future value.

Overview

In 2016, uncertainty in the global financial market increased, driven by Britain's decision on leaving the European Union, commonly known as Brexit, and the interest rate increase as well as the presidential election result in the U.S. Recovery of the Korean economy was also slow. Notwithstanding such unfavorable conditions, internally and externally, SFMI continued its endeavor to carry out sound management and in terms of business results, the company grew one step further on the back of change and innovation.

Direct premiums written rose to KRW 18,183.0 billion, or up 2.2 percent from the previous year. In addition, despite increase in operating expenses to reinforce a future earnings foundation, as well as the recognition of one-time losses, SFMI's business performance improved across all business segments. In particular, the auto insurance segment returned to the black. Such satisfactory results are attributable to the company-wide strategy of improving its business portfolio. SFMI's net profit also marked KRW 840.9 billion, a 7.4 percent increase year-on-year.

SFMI received the industry's highest level of 336.2 percent in RBC ratio, which represents the financial soundness of an insurer. It also obtained AA- Stable and A++ (superior) ratings from the leading global rating agencies S&P and A.M. Best, respectively, demonstrating its high credibility and superb financial soundness.

Accounts of Profit & Loss

Direct premiums written rose to KRW 18,183.0 billion, a 2.2 percent increase year-on-year. Net premiums earned grew to KRW 17,405.8 billion, or up 2.7 percent from the previous year. Operating profit was negative at KRW 567.9 billion, slightly lower than the previous year, primarily driven by significant improvement in the combined ratio of auto insurance. Investment profit marked KRW 1,688.3 billion a 0.7 percent year-on-year increase.

With such strong business performance, SFMI's net profit for fiscal year 2016 recorded KRW 840.9 billion, up 7.4 percent on a year-on-year basis. In addition, SFMI paid cash dividends of KRW 6,100 per common share for fiscal year 2016, under its commitment to its shareholder return policy. The payout ratio for 2016 recorded 30.8 percent, a 2.5 percentage point increase compared to that of last year.

SFMI will continue its endeavors to raise the payout ratio, which has been consistent and predictable over the last three years, thereby expanding long-term value for stockholders in the future.

Profit and Loss Statement (Summarized)

(Unit : KRW 100 million, %)

Category	2015	2016	Rate of increase
Direct premiums written	177,995	181,830	2.2
Net premiums earned	169,563	174,058	2.7
Insurance operating profit	-6,063	-5,679	N/A
Investment profit	16,770	16,883	0.7
Operating profit	10,707	11,205	4.6
Non-operating profit	-370	-268	N/A
Earnings before tax	10,337	10,937	5.8
Net profit	7,827	8,409	7.4

Note) Figures are based on the K-IFRS separate financial statements (hereafter the same shall apply)

Results by Business Lines

Long-term insurance premiums recorded KRW12,768 billion, 1.0 percent down from the previous year, which is attributable to the fall in recurring premiums from savings-type products, marketed on a large-scale in the past, in accordance with a protection-type-centered growth strategy. Nevertheless, new and recurring premiums in the long-term portfolio showed protection-type centered improvement, propelling stable growth of risk premiums.

Auto insurance premiums recorded KRW 4,803.5 billion, a 13.4 percent increase year-on-year. This growth came from the basic rate increase as well as the increase of average automobile prices due to expanded sales of new, particularly high-priced cars, driven by the reduction in consumption tax at the beginning of 2016.

General insurance premiums marked KRW 1,302.7 billion, 4.3 percent lower than the same period last year. This slowdown resulted from the decrease in premium rates, driven by the continued reinforced underwriting and soft market in the reinsurance sector. On the other hand, net premiums earned, which serves as the actual base of income, showed moderate growth of 4.5 percent year-on-year thanks to the company's policy to increase retention rates of profitable accounts.

Category	2015		2016		Rate of increase
	Amount	Percentage	Amount	Percentage	
Long-term	122,013	68.6	120,768	66.4	-1.0
New premiums	1,832	1.0	1,673	0.9	-8.7
Recurring premiums	117,295	65.9	118,277	65.0	0.84
Auto	42,376	23.8	48,035	26.4	13.4
General	13,606	7.6	13,027	7.2	-4.3
Total	177,995	100.0	181,830	100.0	2.2

Note) New premiums : First month premium of new contracts, excluding lump-sum premium

The total combined ratio fell to 103.0 percent, down by 0.3 percentage points from the previous year, primarily due to the improved loss ratio.

The loss ratio of general insurance recorded 73.3 percent, up by 10 percentage points from the previous year, which is attributable to the decrease in premiums and the frequent occurrence of large one-time accidents claims.

The overall loss ratio of long-term insurance recorded 86.3 percent, down by 1.3 percentage points year-on-year owing to the continued decrease in savings-type products. The risk loss ratio, which is an effective underwriting indicator, marked 79.0 percent, a 1.5 percentage point year-on-year increase, due to the occurrence of large fire claim cases.

The auto insurance loss ratio decreased to 80.9 percent from 82.4 percent, 1.5 percentage points lower than the previous year. This improvement is attributed to the increased insurance premium per vehicle due to the increase in the basic premium, as well as the decrease in accident rates, driven by increased profitable accounts via internet channels and reinforced underwriting efforts.

Category	2015	2016	Change
Loss ratio	84.8	84.0	-0.8
General	63.7	73.7	10.0
Long-term Note 1)	87.6	86.3	-1.3
Auto	82.4	80.9	-1.5
Expense ratio Note 2)	18.5	19.0	0.5
General	24.7	24.1	-0.6

Long-term	17.8	18.9	1.1
Auto	19.2	17.9	-1.3
Combined ratio	103.3	103.0	-0.3

Note 1) Long-term loss ratio = (incurred operating losses from long-term insurance + losses from savings) / Overall net premium earned
Note 2) Expense ratio = (actual expenses - deferred expenses - reinsurance commission recovered) / Overall retention premium

The expense ratio for fiscal 2016 recorded 19.0 percent, up by 0.5 percentage points from the previous year. Such growth resulted from a 0.1 percentage point year-on-year increase in selling expenses, including additional amortization of acquisition costs of new or renewal contracts, in accordance with protection type-centered growth strategy. In addition, expenses recovered, which is an item excluded from expenses, fell by 0.2 percentage points from the previous year, partially due to the reduction in reinsurance commissions recovered, which was caused by the increase in profitable general insurance accounts.

Category	2015	2016	Change
Personnel expenses	3.4	3.3	-0.1
Selling expenses Note 1)	10.4	10.5	0.1
Maintenance expenses	5.7	5.9	0.2
Expenses recovered Note 2)	-1.0	-0.8	0.2
Total	18.5	19.0	0.5

Note 1) Acquisition expenses, collection expenses, agency commission, and amortization of deferred acquisition cost
Note 2) Reinsurance commission recovered and reinsurance profit commission recovered
Note 3) Rounding up may cause a difference in total.

Investment Profit

Investment profit recorded KRW 1,688.3 billion, a slight increase from the previous year. Notwithstanding the decrease in bond yields, caused by the prolonged global trend of low interest rates, a net increase in investment profit on loans, the result of strategic planning, rose by KRW 25 billion from the previous year. Reduction loss arose on the shares of subsidiaries held by SFMI, but was partially offset by gains on the disposal of shares in Samsung Securities Co., Ltd. Investment profit from property assets increased by KRW 90.3 billion year-on-year, driven by the sale of company buildings located in overlapping areas as part of efforts to improve utilization of property.

Due to the reduction in profit sources of interest bearing assets under the continued global trend of lower interest rates, the rate of return on investment recorded 3.1 percent, down by 0.2 percentage points year-on-year.

Category	2015		2016		Change	
	Profit	Rate of return	Profit	Rate of return	Profit	Rate of return
Cash / Deposits	200	1.3	91	0.8	-109	-0.5
Stocks	462	1.0	820	1.7	358	0.7
Bonds	9,990	3.8	9,487	3.3	-503	-0.5
Loans	5,651	4.1	5,901	3.7	250	-0.4
Securities in foreign currency	1,475	4.8	830	2.8	-645	-2.0
Real estate	181	1.4	1,083	9.0	902	7.6
Investment administration expenses	1,189		1,330		141	
Total	16,771	3.3	16,883	3.1	112	-0.2

Increase shareholder value

Fair Disclosure

SFMI makes public crucial business information, regularly and voluntarily. Among key information, the company fairly announces future business plans, profit and loss outlook, and tentative monthly sales figures under the disclosure system of the Korean securities market. In addition, insurance business-related information is being made public quarterly through the disclosure system run by the General Insurance Association of Korea.

Communication with Shareholders / Investors

SFMI holds investor relations (IR) meetings, including NDRs (non-deal roadshows) and conferences, to enhance the understanding and trust of shareholders and investors and to publicize the company's competitiveness. In addition, the company also post updated financial information and earnings reports through the official website and the Financial Supervisory Service's electronic disclosure system. Furthermore, we work hard to reflect opinions of shareholders and investors, collected from the company's IR activities, in management by sharing them with the management and employees.

Global Credit Ratings

SFMI was recognized for its superb financial strength, solid business performance, and reliable risk management capability, consequently receiving the highest rating of A++ for six straight years from A.M. Best, a leading global credit rating agency for insurers (Sept. 2016), and AA-, Stable, for the second year, the highest grade among the nation's private businesses (Dec. 2016), by S&P, a global credit rating provider.

Stakeholder Interview

Based on its excellent underwriting capability, SFMI is maintaining a healthy loss ratio and stable insurance business-centered profit structure. This business structure will come into its own in today's lower interest rate environment. SFMI this year is expected to maintain an adequate combined ratio level, based on the database built through its online auto insurance segment, while maximizing the benefits of economies of scale. In the mid- and long-term, SFMI is expected to build a secure base to grow into a world leading insurer by proactively adapting to the changing business environment, building on the industry's top-level solvency ratio. In an environment of increased regulatory oversight, the company's consistent shareholder return policy has strengthened trust among shareholders and investors. I expect that SFMI will keep pace with changing corporate governance practices, serving as a model for shareholders and investors and society as a whole.

— Kim Tae-hyun, analyst at Kiwoom Securities Co., Ltd.

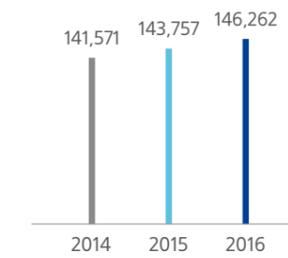
Economic Value Creation by Stakeholder

(Unit : KRW 100 million)

In 2016, SFMI distributed economic value of KRW 18,509.5 billion in total to various stakeholders.

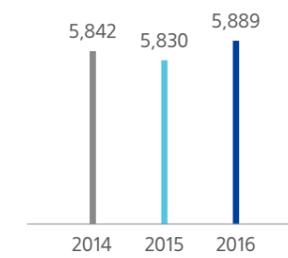
Customers

Insurance benefit payment



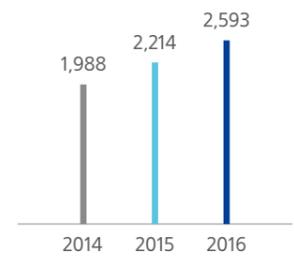
Employees

Wages, Severance, Benefits



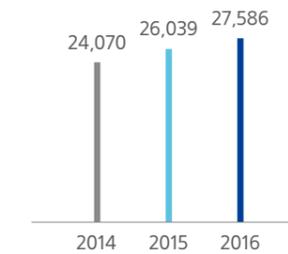
Shareholders & Investors

Dividends



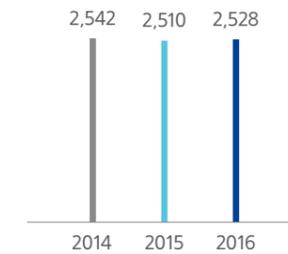
Business Partners

Insurance sales commission



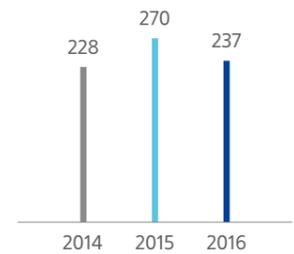
Government

Corporate tax



Donations

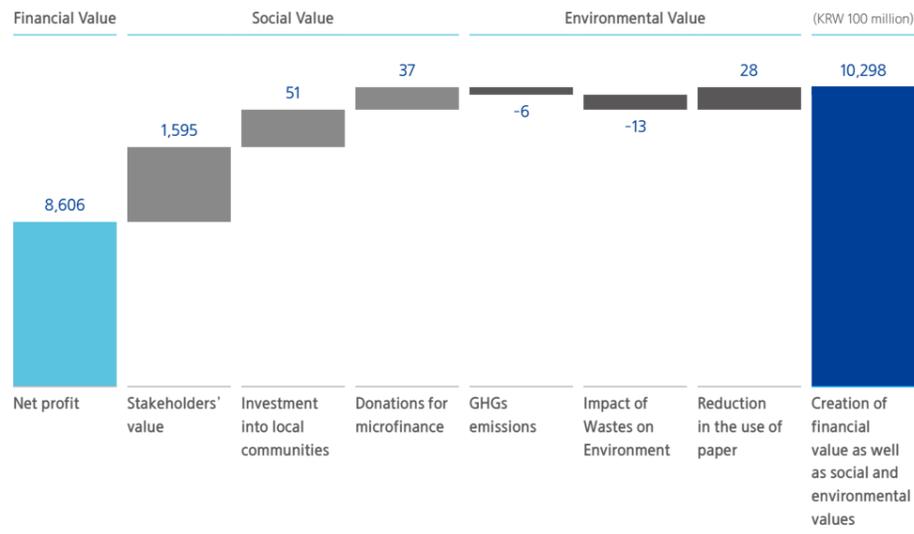
Donations for local communities



Integrated Value Creation

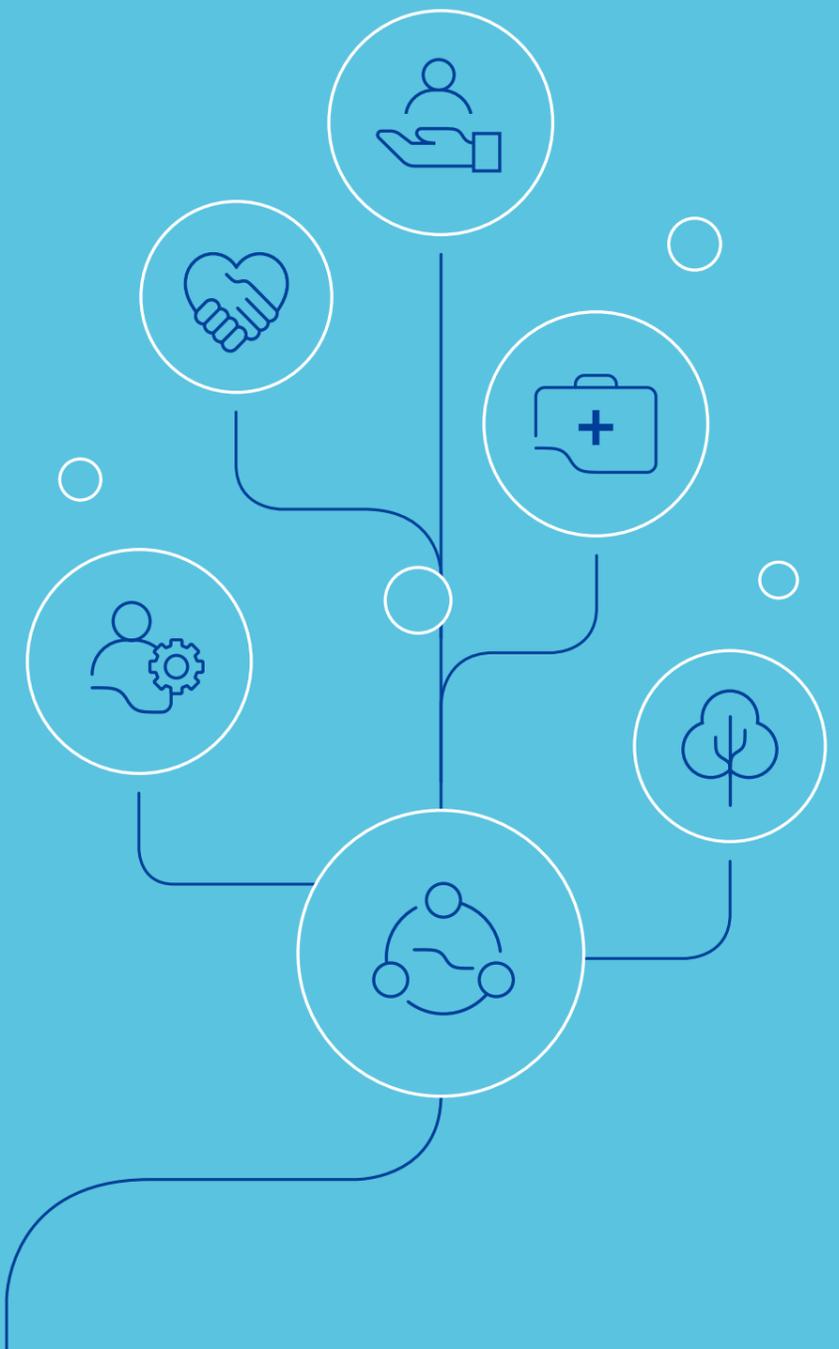
SFMI calculated in dollar terms the social and environmental value generated by business activities throughout fiscal year 2016. Social and environmental value was added to the existing financial figures or net profit to calculate integrated profit and loss, which represents the integrated value generated. Increased social and environmental value is expressed in the positive (+), whereas the negative impacts of SFMI's business activities on society and environment are expressed in the negative (-). The details are as follows : Generation of social value includes activities contributing to the creation of stakeholders' value (expenses paid to add value for shareholders and investors and education expenses for employees and partners), the value of local communities (support for education, building of infrastructure, and investment in environmental improvement), and the value of small loan finance (providing donations to the Microfinance Foundation and offering premium discounts to low income individuals).

In addition, environmental value was calculated based on the assessment of negative impacts on the environment such as the amount of greenhouse gas emissions and discharged waste, and positive impacts on the environment such as paperless practices including electronic contracts and signatures.



Sustainability Value

Customer Satisfaction, Human Capital Development, Social Responsibility,
Co-prosperity, Environmental · Safe · Health Management

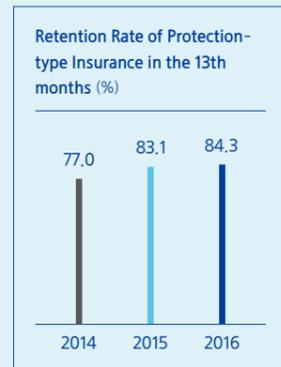


Customer Satisfaction

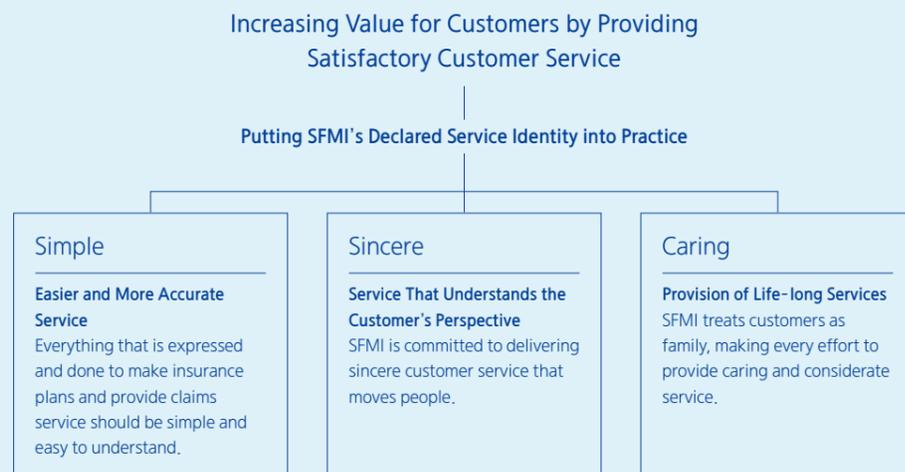
SFMI's number one priority is our customers. This is why the service solutions that we provide have been constructed from a customer perspective and our business is focused around them. 'Working with ownership', SFMI's declared service identity, is a commitment to providing authentic and heartfelt services to customers.

