

# Corporate Governance Annual Report

**March 3, 2021**

**DB Insurance Co., Ltd.**

**As CEO of DB Insurance Co., Ltd., I certify that the Corporate Governance Annual Report is diligently prepared in accordance with applicable laws “Chapter 16-186, Hawaii Administrative Rules, Corporate Governance Annual Disclosure”.**

March 5, 2020

DB Insurance Co., Ltd.

CEO Jeong-nam Kim

*Jeongnam Kim*

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[Attachment #1] Outside Director Qualifications Review Report

[Attachment #2] Annual Report of Compensation System for 2020

# 1. Governance - General

## A. Principles and policies of governance

DB Insurance Co., Ltd. (“Company”), to secure its sustainable growth and protect the interests of its stakeholders including customers and shareholders, has established sound, transparent governance.

Thus, the Company, for checks and balances in its management, has authorized the board of directors (“Board”) and the management with ‘decision-making’ and ‘execution’ respectively, and had the management report the status of its ‘execution’ to the Board.

In order to ensure that the BOD can actually exercise the function of checking senior management, the BOD is given the authority to appoint and dismiss executive officers (including supervisors) such as the CEO. Also, outside directors are given authority to request information while the Company is obligated to provide information to them, thus supporting the BOD’s function of checking senior management.

To prevent the Board’s aforesaid function of checking management from being weakened due to collusion with management, a majority of the Board members are independence-verified outside directors.

End of 2020	All directors	Outside directors	Inside directors
No. of directors	4	3	1

※ Young Man Kim, Inside director, resigned in the middle as of Aug. 31, 2020

The company limits inside director’s terms of service to 3 years, and the company will appoint new inside director on the next Board meeting based on the related Articles to replace Young Man Kim who resigned in the middle.

The Company limits outside directors’ terms of service to 6 years, and to 9 years when including the same in its affiliates, thus preventing outside directors from serving for too long a period. Also, to check outside directors’ self-entrenchment and secure objectivity and independence in candidate recommendation, the Company has formed an outside director candidate pool and fills a majority of the Executive Candidate Nomination Committee with outside directors. And in re-elections of an outside director who is also a member of the Executive Candidate Nomination Committee, the Executive Candidate Nomination Committee Regulation restricts such member’s voting right in his/her own nomination or self-nomination.

Also, for its members’ expertise and diverse perspectives, the Board, a key decision-making body of the Company, is composed of members with diverse expertise (as of the end of 2019, 2 members with background in insurance management, 2 members in finance and economy, and 1 member in insurance business administration), so that a specific background and occupational category will not prevail. Periodic and non-periodic meetings are held from time to time among the members for maximum convergence of their expertise and for supplementation of their weaknesses, in an effort for efficient solution of various tasks and challenges faced by the Company.

Lastly, for disclosure of governance principles and policies and their operational results, the Company makes available key items including its Articles of Incorporation, Internal Code of Governance, the Charter of Corporate Governance, and the Code of Ethics in its website, the Integrated Sustainable Management Report, etc., and makes available its Articles of Incorporation, activities of the Board and its subcommittees, etc. in the Financial Supervisory Service’s (“Financial Supervisory Service”) electronic disclosure system.

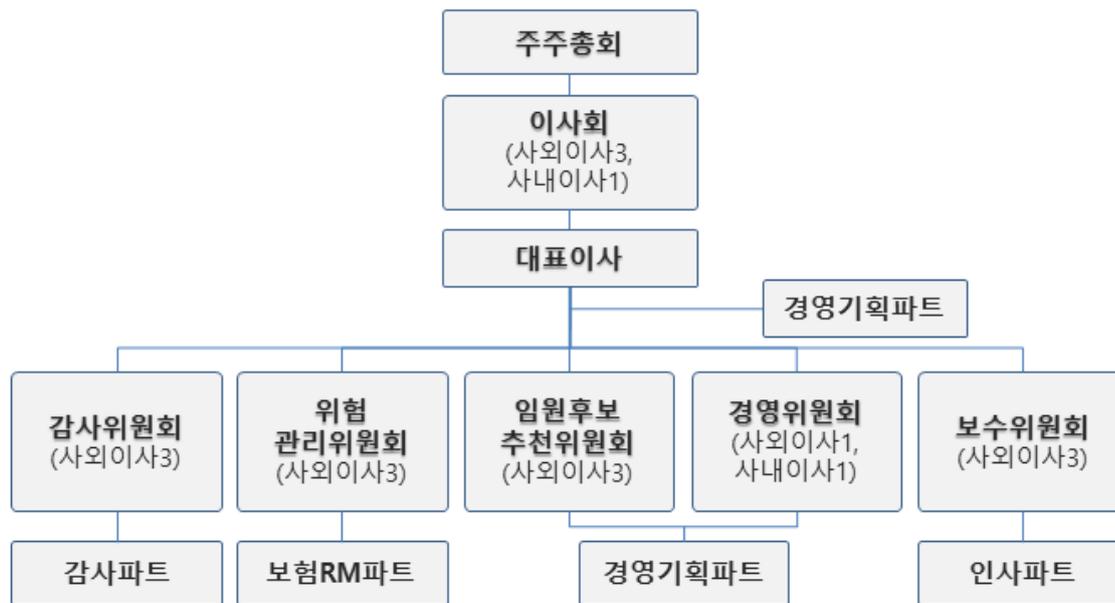
Details can be checked in the sites below.

(The Company’s website: <http://www.idbins.com/>, Financial Supervisory Service’s electronic disclosure system: <http://dart.fss.or.kr>)

The Company will maintain sound, transparent governance principles capable of responding to changes in its business environment and the market.

## B. Composition of governance

### (1) Organizational chart



주주총회	General Meeting of Shareholders
이사회 (사외이사3, 사내이사1)	Board of Directors (Outside Director: 3, Inside Director: 1)
대표이사	CEO
경영기획파트	Management Planning Part
감사위원회 (사외이사3)	Audit Committee (Outside Director: 3)
위험 관리위원회 (사외이사3)	Risk Management Committee (Outside Director: 3)
임원후보 추천위원회 (사외이사3)	Executive Candidate Nomination Committee (Outside Director: 3)
경영위원회 (사외이사1, 사내이사1)	Management Committee (Outside Director 1, Inside Director: 1)
보수위원회 (사외이사3)	Compensation Committee (Outside Director: 3)
감사파트	Audit Part
보험 RM파트	Insurance RM Part
경영기획파트	Management Planning Part
인사파트	HR Part

### (2) Characteristics of governance

As the Company's highest decision-making body, the Board, in order to strengthen its function of checking management, has the authority to appoint and dismiss the CEO, Chairman of the Board, and executives, and tries to enhance its function of checks and balances (e.g., electing a senior outside director under the Board of Directors Regulation in cases where an inside director is elected as Chairman of the Board).

The Company satisfies the statutory levels regarding the number and percentage of outside directors ('3' and '75%') in its Board, has directors with diverse expertise and backgrounds in the Board thus leading to enhanced soundness and transparency of the Board's decision-making, and by conducting periodic evaluation of the Board and operating CEO and outside director candidate pools, enhances soundness and transparency of the Board.

In December 2015, the Company, to establish a responsible management system with mid/long-term perspectives, enacted the CEO Succession Regulation to create conditions for responsible management through merit-based appointment of the management, clarification of roles, and delegation of necessary authorities. With the Act on Corporate Governance of Financial Companies (the “Act”) becoming effective in August 2016, the Company enacted the Internal Code of Governance overseeing operation and management of its entire governance system (October 2016).

For soundness and transparency of its governance, the Company discloses details of the Internal Code of Governance and the Board of Directors Regulation on its website, etc.

### **(3) Subcommittees of the Board**

The Company has 5 subcommittees (Audit Committee, Risk Management Committee, Compensation Committee, Management Committee, and Executive Candidate Nomination Committee) in the Board.

**Audit Committee** was created for reasonableness or adequacy of the Company’s overall internal control system and for audit of the Company’s accounting and operation in accordance with applicable laws, and performs its duties independently of the Board and the executive bodies. All three members are outside directors recommended by the Executive Candidate Nomination Committee as Audit Committee members and were elected at the general meeting of shareholders. One outside director who is also an Audit Committee member was separately elected.

**Executive Candidate Nomination Committee** was created to secure transparency and independence in the election of the CEO, outside directors, and Audit Committee members, and for transparency and soundness, is composed of **3 outside directors**. It resolves on matters delegated as necessary by the Board, including nomination of candidates for outside directors to be elected in the general meeting of shareholders, and management and screening of the outside director candidate pool. The Executive Candidate Nomination Committee member’s voting right in his/her own nomination or self-nomination is restricted.

**Risk Management Committee** was created for efficient supervision of risks in the Company’s business and for upgrading of the risk management system through policy formulation, and for its own expertise and fairness, all of its 3 members are outside directors. The committee resolves on and reports matters delegated by the Board as necessary for risk management, including formulation of basic policies of risk management and enactment/revision of risk management regulations. For diversity and expertise in its members, it is composed of **2 members with a background in finance and economy, and 1 member with a background in insurance business management**.

**Management Committee** was created for efficient decision-making in the Board’s operation and for handling of urgent or frequent management issues, and is composed of 2 inside directors. The committee resolves management matters delegated by the Board, including relocation/closure of branches, and appointment/dismissal of business managers.

**Compensation Committee** was created to check operation, management and implementation of the employee performance compensation system, and continuously check the link between employee performance compensation system and finance/risk, and for expertise and fairness, is entirely composed of 3 outside directors. The committee resolves on designing and reasonableness review of the employee performance compensation system, checking of annual compensation system, and determination of performance compensation’s coverage.

#### (4) Current status of governance

In the Company, the Board and its 5 subcommittees (Audit Committee, Executive Candidate Nomination Committee, Risk Management Committee, Compensation Committee, and Management Committee) deliberate on and resolve important matters of management.

Bodies/organs of the Company	Key roles	No. of members (Outside directors)	Chairman	Applicable regulations
Board of Directors	The Company's highest decision-making body	4 (3)	Jeong-nam Kim (Inside director)	Articles of Incorporation (Articles 24 through 35) Internal Code of Governance (Articles 4 through 6) Board of Directors Regulation
Audit Committee	Accounting/operational audit, etc.	3 (3)	Seong-kook Kim (Outside director)	Articles of Incorporation (Articles 36 through 38) Internal Code of Governance (Article 16) Audit Committee Regulation
Executive Candidate Nomination Committee	Nominate director candidates, etc.	3 (3)	Seong-kook Kim (Outside director)	Articles of Incorporation (Article 33) Internal Code of Governance (Article 15) Executive Candidate Nomination Committee Regulation
Risk Management Committee	Company-wide risk management, etc.	3 (3)	Seung-woo Lee (Outside director)	Articles of Incorporation (Article 33) Internal Code of Governance (Article 17) Risk Management Committee Regulation
Compensation Committee	Performance compensation for major executives/employees, etc.	3 (3)	최정호(사외) Jeong-ho Choi (Outside director)	Articles of Incorporation (Article 33) Internal Code of Governance (Article 18) Compensation Committee Regulation
Management Committee	Resolutions on management issues, etc.	2 (1)	Jeong-nam Kim (Inside director)	Articles of Incorporation (Article 33) Internal Code of Governance (Article 20) Management Committee Regulation

※ Attached materials (Governance-related internal regulations)

- Articles of Incorporation
- Internal Code of Governance
- Board of Directors Regulation
- Audit Committee Regulation
- Executive Candidate Nomination Committee Regulation
- Risk Management Committee Regulation
- CEO Succession Regulation
- Internal Controls Guideline

## 2. Board of Directors

### A. Roles (Authorities and responsibilities)

#### (1) Overview

The Board, the Company's highest decision-making body on key matters, supports the management to conduct responsible management on the basis of sound management, and performs decision-making on the Company's key matters in support of the management's rational business activities.

For the foregoing, the Board consists of members with professional competencies and careers in various fields so that the Board's in-depth review and deliberations of agenda items through efforts to secure the Board's diversity and expertise will

enable solid decision-making for the Company's key issues, and if necessary, actively utilizes internal/external experts' assistance.

Also, considering the request to expand the size of the Board as required by the spread of principles of responsible investment (e.g., 'Studentship Code') and its obligation to have at least 1 female director as required by **an amendment of the Financial Institution Governance Structure Act(pending in congress)** and the amended Capital Market and Financial Investment Act (February 2020)<sup>n)</sup>, the Company is reviewing gradual expansion of the size of the Board, and in addition, will comprehensively review how to improve the director compensation system and cap to maintain and manage director candidates with expertise and diversity and to form a competitive Board.

Note) "Not all directors of the Board shall belong to the same gender" (enforced in August 2022)

## **(2) Specific roles**

The Board deliberates and decides matters prescribed by the laws or Articles of Incorporation, matters delegated by the general meeting of shareholders, basic policy of the Company's management, and other important matters on the Company's business, and supervises the directors' and executives' execution of duties.

### **I. Establish and evaluate management goals and strategies**

The Board has final say over key decision-making matters such as approval of the Company's business plan (Article 30 of the Articles of Incorporation, Article 6 of the Internal Code of Governance, and Article 10 of the Board of Directors Regulation).

As for the Company's 2021 management goals and strategies, the draft was prepared by the management in the 4<sup>th</sup> quarter of 2020, and was finally approved by the Board (No. 54-10 Board meeting of December 2020), and the 2020 management performance was evaluated as well. Disclosure thereof was made in the Financial Supervisory Service's electronic disclosure system (dart.fss.or.kr)

**Direction of 2021 Management Strategy: Secure differentiated business competitiveness based on management efficiency**

- ① Implementation of Digital Transformation to secure future growth engines
- ② Increase profitability-oriented M/S by securing competitiveness of each channels
- ③ Implementation of Qualitative growth by New Contracts' Value
- ④ Strengthening proactive management for competitive advantage in loss ratio
- ⑤ Continuous increase in investment profit through management of retained profit source

- Key management goals: To be announced through IR disclosure on the homepage ([www.idbins.com/pc/bizxpress/cmy/inv/ir/list.jsp](http://www.idbins.com/pc/bizxpress/cmy/inv/ir/list.jsp)).

## II. Revise the Articles of Incorporation

The Board deliberates on and resolves the proposed amendment to the Articles of Incorporation to be submitted to the general meeting of shareholders (Commercial Act §393-2, Board of Directors Regulation §10).

There was no revision of the articles of Incorporation in The 53<sup>rd</sup> annual general meeting of shareholders (March 13, 2020. the Act on Electronic Registration of Stock and Bonds ('Electronic Securities Act') and the Act on External Audit of Joint-Stock Companies ('External Audit Act') were passed in the 52<sup>nd</sup> annual general meeting of shareholders (March 15, 2019) last year.

- Key changes in the 52<sup>nd</sup> annual general meeting of shareholders (March 15, 2019)

Category	Key contents	Statutory bases
<b>Reflect matters of electronic registration of stock certificates, etc.</b> (Article 7, etc.)	<ul style="list-style-type: none"> <li>- Amend clauses on electronic registration of stock certificates, etc. under the Electronic Securities Act</li> <li>- (Article 7) Reflect rights-related matters to be indicated on the Company-issued stock certificates at the time of electronic registration</li> <li>- (Article 10) Reflect changes in stock transfer agent's job</li> <li>- (Article 11) Delete unnecessary clauses as a result of adopting electronic registration</li> </ul>	Electronic Securities Act, Article 25
<b>Reflect matters of issuance and electronic registration of bonds</b> (Article 12)	<ul style="list-style-type: none"> <li>▪ Insert new clauses on the issuance of bonds under the Commercial Act and the electronic registration of bonds under the Electronic Securities Act</li> <li>- Reflect rights-related matters to be indicated on the Company-issued bonds at the time of electronic registration</li> </ul>	Commercial Act, Article 469, Electronic Securities Act, Article 25
<b>Reflect matters of appointment of external auditor</b> (Article 40-2)	<ul style="list-style-type: none"> <li>▪ Amend clauses on the method of appointing external auditor</li> <li>- Changed from appointing external auditor with Audit Committee's approval, to appointing the same as selected by Audit Committee</li> </ul>	External Audit Act, Articles 10 & 12

※ Effective date of amendment: March 15, 2019

## III. Approve budget and settlement of accounts

The Board approves the Company's budget together with its key business plans, and deliberates and resolves on the settlement of accounts (including dividends) to be submitted to the general meeting of shareholders (Article 30 of the Articles of Incorporation, Article 10 of the Board of Directors Regulation).

As for the Company's 2019 settlement of accounts, the draft prepared by the chief internal accounting manager was deliberated and resolved by the Board (No. 54-1 Board meeting of February 2020), and then after review by the external auditor and prior report to the Audit Committee, was finally deliberated and resolved by the Board (No. 54-2 Board meeting) as follows. The Company's 2021 budget (business budget), together with its 2021 business plan, was approved by the Board (No. 54-10 Board meeting of December 2020).

- No. 54-1 Board meeting: Approved financial statements, etc. for the 53<sup>rd</sup> fiscal year (Agenda item submitted in the 53<sup>rd</sup> AGM (annual general meeting of shareholders))

(Unit: 100 million Won)

Non-consolidated		Consolidated	
Direct premiums written	130,270	Revenue <sup>Note 1)</sup>	186,761

Operating profit Note 2)	5,050	Operating profit Note 2)	5,116
Net profit	3,727	Net profit	3,823
Total assets	436,670	Total assets	557,778
Total liabilities	379,464	Total liabilities	496,287
Total equities	57,207	Total equities	61,491
Dividends (KRW 1,500 per share)			949

Note 1) Revenue: Operating revenue in the published financial statements

Note 2) Operating profit: Operating profit/loss in the published financial statements

#### IV. Material organizational changes such as dissolution, business transfer and merger

The Board deliberates and resolves on matters prescribed by applicable laws (e.g., materials issues such as merger, division, and dissolution of companies, and business transfer under the Commercial Act (Article 393) and such matters as the Board or CEO deems necessary (Article 6 of the Internal Code of Governance, Article 10 of the Board of Directors Regulation).

