

# Humanity and the Future



## About This Report

### Report Overview

This is the first Sustainability Report published by Kyobo Life Insurance. Kyobo Life pursues a mission of helping all people effectively prepare for any hardships they may encounter in their lives, with a vision of growing into a corporation respected and cherished by all stakeholders. The aim of this Report is to present these efforts and their results to the stakeholders through a five-part description of the Company's sustainability management and its four pledges, one to each group of stakeholders, and its ten procedural principles.

### Composition

Stakeholders		Customers	Financial Planners & Employees	Investors	Government & Community
Pledges		Kyobo Life will always give utmost priority to customer service.	Kyobo Life will grow together with its financial planners and employees	Kyobo Life will continue to be an attractive investment to investors	Kyobo Life will progress together with the government and the community
Procedural Principles	Economy	1. We will always listen to our customers and manage the company through their eyes. 2. We will continue to improve the quality of our service from underwriting to payment.		6. We will continue to generate additional profits through sustainable growth. 7. We will increase our corporate value with preemptive risk management skills.	
	Society		3. We will maintain our corporate culture based on joy, confidence and trust. 4. We will provide all employees with equal opportunities and reward them based on fair evaluations. 5. We will enhance the expertise of our financial planners and employees.		8. We will be proactive in leading and participating in community service projects. 10. We will grow with our peers through fair competition.
	Environment	9. We will carry out conservation activities in a manner that is reflective of our business.			

### Report Standards

This report complies with the G3 Guidelines of the GRI (Global Reporting Initiative), and is based on the 10 principles of UNGC (UN Global Compact), the contents of ISO 26000, and opinions gathered from a broad range of stakeholders.

### Report Boundary and Period

The boundary of this Reports includes the business activities of Kyobo Life Insurance Company's main office, domestic branches, and Kyobo Life Plazas, and not those of the Company's overseas branches. This Report contains some of the economical, social, and environmental achievements the Company made during the fiscal year 2010 ending March 2011, including quantitative data going back to the three prior fiscal years, if deemed necessary, to help readers compare performance across the years. Going forward, the Company will continue to report its sustainability management activities and results to stakeholders, while gradually expanding its sustainability management efforts as well as the boundary and level of its report.

### Accreditation

This Report has been verified in terms of contents and data by the Institute for Industrial Policy Studies of Korea which performed the three-principle verification of AA1000AS, and received GRI Application Level Check and Statement from the GRI. (p66)

### Inquiries

This Report is available in English and Korean. More detail information regarding the contents of this Report is available at the IR section of the Company's website ([www.kyobo.com](http://www.kyobo.com)) and, for further inquiries, please contact:

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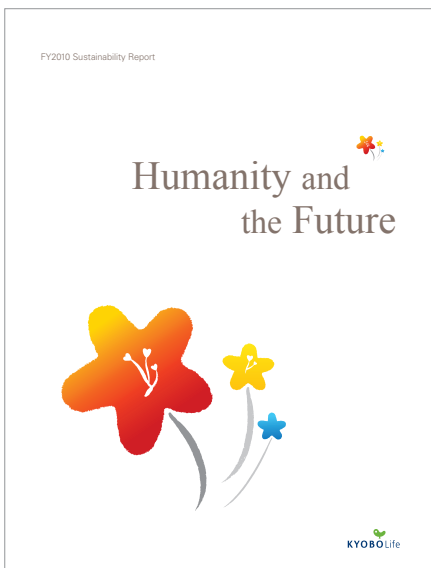
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### Humanity and the Future

Kyobo Life Insurance's sustainability management philosophy aims to bring a better future to all stakeholders including customers, financial planners, employees, investors, peer companies, regulatory agencies and the surrounding communities. The human being is the most important element in the world and companies continue to exist to enrich the lives of human beings, making it only reasonable that companies' management philosophy should also lie in the value of the human being. Therefore, Kyobo Life named this Report, "Humanity, and the Future," to emphasize the importance of human beings, who create the paths to the future and benefit from it. "Humanity, and the Future" is based on the respect for all human beings.

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## CEO Message



“Kyobo Life Insurance will  
cultivate a brighter future together  
with all stakeholders.”

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Dear Kyobo Life’s valuable stakeholders,

The year 2010 marked an important milestone in Kyobo Life Insurance’s continued efforts to cultivate a brighter future with all stakeholders. In the year 2010, Kyobo Life experienced various meaningful events. In recognition of its leadership in the financial industry, for example, Kyobo was nominated by Fortune Korea as one of Korea’s 50 most admired companies and took the privilege of representing Korean financial industry at the G20 global business summit in Seoul.

Furthermore, Kyobo’s insurance business continued to grow despite the global financial crisis. Kyobo could achieve solid growth because of its employees’ efforts to carry out the true value of life insurance for customers while staying committed to the mission of helping all people become better prepared for any hardships in their lives.

In 2010, in attempts to hold up its end of corporate social responsibilities, Kyobo created Sustainability Management Support Team, whose main role is to listen to and gather opinions of all of the stakeholders and reflect those opinions in the business and its management. In October, as the first insurance company in Korea, Kyobo joined the UN Global Compact, a global initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies and report on their implementation, building a solid framework for Kyobo’s own sustainability management. All of these actions confirmed Kyobo’s commitment in adopting sustainable and socially responsible business practices.

During the Asian financial crisis back in 1997, Kyobo Life Insurance sought to boost the morale of the nation and its people with the message on its famous billboard in the heart of Seoul that read:

**Together we become a forest. / Without a tree sacrificed, / A forest we become / We march towards the days of the forest.**

As the message implies, Kyobo Life has always pursued happiness for all people by bringing in a better future for all stakeholders regardless of the situation. Based on this principle, we declare the following pledges to our stakeholders:

### **First, Kyobo Life will always give utmost priority to customer service.**

Kyobo Life has a mission to become customers' most preferred insurance company in Korea within the next ten years. To this end, Kyobo Life covers from traditional products that insure customers against physical harm or unexpected financial difficulties to various socially conscious products such as insurance for charity or disability. Its extensive product line-up is a reflection of its founding philosophy; since establishment, the Company sought to encourage youths to stay on the path of education and, to that end, introduced the first education insurance product after the war torn the country apart with aims to contribute to building Korea as a self-sufficient country. In terms of service quality, the Company has been endeavoring to earn customer trust by offering the types of products that meet customers' authentic needs. In particular, to give them more than what they expect from Kyobo Life, the Company has and will continue to maintain the high quality of our customer service, which applies throughout the process, from underwriting to the last insurance payment.

### **Second, Kyobo Life will grow together with its financial planners and employees.**

Kyobo Life has been working together with its financial planners and employees towards a common goal of building the most preferred workplace. In order to achieve this goal, Kyobo has attracted and retained the first-rate talent and fostered a dynamic corporate culture that rewards outstanding performance and encourages self-improvement. Specifically, the Company strives to enrich the lives of its financial planners and employees by running a variety of family-oriented programs and campaigns that reflect the key value of the life insurance business. In recognition of its leadership in the family-oriented management, the Company has become the first in Korea to secure the "S" grade, the highest possible rating given to family-oriented companies. Encouraged by this honor, the Company plans to double its efforts to support the financial planners and employees in their pursuit of personal goals and self-improvement.

### **Third, Kyobo Life will continue to be an attractive investment to investors.**

Kyobo Life is Korea's only insurance company with a credit rating of A2 from Moody's, an international ratings agency, and AAA from a domestic ratings agency. Although not the largest in size, Kyobo continues to generate superior net income compared to its peers. In terms of return on equity (ROE), the most frequently-used performance indicator, Kyobo has maintained No. 1 position for the past five years in Korea's life insurance industry, posting 638.9 billion won in net income for the fiscal year 2010. To meet the expectation of a variety of investors, Kyobo will continue to strengthen its financial capability.

### **Fourth, Kyobo Life will progress together with government and community.**

Kyobo Life firmly believes that the lives of all people are equally important and that it has the responsibility of supporting them in pursuit of personal values. For this reason, with the start of "Kyobo Dasomi Volunteer Service Group" in December 2002, Kyobo has been carrying out numerous activities to help people in difficult situations. Among others, the "Care Service Group for the Sick" alleviates the burden of medical expenses of the low income families and has so far contributed to the society with the value equivalent to 25.8 billion Korean won. Also included in its community service activities is the creation of three non-profit foundations in support of the socially marginalized.

In addition, the Company continued its green management efforts by minimizing the environmental impact of its business operations, increasing investment in eco-friendly SOC projects, and remodeling the headquarter building in a more energy efficient way. As a result, Kyobo's headquarter building received the Platinum grade, the highest grade to eco-friendly buildings, for the first time in Korea. Furthermore, the Company contributed to environmental conservation by hosting various social events and contests, including "Kyobo Life Insurance Environment Awards," initially launched in 1997, to shed light on and celebrate people, who have devoted their lives to preserving the environment.

The human being is the most important element in the world and companies continue to exist for the purpose of enriching the lives of human beings. However, Kyobo Life still has a long way to go before it attains its vision and, particularly, its efforts to alleviate the problem of global warming or climate change has further to improve from now. Kyobo has taken a small yet meaningful step towards promoting sustainability management, and will continue to move forward while carefully listening to the voice of every stakeholder. To this end, our management, including myself, will be the first to carry out appropriate actions at all times. By instituting a sustainability management that best suits the insurance business, we will endeavor not only to become the most respected company with a hundred-year history, but also to make our neighbors and society more "sustainable" going forward.

I sincerely extend my heart-felt gratitude to all stakeholders, including our financial planners and employees, for their ceaseless efforts to keep their customers and communities well cared for.

Thank you.