Result for FY 2016

<p>SFMI rated 1st for customer satisfaction by external evaluation agencies for the longest straight years : 16 years by NCSI</p> 	<p>19 years in auto insurance and 6 years in long term insurance by KCSI</p> 	<p>15 years in auto insurance and 3 years in long term insurance by KS-SQI</p> 
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Service Identity



Customer-oriented Products and Services

At SFMI, we have appointed a CCO(Chief Customer Officer) directly under the CEO and operate the Consumer Policy Team to proactively plan and implement customer-oriented activities. Also, to implement a more efficient customer complaint management, we extended operation of Customer Protection Center to six areas across the country and we have strengthened professionalism by assigning 40 experts with rich field experience of sales and claim settlement.



Besides, as part of our effort to improve the quality of customer service, SFMI operates the "Customer Panel," "Consumer Protection Committee" and "Consumer Rights Protection Committee."

Customer Panel

Since the establishment of the 'Customer Panel' in 2005, which was first of its kind in Korean non-life insurance sector, SFMI continues to actively operate the system with the purpose of offering products and services that meet the needs and demands of customers. CEO and key management executives participate in the Customer Panel and the outcomes are then actively reflected in the company's strategy to improve business management. The Customer Panel which is selected through document screening and interviews is composed of 8 to 10 general individuals, including housewives and must be covered by insurance. Since 2005 a total of 21 rounds of Customer Panel conferences were held and approximately 650 tasks have been carried out to date. The results from the Panel's four-month task activity are shared across the company via presentations and significantly contribute to implementing the company's customer-oriented management policy.

Consumer Protection Committee

In 2014, SFMI established the Consumer Protection Committee, composed of executives in charge of sales, claim settlement and product development in an effort to eliminate and improve irrational systems and practices within the organization. Since then, 20 rounds of committee meetings have been held to date. Tangible results have been produced, including improved customer service through proactive measures to prevent customer complaints, effective job performance, and reduction of operating expenses.

Consumer Rights Protection Committee

SFMI settles insurance disputes, which are particularly delicate and complicated to handle, through the Consumer Rights Protection Committee. Consisting of six external experts including professors, lawyers, and doctors, Consumer Rights Protection Committee is designed to help customers settle disputes in a fairer, and more objective and professional way. Since its establishment in 2009, a total of 79 deliberation meetings have been held so far and the results of deliberation were shared with employees in the field. Through this sharing of disputes settled, we continue our commitment to customer-oriented management that prioritizes the protection of customers' rights, including proactive measures to eliminate factors that are likely to cause customer dissatisfaction and enhancement of remedial processes.

Consumer Portal Opened | In May 2015, a consumer portal opened at the company's homepage with contents of electronic complaint filing, notice of complaints, examples of best practices for consumer protection, financial consumer protecting system, financial information so that consumers can have an easy access to those information.

Customer-oriented Education and Promotion

Service Academy | As part of our effort to translate into action the protection of financial consumers and customer-oriented management, SFMI operates the Service Academy, a specialized training program designed for managers and employees, and RCs (Risk Consultants). The Service Academy, under the direct supervision of the Consumer Policy Team, plans ways to promote customer satisfaction and provides service consulting on customer interaction. The eight-member special education team also offers all employees courses designed to improve customer service. The Service Academy has developed a program tailored to insurance business in which customer interaction during sale of insurance products and the handling of claims is of increasing importance. The program is operated in four phases as follows.



Best Customer Satisfaction Practice Award | SFMI operates various reward programs to further encourage and motivate employees and partners who were outstanding in the area of customer service. Reward programs include: Company Foundation Day Award (annual), SFMI Person Award (3 times a year), the CEO Special Award (4 times a year) and CS Achievement Award (often). Examples of outstanding customer service practices are aired on company broadcast and intranet as a way to promote and raise customer satisfaction awareness to our employees and partners. In 2015, the company conducted a 'campaign for practice of basic acts for Customer Satisfaction' among the whole employees using in-house broadcasting for two months in the areas of right ways of behavior / dressing, phone and other business etiquettes. From 2016, SFMI operates a program called "Praise Taxi," in which employees selected as worthy of praise by the Voice of Customer, an open communication channel with customers, are given a taxi ride to and from work. In the taxi, the selected employees are interviewed and the episodes that won them praise are made known to all executives and employees through the in-house broadcasting system.

Customer-oriented Products & Services

SFMI proactively reflects needs and opinions of our customers throughout the development process of our products. As such, product names and policy terms can also be flexibly modified to improve customers' understanding of the policies. We also offer wide range of products and services to meet customer's specific needs such as preparation for older age, infant care or traveling that customers may join according to their preference and life cycle.

Imported Car Cost Estimate Service Center | SFMI operates the Imported Car Cost Estimate Service Center to provide customers with repair services at reasonable prices. At the center, estimate experts diagnose the state of damage and offer advice on the best repair method and scope. The first estimate service center was established in Seongsu-dong, Seoul in September 2011. Since then ten more centers have been added to date, including six in the Seoul metropolitan area (Gangbuk, Gangnam, Gangseo, Ilsan, Bundang, and Incheon) and four in other cities (Gwangju, Daejeon, Daegu, and Busan). In July 2016, four more centers opened in Suwon and Anyang in Gyeonggi-do Province, Jeonju in Jeolla-do Province, and Changwon in Gyeongsang-do Province. In addition to estimate services, the center also offers other free services including vehicle pickup, removal of minor scratches, and auto electronic device checkup. The quality of these services has been highly praised by customers.

Better Web Accessibility | SFMI has improved the accessibility of the company website to people with disabilities and the elderly in order to improve their usage of online financial services such as application for insurance policies, access of insurance contracts and request for consultation services. In January 2013, SFMI was awarded the "Web Accessibility Certification" by WebWatch, an organization under the Korea Human Rights for Persons with Disabilities Forum.

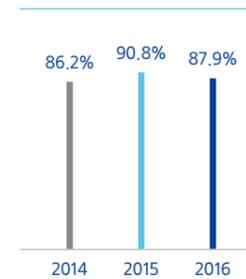
Customer Communication

Consumer Satisfaction Survey

SFMI conducts customer satisfaction survey once a year to assess and improve the level of customer service. Survey results are reflected on business activity to improve products and services. In 2016, we ranked top in customer satisfaction surveys of the country's three bodies.

Type	Body	Rating
National Customer Satisfaction Index	Korea Productivity Center	76 points (No.1 in the non-life insurance sector for 16th consecutive year)
Korean Customer Satisfaction Index	KMAC	78.8 points / 77.4 points (No.1 in the auto insurance sector for 19th year ; top in the long-term insurance sector for 6th consecutive year)
Korean Standard-Service Quality Index	Korean Standards Association	73.7 points / 72.5 points (No.1 in the auto insurance sector for 15th consecutive year ; No.1 in the long-term insurance sector for 3rd consecutive year)

Rate of VOC process with in 24 hours (%)



Voice of Customer (VOC)

SFMI emphasizes open communication with our customers. We commit to addressing all customers' complaints and suggestions in time. Likewise, VOC is considered highly valuable to our business. The feedbacks that are collected through VOC are reflected in service quality enhancement efforts and also in development of our products and services.

Communication on SNS

SFMI operates diverse online Social Networking Services (SNS) to increase communication with our customers. As of December 2015, SFMI communicated with approximately 800,000 customers on a daily average, through 7 online PR channels including blog, Facebook and twitter. As of December 2016, we communicate online with approximately 850,000 customers on a daily basis (according to internal tally). In response to today's rapidly changing digital media environment, SFMI will continue to pursue genuine communication with customers via diverse channels.

Major Official SNS Channels

Blog	http://blog.samsungfire.com/
Facebook	https://www.facebook.com/samsungfiretalk
Twitter	https://twitter.com/samsungfiretalk
Youtube	https://www.youtube.com/user/SamsungfireTalk
Good Daddy Blog	http://gooddaddy.samsungfire.com/

Stakeholder Interview

SFMI's Customer Panel holds meetings once or twice over a four-month period to discuss issues. In reporting conferences, panel members present research findings obtained during the period of activity and proposes to the management ideas that would help to improve customer satisfaction. SFMI's CEO and key managers participate in reporting sessions of the Customer Panel, listening to the opinions shared and offering relevant feedback. This practice shows that SFMI, as a B2C, does not take customers' opinions lightly but considers them as an important factor closely linked to its management activities. In addition, during the reporting sessions, the extent to which customers' opinions from the previous session have been reflected is discussed, attesting to active communication between the company and its customers. In this sense, it is safe to say that the company's Customer Panel has established itself as a two-way communication channel. I would like to urge SFMI to maintain its efforts for active communication with customers. I think that SFMI needs to form a panel where the voice of customers, the end-users of its products and services, is really heard, and ensure that these customers' opinions will reach the management.

— Interview with Lee Eun-ju, Consumer Panel member

IT Infra

Global IT System

Having built the next-generation IT system, SFMI allows customers to proceed all work at the same time and automatically connects insurance products and work processes. This user-friendly next-generation portal site continues to provide services to the customers through its sales and service channels, and carries out effective work handling strategies, which our rivals are unable to provide. Our global IT system also enables users to check all processes including insurance contracts at overseas subsidiaries in real time.

Mobile Systems

In prompt response to expansion of smart devices and fast change of mobile environments, SFMI has been developing mobile system. SFMI will make active use of smart devices such as tablet PCs and smartphones for customer services, ranging from contract management to claims payment. In addition, to promote customer convenience, we also offer smart services that allow real-time application, incident investigation, and payment of premiums. The industry's first mobile website offers applications that deal with customer's enquiries, contract alterations, incident report, application for loan and issue of certificates. In addition, to strengthen customer-focused service, SFMI has launched the mobile-supported Smart Consulting System, which allows customers to analyze the insurance policies they hold from a different perspective and identify them.

Information Protection Management System

To maximize information protection, SFMI appointed a CISO (Chief Information Security Officer), a CPO (Chief Privacy Officer), a CSO (Chief Security Officer) to handle and protect credit information. We also operate the Information Protection Committee as a decision-making body for security issues. Also, departments within the company that are directly responsible for information protection such as the Information Protection Division, IT Security Division, and Compliance Monitoring Division participate in the Information Protection Committee to supervise, control and implement security policies on a regular basis. In 2014, the company acquired the certificate of ISMS (Information Security Management System) from the Ministry of Science, ICT and Future Planning.

Information Protection Activities

Using its security-specialized organizations, SFMI is conducting a diverse range of activities : Reinforcement of security-related company rules, encrypted customer database, operation of a security task force, information protection system 24-7 cyber monitoring and regular safety prevention activities, separation of work network from internet, on / off line security education, enhancement of the employees' awareness on online security and addressing weaknesses through trial mock-hacking, regular and multiple security check. And it also strengthens its internal control on treatment and management of personal information overall like collection, usage, storage, and destruction of information. Besides, the company has established a separate security management system so that apart from its own employee, other companies that treat SFMI's customer information can manage the relevant information safely, demonstrating our commitment to perfect security management and supervision.

No violation of customer information protection has yet been reported, and personal information of customers will be treated with utmost care and kept safe in accordance with applicable laws.

Certified as Excellent Site for i-Safe and ePRIVACY

To date since 2000, SFMI has been certified for safe internet (i-Safe) and personal information protection (ePRIVACY) from Korea Association for ICT Promotion in recognition of its high-level security.

Customer Information Protection

Human Capital Development

At SFMI, we believe that our employees are the key to increasing company's business competitiveness. Our goal is to attract talented people through open recruitment system and develop our employees into becoming top global financial experts through excellent training opportunities that are customized to every line of functions. We are also committed to protecting human rights, health and safety of our employees as well as providing them with a good work-life balance.

Result for FY 2016



*Five key qualifications
Actuary (domestic and foreign),
Claim adjuster, CPCU, CFP, and CFA

Talent Management

Open Recruitment

SFMI employs an 'open recruitment' system to encourage equal opportunity and prohibit discrimination against individuals based on academic background, origin, age, gender, religion and disability. We also help create equal employment opportunities to underprivileged and the young adults with an aim to help them pursue their dreams under difficult environment. In 2016, SFMI newly hired 325 employees, including 283 new recruits and 42 experienced employees.

Talent Retention

As of December 31, 2016, SFMI employed a total of 5,754 people, with the male and female ratio standing at 56.8 percent and 43.2 percent, respectively. We are committed to developing our employees into global financial experts through diverse HR programs including: employment status transfer program from temporary to full time status, reward and early promotion programs for outstanding performers and internal job transfer programs. Additionally, to promote balance and diversity of our employees, we continue to open recruitment opportunities and out of total employees, percentage of employees with disabilities accounts for 2.1% and employees with national merits 1.6%. Also, the percentage of women in management positions has increased by 0.3 percent over the previous year to 11.2 percent.

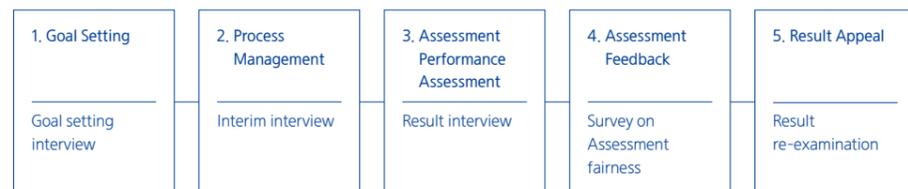
Employee Status in 2016



Performance and Compensation Management

Performance Evaluation | At SFMI, we implement a target-oriented performance evaluation system for our employees. Overall evaluation of our employees is based on comprehensive assessment of individual achievements, capabilities and self-development performance. To promote a fair and transparent performance assessment, we follow a three-step dialogue and feedback system (objective interview, interim interview, and result interview) together with multi-dimensional evaluation. Our compensation framework is designed to motivate our employees and to further develop themselves into global financial experts.

MBO (Management by Objectives)



Compensation | SFMI implements annual salary and profit sharing system to establish performance-oriented culture and to boost the spirit of challenge among our employees. Our entry level college graduate recruits are guaranteed base salary above the legal minimum wage level and gender wage gap does not exist.

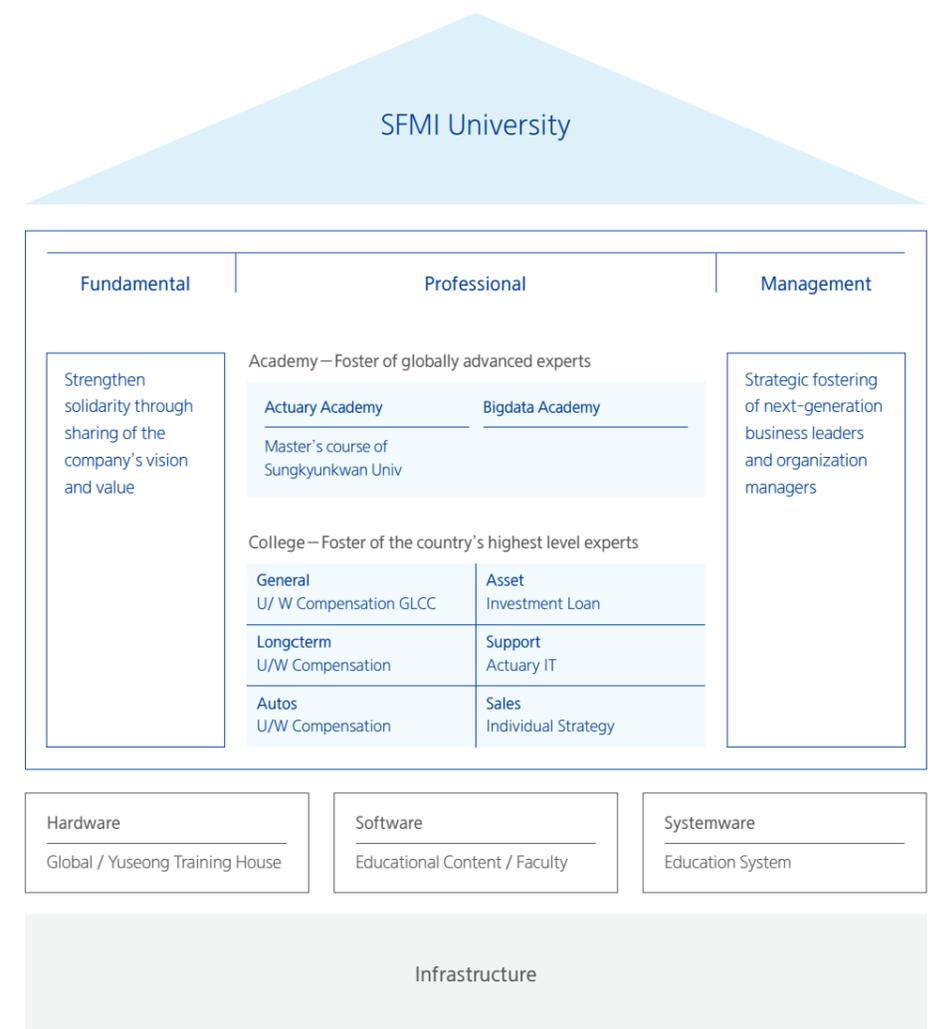
Awarding System | At SFMI, we strive to instill ownership and pride in our employees, so that their goals are aligned with the company's business strategy. We regularly reward our employees through diverse programs : Annual Reward Ceremony on Company Foundation Day, quarterly SFMI Person Award, BP of the Month. Employees who have contributed to the sustainability of our business with their excellent performance in areas of innovation, customer satisfaction, GWP (Great Work Place), social contribution and compliance are awarded monetary compensation, paid leaves and higher evaluation.

Individual Development

At SFMI, we have established and operate talent development system to foster our employees to become top experts in the area of finance and insurance.

SFMI University | In March 2015, SFMI newly established "SFMI University", an employee development program aimed to foster global financial and insurance experts. In addition to the diverse customized curriculum (a total of 190 job-related mandatory courses; 48 selective courses; some 1,900 educational materials), the program also offers online and mobile version of the education system (Dream Campus). We have also implemented credit completion system which is reflected in employee performance assessment and also required for promotions. The University offers essentially-needed lectures (e-Learning, expert qualification, foreign languages) and e-Book service (in association with Kyobo Book Center) to the employees, contributing to boost of their work capability and insights.

Since 2015, we have been operating an internal professor system, in which employees with remarkable level of expertise contribute to in-house education by converting their know-how and expertise to texts and by lecturing. As of December 31, 2016, 159 persons are serving as internal professors. They get various incentives such as lecture fee and extra points for promotion.



Individual Development Plan | The Individual Development Plan (IDP) is a program that encourages our employees to upgrade and expand their area of expertise through variety of resources. The program is designed so that employees can self-assess their professional capacities and further develop through various internal and external, collective and individual training such as : e-Learning, COP (community of practice), conferences, certificate education.

Employee Education Data

Type	2014	2015	2016
IDP participation (%)	98.9	99.3	99.7
Curriculum	2,000	1,846	2,000
Education cost per employee (Annual average, KRW million)	1.91	1.47	2.22
Education hours per employee (Annual average)	116	119	117
Possession of expert qualifications (%)	42.9	47.2	49.6

* Expert qualifications : 15 types at home (AFPK, underwriter, insurance examiner), 20 abroad (CPCU, Associate, CISA)

Global Talent Management

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

- **Regional experts** Program in which employees are despatched overseas to learn foreign language / culture, explore national and regional information and conduct survey on business
- **GFP** Educational program in which excellent employees are despatched to the company's overseas subsidiaries
- **GEP** Program in which employees are despatched to globally leading companies (to learn globally advanced expertise, know-how and capability)
- **MBA / EMBA** Educational program to foster the next-generation global leaders

Cultivation of Job Experts

SFMI operates educational programs to cultivate job experts in order to expand core business capabilities.

BigData Academy | This program is designed to foster data analytics experts, who can make use of the diverse information available in Big Data.

Actuarial Academy | SFMI operates a master's course in actuary, which is designed to produce actuaries with global competence, in the form of industry- academy cooperation with Sungkyunkwan University.

Stakeholder Interview

In response to the arrival of the fourth industrial revolution, the global financial industry, not to mention the insurance sector, is rolling out diverse and innovative financial instruments including FinTech. In particular, an increasing number of leading global insurers are offering customer-tailored services, making use of BigData (e.g. an insurance product related to self-driving cars). Taking into account the rapidly changing business environment of the insurance industry, SFMI believes that focused investment in human resources development to grow talented employees and create a future growth engine for proactive response to change is critical in becoming a leading global player in the industry. To this end, the company operates an annual global talent development program. Employees of SFMI visit a benchmark firm and are given the opportunity to discuss issues of interest related to each job area. In this way they are naturally exposed to global trends and learn new ideas and ways of thinking. I urge SFMI to recognize that spreading the achievements of such a global talent development program beyond the individual or team level to the whole company is a prerequisite for future growth.