The Management Committee, upon the Board's delegation under the Corporate Governance of Financial Companies Act, deliberates and resolves on establishment, relocation, or closure of branches, offices, etc. under the Commercial Act.

The Board deliberated and resolved on significant changes to the organization such as the equity investment in overseas corporation (No. 54-8 and No. 54-9 Board meeting) and etc. in 2020

#### V. Establish and evaluate governance principles and policies (e.g., CEO succession)

Corporate governance principles and policies covering management succession, etc. are established and operate in accordance with applicable laws, Articles of Incorporation, internal rules on corporate governance, BOD Regulations, etc. Every year, adequacy of the corporate governance-operating system is checked through evaluation of the BOD, etc.

The Board provided for CEO succession requirement, procedure, etc. in the 'CEO Succession Regulation' (enacted in December 2015; No. 49-13 Board meeting) and the 'Internal Code of Governance' (enacted in November 2016; No. 50-7 Board meeting) and operates its CEO candidate pool, continuing its efforts to enhance soundness and transparency of governance. And fostering candidates for CEO is specified in the role of CEO. The company reports the procedures for CEO succession, status of the candidate pool, etc. to the Committee for Executive Candidate Nomination and the committee reviews the appropriateness at least once a year.

#### VI. Manage and supervise conflicts of interest

The Board operates in accordance with applicable laws, Articles of Incorporation, Internal Code of Governance, Board of Directors Regulation, etc.

The company promoted the establishment of internal regulations and consultative body to manage and supervise financial and management risks and conflicts of interest.(will be enforced on June 30, 2021) as the company is a representative company of the Financial Conglomerate Group under the Act on Supervision of Financial Conglomerate Group (hereinafter referred to as the Financial Group Supervision Act) (Dec. 29, 2020)

The BOD deliberates, in advance, on possible conflicts of interest such as internal transactions through the Group Compliance Department, Group Risk Management Department and Group consultative body composed of financial affiliates, and receives periodic reports on the results of regular audit activities by the Audit Committee

The Board deliberates in advance, through the Internal Transaction Committee, potential conflicts of interest (e.g., internal transactions), and receives periodic reports on the result of the Audit Committee's pre-audit thereof.

In cases of potential conflicts of interest, the Board may request additional materials for review, and directors with special interest in the Board's agenda items may not exercise votes in such items.

Any conflict-of-interest transaction or item failing to meet the resolution requirement prescribed by the Board or applicable laws due to Board members' objections, etc. may be restricted.

#### VII. Establish and evaluate internal control standards

The Company has established internal control standards which set forth the basic procedure and standards to be followed by executives/employees in conducting their job in accordance with the Act in order to protect sound management and insurance policyholders and the roles and responsibilities of chief compliance officer. The chief compliance officer who oversees operation of the company-wide internal control system and the department directed by him/her from time to time check compliance with the internal control standards, make improvements thereof, and thereby secure social trust and managerial stability through upright, ethical management

Audit Committee, where it decides that a director has acted, or is likely to act, in violation of the laws or Articles of Incorporation, shall report the same to the Board (Article 10 of the Internal Code of Governance, Article 11 of the Board of Directors Regulation).

## **VIII. Establish and evaluate risk management standards**

The Board has established and operates the Risk Management Committee as its subcommittee in accordance with the Act and related regulations (Articles 14 & 17 of the Internal Code of Governance). The Risk Management Committee establishes company-wide risk management strategies, supervises important matters on risk management, performs decision-making, and implements preliminary inspections of the corporate group capital adequacy by internal transactions under the Financial Group Supervision Act.

A total of 6 Risk Management Committee meetings were held in 2020, and the committee acted as a decision-making body which decides important agenda items such as revision of risk management regulations and strategies on risk management.

## **IX. CEO Succession**

The Company, to create conditions of responsible management by establishing a responsible management system with mid/long-term perspectives, appointing management based on abilities, clarifying their roles, and delegating necessary authorities, has enacted, through the Board's resolution, the CEO Succession Regulation (December 2015) containing CEO succession process, contingency plan, etc. and the Internal Code of Governance (October 2016).

The BOD resolves or decides on amendment of the CEO Succession Regulation detailing the procedures for CEO succession and the Executive Candidate Nomination Committee Regulation, and receives reports on management of the CEO candidate pool once a year.

### **B. Composition (Directors)**

#### **(1) Overview**

The Commercial Act and the Act require that the number of outside directors shall account for a majority of the Board and number at least 3 (Article 24 of the Articles of Incorporation). Thus, the Company has 3 outside directors in addition to 2 inside director, and to prevent inefficiency in operation of the Board due to need for coordination among directors such as scheduling, the Articles of Incorporation sets the total number of registered directors between 3 and 10. Currently the Board is composed of one CEO and three outside directors since the mid-term resignation of one inside director in Aug. 2020, and the vacancy resulting from mid-term resignation will be newly appointed at the next shareholders' meeting.

As of the end of 2020, the Board consists of 4 directors (3 outside directors and 1 inside directors), and in terms of expertise, 1 directors are from the field of insurance management, 2 directors from the field of finance and economy, and 1 director from the field of insurance studies.

Under the Articles of Incorporation, the term of office is 3 years for inside directors (including CEO), and 1 year for outside directors. The directors can serve consecutive terms, but outside directors cannot serve in a company for more than 6 years (9 years when including affiliates) as per the Act (Article 26 of the Articles of Incorporation). The rationale is to guarantee reasonable term of office for inside directors and lead them to participate in decision-making from a "responsible management" perspective through substantial use of annual outside director evaluation results, and maintain outside directors' independence and objectivity, thus enabling pursuit of sound, transparent operation of the Board.

In the March 2020 annual general meeting of shareholders, as for the 3 outside directors with term of office expiring, three (Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi) were re-elected. As for CEO, outside directors and Audit Committee members, the Executive Candidate Nomination Committee screens those meeting qualifications under

applicable laws and recommend candidates, after which the foregoing are elected by resolutions of the Board and then the general meeting of shareholders.

The Executive Candidate Nomination Committee-supporting department operates and manages CEO and outside director candidate pools consisting of persons with various experiences and professional knowledge, and in cases of vacancy, shall select suitable candidates from the candidate pool and recommend them to the Board (Article 9 of the Executive Candidate Nomination Committee Regulation).

CEO Jeong-nam Kim was elected as Chairman of the Board, for reinforced, timely response to changes in the management environment and for greater efficiency in operation of the Board. CEO Jeong-nam Kim, with deep understanding of the Company and expertise in the industry, serving as **CEO and Chairman of the Board for the past 11 years (2010 to 2020)**, was recommended and then elected as chairman by consent of all other directors. This was thanks to his continuous efforts for efficient operation of the Board and sustainable growth of the Company based on various experience and knowledge in general insurance business and the financial industry as a whole. Article 30 of the Articles of Incorporation requires that in cases where a non-outside director is elected as chairman, a “senior outside director” be elected so that the Board’s independence and checks against management are not damaged, so outside director Seong-kook Kim, having broad experience in finance and understanding of the vision of the Company and issues of insurance industry thanks to his continuous efforts for transparent, fair operation of the Board based on various experiences and knowledge in financial industry, was recommended then elected as senior outside director with consent of all directors except the candidate himself (March 2019).

## (2) Members

(As of December 31, 2020)

Name	Type	Position	Initial date of election - Expiry of term	Subcommittees served
Seong-kook Kim	Outside director (1 year)	Senior outside director, Chairman of Audit Committee, Chairman of Executive Candidate Nomination Committee	Mar 18, 2016 - Mar 13, 2021 (5 years of service)	Audit Committee, Risk Management Committee, Compensation Committee, Executive Candidate Nomination Committee Management Committee
Seung-woo Lee	Outside director (1 year)	Outside director, Chairman of Risk Management Committee	Mar 17, 2017 - Mar 13, 2021 (4 years of service)	Audit Committee, Risk Management Committee, Compensation Committee, Executive Candidate Nomination Committee
Jeong-ho Choi	Outside director (1 year)	Outside director, Chairman of Compensation Committee	Mar 15, 2019 - Mar 13, 2021 (2 years of service)	Audit Committee, Risk Management Committee, Compensation Committee Executive Candidate Nomination Committee
Jeong-nam Kim	Inside director (1 year)	CEO/President, Chairman of the Board, Chairman of Management Committee	Jun 12, 2009 – Mar 13, 2021 (11 years of service)	Management Committee

## (3) Career - Summary

Name	Major career
Seong-kook Kim (Outside director)	(Former) Ministry of Finance, Financial Services Commission (Former) Vice President of Korea Securities Finance Corp. (Former) CEO/President of IBK Credit Information (Former) Non-executive director of KAMCO

Seung-woo Lee (Outside director)	(Former) Vice Chairman of Financial Supervisory Commission (Former) President of Deposit Insurance Corporation (Former) Outside director of Samsung Securities (Current) Outside director of Hanwha life insurance
Jeong-ho Choi (Outside director)	(Former) Actuarial Standards Committee member of Financial Supervisory Service (Former) Director of Korean Insurance Academic Society (Former) Director of Korea Risk management Academic Society (Current) Professor of business administration, Sogang University
Jeong-nam Kim (CEO, inside director)	(Former) DB Insurance, Vice President overseeing management support (Former) DB Insurance, Vice President heading New Business Division (Former) DB Insurance, Vice President heading Personal Business Division (Current) DB Insurance, CEO and Vice Chairman

## C. Activities

### (1) Activities overview

In 2020, a total of 10 Board meetings were held, and the 4 directors' average attendance rate was 100%.

Through active participation in the Board and statement of opinions based on strong interest and sense of responsibility, the directors contributed to transparent, sound operation of the Board.

### (2) Meetings held

All of the directors were present at all the BOD meetings, and the agenda items of the BOD were as follows.

#### ▶ No. 54-1 Board meeting

- Date: January 30, 2020

- Date of notice: January 22, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (5 reports)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 - Approval of financial statements and business report for the 53 <sup>rd</sup> fiscal year	Concur	Concur	Concur	Unanimously approved
B. Agenda No. 2 - Approval of acquisition of treasury stock	Concur	Concur	Concur	Unanimously approved

1) Report key matters and plans, and duties of credit information manager/protector, report operation of the lawsuit review committee, and report implementation of the resolutions of the No. 53 Board meetings, report key matters of reorganization, report key plans.

2) A. Review and approve financial statements, etc. for the 53<sup>rd</sup> fiscal year

B. Approve acquisition of treasure stock to enhance shareholder value

▶ **No. 54-2 Board meeting**

- Date: February 26, 2020
- Date of notice: February 18, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (8 reports)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 Convening of the 53 <sup>rd</sup> general meeting of shareholders and its agenda items fixed	Concur	Concur	Concur	Unanimously approved

- 1) Report senior actuary's assurance opinion, report internal control system and its operational check results, report internal accounting management system's operation status and evaluation results, report audit results, and report audit results of Anti-money laundering work, and report the inspection results for overseas real estate and SOC investments, and report donations to affiliated public-interest corporations and the results of adequacy check and evaluation, report BOD evaluation and director candidate pool operation
- 2) Set the schedule and agenda items of the 53<sup>rd</sup> annual general meeting of shareholders

▶ **No. 54-3 Board meeting**

- Date: March 13, 2020
- Date of notice: March 05, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters	-			
4. Resolutions <sup>1)</sup>				
A. Agenda No. 1 - Election of the Board chairman and the senior outside director	Concur	Concur	Concur	Unanimously approved by the attending directors
B. Agenda No. 2 - Election of subcommittee members	Concur	Concur	Concur	Unanimously approved by the attending directors
C. Agenda No. 3 - Approval of (proposed) directors' compensation for the 54 <sup>th</sup> fiscal year	Concur	Concur	Concur	Unanimously approved by the attending directors
D. Agenda No. 4 - Regulation Amendment of Corporate Governance Structure	Concur	Concur	Concur	Unanimously approved by the attending directors
E. Agenda No. 5 - DB Life Convertible Preferred Stock retention	Concur	Concur	Concur	Unanimously approved by the attending directors
F. Agenda No. 6 - DB Capital credit extension	Concur	Concur	Concur	Unanimously approved by the attending directors

- 1) A. Elect senior outside director as a result of electing a non-outside director Chairman of the Board

- B. Form subcommittees (each subcommittee chairman to be elected by the relevant subcommittee)
- C. Approve directors' compensation as delegated by annual general meeting of shareholders
- D. Amendments to the regulations of the board of directors and the committees within the board of directors under the Act on the Governance Structure of Financial Companies, etc.;
- E. DB Life Convertible Preferred Stock retention
- F. DB Capital credit extension

▶ **No. 54-4 Board meeting**

-Date: March 19, 2020

-Date of notice: March 11, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters	-			
4. Resolutions <sup>1)</sup>				
A. Agenda No. 1 - Approval of acquisition of treasury stock	Concur	Concur	Concur	Unanimously approved

1) Approve acquisition of treasure stock to enhance shareholder value

▶ **No. 54-5 Board meeting**

- Date: April 17, 2020

- Date of notice: April 9, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (1 report)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 - Amendments of DB Capital Credit contribution	Concur	Concur	Concur	Unanimously approved

1) Report the results of the acquisition of Treasury stock

2) Amendments of DB Capital Credit contribution (No. 54-3 Board meeting resolution)

▶ **No. 54-6 Board meeting**

- Date: May 29, 2020

- Date of notice: May 21, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	

3. Comments on reported matters <sup>1)</sup>	No particular comments (1 report)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 - Approval of inherent risks and solvency evaluation results, etc.	Concur	Concur	Concur	Unanimously approved
B. Agenda No. 2 - Amendment of Group Risk Management Guideline	Concur	Concur	Concur	Unanimously approved
C. Agenda No. 3 - Contribution to affiliated public-interest corporation	Concur	Concur	Concur	Unanimously approved
D. Agenda No. 4 - Appointment of New Actuary of US Branch	Concur	Concur	Concur	Unanimously approved

1) Report business results for 1<sup>st</sup> Quarter of 2020

2) A. Approval of inherent risks and solvency evaluation results and improvement plan, etc.

B. Revision of the Group Risk Management Standards under the revision of the Financial Group's Best Practices for Supervision, etc.;

C. Support affiliated public-interest corporation's social contribution activities to implement corporate social responsibility

D. Change the local actuary firm to streamline U.S. Branch operations

► **No. 54-7 Board meeting**

- Date: July 13, 2020

- Date of notice: July 03, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters	-			
4. Resolutions <sup>1)</sup>				
A. Agenda No. 1 - Appointment of non-registered executives	Concur	Concur	Concur	Unanimously approved

1) Approve appointment of non-registered executives

► **No. 54-8 Board meeting**

- Date: August 21, 2020

- Date of notice: August 13, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (2 reports)			
4. Resolutions <sup>2)</sup>				

A. Agenda No. 1 - Approval of investment in overseas corporation	Concur	Concur	Concur	Unanimously approved
A. Agenda No. 1 - The establishment of internal control standards for financial groups, etc.	Concur	Concur	Concur	Unanimously approved

- 1) Report business results for 1st half of 2020, and report decisions on directors' compensation
- 2) A. Approval of the investment in overseas corporation
  - B. The establishment of internal control standards for financial groups though the amendment of Best Practices for Supervision of Financial Group

▶ **No. 54-9 Board meeting**

- Date: November 25, 2020
- Date of notice: November 17, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (2 report)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 - Approval to participate in DB Life's paid-in capital increase.	Concur	Concur	Concur	Unanimously approved
B. Agenda No. 2 - Approval of investment in overseas corporation	Concur	Concur	Concur	Unanimously approved
C. Agenda No. 3 - Election of subcommittee members	Concur	Concur	Concur	Unanimously approved

- 1) Report business results for 2019 3Q, and report result and improvement plans of Financial Group Risk Management Status Assessment
- 2) A. Increase capital of DB Life Insurance (subsidiary)
  - B. Approve acquisition of shares in overseas corporation
  - C. Approve the change of the committee within the 54th Board of Directors.

▶ **No. 54-10 Board meeting**

- Date: December 21, 2020
- Date of notice: December 11, 2020

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (2 reports)			
4. Resolutions <sup>2)</sup>				

A. Agenda No. 1 - Approval of (proposed) 2021 business plan	Concur	Concur	Concur	Unanimously approved
B. Agenda No. 2 - Approval of internal transaction with DB FIS Co., Ltd.	Concur	Concur	Concur	Unanimously approved
C. Agenda No. 3 - Approval of internal transaction with DB Life Insurance Co., Ltd.	Concur	Concur	Concur	Unanimously approved
D. Agenda No. 4 - Appointment of non-registered executives	Concur	Concur	Concur	Unanimously approved

- 1) Report capital increase for U.S. Investment Adviser subsidiary, and report results of Guam branch audit
- 2) A. Approve next-year management strategies, goals and budget, etc.  
B. Approve disclosure of IT service contracts with affiliates and expected quarterly transaction volume  
C. Approve retirement pension transactions with affiliates  
D. Approve appointment of non-registered executives

## **D. Job evaluation for the Board and directors**

### **(1) Evaluation of the Board**

The purpose of evaluation of the Board is to periodically review whether the Board adequately performs the roles and responsibilities required by law, the Company's internal regulations, etc. The result of such evaluation is used to check whether the Board adequately performs its role as the Company's key decision-making and management-supervising body and to support sound, transparent operation of the Board.

After the end of each fiscal year, the Company evaluates adequacy of the Board's operations based on the Board's and its subcommittees' composition and operations of the previous year.

Specific checking items are categorized into ① composition, ② roles and responsibilities, and ③ operation, which are then subdivided into 8 sub-items, with '5' as full score for each item, in the evaluation. Items of evaluation of the Board include reasonableness or adequacy of size and composition of the Board and its subcommittees, timing of meetings, agenda items resolved, agenda implementation rate, attendance rate, etc., and evaluation is conducted by considering reasonableness or adequacy of agenda item submission/deliberation, consideration of ethical, social responsibilities, reasonableness or adequacy of information provided, etc.