*Chairman & CEO  
Kyobo Life Insurance*

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## Company Introduction

The mission of Kyobo Life Insurance is to help all people prepare for any and all hardships in their lives. Since its founding in 1958 the Company has been building customer trust on the basis of its three core values—attention to customers, honesty and diligence, and challenge and creativity—and bringing life insurance closer to the mainstream of society through constant change and innovation. Now, based on its strong stakeholder trust, the Company is poised to take a giant step towards a brighter future. While getting there, the Company will continue to do its best to create a better future for all its stakeholders.

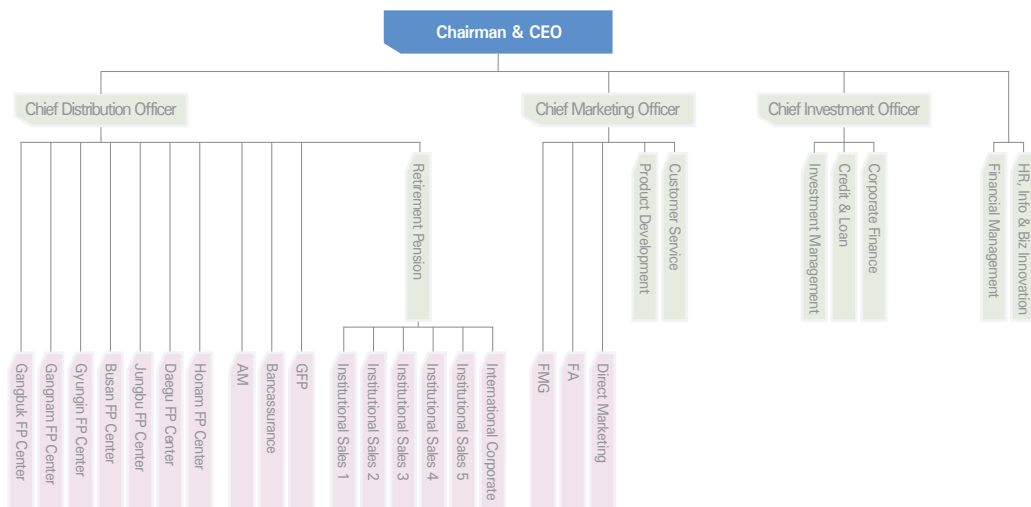
### A Brief Outline of Kyobo Life

<b>Corporate name</b>	Kyobo Life Insurance Inc.	<b>Date founded</b>	August 7th, 1958
<b>CEO</b>	Chang-jae Shin	<b>Location of HQs</b>	No. 1 Jong-no 1-ga, Jong-no-gu, Seoul (110-714)
<b>No. of FPs</b>	17,396	<b>No. of employees</b>	4,377
<b>Shareholders' equity</b>	4.6 trillion won	<b>Total assets</b>	57.9 trillion won
<b>Main Tel</b>	82-2-721-2121	<b>Website</b>	www.kyobo.co.kr

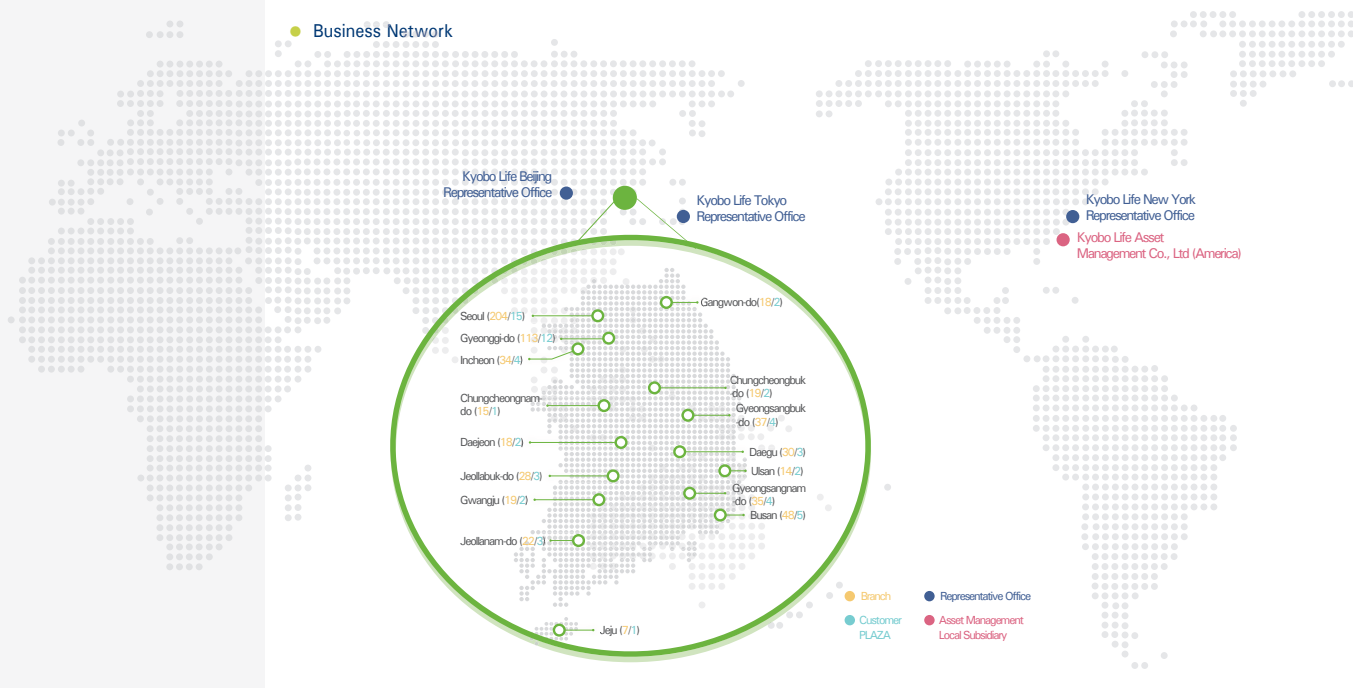
### Organization (as of 2011.4.1)

Kyobo Life has three regions, four divisions, four departments, 45 teams, and one center in its HQ office, and 14 divisions and five business departments in the field office. The Company also has 661 branch offices and 65 Customer Plazas throughout Korea.

#### ● Organization Chart



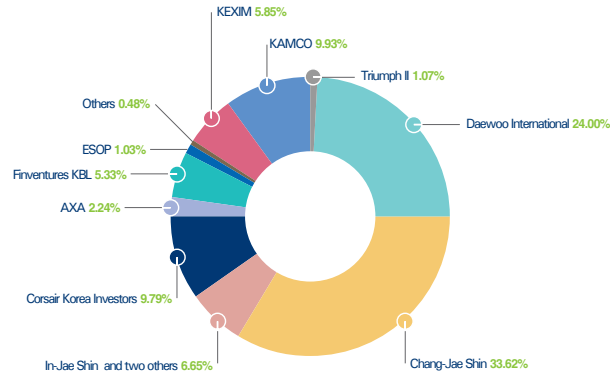
#### ● Business Network



## Major Shareholders

The largest shareholder of Kyobo Life is CEO & Chairman Shin Chang-Jae with 33.62%, followed by Daewoo International (24.00%) and KAMCO (9.93%).

### Shareholder Composition



## Affiliates

Kyobo Life has an affiliate ownership that is based on life insurance, and together with its affiliates, pursues synergy effects that help heighten its brand and corporate values.

### Affiliate Ownership



### Affiliates

Name	Major Businesses	Date Founded
Kyobo Securities	Securities brokerage	1949.11.22
Kyobo AXA Investment Managers	Asset management	1988.07.07
Kyobo Book Center	Book and periodical retail	1980.12.24
Kyobo Realco	Management of commercial real estate	1979.11.15
Kyobo Information & Communication	Computer system integration & advisory	1971.07.24
KCA Claim Adjustment	Insurance- and pension-related service	2002.07.05
Saengbo Real Estate Trust	Real estate trust and related service	1998.12.08
A&D Credit Information	Credit investigation & debt collection	2002.02.28



## Major Products

Kyobo Life offers a wide range of life insurance solutions to help its customers prepare for various calamities, comfort their families and loved ones in the event of financial or medical mishaps, and be ensured of a comfortable retirement for themselves and those under their care.

### Combination life insurance



Combination life insurance covers not only the policyholder but his/her family as well. Because this product can cover over 30 types of illnesses and accidents, customers can tailor the coverage to their individual needs. Kyobo Life's combination life insurance also offers a health care service that is unique in the industry.

### Whole/term life insurance



Whole and term life insurance provides benefits to beneficiaries upon the death of the policyholder. The Company offers various types of whole and term life insurance, including universal whole life insurance that allows adjustments and withdrawals of premiums, variable universal whole life insurance where the insurance payment is linked to returns on investments, and term life insurance that provides coverage at a fixed rate of payments for a limited period of time.

### CI (Critical Illness) insurance



Critical Illness insurance is a product where the policyholder receives part of the insurance payment if he/she is diagnosed with one of the critical illnesses listed in the insurance policy, and his/her beneficiaries are paid the remaining sum upon his/her death. The product is a combination of health insurance and whole life insurance. Unlike most CI insurance products, Kyobo Life's CI insurance covers a second illness, thereby alleviating the policyholder's emotional concerns and financial burden.

### Annuity insurance



Annuity insurance is used mainly for accumulating cash or for planning a financially stable retirement. Insurance premium can be paid at a regular interval or in a lump sum. Policyholders have the option to be paid monthly payments either during a stated period or until their death.

### Education insurance



Education insurance not only helps parents prepare for their children's educational expenses but also gives them peace of mind by guaranteeing extra benefits in the event of their death or of a mishap or illness involving any of their children.

### Child insurance



Child insurance can be purchased at the moment of pregnancy confirmation and comes with various options to cover all unpredictable accidents and illnesses to which young children are susceptible.