— Park Jin-woo, senior researcher of the CS Consulting Division at Korea Productivity Center

Human Rights & Labor

Protection of Human Rights

SFMI fully adheres to the basic principles of protection and respect for human rights contained in the United Nations Universal Declaration of Human Rights and United Nations Guiding Principles on Business and Human Rights. Samsung Business Principles also stipulates that the company should adopt protection of human rights, respect diversity, prohibit forced and child labor and eliminate discrimination. Sexual harassment prevention education and human rights awareness education is conducted more than once every year to promote a sound culture free from any forms of harassment and discrimination.

Principle 1 : We comply with laws and ethical standards

1-1 We respect the dignity and diversity of individuals

- We respect the basic human rights of everyone
- We do not, under any circumstances, permit forced labor, wage exploitation or child labor
- We do not discriminate against any stakeholders, including customers and employees, on the basis of nationality, race, gender, religion, etc.

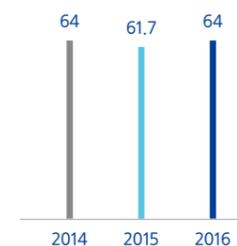
Distress Assistance and Support System

SFMI operates various counseling and assistance systems to maintain an open and constructive dialogue with employees. The complaints and suggestions are guaranteed confidentiality. Also, to encourage communication relating to sexual harassment, cases involving women employees are processed by designated female counselors. In 2016, a total of 57 complaint cases were resolved through the in-house counseling system.

Complaint Support and Processing System

<p>HR Issues</p> <p>Receipt of HR related complaints : leave of absence, reinstatement, self-development, performance evaluation. → Resolution by Distress Settlement Committee (employee representatives and company representatives)</p>	<p>Sexual Harassment</p> <p>Receipt of complaints → Counseling and investigation → Resolutions and disciplinary action → Protection of victims and damage support</p>
<p>Verbal Violence</p> <p>Reporting of complaints relating to verbal abuse, inappropriate comment on physical appearance, and personal insults inside or outside of work place → Counseling and investigation → Resolution and official disciplinary action depending on severity of abuse</p>	<p>Alcohol-related Issues</p> <p>Receipt of alcohol-related complaints during company events (coercive drinking, etc.) → Investigation and corrective measures</p>

Employees represented by Employee Council



Employee Council

SFMI is running Employee Council to establish a cooperative relationship with our employees through regular communication and mutual trust. The Council is guaranteed the rights to collective organization, bargaining and action, and under no circumstances are employees restricted or coerced into joining the union. Since 1998, as the representing employee body, the Council makes collective decisions with the company on wage agreements, working conditions and participates in key business events including executive management meetings to ensure rights of the employees and to foster a favorable working environment.

Key Activities by Employee Council

- Labor Union Committee (four times a year)
- Wage negotiation and collective agreement

- CEO and Employee Council Representative meetings
- "Hanmauem" (One Mind) Meeting for each department
- Participate in key business events including executive management meetings
- On-site investigation on working culture
- Operating Family Day : Weekly shutdown of company PC system
- Support employee hobby club activities
- Operate employee communication website and publish newsletter

Strengthening Employee Communication

SFMI is committed to establishing healthy corporate culture and enhancing working environment for our employees. To increase employee satisfaction, we operate various corporate communication system such as an online community called Communicate, internal broadcasting system, Employee Council homepage, management field visits and various meetings.

Communicate | 'Communicate' is a company intranet online communication platform open to employees. The platform provides 5 main communication platforms : 'CEO Live Talk Talk' — communicates CEO's business philosophy and activities ; 'Media' - contains updated news about sales and claim settlement field activities ; 'Exciting Story' — a community where employees share best practice stories as well as personal family stories ; 'News' and 'Events' — contains updated company news and events. 'Communicate' is accessed by around 4,100 employees a day on average, as SFMI's unique communication channel vertically and horizontally.

Robust Corporate Culture

To build a healthy and dynamic corporate culture, New Culture Department and Employee Council are conducting diverse interaction activities.

Employee Satisfaction Survey | SFMI conducts annually the Samsung Economic Research Institute's Samsung Culture Index (SCI) survey to promote happiness at workplace for our employees. The SCI survey, which consists of 50 questions in 15 categories, includes all employees at SFMI. SFMI continues efforts to create a better corporate culture by identifying directions for improvement and tasks for implementation, based on results of the survey. In the 2016 SCI survey, SFMI scored 80 points in employee satisfaction, equal to the score gained the year before.

Running Hobby Clubs | To encourage active interaction among employees and to increase work & life balance, the company supports over 160 hobby club activities including mountaineering, baseball, football, tennis, bowling, photography, reading and meditation.

Family-friendly Management

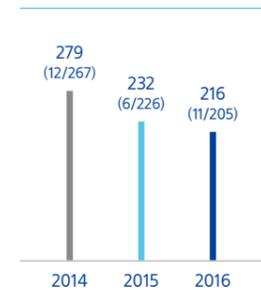
The company actively supports family-participating programs in an effort to enhance both employee's satisfaction with the company and harmony within families.

Parents Appreciation Festival | The trip was jointly organized by the company and our employees to express appreciation to our parents by offering a memorable experience and also to inform them of SFMI's high position within the industry.

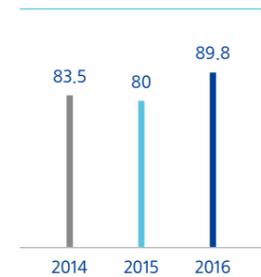
Family Care Leave | Employees with family members (parents, children, spouse and parents of spouse) who are in need of care due to sickness, accident and old age are entitled to family care leave of absence (30 to 90 days per year).

Work & Life Balance

Persons for child care leave (males / females) (Person)



Return rate from child care leave (%)



Family Day (every Wednesday, Friday) | To eliminate unnecessary overtime and to enhance work-life balance of our employees, we encourage employees to leave workplace on time by introducing an automatic computer shutdown system called Home Run System, which is implemented every Wednesday and Friday, the designated "family days."

Certified Family Friendly Company | In recognition of its efforts to establish a family-friendly culture, SFMI has been awarded "Family Friendly Management Certification" by the Ministry of Gender Equality and Family in 2011 and has maintained the certification until today.

Maternity and Child Care Benefit

In addition to maternity benefits, such as pre & post childbirth leave, child care leave and shortening of work hours required by law, SFMI actively supports child birth of our employees in other various ways. We offer medical leave and medical cost subsidy for employees with infertility issues and offer flexible working hour system so that female workers can work in a more secure environment.

Hotline for Expecting Mothers | SFMI fully supports and encourages childbirth of our employees through a new hotline system for expecting mothers. The system offers expecting mothers easy access to counseling regarding pregnancy, childbirth, pre & post maternity leave system, benefits during maternity leave and flexible working hours.

Daycare Center at Workplace | SFMI corporate headquarters operates an in-house daycare center that offers child-care service during working hours. The system reduces concerns and provides comfort for working parents by allowing children to be close to their work place. This eventually increases work efficiency of our employees.

Employee Benefits

SFMI provides various fringe benefit systems to improve employee's quality of life.

Selective Benefit System | Since 2011, SFMI operates selective benefit system for our employees. Annually, employees are compensated with benefit points which can be used to pay for different activities in areas of self-development, health care and family-friendly activities.

Retirement Pension System | SFMI offers various post retirement support programs for our employees. Pension plans are provided in accordance with the Retirement Benefits for Workers Security Act. We also offer employment aid programs for retiring employees looking to start new career by guiding them to new opportunities by fully utilizing their experience in the financial industry.

Maeum Nuri Counseling Center | SFMI has been operating the Maeum Nuri Counseling Center since 2010 to promote employees' mental health. The center provides professional counselling to employees as well as their spouses and children, who are suffering work, personal life, childcare and study-related stress and distress. In addition, the center gives employees access to personality and psychological tests through off / on-line consultations since 2016 in cooperation with an outside specialized counseling service provider (Human Dynamic), which operates a nationwide business network. SFMI also operates an online mandatory course, Healthy Mind for a Happy Life, for all employees to promote their mental fitness and build a healthy corporate culture.

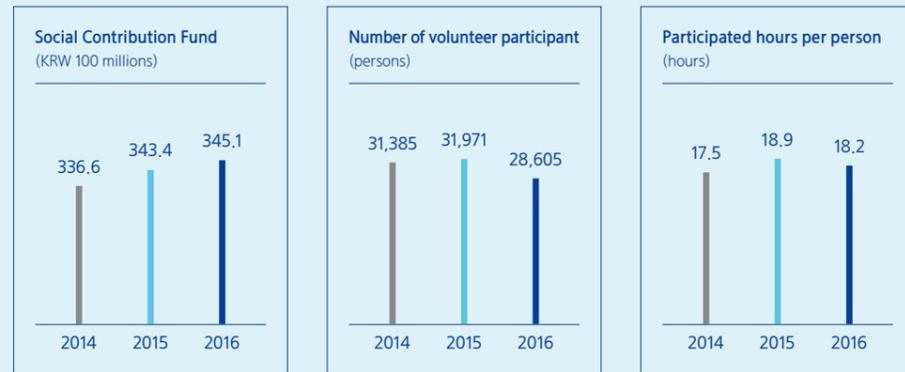
Main Employee Benefits

Supporting Leisure Life	Company fitness center, paid long-term leaves, vacation housings and Caribbean Bay (amusement park) subsidy
Supporting Housing & Living Stability	Company housing for long distance employees and retirement pensions
Supporting Medical & Healthcare	Physical checkup and group health insurance for employees and their families
Supporting Childbirth and Maternity	Company-run daycare centers, resting lounges for mothers and newborn gift kit for new parents
Supporting Education	Education expense assisting system and spring & winter English camp for children
Others	Mind and marriage counseling center, support for major family events

Social Responsibility

As a responsible corporate citizen, SFMI is committed to fulfilling our public responsibilities and to serving the needs of the people in the communities. We will strengthen social responsibility engagement by applying the essential characteristics of non-life insurance business to support the underprivileged people and to promote development of local communities.

Achievements for 2016



Principle of Social Responsibility

Principle of Social Responsibility

1. Secure expertise in social responsibility practices by applying organizational capabilities and characteristics of an insurance business
2. Promote self-sustainability of local community through social responsibility activities
3. Expand employee and business partner engagement in volunteer and donation programs
4. Create greater synergy through strategic partnerships with the government and NGOs

Organizational Structure of Social Responsibility



Social Responsibility Practices Reflecting Characteristics & Organizational Capabilities of Insurance Business

SFMI commits to giving 'security' and 'hope' to our customers and the society through social responsibility practices that best reflect the characteristics of an insurance company. Some of our core socially responsible activities include promoting Traffic Safety Culture (representing campaign among social responsibility practices), supporting persons with disability and spreading daily life safety awareness.

Traffic Safety Culture

Samsung Traffic Research Institute | Established in July 2001, Samsung Traffic Research Institute is a specialized center for traffic safety research. Its mission is to establish advanced traffic culture and to raise driver safety awareness, ultimately to eliminate traffic related accidents. The institute conducts scientific and systematic research on safety of roads, vehicles and drivers to investigate traffic accident prevention measures. Additionally, it also issues press releases, makes policy proposals and stages traffic safety campaigns. The institute also offers special safety education and information programs to members of the society who are exposed to greater safety risks, such as children, inexperienced and elderly drivers.

In December 2014, we established Auto Insurance R&D Center in order to jump forward as a global insurer and have been conducting education to strengthen employee's expertise and technology of business partners along with research on the fields of automobile repair/damage, new technology and safety. As a result, we got certified for ISO 9001 (quality management) in the fields of research on repair techniques, and educational service.

Samsung Transportation Museum | Samsung Transportation Museum opened in May 1998 as Korea's first automobile museum. The museum offers various exploration and educational programs such as the kid-friendly 'Children's Traffic World' to promote awareness and prevention of child related traffic accidents.

Supporting Persons with Disabilities

Guide Dog Support System for the Visually Impaired | Guide dogs are assistance dogs trained to safely lead blind people around obstacles. A well-established guide dog support system reflects a society's level of awareness of persons with disabilities. As such, societies with high accommodation for guide dogs are widely recognized as advanced welfare societies. SFMI has trained and donated guide dogs for the visually impaired since 1993 and as of 2016, 192 dogs (12 in 2016 alone) were donated to blind people, offering them opportunities for new and improved lives. The past recipients of SFMI's guide dogs are now productive members of the society, standing as college students, teachers, public officials and pianists.

Support for Gifted Youths with Disabilities | 'Poco a Poco' is an annual concert organized by SFMI and performed by musically talented children with disabilities. The event was conceived to offer gifted youths with disabilities various stage experiences and opportunities to perform musical communication with the world. Poco-a-Poco, which means 'step-by-step' in Italian, gives children hope to achieve their dreams towards becoming talented musicians. Moreover, we established 'Viva Chamber Ensemble' in 2015 to help the students with disabilities stand alone as a professional player and offer periodical education and performing opportunities to them to promote a positive image of people with disabilities.

Raising Disability Awareness | SFMI produces, in cooperation with the Ministry of Education and the Center for Disabled Persons First Campaign, televised educational dramas about disability to raise awareness in adolescents. In contrast to documentaries, drama productions easily provoke emotions in viewers, making it more effective when educating and reaching out to adolescents on such matters. The dramas, which have been aired on Persons with Disabilities Day since 2009, are directed and produced by the Media Division of SFMI in the form of talent donation.

Supporting the Underprivileged Citizens and Local Communities

Promoting Daily Life Safety

Dream Playground is a playground renovation project for underprivileged children that SFMI started with the purpose to provide them with safer playing environment. In 2016, seven playgrounds (so far nineteen) in different establishments around the country have been renovated into environment-friendly areas, promoting health and positive emotional development of children.

Installation of Emergency Fire Hydrants | For fire-vulnerable areas such as islands, low-income and highly populated places where fire trucks are hard to enter, SFMI is installing emergency fire hydrants along with fire safety education. In 2016, the company installed 100 fire hydrants across the country (240 in total) and provided related education. We carry on with a campaign to protect local residents in the event of a fire by their prompt initial action.

SFMI engages in various social responsibility activities to support financial self-sufficiency of underprivileged people and development of local communities. These include assisting the surviving children of traffic accidents as well as of police officers and firefighters who died on duty, operating support projects such as 'Kkumteo', microcredit banking project and sisterhood ties with farming and fishing communities.

Supporting the Underprivileged Citizens

Support System for Surviving Children of Parents Killed in Traffic Accidents | Accidents Since 1993, SFMI offers financial aids to selected children who have lost their parents in traffic related accidents. The grieving children receive monthly financial support, new school uniforms as well as emotional support through one on one mentoring and book reading programs volunteered by SFMI employees.

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

'Kkumteo'-Study Support Program | SFMI offers after-school study support programs to middle school students from low-income families, those suffering from financial difficulties due to losses and injuries from natural disasters or from loss of parents from traffic accidents. In addition to the education, cultural experience and mentoring program that are provided through employee volunteer, the company also funds scholarship with Kkumteo Study Room program.

Micro-finance | SFMI provides non-collateral and non-guarantee micro-finance funding aid to startup businesses with insufficient credit or low capital and to low income individuals. In addition to the loan support program, SFMI offers various forms of aid systems such as management consulting and marketing support programs.

*Micro-finance : A support project that promotes foundation of social and financial self-sufficiency of those with limited access to financial services by offering non-collateralized or non-guaranteed small loans.

Supporting the Local Communities

Partnership Projects with Farming and Fishing Communities | SFMI participates in One department for One Community partnership program to help revive the economy of farming and fishing communities that are suffering from shortage of labor and extreme weather. The system offers labor aid as well as sales support programs such as organizing annual autumn farmer's market and developing on-line shopping mall for employees to help expand sales of farming and fishing products.

Expanding Volunteer and Donations Activities

Social Responsibility Overseas | With SFMI's growing presence in the global markets, the company is expanding its social responsibility activity to the international community. In 2016, the SFMI China subsidiary participated in assistance for handicapped persons while the Indonesia subsidiary held an event to which children from state-run orphanages and college students from low-income families were invited. Besides, the Vietnam subsidiary helped to repair schools in poor areas. All in all, we are carrying out social responsibility activities on foreign soils matching each country's traits and convey our gift of 'security' and 'hope' to local residents.

Voluntary participation of SFMI employees and business partners in volunteer and donations activities reflects company 's active engagement in social responsibility practices.

Volunteer Services

Samsung Volunteer Team | Samsung Volunteers Team which is composed of SFMI executives and employees is the heart of SFMI's social responsibility practice. In 2016, 252 volunteer teams across the nation participated in blood donation campaigns, year-end charity donations and 'hope sharing' activities on New Year's Day and Chuseok (Korean Thanksgiving Day). Company executives, employees and their families together with business partners (RCs) and customers participated in the activities to further promote neighborly love.

Employee Talent Donation | Each year, SFMI participates in the One Company for One School finance education program hosted by the Financial Supervisory Service to help children as future financial customers expand their understanding on sound financial transaction and services. Also, in addition to the company sponsored hobby clubs, we offer a number of community sharing activities such as talent donation and visit to workplace for underprivileged children.

Donations by Executives and Employees

Dream Fund | Initiated in September 2001 by SFMI employees in an effort to 'share dreams and hope with neighbors and communities,' the Dream Fund (which also implies 'sharing' in Korean) is a voluntary donation fund from contributions from employees' monthly wage and fully matched by the company. As of December 31, 2016, 99.6% of the employees joined the Fund, and 96.3% have donated 1% of their wages. As of the end of February 2017, around KRW 12.1 billion has been contributed to the Dream Fund and is used to fund projects such as school forest development, 'one department, one child sponsor' program and cultural asset preservation, Dream Playground project, and Viva Chamber Ensemble.

School Forest Development | School Forest Development To promote a better learning environment and emotional balance for school children, SFMI joined hands with Korea Forest Service and Forest for Life to develop green forests around elementary, middle and high schools. The new forest lands provide students and the community an environment to learn about the nature and enjoy outdoor activities. Since 2012, donated funds have been used to develop 26 forests around school zones to date, the schools being selected by organizations or employees. In 2017, SFMI plans to develop six more school zone forests.

One Department for One Child Support Program | SFMI sponsors underprivileged children from low income families, single parent household, or under the care of elderly grandparents and who are in need of social support. SFMI's 249 volunteer teams across the nation have established ties with elementary school children to offer monthly financial aids. The volunteer program also sponsors children at different periods of their scholar years by donating school uniforms and other school supplies. In 2016, SFMI hosted a variety of events, which included year-end programs such as Reading-kit Making Volunteer Work on Children's Day, Kimchi Making and Sharing, and Make a Wish.

Preserving Cultural Assets | To help preserve Korean cultural assets, SFMI has partnered with Cultural Heritage Administration to support one custodian for one cultural heritage' project. Since 2005, SFMI, working as the custodian of Gyeongbokgung Palace, has participated in renovating the changhoji (traditional Korean paper for doors and windows), cleaning the palace grounds and providing volunteer services for opening of the palace at night. The company also contributes monthly through Korea Cultural Heritage Foundation for the preservation of tightrope walking, a cultural asset designated in 2011 as Important Intangible Cultural Heritage No.28 and as a form of World Cultural Heritage.

Stakeholder Interview

SFMI, as an example of a responsible corporate citizen working with many organizations, carries out social responsibility projects to bring positive change to our society. In particular, SFMI takes the lead in supporting projects that require joint effort and cooperation among the government, businesses, and private organizations. These include aid projects for the disabled such as guide dogs for the visually impaired as well as support for musically talented youth with disabilities, and the Traffic Safety Culture project. SFMI makes all efforts to improve society while developing the company into a proud global player. The company has been committed to generating profits as well as creating social and financial value and at the same time has paid continued attention to the underprivileged and disabled, thereby transforming our society into a better place. I would like to express my true thanks to SFMI for these endeavors and hope for its success and development as a company that stands for mutual growth with others.

— Lee Su-seong, Chariman of the Disabled First Campaign Headquarters

SFMI is engaged in various social responsibility activities in collaboration with the government and civil organizations to resolve social issues.