Such checking of the Board is conducted through multi-dimensional evaluation such as written examination of the Board meeting attendance rate, Board meeting minutes, Board members, etc. The evaluation procedure is led by the Board but its details are delegated to the department supporting the Board.

<Evaluation of Board and subcommittees>

Category	① Composition	② Roles & responsibilities	③ Operational adequacy	Conclusion
<b>Board</b>	Statutory requirements met	<ul style="list-style-type: none"> <li>▪ Attendance rate: 100%</li> <li>▪ Implementation rate: 100%</li> <li>▪ Mandatory meeting requirement (quarterly) met</li> </ul>	Members' self-evaluation <sup>n.)</sup> shows that committees operate adequately	Being operated transparently and objectively, according to their roles
<b>Audit Committee</b>				
<b>Risk Management Committee</b>				
<b>Executive Candidate Nomination Committee</b>				
<b>Compensation Committee</b>				
<b>Management Committee</b>		<ul style="list-style-type: none"> <li>▪ Attendance rate: 100%</li> <li>▪ Implementation rate: 100%</li> </ul>		

<sup>n.)</sup> Adequacy of agenda deliberation/resolution, adequacy of communication and expertise supplementation among members, adequacy of data/information provision, and consideration of social/environmental issues and public interest in decision-making

**(2) Criteria of job evaluation for directors**

The criteria of job evaluation for directors are divided between outside directors and inside directors. Evaluation is conducted once a year after the end of each fiscal year, and the result of evaluation, separate from performance evaluation linked with compensation for executives/employees, is being utilized in the review for re-election of directors.

Evaluation of outside directors: See 'F. Evaluation of outside directors' in '4. Outside Directors' Activities, Compensation, Etc.'

Evaluation of inside directors:

Evaluation of inside directors, conducted to check the Board members' diligence in operation of the Board, is being used as reference for efficient and sound operations of the Board, selection of inside director candidates, etc. The result of the evaluation is calculated as the average value of evaluation of the Board, evaluation of the subcommittees participated by each director, etc.

✓ Jeong-nam Kim (CEO/Vice Chairman): Received high evaluation, based on leading the Board and subcommittee (Management Committee) efficiently and fairly as the Board chairman and CEO

**E. Reason for electing non-outside director Chairman of the Board**

Under the Company's Internal Code of Governance, the Chairman of the Board shall be elected from the directors each year by resolution of the Board. When the Board elects a non-outside director member as its chairman, the Company shall disclose the reason thereof under Article 13 of the Act, and elect, from the outside directors, a 'senior outside director' representing the outside directors.

Under the Act, the senior outside director shall convene and preside over meetings of the 'board of outside directors' composed of all outside directors, request support for outside directors' efficient performance of duties and for enhancement of outside directors' responsibility or accountability.

As the Board of directors of the representative company in accordance with the existing 'Model Standards for Supervision of Financial Group' and the newly enacted (December 29, 20) Act on Supervision of Financial Conglomerate Group (enforced on June 30, 21), the Board is assigned roles and responsibilities related to risk

management/internal control for the financial soundness of financial affiliates and conflicts of interest in internal transactions. The Board of directors is headed by CEO worked out the new system was able to be stabilized early and efficiently.

The Company elected CEO Jeong-nam Kim as Chairman of the Board on the grounds that he had shown solid leadership as Chairman of the Board and endeavored for sustainable business performance and efficient operation of the Board as the Company's CEO, and elected, as senior outside director, outside director Seong-kook Kim on the grounds that he had been actively participating in fair, transparent operation of the Board based on various experiences in the financial industry and deep understanding of the Company.

### 3. Executive Candidate Nomination Committee

#### A. Authorities and responsibilities

The Company has created the Executive Candidate Nomination Committee in its Board in order to nominate CEO's, outside directors' and Audit Committee members' candidates who have competency and expertise befitting the Company's strategic goals, conducts qualification screening required by applicable laws and the Model Practice on Financial Companies' Governance (e.g., forming and operating CEO and outside director candidate pools), and nominates candidates for outside directors to be elected in the general meeting of shareholders, by considering major careers and expertise, etc. Also, the Company's department supporting or assisting the committee searches for outside director candidates and manages the candidate pool, and reports on the candidate pool's composition and status (No. 53-1 Executive Candidate Nomination Committee meeting, No. 53-2 Board meeting). Details of the Executive Candidate Nomination Committee's authorities and roles can be checked in the Company's Internal Code of Governance and the Executive Candidate Nomination Committee Regulation.

In accordance with its Articles of Incorporation and Internal Code of Governance, the Company screens whether the candidates meet qualifications as executives prescribed by the Act, the Commercial Act, etc., has formed and operates candidate pools, conducts executive candidate nomination by stages (screening of final candidates' qualifications, resolution of nomination, etc.) through management and screening of the candidate pool and short-listing suitable candidates, selection of suitable candidates, etc., and then reports the result to the Board.

In 2020, the committee held a total of 2 meetings, and reviewed and voted for the Adequacy of CEO Succession Procedures, Management CEO and Outside Director Candidates pools and Nominated Candidates for outside directors and Audit Committee members.

#### B. Composition

For independence and fairness, the Executive Candidate Nomination Committee consists of 3 outside directors. Each member recommends, to the Board and the general meeting of shareholders, CEO's, outside directors' and Audit Committee members' candidates, out of the Company's outside director candidate pool, screened and evaluated based on their professional knowledge and experiences.

(AS OF Dec. 31, 2020)

Name	Type	Position	Date of election and expiry of term
Seong-kook Kim	Outside director	Chairman (Senior outside director)	Mar 13, 2020 - Mar 13, 2021 (5 years of service)
Seung-woo Lee	Outside director	Member	Mar 13, 2020 - Mar 13, 2021 (4 years of service)
Jeong-ho Choi	Outside director	Member	Mar 13, 2020 - Mar 13, 2021 (2 years of service)

#### C. Criteria of election

##### (1) Qualifications for candidates

The candidates for CEO, outside directors, and Audit Committee members shall meet the qualifications of executives, outside directors, and Audit Committee members as required by the Act, the Commercial Act, etc., possess understanding and expertise of the Company, and be able to contribute to sound management of the Company. Details of the candidates' qualifications are checked in the discussions of and search for candidates by the support department.

**(2) Procedure of candidate nomination**

The Company receives recommendation of candidates for CEO, outside directors, and Audit Committee members through its executives/employees, in-house/external experts, etc., and those recommended are nominated as candidates after undergoing qualification screening by the Outside Director Candidate Nomination Committee-supporting department.

**(3) How to evaluate executives' performance**

How to evaluate performance of executives (CEO, outside directors, and Audit Committee members) can be checked in 'D. Job evaluation for the Board and directors,' and the result of evaluation is used as reference for re-election of the executives.

**D. Activities and evaluation**

**(1) Overview of activities**

Last year, a total of 2 Executive Candidate Nomination Committee meetings were held, and the members' average attendance rate was 100%. The members' strong interest in, and sense of responsibility for, the committee's operation helped achieve this high attendance rate, which enabled substantial operation of the committee.

With the terms of all outside directors set to expire, the 1<sup>st</sup> committee meeting of 2020 was held in February for purpose of re-electing outside directors, where a report was made on formation of the outside director candidate pool and its operation. The 2<sup>nd</sup> committee meeting of 2020 was held in March to elect a chairman of the committee.

In 2020, we recommended suitable outside director candidates after reviewing the outside director candidate pool. **With the committee members approval, three existing outside directors (Seong-kook Kim, Seung-woo Lee, and Jeong-ho Choi) were re-nominated in consideration of their activities of outside directors during their term of office, evaluation of outside director, and their experience and knowledge in related fields.**

**(2) Meetings held**

**▶ No. 54-1 Executive Candidate Nomination Committee meeting**

- Date: February 26, 2020

- Date of notice: February 18, 2020

Items	Outside Director Activities		Inside Director Activities	Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Yeong-mann Kim	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (1 report)			
4. Resolutions				
A. Agenda No. 1	Concur	Concur	Concur	

- Recommendation of candidates for outside directors	Candidate Seong-kook Kim	Vote restricted	Concur	Concur	Unanimously approved
	Candidate Seung-woo Lee	Concur	Vote restricted	Concur	
	Candidate Jeong-ho Choi	Concur	Concur	Concur	
B. Agenda No. 2 - Recommendation of candidates for Audit Committee members		Concur	Concur	Concur	Unanimously approved
	Candidate Seong-kook Kim	Vote restricted	Concur	Concur	
	Candidate Seung-woo Lee	Concur	Vote restricted	Concur	
	Candidate Jeong-ho Choi	Concur	Concur	Concur	

※ An outside director cannot exercise a vote to nominate himself/herself as candidate or approve the same.

1) Report on the succession procedure of the CEO, the status of the operation of candidates for the CEO and outside directors, etc.

▶ No. 54-2 Executive Candidate Nomination Committee

- Date: March 13, 2020

- Date of notice: March 05, 2020

Items	Outside Director Activities		Inside Director Activities	Remarks
	Seong-kook Kim	Jeong-ho Choi	Yeong-mann Kim	
1. Outside director's name	Seong-kook Kim	Jeong-ho Choi	Yeong-mann Kim	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters	-			
4. Resolutions <sup>1)</sup>				
Agenda No. 1 - Election of chairman	Concur	Concur	Concur	Unanimously approved

1) Approval of Outside Director Seong-kook Kim as chairman

(3) Evaluation

The Company periodically reviews whether the Executive Candidate Nomination Committee properly fulfills the roles and responsibilities specified in applicable laws and internal regulations through subcommittee evaluation, in order to determine whether the Executive Candidate Nomination Committee is properly fulfilling its role.

For the foregoing, after the end of each fiscal year, the Board checks the Executive Candidate Nomination Committee's composition and operation for the previous fiscal year. Specific checking items include reasonableness or adequacy of the committee's size and composition, convening procedure (e.g., timing of meetings), agenda implementation rate, members' attendance rate, reasonableness or adequacy of agenda item submission/deliberation, consideration of ethical, social responsibilities in decision-making, reasonableness or adequacy of information provided, etc.

Such checking is conducted through written examination of the committee's minutes, etc., oral examination of relevant executives/employees, questionnaire survey, etc. The checking is led by the Board but certain details thereof are

delegated to the Board-supporting department and the audit-supporting department.

▪ Evaluation of the Executive Candidate Nomination Committee

Category	② Composition	② Roles & responsibilities	③ Operation	Conclusion
Evaluation result	Statutory requirements met	<ul style="list-style-type: none"> <li>▪ Attendance rate: 100%</li> <li>▪ Implementation rate: 100%</li> </ul>	Member evaluation <sup>n.)</sup> shows adequate operation of the subcommittee	Being operated transparently and objectively, according to its roles

<sup>n.)</sup> Adequacy of agenda deliberation/resolution, adequacy of communication and expertise supplementation among members, adequacy of data/information provision, and consideration of social/environmental issues and public interest in decision-making

## E. Nomination of executive candidates

**(1) Nomination of the CEO candidate: With current CEO's term of office scheduled to expire in March 2021, no need for nomination**

**(2) Nomination of the outside director candidate:**

After closely examining the existing outside directors' activities during their term of office), results of outside director evaluation, the adequacy of qualifications for outside director candidates, and experience and knowledge in related fields, the Executive Candidate Nomination Committee voted to recommend **three existing outside directors (Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi )**.

### (A) Names and profiles of candidates

#### 1. Seong-kook Kim

① Year of birth: 1950

② Education

- Seoul National University (bachelor's degree)
- Seoul National University Graduate School (master's degree in public administration)

③ Career

- General
  - 1978 (Former) Insurance Bureau, Ministry of Finance
  - 2002 (Former) Director General of Operation Bureau, Financial Intelligence Unit (FIU)
  - 2004 (Former) Head of Operation Division, Financial Services Commission
  - 2007 (Former) Vice President of Korea Securities Finance Corp.
  - 2011 (Former) CEO/President of IBK Credit Information
  - 2015 (Former) Non-executive director of KAMCO
- Outside director in other financial companies: None

④ Career as outside director

- Period of service in the Company: March 2016 to present
- Evaluation as outside director: Very suitable (good fit)

#### 2. Seung-woo Lee

① Year of birth: 1952

② Education

- Seoul National University School of Law (bachelor's degree)

③ Career

- General
  - 1980 (Former) Public Procurement Service, Ministry of Finance, etc.

- 2005 (Former) Deputy Minister For Planning & Budgeting, Ministry of Finance and Economy, etc.
  - 2007 (Former) Administrative official under the Senior Secretary to the President for Economic Affairs
  - 2008 (Former) Vice Chairman of Financial Services Commission
  - 2012 (Former) President of Deposit Insurance Corporation
  - 2020~ (Current) Outside director of Hanwha life insurance company
- Outside director in other financial companies: Outside director of Hanwha life insurance company

④ Career as outside director

- Period of service in the Company: March 2017 to present
- Evaluation as outside director: Very suitable (good fit)

### 3. Jeong-ho Choi

① Year of birth: 1954

② Education

- Doctor of Business Administration, University of Pennsylvania

③ Career

- General

- 2010 (Former) Outside director of Prudential Life Insurance
- 2013 (Former) Actuarial Standards Committee member of Financial Supervisory Service
- 2016 (Former) Outside director/Audit Committee member/Internal Transaction Committee chairman of Hanwha Group
- 2020 (Former) Director of Korea Risk Management Society
- 2020 (Former) Director of Korean Insurance Academic Society
- 2020~ (Current) Professor of business administration, Sogang University

- Outside director in other financial companies: None

④ Career as outside director

- Period of service in the Company: **March 2019 to present**
- Evaluation as outside director: Very suitable (good fit)

### (B) Candidate recommender (Proposer of candidate)

① Proposer of candidate and reason for the proposal

The proposer of each outside director candidate and the reason for the proposal are as follows.

▪ Proposer of candidate Seong-kook Kim: Outside director Seung-woo Lee

- Reason for proposal: Serving as the Executive Candidate Nomination Committee chairman and audit committee, the candidate endeavored for fair operation of the Board and dutifully executed outside director's roles for sustainable management, based on varied financial career and knowledge.
- Proposer's major career: (Former) Administrative official under the Senior Secretary to the President for Economic Affairs, (Former) Vice Chairman of Financial Services Commission, (Former) President of Deposit Insurance Corporation

▪ Proposer of candidate Seung-woo Lee: Outside director Seong-kook Kim

- Reason for proposal: Excellent service as the Risk Management Committee chairman and the Compensation Committee member, the candidate was evaluated as an excellent outside director, and with active participation in the Board, contributed to development of the Company and to greater transparency and soundness in the operation of the Board.
- Proposer's major career: (Former) Director General of Operation Bureau, Financial Intelligence Unit (FIU), (Former) Vice President of Korea Securities Finance Corp, (Former) CEO/President of IBK Credit Information

- **Proposer of candidate Jeong-ho Choi: Outside director Seung-woo Lee**
  - Reason for proposal: The candidate possesses expertise in insurance and risk management and also has broad experience and understanding of insurance and finance (e.g., serving as advisor to Financial Supervisory Service), thus meeting diversity in the composition of the Board.
  - Proposer's major career: (Former) Administrative official under the Senior Secretary to the President for Economic Affairs, (Former) Vice Chairman of Financial Services Commission, (Former) President of Deposit Insurance Corporation

② Relationship with candidate

The recommended outside director candidates (Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi) have not engaged in transactions causing concerns for conflict of interest with the Company, and between each outside director and between the proposer and the candidate, there has been no transaction which may cause conflict of interest.

**(C) Reason for nomination (recommendation)**

① Reason for nomination (recommendation), per candidate proposers

Outside director candidates Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi are recognized for outstanding expertise in their respective fields. Three existing outside directors endeavored for transparent, fair operation of the Board by presenting various opinions, and fits into greater expertise and fairness of the Board based on their expertise and experience in the insurance industry, which is the reason for recommending them as outside director candidates.

② Candidate recommendation channel

Outside director candidates Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi were recommended from among the outside director candidate pool, based on the outside director evaluation (satisfaction of outside directors' positive, negative qualifications, expertise and fairness, etc.) and past activities on the Board (applicable to existing outside directors).

**(D) Relationship with the Company, etc.**

- ① Relationship with the Company and affiliates thereof: None
- ② Relationship with largest shareholder: None
- ③ Relationship with executives: None

**(E) Whether qualifications are met**

① Negative qualification requirements

- Applicable laws: Articles 5 and 6 of the Act, Articles 7 and 8 of the Enforcement Decree for the foregoing
- Result of screening: Statutory qualifications met

② Outside director's qualifications prescribed by financial company (Satisfaction of positive qualifications)

Through the Executive Candidate Nomination Committee Regulation and the Internal Code of Governance, the Company endeavors to nominate, as its outside directors, candidates who not only meet qualification requirements under applicable laws but have professional knowledge or rich practical experiences in such fields as finance, economy, management, law, and accounting in accordance with the Executive Candidate Nomination Committee Regulation, Charter of Corporate Governance, etc., and thereby fill the Board with people having proper experience and knowledge for performance of duties for the Company. The candidates here meet such requirements.

### **A. Expertise**

Under the Executive Candidate Nomination Committee Regulation, the Company searches for outside director candidates through fair screening under applicable laws and forms and operates an outside director candidate pool. The Executive Candidate Nomination Committee nominates suitable candidates from the outside director candidate pool, nominating those who have professional knowledge or rich practical experience in such fields as finance, economy, management, law, accounting, and media, thus reflecting the requirement of outside directors' expertise in operation of the committee.

The candidates, recognized for outstanding expertise in their respective fields, meet the expertise requirement.

### **B. Fairness in job**

Under its regulations, etc., the Executive Candidate Nomination Committee carefully reviews, at the time of nominating outside director candidates, whether the candidates meet the fairness requirement.

Each candidate has no transactions with the Company, and as regards his concurrent service as outside director of other companies, has low chance of conflict of interest with the Company.