### Savings-type insurance



Savings-type insurance is similar to bank savings accounts in that it is used mainly for accumulating capital, but differs in that it offers various options for the customers to select according to their needs.

### Pension insurance



Following the passage of the law legislating pension systems for workers, the Company started providing domestic corporations and public institutions with various retirement pension plans and services, including management of pension funds and assets.

### Other guarantee-type insurance



Kyobo Life's other guarantee-type insurance includes a health insurance that makes payments when policyholders get diagnosed with one of the listed illnesses or undergo a medical operation, a long-term convalescence insurance that covers any accident- or dementia-related inactivity, a casualty insurance for accidents, and a medication insurance that pays for drugs and medicine proscribed by doctors.

# Corporate History

## Kyobo's Half Century with Stakeholders

Since its founding, Kyobo Life has been lauded with adjectives such as “best,” “first,” and others similar in connotation. “The world’s first education insurance,” “a winner of the industry’s most prestigious award,” and “the industry’s first adopter of an instant securities insurance issuance system” are some of the phrases frequently used to describe the Company’s 50 years of history, marked with its unbroken efforts to accommodate market changes and stakeholder demands. Most significant of all, the Company was honored as Asia’s “Life Insurance Company of the Year” at the 2009 World Re-insurance Conference.

In spite of these honors, the Company continues to push on with its quest for excellence. To grow into a “centennial corporation of respect,” the Company will persist in its pursuit of change and reform, and based on its founding philosophies of advancing national education and establishing an indigenous fund, it will follow its “Kyobo way” with an honest and diligent mindset and the spirit of challenge and creativity.

### The Founding



- 1958 Daehan Education Insurance founded
- 1958 The world’s first education insurance introduced
- 1964 Receives the Presidential Citation of the Best Savings Institution
- 1967 Reached an industry top in sales in nine years of foundation

### The Second Foundation—Growth



- 1968 Adopts Insurance Man’s Code of Ethics
- 1973 The second foundation campaign launched
- 1975 Adopts a computerized business system, an industry-first
- 1976 Founder Mr. Shin receives the “Crown” award at the World College Presidents Conference
- 1978 Insurance contracts reach 1 trillion won

### “New Management” Industry Leading



- 1980 Introduces cancer insurance, an industry-first
- 1980 Establishes Kyobo Book as part of its founding philosophy
- 1983 Founder Shin receives World Insurance Grand Award
- 1983 Begins legal reserve life insurance, an industry-first
- 1984 Begins policy holder dividend, an industry-first
- 1987 Opens “Gaesungwon,” a human resources development center
- 1987 Announces onsite know-how “New Management”

### New Start as Kyobo Life



- 1991 Establishes Daesan Farm Cultural Foundation, Daesan Cultural Foundation
- 1993 Launches “10 Million Book-reading Population” campaign
- 1994 Introduces on-site insurance securities issuance system, an industry-first
- 1995 Changes name to Kyobo Life Insurance
- 1996 Secures ISO9001, a financial industry-first
- 1996 Garners Olive Branch Award at the World Insurance Forum
- 1997 Launches Voice of Consumer system
- 1998 Establishes Kyob Life Education Cultural Foundation
- 1998 Opens Kyobo Call Center
- 1999 Insurance contracts reach 100 trillion won

### Change and Reform



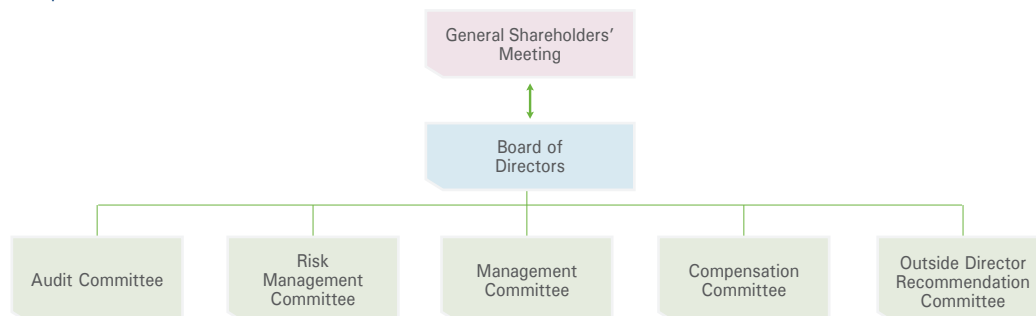
- 2000 Proclaims resolution of change and reform
- 2000 Proclaims “Kyobo People’s Code of Ethics”
- 2000 Launches CS Reform Committee
- 2001 Announces Vision of the Kyobo People and a new CI
- 2002 Launches the K-BASIC program
- 2002 Creates Kyobo Dasomi community service group
- 2003 Completes the Koybo Tower
- 2006 Defines the “Kyobo Way”
- 2009 Named as Asia’s best life insurance company
- 2010 Selected by Fortune Korea as “Korea’s Respected Corporation”

## Corporate Governance

Kyobo Life pursues transparency in its corporate governance to heighten its corporate value. The Board of Directors (BOD) is the key decision-making body of Kyobo Life. Outside directors monitor the company's management through actively participating in the BoD activities.

### Board of Directors

#### Corporate Governance Chart



The Board of Directors deliberates on and resolves issues covered in the articles of incorporation, delegated by the General Meeting of Shareholders, or related to the Company's basic policy or business operations, thereby contributing to the enhancement of corporate value.

#### BoD Composition and Present Status

Kyobo Life's Board of Directors is composed of eight members, three inside directors and five outside directors, to better reflect shareholder interest in the BoD's decision-making process and to make decisions in an efficient manner. The three inside directors are the CEO, the Auditor, and Chief Investment Officer. The five outside directors ensure the transparency of management and play the role of checks and balance. Outside directors are nominated by the Outside Director Recommendation Committee. To maintain the expertise of outside directors at a high level and to ensure the transparency of the nomination process, the committee first reviews candidates' qualifications based on relevant industry regulations and their interests with respect to those of the Company. In particular, the committee pays close attention to candidates' relationships to the management and to major shareholders to preempt any possibilities of irregularities on the part of outside directors by taking advantage of their exposure to inside information. Once such a thorough vetting process is completed, the nominees are confirmed at the general shareholders' meeting.

#### BoD Composition (as of June 10, 2011)

Classification	Name	Position
Inside directors (3)	Chang-Jae Shin	CEO and Chairman
	Soon Han Lee	Executive Auditing Director
	Seokki Lee	Chief Asset Management Officer
Outside directors (5)	Byung Ho Gong	Head of Gong Byung Ho Management Research Center
	Nicholas B. Paumgarten	Chairman of Corsair Capital
	Tae Koo Lee	Lecturer of Economics, Kyongwon Uni. (former CEO of POSCO Construction)
	Jangwoo Lee	Professor, School of Business Management, Kyongbuk Uni.
	Hyong Chul Kim	Former CEO of Hanwha General Insurance

#### Operation of the BoD

As the foremost decision-making body, the BoD held board meetings 26 times in the fiscal year 2008~2010 to discuss major management issues. The regular board meeting is held once a month (three times a quarter), while an interim board meeting can be convened at the request of the Chairman of the board or of the board itself.

The Company posts on its website its outside directors' activities (such as their committee participation, proposals, and voting results) every month. The BoD regularly handles sustainability management-related issues and strives to make decisions that reflect stakeholder interests in a balanced manner.



● BoD Agenda Related to Sustainability Management

Classification	Date	Items
FY2008	3rd	2008. 05. 20 On evaluation results related to the operation of internal controls in the second half of 2007
	4th	2008. 06. 04 Results of operation evaluation of FY2007 internal accounting controls
	8th	2008. 10. 21 On evaluation results related to the operation of internal controls in the first half of 2008
	10th	2008. 12. 16 On the execution of financial crisis countermeasures Results of operation evaluation of internal accounting controls for FY2008 1st half
	12th	2009. 03. 24 On progress on the implementation of the fair trade compliance program On evaluation results related to the operation of internal controls in the second half of 2008
FY2009	2nd	2009. 05. 19 Results of operation evaluation of internal accounting controls for FY2008
	5th	2009. 10. 27 On evaluation results related to the operation of internal controls in the first half of 2009
	7th	2010. 03. 29 On progress on the implementation of anti-money laundering measures On progress on the adoption of measures against conflict of interests On progress on the implementation of the fair trade compliance program On evaluation results related to the operation of internal controls in the second half of 2009
FY2010	2nd	2010. 05. 19 Results of operation evaluation of internal accounting controls for FY2009
	5th	2010. 10. 19 On evaluation results related to the operation of internal controls in the first half of 2010
	6th	2011. 01. 18 Completion report on HQ building remodeling project
	7th	2011. 03. 29 On progress on the implementation of anti-money laundering measures On progress on the implementation of the fair trade compliance program On evaluation results related to the operation of internal controls in the second half of 2010

## Board Committees

In order to enhance the efficiency of the decision-making process at Kyobo Life, the BoD delegates to other committees all business-related functions except for those of itself. All committees have outside directors on board to maximize the efficiency and quality of their decision-making process.