Major Cooperators by Social Responsibility Categories

Category	Activities	Cooperating Agency
Social Welfare	Support the underprivileged	National Police Agency, National Emergency Management Agency
	Raise disability awareness	Ministry of Education, Korea National Institute for Special Education, Disabled Persons First Campaign Center
Research & Education	Donate and sponsor scholarship for children education	Ministry of Education, Kids & Future Foundation, Child Fund Korea, Safe Kids Korea
Culture & Art	Preservation of cultural heritage	Cultural Heritage Administration, Korea Cultural Heritage Foundation
Environment Protection	Development of school forests	Korea Forest Service, Forest for Life

Major Awards

Award	Awarded Year
Grand Prize of Beautiful Insurance Award for Gift of Hope with 500 Won by Financial Supervisory Service	2013
Grand Prize of Angel Company Award Ministry of Employment and Labor	2014
Prime Minister's Award (for the production of visual media, designed to raise public awareness on people with disabilities)	2016

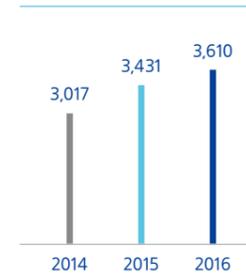
Insurance Products and Services for Social Responsibility

SFMI helps underprivileged and financially-neglected people cope with risks in life by offering them various insurance products.

Insurance Products and Services for Social Responsibility

Customer type	Name of Products	Description
Low-income People	Auto insurance with special benefits for low-income drivers	Provide low premium auto insurance product with equal benefits to recipients of national basic livelihood to help relieve financial burdens
	Dream & Love Insurance - microinsurance	Provide protection-type microinsurance to underprivileged children aged 12 or under who are under the care of a single parent, elderly grandparent, or from a multicultural family yet not qualified for government benefits. Cooperation with Smile Microcredit Bank and use of unclaimed insurance premium reserve helps protect children from low-income from exposure to diverse risks from accident and diseases
Persons with Disabilities	Comprehensive insurance product to welfare facilities for persons with disabilities	Provide insurance services to welfare facilities for persons with disabilities against risks of fire, liability, and injuries. Increase safety for welfare workers to encourage more volunteer activities in the such facilities
	Insurance product for welfare facilities for persons with disabilities - microinsurance	Provide insurance to welfare facilities against property losses, liability and physical damage in cooperation with Smile Microcredit Bank to protect low income persons with disabilities and children when using the facilities
Foreigners	Insurance service for foreign workers	Provide insurance against injuries, home travel and visa expenses to foreign workers who are in need of further protection
	Insurance consulting service for foreigners	Operate consulting centers and website exclusive for foreigners to facilitate insurance consulting and application

Sales of social insurance products (KRW 100 Million)



Partnership with Government and Civil Organizations

Co-prosperity

SFMI's business partners are not merely business support providers but are valuable partners carrying out direct communication with our customers in the front line of the business. In order to strengthen integrity and create a mutually beneficial business ecosystem, we have expanded our support and communication system with our business partners.

Achievements for 2016



Sustainability Management with Business Partners

SFMI announced the "Social Responsibility Code of Conduct for Business Partners" to promote social responsibility and encourage change in mindset of our business partners. For the prevention of sustainability management risks, we have reinforced support and monitoring activities for risk related to ethics, human right, social and environmental impacts.

Social Responsibility Code of Conduct for Business Partners

Ethics	Human rights	Safety	Environment
- Anti-corruption - Compliance with regulations	- Prohibition of child labor - Prohibition of discrimination	- Accident Prevention - Disease control	- Minimizing of pollution - Conservation of environment

Major Partners

Sales Partner | SFMI's risk consultants (RCs) are financial specialists who provide our customers with top class insurance consulting and services. RCs are valued partners and essential assets to our business.

SFMI's RCs are complying with principles for complete sales to build up trust with customers. The company requires that they should render exact and right product explanation so that the customers have full and clear understanding of the service and product. Its RCs seek to boost customer's trust and establish a healthy insurance sales culture by doing so. Thanks to efforts of the employees and RCs towards ethical sales as such, for last three years, there was no disciplinary action or civil complaint occurred in connection with customer information-related violation for last three years.

Claim Settlement Partner | SFMI teams up with leading roadside assistance providers and repair shops across the nation to provide our customers with efficient and convenient claim settlement services. Reported accidents are handled with top class service and assistance. All accidents reported are processed through our Call Center so that our roadside assistance and claim partners can take immediate emergency measures and conduct preliminary investigations at the site of the accident.

And the company's specialized repair shop Any Car Land and freelance repair shop Anycar Family Center, in compliance with SFMI's ethical management principles, render satisfactory service to customers through quick and sincere maintenance.

Major Partner

Partner	Current number	
Sales partner	RC (Risk Consultants)	40,855
	Insurance agency (independent, corporate)	4,967
	Insurance agency (financial institutions)	39
Claim Service Partner	Roadside assistance companies	1,634
	Maintenance shops	1,503
	Claim adjustment company	78

*Sales partner, Claim Service partner : As of Feb. 28, 2017 RCs include cross selling agents



Fostering of RCs with Certificate of Excellence and Blue Ribbon | In order to increase professionalism of risk consultants and encourage reliable sales ethics, the General Insurance Association of Korea selects RCs (or sales branches) who displayed outstanding performance with high contract retention rate and compliance with sales procedures. The selected RCs are rewarded with Certificate of Excellence and the Blue Ribbon. The Blue Ribbon is awarded to RCs who have received Certificate of Excellence for 4 consecutive years. SFMI provides salespersons with systematic and quality education programs, including one-on-one mentoring where a senior RC with the Certificate of Excellence coaches a new RC. In 2016, the number of RCs holding the Certificate of Excellence at SFMI increased to 5456, up by 605 from the previous year, the figure accounting for 36.6 percent of all recipients of the certificate in Korea's non-life industry. In addition, 74 of the company's RCs were awarded the Blue Ribbon (28.9 percent of all recipients). As these figures show, no other non-life insurance service providers in Korea have more financial experts than SFMI. The Blue Ribbon is awarded to RCs holding the Certificate of Excellence for the fourth consecutive year and comply with sales procedures. To qualify for the Blue Ribbon, RCs also need to meet certain criteria including the 13th-month and 25th-month policy persistency ratios, number of years in service, and total number of contracts concluded.

Supporting Our Partners

Sales Partner | We aim to foster our RCs into insurance and financial specialists through systematic training and support system. We support our RCs to conduct business with strong ethics and professionalism, ultimately providing our customers and their families with complete confidence and satisfaction.

To support the sales activities we provide our RCs with top welfare and benefits group insurance, individual annuity insurance, education support for children, child care, and health examinations, selective benefit system(the industry's first ever, differentiated by the RC level). Besides, we support refresh package and membership programs for excellent RCs.

Education Programs & Sales Support System

Category	Program/Support System	Description
Education Programs	Basic Curriculum (For RCs with career of below one year)	Curriculum that firmly establishes basics for new RCs below one year. Persons without sales experience at all become to be aware of necessity and benefits of insurance through its systematic curriculums and can be reborn as a confident professional consultant.
	Professional RC Fostering curriculum at Samsung Sales University, SFMI MBA (Expert course for insurance marketing)	The company supports the best curriculums such as course for financial consultants, Samsung Sales University, company MBA (expert course for insurance marketing in association with Sungkyunkwan Univ.) so that attendants can grow as a industry's best consultant.
Sales Support System	Mobile Sales Support System	The company built smart work system using galaxy tab so that RCs contacting directly customers for sales could deal with quickly and offer customized consulting to customers at one time for whole processes from the initial meeting with customers to nal contract.
	Activity Support System	SFMI built the industry's top-level Activity Support System to assist sales activity of RCs, using various customer-managing tools such as management of potential customers, customer exploration via CRM data.
	Consulting System	This system inputs customer's economic conditions, risk factors, insured state, requirements according to the system's process and provides data such as report for efficient consulting.
	Big Ocean of Information	Knowledge and information database to support RC's sales activity. Using this system, RCs are able to directly send the SFMI's each DM, SMS, emails to customers. The system helps them to buy lots of promotional materials and also get sales data from lea ets and newspaper articles.
	Big Ocean of Information	This system offers various product, insurance, work knowledge needed to non-life insurance RCs. Using this knowledge center only available to them in the areas of diverse product guide data, sales skills, knowhow and expertise, SFMI's RCs can learn and share information.
	Internet Sales Broadcasting System	This system allows RCs to watch lots of products and educational videos at any time and place through internet. They can study themselves at home. In the event of consulting with customers they can use various contents regarding needs for insurance and product introduction to explain value of insurance, benefits of certain products, examples of compensation to customers.

Claim Settlement Partner | We aim to install customer focused service mind and boost competitiveness of our claims service partners through various support programs such as customer satisfaction education, repair technology training and consulting support for start-up partners and those who have newly contracted with us. Together with our partners, we are working to promote ethical management. All our claim partners are expected to pledge to SFMI's ethical management principles and we conduct regular inspections to ensure customer privacy and information are well protected. We also provide various incentives for outstanding claim partners to encourage honest and transparent service.

Communicating with Partners

We conduct regular meetings with our partners to discuss the difficulties that they face on site and to identify efficient resolutions. Open communication channels such as the internal bulletin board and SNS channel are also available.

RC SNS Channels

Blog	http://rcblog.samsungfire.com/
Facebook	https://www.facebook.com/SamsungfireRC
Twitter	https://twitter.com/RC_Samsungfire

Social Responsibility Activities

Gift of Hope with 500 Won, Happy School Campaign | SFMI's RCs actively participate in social responsibility programs to share the culture of insurance with customers and the society. 'SFMI Happy Dream Voluntary Team', which is the RC voluntary service organization, was awarded the Citation of the Minister of Health & Welfare on April 20, 2012 (the Day of Persons with Disabilities) as well as 'Financial Supervisory Service Governor Award, Beautiful Insurance Awards' in November 2013.

Major Volunteer Service Activities by RCs

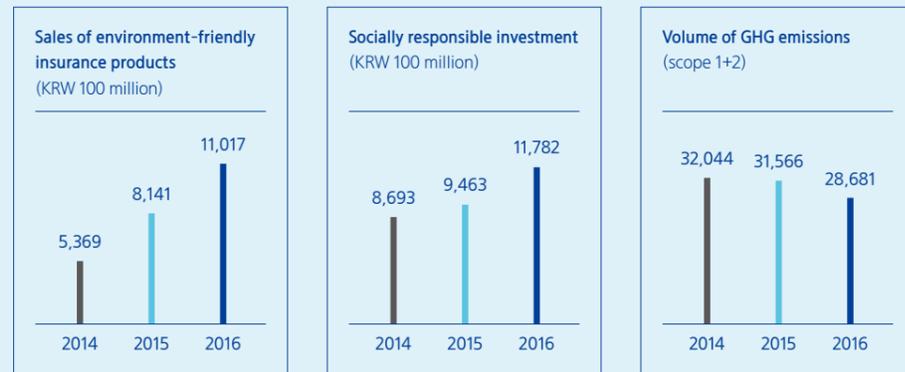
Gift of Hope with 500 Won	RCs voluntarily set aside KRW 500 per long-term insurance contract in a fund and use this fund to improve housing facilities of persons with disabilities such as kitchen, bathroom and study room.
Happy School Campaign	RCs voluntarily set aside KRW 500 per auto insurance contract through a fund and use this fund to install facilities (fences to prevent jaywalking, etc.) to prevent traffic accidents of children, give safety packs (umbrellas in vivid colors to help children stand out clearly on rainy days), and provide preventive education.

Dream Car Project | Joining hands with the Samsung Claim Adjustment Service and the Korea Differently Abled Federation, our leading vehicle repair and maintenance partners provide free auto check-ups for people with disabilities and people in financial difficulties.

Environmental, Safe, Health Management

SFMI places great importance on green management practices that prioritize the environment and safety and make voluntary efforts to reduce greenhouse gas emissions and environmental pollutants, generated from business activities. We are committed to raising awareness of environmental issues from climate changes, destruction of eco-system and environment pollution.

Results of Environment Management for 2016



*Based on domestic company buildings

Environmental Management System

Strategies to be Promoted

- 1. Play a Role as Social Safe Net**
 - Provide insurance products / services considering environment and expand socially responsible investment
 - Examine risk factors of climate change and provide preventive measures
- 2. Minimize Environmental Impacts in Business**
 - Operate environment / energy management system
 - Expand environmental management with business partners

Promoting Organizations



Research on Climate Change Risks

SFMI operates the Samsung Global Loss Control Center, a team of experts that investigates and analyzes the global climate change trends to predict future environmental impacts provides preventive risk solutions to our personal and corporate customers. The SFMI develops, applies and advances GRM(Global Risk Map) and natural disaster modelling tools to apply them to potential risks for possessed insurance portfolio and estimation of expected losses and also to connect them to management of accumulated risks and underwriting and reinsurance business process.

Business Case : Weather Risk Management

Due to the nature of non-life insurance business, weather changes including severe weather conditions make a big difference to risks and losses inflicted on SFMI's balance sheet. As such, SFMI is systematically collecting and making use of weather information to prevent accidents. In particular, SFMI is committed to preventing its auto policy holders from suffering losses caused by weather changes. We provide support for the evacuation of cars parked in low-lying areas against flood damage and a text message service to encourage our customers to use public transportation instead of driving in the case of specific weather events with higher risks of accidents, such as typhoons or heavy snow.

In addition, SFMI tries to prevent customers from suffering the loss of lives and property by offering to domestic and overseas operations systematic consulting on the risk of natural disasters as well as weather information on a regular basis. In recognition of these efforts SFMI was given the Excellence in Weather Risk Management award by the Korea Meteorological Administration and Korea Meteorological Industry Agency in 2016.

Provision of Environment-friendly Insurance Products & Services

As an effort to address environmental risks from climate changes we embed environmental issues in our product and service development. We are committed to providing personal and corporate customers with protection and compensation for the damages caused by climate changes. We offer eco-friendly products such as : Storm & Flood Insurance, Weather Insurance, New Renewable Energy Insurance and Mileage Auto Insurance.

Insurance Type	Name of Product / Service	Descriptions
Commercial, Long-term Insurance	Storm & Flood Insurance	Insurance coverage for damages led by extreme weather : agricultural facilities, green house
	Crop Insurance	Insurance coverage for agricultural produce damages from natural disasters
	Environmental Pollution Liability Insurance	Covers for restoration costs due to damages and contamination from pollution accidents
	Weather Insurance	Insurance coverage for profit losses led by abnormal weather conditions
Auto Insurance	Renewable Energy Insurance	Insurance to support renewable energy technology : solar and wind energy power plants
	Bicycle Insurance	Insurance coverage for accidents related to bicycle
	Eco Mileage Auto Insurance	Discount of premium if the insured drive the car as per agreed mileage (to encourage the use of public transport)
Paperless Service	Auto Insurance for Driving in Designated Days a Week	Discount of premium for participants in no-driving one designated day of the week (to encourage the use of public transport)
	Auto Insurance for Used Parts	Partial refund on new vehicle parts for drivers using used part for car repair
	Electronic contract	Discount of premium for customers opting to receive electronic terms of conditions and bills, and donation to environmental organizations
	Electronic signature	Introduction of electronic signature to reduce use of paper contracts

Socially Responsible Investment

SFMI adopts social responsibility by integrating ESG criteria in our asset management. We carry out strict, negative screening practices when making investment decisions to avoid speculative investment and to make socially responsible investment. In particular, SFMI continues to expand investment in eco-projects including new and renewable energy projects such as photovoltaic, wind, and fuel cell power generation, as well as clean water programs. To this end, relevant divisions within SFMI hold seminars where experts in solar and wind power generation deliver lectures that boost understanding of and research on the new and renewable energy business.

Environment and Energy Management System

SFMI applies environment and energy management system to all our operation locations and buildings. The company has also retained or renewed ISO14001 (environment management system) and ISO50001 (energy management system). The company operates an environment and energy management system focusing on tasks for improvement identified in environment impact assessments and research on energy, and thanks to continued efforts in this line, in 2016 SFMI ranked top among global insurers in the Dow Jones Sustainability World Index.

SFMI's Environment / energy Management Guidelines

1. SFMI operates company-wide environment / energy management system and pursues to boost corporate value in the environmental and social fields.
2. SFMI willingly complies with international conventions and national, regional environment / energy laws and regulations, and seeks to continually improve environment / energy management level.
3. SFMI voluntarily participates in activities to improve environment / energy matters such as reduction of energy use, reduction of greenhouse gas emissions, saving and recycling of resources, exploration and removal of risk factors.
4. SFMI conducts R&D on environment / energy-related insurance products, research on risk management and asset operation based thereon so as to contribute to materializing a sustainable society.
5. SFMI periodically evaluates performances in the field of environment / energy and transparently discloses the results to internal or external stockholders.
6. SFMI extends robust cooperation to environment / energy activities of stakeholders such as customers, shareholders, business partners and customers for mutual development.
7. As part of social responsibility, SFMI conducts activities to improve environment/energy in cooperation with local communities.

Setting Target of GHG Emissions

SFMI voluntarily established its mid-and long-term target of emissions as 'Reduce 30% from 2020 BAU (Business As Usual, expected emissions)' and currently conducts integrated administration for 29 company-owned buildings. And the computer managing department monitors the target and result of each building every month and should there be any which does not achieve its target, the department applies solutions and seeks to improve. As a result, in 2016 the targeted goal was achieved by cutting 31.1 percent in total amount from the base year (scope 1+2) and 24.4 percent in unit area. In addition, as talks on the sale of the company's office buildings are now underway, the company will reestablish a mid-and-long term target for future GHG emissions.

Environment					
	Unit	2014	2015	2016	2017 Target
Energy					
Total emission amount	TJ	652	641	584	566
- Direct (Scope1)	TJ	97	106	107	
- Indirect (Scope2)	TJ	556	535	478	
- GHG intensity (by area)	TJ/m ²	0.0014	0.0013	0.0013	
Greenhouse Gas (GHG)					
Total emission amount	tCO ₂ e	32,044	31,566	28,681	27,821
- Direct (Scope1)	tCO ₂ e	5,316	5,654	5,629	
- Indirect (Scope2)	tCO ₂ e	26,762	25,912	23,052	
- GHG intensity (by area)	tCO ₂ e/m ²	0.0699	0.0646	0.0626	

Waste					
Total emission amount	Ton	1,851	1,733	1,271	1,233
Rate of recycling	%	42	43	55	58
Water					
Total usage	m ³	340,237	371,713	346,173	335,787
Paper					
Purchase amount of copying paper	Ton	1,368	1,412	1,346	1,306
Purchase amount of printing paper	Ton	2,161	1,940	2,378	1,882
Employee's Business Trips					
Total travelled mileage	1,000km	14,585	14,947	13,715	13,000
- Airplane (at home / abroad)	1,000km	9,380	9,891	8,092	
- Train (domestic)	1,000km	4,237	4,382	4,952	
- Bus (domestic)	1,000km	968	674	671	
No. of Electronic Contracts (paperless)	Case	1,152,566	1,722,103	2,162,857	2,500,000

Note) Domestic company buildings : 30 in 2014, 29 in 2015 (2 sold, 1 newly added), 29 in 2016

Emissions Management during Business Trips | As part of efforts to mitigate indirect GHG emissions (scope 3), SFMI encourages employees to use public transportation during business trips. In addition, we also promote the use of multiparty video conferencing and conference calls to limit unnecessary overseas travel. As a result, in 2016, the amount of GHG emissions generated from the business travel of SFMI's domestic workers stood at 1,381 tons, 15.5 percent down from the previous year.

Efficiency of Resources

SFMI seeks to minimize environmental pollution risks and improve efficiency of resources.

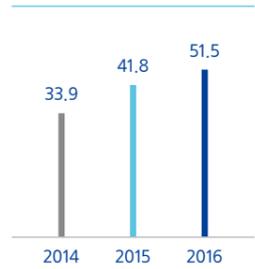
Reduction of Paper Use | We have also taken a number of measures to reduce the use of paper such as encouraging the use of E-documents and contracts. Also, all used documents are disposed of to prohibit leakage of customer's information. In 2016, continued efforts to reduce the use of paper brought down paper consumption by 4.7 percent year-on-year. The use of print paper however increased by 22.6 percent from the previous year, primarily due to change of address for various printed materials after relocation of company headquarters. Efforts to cut the use of print paper will be doubled in the coming years.