Each candidate, after election as the Company's outside director, has performed his duties in a fair manner by considering the interest of both shareholders and financial consumers, through transparent, objective performance of duties.

### **C. Ethics and responsibility**

In operating the outside director candidate pool and nominating outside director candidates, the Executive Candidate Nomination Committee carefully reviews whether the candidates meet qualifications under applicable laws including the Act.

Each candidate here, respected in his respective field, diligently reviews agenda items for Board meetings in advance, actively states his opinions based on professional knowledge, and conducts decision-making for the long-term interest of the Company, and stakeholders including shareholders and financial consumers.

### **D. Diligence**

In nominating outside director candidates, the Executive Candidate Nomination Committee carefully reviews the candidates' will for active activities and their diligence toward the Company and the Board, and will keep carefully reviewing whether the candidates can dutifully perform duties as outside directors.

The number of other companies where the Company's outside director can also serve as outside director is limited to one, regardless of listing, under the Commercial Act, thus creating conditions for outside directors to participate in the Board dutifully.

It is deemed that each candidate can put in sufficient time and efforts to perform outside director's duties (e.g., attendance of the Board and subcommittee meetings and prior review of the agenda items).

### **E. Self-clarification**

The Company, when announcing the convening and agenda items of its general meeting of shareholders under applicable laws, attaches the candidates' written confirmation of qualifications as outside director signed or sealed thereby.

After the election, the candidates perform self-clarification by submitting their resumes, letters of acceptance of appointment, etc.

### **(F) Resolution of the Executive Candidate Nomination Committee**

The Company held the 1<sup>st</sup> Executive Candidate Nomination Committee meeting of 2020 in February and nominated Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi as outside director candidates and also as Audit Committee member candidates.

The committee found that there were no disqualifications due to negative requirements under applicable laws, and based on materials submitted by the candidates and those collected by it, performed due diligence of whether the candidates satisfied the Company's qualification criteria for outside directors and Audit Committee members and then conducted in-depth discussions.

In the committee, outside director candidates are nominated by attendance of a majority of the committee members in office including chairman and concurrence of a majority of the attending members, and a committee member's voting right is restricted in committee resolutions nominating himself/herself as a candidate (self-nomination).

The relevant agenda item was unanimously approved by the 3 committee members in office (excluding votes for one's own nomination or self-nomination).

#### (G) Evaluation of outside directors for re-election

As of the 53<sup>rd</sup> annual general meeting of shareholders held on March 13, 2020, the total number of outside directors with term of office expiring was two.

Outside directors	Period of service	Length of service	Attendance rate (Board meetings, etc.)	Whether evaluated
Seong-kook Kim	Mar 2016 to Mar 2020	4years	100%	Yes
Seung-woo Lee	Mar 2017 to Mar 2020	3years	100%	Yes
Jeong-ho Choi	Mar 2019 to Mar 2020	1year	100%	Yes

In the evaluation of outside directors, the Company conducts multi-dimensional performance evaluation, consisting of evaluation by the Board, self-evaluation, and evaluation by employees, once a year, and after the end of each fiscal year, evaluates outside directors' activities and reports the results to the Board.

Evaluation by the Board is determined by each outside director's attendance rate for meetings of the Board and its subcommittees, and items for self-evaluation and evaluation by employees consist of basic role (protecting shareholders' interests and communication with management, etc.), expertise, understanding, fairness, independence, etc.

The outside director candidates, due to their active statement of opinions and high attendance rates in Board meetings, have received 'good' evaluation in overall evaluation items.

#### (H) Qualifications review report

Outside director candidates Seong-kook Kim, Seung-woo Lee, and Jeong-ho Choi nominated for outside directors in the Executive Candidate Nomination Committee meeting (February 2020), after being elected as the Company's outside directors, actively attended meetings of the Board and its subcommittees, conducted decision-making which served to enhance shareholder values based on their professional knowledge and rich insights, and received 'good' evaluation in the annual outside director evaluation conducted as prescribed by the Board. Also, **they met both positive and negative qualification requirements of outside directors.**

The Executive Candidate Nomination Committee recommended **three existing outside directors**, for election as outside directors by considering their expertise and evaluation results in accordance with the Executive Candidate Nomination Committee Regulations.

For details, please check page 69 of the Outside Director Qualifications Review Report (Attachment #1).

Name	Summary of Outside Director Qualifications Review Report
Seong-kook Kim	As the senior outside director, chairman of the Audit Committee and chairman of the Executive Candidate Nomination Committee, outside director candidate Seong-kook Kim participated in all Board and subcommittee meetings and actively presented his opinions, greatly contributing to operation of the Company's governance. Candidate Seong-kook Kim meets the qualifications under applicable laws, and was judged suitable in the director evaluation.
Seung-woo Lee	As member of the Audit Committee and <b>chairman of the Compensation Committee</b> , outside director candidate Seung-woo Lee participated in all Board and subcommittee meetings and actively presented his opinions, actively participating in operation of the

	Board. Candidate Seung-woo Lee meets all qualifications under applicable laws, and was judged suitable in the director evaluation.
Jeong-ho Choi	As member of the Audit Committee and <b>chairman of the Risk Management Committee</b> , outside director candidate Jeong-ho Choi participated in all Board and subcommittee meetings and actively presented his opinions, contributing to greater expertise and fairness of the Board. Candidate Jeong-ho Choi meets all qualifications under applicable laws, and was judged suitable in the director evaluation.

## (I) Current status of outside director candidate pool management

### (I) Overview of outside director candidate pool management

The Company receives recommendations for outside director candidates through various channels including directors, major shareholders, executives, and outside institutions. The Executive Candidate Nomination Committee nominates such outside director candidates, from those recommended, as are deemed most suitable under applicable laws and the Company's internal regulations and then submits the same as an agenda item for the Board meeting and the general meeting of shareholders.

### (II) Activities of candidate pool management

In order to nominate independent, highly-professional outside director candidates, the Company ensures that persons with diverse backgrounds and professional insights will be recommended through various channels including directors, major shareholders, executives, and outside institutions.

Based on applicable laws and regulations including its Executive Candidate Nomination Committee Regulation, the Company operates and manages a candidate pool composed of qualified outside director candidates, and reports to the committee and the Board on its operations, etc. at least once a year.

### (III) Current status of candidate pool

The Company has formed and manages an outside director candidate pool based on considerations such as expertise and diversity, and reported the status and key matters on the pool's operation and management to the Board at least once a year.

- **Current outside director candidate pool consisting of 68 persons (as of Feb 2021)**

Total	Field of public service	Field of finance	Field of academics	Field of law	Total
All	12	24	22	10	<b>68</b>
Female	3	7	11	9	<b>30</b>
Male	9	17	11	1	<b>38</b>

### (J) Executive Candidate Nomination Committee's report to the Board concerning nomination of candidates

For objectivity and transparency of the outside director candidate nomination process, the status of the outside director candidate pool is reported to the Board at least once a year, and **the status of such candidate pool and the results of the 2019 outside director evaluations were reported at the No. 54-1 Executive Candidate Nomination Committee meeting (Feb 26, 2020) and the No. 2 Board meeting.**

- **Current outside director candidate consisting of 51 persons (37 males/14 females) (as of Feb 2020)**

Total (Male/Female)	Governmental	Financial	Academic	Legal
51(37/14) (100%)	8(8/0) (16%)	18(14/4) (35%)	19(11/8) (37%)	6(2/4) (12%)

**(K) Outside director-supporting department's periodic reporting to the Executive Candidate Nomination Committee concerning candidate pool management**

Date	Subcommittee	Reporting & supporting
Feb 26, 2020	Executive Candidate Nomination Committee	<ul style="list-style-type: none"> <li>▪ Operation of outside director and CEO candidate pools</li> </ul>
	Board	<ul style="list-style-type: none"> <li>▪ CEO succession process</li> </ul>

**(3) Recommendation of Audit Committee member candidates**

The Executive Candidate Nomination Committee resolved to recommend the two current Audit Committee members (Seong-kook Kim and Seung-woo Lee) and one new candidate (Jeong-ho Choi) for re-election, by closely reviewing the results of director and BOD evaluations, qualifications (eligibility) of the outside director candidates, their experience and knowledge of related fields, etc.

**(A) Candidate's name and information**

1. Seong-kook Kim

- ① Year of birth: 1950
- ② Education
  - Seoul National University (bachelor's degree)
  - Seoul National University Graduate School (master's degree in public administration)
- ③ Career
  - General
    - 1978 (Former) Insurance Bureau, Ministry of Finance
    - 2001 (Former) Director General of Operation Bureau, Financial Intelligence Unit (FIU)
    - 2002 (Former) Head of Operation Division, Financial Services Commission
    - 2004 (Former) Vice President of Korea Securities Finance Corp.
    - 2008 (Former) CEO/President of IBK Credit Information
    - 2015 (Former) Non-Executive Director of KAMCO
  - Outside director in other financial companies: None
- ④ Career as outside director
  - Period of service in the Company: March 2016 to present
  - Evaluation as outside director: Very suitable (good fit)

2. Seung-woo Lee

- ① Year of birth: 1952
- ② Education
  - Seoul National University School of Law (bachelor's degree)
- ③ Career
  - General
    - 1980 (Former) Public Procurement Service, Ministry of Finance, etc.
    - 1996 (Former) Deputy Minister For Planning & Budgeting, Ministry of Finance and Economy, etc.

- 2006 (Former) Administrative official under the Senior Secretary to the President for Economic Affairs
- 2007 (Former) Vice Chairman of Financial Services Commission
- 2009 (Former) President of Deposit Insurance Corporation
- 2020~(Current) Outside director of Hanwha life insurance company
- Outside director in other financial companies: Outside director of Hanwha life insurance company
- ④ Career as outside director
  - Period of service in the Company: March 2017 to present
  - Evaluation as outside director: Very suitable (good fit)

### 3. Jeong-ho Choi

- ① Year of birth: 1954
- ② Education
  - Doctor of Business Administration, University of Pennsylvania
- ③ Career
  - General
    - 2010 (Former) Outside director of Prudential Life Insurance
    - 2013 (Former) Actuarial Standards Committee member of Financial Supervisory Service
    - 2016 (Former) Outside director/Audit Committee member/Internal Transaction Committee chairman of Hanwha Group
    - 2020 (Former) Director of Korea Risk Management Society
    - 2020 (Former) Director of Korean Insurance Academic Society
    - 2020 (Current) Professor of business administration, Sogang University
  - Outside director in other financial companies: None
- ④ Career as outside director
  - Period of service in the Company: Newly elected
  - Evaluation as outside director: Very suitable (good fit)

#### (B) Candidate recommender (Proposer of candidate)

##### ① Proposer of candidate and reason for the proposal

The proposer of each Audit Committee candidate and the reason for the proposal are as follows.

- Proposer of candidate Seong-kook Kim: Outside director Seung-woo Lee
  - Reason for proposal: Serving as the Executive Candidate Nomination Committee chairman and audit committee, the candidate endeavored for fair operation of the Board and dutifully executed outside director's roles for sustainable management, based on varied financial career and knowledge.
  - Proposer's major career: (Former) Administrative official under the Senior Secretary to the President for Economic Affairs, (Former) Vice Chairman of Financial Services Commission, (Former) President of Deposit Insurance Corporation
- Proposer of candidate Seung-woo Lee: Outside director Seong-kook Kim
  - Reason for proposal: Excellent service as the Risk Management Committee chairman and the Compensation Committee member, the candidate was evaluated as an excellent outside director, and with active participation in the Board, contributed to development of the Company and to greater transparency and soundness in the operation of the Board.
  - Proposer's major career: (Former) Director General of Operation Bureau, Financial Intelligence Unit (FIU), (Former) Vice President of Korea Securities Finance Corp, (Former) CEO/President of IBK Credit Information
- Proposer of candidate Jeong-ho Choi: Outside director Seong-kook Kim

- Reason for proposal: The candidate possesses expertise in insurance and risk management and also has broad experience and understanding of insurance and finance (e.g., serving as advisor to Financial Supervisory Service), thus meeting diversity in the composition of the Board.
- Proposer's major career: (Former) Director General of Operation Bureau, Financial Intelligence Unit (FIU), (Former) Vice President of Korea Securities Finance Corp, (Former) CEO/President of IBK Credit Information

## ② Relationship with candidates

The recommended outside director candidates (Seong-kook Kim, Seung-woo Lee and Jeong-ho Choi) have not engaged in transactions causing concerns for conflict of interest with the Company, and between each outside director and between the proposer and the candidate, there have been no conflict of interest transactions.

## (C) Reason for nomination (recommendation)

### ① Reason for nomination (recommendation), per candidate proposers

Considering independence of audit committees, the Executive Candidate Nomination Committee discussed whether to fill the Audit Committee entirely with outside directors and its members unanimously decided to do so. Since outside director candidates Seong-kook Kim, Seung-woo Lee, and Jeong-ho Choi, recognized for outstanding expertise in their respective fields, met the requirements for Audit Committee members under applicable laws and possessed expertise in insurance finance through rich work experiences in finance overall, they were found to have qualities necessary for independent, transparent Audit Committee.

### ② Candidate recommendation channel

Outside director candidates Seong-kook Kim, Seung-woo Lee, and Jeong-ho Choi were recommended based on screening of positive/negative qualifications for Audit Committee members and outside directors, expertise, fairness, etc., and on past activities on the Board.

## (D) Whether qualifications are met

### ① Negative requirement

- Applicable law: Act on Corporate Governance of Financial Companies (Article 19)
- Result of checking: Statutory qualifications are met

### ② Audit Committee members' qualifications set by financial companies (satisfaction of positive qualifications)

The Company is endeavoring to assure, through its Executive Candidate Nomination Committee Regulation and its Charter of Corporate Governance, that Audit Committee member candidates not only meet the qualifications required by applicable laws, Executive Candidate Nomination Committee Regulation, and Model Practice on Financial Companies' Governance but have professional knowledge and practical experience in related fields such as insurance/finance, economy, management, law, accounting, etc., and that the Audit Committee shall consist of members with suitable experience and knowledge to supervise operation of a financial company. The candidates meet the requirements.

#### A. Expertise

Whether a candidate is an expert possessing professional knowledge or practical experience in such fields as finance, economy, management, law, accounting, and media is screened as positive qualifications for Audit Committee member candidates, and at least 1 Audit Committee member shall be a financial or accounting expert required by Article 19 of the Act on Corporate Governance of Financial Companies.

The candidates, recognized for outstanding expertise in their respective fields, meet the expertise requirement.

#### B. Job fairness (Fairness in job)

Under its regulations, etc., the Executive Candidate Nomination Committee carefully reviews, at the time of recommending Audit Committee member candidates, whether the candidates meet the fairness requirement.

Each candidate has no transactions with the Company, and as regards his concurrent service as outside director of other companies, has low chance of conflicts of interest with the Company.

Each candidate, after election as the Company's Audit Committee member (outside director), has performed his duties

in a fair manner by considering the interests of both shareholders and financial consumers, through transparent, objective performance of duties.

### **C. Ethics and responsibility**

In nominating Audit Committee member candidates, the Executive Candidate Nomination Committee carefully reviews whether the candidates will perform director's duties ethically and responsibly based on sustainability as well as whether they meet qualifications under applicable laws including the Act on Corporate Governance of Financial Companies.

Each candidate here, respected in his relevant field, has been found to have behaved ethically and responsibly and not to have been involved in negative issues.

### **D. Diligence**

In nominating Audit Committee member candidates, the Executive Candidate Nomination Committee carefully reviews the candidates' will for active activities and their diligence toward the Company and the Board, and will continue to carefully review whether the candidates can dutifully perform duties as Audit Committee members.

It is deemed that each candidate can put in sufficient time and efforts to perform Audit Committee member's duties (e.g., attendance of Committee meetings and prior review of the agenda items).

### **E. Self-clarification**

When announcing the convening and agenda items of its general meeting of shareholders under applicable laws, the Company attaches the candidates' written confirmation of qualifications as outside director (Audit Committee member) signed or sealed thereby. After the election, the candidates perform self-clarification by submitting their resumes, letters of acceptance of appointment, etc.

### **F. Resolutions of the Executive Candidate Nomination Committee**

The Company held the 1<sup>st</sup> Executive Candidate Nomination Committee meeting of 2020 in February and recommended Seong-kook Kim, Seung-woo Lee, and Jeong-ho Choi as outside director candidates and also as Audit Committee member candidates.

The committee found that there were no disqualifications due to negative requirements under applicable laws, and based on materials submitted by the candidates and those collected by it, performed due diligence of whether the candidates satisfied the Company's qualification criteria for outside directors and Audit Committee members and then conducted in-depth discussions.

Recommendation of a candidate for the Audit Committee requires concurrence (approval) by 2/3 of the Executive Candidate Nomination Committee members in office including the chairperson. Any member of the latter committee is restricted from voting in any committee resolution that recommends him/her as a candidate for the Audit Committee. The relevant agenda item was unanimously approved by the 3 committee members in office, excluding votes for one's own nomination or self-nomination.

## **4. Outside Directors' Activities, Compensation, etc.**

### **A. Outside directors' activities**

#### **(1) Activities**

Outside directors Seong-kook Kim, and Seung-woo Lee, and Jeong-ho Choi, diligently attended meetings of the Board and its subcommittees held in 2020, and after sufficient review of agenda items provided in advance, conducted decision-making which served to enhance shareholder value, through active statement of opinions and deliberation of agenda items based on professional insights.

<Activities for the 54<sup>th</sup> fiscal year (2020)>

Category director	Board		Audit Committee		Risk Management Committee		Executive Candidate Nomination Committee		Compensation Committee		Management Committee		Activities (Attendance)
	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	
Seong-kook Kim	10	10	5	5	6	6	2	2	3	3	1	1	27/27
Seung-woo Lee	10	10	5	5	6	6	-	-	3	3	-	-	24/24
Jeong-ho Choi	10	10	5	5	6	6	2	2	3	3	-	-	26/26

(2) Attendance of subcommittee meetings, and concurrence/dissent for each outside director

① Outside director Seong-kook Kim

Attended all 27 meetings of the Board and its subcommittees in 2020, and deliberated on the agenda items through active comments and lively discussions. Put in a total of 135 hours.