Audit Committee	As an independent body consisting of two outside director and one inside director, the Audit Committee evaluates the appropriateness and effectiveness of the Company's business activities and internal control systems. It plans, conducts, and evaluates the results of financial, compliance, operation, management, and IT audits as well as makes recommendations on ways to correct discrepancies, if any.
Risk Management Committee	The Risk Management Committee sets up basic guidelines and major policies concerning risk management, confirms the Company's business strategies based on the risk management policy, and reports to the BoD risk analysis and monitoring results.
Management Committee	The Management Committee establishes the Company's mid- to long-term business strategies and plans, makes decisions on new business initiatives and on major asset liquidation or transfer matters, evaluates the performance of directors and executive officers, and reports to the BoD the results of the actions it took in performing its duties.
Compensation Committee	The Compensation Committee, with its outside directors outnumbering its executive directors, manages compensation and reward programs for executives independent of the management. The Committee also oversees the programs in link with the risks to which the Company is exposed, as it has Risk Management Committee officers on board. Meanwhile, the programs do not affect the financial integrity of the Company as they are established in accordance with the international guidelines set by the Financial Stability Board and the International Association of Insurance Supervisors.
Outside Directors Recommendation Committee	The Outside Directors Recommendation Committee searches for, evaluates, and nominates candidates for outside directors. To maintain a high degree of management transparency, the Committee makes sure its nominees have no conflict of interest with the Company through a thorough investigation into their professional and personal relations.

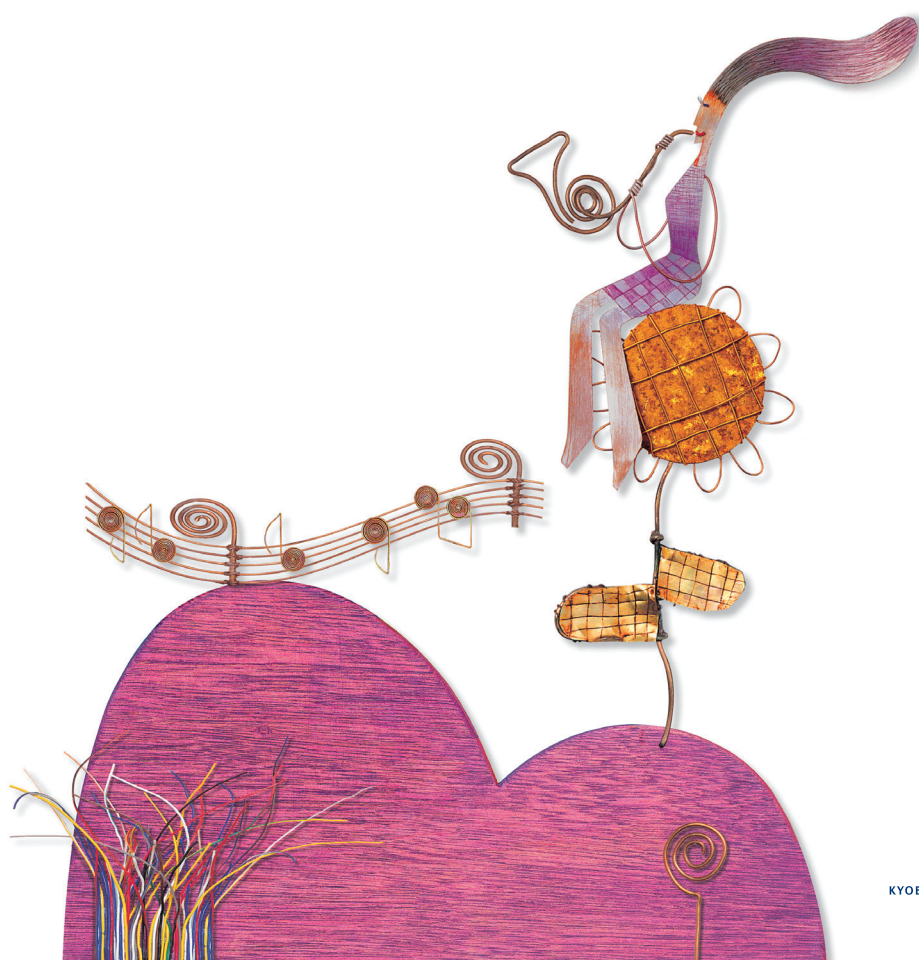
## Performance Evaluation and Compensation

The Company's top management and executive directors are entitled to compensation based on the evaluation results of their job performance. The ceilings on executive directors' pay are set at the general shareholders' meeting, and an additional performance-based pay is also made, subject to performance. Executive directors' pays are published at the Company's website. In the case of outside directors, an evaluation system is employed to maintain a high-quality management monitoring on the part of the directors. Compensation for the top management is calculated based on each unit's year-end business performance against the annual goal set a year earlier.



Kyobo Life's sustainability management is

"an action on its pledge to grow  
together with its stakeholders."





# The Type of Sustainability Management That Kyobo Life Peruses

## Seeking Prosperity Together with All Stakeholders

Kyobo Life endeavors to become a “respected corporation” trusted and loved by all stakeholders, because it believes that the pursuit of prosperity for all stakeholders is fundamental to its sustainable growth and development. This belief is synonymous with the sayings, “to help others is to help yourself,” and “do unto others as you would have them do unto you.”

Kyobo Life endeavors to set examples through fair competition and, together with its stakeholders, pursues “win-win growth,” meaning stability-based growth and the creation of new markets by exceeding customer expectations with new products and services. This “win-win growth” will be the driving force that enables all stakeholders to sustainably prosper in unison.

### Vision Framework

- Core Purpose: Our mission is to help people not to despair with hardships in their lives
- Core Values



#### Customer Centricity

We give the top priority to our customers.

#### Honesty and Sincerity

We are fully accountable and always endeavor to serve our customers in an honest and sincere manner.

#### Challenge and Creativity

We strive to accomplish challenging goals with a sense of creativity to develop both the company and ourselves.

- Vision 2015: The company that provides optimum insurance coverage and on-going services [No.1 Insurance Service Provider]

## Kyobo Life’s Sustainability Management

Kyobo Life’s sustainability management is an action on its pledge to grow together with all stakeholders. Kyobo Life seeks to grow into a well-respected centennial corporation that enjoys win-win growth with its stakeholders by doing its best not only in financial performances but also in corporate citizenry.

### Sustainability Management Framework

Based on its sustainability management philosophy that it should pursue prosperity together with all stakeholders, Kyobo Life has defined 10 procedural principles for fulfilling its pledges, and adopted 12 key performance indicators and 23 core tasks.

#### ● Sustainability Management Framework

Sustainability Management Philosophy		To pursue prosperity together with all stakeholders			
Vision 2015		The company that provides optimum insurance coverage and on-going services [No.1 Insurance Service Provider]			
Four pledges to stakeholders	Serving	Always give utmost priority to customer service	Grow together with its financial planners and employees	Continue to be an attractive investment to investors	Progress together with the government and the community
	Principles	10 procedural principles			
	KPI	12 KPIs			
	Tasks	23 tasks			

## Sustainability Management Roadmap

Kyobo Life plans to continue strengthening its stakeholder-centered sustainability management measures. By practicing its sustainability management philosophy of pursuing prosperity together with all stakeholders, the Company will attain its vision of becoming a centennial corporation that is respected by all stakeholders.

### ● Sustainability Management Roadmap

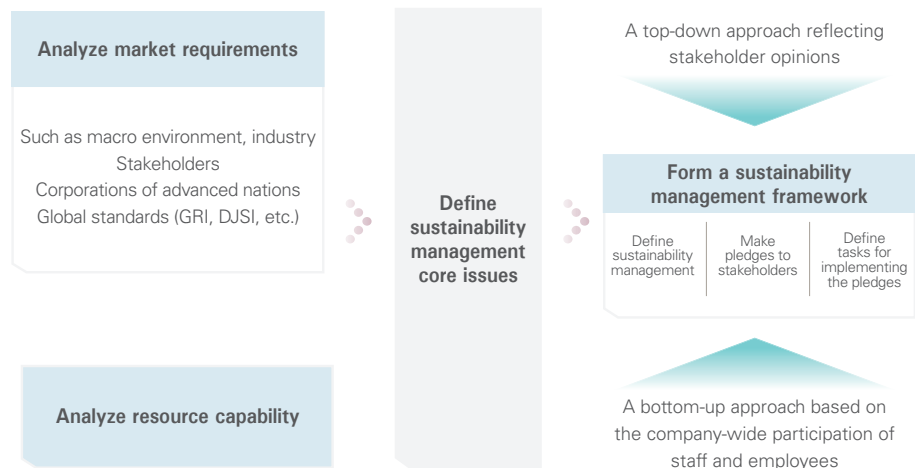


## Establishing a Sustainability Management Framework



Kyobo Life has established a sustainability management framework with participation from various internal and external stakeholders. In order to establish this framework, the Company first studied stakeholder demands. Through this analysis, the Company was able to identify its strengths, weaknesses, risks, and opportunities. Through surveys, interviews, and other means of communication, the Company listened to what stakeholders wanted from Kyobo Life, and by making comparisons with global players and evaluations of GRI, ISO26000, DJSI and other global standards, the Company was able to figure out its relative and absolute standings. Based on results from these analysis and evaluations, the Company has identified 320 economical, social, environmental, and sustainability management issues (see Page 19) and whittled the number down to 25 core issues by weighing the importance of these issues (see Page 19). The Company also formed pledges to be made to each of the four stakeholder groups, and defined ten procedural principles and 23 core tasks for fulfilling these pledges (see Page 15).

### ● The Process of Establishing a Sustainability Management Framework



### Sustainability Management Organization

In April 2010, Kyobo Life created, for the first time in Korea's insurance industry, a sustainability management committee, a sustainability management support team, and a sustainability management working committee. The Sustainability Management Committee, comprising top executive officers, is the top decision-making body overseeing the sustainability management project, while the Sustainability Management Working Committee, made up of department heads, is the preliminary discussion body supporting the Sustainability Management Committee. The Sustainability Management Supporting Team executes decisions made by top management.