Protection of Biodiversity | There is no workplace in the company that may have a negative impact on conservation of biodiversity. To raise social awareness on biodiversity, SFMI offers ecosystem education projects for the young.

Use and Treatment of Water Resources | We have installed water treatment system in all of the office buildings across the country (29 in total). Used water is treated by sewage disposal plants, eliminating danger of toxic materials that may impact the surrounding environment.

Green Purchasing | To promote purchase of eco-friendly products, in December 2006, Samsung established guidelines that states the purchase of environment-friendly products as first priority. The guideline mandates the purchase of Environment Mark Authorized and energy efficient products. We also encourage employees to purchase environment-friendly goods in their daily life through education on environmental management. In 2016, the amount paid to buy eco-certified goods amounted to KRW 1.35 billion.

Ratio of electronic contracts among new long-term insurance contracts (%)



Environmental Management Activities with Partners

Since April 2012, SFMI has been pursuing user and environment-friendly sales processes by using tablet PCs together with RCs (Risk Consultants), leading to the saving of 25 pages of paper on average per contract. The company focuses on higher environment-friendly mobile insurance contracts using customer counselling method via tablet PCs and education on such contract process.

Stakeholder Interview

The United Nations Environment Programme Finance Initiative is a public and private partnership between the United National Environment Programme and the global financial sector. UNEP FI developed the Principles for Sustainable Insurance in 2012, and 55 global insurers and reinsurers as well as 47 international organizations are participating in the UNEP-backed initiative as signatory members. The PSI initiative encourages the financial sector to integrate ESG (Environmental, Social, and Governance) principles into overall management activities; to strengthen cooperation among business partners within the insurance value chain ; and to disclose such activities on an annual basis. SFMI was the first Korean company to sign the UNEP FI initiative and declare commitment to ESG principles, carrying out follow-up activities including posting of the details of relevant activities on the PSI website. In particular, the company offers a variety of eco-friendly insurance products and services and makes concerted efforts to integrate socially responsible investment principles into asset management business. Besides, by carrying out research on climate change risks and developing such risk-related financial services, SFMI is endeavoring to strengthen global adaptation and reduce global vulnerability to climate change. Moreover, SFMI stringently applies a workplace environment, health, safety, and energy management system to its entire business operations by obtaining ISO 14001 environmental management system certification and ISO 5001 energy management system certification and operating the Industrial Safety and Health Committee. In addition, the company also works with NGOs and government agencies to promote environmental protection, taking an exemplary role in the sustainable insurance field. For these reasons I look forward to SFMI taking a bigger role in managing and lessening risks arising from Korean society's on-going efforts towards sustainable development in the future.

— Lim Dae-wong, Korean representative of UNEP FI

SFMI pays extraordinary attention to health and safety of the employees by establishing its management process in an effort to offer safe and comfortable work environment to all employees. The company also continues to conduct health and safety education for all employees within the workplace together with risk check. Particularly, the company carried out a special inspection on all its office buildings in the wake of an earthquake that occurred in Gyeongju, Gyeongsang-do Province in September 2016 and distributed to our employees pamphlets with guidelines on how to act in the case of earthquake.

Establishment of Safety, Health Management System

Since 2014, SFMI has been operating Industrial Safety & Health Committee on a quarterly basis, composed of representatives from the employees (Chairman of Employee Council and three persons) and the company representatives (HR Team Manager and three persons). The Committee discusses and resolves such issues as plans for safety and environment check (draft) and medical checkups for employees.

Key Agenda Items Reviewed by the Industrial Safety and Health Committee in 2016

- Operation of partner hospitals for medical checkups (draft)
- Plan for safety and environment inspection
- Review of company-wide safety and counter-terrorism measures
- Limiting business travel areas in response to the spread of Zika virus
- Implementation of special medical checkups
- Examination of the use of unauthorized electric apparatus by employees
- Improvement and plans for safety management on management-blind spots in facilities

Major Activity Content

Check and Education on Health & Safety | To establish a safe working environment, SFMI conducts periodic checks on buildings, electronic facilities, firefighting system, elevators, air and water quality. Preventive safety programs such as regular safety drills and broadcasting of safety guidelines are in place. The company is also committed to elevating employees' sense of safety by making safety management a part of everyday life. To this end, we provide employees with information on safety rules through in-house broadcasting to prevent accidents.

Safety Management for Office Buildings | SFMI continues to conduct periodical / special check for its buildings in possession. It conducted regular safety check for fires, storm and flood, freeze / burst as expected by the season (six times yearly) as well as special check for old facilities together with special medical checkup for chemicals-dealing personnel. Besides, the company has established an emergency response procedure manual that allows careful assessment and handling of emergency situations and accidents, including fire and natural disasters, in accordance with emergency preparation and response guidelines. In addition, in 2016, SFMI newly formed the safety management division in order to enhance safety management check for facilities that are susceptible to safety accidents — employee training institutes, warehouses, museums, and leased office buildings — and makes every possible effort to prevent accidents through regular and spot checks.

Promoting Mental Health | SFMI has been operating the Maeum Nuri Counseling Center since 2010 to promote employees' mental health. The center provides professional counselling to employees as well as their spouses and children, who are suffering work, personal life, childcare and study-related stress and distress. In addition, the center gives employees access to personality and psychological tests through off / on-line consultations since 2016 in cooperation with an outside specialized counseling service provider (Human Dynamic), which operates a nationwide business network.

Absent employees persons and loss / Industrial accident case State

	Unit	2014	2015	2016
Absent days	Days	179	351	236
No. of absent employees	Persons	68	102	69
Lost days	Days	319	386	110
No. of employees with loss	Persons	2	5	3
Industrial accident Case	Case	0	3	1

Safety, Health Management

Corporate Governance

Corporate Governance, Risk Management, Ethical Management



Corporate Governance

Principle & Policy

Stable Governance | To maintain mutual checks and balances between the corporate bodies, roles of the Board of Directors and company executive are separated. The BOD is responsible for company management oversight, while the executives are responsible for managing operations. All operational results are announced and approved by the BOD. Additionally, to ensure appropriate checks and balances, the BOD retains the right to the selection, succession and dismissal of the CEO as prescribed by relevant laws. As of December 2015, SFMI's Board of Directors consists of seven directors including three inside directors and four outside directors. The greater outside director representation ensures the balance of interests of the board.

Efficient Governance | SFMI's BOD members are from diverse professional background, allowing them to combine a broad spectrum of experience and expertise in the decision making. The diverse knowledge and opinions of the members are shared during the regular BOD meetings, reinforcing efficient decision making capacity of the board.

Transparent Governance | SFMI's Articles of Association are disclosed in SFMI's Business Report with the aim of making public the guidelines, process, and outcomes of work. In addition, the major activities of the BOD and its committees are published in the Business Report and Corporate Governance Annual Report.

Reference

SFMI : <http://www.samsungfire.com>

DART (Data Analysis, Retrieval & Transfer) system of

Financial Supervisory Service : <http://dart.fss.or.kr>

General Insurance Association of Korea : <http://www.knia.or.kr>

www.samsungfire.com/publication/management/policy_01.html

Characteristics of Governance

SFMI's BOD, which is the company's highest standing decision making body, is authorized to appoint and dismiss the CEO and chairperson of the BOD according to relevant laws such as the commercial law. The latter is to be selected among the outside directors. Moreover, outside directors equipped with professionalism and independence comprise the majority of the BOD, allowing them to check the BOD properly.

On March 24, 2017, SFMI organized a three-member audit committee wholly composed of outside directors at the annual general meeting of shareholders.

Board of Directors : Composition and Operation

Members of the BOD		
Name / Position	Role / Major Career	Term
Ahn, Minsoo CEO	CEO of Samsung Fire & Marine Insurance Former) Vice President of Samsung Life Insurance	Mar 24, 2017 - Mar 23, 2020
Jeon, Yongbae Executive director	Senior Vice President of Management Support Division Former) Vice President of Management Support Team of Samsung Electronics	Mar 13, 2015 - Mar 12, 2018
Hyun, Sungchul Executive director	Director of Strategic Sales Headquarters Former) Head of Management Support Division at Samsung Card Co., Ltd.	Mar 24, 2017 - Mar 23, 2020
Moon, Hyonam Non-executive director	Chairman of the BOD Current) Head Lawyer at Sanyong Law Firm Former) Chief Prosecutor at Busan Supreme Prosecutors' Office	Mar 24, 2017 - Mar 23, 2018
Cho, Dongkeun Non-executive director	Auditor President of Korea Hayek Society Current) Professor at the Department of Economics, Myongji University	Mar 11, 2016 - Mar 10, 2019
Park, Daedong Non-executive director	Auditor Current) Advisor at Yulchon LLC. Current) Non-executive director of CellMech International Inc. Former) CEO of Korea Deposit Insurance Corporation	Mar 24, 2017 - Mar 23, 2020
Park, Semin Non-executive director	Auditor Current) Member of the Third Party Insurance Subcommittee of the Insurance Product Committee Current) Professor at the School of Law, Korea University Former) Associate Professor at the School of Law, Hanyang University	Mar 24, 2017 - Mar 23, 2020

Note) As of March 31, 2017

Role of BOD

SFMI's BOD provides full support for the management to ensure responsible management based on a sound management philosophy. When issues arise regarding guidelines, procedures, and methods of the business activities of management, the company's BOD points out relevant issues and call for redress to ensure that reasonable business decisions are made. To that end, SFMI's BOD is comprised of experts from different fields and every possible effort is made to ensure active communication among the members ; it also makes use of independent experts, if necessary.

Activities

In 2016, Board of Directors meetings were convened nine times for the discussion and resolution of proposed agenda items. The average attendance rate of board members stood at 98.4 percent. At the regular general meeting of shareholders held in March 2016, Cho Dong-geun was appointed as an outside director to replace the incumbent outside director Shin Dong-yeop, whose term was to expire at the end of the month. As such, the shareholders' meeting was not attended by Shin Dong-yeop but by the new appointee Cho Dong-geun. Directors equipped with professional knowledge of different fields actively exchanged opinions during the board meetings.

In 2016 alone, 55 agenda items were discussed and approved by the Board of Directors.

BOD & Committees

Date	Major Agenda	Attendance (No. of attendants / members)	Result
Jan 28	4 items including donation to Smile Microcredit Bank	7/7	Approved
Feb 18	7 items including establishment of a seller company	7/7	Approved
Mar 11	7 items including election of the BOD chairperson	7/8	Approved
Jun 09	6 items including approval of real estate lease with major shareholders	7/7	Approved
Jul 27	5 items including amendment of guidelines on internal controls	7/7	Approved

Aug 18	Approval of the disposal of Samsung Securities' shares in SFMI	7/7	Approved
Sep 09	7 items including approval of head office relocation	7/7	Approved
Oct 25	7 items including establishment of Executive Nomination Committee and relevant regulations	7/7	Approved
Dec 14	11 items including appointment of the Compliance Officer	7/7	Approved

Qualification | Outside directors with expertise in the field of finance, economics, business management, accounting and media are recommended by the committee and elected during the General Meeting of the Shareholders based on both objective and subjective qualifications as required by the law including professionalism, job ethics, responsibility and integrity. Nomination is not limited by candidate's gender, national and regional origin, or area of expertise. Figures with different perspectives are welcomed as outside directors on SFMI's Board of Directors.

As stated in the commercial law, outside directors are restricted from holding more than two external positions in either stocklisted or private companies, and SFMI is abiding to those rules. Outside director Park Dae-dong is currently director in another company, however there is little risk of conflict of interest.

Independent | Non-executive directors are selected by the general meeting of the shareholders via recommendation and approval of the BOD or Non-executive Director Nomination Committee among persons who are eligible according to relevant regulations and whose career and professionalism have been recognized in light of their long experience in each field. In case of outside non-executive directors, they satisfy criteria of independence as required by the Commercial Law or the Insurance Business Act. Besides, matters necessary for their independent work are specified in the company's Articles of Association, while matters related to their selection and compensation are determined by the resolution of the general meeting of the shareholders and the BOD or Non-executive Director.

Term | Executive directors and non-executive directors serve three years in their first term and can serve consecutive terms. As for outside directors, the maximum term of office cannot exceed six years.

Job Evaluation | Evaluation of the directors is conducted annually at fiscal year-end by the BOD, directors themselves and the Secretariat of BOD. The evaluation is based on directors' activities including attendance rate at the BOD and the Committee meetings, business knowledge, fairness, professionalism as well as overall contribution to the company and shareholders.

BOD & Committees

Organization	Major Role	Composition (No. of Non-Executivedirectors / Total Directors)	Name of Chairman(Internal / External, Executive / Non-Executive)
Board of Directors	Top decision-making body	4/7	Moon, Hyonam (External, Non-executive)
Management Committee	Decides on important company management matters	0/2	Ahn, Minsoo (Internal, Executive)
Executive Nomination Committee	Recommend candidates for CEO or outside executives	2/3	Moon Hyonam (External, Non-executive)
Internal Transaction Committee	Reviews and decides on inter-affiliate inside transactions	3/3	Moon, Hyonam (External, Non-executive)
Risk Management Committee	Reviews and decides on risk management issues	2/3	Cho, Dongkeun (External, Non-executive)
Remuneration Committee	Reviews adequacy of the executive management remuneration	2/3	Cho, Dongkeun (External, Non-executive)
Audit Committee	Evaluates internal control system	3/3	Cho, Dongkeun (External, Non-executive)

*As of Mar. 24, 2017

Management Committee

To enhance professionalism and efficiency of the Board of Directors, Management Committee deliberates and decides on general management and other important company management matters that are either delegated by the BOD, or specified in the Articles of Incorporation or other regulations.

Executive Nomination Committee

The committee undertakes tasks regarding the entire nomination process for executives and reports results to the Board of Directors. First, the committee reviews whether persons recommended through various channels meet the requirements for outside directors, CEO, and audit committee members against relevant regulations and bylaws including the Financial Corporate Governance Act, and then form a group of candidates. The Executive Nomination Committee is also responsible for managing, verifying, and filtering the selected candidates.

Internal Transaction Committee

The central task of the Non-executive Director Nomination Committee is to recommend and evaluate candidates for outside directors under the governing regulations. The Committee recommends candidates to be elected at the general meeting of the share- holders based on their qualifications and expertise and current composition of the BOD.

Risk Management Committee

The Committee, entirely composed of non-executive directors, reviews, deliberates and addresses internal transaction issues to enhance corporate transparency and fair trade between the affiliated companies

Remuneration Committee

The Committee, established to formulate and revise risk management policies, defines tolerable risk levels and establishes risk management strategies.

Audit Committee

The Committee performs internal audit function and assists management to make rational business decisions.

Evaluation and Remuneration Framework

Management’s performance evaluation and remuneration criteria is set based on sustainability values such as long-term performance, profitability and soundness. Majority of the total compensation payable to senior management is composed of variable payments and is determined based on performance evaluation. The variable compensation is paid over 3 years. Substantial portion of the variable remuneration is linked to long term performance and while the first year remuneration is paid in cash, 2nd-3rd year compensation is paid in form of equity linked products.

And remuneration may also be adjusted by cancelling or reducing the relevant amount, in the event of the management’s violation of regulations, activities against the company’s interest and incurring loss to the company.

Risk Management

Risk Management Policy and Strategy

In an attempt to secure the company’s stable growth and satisfy customer’s interests, SFMI manages various risks that may occur in business in a company-wide integrated way.

- Establishing retention and reinsurance strategies for insurance risk management and profit G/L for new productivity in long-term insurance
- Establishing Asset Liability Management strategies for interest rates risk management and the operation strategies for expected interest rates in long-term insurance
- Establishing criteria to manage risk-based capital ratio for financial stability

Risk Management Organization

SFMI determines and manages risk management strategies through Risk Management Committee and administrative organizations in order to control risks companywide.

Risk Management Committee | As a sub-committee within the board of directors, the Risk Management Committee defines tolerable risk levels for both underwriting and asset management operations and establishes risk management guidelines that are reflected in the company-wide business decision making. The Committee also internally promotes the importance of risk management. The Committee, composed of one executive director and two non-executive directors, is authorized by the board of directors to do the following : to establish basic risk management guidelines in accordance with the company’s culture ; to gauge risk tolerance level ; and to draft and revise risk management-related regulations.

Activities of Risk Management Committee in 2016

Month	Report & Resolutions
Jan 2016	- Setting profitability G/L of long term insurance products released in 2016
Mar 2016	- Report of control and internal criteria for RBC management at the end of 2015 - Report of stress test analysis in 2016
Jun 2016	- Report of control and internal criteria for RBC management in March 2016
Jul 2016	- Revision of guidelines on classification of asset soundness and allowance for bad debts
Sep 2016	- Operation of long-term insurance interest rates (draft) - Report of control and internal criteria for RBC management in June 2016
Nov 2016	- Check of ALM operation in 2016 and transactions strategy for 2017 - Check of risk management for derivatives in 2015 and transactions strategy for 2017
Dec 2016	- Establishment of internal criteria for RBC management in 2017 - Setting of profitability G / L of long term insurance products in 2017 - Retention and reinsurance strategy for 2017 - Report of result of reinsurance operation monitoring and risk transfer assessment

CRO (Chief Risk Officer) | The CRO supervises the Risk Management Committee. The CRO also attends the Product Committee and the Asset Management Committee to oversee risk management across the company business lines.

Risk Management Departments | Under the CRO, there are risk management departments – RM Planning Department, RM Operation Department 1, RM Operation Department 2 – that assess, monitor, and control risks. They operate independently in order to ensure independence. Also in order to facilitate risk-related decision makings, SFMI operates General / long-term / auto Insurance Product Committees for insurance sector, while asset management sector governs Asset RM Committee, Investment Deliberative Committee and Loan Deliberative Committee.

Risk Management Process

SFMI recognizes risks occurred in various processes such as product development, underwriting, and sales to conduct risk measurement and profitability assessment ; then, it develops measures to manage risks via discussions with the related departments. Lastly, each department implements the risk management measures and delivers the results that are monitored and reviewed by the risk management departments.



Definition of Risks by the Type and Management Methods

Risk	Definition	Management Methods	Measuring Methods & System
Insurance Risk	Risk of loss led by higher actual claim payment rate over assumed claim payment rate	<ul style="list-style-type: none"> - Set tolerance risk level based on changes in loss ratio, policy termination rate and regularly monitor related risks - Establish reinsurance strategies 	<ul style="list-style-type: none"> - VaR (*Value at Risk) - ReMetrica (introduced Dec. 2009 → updated in 2014) - ALM (established Dec. 2008) - RAFM (established Feb. 2016)
Interest Rates Risk	Risk of loss from shrinkage in adjusted net worth led by asset and liability duration and ALM mismatch due to a fluctuation in interest rates	<ul style="list-style-type: none"> - Establish guidelines to formulate estimated interest rate and minimal guaranteed rate - Set asset duration target based on liabilities cash flow that takes account of liabilities structure and interest rates 	<ul style="list-style-type: none"> - VaR - ALM (established Dec. 2008 → reestablished in Dec. 2014)
Market Risk	Risk of loss from drop in market value of asset led by negative market fluctuations in interest rate, stock prices, and exchange rates	<ul style="list-style-type: none"> - Set reference investment criteria for marketable securities, loans and establish loss criteria to prevent high losses 	<ul style="list-style-type: none"> - Market VaR - KRM (established Aug. 2001 → updated Dec. 2015) *Kamakura Risk Management
Credit Risk	Risk of loss caused by default or fall in credit rate of counterparty	<ul style="list-style-type: none"> - Set investment limits by each industry to diversify risks and check maxed-out risk through the exposure monitoring system 	<ul style="list-style-type: none"> - Credit VaR - Credit Metrics (established Dec. 2008 → updated Feb. 2014)
Liquidity Risk	Risk of loss from discrepancy between supply and demand of capital or sudden capital outflow	<ul style="list-style-type: none"> - Monitor daily monetary transaction - Establish monthly asset management strategy - Monitor quarterly liquidity ratio 	<ul style="list-style-type: none"> - Cash and equivalents - SAP (Accounting administration system)

Operation Risk Management

An operation risk refers to the risk through which loss may occur due to insufficient internal control system, mistakes of employee, or system errors. SFMI manages operation risks according to characteristics of each risk.

