NAIC Number: 12502

Company Name: DB Insurance Co., Ltd. (U.S. Branch)

Line Of Business: Property & Casualty

Group Filing: N

Group Number:

Group Name:

Governance:

1. Disclose the insurer's governance around climate-related risks and opportunities.

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

• Identify and include any publicly stated goals on climate-related risks and opportunities.

• Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

• Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Response for Governance:

DB Insurance works to implement systematic and sustainable ESG management and effectively carry out ESG management activities. Accordingly, we established an ESG Committee within the BoD in March 2021. The ESG Committee, comprising the inside director and two outside directors, is chaired by an outside director. With this ESG management system as a foundation, we approved our ESG management strategy in May 2021, taking a leading role in enhancing ESG management in the insurance industry.
In addition, the ESG Secretariat, under the ESG Committee, acts as the coordinator, while the ESG Working Committee, composed of key department heads, assists in the smooth operation of the committee’s duties. The issues and improvement tasks identified by the committee are fully integrated into the company’s ESG management strategy and review through submissions to the ESG Committee.

The ESG Committee under the BoD actively addresses climate change issues. The committee makes decisions on key climate change-related issues concerning the formulation of environmental management policies, management of environmental KPIs, establishment of carbon neutrality plans, creation of environmental risk management systems, and development of environmental products and services. The ESG Working Committee is divided into three subcommittees: environmental, social, and governance. Each subcommittee is responsible for identifying key issues and carrying out detailed improvement tasks by analyzing internal and external conditions and understanding stakeholder concerns in the respective ESG domains.

In 2020, we established a risk management and internal control system to:
1. Manage risks at a Group level through the development of risk management policies, as well as regularly assessing and inspecting progress through the establishment of a risk management system;
2. Set up Group-level internal control standards that monitor vulnerabilities in the internal control system and set related countermeasures, as well as prevent conflicts of interest.

We identify and report to the BOD and Risk Management Committee on matters including:
status reports and governance structures of our financial affiliates in accordance with the Group's internal control and risk management standards, capital securities transactions by and between affiliates, internal transactions, and level of risk concentration.
Additionally, with the aim of preemptively responding to the market and regulatory changes, the risk management department has developed an effective monitoring indicator tracking the characteristics of industries such as insurance, financial investment, and credit.
Also, it implements a Group-level crisis response system that monitors on a monthly basis.

The Group's Internal Control Council and Risk Management Council is composed of compliance officers and the CROs of FC's key financial affiliates, including DB Insurance, DB Life Insurance, DB Financial Investment, DB Asset Management, DB Savings Bank, and DB Capital. The Risk Management Council conducts a preliminary review of the Group's major risk agendas and important management matters subject to deliberation and resolution by the Committee.

• Does the insurer have publicly stated goals on climate-related risks and opportunities? Y
• Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? Y
• Does management have a role in assessing climate-related risks and opportunities? Y
• Does management have a role in managing climate-related risks and opportunities? Y

Strategy:

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

• Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.

• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

• Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30years as long term.

B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:

• Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.

• Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Response for Strategy:

Due to the growing interest in the company's social and environmental responsibility, the insurance industry is also rushing to adopt ESG management into their business areas. Likewise, several insurance companies are shifting their business management to center on the interests of stakeholders, also focusing on fulfilling social responsibilities and developing new products to protect the environment. All in all, with the aim of earning trust and accomplishing sustainable growth, we are witnessing a paradigm shift in the financial activities of the insurance industry.

HQ in South Korea has the Approach Strategy that the crucial values of our business conduct are not only financial profits but also non-financial values. Starting with the signing of a business agreement with the United Nations Environment Program (UNEP), we focus on making socially responsible investments and sales of pro-social and ecofriendly insurance products as indemnity insurance and environmental liability insurance that can be accessed by the underprivileged. We are striving to practice socially sustainable financial services.