#### ● Functions of Sustainability Management Bodies

Performing body	Functions	Main Activities
Sustainability Management Committee	Expedites sustainability management-related decisions by deliberating on major issues and setting forth clear opinions	<ul style="list-style-type: none"> <li>• Forms key policies on sustainability management planning and other related issues</li> <li>• Defines key initiatives related to sustainability management</li> <li>• Publishes sustainability management reports</li> <li>• Defines Kyobo People Code of Ethics and action guidelines</li> </ul>
Sustainability Management Working Committee	Supports sustainability management decisions by following up on the opinions of the Sustainability Management Committee and discussing other related issues	<ul style="list-style-type: none"> <li>• Prepares items for deliberation by the Sustainability Management Committee</li> <li>• Handles sustainability management reactions from within and without</li> <li>• Promotes sustainability management</li> </ul>
Sustainability Management Support Team	Sets up and executes sustainability management framework and process and publishes sustainability management reports	<ul style="list-style-type: none"> <li>• Supports the sustainability management control tower</li> <li>• Promotes sustainability management awareness among staff and employees</li> <li>• Manages stakeholders' engagement</li> <li>• Sets up and promote an environmental system</li> </ul>

#### ● Performances of the Sustainability Management Committee in FY2010

Order	Date	Agenda
1st	2010.10.04	Reviewed third-party proposals on publication of a sustainability management report
2nd	2010.12.17	Reviewed an analysis of issues on sustainability management direction and task selection
3rd	2011.01.26	Reviewed sustainability management pursuit framework and report publication directions
4th	2011.03.08	Reviewed an interim report on sustainability management pursuit strategy project
5th	2011.03.16	Selected a cover title and contents for the sustainability management report

## Sustainability Management Performance Indicators

Pledges	Procedural Principles	KPI	FY2010 Results	FutureTasks
Kyobo Life will always give utmost priority to customer service.	1. We will always listen to our customers and manage the company through their eyes.	<ul style="list-style-type: none"> <li>Persistency rate (13th month)</li> <li>Customer satisfaction index</li> <li>Customers retained</li> </ul>	<ul style="list-style-type: none"> <li>81.3%</li> <li>74.3 points</li> <li>4.4 million</li> </ul>	<ul style="list-style-type: none"> <li>Service innovation projects to retain policy holders</li> <li>Strengthen the management of customer information security</li> </ul>
	2. We will continue to improve the quality of our service from underwriting to payment.			
Kyobo Life will grow together with its Financial Planners and employees.	3. We will maintain our corporate culture based on joy, confidence and trust.	<ul style="list-style-type: none"> <li>Employee training hour per head</li> <li>Financial planner &amp; employee satisfaction index</li> <li>Financial planner retention rate (13th month)</li> </ul>	<ul style="list-style-type: none"> <li>109 hours</li> <li>74.9 points/-</li> <li>41.1 %</li> </ul>	<ul style="list-style-type: none"> <li>Company and employees share a vision and grow together</li> <li>Set up ways to enhance financial planner loyalty</li> <li>Share and maintain corporate culture</li> <li>Create a pleasant workplace (health, safety, sanitation, job atmosphere)</li> <li>Improve fair performance evaluation</li> <li>Expand a job-based personnel system</li> <li>Organize a human rights system</li> <li>Strengthen retirement support programs</li> </ul>
	4. We will provide all employees with equal opportunities and reward them based on fair evaluations.			
	5. We will enhance the expertise of our financial planners and employees.			
Kyobo Life will continue to be an attractive investment to investors.	6. We will continue to generate additional profits through sustainable growth.	<ul style="list-style-type: none"> <li>Return on equity</li> <li>Market share (Premium income)</li> <li>RBC ratio</li> </ul>	<ul style="list-style-type: none"> <li>15.1%</li> <li>13.0%</li> <li>222.6%</li> </ul>	<ul style="list-style-type: none"> <li>Manage performance by the stakeholder</li> <li>Set up HR risk management system (hiring, training, transfer, change of job)</li> <li>Develop new growth power</li> <li>Strengthen work-based risk management</li> <li>Improve the brand value</li> </ul>
	7. We will increase our corporate value with preemptive risk management skills.			
Kyobo Life will progress together with the government and the community.	8. We will be proactive in leading and participating in community service projects.	<ul style="list-style-type: none"> <li>Community support rate(spending)</li> <li>Socially responsible investment portion</li> <li>Energy usage</li> </ul>	<ul style="list-style-type: none"> <li>2.0% (W12.7 bil.)</li> <li>6.7%</li> <li>19,333 TOE</li> </ul>	<ul style="list-style-type: none"> <li>Expand specialized community activities</li> <li>Revise the homepage from a stakeholder view</li> <li>Carry out activity to expand sustainability management awareness</li> <li>Organize stakeholder engagement process</li> <li>Establish environment management system</li> <li>Set up and implement a med- &amp; long-term SRI plan</li> <li>Keep track of environmental data (CO2, energy, etc.)</li> <li>Establish sustainability management supply network (purchase, procurement, etc.)</li> </ul>
	9. We will carry out conservation activities in a manner that is reflective of our business.			
	10. We will grow with our peers through fair competition.			

\* Market share (Premium income) as of Feb. 2011

## Sustainability Management Efforts Praised:

### "Korea's Admired Corporation," No. 1 in Insurance Business



KOREA'S Most Admired Companies  
가장 존경받는 한국 50대 기업



Kyobo Life was ranked No.1 by Fortune Korea in the insurance category in the journal's "Korea's 50 Respected Corporations" list. This reflects the high regard its stakeholders have for the Company's continued efforts to achieve sustainability management and deliver the core values of life insurance to its customers. The Company's industry leadership in sustainability management was further confirmed in November 2010 when it was selected as the best life insurance company at the prestigious 2010 Korea Sustainability Competition.

## Communi- cation with Stakeholders

Kyobo Life views constant communication with its stakeholders as vital to the practice of its sustainability management philosophy of growing together with stakeholders. As such, the Company makes efforts to hear stakeholder opinions first hand and reflects them in its management. The Company took various steps to solicit stakeholders' opinions in the hopes of identifying major issues it should consider when setting up a sustainability management framework, and publishes a sustainability management report.

### Definition of Stakeholders

Stakeholders are individuals or groups who influence or get influenced by the business activities of Kyobo Life. The Company has defined four major groups of stakeholders based on the influenceability, replaceability, and periodicity of groups.

#### ● Definition of Stakeholders



### Stakeholder Engagement

Kyobo Life contacted some 2,000 stakeholders through surveys, interviews, and group discussions, and analyzed media reports in order to set a direction for its stakeholders-based sustainability management plan. From such findings, the Company was able to measure the gap between the latest expectations of the stakeholders and what the Company had thought would be.

#### ● How Stakeholders Are Engaged

Stakeholders	Who	How many	How
Customers	Policyholders	240	Surveys
Financial Planners & Employees	Financial planners	530	
	Employees	1,089	
	Executives (including CEO)	15	Interviews
Investors, Government & Community	Investors, related institutions, NGOs	60	Surveys
		4	Group discussions
	Potential stakeholders	α	Media research



#### ● Stakeholder Survey

Aim	To gauge stakeholders' degree of understanding of the Company's sustainability management and to identify major related issues and future directions																			
Period	2010. 11. 5 ~ 11. 19																			
No. of people surveyed	1,919 internal and external stakeholders																			
Methods	Email, mail and other means most suitable to stakeholders																			
Survey contents	<table><tr><th colspan="2">Category</th><th>Purposes</th></tr><tr><td rowspan="5">The level of Kyobo Life's sustainability management</td><td>The will of top management</td><td>To gauge stakeholders' understanding of the top management's will</td></tr><tr><td>The overall understanding of where sustainability management is</td><td>To gauge the understanding of the growth of Kyobo's sustainability management from economical, social, environmental points of view</td></tr><tr><td>Current status, strengths, shortcomings from an economical point of view</td><td rowspan="3">To collect data for setting up sustainability management tasks</td></tr><tr><td>Current status, strengths, shortcomings from an social point of view</td></tr><tr><td>Current status, strengths, shortcomings from an environment point of view</td></tr><tr><td>Major issues related to sustainability management</td><td>Evaluation of importance</td><td>To use at the time of setting sustainability management directions</td></tr><tr><td>Sustainability management directions</td><td>Ideas on sustainable growth</td><td>To collect ideas on how to implement sustainability management</td></tr></table>		Category		Purposes	The level of Kyobo Life's sustainability management	The will of top management	To gauge stakeholders' understanding of the top management's will	The overall understanding of where sustainability management is	To gauge the understanding of the growth of Kyobo's sustainability management from economical, social, environmental points of view	Current status, strengths, shortcomings from an economical point of view	To collect data for setting up sustainability management tasks	Current status, strengths, shortcomings from an social point of view	Current status, strengths, shortcomings from an environment point of view	Major issues related to sustainability management	Evaluation of importance	To use at the time of setting sustainability management directions	Sustainability management directions	Ideas on sustainable growth	To collect ideas on how to implement sustainability management
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#### ● Group Discussion

Aim	To supplement the survey with more direct, in-depth opinions of stakeholders
Date	November 24, 2010
Place	The Main Conference Hall at Kyobo Life's Main Office
Organizer	The Sustainability Management Center of Korea Productivity Center
Participants	Government, local community stakeholders – (Government) Kim Sang-yeon, Office of Planning & Coordination, Anti-Corruption and Civil Rights Commission of Korea – (Relevant Institution) Park Bae-Chul, General Planning, Korea Life Insurance Association – (Supporting business) Lee Gi-ho, Sungjun Advertising – (NGO) Lee Joon-suk, Korea Chapter of UN Global Compact
Main topics	Kyobo Life's social responsibilities, risks to consider, community service activities that reflect the characteristics of insurance, customer satisfaction effort, conservation activity suitable for Kyobo Life