- To control internal operation risk management, SFMI requires an approval from the internal control department in order to legislate / revise internal regulations, to develop new operation systems, and to disclose customer guidance data. In the meantime, the audit department conducts regular and intermittent audits to prevent illegal acts.
- The company focuses on prevention of losses rising from incomplete sales. Compliance Managers continuously oversee the business sites. Once sales occur, the company monitors indices of incomplete sales each month.
- For personnel risk management, the company operates rotation system for long-serving employees, and real estate management department regularly conducts safety check for workplace and buildings.
- For security risk management, the company operates diverse security systems such as electronic document DRM that is only accessible internally, and each department designates compliance security personnel.

Maximum Risk Tolerance Level Establishment and Management

SFMI's risk tolerance level is annually determined by the Risk Management Committee in such a level that capital adequacy can be secured and maintained. The company prevents risks from exceeding the set level by regularly assessing the current risk level. It requires that should any excess of the tolerance level exist and major risk changes detected, those must be reported to the Committee.

Capital Adequacy Management

SFMI maintains the highest RBC level within Korea's non-life insurance industry. It has formulated and follows an internal capital solvency calculation method based on global Solvency II standard to determine its capital solvency level and sets own internal risk tolerance level.

Regulatory Capital Solvency Requirements | Solvency ratio of an insurance company refers to capital available in addition to capital required for insurance companies to pay policyholders back (required capital).

As of December 2016, SFMI's RBC ratio stood at 333.3 percent, highly exceeding the required level of 100%, set by the Financial Supervisory Services.

Internal Assessment and Management Process of Capital Adequacy | SFMI's capital adequacy assessment is conducted based on the capital adequacy assessment criteria for insurance companies – RBC (Risk-based capital) system, which reflects market, credit, and operational risks besides insurance and interest rates risks. Apart from the RBC system, the company reflects amount of risks detected by its internal model in determining business targets including retention / reinsurance strategy for insurance risk management, ALM (asset liability management), and SAA (Strategic asset allocation) strategies as well as operation strategy for estimated interest rates.

Stress Test and Sensitivity Analysis | SFMI conducts the annual stress test based on the IMF bailout and 2008 global financial crisis scenarios that are set by the regulators. The test result is reported to the Risk Management Committee. Based on its recent stress test, SFMI's solvency ratio was at 200%, even under the economic crisis scenario. SFMI also performs market fluctuation sensitivity analysis to measure risks that may lead to profit and asset losses.

Business Continuity Management

In preparation for potential business interruptions caused by disasters such as fire, gas explosions, natural disasters, and war crises, SFMI established Business Continuity Management, which ensures quick recovery of the business, to mitigate risks for its stakeholders. By drafting response scenarios to corresponding emergency scenarios, the company has been conducting trainings on regular basis ; based on this, SFMI was Korea's first non-life insurance company that acquired BS25999 certification in 2010 and ISO22301 certification in 2013.

Plan	Do	Check	Action
<ul style="list-style-type: none"> - Understand demands based on different organizational environments - Establish business continuity plan target, guidelines, and procedures 	<ul style="list-style-type: none"> - Adopt and execute business continuity plan - Develop recovery procedures from business interruption 	<ul style="list-style-type: none"> - Assess performance relative to target - Grant authority over activities for improvement and reformation 	<ul style="list-style-type: none"> - Reassess business continuity plans and goals - Implement necessary measures based on managerial assessment - Maintain

Tax policy

SFMI follows K-IFRS (K-International Financial Reporting Standards), Insurance Business Supervising Regulation, and other accounting regulations ; as required by the law of external audits for corporations, it also undergoes regular accounting reviews by external auditors. The company also prepares and runs internal accounting management system, and its accounting supervisors perform periodical inspections on accounting and tax information in order to prevent any mistakes.

Following the accounting regulations legislated by the government and financial information provided by its own internal accounting management system, SFMI faithfully satisfies its responsibility of reporting tax return along with the submission of various tax payment data required by the government's tax regulations based on authoritative interpretation.

Tax Risk Management

Because a tax risk may have greater impacts than a financial risk, SFMI monitors related tax risks and manages them carefully. SFMI also continuously monitors tax risks and prepare measures ; such risks, which can cause drastic changes in accounting methods, are following : risks from the transition to new accounting standards (adaptation of IFRS Phase 2), risks from the launch of new products / new transactions, and risks related with international tax obligation.

Transparent Public Announcement Related With Tax

SFMI reports further details of corporate tax, deferred corporate tax, and effective tax rates in audit reports by independent auditors. It discloses the results to the company website and electronic disclosure system of Financial Supervisory Service.

Corporate Tax Expenses Breakdown

(Unit : KRW million)

	FY2016	FY2015
Current Tax	334,605	271,448
Tax effect on changes in cumulative temporary differences	(73,882)	(25,348)
Changes due to tax reconciliation	(1,565)	11,835
Income tax expenses	259,158	257,935
Effective tax rate	23.14%	24.07%

*Consolidated Statements of Financial Result

Ethical Management

In order to fulfill a social role and responsibility as a leading global company, SFMI commits to the principles by building a clean corporate culture and pursuing thorough compliance and integrity.

SFMI Code of Business Conduct

We, as employees of Samsung Fire & Marine Insurance, fully understand that compliance and integrity serve not only as the core foundation of ethical business management and a platform to transform SFMI into a world-class company trusted by our customers, but also as a precondition for individual employees to conduct as representatives of the Company. As we uphold precious values of the Company and act with integrity in doing our business, we pledge to comply with the following code of business conduct :

1. We understand and practice management philosophy, core values, and business principles of Samsung and hold high compliance and ethics standards for fair and transparent business activities.
2. In doing business, we comply with domestic and overseas laws and regulations, as well as following internal corporate regulations and bylaws. We neither engage in any acts that violate or may be suspected of violating laws and regulations, nor will we direct, approve, instigate, and condone such act.
 - Sound corporate culture** | We value dignity and diversity of individual employees and adhere to HR regulations including labor standards and equal opportunities for fair employment. We will not engage in any impropriety, e.g. sexual harassment, which may tarnish our reputation and compromise sound corporate culture.
 - Fair competition** | We respect free and fair market order and adhere to fair trade rules of individual countries. We are committed to competing fairly through just means, and do not engage in collusion or any act that may hinder fair competition.
 - Partnership with suppliers** | We respect our suppliers as our business partners, and adhere to relevant laws in dealing with our suppliers. We do not make inappropriate requests or take retaliatory actions against suppliers by abusing our advantageous position.
 - Anti-bribery** | We do not provide or receive a gift, entertainment, or business courtesy that could be perceived as a bribe to gain business opportunities or convenience from parties concerned including public officials and customers at home and abroad. We abide by anti-bribery laws of countries around the world and corporate by laws.
 - Business and financial records** | We keep our financial records accurately in compliance with accounting rules of individual countries and internationally accepted accounting standards, and meet obligations in regulatory filings on corporate information and major business issues.
 - Protection of trade secrets and intellectual properties** | We strictly follow laws, regulations, and internal rules pertaining to the protection of trade secrets and intellectual properties, and do not leak trade secrets or classified information of the Company. We respect intellectual properties of other parties and do not infringe upon their rights to such properties through unauthorized acquisition, use, duplication, or distribution of their trade secrets.
 - Personal information protection for customers and employees** | We collect, process, and use personal information of our customers and employees for legitimate business purposes with their approval under applicable laws including the Personal Information Protection Act of Korea. We prohibit and prevent the leakage of any such information and adhere to laws, regulations, and internal rules to safeguard personal information.
 - Meeting standards on quality, environment, and safety** | We follow laws and regulations of individual countries, international standards, and corporate bylaws on environment and worksite safety, and do our utmost to ensure health and safety of customer and employees.
3. We discuss potential issues in advance with related departments within the Company including Compliance Team and Legal Team to minimize risks arising from violation of laws in the process of major business projects and contracts.
4. We immediately report to Compliance Team any violation of laws, regulations, bylaws, or this Code of conduct, or any incident suspected of such violation, upon discovery of the fact.
5. We actively participate in all corporate compliance activities including employee education, monitoring, on-site inspection, and follow-up measures pertaining to compliance.

Major Activities

Based on five core values of People, Excellence, Change, Integrity, Co-prosperity, SFMI prepares and implements Code of Business Conduct. Along the way, in an attempt to build and maintain a clean corporate culture, the company operates systematic and diverse education programs by conducting "Value Sharing Programs" among the employees under the subjects of anti-bribery, fair trade, anti-money laundering, healthy culture devoid of sexual harassments and sexual discrimination, human rights protection. SFMI operates various internal control programs to minimize risk from violation of laws and regulations that may occur from everyday operation.

The programs include monitoring of employees' work process and legal compliance, daily operation compliance, fair trade self-compliance program and anti-money laundering system. In 2016, it continued its effort to expand base for compliance-abiding culture : production of special broadcasting programs through in-house media, ethical management campaign, production and distribution of video clips for compliance education.

Deploying some 245 compliance security personnel across the company, it carried out diverse compliance activities including compliance education and inspection in the field each month, exploration of good examples for ethical management, suggestion and information, consequently spearheading the practice of ethical management and ethical sales in actual workplace.

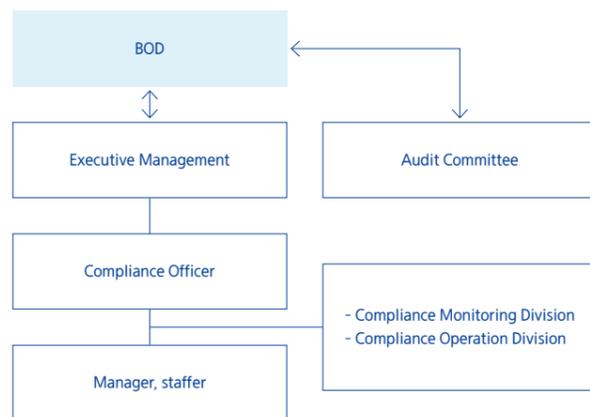
Setting / Assessment of Internal Control Criteria

Internal compliance regulation was established as set forth by the Insurance Business Act and all employees are expected to comply with the regulations. The regulations express our commitment to abide by the laws, maintain sound asset management and protect our insured customers. Internal control policy sets out guidelines on employee role and responsibilities, compliance system, internal control structure, code of conduct, key issue by job functions and compliance check.

Operating System for Internal Control | The Compliance Officer is responsible for the operation of internal control system and related guidelines. The officer also nominates compliance officers by individual departments to monitor the status of compliance and identify weaknesses to the system. Violation of compliance leads to disciplinary actions. The Compliance Officer evaluates the appropriateness of compliance and reports the results to be reviewed and approved by the Audit committee before reporting to the BOD.

In the meantime, managers operate effective internal control system and supervise the staffer's role performance, while staffers understand their role and comply with laws, internal regulations and ethics code, both are responsible for internal control in the first place.

Operating Structure



Compliance Education & Inspection

SFMI conducts regular education to employees to reinforce the principle of ethics. Value Sharing Program, a mandatory training course for all domestic and overseas employees, offers education on prevention of

corruption, fair trade, personal information protection, prevention of gender discrimination and sexual harassment and protection of human rights. Furthermore 'Compliance and Ethics Self-Assessment' is completed by all employees to increase understanding of compliance management.

Mandatory Education

		2014	2015	2016
Value Sharing Program	Training hours per person	20	20	20
	No. of attendees	5,671	5,613	5,714

*In 2014, Value Sharing Program was offered both online and offline and the number of attendees may overlap.

Operation of Compliance Support System

SFMI operates various internal control programs to minimize risk from violation of laws and regulations that may occur from everyday operation. The programs include monitoring of employees' work process and legal compliance, daily operation compliance, fair trade self-compliance program and anti-money laundering system.

Major Compliance Support Systems

Pre-Compliance	Preliminary compliance inspection prior to final decision making related to key business operations including : Establishment and revision of internal regulations, terms and conditions of insurance policies, and new product development and new task force
CP : Compliance Program	- Fair trade voluntary-compliance system to abide by fair disclosure regulation - Promote fair trade voluntary-compliance culture within the company by electing voluntary compliance manager (Compliance Officer) and establishing relevant guidelines
AML : Anti-Money Laundering System	- Preventive system to promote sound financial transaction between financial institutions, while eliminating domestic and global money laundering activities - Eliminate potential risk and raise transparency of asset management for customers by assessing and monitoring the money laundering risk - Monitor by CDD (Customer Due Diligence), its verification and also using scenarios extracting suspicious transactions

Anti-Money Laundering System

As set forth by laws against money laundering and public financing, SFMI operates CDD (Customer Due Diligence) system for the purpose of preventing act of crime and promoting transparent transaction with our customers. Furthermore, EDD (Enhanced Due Diligence) is performed on customers who have been categorized as higher in risk based on money-laundering risk assessment. Money laundering preventive system inspects doubtful, large cash transactions to prevent potential risks and issues STR (Suspicious Transaction Report) or CTR (Currency Transaction Report).

In 2015, the company, reflecting revised anti-money laundering ordinance and recommendation from FIU, SFMI revised company rules and improved monitoring system for risk measurement as well as customer identifying process. Along with advancement of the system, SFMI strived to boost quality of anti-money laundering system by frequent check and education to raise the awareness among the employees and also to strengthen their work capability.

Assessment of Anti-Money Laundering System

In 2015, SFMI was given the highest "Excellent" rating by KoFIU, an action task force unit on anti-money laundering operated by the Financial Services Commission in the area of 'System and operation of anti-money laundering program'. It was also awarded the Citation of the Chairman of Financial Services Commission in the 10th Anti-money Laundering Day event.

Fair Trade for Consumers

Our business partners including RCs are thoroughly trained and regularly monitored to provide reliable and proper products and services to our customers. Our business partners are trained to ensure that our customers have full and clear understanding of the service and product. In accordance with the insurance business laws and supervisory regulations, we establish strict standards for product development, use of product information and educational materials. We also abide by the domestic and foreign standards for advertisements.

Minimizing of Incomplete Sales

SFMI carries out diverse activities to realize complete sales in our way towards establishment of trusted insurance culture and protection of consumer's interests. Its administrative organization, Compliance Operation Division focuses on preventing losses arising from incomplete sales. For this, compliance managers are placed in business sites to run round-the-clock checking system and after sales, the relevant department monitors indices of incomplete sales each month.

Disciplinary Actions by External Authorities

Penalties imposed by external authorities in 2015 are listed below. SFMI applies strict actions and implements prevention measures in response to the disciplinary actions initiated by supervisory authorities.

Disciplinary Actions

Date	Body	Reason	Punishment
Jun. 22, 2016	FSC (Financial Services Commission)	Underpayment of insurance (Under Article 127 (2) of Insurance Business Act and Article 196 of the same act)	Fined KRW 14 million
Jun. 27, 2016	FSC (Financial Services Commission)	Violation of laws governing the use and protection of credit information (Under Article 19 and Article 52 of Use and Protection Credit Information Act)	Fined KRW 5.4 million

Internal Reporting System

SFMI operates various in-house communication systems to encourage ethical management such as whistle blowing and fraud reporting system. In accordance with the internal reporting system regulations, whistleblowers are guaranteed confidentiality. In the case that investigation of accusations on fraudulent acts finds the accusations to be true, disciplinary measures are taken according to the seriousness of the matter in question.

Internal Reporting Channel

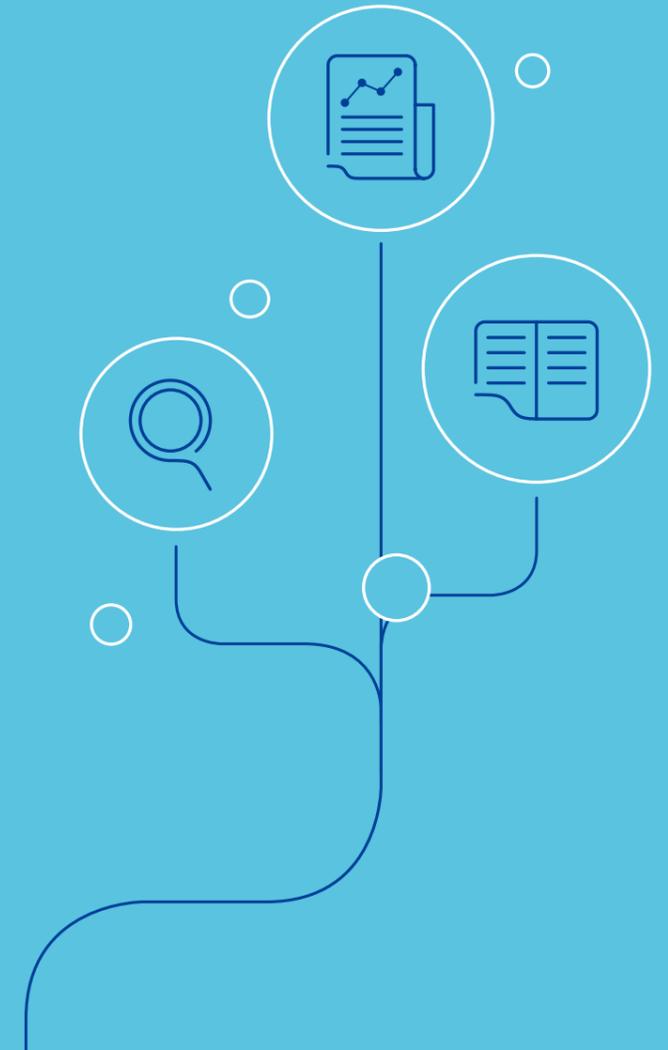
Whistle Blowing	The Office for Practice of Business Principles (Compliance Department) - Tel : 02-758-7112 - Fax : 02-758-4310 - Email : ethics.sfmi@samsungfire.com
Fraud Reporting	Audit Team - Tel : 02-758-7829 - Fax : 02-758-7796 - Email : auditing@samsungfire.com

Report Status

	2014	2015	2016
Processed Reports	53	43	74
- Alleged Offence	9	5	11
- Civil Complaint	23	24	49
- Others	21	14	14

Appendix

Value Statement, Independent Assurance Statement,
PSI Report, GRI G4 Index



Consolidated Statements of Financial Position

As of Dec 31, 2016 (end of the 67th year, current)
As of Dec 31, 2015 (end of the 66th year, previous)

SFMI & its subsidiaries

(Unit : KRW)

Account	End of the 67th year (current)	End of the 66th year (previous)
Assets		
I. Cash and deposits	1,485,368,257,328	1,723,679,925,834
II. Financial assets	56,341,246,387,959	51,133,675,069,842
1. Financial assets at fair value through profit or loss	1,039,428,054,987	961,497,213,642
2. Available-for-sale financial assets	36,492,929,259,669	34,584,418,610,762
3. Held-to-maturity financial assets	187,790,117,036	182,491,152,436
4. Loans	17,673,163,713,252	14,337,847,063,475
5. Other receivables	947,935,243,015	1,067,421,029,527
III. Investments in associates	7,405,687,164	7,446,655,298
IV. Derivative assets	8,932,454,789	38,768,217,738
V. Reinsurance assets	1,130,439,197,117	1,345,183,696,892
VI. Investment properties	882,624,193,000	1,098,978,804,028
VII. Property and equipment	753,906,309,814	930,266,932,792
VIII. Intangible assets	140,704,668,339	163,547,215,614
IX. Noncurrent Assets, Held for Sale	172,215,830,972	-
X. Net defined benefit assets	35,429,182,108	-
XI. Deferred income tax assets	6,216,658,003	4,913,811,187
XII. Other assets	2,728,716,765,667	2,736,397,842,295
XIII. Separate account assets	4,524,298,934,738	4,050,737,530,911
Total Asset	68,217,504,526,998	63,233,595,702,431
Liabilities		
I. Insurance liabilities	49,608,899,817,755	45,967,941,323,512
II. Financial liabilities	370,434,105,758	575,784,603,240
III. Derivative liabilities	186,908,988,923	207,191,555,976
IV. Provisions	78,036,618,035	74,136,049,630
V. Defined benefit liabilities	-	1,051,950,446
VI. Defined income tax liabilities	1,594,781,417,548	1,535,531,982,820
VII. Current tax liabilities	131,372,518,492	64,645,452,404
VIII. Other liabilities	633,800,978,060	479,085,633,561
IX. Separate account liabilities	4,605,037,715,835	4,242,976,437,155
Total Liabilities	57,209,272,160,406	53,148,344,988,744
Capital		
I. Stockholders' equity	10,990,764,106,328	10,070,135,258,139
1. Capital stock	26,473,418,500	26,473,418,500
2. Consolidated capital surplus	939,233,350,327	939,233,350,327
3. Consolidated capital adjustment	(1,487,219,924,864)	(1,351,769,727,914)
4. Accumulated other comprehensive income, net of taxes	3,961,823,814,298	3,541,857,546,320
5. Consolidated retained earnings	7,550,453,448,067	6,914,340,670,906
II. Non-controlling interests	17,468,260,264	15,115,455,548
Total Liabilities & Stockholders' Equity	11,008,232,366,592	10,085,250,713,687
Total Liabilities & Stockholders' Equity	68,217,504,526,998	63,233,595,702,431