② Outside director Seung-woo Lee

Attended all 24 meetings of the Board and its subcommittees in 2020, and deliberated on the agenda items through active comments and lively discussions. Put in a total of 120 hours.

③ Outside director Jeong-ho Choi

Attended all 26 meetings of the Board and its subcommittees in 2020, and deliberated on the agenda items through active comments and lively discussions. Put in a total of 130 hours.

B. Current status of Directors & Officers Liability Insurance

- (1) Insurer: Meritz Fire & Marine Insurance
- (2) Insurance period: December 31, 2020 - December 31, 2021
- (3) Insurance money/benefit (maximum): KRW 70 billion
- (4) Outside director's deductible: 20% of loss (Max. KRW 100 million)
- (5) Insurance premium: KRW 562,336,000

C. Education/training for outside directors

Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi
1. Education/training			
Date and content of education/training	Date: March 13, 2020 Content: Information on the Company's management overview and governance, etc.		
Attendance and, if absent, the reason	Attend	Attend	Attend
Date and content of education/training	Date: August 21, 2020 Content: Information on the role of the board of directors related to internal control of the financial group		

	Attendance and, if absent, the reason	Attend	Attend	Attend
Date and content of education/training		Date: October 28, 2020 Content: Information on Financial Group Risk Management Status Check Results		
	Attendance and, if absent, the reason	Attend	Attend	Attend
Date and content of education/training		Date: December 21, 2020 Content: Information on Key issues and management strategies in 2021		
	Attendance and, if absent, the reason	Attend	Attend	Attend
Total accumulated hours of education/training		8	8	8

#### D. Whether qualifications are met as outside director

##### (1) Outside director Seong-kook Kim

Review items	Whether met	Grounds of determination
1. Negative qualification requirements		
A. Statutory qualifications as executive	Met	Not disqualified under the Act or the Commercial Act
B. Statutory qualifications as outside director	Met	Not disqualified under the Act or the Commercial Act
C. Statutory Audit Committee member qualifications	Met	Not disqualified under the Act or the Commercial Act
2. Positive qualification requirements		
A. Expertise	Met	Possess professional competency
B. Fairness in job	Met	No conflict of interest (e.g., internal transaction)
C. Ethics and responsibility	Met	No disqualifications regarding compliance, ethics, etc.
D. Diligence	Met	No concurrent service in 1 or more other financial companies

##### (2) Outside director Seung-woo Lee

Review items	Whether met	Grounds of determination
1. Negative qualification requirements		
A. Statutory qualifications as executive	Met	Not disqualified under the Act or the Commercial Act
B. Statutory qualifications as outside director	Met	Not disqualified under the Act or the Commercial Act
C. Statutory qualifications as Audit Committee member	Met	Not disqualified under the Act or the Commercial Act

2. Positive qualification requirements		
A. Expertise	Met	Possess professional competency
B. Fairness in job	Met	No conflict of interest (e.g., internal transaction)
C. Ethics and responsibility	Met	No disqualifications regarding compliance, ethics, etc.
D. Diligence	Met	No concurrent service in 1 or more other financial companies

### (3) Outside director Jeong-ho Choi

Review items	Whether met	Grounds of determination
1. Negative qualification requirements		
A. Statutory qualifications as executive	Met	Not disqualified under the Act or the Commercial Act
B. Statutory qualifications as outside director	Met	Not disqualified under the Act or the Commercial Act
C. Statutory qualifications as Audit Committee member	Met	Not disqualified under the Act or the Commercial Act
2. Positive qualification requirements		
A. Expertise	Met	Possess professional competency
B. Fairness in job	Met	No conflict of interest (e.g., internal transaction)
C. Ethics and responsibility	Met	No disqualifications regarding compliance, ethics, etc.
D. Diligence	Met	No concurrent service in 1 or more other financial companies

**E. Support of contributions, etc.:** None

### F. Evaluation of outside directors

#### (1) Evaluation overview

The Company limits outside director's term to 1 year, but allows re-election up to 6 years (9 years when including the Company's financial affiliates) after fair evaluation and review under the Act each year. For that purpose, the Company conducts, after the end of a fiscal year, multi-dimensional evaluation (self-evaluation, evaluation by the Board, and evaluation by employees) of outside directors' competency, qualities, performance, etc. The results are disclosed on the Company's website (www.idbins.com), etc., and are reflected in the evaluation for outside director's re-election.

#### (2) Internal evaluation

##### (A) Internal evaluation - overview

##### ① Evaluator

The Board is in charge of evaluation, conducted after the end of each fiscal year, of outside directors' activities.

##### ② Criteria of evaluation

The Company evaluates its outside directors based on multi-dimensional evaluation of the 4 items (expertise, fairness in job, ethics and responsibility, and diligence).

Multi-dimensional evaluation consists of evaluation by the Board, outside director's self-evaluation, and evaluation by employees. Evaluation by the Board is determined by each outside director's attendance rate for Board meetings, and self-evaluation and evaluation by employees is conducted through evaluation questionnaire.

Evaluation questionnaire's evaluation items consist of whether the outside director has fairly, diligently performed his/her duties for all shareholders' interest, whether he/she understands the Company's management philosophy and long-term vision, whether he/she serves the Company's sustainable goals and interest, etc., with score of '1' to '5' for each item based on 'absolute evaluation.'

### ③ Procedure of evaluation

As for evaluation, after the end of a fiscal year, multi-dimensional evaluation (self-evaluation, evaluation by the Board, and evaluation by employees) is conducted for each outside director's activities during the previous fiscal year.

### ④ How to enhance objectivity of evaluation

To enhance objectivity of the evaluator, evaluation criteria, method, etc., the Company discloses its evaluation methods, results, etc., and will consider whether it will retain an outside evaluation firm for consulting on the overall evaluation system.

## (B) Result of internal evaluation, and possible improvements

### ① General

In 2020, evaluation by the Board, self-evaluation, and evaluation by relevant executives/employees were conducted for the Company's outside directors. According to the evaluation, the outside directors' expertise, diligence, and contribution showed a very high level capable of serving to enhance shareholder value.

Also, they performed independent, fair decision-making for the Board through active participation based on their expertise, it was shown.

### ② Evaluation results and possible improvements, for each outside director

Classification	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi
Expertise	Combine public office experience in financial and insurance industries and experience as CEO of financial company	Combine rich work experience in financial industry and experience as CEO of Deposit Insurance Corporation	Combine expertise and sufficient experience (e.g., advisor to regulatory authorities) in insurance industry
Fairness in job	Support sound, smooth operation of the Board, with broad understanding of financial industry and practical experience in overall management	Support for fair Board operations based on rich public office experience and expertise Outside director of Hanwha Life Insurance	Support for independent operation of the Board, based on rich experience and expertise (e.g., served as outside director for life insurer)
Ethics and responsibility	Possess ethical responsibility placing priority on trust for shareholders, investors, etc., and integrity befitting a public official	Possess ethics required by financial industry and expertise-based, strong sense of responsibility for work	Actively support ethical management-perspective, transparent operation of the Board, based on strong sense of ethics and responsibility befitting a scholar
Diligence	2020 attendance for Board and subcommittee meetings: 100%		

### (3) External evaluation

The Company internally evaluates its outside directors through its own evaluation criteria and in the future, will consider whether it will retain a suitable outside evaluation firm for consulting on the overall evaluation system.

## G. Activities of senior outside director and outside director-supporting department

### (1) Activities of senior outside director

Opinions were actively presented, such as the senior outside director requesting for deliberation on Acquisition of Treasury stock (No. 54-1 and 54-4), Holding DB Life Convertible Preferred Shares (No. 54-3), Participation in the capital increase of DB Life (No 54-9), and the relevant matters were reflected in the minutes.

### (2) Activities of outside director-supporting department

- Supporting department: Secretary of the Board (department)
- Organization: 1 department head, 2 department members
- Support provided
  - (Feb 26, 2020) Practical support for senior outside director, Executive Candidate Nomination Committee, etc.
  - (Mar 13, 2020) Support deliberations on formation of subcommittees, etc.
  - (Oct 28, 2020) Support for meetings with supervisory authorities related to guidance on financial group risk management status check results
  - (Nov 25, 2020) Support for review of the agenda of the board of directors

## H. Outside directors' length of service and compensation

### (1) Length of service as of expiry of the current term

- Seong-kook Kim: 5 years (Mar 2016 - Mar 2021)
- Seung-woo Lee: 4 years (Mar 2017 - Mar 2021)
- Jeong-ho Choi: 2 year (Mar 2019 - Mar 2021)

### (2) Outside director's compensation (per person)

Items	Amount	Calculation
<b>A. Total amount</b>	<b>KRW 48,000,000</b>	
1. Basic compensation	<b>KRW 48,000,000</b>	-
2. Bonus	-	
3. Other allowances	-	
<b>B. Fringe benefit</b>	<b>KRW 5,000,000</b>	
1. Business expense	-	
2. Health check support	<b>KRW 2,000,000</b>	One comprehensive health check (including the same for spouse)
3. Vehicle provided	-	
4. Office provided	-	
5. Miscellaneous	<b>KRW 3,000,000</b>	Transport expenses

## I. Contracts between the Company and the organization to which the outside director belongs: None

## J. Election of outside directors in the past 5 years

Name	Initial date of election	Expiry term	of	Length of service	of	Subcommittees served	Career
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Suhyu Lee	June 10, 2011	March 20, 2016	57 months	-Outside Director Candidate Nomination Committee - Audit Committee -Compensation Committee	- Vice Minister of Finance - Vice Minister of National Defense - Governor of Insurance Supervisory Service
Sang-young Park	June 14, 2013	March 16, 2019	69 months	- Audit Committee - Executive Candidate Nomination Committee -Compensation Committee - Internal Transaction Committee	- Economy & Planning Board - Administrative official under the Senior Secretary to the President for Economic Affairs - Advisor of Law Firm Yulchon
Jong-tae Ahn	March 20, 2015	March 18, 2017	24 months	- Executive Candidate Nomination Committee -Compensation Committee -Internal Transaction Committee	- President of Korean Academic Association of Business Administration - President of Korean Academy of Organization & Management - Professor of business administration, Kangwon National University
Seong-kook Kim	March 18, 2016	March 15, 2021	60 months	- Audit Committee - Executive Candidate Nomination Committee - Risk Management Committee - Compensation Committee	- Insurance Bureau, Ministry of Finance - Financial Services Commission - CEO of IBK Credit Information
Seung-woo Lee	March 17, 2017	March 15, 2021	48 months	- Audit Committee Executive Candidate Nomination Committee - Risk Management Committee - Compensation Committee	- Vice Chairman of Financial Services Commission - President of Deposit Insurance Corporation - Outside director of Hanwha Life insurance
Jeong-ho Choi	'19.3.15 March 15, 2019	'20.3.15 March 15, 2021	24 months	- Audit Committee -Risk Management Committee -Compensation Committee	- Advisor to Financial Supervisory Service - Director of Korean Insurance Academic Society - Professor of business administration (insurance), Sogang University

## 5. CEO Succession

### A. Internal regulation on CEO succession

The Company enacted the CEO Succession Regulation (December 2015) to establish a CEO succession process to share the long-term vision of a financial company and meet the interests of shareholders and stakeholders.

The Regulation was prepared to minimize management risks through a transparent, fair CEO succession process. It provides for CEO's qualifications, grounds of succession process commencement and time of commencement

decision, candidate recommendation and succession process, CEO candidate pool management (selection, screening, etc.), establishing emergency plan in the event of an emergency to CEO, etc. Adequacy of operation of the candidate pool under the Regulation are deliberated and reported at the Executive Candidate Nomination Committee and the Board at least once a year.

The Company continues to reflect, in its CEO succession plan, changes required by enactment and amendment of applicable laws (e.g., the Act (effective on August 1, 2016) and the Internal Code of Governance (established in November 2016)).

## **B. CEO candidate nomination and CEO succession processes**

### **(1) General**

The Company has set in place the CEO succession process through resolution of the Board (its highest decision-making body), and entrusts its support department, in charge of HR matters, to conduct candidate pool management, including evaluation and screening of CEO candidates. The support department reports to the Executive Candidate Nomination Committee and the Board on management of the CEO candidate pool at least once a year.

The Company, when deciding it reasonable based on comprehensive considerations of expiry of the CEO's term of office, market conditions surrounding the Company, etc., may resolve to commence CEO succession process, and receiving a list of CEO candidates from the support department at the time of commencing the aforesaid process, shall check whether qualifications under Article 4 of the CEO Succession Regulation are met and then choose the final candidate.

The qualifications of CEO consist of negative qualifications, which are disqualification grounds of executives under applicable laws including the Act, and positive qualifications, such as expertise and morality set forth in the internal regulations including the Internal Code of Governance, and **as the chief executive officer's main role, it specifies finding and developing candidates for chief executive officers**

In order to prevent management vacuum, the Board shall fix the final candidate as soon as possible, after which the Company completes the CEO selection process by the annual general meeting of shareholders electing him/her as director and then the Board electing him/her as CEO (representative director) in accordance with the Articles of Incorporation. Where the CEO succession process is delayed for unavoidable reasons, the Board shall disclose, in accordance with relevant regulations, the reason, the interim CEO to serve until selection of a new CEO, schedule for operation of the Company and selection of new CEO, etc.

### **(2) Contingency plan**

The Company has a contingency planning process to promptly complete the CEO succession process in cases where it is deemed that the CEO has permanently become unable to perform his/her duties due to personal reasons, financial authorities' sanctions ('heavy sanction' or above), etc.

Where the CEO is temporarily unable to perform his/her duties, his/her job will be vicariously conducted by another person in the order prescribed in the Articles of Incorporation (Article 29), and if the CEO is unable to perform his/her duties for an extended period, the Board may designate an interim CEO (Article 8 of the CEO Succession Regulation).

## **C. Meeting qualifications for CEO**

When deliberating on the CEO candidates, the Company examines whether they meet statutory qualifications of executives (negative requirement) and those set by financial company (positive requirement).

### **(1) Negative qualification requirements**

- Applicable laws: Article 5 of the Act, Article 7 of the Enforcement Decree thereof, etc.
- Result of evaluation: Qualifications under applicable laws met

### **(2) Positive qualification requirements prescribed by the Company**

- Qualifications: Article 30 of the Internal Code of Governance, Article 4 of the CEO Succession Regulation, etc.
- Qualifications: Article 4 of the CEO Succession Regulation, etc.
- Result of evaluation: A person possessing experience and knowledge in finance, sharing the Company's vision, and protecting public interest and sound management who is deemed able to implement CSR through sustainable management (e.g., guarantee the Company's soundness and transparency, and improving rights and interests of its stakeholders such as customers and shareholders)

#### D. CEO candidate nomination and CEO succession

For a fair, transparent election of CEO, the Company has established a process wherein the Executive Candidate Nomination Committee and then the Board selects the candidate and he/she is finally elected as director by approval of the general meeting of shareholders, after which he/she is elected as CEO (representative director) by resolution of the Board. For that purpose, the Company has formed the CEO candidate pool consisting of its key executives, etc., reports to the Executive Candidate Nomination Committee and the Board at least once a year on the pool's operations and selection procedure. **Finding and developing CEO candidates are specified as the main role of the CEO is specified as the main role of the CEO, if necessary, recommendations by shareholders, outside directors, etc. may be utilized.**

#### E. Management of CEO candidate pool

##### (1) Guideline on CEO candidate pool

The Company manages the CEO candidate pool under the Board-prescribed CEO Succession Regulation, and **the discovery and development of candidates for CEO is specified as the main role of the CEO**, in which the Board oversees but delegates, through the Board resolution, details of the foregoing to the Executive Candidate Nomination Committee and its supporting department.

##### (2) Activities of Candidate pool management

The Company manages the CEO candidate pool under the CEO Succession Regulation, and **the CEO is carrying out the main task of finding and fostering candidates. The operation of the candidate pool is reported at least once a year through candidate management activities.**

##### (3) Current status of candidate pool

In accordance with the CEO Succession Regulation, etc., the Company forms and manages its CEO candidate pool consisting of the current CEO, key executives and those recommended in and outside the Company, and **the CEO is carrying out the main task of finding and fostering candidates. The company has in place a pool of 10 candidates including office/division heads (key executives) and the current CEO based on relevant regulations, the support department's candidate suitability checks, etc.**

(As of Mar. 2021)

Name	Position	Title
Jeong-nam Kim	CEO	Vice Chairman (registered director)
Gyeong-su Jeong	Head of Asset Management Division	President
Jong-pyo Jeong	Head of Personal Business Division	Vice President
Je-gwang Park	Head of New Business Division	Vice President
Seong-shik Park	Head of Customer Product Strategy Office	Vice President
Seong-rok Park	Head of Strategic Business Division	Vice President
Beom-uk Lee	Head of Adjustment Service Office	Vice President
Young-ju Ko	Head of Strategic Innovation Office	Vice President
Chang-su Lee	Head of Corporate Business Division	Executive director
Seong-hyung Nam	Head of Management Support Office	Executive director

## F. Checking of CEO succession plan by the Board

The Company has prepared its CEO succession plan in accordance with the CEO Succession Regulation, and checks the plan's adequacy through the Executive Candidate Nomination Committee at least once a year and reports the results to the Board. In the event of a change in the plan, the Company will check adequacy thereof.

Date	Board/Subcommittee	Matters reported & checked
Feb 26, 2020	Executive Candidate Nomination Committee	▪ Operation of CEO candidate pool ▪ CEO succession process
	Board	

## G. Operation of CEO succession-supporting department - Current status

Under Article 6 of the CEO Succession Regulation, the Company has designated CEO succession-supporting departments, which also handle jobs such as hiring, HR management, and HR system, as well as CEO succession. Such various jobs have a low chance of conflicting with each other, and the departments have sufficient personnel to implement the CEO succession plan.