● Interview with Executive Members

Aim	To build consensus among top executives on sustainability management pursuit
Period	2010. 11. 4 ~ 12. 2
Interviewees	15, including the CEO
Means	One-to-one interview
Main topics	Sustainability management concept, defining stakeholders, governance and risk management, social contribution direction, compliance, labor relations, eco-friendly management activity

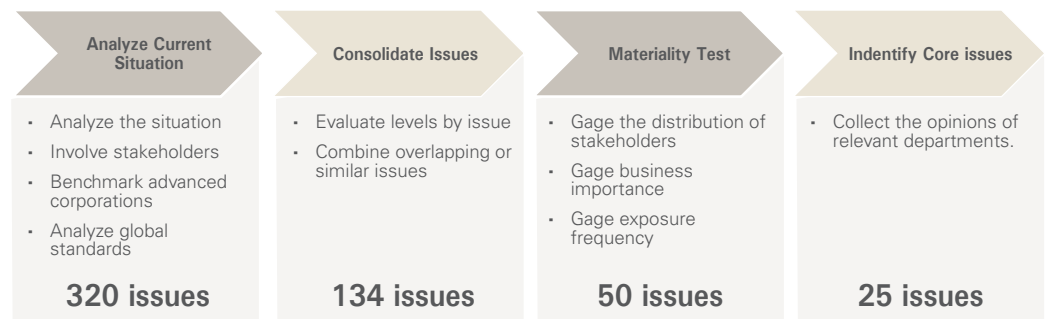
● Voices of Major Stakeholders (Summarized)

Stakeholders	Economical point of view	Social point of view	Environmental point of view
Customers	<ul style="list-style-type: none"> <li>Keep service consistent for the life of the policy.</li> <li>Address customer issues with a customer-first attitude.</li> <li>Make systems customer-friendly.</li> </ul>	<ul style="list-style-type: none"> <li>Carry out social service activities that include a wider range of community members.</li> <li>Conduct more social activities in socially marginalized areas.</li> <li>Return more profits to the community.</li> </ul>	<ul style="list-style-type: none"> <li>Be more active in conservation even though insurance does not affect the environment.</li> <li>Explore papers-saving ways to do business</li> <li>Create a unit that is exclusively devoted to conservation.</li> </ul>
FPs and employees	<ul style="list-style-type: none"> <li>Make more efforts to help FPs become professionals.</li> <li>Everyone at Kyobo Life should be equal before customers, who come first—always.</li> <li>Become an industry role model by highlighting Kyobo Life's uniqueness.</li> </ul>	<ul style="list-style-type: none"> <li>Create more growth opportunities and fair evaluation &amp; compensation systems.</li> <li>Expect more from employees by helping them improve themselves.</li> <li>Help community members improve themselves.</li> </ul>	<ul style="list-style-type: none"> <li>Kyobo Life as a whole lacks in environmental awareness.</li> <li>Kyobo employees should carry out conservation activities small in concept.</li> <li>Use eco-friendly PR materials.</li> </ul>
Investors, government, community members	<ul style="list-style-type: none"> <li>Maintain a transparent management and stable profit performance that befit Kyobo's reputation.</li> <li>Develop products that are in sync with social and environmental trends.</li> <li>Stay focused on keeping promises with customers.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct community activities systematically.</li> <li>Reflect stakeholder voices in business management.</li> <li>Conduct social programs designed to help needy people become more economically secure.</li> </ul>	<ul style="list-style-type: none"> <li>Make more efforts to become environmentally responsible in link with it core business.</li> <li>Seek synergy effects by cooperating with model companies in conservation.</li> <li>Make more efforts to use eco-friendly materials.</li> </ul>

## Importance Evaluation

The Company derived a total of 320 sub-issues through an analysis of stakeholders' demands and gleaned 25 core issues by sorting them out in terms of importance with regards to its sustainability management project. Kyobo Life's pledges to the four stakeholder groups and 10 principles are based on the core issues.

### ● Process of Identifying Core Issues



### ● Core Issues of Sustainability Management

↑ Improve it aggressively    ↗ Strengthen it    → Keep it steady

<b>Sustainability management in general</b>	<ul style="list-style-type: none"> <li>Definition and awareness of stakeholders</li> <li>Establishing a stakeholder communication system</li> <li>Setting up a road map for sustainability management</li> <li>Organizing sustainability management organization system</li> <li>Proactive releasing of performance information</li> </ul>	
<b>Economic view</b>	<ul style="list-style-type: none"> <li>Continually creating economic values through management reform</li> <li>Fair sharing of created values</li> <li>Continuation of preemptive risk management</li> <li>Decision making based on financial and non-financial points of view</li> <li>Improvement of the brand value</li> <li>Turning socially responsible investment into a legitimate business</li> </ul>	
<b>Societal view</b>	<ul style="list-style-type: none"> <li>Proactive response towards social issues</li> <li>Proactive contribution to community development</li> <li>Availability of opportunities for employees' growth</li> <li>Fair performance evaluation and compensation</li> <li>Redefining the pride of financial planners</li> <li>Performing as an equal society role model</li> <li>Enhancing the customer satisfaction level</li> <li>Establishing a system of direct communication with customers</li> </ul>	
<b>Environmental view</b>	<ul style="list-style-type: none"> <li>Environmental initiatives</li> <li>Establishing an environmental database</li> <li>Exploring opportunities to create eco-friendly values</li> <li>Preparing for environmental regulations</li> <li>Changing the awareness about environmental responsibility</li> <li>Continue Green Investment</li> </ul>	



# Customers and the Future

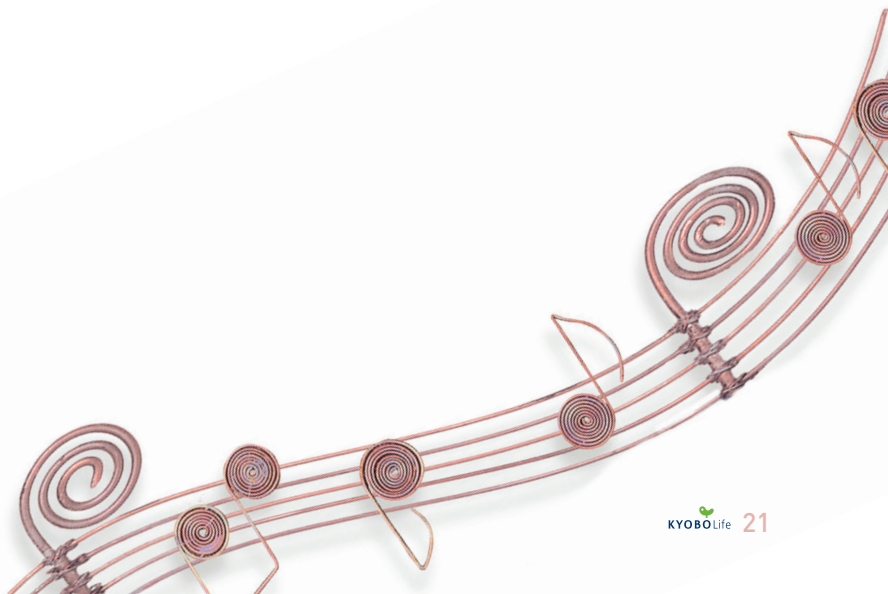
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**Kyobo Life will always give utmost priority  
to customer service.**

We will always listen to our customers  
and manage the company through their eyes.

We will continue to improve the quality of our service  
from underwriting to payment.