Separate Statements of Financial Position

SFMI & its subsidiaries

(Unit : KRW)

Account	End of the 67th year (current)	End of the 66th year (previous)
Assets		
I. Cash and deposits	1,048,928,418,710	1,357,537,223,363
II. Financial assets	56,829,204,878,811	51,644,842,028,749
1. Financial assets at fair value through profit or loss	1,003,997,880,895	933,906,253,165
2. Available-for-sale financial assets	36,741,581,905,429	34,843,528,554,935
3. Held-to-maturity financial assets	140,741,424,460	140,322,625,027
4. Loans	17,878,163,713,252	14,598,547,063,475
5. Other receivables	1,064,719,954,775	1,128,537,532,147
III. Investments in associates	240,287,689,505	200,392,013,818
IV. Derivative assets	8,925,474,277	38,768,217,738
V. Reinsurance assets	1,012,985,238,833	1,228,758,949,442
VI. Investment properties	434,880,605,224	539,547,583,334
VII. Property and equipment	740,291,322,463	921,348,415,203
VIII. Intangible assets	133,386,999,436	156,388,850,194
IX. Noncurrent Assets, Held for Sale	172,215,830,972	-
X. Net defined benefit assets	30,192,856,252	2,076,240,364
XI. Other assets	2,722,325,086,580	2,730,224,540,454
XII. Separate account assets	4,524,298,934,738	4,050,737,530,911
Total Assets Liabilities	67,897,923,335,801	62,870,621,593,570
Liabilities		
I. Insurance liabilities	49,353,245,154,312	45,723,430,765,605
II. Financial liabilities	493,649,195,827	625,744,126,353
III. Derivative liabilities	186,561,871,616	207,191,555,976
IV. Provisions	76,731,130,890	73,800,920,163
V. Deferred income tax liabilities	1,593,842,749,714	1,533,922,163,968
VI. Current tax liabilities	127,578,555,745	58,808,940,634
VII. Other liabilities	580,307,094,628	434,159,400,142
VIII. Separate account liabilities	4,605,037,715,835	4,242,976,437,155
Total Liabilities	57,016,953,468,567	52,900,034,309,996
Capital		
I. Capital stock	26,473,418,500	26,473,418,500
II. Capital surplus	939,233,350,327	939,233,350,327
III. Capital adjustments	(1,483,503,688,276)	(1,348,053,491,326)
IV. Accumulated other comprehensive income, net of taxes	3,984,644,908,851	3,558,276,964,061
V. Retained earnings	7,414,121,877,832	6,794,657,042,012
Total Stockholders' equity	10,880,969,867,234	9,970,587,283,574
Total Liabilities & Stockholders' equity	67,897,923,335,801	62,870,621,593,570

Consolidated Statements of Comprehensive Income (Loss)

(Unit : KRW)

SFMI & its subsidiaries

Account	End of the 67th year (current)	End of the 66th year (previous)
I. Operating revenues	21,686,107,740,105	21,729,143,820,131
1. Insurance operating income	19,311,178,453,425	19,342,614,065,730
(1) Premium income	18,665,153,398,166	18,346,359,169,532
(2) Reinsurance income	643,473,316,616	732,141,365,364
(3) Increase in reinsurance assets	(218,425,316,958)	13,318,222,800
(4) Compensation income	3,794,130,979	8,020,376,022
(5) Expense recovered	177,812,926,749	203,814,071,012
(6) Expense recovered	39,369,997,873	38,960,861,000
2. Investment income	2,205,655,533,735	2,230,428,382,042
(1) Interest income	1,617,750,831,706	1,651,300,989,995
(2) Dividend income	97,961,455,301	109,234,445,104
(3) Gain on valuation and sales of financial instruments	185,946,854,339	127,594,218,437
(4) Gain on valuation and sales of derivative instrument	42,700,329,705	28,455,827,286
(5) Reversal of allowance and impairment loss of financial asset	6,625,482,087	6,619,473,665
(6) Rental income	74,638,558,386	78,316,913,689
(7) Commission income	1,520,328,699	1,198,942,627
(8) Gain on foreign exchange transactions	111,423,963,218	225,672,992,714
(9) Gain on disposal of investment properties	65,206,230,053	-
(10) Miscellaneous investment income	1,881,500,241	2,034,578,525
3. Separate account commission	29,969,676,324	21,035,202,152
4. Separate account income	139,304,076,621	135,066,170,207
II. Operating expenses	20,614,953,371,095	20,644,050,101,119
1. Insurance operating expense	19,905,357,207,830	19,965,574,336,355
(1) Claims paid and refund of long-term insurance policies	11,255,294,386,573	10,778,479,374,044
(2) Reinsurance premium expenses	887,002,166,807	1,045,130,985,072
(3) Increase in insurance liabilities	3,634,030,676,430	4,189,225,452,607
(4) Loss adjustment expense	495,819,455,256	450,045,845,879
(5) Expenses paid	3,595,690,565,768	3,467,466,920,779
(6) Loss on foreign exchange transactions	37,519,956,996	35,225,757,974
2. Investment expenses	569,643,869,361	542,060,696,744
(1) Interest expense	12,417,579,651	10,588,743,537
(2) Loss on valuation and sale of financial nonderivative instruments	32,440,068,213	111,728,033,110
(3) Loss on valuation and sale of derivative instrument	131,807,192,832	220,142,445,901
(4) Impairment loss on financial assets	160,368,502,842	16,051,773,908
(5) Investment management expenses	143,477,933,687	127,781,544,214
(6) Maintenance expenses on investment properties	19,998,468,732	22,360,996,226
(7) Depreciation expenses on investment properties	8,435,823,309	9,069,585,458
(8) Loss on foreign exchange transactions	26,330,630,534	19,645,671,792
(9) Loss on disposal of investment properties	28,011,192,686	-
(10) Miscellaneous investment expenses	6,356,476,875	4,691,902,598

The current 67th year (Jan 1 to Dec 31, 2016)
The previous 66th year (Jan 1 to Dec 31, 2015)

Account	End of the 67th year (current)	End of the 66th year (previous)
3. Separate account commission paid	648,217,283	1,348,897,813
4. Separate account expenses	139,304,076,621	135,066,170,207
III. Operating profit	1,071,154,369,010	1,085,093,719,012
IV. Non-operating income	93,481,102,151	18,640,401,069
V. Non-operating income	44,862,388,691	31,993,219,319
VI. Net profit before tax	1,119,773,082,470	1,071,740,900,762
VII. Tax expenses	259,158,205,571	257,934,706,001
VIII. Consolidated net profit	860,614,876,899	813,806,194,761
IX. Consolidated other comprehensive income	420,491,352,706	315,945,513,686
1. Accounts not reclassified as profit/loss of the current term succeedingly	(7,689,010,393)	(11,594,281,009)
2. Accounts reclassified as profit/loss of the current term succeedingly	428,180,363,099	327,539,794,695
X. Consolidated total comprehensive profits	1,281,106,229,605	1,129,751,708,447
1. Belonging to Consolidated net profit : Net profit of equity attributable to owners of the Group, net profit of Non-controlling interests	857,961,922,531 2,652,954,368	811,244,931,873 2,561,262,888
2. Belonging to Consolidated comprehensive profit : comprehensive profit of equity attributable to owners of the Group, total comprehensive profit of non-controlling interests	1,277,928,190,509 3,178,039,096	1,127,235,153,823 2,516,554,624
XI. Consolidated earnings per share		
1. Basic earnings per share	20,175	18,384
2. Diluted earnings per share	20,175	18,384

Consolidated Profit / Seperate Statements

(Unit : KRW)

SFMI & its subsidiaries

Account	End of the 67th year (current)	End of the 66th year (previous)
I. Operating revenues	21,335,949,677,697	21,386,421,355,703
1. Insurance operating income	19,006,708,401,137	19,024,649,938,905
(1) Insurance operating income	18,441,774,619,936	18,109,463,946,990
(2) Reinsurance income	612,530,204,925	601,947,105,114
(3) Reinsurance income	(220,720,923,586)	113,294,582,598
(4) Compensation income	3,794,130,979	8,020,376,022
(5) Expense recovered	134,938,429,462	163,306,147,268
(6) Gain on foreign exchange transactions	34,391,939,421	28,617,780,913
2. Investment income	2,159,967,523,615	2,205,670,044,439
(1) Interest income	1,614,676,332,474	1,652,508,787,110
(2) Dividend income	119,602,902,901	125,489,527,242
(3) Gain on valuation and sales of financial instruments	183,321,003,551	126,606,896,804
(4) Gain on valuation and sales of derivative instrument	39,310,724,993	28,455,827,286
(5) Reversal of allowance and impairment loss of financial asset	6,625,482,087	6,619,473,665
(6) Rental income	44,244,812,207	49,548,427,926
(7) Commission income	1,520,328,699	1,198,942,627
(8) Gain on foreign exchange transactions	106,674,007,632	213,218,129,910
(9) Gain on disposal of investment properties	42,208,519,783	-
(10) Miscellaneous investment income	1,783,409,288	2,024,031,869
3. Separate account commission	29,969,676,324	21,035,202,152
4. Separate account income	139,304,076,621	135,066,170,207
II. Operating expenses	20,291,794,962,131	20,339,418,356,454
1. Insurance operating expenses	19,621,115,748,779	19,675,594,739,164
(1) Claims paid and refund of long-term insurance policies	11,160,077,870,891	10,580,892,532,832
(2) Reinsurance premium expenses	785,961,108,507	943,709,571,351
(3) Increase in insurance liabilities	3,618,472,415,581	4,274,438,581,931
(4) Loss adjustment expense	494,208,546,065	453,157,305,999
(5) Expenses paid	3,528,204,659,008	3,399,513,238,981
(6) Loss on foreign exchange transactions	34,191,148,727	23,883,508,070
2. Investment expenses	530,726,919,448	527,408,549,270
(1) Interest expense	10,941,724,706	9,589,825,298
(2) Loss on valuation and sale of financial nonderivative instruments	31,586,517,130	111,728,033,110
(3) Loss on valuation and sale of derivative instrument	130,545,791,325	220,142,445,901
(4) Impairment loss on financial assets	160,368,502,842	16,051,773,908
(5) Investment management expenses	132,358,774,828	117,573,506,047
(6) Maintenance expenses on investment properties	19,998,468,732	22,360,996,226
(7) Depreciation expenses on investment properties	8,435,823,309	9,069,585,458
(8) Loss on foreign exchange transactions	21,682,592,474	16,200,903,347
(9) Loss on disposal of investment properties	9,275,849,498	-
(10) Miscellaneous investment expenses	5,532,874,604	4,691,479,975

The current 67th year (Jan 1 to Dec 31, 2016)
The previous 66th year (Jan 1 to Dec 31, 2015)

Account	End of the 67th year (current)	End of the 66th year (previous)
3. Separate account commission paid	648,217,283	1,348,897,813
4. Separate account expenses	139,304,076,621	135,066,170,207
III. Operating profit	1,044,154,715,566	1,047,002,999,249
IV. Non-operating income	93,494,103,316	18,318,793,120
V. Non-operating expenses	43,971,472,576	31,633,398,554
VI. Net profit before tax	1,093,677,346,306	1,033,688,393,815
VII. Tax expenses	252,766,094,236	250,974,053,163
VIII. net profit	840,911,252,070	782,714,340,652
IX. Other comprehensive income	426,367,944,790	317,795,809,874
1. Accounts not reclassified as profit / loss of the current term succeedingly	(5,872,022,070)	(10,125,371,722)
2. Accounts reclassified as profit / loss of the current term succeedingly	432,239,966,860	327,921,181,596
X. Total comprehensive profit / loss	1,267,279,196,860	1,100,510,150,526
XI. Earnings per share		
1. Basic earnings per share	19,774	17,738
2. Diluted earnings per share	19,774	17,738

Consolidated Statements of Changes in Equity

The current 67th year (Jan 1 to Dec 31, 2016)
The previous 66th year (Jan 1 to Dec 31, 2015)

SFMI & its subsidiaries

(Unit : KRW)

Account	Equity attributable to owners of the Group				Non-controlling interests	Total	
	Capital stock	Consolidated capital surplus	Consolidated capital adjustments	Accumulated other comprehensive income, net of taxes			
I. Jan 1, 2015 (Beginning of the previous year)	26,473,418,500	939,233,350,327	(971,110,153,035)	3,225,867,324,370	6,304,886,742,686	13,453,494,179	9,538,804,177,027
1. Dividends	-	-	-	(198,776,228,100)	(847,975,284)	(199,624,203,384)	
2. Consolidated Net profit for the period	-	-	-	811,244,931,873	2,561,262,888	813,806,194,761	
3. Acquisition of treasury stock	-	-	(380,647,870,650)	-	-	(380,647,870,650)	
4. Valuation profit (loss) for available-for-sale financial assets	-	-	-	296,979,532,090	(41,755,716)	296,937,776,374	
5. Gain on translation of foreign currency financial statements	-	-	-	6,945,503,990	(20,013,850)	6,925,490,140	
6. Net change in unrealized valuation of cash flow hedge derivatives	-	-	-	5,216,353,743	-	5,216,353,743	
7. Accumulated other comprehensive income of the separate account	-	-	-	18,460,174,438	-	18,460,174,438	
8. Remeasurement loss related to defined benefit plans	-	-	-	(11,611,342,311)	17,061,302	(11,594,281,009)	
9. Additional acquisition of subsidiary's shares	-	-	(11,704,229)	-	18,322,200	(6,617,971)	-
10. Change in consolidation scope, etc.	-	-	-	-	(3,033,097,753)	-	(3,033,097,753)
II. Dec 31, 2015 (End of the previous year)	26,473,418,500	939,233,350,327	(1,351,769,727,914)	3,541,857,546,320	6,914,340,670,906	15,115,455,548	10,085,250,713,687
III. Jan 1, 2016 (Beginning of the current year)	26,473,418,500	939,233,350,327	(1,351,769,727,914)	3,541,857,546,320	6,914,340,670,906	15,115,455,548	10,085,250,713,687
1. Dividends	-	-	-	(221,446,416,250)	(825,234,380)	(222,271,650,630)	
2. Consolidated Net profit for the period	-	-	-	857,961,922,531	2,652,954,368	860,614,876,899	
3. Acquisition of treasury stock	-	-	(135,450,196,950)	-	-	(135,450,196,950)	
4. Valuation profit (loss) for available-for-sale financial assets	-	-	-	431,703,692,241	15,784,039	431,719,476,280	
5. Gain on translation of foreign currency financial statements	-	-	-	(2,517,083,266)	514,251,054	(2,002,832,212)	
6. Net change in unrealized valuation of cash flow hedge derivatives	-	-	-	8,070,787,938	-	8,070,787,938	
7. Accumulated other comprehensive income of the separate account	-	-	-	(9,607,068,907)	-	(9,607,068,907)	
8. Remeasurement loss related to defined benefit plans	-	-	-	(7,684,060,028)	(4,950,365)	(7,689,010,393)	
9. Change in consolidation scope, etc.	-	-	-	-	(402,729,120)	-	(402,729,120)
IV. Dec 31, 2016 (End of the current year)	26,473,418,500	939,233,350,327	(1,487,219,924,864)	3,961,823,814,298	7,550,453,448,067	17,468,260,264	11,008,232,366,592

Separate Statements of Changes in Equity

The current 67th year (Jan 1 to Dec 31, 2016)
The previous 66th year (Jan 1 to Dec 31, 2015)

SFMI & its subsidiaries

(Unit : KRW)

Account	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income, net of taxes	Retained earnings	Total
1. Dividends	-	-	-	-	(198,776,228,100)	(198,776,228,100)
2. Net profit for the period	-	-	-	-	782,714,340,652	782,714,340,652
3. Acquisition of treasury stock	-	-	(380,647,870,650)	-	-	(380,647,870,650)
4. Valuation profit (loss) for available-for-sale financial assets	-	-	-	298,943,206,309	-	298,943,206,309
5. Gain on translation of foreign currency financial statements	-	-	-	5,301,447,106	-	5,301,447,106
6. Net change in unrealized valuation of cash flow hedge derivatives	-	-	-	5,216,353,743	-	5,216,353,743
7. Accumulated other comprehensive income of the separate account	-	-	-	18,460,174,438	-	18,460,174,438
8. Remeasurement loss related to defined benefit plans	-	-	-	(10,125,371,722)	-	(10,125,371,722)
II. As of Dec 31, 2015 (End of the previous year)	26,473,418,500	939,233,350,327	(1,348,053,491,326)	3,558,276,964,061	6,794,657,042,012	9,970,587,283,574
III. As of Jan 1, 2016 (Beginning of the current year)	26,473,418,500	939,233,350,327	(1,348,053,491,326)	3,558,276,964,061	6,794,657,042,012	9,970,587,283,574
1. Dividends	-	-	-	-	(221,446,416,250)	(221,446,416,250)
2. Net profit for the period	-	-	-	-	840,911,252,070	840,911,252,070
3. Acquisition of treasury stock	-	-	(135,450,196,950)	-	-	(135,450,196,950)
4. Valuation profit (loss) for available-for-sale financial assets	-	-	-	432,471,514,972	-	432,471,514,972
5. Gain on translation of foreign currency financial statements	-	-	-	1,304,732,857	-	1,304,732,857
6. Net change in unrealized valuation of cash flow hedge derivatives	-	-	-	8,070,787,938	-	8,070,787,938
7. Accumulated other comprehensive income of the separate account	-	-	-	(9,607,068,907)	-	(9,607,068,907)
8. Remeasurement loss related to defined benefit plans	-	-	-	(5,872,022,070)	-	(5,872,022,070)
IV. As of Dec 31, 2016 (End of the current year)	26,473,418,500	939,233,350,327	(1,483,503,688,276)	3,984,644,908,851	7,414,121,877,832	10,880,969,867,234

Consolidated Statements of Cash Flows

(Unit : In millions of won)

SFMI & its subsidiaries

Cash flows from operating activities Profit for the period	End of the 67th year (current)	End of the 66th year (previous)
Adjustment for :	860,615	813,806
Loss on foreign exchange translation and transaction	8,220	12,859
Increase in insurance liabilities	3,634,031	4,189,225
Loss on valuation and sale of derivative instruments	123,418	219,898
Loss on disposal of investment properties	28,011	-
Loss on disposal of property and equipment	17,951	1,463
Loss on disposal of intangible assets	150	2
Interest expenses	12,418	10,589
Severance benefit	45,639	41,428
Amortization	48,861	51,758
Depreciation	78,009	81,887
Amortization of deferred acquisition cost	1,273,523	1,239,230
Loss on valuation and sales of financial instruments	22,866	107,872
Impairment loss on financial instruments	160,369	16,052
Impairment loss on intangible assets	870	1,343
Bad debt expenses	5,051	3,803
Reversal of restoration liabilities	275	209
Other expense	12,106	18,200
Income tax expenses	259,158	257,935
Dividend income	(97,961)	(109,234)
Gain on foreign exchange translation and transaction	(101,503)	(193,890)
Compensation income	(3,794)	(8,020)
Decrease (Increase) in reinsurance assets	218,425	(13,318)
Gain on valuation and sale of financial instruments	(174,858)	(103,668)
Interest income	(1,617,751)	(1,651,301)
Gain on disposal of investment properties	(65,206)	-
Gain on disposal of property and equipment	(77,059)	(194)
Gain on disposal of intangible assets	(227)	(34)
Gain on investments in associates	(1,343)	(1,359)
Gain on valuation and sales of derivative instruments	(38,931)	(28,432)
Other income	(7,011)	(7,391)
Changes in assets and liabilities :		
Decrease in deposits	328,898	97,458
Increase in financial assets at fair value through profit or loss	(74,008)	(23,141)
Increase in loans	(3,352,444)	(1,154,710)
Decrease in other receivables	123,283	126,005
Increase in derivative instruments for sale	9,579	89
Increase in other assets	(1,262,315)	(1,300,403)
Increase in separate account assets	(117,687)	(1,100,238)
Decrease in other financial liabilities	(150,712)	(151,175)
Increase (Decrease) in provisions	(404)	12,120