Under the "Act on Liability for Environmental Damage and Relief Thereof" in South Korea, DB Insurance developed "Environmental Liability Insurance" 1) together with the Ministry of Environment to create the world's first compulsory insurance compensating environmental pollution liability. To control environmental risks, we developed voluntary insurance with additional coverage for damage over the coverage limit of the compulsory insurance. Furthermore, we have been regularly rendering consulting services and training to companies subject to environmental liability insurance. By operating a dedicated web-based one-stop service, we have been carrying out activities to reduce and prevent risks arising from environmental pollution due to harmful substances. The "United Nations Environment Program (UNEP): Asia Pacific Annual Meeting", held in 2017 and 2021, introduced the environmental liability insurance as an exemplary case of a successful implementation. In 2019, it was also selected as an excellent practice at the "China (Guangxi) Environmental Protection Innovation Forum and Environmental Liability Insurance Exchange Conference" held in Nanning, China. To ensure environmental liability insurance is distributed smoothly in the insurance industries of developing countries, as per the 2019 UNEP MOU, we plan to share global environmental policy trends and environmental management methods of advanced companies and introduce exemplary domestic policies.

When making investment decisions, we adhere to principles of responsible investment centering on both financial and ESG (environmental, social, and governance) factors. By conducting a negative screening on potential investees in accordance with our self-developed internal screening standards, non-ethical companies and companies that do business in gambling, tobacco, or alcohol are excluded from our investment targets. On the other hand, investments in ethically transparent and environmentally friendly companies are expanded. After declaring "coal-free finance" in 2019, a first for private financial companies in Korea, we have been concentrating our investments in renewable energy projects such as SOC projects and ESG bonds. In 2023, seeking new investment opportunities to create social value, we participated as a major investor in a small- and medium-sized solar power fund. As a result of our efforts, the profitability of socially responsible investment accomplished a high rate of 4.5%, exceeding the company’s asset yields.

HQ of DB Insurance in South Korea has signed a sustainability and green growth MOU with the United Nations Environment Programme (UNEP). Through this agreement, we will identify and promote global environmental policy trends, the best environmental practices of leading companies, and outstanding environmental policies – such as the Environmental Impairment Liability (EIL) Insurance that was implemented in Korea. In addition, we will establish a social basis to utilize these policies. Going forward, we will conduct diverse collaborative activities with UNEP to fight global climate change and find ways to realize social change.

To effectively counter climate change, DB Insurance assesses and addresses potential risks and opportunities posed by climate change. Climate change risks are managed by classifying them into physical risks (those related to the direct physical impacts of climate change) and transition risks (those arising during the shift to a low-carbon economy), enabling comprehensive risk analysis and the exploration of mitigation strategies.
DB Insurance conducts climate risk scenario analysis to remain ready for potential crises induced by climate change.
Climate risk, as a disaster caused by natural calamities resulting from rising global temperatures, requires long-term consideration. Given its complex effects across various pathways, including the economy,society, and markets, it is necessary to analyze the propagation and impact of climate risk based on future scenario assumptions. Accordingly, we set different variables for climate scenario analysis from the perspectives of physical and transition risks, derived the propagation pathways and impacts of risks according to the scenarios, and analyzed the financial impacts.

• Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? Y
• Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? Y
• Does the insurer make investments to support the transition to a low carbon economy? Y
• Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? Y

Risk Management:

3. Disclose how the insurer identifies, assesses, and manages climate-related risks.

In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

• Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.

• Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.

• Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

A. Describe the insurers' processes for identifying and assessing climate-related risks.

In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

• Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.

B. Describe the insurer's processes for managing climate-related risks.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

• Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.

• Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the

scenarios consider, what types of scenarios are used, and what timeframes are considered.

• Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Response for Risk Management:

Our underwriting department in US is using various methods or tools to write acceptable risks in respect to climate change. Our underwriters are very cautious about providing the coverage that covers natural catastrophe risks, such as earthquake, hurricane, and flood. Also, we have a very strongly protective reinsurance program for climate change-related risks. When preparing for every year's reinsurance program, we have a process for evaluating all of our risk retentions, such as the catastrophe modeling. We can estimate the PML(Probable Maximum Loss) amount by region and peril.