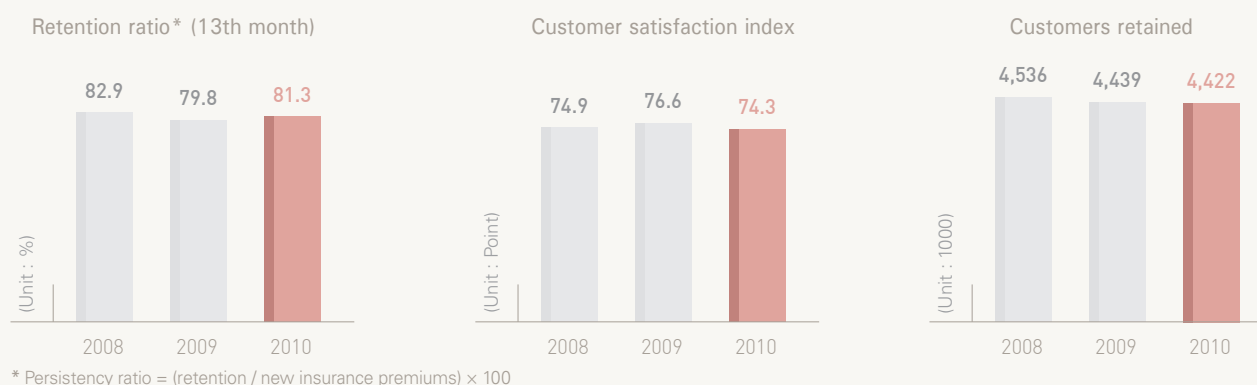


## Kyobo Life will always give utmost priority to customer service.

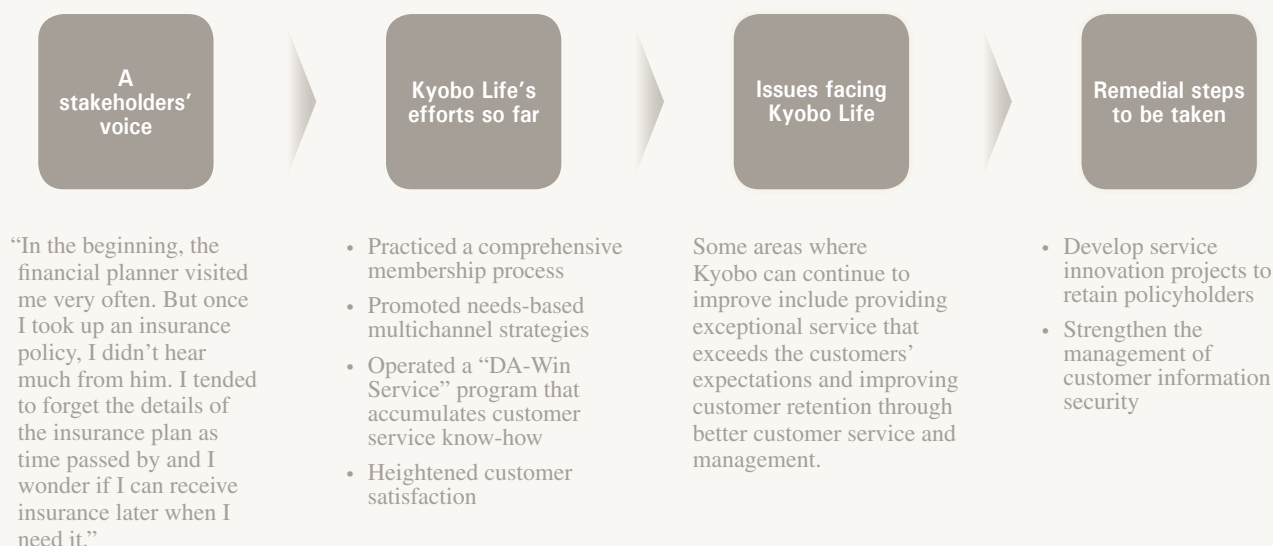
We will always listen to our customers and manage the company through their eyes.

We will continue to improve the quality of our service from underwriting to payment.

### Three-year progress on the pledge



### Kyobo Life's action plan for keeping the pledge



# We will always listen to our customers and manage the company through their eyes.

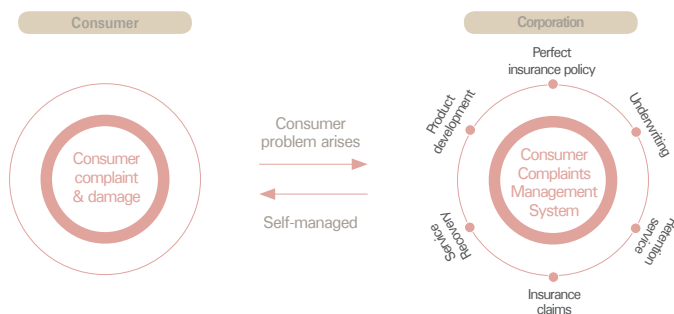
Kyobo Life Insurance considers customers as life-long partners, and conducts business from the customers' perspective. Kyobo Life communicates with its customers, thoroughly protects the customers' rights, and supports the customers' success – all from the viewpoint of the customer.



## Protection of Customer Rights

**CCMS** Kyobo Life operates a CCMS (Consumer Complaints Management System) to deal with customer complaints, process damage compensation, and set clear guidelines for its employees. The CCMS reduces costs and enhances customer satisfaction by preventing customer damage in advance and offering immediate redress once such harm occurs. As a result of these efforts, the Company has been able to score high in a Financial Supervisory Service report that classifies financial companies in five categories by sector in terms of the number of customer complaints registered with the Service.

### CCMS Framework



### The Financial Supervisory Service's gradings based on customer complaints

	2008	2009	2010
Grading	Second Grade (Satisfactory)	Second Grade (Satisfactory)	Third Grade (Average)

\* Third Grade in 2010 due to special circumstances including the discontinued use of credit card for paying insurance premium (no life insurers with First Grade)

**An Exclusive Organization for Customer Protection** An exclusive organization for customer protection called "Service Recovery Center" exists within the Customer Service Support Team. Forty-two "Service Recovery Specialists," working in 7 regions in Korea, respond to customers seeking help for their problems. With customer service experts offering quick solutions as well as consolation to those who may feel helpless because their rights were violated, the Company is able to convey to the customers that Kyobo Life is an exception rather than the norm when it comes to corporations standing by their promise of customer care.

### Mission & Task

Mission	Task
"Provide quick and accurate service recovery to prevent policy terminations by disgruntled customers and strengthen prevention activities to reduce reputation risk."	<ul style="list-style-type: none"> <li>• Manage and improve the CCMS</li> <li>• Establish measures to provide service recovery to dissatisfied customers and increase customer loyalty</li> <li>• Establish a criteria and an internal process to handle customer complaints</li> <li>• Manage customer dissatisfaction related to insurance and provide customer consultation</li> <li>• Conduct monitoring of inter-department cooperation in the handling of customer dissatisfaction</li> <li>• Recruit and educate customer service specialists</li> </ul>

**Security of Customer Information** Protecting customer information is the most basic responsibility of a financial institution. Kyobo Life has a specialized department for securing customer information. We have put our utmost efforts into securing customer information by applying DRM and real-time e-mail firewall system.

In 2010, we established the "Greenzone" system that completely blocks the external access of customers' personal information. In addition, we are managing our customers' assets and information more safely by establishing a "Kyobo Data Center" in Songdo, Incheon that boasts a world-class IT infrastructure. Beginning in 2011, a customer information self-evaluation system will be adopted by each organizational unit across the Company. Managers and Information Protection specialists in each team will be evaluated every quarter to ensure their compliance to laws and standards regarding customer information. Feedback will be provided to address risk factors in advance.

Regular education sessions on the protection of customer information will be provided at least twice a year to all financial planners and employees who frequently access customer information. As a result of these efforts, there were no cases of customer dissatisfaction related to violations in the protection of customer information or loss of customer data during the past 3 years.

### Education on customer information security

Classification	Unit	2008	2009	2010
Ave. education hour per head	hours	4	4	4
Completion rate	%	100	100	100

\* An additional 13 hours of online education conducted in FY2009



1 Kyobo Data Center (Songdo, Incheon)

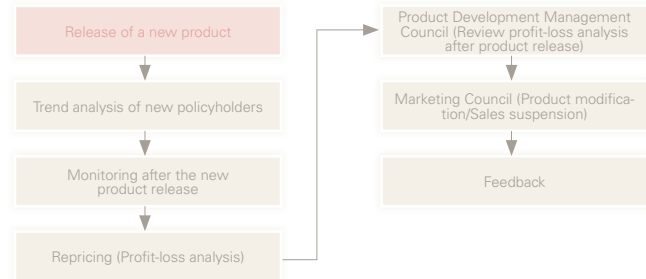
2 Product development meeting

### Strengthen customer information security in dealing with business partners

Kyobo Life's information security principle is based on its belief that "100 minus 1 does not equal 99 but rather 0." We consider all the circumstances in providing complete information security. As a life insurance company, we send various announcements to our customers through our sub-contractors, and there is a risk of customer information disclosure in the process. In order to prevent any information leakage, we have strengthened the protection of customer information provided to these subcontractors.

Customer information is never provided to external parties without the customers' consent. In the case where information disclosure is necessary, we only do so after obtaining consent from the customers. Kyobo thoroughly manages the protection of customer information by signing agreements and providing quarterly education sessions to the relevant departments and subcontractors. In addition, to prevent the possibility of information leakage in the process of providing customer information to supporting companies, the Company adopted a system in 2009 that automatically deletes customer information after a certain period.

### Product management process

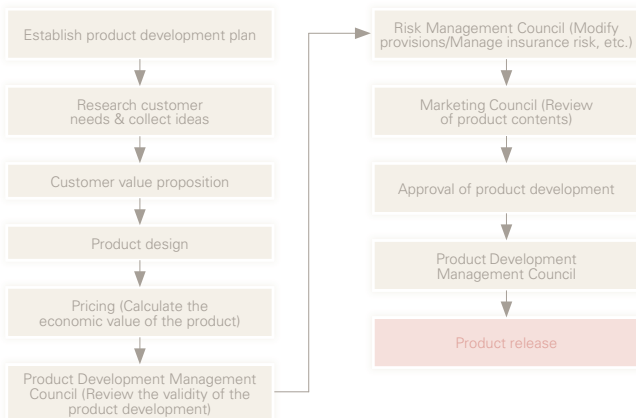


**Providing Insurance Products That Create True Social Value** Kyobo Life developed education insurance and acquired the ISO certification, both a first in Korea, obtained the greatest number of exclusive product licenses, and received various awards from the Financial Supervisory Service and other major media organizations. These achievements demonstrate Kyobo's exceptional product development ability. In addition, we strive to remain faithful to the basics of insurance and provide satisfactory products to our customers. This is because customer satisfaction is directly related to increases in sales and profits, which in turn results in a perpetual circle – the sustainable development of all stakeholders including customers, financial planners, employees, and investors. Based on this principle, Kyobo Life Insurance will continue to provide insurance products that create true social values.

## Product Development

**Developing Products that Customers Need** In order to develop, sell, and release products that are necessary from the customers' perspective, Kyobo Life Insurance has established a product development procedure that fully reflects customer needs. In the whole process, from product development to management, the Company adheres to the Global Best Practice, thus helping its customers pursue a better tomorrow.

### Product development process



### Donation insurance—the most beautiful insurance in the world



Donation insurance is a product that entrusts the rights of insurance contracts to civic groups, schools, or religious groups by designating the organization as the policyholder and the beneficiary. Through this product, Kyobo promotes the culture of giving and helps civic groups, schools, and religious groups expand their funding bases.