The current 67th year (Jan 1 to Dec 31, 2016)
The previous 66th year (Jan 1 to Dec 31, 2015)

Cash flows from operating activities Profit for the period	End of the 67th year (current)	End of the 66th year (previous)
Increase in other liabilities	139,795	19,718
Decrease in separate account liabilities	(3,420)	(172,696)
Payment of severance benefits	(37,585)	(47,230)
Increase in defined benefit obligations	118	7,577
Increase in plan assets	(54,790)	(23,520)
Decrease in foreign operation	(3,412)	(933)
Interest received	1,648,475	1,669,482
Interest paid	(350)	(1,499)
Dividends received	97,812	109,163
Income tax paid	(268,956)	(315,616)
Net cash provided by operating activities	1,646,199	2,701,169
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	4,216,226	5,551,473
Proceeds from disposal of held-to-maturity financial assets	-	20,000
Cash inflows from hedge activities	2,685,636	1,628,740
Proceeds from disposal of investment properties	195,541	-
Proceeds from disposal of property and equipment	163,509	558
Proceeds from disposal of intangible assets	5,037	3,640
Decrease of investment in associates	1,384	3,650
Acquisition of available-for-sale financial assets	(5,502,220)	(7,800,394)
Acquisition of investments in subsidiaries	(4,202)	-
Cash outflows from hedge activities	(2,758,078)	(1,656,492)
Acquisition of property and equipment	(125,213)	(85,376)
Acquisition of intangible assets	(19,084)	(17,676)
Acquisition of investment properties	(87)	(5,574)
Net cash used in investing activities	(1,141,551)	(2,357,451)
Cash flows from financing activities		
Increase (Decrease) of repurchase agreement	(60,000)	60,000
Acquisition of treasury stock	(135,450)	(380,648)
Payment of dividends	(222,272)	(199,624)
Net cash used in financing activities	(417,722)	(520,272)
Effect of exchange rate fluctuations on cash held	(2,352)	713
Net increase (decrease) in cash and cash equivalents	84,574	(175,841)
Cash and cash equivalents at beginning of the period	687,955	863,796
Cash and cash equivalents at end of the period	772,529	687,955

Separate Statements of Cash Flows

(Unit : In millions of won)

SFMI

Cash flows from operating activities Profit for the period	End of the 67th year (current)	End of the 66th year (previous)
Adjustment for :	840,911	782,714
Loss on valuation and sale of financial instruments	22,376	107,872
Loss on disposal of investment properties	9,276	-
Loss on disposal of property and equipment	17,806	1,373
Loss on disposal of intangible assets	150	2
Loss on valuation and sale of derivative instruments	123,071	219,898
Loss on foreign exchange translation and transaction	3,369	6,616
Impairment loss on financial assets	160,369	16,052
Bad debt expenses	5,282	4,048
Reversal of restoration liabilities	203	347
Increase (Decrease) in reinsurance assets	220,721	(113,295)
Increase in insurance liabilities	3,618,472	4,274,439
Amortization of deferred acquisition cost	1,273,523	1,239,230
Depreciation	73,822	78,260
Amortization	46,923	49,490
Severance benefits	35,487	31,434
Interest expense	10,942	9,590
Income tax expenses	252,766	250,974
Other expense	12,795	19,544
Gain on valuation and sale of financial instruments	(172,325)	(102,844)
Gain on valuation and sale of derivative instruments	(38,924)	(28,432)
Gain on disposal of investment properties	(42,209)	-
Gain on disposal of property, plant and equipment	(76,986)	(99)
Gain on disposal of intangible assets	(227)	(34)
Gain on foreign exchange translation and transaction	(95,598)	(182,692)
Interest income	(1,614,676)	(1,652,509)
Compensation income	(3,794)	(8,020)
Dividend income	(119,603)	(125,490)
Other income	(7,011)	(7,390)
Changes in assets and liabilities:		
Decrease in deposits	373,196	126,471
Decrease (Increase) in financial assets at fair value through profit or loss	(67,548)	3,626
Increase in loans	(3,296,744)	(1,154,710)
Decrease in other receivables	68,868	10,980
Increase in derivative instruments for sale	9,579	89
Increase in other assets	(1,262,181)	(1,299,910)
Increase in separate account assets	(117,687)	(172,696)
Decrease in other financial liabilities	(75,320)	(9,718)
Increase (Decrease) in provisions	(351)	12,148
Increase in other liabilities	132,225	7,460
Increase (Decrease) in provisions	(404)	12,120

The current 67th year (Jan 1 to Dec 31, 2016)
The previous 66th year (Jan 1 to Dec 31, 2015)

Cash flows from operating activities Profit for the period	End of the 67th year (current)	End of the 66th year (previous)
Decrease in separate account liabilities	(3,420)	(1,100,238)
Payment of severance benefits	(29,550)	(39,477)
Increase in plan assets	(41,799)	(10,358)
Interest received	1,646,153	1,674,554
Interest paid	(348)	(402)
Dividend received	119,453	125,418
Income tax paid	(259,782)	(307,609)
Net cash provided by operating activities	1,751,655	2,736,706
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	4,256,546	5,502,302
Proceeds from disposal of held-to-maturity financial assets	-	20,000
Cash inflows from hedge activities	2,685,636	1,628,740
Proceeds from disposal of investment properties	79,591	-
Proceeds from disposal of property and equipment	163,253	282
Proceeds from disposal of intangible assets	4,980	3,639
Decrease of investment in subsidiaries	343	2,512
Acquisition of available-for-sale financial assets	(5,532,220)	(7,800,394)
Acquisition of investments in associates	(40,239)	-
Cash outflows from hedge activities	(2,758,078)	(1,656,492)
Acquisition of investment properties	(87)	(1,163)
Acquisition of property and equipment	(116,880)	(80,417)
Acquisition of intangible assets	(16,676)	(15,625)
Net cash used in investing activities	(1,273,831)	(2,396,616)
Cash flows from financing activities		
Increase (Decrease) of repurchase agreement	(60,000)	60,000
Disposal (Acquisition) of treasury stock	(135,451)	(380,648)
Payment of dividend	(221,446)	(198,776)
Net cash used in investing activities	(416,897)	(519,424)
Net increase (decrease) in cash and cash equivalents	60,927	(179,334)
Cash and cash equivalents at beginning of the period	568,610	747,944
Cash and cash equivalents at end of the period	629,537	568,610

Independent Assurance Statement

To the Stakeholders of Samsung Fire & Marine Insurance

The Korea Productivity Center (hereinafter the "Assurer") was appointed by Samsung Fire & Marine Insurance (hereinafter the "Company") to provide independent assurance of its "Samsung Fire & Marine Insurance 2017 Sustainability Report" (hereinafter the "Report"), and hereby presents the following assurance statement.

Responsibility and Independence

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

Assurance Standard

This assurance was conducted in accordance with the ISAE 3000 / AA1000AS (2008) to provide Type 2 assurance and AA1000APS (2008) to confirm compliance with the principles of inclusivity, materiality, and responsiveness. It means that a comprehensive review was conducted on the effectiveness and reliability of the reporting standards. The level of assurance is based on the reduction of risk at a limited degree as defined in the ISAE 3000 which is the same as the Moderate Level defined in the AA1000AS (2008).

Limitations

The Assurer verified the Report based on the aforementioned assurance standards. The on-site verification was carried out at the headquarters in Seoul. The financial data in the Report was verified through the financial statements and disclosure information which was audited by an auditor, while the aggregated data at the corporate level are used for the verification of Environmental and Social performance. Disclose that the results may vary if further verification procedures are performed. The Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Methodology

This assurance was conducted through the following methods :

- Verified if the requirements for core options of GRI G4 Guidelines were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on GRI G4 Guidelines.
- Verified the selection of material issues covered and the appropriateness of the technical content through media research and benchmarking analysis.
- Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
- Verified the basis of core data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

Findings and Conclusion

It is the Assurer's opinion that the Report represents the sustainability efforts and performance results of the Company in a fair and accurate way. In addition, the Assurer verified if the requirements for core options of GRI G4 Guidelines were fulfilled.

General Standard Disclosures were prepared in full compliance with the requirements for core options while Specific Standard Disclosures were reviewed in line the DMA (Disclosure on Management Approach) and indicators of the material issues identified through the process of determining report content as follows :

Material Issues	Material Aspect	DMA & Indicators
Customer-oriented activity	Customer Health and Safety	DMA, PR1-2
	Product and Service Labeling	DMA, PR5
Customer information protection	Customer Privacy	DMA, PR8
Business Performance	Economic Performance	DMA, EC1
Work-life balance	Employment	DMA, LA3
Talents management	Employment	DMA, LA1
	Training and Education	DMA, LA9-11
	Diversity and Equal Opportunity	DMA, LA12
	Equal Remuneration for Women and Men Labor Practices	DMA, LA13
	Grievance Mechanisms	DMA, LA16
	Investment	DMA, HR2
	Non-discrimination	DMA, HR3
	Freedom of Association and Collective Bargaining	DMA, HR4
	Child Labor	DMA, HR5
	Forced or Compulsory Labor	DMA, HR6
	Human Rights Grievance Mechanisms	DMA, HR12

Third Party Assurance Statement

Programs and education for support of business partners	Supplier Assessment for Labor Practices	DMA, LA14
	Labor Practices Grievance Mechanisms	DMA, LA16
	Anti-competitive Behavior	DMA, SO7
Sustainability Management with Business Partners	Labor Practices Grievance Mechanisms	DMA, LA16
	Anti-competitive Behavior	DMA, SO7
Social responsibility programs	Local Communities	DMA, SO1-2
	Supplier Assessment for Impacts on Society	DMA, SO9-10
	Grievance Mechanisms for Impacts on Society	DMA, SO11
Socially responsible products and services	Local Communities	DMA, SO1-2
Research on climate change risks	Economic Performance	DMA, EC2

Inclusivity : Stakeholder Engagement

The Assurer confirmed that the Company defines customers, shareholders and investors, employees, business partners and local communities as its key stakeholders and classifies their material issues and communication channels. It is also verified that the Company conducts annual surveys with stakeholders and interviews for selecting key issues and reflects these results in the management decision-making process.

Materiality : Identification and Reporting of Material Issues

The Assurer verified that the Company used a materiality test process for identifying the key issues regarding its industries and corporation. The global benchmark index (DJSI, FTSE4Good) and the opinions of domestic and international experts in particular are reflected in development of the sustainability report. This is a part of its efforts to approach sustainability management at an objective point of aspect. The selected issues are reported in accordance with the matrix of stakeholders to represent its response to these issues.

Responsiveness : Organization's Response to Issues

The Assurer verified that the Company identified material issues that affect the stakeholders' performance and took necessary measures in response to them. The annual interviews conducted with the external sustainability management experts provide valuable insights into their response to the issues. The Company fully disclosed its responsive activities and performance on sustainability issues.

Recommendation

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

- It is verified that the Company provides processes and results of integrated value creation to stakeholders by converting the social and environmental values into the economic aspect based on the financial standard. It is advised that the Company expands the scope of socio-environmental value measurement and enhances the analysis methodology to report the performance information of integrated value creation in advanced level of objectivity.
- The Company uses various channels to promote communication with its stakeholders and their engagement based on the characteristics of groups. It is advised to report its policies and activities in response to the stakeholders' input on a regular basis.

May 2017
CEO Sun-jick Hong




Dong-soo Kim, Director *D. S. Kim*

Yang-ho Lee, Team Manager *Y. H. Lee*

Seung-tae Cheong, Team Manager *S. T. Cheong*

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

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

*AA1000APS(2008) : AA1000 AccountAbility Principles Standard (2008) is the global assurance principles established AccountAbility to provide the basis for the AA1000 Assurance Standard.

Report on PSI(Principles for Sustainable Insurance) in May 2017

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



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

Operation of Sustainability Management Committee | In 2012, SFMI established the Sustainability Management Committee chaired by our CEO (head of the Committee) to speed up sustainability management. In 2015, the Committee discussed major issues including recent issues related to sustainability management at home and abroad, major performances of sustainability management activities, approval of Sustainability Report and advancement of environmental management.

KPI for Sustainability Management | SFMI has set and operates KPI (Key Performance Indicators) for sustainability management taking customers, shareholders / investors, employees, business partners and communities into consideration.

Regulations regarding Socially Responsible Management | SFMI established regulations regarding socially responsible management to reflect the aspects of environment, society and governance on its decision making and activity.

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

Environmental, Social Insurance Products and Services | As insurance products related with climate change, SFMI is providing Storm & Flood Insurance, Weather Insurance, New Renewable Energy Insurance and Mileage Auto Insurance. Along the way, the SFMI is conducting a diverse range of supportive activities so that the underprivileged and financially neglected people are able to cope with various risks in life, using relevant insurance products.

Paperless Insurance Contract | Since April 2012, SFMI has been pursuing user- and environment-friendly sales processes by using tablet PCs together with RCs (Risk Consultants), leading to the saving of 25 pages of paper on average per contract. The company focuses on higher environment-friendly mobile insurance contracts using customer counselling method via tablet PCs and education on such contract process.

Research on Climate Change Risks | The company's GLCC (Global Loss Control Center) helps customers and communities deal with climate change risks by conducting a diverse range of R&D relative to climate change. *<http://rm.samsungfire.com/index.html>

Social Responsibility Code of Conduct for Business Partners | SFMI announced the "Social Responsibility Code of Conduct for Business Partners" to promote social responsibility and encourage change in mindset of our business partners. For them to secure sustainabe competitiveness, we are reinforcing support and monitoring activities for risks related to ethics, humanright, social and environmental impacts.

Principle 3. We, in collaboration with the government and other major stakeholders, carry out diverse activities in society as a whole relative to environment, society and governance.

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

Major Cooperators by Social Responsibility Category

Category	Activities	Cooperating Agency
Social Welfare	- Support the underprivilege - Raise disability awareness	National Police Agency, National Emergency Management Agency Ministry of Education Korea National Institute for Special Education, Disabled Persons First Campaign Center
Research & Education	Donate and sponsor scholarship for children's education	Ministry of Education, Kids & Future Foundation, Child Fund Korea, Safe Kids Korea
Culture & Art	Preservation of cultural heritage	Cultural Heritage Administration, Korea Cultural Heritage Foundation
Environment Protection	Development of school forests	Korea Forest Service, Forest for Life

Operation of Samsung Traffic Research Institute | Established in July 2001, Samsung Traffic Research Institute is the country's first civil research organization in the field of traffic safety in an attempt to establish advanced traffic culture and realize Zero of traffic accident in society. As a drive to prevent traffic accidents, the Institute conducts scientific and systematic research on safety of roads, vehicles and drivers along with press releases, policy proposals and traffic safety campaigns. *<http://www.stm.or.kr/main.html>

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

SFMI systematically manages issues related with environment, society and governance and announces their results transparently to public using Sustainability Report, Annual Report of Governance and Annual Report each year.

GRI G4 Index

1. General Standard Disclosure

	Index	GRI	Page reference	External assurance	Note
Strategy and Analysis	G4-1	Statement from the most senior decisionmaker of the organization (incl. strategy relates to sustainability, impacts of the activities in relation to the stakeholders)	2-3	Yes	
	G4-2	Description of key impacts, risks, and opportunities	52-53	Yes	
Organizational Profile	G4-3	Name of the organization	4	Yes	
	G4-4	Primary brands, products, and / or services	4, 6	Yes	
	G4-5	Location of organization's headquarters	4	Yes	
	G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	4	Yes	
	G4-7	Nature of ownership and legal form	4	Yes	
	G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	4	Yes	
	G4-9	cale of the reporting organization	5	Yes	
	G4-10	The total workforce by employment type, gender, employment contract and region	24	Yes	
	G4-11	The percentage of total employees covered by collective bargaining agreements	27	Yes	
	G4-12	Describe the organization's supply chain	37	Yes	
Identified Material Aspects and Boundaries	G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	4	Yes	
	G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	7	Yes	
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	9	Yes	
	G4-16	List memberships of associations (such as industry associations)	9	Yes	
	G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures (List all entities in the consolidated financial statements)	60	Yes	
	G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles has been implemented	10	Yes	
	G4-19	List all the material Aspects identified in the process for defining report content	10	Yes	
	G4-20	The Aspect Boundary within the organization : Whether the Aspect is material within the organization:	10	Yes	
	G4-21	The Aspect Boundary outside the organization : Whether the Aspect is material outside the organization:	10	Yes	
	G4-22	Explanation the effect of any restatements of information provided in previous reports, and the reasons for such restatements	-	Yes	N/A
Stakeholder Engagement	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	-	Yes	N/A
	G4-24	The list of stakeholder groups engaged by the organization	8	Yes	
	G4-25	The basis for identification and selection of stakeholders with whom to engage	8, 10	Yes	
	G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	8, 10	Yes	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting : Report the stakeholder groups that raised each of the key topics and concerns	10	Yes	
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided	1	Yes	
	G4-29	Date of most recent previous report	1	Yes	
	G4-30	Date of most recent previous report	1	Yes	
	G4-31	Provide the contact point for questions regarding the report or its contents	1	Yes	
	G4-32	Table identifying the location of the Standard Disclosures in the report	74-79	Yes	
	G4-33	Policy and current practice with regard to seeking external assurance for the report	8	Yes	
	G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	47-50	Yes	
	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	9, 20-21	Yes	

2. Specific Standard Disclosure

	Index	GRI	Page reference	External assurance	
Economic	G4-DMA	Disclosure on Management Approach	11	Yes	
	G4-EC1	Direct economic value generated and distributed	15	Yes	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	40, 41	Yes	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	29	Yes	
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	34, 41	Yes	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	16, 41	Yes	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	15	Yes	
Environmental	G4-DMA	Disclosure on Management Approach	40	Yes	
	Materials	G4-EN1	Materials used by weight or volume	42, 43	Yes
		G4-EN2	Percentage of materials used that are recycled input materials	43	Yes
	Energy	G4-EN3	Energy consumption outside of the organization	42	Yes
		G4-EN5	Energy intensity	42	Yes
		G4-EN6	Reduction of energy consumption	42	Yes
		G4-EN8	Total water withdrawal by source	43	Yes
	Water	G4-EN9	Water sources significantly affected by withdrawal of water	43	Yes
		Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	43
	G4-EN13		Habitats protected or restored	43	Yes
	Emissions		G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	42
		G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	42	Yes

	Index	GRI	Page reference	External assurance	Note
Emissions	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	43	Yes	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	43	Yes	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	42	Yes	
	G4-EN20	Emissions of ozone-depleting substances (ODS)	-	Yes	N/A
	G4-EN21	NOx, Sox, and other significant air emissions	-	Yes	N/A
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	43	Yes	
	G4-EN24	Total number and volume of significant spills	-	Yes	N/A
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	Yes	N/A
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	-	Yes	N/A
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	42, 43	Yes	
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	76	Yes	0
Social					
Labor Practices and Decent work	G4-DMA	Disclosure on Management Approach	23	Yes	
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	24	Yes	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	26-29	Yes	
	G4-LA3	Return to work and retention rates after parental leave, by gender	29	Yes	
Labor / Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	76	Yes	30 days
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	44	Yes	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	45	Yes	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	44, 45	Yes	
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	26	Yes	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	25, 26	Yes	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	26	Yes	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	49	Yes	
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	27	Yes	
Human Rights	G4-DMA	Disclosure on Management Approach	27	Yes	
Investment	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	57	Yes	
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	27	Yes	
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	36, 55-58	Yes	
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	36, 55-58	Yes	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	36, 55-58	Yes	
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	0	Yes	
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	27	Yes	
Human Rights Grievance Mechanism	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	27	Yes	
Social					
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	30-35	Yes	
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	None	Yes	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	56-58	Yes	
	G4-SO4	Communication and training on anti-corruption policies and procedures	56-58	Yes	
	G4-SO5	Confirmed incidents of corruption and actions taken	56-58	Yes	
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	-	Yes	N/A
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	76	Yes	0
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	58	Yes	
Product Responsibility					
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	20	Yes	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	76	Yes	0
Product and Service Labeling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	76	Yes	0
	G4-PR5	Results of surveys measuring customer satisfaction	21	Yes	
Marketing Communications	G4-PR6	Sale of banned or disputed products	76	Yes	0
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	76	Yes	0
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	22	Yes	
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	58	Yes	



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