Report on PSI (Principles for Sustainable Insurance) in April 2016

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 will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

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 (P.12/13, 2016 Sustainability Report).

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

Environmental, Social Insurance Products and Services
As insurance products related with climate change, SFMI is providing Storm & Flood Insurance, Weather Insurance, New Renewable Energy Insurance and Mileage Auto Insurance (P. 44, 2016 Sustainability Report). 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 (P. 39, 2016 Sustainability Report).

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 (P. 45, 2016 Sustainability Report).

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 sustainable competitiveness, we are reinforcing support and monitoring activities for risks related to ethics, human right, social and environmental impacts.
Principle 3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

SFMI is engaged in various social responsibility activities in collaboration with the government and civil organizations to resolve social issues (P. 36-39, 2016 Sustainability Report).

Major Cooperators by Social Responsibility Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Activities</th>
<th>Cooperating Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Raise disability awareness</td>
<td>Korea National Institute for Special Education, Disabled Persons First Campaign Center</td>
</tr>
<tr>
<td>Research &amp; Education</td>
<td>Donate and sponsor scholarship for children’s education</td>
<td>Ministry of Education, Kids &amp; Future Foundation, Child Fund Korea, Safe Kids Korea</td>
</tr>
<tr>
<td>Culture &amp; Art</td>
<td>Preservation of cultural heritage</td>
<td>Cultural Heritage Administration, Korea Cultural Heritage Foundation</td>
</tr>
<tr>
<td>Environment Protection</td>
<td>Development of school forests</td>
<td>Korea Forest Service, Forest for Life</td>
</tr>
</tbody>
</table>

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 demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

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.