<Current status of CEO succession-supporting departments>

- Departments: HR Part / Management Planning Part
- No. of employees: 12 / 13
- Personnel: Department heads (head of HR Part, head of Management Planning Part), 1 deputy general manager, 2 managers, 1 deputy manager

- Operations

Date	Board/Subcommittee	Matters reported & checked
Feb 26, 2020	Executive Candidate Nomination Committee	▪ Operation of CEO candidate pool ▪ CEO succession process
	Board	

## 6. Audit Committee

### A. Roles (Authorities and responsibilities)

#### (1) Overview

The Audit Committee performs monitoring and advising (e.g., supervise directors' and executives' performance of duties, appoint external auditors, evaluate the internal control system and suggest improvements thereof) from the perspectives of legality and reasonableness (adequacy) so that management can make reasonable business judgment. For independence and expertise necessary for smooth performance of their duties, all 3 members thereof are outside directors with expertise in various fields such as management, accounting, and risk management.

The Audit Committee holds regular meetings with the external auditor without attendance of the management. In 2020, in its No. 54-5 meeting (Dec 21, 2020), the Audit Committee reviewed selection of core audit items with the external auditor (EY (Ernst & Young)).

Also, the Audit Committee Regulation (Article 17) and the Audit Committee R&R (Duties) Regulation (Article 3) authorizes the audit-supporting department to report directly to the Audit Committee, setting in place a system by which the executive in charge of such department (head of Audit Office) reports directly to the Audit Committee without going through management.

#### (2) Specific roles

##### (A) Supervise directors' and executives' execution of duties

- ① Monitor agenda items of the Board, etc.

The Audit Committee offers its opinions to the Board and relevant subcommittees on their agenda items after pre- or post-deliberation.

Thus in 2020, the Audit Committee conducted pre-deliberation of all agenda items of 10 Board meetings and 20 subcommittee meetings, and on the subcommittees' agenda items, conducted pre-deliberation through chief compliance officer, etc. For other matters, it conducted post-deliberation.

#### ② Supervise the management's execution of duties

The Audit Committee may request the management to report on their execution of duties and submit relevant materials (Article 412 of the Commercial Act), and to suspend execution of duties which violates the laws and Articles of Incorporation (Article 402 of the Commercial Act).

Thus, the Audit Committee, in its first meeting of 2020 (February 2020), requested management to report on the result of checking operations of the Company's internal accounting management system, and the relevant executive made a written report to the committee.

### **(B) Appoint and supervise external auditor**

The Audit Committee has the authority to appoint the Company's external auditors (Article 10 of the External Audit Act). The committee established the criteria and procedure of appointing external auditor in advance and evaluated candidates thereof, as a result of which EY (Ernst & Young) was appointed as its external auditor from 2019 to 2021. Also, for supervision of the external auditor's activities, the Company had the external auditor report issues to the Audit Committee from time to time, receive the committee's opinions, and reflect the same in audit activities.

### **(C) Non-outside director Audit Committee member**

For stronger independence of the Audit Committee, the Company in 2017 stopped appointing non-outside director Audit Committee member. Thus, the Audit Committee consists of outside directors only.

### **(D) Review financial statements, etc.**

For accounting audit purpose, the Audit Committee reviewed the Company's financial statements, consolidated financial statements and footnotes thereto, reviewed the procedure and result of the accounting firm's audit, and when deemed necessary, requested the accounting firm to further review the Company's accounting books and related documents, and then reviewed the result.

According to such review, the financial statements and business report (annual report) duly show, in accordance with the laws and Articles of Incorporation, the Company's financial condition, business performance and situation.

Also, the committee receives the internal accounting manager's report on the internal accounting management system's operations each fiscal year, evaluates the same, and reports to the Board (Article 8 of the External Audit Act)

## **B. Composition (Committee members)**

### **(1) Overview**

The Audit Committee consists of 3 or more directors. At least 2/3 of the members shall be outside directors, and at least one shall be an accounting or financial expert. Audit Committee members shall meet the following qualifications (Article 8 of the Audit Committee Regulation)

1. A certified public accountant ("CPA") who performed work related to the CPA license, for 5 years or more after being licensed as a CPA
2. Anyone with a master's or higher degree in finance or accounting who worked in research institutions or colleges/universities at a position not lower than researcher or assistant professor, for 5 years or more after receiving the degree
3. Anyone who performed finance- or accounting-related work in listed companies for 5 years or more as an executive or 10 years or more as an executive/employee

4. Anyone who performed finance- or accounting-related work or supervision thereof for 5 years or more in Korean central government agencies, local governments, public institutions under the Act on Management of Public Institution, Korea Financial Supervisory Service, Korea Exchange, or financial investment service providers (excluding financial investment industry associations)

5. Anyone who performed finance- or accounting-related work for 5 years or more in institutions subject to inspection (including foreign financial institutions corresponding thereto) under Article 38 of the Act on Establishment of Financial Services Commission

6. Anyone who performed finance- or accounting-related work in Korea Federation of Banks, Korea Life Insurance Association, General Insurance Association of Korea, Korea Federation of Savings Banks, or Korea Credit Finance Association for 5 years or more

The 3 members of the Audit Committee meet the aforesaid qualifications.

## (2) Composition

Name	Type	Position	Date of election	Expiry of term
Seong-kook Kim	Outside director	Member	March 13, 2020	March 13, 2021
Seung-woo Lee	Outside director	Member	March 13, 2020	March 13, 2021
Jeong-ho Choi	Outside director	Member	March 13, 2020	March 13, 2021

## C. Activities and evaluation

### (1) Activities overview

In 2020, a total of 5 Audit Committee meetings were held with all members attending, where 6 agenda items were deliberated and resolved.

Before the Audit Committee meetings, the Company provides the committee members with relevant materials, so that sufficient review can be made in advance, and if necessary, had relevant executives themselves explain the agenda items. The committee members, with professional knowledge in various fields, had in-depth deliberations through exchange of diverse opinions, and all 6 agenda items were approved.

### (2) Meetings held

#### ▶ No. 54-1 Audit Committee meeting: February 26 (Fri) (date of agenda notification: February 18)

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Lee	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>				
A. Reporting of internal accounting management system's operations, to Audit Committee	No objection	No objection	No objection	
B. Reporting of Annual Audit by External auditor, to Audit Committee	No objection	No objection	No objection	
C. Reporting of senior actuary's assurance opinion, to Audit Committee	No objection	No objection	No objection	
4. Resolutions <sup>2)</sup>				

A. Agenda No. 1 - Evaluation, and reporting to the Board, of internal accounting management system's operations	Concur	Concur	Concur	Unanimously approved
B. Agenda No. 2 - Reporting of annual audit results to the Board	Concur	Concur	Concur	Unanimously approved
C. Agenda No. 3 - Submission of audit report to directors	Concur	Concur	Concur	Unanimously approved

- 1) A. Prepare a report on operation of the internal accounting management system and report it, in person, to the Board/auditor  
B. Report of audit results by external auditor for consolidated and separate financial statements  
C. Submit an opinion which verifies validity of contents of basic documents, calculation of dividends, etc.
- 2) A. Review adequacy of the internal accounting management system  
B. Report audit results to the Board  
C. Submit, to directors, an audit report prepared by reviewing financial statements and business report

▶ **No. 54-2 Audit Committee meeting: March 13 (Fri) (Date of notice: March 05)**

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	-			
A. Reporting of compliances checked, as related to external auditor's activities	No objection	No objection	No objection	
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 - Election of Audit Committee chairman	Concur	Concur	Concur	Unanimously approved

- 1) A. Report compliances checked, as related to external auditor's activities
- 2) A. Elect outside director Seong-kook Kim as Audit Committee chairman

▶ **No. 54-3 Audit Committee meeting: September 4 (Fri) (Date of notice: August 27)**

Items	Activities			Remarks
1. Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters	-			
4. Resolutions <sup>1)</sup>				
A. Agenda No. 1 - Reporting of audit results for FY2020 (1 <sup>st</sup> half)	Concur	Concur	Concur	Unanimously approved

- 1) A. Report, to Audit Committee, audit results for FY2020 (1<sup>st</sup> half)

▶ No. 54-4 Audit Committee meeting: November 25 (Wed) (Date of notice: November 17)

Items		Activities			Remarks
1. Outside director's name		Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason		Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>		-			
	A. Report on the check results of the internal audit Council in the 3rd quarter of 2020	No objection	No objection	No objection	Unanimously approved
4. Resolutions <sup>2)</sup>					
	A. Agenda No. 3 - Selection of core audit items	Concur	Concur	Concur	Unanimously approved

- 1) A. Report to the Audit Committee the contents of the internal audit council and the results of the inspection  
 2) A. Discuss and select core items to be audited along with external auditor (EY (Ernst & Young))

▶ No. 54-5 Audit Committee meeting: December 21 (Mon) (Date of notice: December 11)

Items		Activities			Remarks
1. Outside director's name		Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi	
2. Attendance and, if absent, the reason		Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>		-			
	A. Report on the verification result of compliance matters related to the activities of external auditors	No objection	No objection	No objection	
4. Resolutions <sup>2)</sup>					
	A. Agenda No. 1 - Deliberation of 2021 Audit Plan	Concur	Concur	Concur	Unanimously approved

- 1) A. Verify Compliance with the auditor's audit fee, audit time, and manpower required for audit  
 2) A. Deliberate and resolve 2021 Audit Plan

(3) Education/training conducted

Outside director's name	Seong-kook Kim	Seung-woo Lee	Jeong-ho Choi
Date & content of education/training	- Date: Dec 21, 2020 - Content: Information on the key points of the internal accounting management system		
Attendance of outside directors (reason for absence)	Attend	Attend	Attend

(4) Evaluation

The purpose of evaluation is for the Company to periodically review whether the Audit Committee duly performs its roles and responsibilities required by law and the Company's internal regulations and thereby to support or assist the Audit Committee to establish itself as the Company's important organ greatly affecting governance thereof.

For the foregoing, after the end of each fiscal year, the Board checks the Audit Committee’s composition and operation for the previous fiscal year. Specific checking items include reasonableness or adequacy of the committee’s size and composition, convening procedure (e.g., timing of meetings), agenda implementation rate, members’ attendance rate, reasonableness or adequacy of agenda item submission/deliberation, consideration of ethical, social responsibilities in decision-making, reasonableness or adequacy of information provided, etc.

Such checking is conducted through written examination of the Audit Committee materials and minutes, oral examination of relevant executives/employees, questionnaire survey, etc. The checking is led by the Board but certain details thereof are delegated to the Board-supporting department and the audit-supporting department

▪ Evaluation of Audit Committee

Category	① Composition	② Roles & responsibilities	③ Operation	Conclusion
Evaluation	Statutory requirements met	<ul style="list-style-type: none"> <li>▪ Attendance rate: 100%</li> <li>▪ Implementation rate: 100%</li> </ul>	Member evaluation <sup>n.)</sup> shows adequate operation of the subcommittee	Being operated transparently and objectively, according to its roles

<sup>n.)</sup> Adequacy of agenda deliberation/resolution, adequacy of communication and expertise supplementation among members, adequacy of data/information provision, and consideration of social/environmental issues and public interest in decision-making

**D. Audit-supporting department, etc.**

**(1) Current status of audit-supporting department**

The Company’s audit-supporting department under the Audit Committee is Audit Office, whose head oversees the audit-supporting organization. The audit-supporting department has a total of 16 staff members including the head of Audit Team.

**(2) Key items reported to Audit Committee, and support provided to Audit Committee**

Date	Reported to:	Reports and support
Feb 26, 2020	Audit Committee	Reporting of audit results for 2019 to the Board, etc.
Mar 13, 2020	Audit Committee	Election of Audit Committee chairman
Sep 4, 2020	Audit Committee	Reporting of audit results for 1 <sup>st</sup> half of 2020, etc.
Dec 21, 2020	Audit Committee	Selection of core audit items, etc.
Routine (everyday)	Head of Audit Office	Pre-audit, and result of inspecting business management, etc.

**7. Risk Management Committee**

**A. Roles (Authorities and responsibilities)**

**(1) Overview of Risk Management Committee’s roles**

The term “risk” here means the possibility that something will adversely affect the Company’s equity capital or profit/loss in the process of its business activities. Through risk management, the Company identifies the source of risk, measures its size or magnitude, conducts adequacy evaluation, and makes decisions through its Risk Management Committee (subcommittee of the Board) to avoid, bear, or reduce the risk.

The Risk Management Committee oversees enactment and revision of regulations which provide for basic policies of risk management and efficient supervision of, and policy formulation for, potential risks to the Company’s management, establishment of risk management strategy, setting of allowed limits in risk, etc.

The committee consists of various experts including those with experience in working for a financial company or in the field of finance or accounting in a corporation. It consists of 3 outside directors.

## (2) Specific roles

### (A) Establish basic policy and strategy on risk management

The committee determines whether the risk level faced by the Company is at adequate level relative to available capital, and then to maintain an adequate level, allocates risk capital to each category of risk. To maintain and manage the allocated, by-risk category risk capital, the committee sets and operates limits and guidelines by risk category (insurance, interest rate, credit) and by investment type (stock, real property, etc.). This allows securing of stable revenue base to achieve enterprise value maximization.

The Company has made it its risk management strategy to maintain risk-based capital (“RBC”) ratio through reinforcement of RBC system, minimize value change due to increased interest rate fluctuation caused by uncertainty in the global economy, and maintain interest income-based, stable revenue structure, thus setting the relevant capital allocation, limits, and guidelines and controlling them through strict monitoring.

We strengthened the independence and expertise of the risk management organization in 2016, by separating Insurance Repair Part, which handles insurance actuary such as settlement of liabilities, from Risk Management Team, appointing CRO under the Act on Corporate Governance of Financial Companies, etc. Also, we are building standard models and internal models to prepare for the introduction of IFRS17 and K-ICS (2021).

In addition, under the 'Model Practice on Integrated Supervision of Financial Group' implemented since the second half of 2018 and the Act on Supervision of Financial Conglomerate Business Groups' enacted in December 2020, we are currently improving DB Financial Group's risk management system as the representative company managing risk management strategies for our financial affiliates.

### (B) Determine the level of risk which the company can bear

Each year, by reflecting the result of scenario test (sensitivity analysis and stress test), the committee sets risk level and limit which enable the Company to continue as a going concern even under crisis situations.

The required capital is calculated, and capital is allocated to the portfolio assets determined based on the optimal portfolio strategy. For stable management of the allocated capital, by-risk limits are set and managed.

Management of market/credit risk limit includes management of risk capital limit, VaR limit, exposure limit, loss limit, loss cut, dispersion, etc., and management of interest rate risk limit includes management through the ALM system-based guideline (e.g., risk capital limit, duration, and asset/liabilities spread). As for management of insurance risk limit, the committee conducts capital management through the guideline for by-insurance item insurance risk amount, holding strategy (reinsurance risk management strategy), etc.

### (C) Approve the adequate investment limit and the loss limit

As regards the risk capital allocated so that the Company-wide risk can be kept at adequate level relative to available capital, limits and guidelines are set and managed for the purpose of managing market/credit risk capital.

#### ① Limits

Classification	Content
Limit on RBC credit risk	Manage RBC credit risk
Limit on RBC market risk	Manage RBC market risk

Operating limit	Manage portfolio
Limit on same-person credit offering, by credit rating	Prevent concentration of investment in specific counterparty
VaR limit	Prevent large-scale loss to market price-valued asset and manage fluctuation
Stop loss limit	Prevent large-scale loss

② Guidelines

Classification	Content
By-country dispersion	Prevent concentration of investment in specific countries
By-industry dispersion – Stock	Prevent concentration of investment in specific industries
By-industry dispersion – Bonds	Prevent concentration of investment in specific industries
By-industry dispersion – Loan	Prevent concentration of investment in specific industries
By-group dispersion	Prevent concentration of investment in Financial Supervisory Service–designated Main Debtor Groups
Stock dispersion	Prevent concentration of investment in specific stocks
Monthly transaction amount of bonds	Manage size of bond transactions
Holding amount, by purpose of bond investment	Limit size of liquid-purpose bond holding, and manage by purpose of investment
Credit health of bonds	Manage, based on scoring of credit health of bonds

**(D) Enact and revise risk management standards**

Enacting or amending risk management regulations shall be approved by a resolution of the BOD or the Risk Management Committee. However, if actual contents of the regulations do not change, such as changes due to amendments to statutes and Company regulations, or changes due to changes in the organizational structure, approval of the BOD or the Risk Management Committee is not required. In 2018, the Group Risk Management Standards for risk management of DB Financial Group, not just DB Insurance, were established through the BOD’s resolution and are administered separately from the existing risk management standards.

**(E) Other**

The Company reports important risk-related matters to the Risk Management Committee. It evaluates and reports RBC-related capital adequacy, and monitors and reports key risk indicators.

Also, the Company reports changes in RBC due to systemic changes to the Risk Management Committee, and will keep reporting key risk-related issues to the Risk Management Committee

## B. Composition (Committee members)

### (1) Overview

We operate our outside director system in accordance with the Act on Corporate Governance of Financial Companies which aims to enhance legality, soundness and transparency of management by securing independence and expertise of outside directors participating in the BOD, a key decision-making body of a company, and by strengthening their roles and responsibilities.

In order to make professional management decisions and establish a transparent corporate governance, we select our outside directors from insurance, legal and financial experts. Our Risk Management Committee consists of three members, including the chairman.

### (2) Members

Name	Type	Position	Date of election	Expiry of term
Jeong-ho Choi	Outside director	Chairman	Mar 13, 2020	Mar 13, 2021
Seong-kook Kim	Outside director	Member	Mar 13, 2020	Mar 13, 2021
Seung-woo Lee	Outside director	Member	Mar 13, 2020	Mar 13, 2021

## C. Activities and evaluation

### (1) Activities overview

The Risk Management Committee held **six meetings in 2020, with 100% attendance by all members, and handled 30 items (11 for resolution and 19 for reporting purposes).**

The committee diligently fulfilled its role as a corporate decision-making body that determines important matters such as amendments to risk management regulations and strategies of risk management.