We carry out on-site inspections on the policies we write and encourage policyholders to reduce any kind of potential risks including the risk affected easily by climate change-influenced events. We keep following up on the actions that the policyholders have taken and updating our UW guideline regularly.

Our company strategy for the investment in US is focused on stability and soundness. All of our current investments are on US Treasury Note, Financial Institute Bond, and Certificate of Deposit and we have stayed away from thermal-coal-related investments from the beginning. This investment strategy hasn't been changed up to now because our investment strategy would help mitigate the impact of climate change-related risks.

DB Insurance Co., Ltd (US Branch) has not experienced much in US market especially in the mainland. We still have been learning the topic of climate change from many of resources researched by other experienced experts. We hope that we can provide and contribute our experience to the public in the near future.

• Does the insurer have a process for identifying climate-related risks? Y
o If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? N
• Does the insurer have a process for assessing climate-related risks? Y
o If yes, does the process include an assessment of financial implications? N
• Does the insurer have a process for managing climate-related risks? Y
• Has the insurer considered the impact of climate-related risks on its underwriting portfolio? Y
• Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? Y
• Has the insurer considered the impact of climate-related risks on its investment portfolio? Y
• Has the insurer utilized climate scenarios to analyze their underwriting risk? N
• Has the insurer utilized climate scenarios to analyze their investment risk? N

Metrics and Targets:

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

• Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

• In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure

to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Response for Metrics and Targets:

We have written Business Owners/Commercial Package/Homeowners/Dwelling Fire policies with the covered perils (in the states) such as hurricane(HI). We analyze our statistics regularly and properly. And then apply the result to our underwriting guideline. Also, all the statistics have been provided to our reinsurers so that they could help rate accurately for those coverages and provide the relevant recommendations.

We have a department that has a role for researching all the natural hazardous risks including climate change in Korea head office. However, it has been mostly oriented to the risk of Korean peninsula and currently we do not have firmed policy for the climate change in USA. However, more importantly, we have very strong reinsurance program provided with world best reinsurers and they have a firmed strategy and policy for the climate change supporting our company risks.

Our reinsurance program has been built up based on the catastrophe modeling results. The timescale is determined depending on the average and variance of the modeling result per region and peril, but we mostly take into consideration the results with 200 to 250 years of return period for the climate change related perils.

The Korean government has announced a plan to achieve carbon neutrality by reducing GHG emissions by 40% compared to 2018 levels by 2030. With this plan in place, DB Insurance has become the first private financial institution in Korea to declare a commitment to coal divestment. According to our mid- to long-term goals to cut carbon emissions by 40% by 2030, we are gradually establishing short-term targets.

We have strategies for environment risk mitigation to Engage in activities to cut GHG emissions, expand investments in eco-friendly assets (asset management), distribute low-carbon models within the insurance group, establish collaborative networks with global institutions

Our GHG emissions are as follows :
Scope 1 emissions : 2,606 tco2eq, Scope 2 : 24,031 tco2eq, Scope 3(Including financed emissions) : 3,573,506 tco2eq

DB Insurance’s asset management strategy includes decreasing the proportion of corporate bonds in the portfolio that are tied to fossil fuel-based businesses such as coal-fired power generation This report marks the first step in these efforts by publicly disclosing preliminary calculations of financial emissions for listed stocks and corporate bonds in our investment portfolio, using the PCAF methodology. Simultaneous monitoring of “carbon intensity” is crucial to evaluate long-term progress towards carbon neutrality. Defined as the carbon emissions per unit, carbon intensity is used to neutralize the impact of asset size and compare emissions across different portfolios.Moving forward, DB Insurance will extend the scope of financed emission calculations for its investment portfolio and conduct scenario analyses, further refining strategies to achieve carbon neutrality and enhance ESG finance.

• Does the insurer use catastrophe modeling to manage your climate-related risks? Y
• Does the insurer use metrics to assess and monitor climate-related risks? Y
• Does the insurer have targets to manage climate-related risks and opportunities? Y
• Does the insurer have targets to manage climate-related performance? Y