### (2) Meetings held

#### (A) 2020 No.1 Risk Management Committee meeting: February 26 )

#### [Agenda notice date: February 18]

Items	Activities			Whether approved
	Seung-woo Lee	Seong-kook Kim	Jeong-ho Choi	
1. Member's name	Seung-woo Lee	Seong-kook Kim	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments(2 reports)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 Approval of (proposed) risk management strategy for FY2020	Concur	Concur	Concur	Approved
B. Agenda No. 2 Approval of (proposed) derivatives transaction strategy for FY2020	Concur	Concur	Concur	Approved

C. Agenda No. 3 Approval of (proposed) group risk management strategy for FY2020	Concur	Concur	Concur	Approved
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- 1) FY' 19.12 Crisis Analysis Results Report, FY'20 Financial Group Crisis Response System Report
- 2) A. Establish risk management directions and risk capital allocation, limit and guidelines for FY2020
  - B. Establish a derivatives transaction strategy comprehensively considering risk taking capability, etc.
  - C. Establish a group risk management strategy considering group risk propensity, and by-affiliate risk limit

**(B) 2020 No. 2 Risk Management Committee meeting: March 13**

**[Agenda notice date: March 05]**

Items	Activities			Whether approved
1. Member's name	Jeong-ho Choi	Seong-kook Kim	Seung-woo Lee	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (2 reports)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 <sup>2)</sup> Election of Chairman of Risk Management Committee	Concur	Concur	Concur	Approved
A. Agenda No. 1 <sup>2)</sup> Revision of risk management standards and reinsurance management regulations (Proposed)	Concur	Concur	Concur	Approved

- 1) Report on monitoring of key risk indicators (FY2019 (Dec)), and report the status of group risk management (FY2019 (Dec))
- 2) A. Elect Chairman of the Risk Management Committee, from members of Risk Management Committee
  - B. Approve the revision of risk management standards and reinsurance management regulations

**(C) 2020 No.3 Risk Management Committee meeting: May 29**

**[Agenda notice date: May 21]**

Items	Activities			Whether approved
1.Member's name	Jeong-ho Choi	Seong-kook Kim	Seung-woo Lee	
2.Attendance and, if absent, the reason	Attend	Attend	Attend	
3.Comments on reported matters <sup>1)</sup>	No particular comments (5 reports)			
4. Resolutions <sup>2)</sup>				

A. Agenda No. 1 Approval of excess over net holding limit	Concur	Concur	Concur	Approved
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- 1) Report the result of capital adequacy evaluation (FY2020 (Mar)), report monitoring result of major risk indicators (FY2020 (Mar)), report the status of group risk management (FY2019 (Mar)), report financial group's own risk management status evaluation result, and report revised contents of 'Standards for financial group supervision' and countermeasures for it
- 2) A. Change net holding limit of environmental pollution liability insurance, and approve excess (exception) over the holding limit of POSCO liability insurance

**(D) 2020 No. 4 Risk Management Committee meeting: September 04**

**[Agenda notice date: August 27]**

Items	Activities			Whether approved
1. Member's name	Jeong-ho Choi	Seong-kook Kim	Seung-woo Lee	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (5 reports)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 <sup>1)</sup> FY'20 Financial Group Risk Capital Limit Change (Proposed)	Concur	Concur	Concur	Approved

- 1) Report the result of capital adequacy evaluation (FY2020 (June)), report monitoring result of major risk indicators (FY2020 (June)), report the status of group risk management (FY2019 (June)), report financial group risk status(FY2020(June)), report Financial Group Supervisory System Promotion Plan in the 2nd Half of the Year
- 2) A. Financial Group's risk capital limit change due to the reset of DB Life's risk capital limit

**(E) 2020 No. 5 Risk Management Committee meeting: November 25**

**[Agenda notice date: November 17]**

Items	Activities			Whether approved
1. Member's name	Jeong-ho Choi	Seong-kook Kim	Seung-woo Lee	
2.Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments (4 reports)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 (Proposed) Revision of the detailed operating rules of the Risk Management Working Committee	Concur	Concur	Concur	Approved

B. Agenda No. 2 (Proposed) Revision of FY2020 Risk Management Strategy	Concur	Concur	Concur	Approved
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- 1) Report the result of capital adequacy evaluation (FY2020 (Sep)), report monitoring result of major risk indicators (FY2020 (Sep)), report ORSA, and report the status of financial group risk management (FY2020 (Sep))
- 2) A. Report revision of the detailed operating rules of the Risk Management Working Committee  
B. Report FY'20 reinsurance risk management strategy change

**(F) 2020 No. 6 Risk Management Committee meeting: December 21**

**[Agenda notice date: December 11]**

Items	Activities			Whether approved
	Jeong-ho Choi	Seong-kook Kim	Seung-woo Lee	
1. Member's name	Jeong-ho Choi	Seong-kook Kim	Seung-woo Lee	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters <sup>1)</sup>	No particular comments(1 report)			
4. Resolutions <sup>2)</sup>				
A. Agenda No. 1 (Proposed) FY2021 Revision of Risk Management Strategy	Concur	Concur	Concur	Approved
B. Agenda No. 2 (Proposed) FY2021 Revision of Reinsurance Risk Management Strategy	Concur	Concur	Concur	Approved

- 1) Report the result of Crisis analysis (Under the Financial Supervisory Service's shock scenario)
- 2) A. Changes in risk management goals and strategies to implement sustainable management under stable risk capital management.  
B. Establish the (proposed) company-wide reinsurance risk management strategies for FY2021

**(3) Evaluation**

The purpose of evaluation is for the Company to periodically review whether the Risk Management Committee duly performs its roles and responsibilities required by law and the Company's internal regulations and thereby to support or assist the Risk Management Committee to establish itself as the Company's important organ greatly affecting governance thereof.

For the foregoing, after the end of each fiscal year, the Board checks the Risk Management Committee's composition and operation for the previous fiscal year. Specific checking items include reasonableness or adequacy of the committee's size and composition, convening procedure (e.g., timing of meetings), agenda implementation rate, members' attendance rate, reasonableness or adequacy of agenda item submission/deliberation, consideration of ethical, social responsibilities in decision-making, reasonableness or adequacy of information provided, etc.

Such checking is conducted through written examination of the Risk Management Committee materials and minutes, oral examination of relevant executives/employees, questionnaire survey, etc. The checking is led by the Board but certain details thereof are delegated to the Board-supporting department.

- Evaluation of Risk Management Committee

Category	① Composition	② Roles & responsibilities	③ Operation	Conclusion
Evaluation	Statutory requirements met	<ul style="list-style-type: none"> <li>▪ Attendance rate: 100%</li> <li>▪ Implementation rate: 100%</li> </ul>	Member evaluation <sup>n.)</sup> shows adequate operation of the subcommittee	Being operated transparently and objectively, according to its roles

<sup>n.)</sup> Adequacy of agenda deliberation/resolution, adequacy of communication and expertise supplementation among members, adequacy of data/information provision, and consideration of social/environmental issues and public interest in decision-making

## 8. Management Committee

### A. Roles

#### (1) Overview

Created to enhance efficiency in the Board's operation, the Company's Management Committee deliberates and resolves on matters delegated by the Board of Directors Regulation and the Board, and manages and supervises the Company's operations to the extent delegated by the Board.

#### (2) Specific roles

The committee deliberates on and resolves establishment, relocation and closure of branches, opening and renewing of overdraft facility agreement with banks, and other matters delegated by the Board as necessary. The committee shall notify the directors of the resolutions, and a director may request convening of a Board meeting if he/she has objection to the resolutions notified.

### B. Composition (Committee members)

Name	Type	Position	Date of election	Expiry of term
Jeong-nam Kim	Inside director	Chairman	March 20, 2015	March 20, 2021
Seong-kook Kim	Outside director	Member	March 13, 2020	March 13, 2020

### C. Activities

#### (1) Overview

In 2020, a total of 4 Management Committee meetings were held, where important matters including appointment / dismissal / replacement of business managers, renewal of intra-day credit and overdraft facility agreement, and relocation of branch were deliberated and resolved.

#### (2) Meetings held

##### (A) No. 54-1 Management Committee meeting: January 17 [Date of notice: January 09]

Items	Activities		Whether approved
1. Member's name	Jeong-nam Kim	Yeong-mann Kim	
2. Attendance and, if absent, the reason	Attend	Attend	
3. Reported matters: None			
4. Resolutions			

A. Agenda No. 1 <sup>1)</sup> Appointment, dismissal and replacement of business managers	Concur	Concur	Approved
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1) Intend to appoint, dismiss and replace business managers as a result of personnel change, etc.

**(B) No. 54-2 Management Committee meeting: February 13 [Date of notice: February 05]**

Items	Activities		Whether approved
1. Member's name	Jeong-nam Kim	Yeong-mann Kim	
2. Attendance and, if absent, the reason	Attend	Attend	
3. Reported matters: None			
4. Resolutions			
A. Agenda No. 1 <sup>1)</sup> Relocation of branch (business unit)	Concur	Concur	Approved

1) Intend to propose branch relocation to improve office environment in the adjustment department, etc. and promote sales

**(C) No. 54-3 Management Committee meeting: March 5 [Date of notice: February 26]**

Items	Activities		Whether approved
1. Member's name	Jeong-nam Kim	Yeong-mann Kim	
2. Attendance and, if absent, the reason	Attend	Attend	
3. Reported matters: None			
4. Resolutions			
A. Agenda No. 1 <sup>1)</sup> Renewal of intra-day credit and overdraft facility agreement with Shinhan Bank	Concur	Concur	Approved

1) With the intra-day credit and overdraft facility agreement with its bank approaching expiry, intend to renew the term of agreement and thereby secure daily liquidity and emergency fund

**(D) No. 54-4 Management Committee meeting: December 9 [Date of notice: December 1]**

Items	Activities		Whether approved
1. Member's name	Jeong-nam Kim	Seong-kook Kim	
2. Attendance and, if absent, the reason	Attend	Attend	
3. Reported matters: None			
4. Resolutions			

A. Agenda No. 1 <sup>1)</sup> Renewal of intra-day credit	Concur	Concur	Approved
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1) With the intra-day credit agreement with its bank approaching expiry, intend to renew the term of agreement and thereby secure daily liquidity

### (3) Evaluation

The purpose of evaluation is for the Company to periodically review whether the Management Committee duly performs its roles and responsibilities required by the law and the Company's internal regulations and thereby to support or assist the Management Committee to establish itself as the Company's important organ greatly affecting governance thereof.

For the foregoing, after the end of each fiscal year, the Board checks the Management Committee's composition and operation for the previous fiscal year. Specific checking items include reasonableness or adequacy of the committee's size and composition, convening procedure (e.g., timing of meetings), agenda implementation rate, members' attendance rate, reasonableness or adequacy of agenda item submission/deliberation, consideration of ethical, social responsibilities in decision-making, reasonableness or adequacy of information provided, etc.

Such checking is conducted through written examination of the Management Committee materials and minutes, oral examination of relevant executives/employees, questionnaire survey, etc. The checking is led by the Board but certain details thereof are delegated to the Board-supporting department.

#### ▪ Evaluation of Management Committee

Category	① Composition	② Roles & responsibilities	③ Operation	Conclusion
Evaluation	Statutory requirements met	<ul style="list-style-type: none"> <li>▪ Attendance rate: 100%</li> <li>▪ Implementation rate: 100%</li> </ul>	Member evaluation <sup>n.)</sup> shows adequate operation of the subcommittee	Being operated transparently and objectively, according to its roles

<sup>n.)</sup> Adequacy of agenda deliberation/resolution, adequacy of communication and expertise supplementation among members, adequacy of data/information provision, and consideration of social/environmental issues and public interest in decision-making

## 9. Recommendations by Supervisory Agencies, and Plans for Improvement

- During the fiscal year, the Company received no administrative dispositions or guidance in connection with corporate governance.

## 10. Other Important Matters Related to Governance

- None

**[Attachment #1] Outside Director Qualifications Review Report**

Name	Qualifications Review Report
<p><b>Seong-kook Kim</b></p>	<ul style="list-style-type: none"> <li>▪ As the senior outside director, chairman of the Audit Committee and chairman of the Executive Candidate Nomination Committee, outside director candidate Seong-kook Kim participated in all Board and subcommittee meetings, actively presenting his opinions, and based on his broad understanding of the financial industry thanks to having worked for financial authorities and also as private financial company executive, supported efficient, sound operation of the Board. <b>In 2020, he greatly contributed to operation of the Company’s governance through in-depth reviews and opinions on acquisition of treasury stock, overseas business expansion, etc.</b></li> <li>▪ Candidate Seong-kook Kim meets all qualifications under applicable laws, and is deemed to have excellent qualities and abilities as an outside director candidate, including being judged suitable in the director evaluation.</li> </ul>
<p><b>Seung-woo Lee</b></p>	<ul style="list-style-type: none"> <li>▪ As a member of the Audit Committee and <b>chairman of the Compensation Committee</b>, outside director candidate Seung-woo Lee participated in all Board and subcommittee meetings, actively presenting his opinions, and based on various public administrative experiences over the general financial field thanks to having worked for government agencies and financial authorities, actively contributed to fair, transparent operation of the Board. <b>In 2020, he greatly contributed to operation of the Company’s governance through plentiful advices and opinions in the Board deliberations related to amendment of insurance industry legislations, etc.</b></li> <li>▪ Candidate Seung-woo Lee meets all qualifications under applicable laws, and is deemed to have excellent qualities and abilities as an outside director candidate, including being judged suitable in the director evaluation.</li> </ul>
<p><b>Jeong-ho Choi</b></p>	<ul style="list-style-type: none"> <li>▪ As a member of the Audit Committee and <b>chairman of the Risk Management Committee</b>, outside director candidate Jeong-ho Choi participated in all Board and subcommittee meetings, actively presenting his opinions, and based on his knowledge and experience in financial and insurance industries, contributed to greater expertise and fairness in operation of the Board. <b>In 2020, he greatly contributed to operation of the Company’s governance through active reviews and opinions on agendas related to subsidiary and overall risk management, etc.</b></li> <li>▪ Candidate Jeong-ho Choi meets all qualifications under applicable laws, and is deemed to have excellent qualities and abilities as an outside director candidate, including being judged suitable in the director evaluation.</li> </ul>

**Chairman of Executive Candidate Nomination Committee, Seong-kook Kim**

**Annual Compensation Report for 2020  
(DB Insurance Co., Ltd.)**

**1. Compensation Committee**

**A. Overall**

DB Insurance Co., Ltd. (the “Company”) makes it its philosophy to design and operate its compensation system so as not to cause problems to continuity as a financial company, based on the balance between its performance and the resulting risk structure.

The Company’s Compensation Committee, as a subcommittee of the Board of Directors (the “Board”), functions so that the Company’s key compensation policies will lead to achieving the aforesaid philosophy.

The Compensation Committee has been in operation since September 2010 under Article 10 Paragraph 2 of the Company’s Board of Directors Regulation, and the Company’s internal regulation thereon is the Compensation Committee Regulation.

The Compensation Committee consists of outside directors whose terms of office are one year. The committee’s current members were elected at the Board meeting of **March 13, 2020**.

Also, under Article 9 of the Compensation Committee Regulation, minutes setting forth the agenda, proceedings, results, dissenting members, and grounds of dissent in the committee meetings are prepared and kept.

**B. Composition**

**1) Overall**

For the Compensation Committee’s diligent performance of its roles, Article 2 of the Company Compensation Committee Regulation provides that the committee shall consist of at least three (3) directors and that a majority of all members shall be outside directors.

As of the end of **2020**, the Compensation Committee consists of three (3) outside directors (Seung-woo Lee, Seong-kook Kim, Jeong-ho Choi), and **with outside director Seung-woo Lee** being its chairman, meets the requirement of independence in composition.

Also, the three outside directors currently serve as the Company’s Risk Management Committee members, thus making it possible to handle compensation’s financial aspect and the Company’s risk management in depth.

The following is a summary.

Name	Position	Whether or not an outside director (Whether or not a member of Risk Management Committee)	Experience of working in the area of finance or accounting in a corporation	Career
Seung-woo Lee	Chairman	Outside director (Risk Management Committee chairman)	O	(Former) Vice Chairman of Financial Supervisory Commission (Former) President of Deposit Insurance Corporation (Current) Outside director of Samsung Securities
Jeong-ho Choi	Member	Outside director (Risk Management Committee member)	X	(Former) Director of Korean Insurance Academic Society (Former) Insurance supervisory advisor to Financial Supervisory Service (Former) Outside director of Prudential Life Insurance
Seong-kook Kim	Member	Outside director (Risk Management Committee member)	O	(Former) Ministry of Finance (Insurance Bureau), Financial Services Commission (Former) Vice President of Korea Securities Finance Corp. (Former) CEO/President of IBK Credit Information

## 2) Members

Name	Type	Position	Date of election	Expiry of term
Seung-woo Lee	Outside director	Chairman	March 16, 2020	March 15, 2021
Jeong-ho Choi	Outside director	Member	March 16, 2020	March 15, 2021
Seong-kook Kim	Outside director	Member	March 16, 2020	March 15, 2021

### C. Authorities and responsibilities

#### 1) Overall

The Compensation Committee, under the Compensation Committee Regulation, may request management to submit relevant materials to assist its (the committee's) professional, independent decision-making on relevant matters, and if necessary, may request the Company to retain outside advisors. Also, the committee has the authority to design and operate a system of performance-based pay ("performance pay") independently of management.

However, a Compensation Committee member may not leak, or use for his/her or a third party's interest, information on employee compensation matters handled by the committee.

#### 2) Deliberation and resolution on determination of compensation and the payment method thereof

In the Compensation Committee meetings No. 54-1 (Feb 21, 2020) and No. 54-3 (May 29, 2020), the Compensation Committee deliberated on the aforesaid matter.

Compensation Committee confirmed the overall system of performance-based compensation ("performance compensation"), such as its applicability and payment method, under the Executive Compensation Regulation, and reconfirmed that payment of performance compensation for each executive and the amount thereof are decided in accordance with that Regulation.

The resolution for the executives' compensation and payment methods thereof are as follows.

#### 3) Deliberation and resolution on preparation and disclosure of the Annual Compensation Report

The Compensation Committee, in the No. 55-1 Compensation Committee meeting (March 5, 2021), deliberated on the preparation and disclosure of the Annual Compensation Report.

It resolved that the 'Annual Compensation Report' be prepared based on the current criteria thereof, and resolved that the 'Annual Compensation Report' may be disclosed on the Internet website of the Company or relevant associations at least 20 days before the following year's AGM, or if disclosure is not made at such time, may be disclosed no later than the 15<sup>th</sup> of the month following that of the Board meeting resolving the performance pay.

#### 4) Deliberation and resolution on the design and operation of compensation system and on the evaluation of reasonableness thereof

The Compensation Committee, in the No. 54-3 Compensation Committee meeting (May 29, 2020), deliberated on the foregoing.

Deliberations focused on the ratios of base compensation and performance compensation against the total compensation and on the reasonableness of performance compensation's average deferral period. In particular, with the Act on Corporate Governance of Financial Companies becoming effective, deliberations covered the design and operation of compensation system under the Executive Compensation Regulation, applicable to all executives, and the reasonableness thereof, etc.

Accordingly, it resolved that total compensation for the executives (CEO/president, vice president, executive directors) be divided into base pay and performance pay based on performance evaluation, and that performance pay's existing average evaluation period of three years was reasonable. It also resolved that executives' performance pay for 2019 be paid under the Executive Compensation Regulation.

#### 5) Deliberation and resolution on the decision-making process for compensation policy

In its meeting No. 54-1, held on Feb 21, 2020, the Compensation Committee deliberated on method of convocation, method of passing resolutions, key status and procedures related to decision-making on compensation policy.

It was resolved that the decision-making process for compensation policy should be the same as the committee's decision-making process for the same as shown below.

#### 6) Continuous checking or monitoring of the link between financial company's compensation system and its financial situation and risk, and of compliance with the Act

The Compensation Committee, in the **No. 54-3 Compensation Committee meeting (May 29, 2020)**, checked the aforesaid matter.

The committee found that the Company's current compensation system for its executives was reasonable given the Company's overall financial situation, especially the size of its profit/loss and its capital, and decided that there was no large exposure to risks.

Also, it found that the compensation system, including performance pay's principle, design and adjustment, deferred payment, type and method of performance pay, cash compensation, and compensation system re-adjustment, complied with applicable laws in terms of the Company's internal regulations and their operation.

**7) Annual compensation evaluation, independent of management, to check whether the financial company's compensation system complies with the Act, etc.**

The Compensation Committee, in the **No. 54-3 Compensation Committee meeting (May 29, 2019)**, independently conducted an annual compensation evaluation.

The committee found that the Company's compensation policy and operation thereof complied with applicable laws on compensation system, and that the overall content thereof was accurately reflected in the annual compensation evaluation.

**8) Coverage of the Compensation Committee's compensation policy**

- ① Domestic: All Offices/Divisions of the Company
- ② Overseas: Overseas branches (excluding locally-hired employees)

**9) Determination of employees covered by performance pay for executives, financial investment personnel, etc.**

The Compensation Committee is required by Article 5 of the Compensation Committee Regulation to determine the scope of employees covered by performance pay in accordance with the Act, and in the **No. 55-1 Compensation Committee meeting (March 5, 2021)**, deliberated and then resolved to approve the Executive Compensation Regulation providing for the scope of employees covered by variable pay, etc.

Under the Regulation, executives covered by performance compensation were CEO, executive vice president, and executive directors (excluding chief compliance officer and chief risk officer). However, there are no employees with comprehensive authorities for financial investment (investment finance, foreign currency dealing, securities management, derivatives dealing, etc.), and since it is deemed that no employees will be greatly harmed by short-term performance pay, financial investment personnel covered by performance compensation are not relevant here.

The foregoing will validly apply to payment of performance compensation according to performance evaluation for **2020**, and resolutions for payment (or absence thereof) and amount of performance compensation to those covered thereby will be made in **2021**.

**D. Compensation Committee's activities and evaluation thereof**

**1) Decision-making process**

Compensation Committee meetings are convened by its chairman (currently, outside director Jeong-ho Choi), and notices thereof are given to each member at least three days in advance. The convening procedure may be waived if all Committee members consent but in **2020** there was no instance of such waiver.

The committee member submitting an agenda item shall explain the item in principle but if necessary, may have the relevant executive or department head present at the meeting explain the same.

The committee's resolutions are passed by agreement of a majority of the attending Committee members, and in case of a tie, the chairman has the casting vote. As for the committee resolutions in **2020**, there were no dissenting opinions.

**2) Overview of activities**

The Compensation Committee deliberates and resolves on the design and operation of the system of performance pay and evaluation of reasonableness thereof, decision-making process for compensation policy, determination of performance pay and the payment method thereof, preparation and disclosure of the Annual Compensation Report, etc.

In **2020**, a total of three Compensation Committee meetings were held, and the members' attendance rates were 100.0%, which enabled substantial operation of the committee.

Compensation Committee approved the 2019 annual report on performance compensation system in its meeting No. 54-1 (February 2020), elected its chairman in its meeting No. 54-2 held after the general meeting of shareholders in March 2020, and approved determination and payment of the 2019 performance compensation in its meeting No. 54-3 (May 2020).

### 3) Committee meetings held

#### A) No. 54-1 Compensation Committee meeting (2020): February 21, 2020 (Fri) 09:30

[Date of notice: February 17, 2020]

Items	Activities			Whether or not approved
1. Member's name	Seung-woo Lee	Seong-kook Kim	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters				
4. Resolutions				
2019 Annual Performance Compensation System Report	Concur	Concur	Concur	Approved

#### B) No. 54-2 Compensation Committee meeting (2020): March 13, 2020 (Fri) 12:40

[Date of notice: March 10, 2019]

Items	Activities			Whether or not approved
1. Member's name	Seung-woo Lee	Seong-kook Kim	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters				
4. Resolutions				
Election of chairman of the Compensation Committee	Concur	Concur	Concur	Approved

#### C) No. 54-3 Compensation Committee meeting (2020) : May 29, 2020 (Fri) 10:00

[Date of notice: May 25, 2020]

Items	Activities			Whether or not approved
1. Member's name	Seung-woo Lee	Seong-kook Kim	Jeong-ho Choi	
2. Attendance and, if absent, the reason	Attend	Attend	Attend	
3. Comments on reported matters				
4. Resolutions				
Determination and payment of 2019 performance compensation	Concur	Concur	Concur	Approved
Check (inspect) performance compensation system	Concur	Concur	Concur	Approved
Additional disclosure of annual report on compensation system	Concur	Concur	Concur	Approved
Payment of CEO incentives	Concur	Concur	Concur	Approved

### 4) Evaluation

With the 'Act' coming into enforcement from 2017, the Company conducts evaluations for the purpose of periodically reviewing whether the Compensation Committee duly performs its roles and responsibilities required by law and the Company's internal regulations and thereby supports the Compensation Committee to establish itself as the Company's important organ greatly affecting the Company's corporate governance.

For the foregoing, the Board plans to annually check the Compensation Committee's composition and operation for the previous year, and the specific checking items will include communication and supplementation of expertise among the committee members, Committee-convening

procedure and the degree of providing agenda items in advance, frequency of Committee meetings and reasonableness of the duration thereof, timeliness of the deliberation and resolution, etc.

Such checking is conducted through written investigation of the committee minutes, etc., oral investigation of relevant executives/employees, etc. All the checking is led by the Board but certain details thereof will be delegated to the Board-supporting department.

## **2. Compensation system**

### **A. Key matters**

#### **1) Performance measurement and the performance-compensation link**

##### **A) Company-wide key performance indicators (“KPIs”)**

Company-wide KPIs include financial indicators (EBT, loss ratio, M/S, etc.), customer indicators (retention rate, customer satisfaction, number of complaints, etc.), process indicators (RBC, management innovation, PA introduction, etc.), and learning growth indicators (global-level manpower, core job (work) management personnel, employee satisfaction, etc.).

##### **B) Individual KPIs**

As for executives, among the Company-wide performance indicators, indicators related to the relevant field of business (e.g., M/S, retention rate, PA introduction, etc. for executives in the Personal Business Division, and loss ratio, customer satisfaction, number of complaints, etc. for executives in the Compensation Service Office), detailed performance indicators which can further specify the foregoing, strategic task implementation rate, etc. are used as evaluation indicators.

##### **C) Company-wide and individual performance measurement, and their link with individual compensation**

As for executives, each executive’s performance indicators are fixed at the start of the fiscal year, and are reflected in individual performance pay through individual performance indicators (the relevant executive’s individual KPI, strategic task implementation rate in non-quantitative sectors, etc.).

#### **2) Criteria of deferral, adjustment, return, and fixing (finalizing) of performance pay**

##### **A) Policy on immediate payment and deferred payment of performance pay**

Of the amount calculated based on the performance evaluation, 40% shall be immediately paid in cash, and the remainder shall be paid in deferral over 3 years in link with the Company’s stock price.

##### **B) Policy on adjustment and return of the deferred compensation or paid compensation**

For the performance pay, the deferred compensation shall be paid over 3 years and, also, based on the business (or management) performance-reflected stock price.

In cases where an executive causes materially adverse effects on the Company’s business (or management) or is expected to do so due to neglect of duties or by intent or gross negligence, if the Compensation Committee passes a relevant resolution or the Company is bankrupted or dissolved, if suspension of duties or a heavier discipline for the executive by the Company or a supervisory agency is finalized, or if the executive resigns against the Company’s intent, the Company may refuse to make the deferred payment. Also, the Company may adjust the same, i.e., reduce, or refuse to make, the deferred payment depending on its RBC ratio (risk-based capital ratio) at the time of payment.

##### **C) Criteria to determine fixed payment and non-fixed payment, from deferred compensation**

In the determination of the amount of performance pay, the number of shares for payment of deferred compensation shall be fixed, and performance pay shall be paid in deferral over 3 years. However, the amount of deferred payment varies depending on the performance evaluation year’s average stock price (average of end-of-month stock prices in the fiscal year).

#### **3) Criteria of determining cash and other forms of compensation (stock, etc.)**

##### **A) Criteria and basis of determining fixed pay and variable pay, from total compensation**

From the total compensation, the basic pay included in average wage under the Labor Standards Act or paid in monthly fixed amount similar to

the case of ordinary employees and the incentive (P.I.) paid to all executives/employees for productivity improvement are classified as fixed pay, and the performance pay based on executives' performance evaluation is classified as variable pay.

**B) Forms of performance pay**

The forms of performance pay consist of payment in cash and payment linked with the Company's stock price.

**C) Criteria and basis of determining cash and other forms of compensation (stock, etc.), from performance pay**

Performance pay is paid in cash. For a link with the long-term performance, however, 60% of the determined performance pay is expressed in terms of the number of shares, evenly allocated over the following 3 years, and then paid as linked with the Company's average stock price (average of end-of-month stock prices in the fiscal year) at the time of deferred payment.

**D) Criteria and basis of determining immediate payment and deferred payment, from performance pay**

From the performance pay, 40% shall be immediately paid in cash at the time of determination thereof, and 60% shall be paid in deferral over 3 years (20% each in year 1, year 2, and year 3). The latter shall be paid as linked with the Company's stock price, for a link with long-term performance.

**4) Compensation system for ordinary employees**

**A) Compensation system for performance-based culture (meritocracy) to take root**

For performance-based culture (meritocracy) to take root, the Company introduced in 2000, and currently implements, a performance-based annual salary system for all employees, and in order to promote performance-based culture (meritocracy) among employees, implements performance-linked, special compensation (productivity improvement incentive).

**B) Rationalizing the wage system**

The Company implements performance-based annual salary system for ordinary employees, and operates a rational wage system which determines annual salary based on competency evaluation and performance evaluation of employees.

By specifying the criteria of annual salary calculation for employees in its rules of employment, the Company has clarified the wage basis.

**5) Advice from outside experts**

Under Article 8 Paragraph 5 of the Compensation Committee Regulation, the Company has granted Compensation Committee members the authority to request outside advice, but in 2020, there was no such request and hence no outside advice.

**6) Use of compensation-related insurance**

For executives whose compensation requires the Compensation Committee's resolutions, the Company bans use of personal risk avoidance strategy or compensation-related insurance which can hurt the compensation system's link to risk.

**7) Key changes in the compensation system**

In 2020, we had no changes in connection with our compensation system.

**B. Details of compensation**

**1) Total compensation for executives/employees**

(Unit: Person, KRW 100 mil)

Classification	Total compensation for executives/employees (A)	EBT (Earnings before taxes) (B)		No. of executives/employees (C)	Average compensation for executives/employees (A/C)
			Ratio (A/B)		

Previous year (2019)	3,333	5,051	0.66	4,594	0.73
Current year (2020)	3,253	6,786	0.48	4,617	0.70

No. 1) "Total compensation for all employees" (A): Labor income on the labor income statement under Article 20 of the Income Act

## 2) Total compensation and performance pay, by rank

(Unit: KRW 100 mil)

Classification		Executives		Employees				
		Registered	Non-registered	Rank "L" (manager)	Rank "P" (working -level)	Rank "A" (assistant)	Direct sales	Others
Previous year (2019)	Total compensation	13.6	104.6	733.2	1,030.3	137.1	381.3	932.9
	Performance pay	2.94	9.2	0	0	0	0	0
Current year (2020)	Total compensation	9.4	102.5	704.4	949.5	118.9	467.3	901.0
	Performance pay	'Currently being prepared' Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation						

\* Total compensation: Labor income in the labor income statement

\* Amount of performance compensation is based on the amount accrued in relevant year.

## C. Details of compensation for executives and financial investment personnel

### 1) Classification of compensation (based on amount accrued in the relevant year)

(Unit: Person, KRW 100 mil)

Classification		No. of recipients	Base pay	Amount of performance pay	
					Subject to deferred payment
Previous year (2019)	Executives	18	51.3	12.1	7.0
	Financial investment personnel	0	0	0	0
Current year (2020)	Executives	'Currently being prepared' Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation			
	Financial investment personnel				

### 2) Forms of performance pay (based on amount accrued in the relevant year)

(Unit: KRW 100 mil)

Classification		Performance pay				
			Cash	Stock	Stock derivatives	Others
Previous year (2019)	Executives	12.1	5.1		7.0	
	Financial investment personnel	0				

Current year (2020)	Executives	‘Currently being prepared’ Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation
	Financial investment personnel	

\* Payment method for our performance compensation: Pay 40% in cash in the year when performance compensation is determined, and pay the 60% balance by link with company stock price.

\* Company stock price-linking method: Based on the average of company stock prices at the end of each month during the performance measuring period, convert the 60% balance into stock and then pay 20% each for 3 years starting from the following year. The amount paid shall be the average stock price (in the fiscal year immediately before the time of payment) multiplied by the number of stock.

### 3) Classification of deferred compensation (based on amount accumulated at the end of the relevant year)

(Unit: KRW 100 mil)

Classification		Deferred compensation	Deferred compensation	
			Fixed	TBD
Previous year (2019)	Executives	17.9	4.1	13.8
	Financial investment personnel	0		
Current year (2020)	Executives	‘Currently being prepared’		
	Financial investment personnel	Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation		

### 4) Forms of deferred compensation (based on amount accumulated at the end of the relevant year)

(Unit: KRW 100 mil)

Classification		Deferred compensation	Deferred compensation			
			Cash	Stock	Stock derivatives	Others
Previous year (2019)	Executives	17.9			17.9	
	Financial investment personnel	0				
Current year (2020)	Executives	‘Currently being prepared’				
	Financial investment personnel	Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation				

### 5) Classification of deferred compensation (based on amount accumulated at the end of the relevant year, by year of accrual)

(Unit: KRW 100 mil)

Classification		Deferred compensation	Deferred compensation				
			t	t-1	t-2	t-3	Before t-3
Previous year (2019)	Executives	17.9	7.0	6.5	4.4		
	Financial investment personnel	0					
Current year	Executives	‘Currently being prepared’					

(2020)	Financial investment personnel	Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation
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No. 1) Separately state the amount of cumulative deferred compensation as of the end of relevant year, by the year of accrual

No. 2) Based on the balance after subtracting the amount paid in the relevant year

#### 6) Adjustment of deferred compensation

(Unit: KRW 100 mil)

Classification		Reduction amount of deferred compensation <sub>Note. 1)</sub>	Direct adjustment <sub>Note 2)</sub>	Indirect adjustment <sub>Note 3)</sub>	Amount exposed to direct or indirect adjustment <sub>Note 4)</sub>
Previous year (2019)	Executives	Δ0.6		Δ0.6	18.5
	Financial investment personnel	0			
Current year (2020)	Executives	‘Currently being prepared’ Disclosure planned when the Compensation Committee decides to pay it based on results of the 2020 performance evaluation			
	Financial investment personnel				

No. 1) Reduction from the amount of cumulative deferred compensation as of the end of the immediately preceding year due to direct adjustment (decrease in amount, return, etc.) or indirect adjustment (stock price change, etc.). Even when deferred compensation is reduced by reflecting performance evaluation, etc. but stock price change, etc. causes deferred compensation to actually increase, state it

No. 2) State reduction (amount) in deferred compensation due to direct adjustment (decrease in amount, return, etc.)

No. 3) State reduction (amount) in deferred compensation due to indirect adjustment (stock price change, etc.)

No. 4) Amount of deferred compensation potentially exposed to direct, indirect adjustment (based on cumulative amount as of the end of year)

#### 7) Severance compensation for retiring or resigning executives/employees

(Unit: Person, KRW 100 mil)

Classification		No. of recipients	Amount of severance compensation	Maximum payment per person
Previous year (2019)	Executives	0		
	Financial investment personnel	0		
Current year (2020)	Executives	0		
	Financial investment personnel	0		

Note) Statutory severance allowance under the Labor Standards Act shall be excluded from the severance compensation.