1 Customer contact with the top management

2 Customer panel discussion

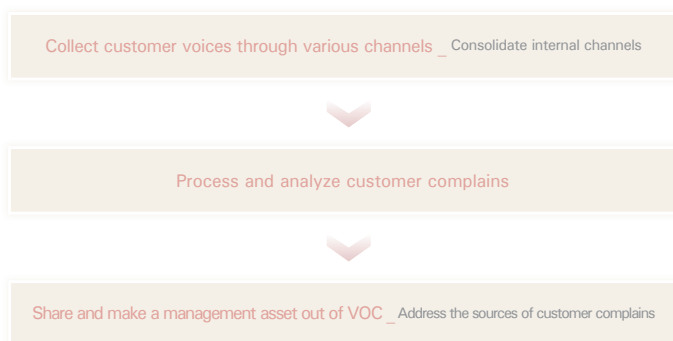
## Communication

**Diversifying Channels to Meet Customer Needs** Kyobo Life is pursuing a customer needs-based multi-channel strategy to meet various customer needs. The Company's channels include Financial Planners for regular customers, Financial Advisers for customers who need professional financial planning, Group Financial Planners for corporate clients, Agency Marketing for insurance agencies, and Bancassurance Advisers who provide consultation on pensions and bancassurance. In addition to these face-to-face channels, Kyobo utilizes the Internet and the phone as more convenient and direct channels. For its VIP customers, the Company has adopted a wealth manager system that offers a life-time asset management service.

**"Rapport" Program, Linking the Management with Customers** The "Rapport (to establish familiar relationships based on mutual trust)" program provides management with an opportunity to meet customers and understand their demands and support on-site customer service activities. The purpose of this program is to build a coexistent relationship via continuous communication with customers throughout their lives. In FY2010 20 customers met with top management.

**Customer Voice Collection System** "The voice of Customer System" manages the entire process of receiving customer complaints or requests, processing them and giving feedbacks. As soon as a customer complaint is received via any channel at Kyobo Life, it is directed to this system and then the result of troubleshooting (diagnosis and solutions) is quickly fed back to the relevant customer. The system is designed to resolve all complaints and requests within a maximum of three days of receipt. The data obtained from "the voice of customer system" is regularly provided to management so as to further improve customer satisfaction. In 2007, this system received the "Korea e-finance Award" for its excellence in improving customer satisfaction.

Flow chart of the Customer Voice Collection system



### Customer Service Action Guidelines

- 1 We will listen to customer opinions to the end. (No interruptions with objections)
- 2 We will try to learn from our customers. (We will not attempt to lecture them.)
- 3 We will always greet our customers with kindness and courtesy. (We will not raise our voices.)
- 4 We will verify information before informing customers. (We will not provide speculations or inaccurate information.)
- 5 We will use words that are easily understandable. (We will not use difficult, technical terms.)
- 6 We will put the solving of customer complaints before other duties. (We will not avoid dealing with customer complaints nor delay the dealing of such complaints.)
- 7 All customer complaints will be filed through the customer voice collection system. (We will file all customer complaints internally.)

**Customer Panel System** Kyobo Life operates a customer panel system online and offline to enhance the efficiency of its customer-related policies and systems and to find new marketing opportunities. The system constantly receives opinions from 400 customers via e-mail and keeps abreast of what customers view as problems and their suggested remedies by holding 20-customer panels on various subjects.

### FY2010 Customer Panel System operation

Date held	Agenda
2010. 07	Explored needs for financial apps based on smart-phones
2010. 08	Evaluated the feasibility of new types of child insurance
2010. 11	Surveyed customer opinions on Kyobo Life's vision
2010. 12	Surveyed experiences of and reactions to the use of smart-phone apps.

# We will continue to improve the quality of our service from underwriting to payment.

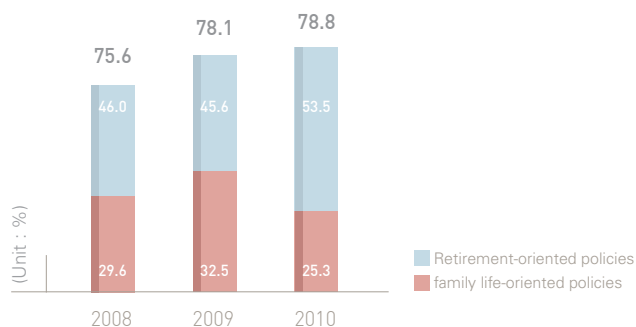
For Kyobo Life Insurance, customer service is not limited to insurance sales. We believe that customer service entails taking actions that exceed customers' expectations. By planning insurance schemes from the customers' perspective, we will help the customers purchase appropriate products, stay in contact with customers to ensure customer protection, and provide a prompt payment upon the submission of a claim. Kyobo Life Insurance will continue to make every effort to fully incorporate these actions into its practices.



## Family Love Project

The "Family Love Project" is a marketing strategy focusing on the essence of life insurance, and it aims to help customers love and support their families more wisely. With a sense of duty, all of our employees, including the financial planners, strive to fully understand and sympathize with the true meaning of family love in order to achieve this goal. For instance, the deathbed experience allowed the employees and financial planners to gain a firsthand experience in practicing family love, which is the core of what we offer to our customers. With these efforts, we strengthened our capabilities by moving away from the product-centered approach to a more family-oriented approach, thereby providing insurance schemes based on securing the family life.

Progress of portfolios to support retirement life and family life



## Abiding by the Comprehensive Subscription Process

The Comprehensive Subscription Process refers to the customer assistance mechanism that helps customers correctly perceive the value of life insurance and buy products that meet their needs. Kyobo Life keeps its FPs fully knowledgeable about the process so that they can recommend the right policy from the customers' point of view and be completely committed to customer interests throughout the policy life.

**Comprehensive sales of investment products** When selling variable insurance or financial investment products, Kyobo Life takes into consideration the customer's age, financial condition, investment experience, investment objectives, and other necessary information. The Company then recommends the product best suited to each customer. The Company also makes sure that its FPs follow rules and regulations protecting investors.

## Marketing Communication for Customers



**'Forever Customer Love' Campaign** The "Forever Customer Love Campaign" that began in 2010 aims to solidify relationships with existing policyholders and provides them with a more systemic life-planning service. The campaign focuses on establishing four major activities of the financial planners as their routine work, including informing customers of their insurance coverage, providing information about unclaimed payments, cleansing customer information, and analyzing the protections and informing customers about various products and services. By continuously carrying out this campaign, we plan to strengthen our customer retention rates.

**Providing Accurate Information on Insurance Products** Kyobo Life abides by the following laws and regulations when advertise or promote our products: 「Insurance Business Act」 Article 95 (Regarding product information and obligation to provide explanation), Article 95, Provision 4 (Regarding product advertisements), 「Insurance Business Act Enforcement Ordinance」 Article 42 (Requirements for information materials and product explanation), Article 42, Provision 4 (Regarding product advertisements), and 「Insurance Business Supervision Code」 Chapters 4 and 5. By following the relevant laws and regulations, we protect the rights of financial institutions and customers and prevent unfair business practices such as unfairly attracting the competitor's customers.

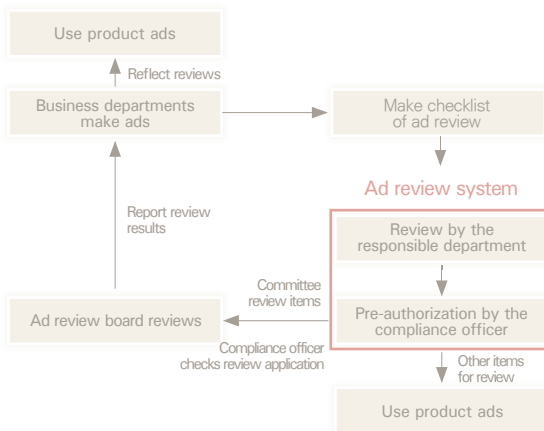


1 Dasomi Friend  
2 Mobile Service

### Ad Review System—Keeping information materials accurate and easy to understand

Kyobo Life Insurance focuses on promoting the concept of “Insurance means family love” and the essential value of life insurance. In all the materials used to inform the customers including advertisements and letters of invitation, we take into account the customers’ perspectives. We highlight and explain the areas that require special attention such as items excluded from the coverage or the detailed terms of coverage in order to prevent the customers from incurring loss in the future due to some misunderstanding. We also explain the complicated insurance or medical terminologies in simpler terms to help customers understand them better. To keep all information materials accurate and easy to understand, the Company operates a system through which Product Development, Product Support, PR, Legal Support, and other relevant departments review all customer-targeted marketing materials prior to their production.

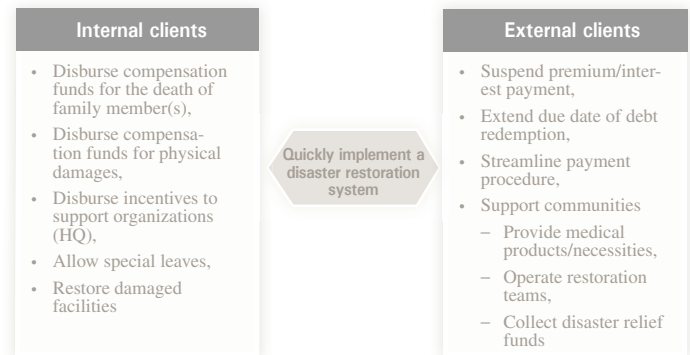
#### Ad Review Process



**Advanced IT System to Increase Customer Convenience** Kyobo Life has introduced an advanced IT system to provide efficient insurance consulting, planning, and regular insurance services tailored to customer needs through various channels including the Company’s web site, call centers, bancassurance and direct contact. We employ IAA (Insurance Application Architecture), a specialized global IT model for insurance companies, thus enhancing our productivity and competitiveness. Furthermore, through FP.com, a CRM system, financial planners provide customers with various and exact online product information and services.

**Customer Support during a National Disaster** Kyobo Life manages a disaster-support system to enhance customer satisfaction by providing prompt support to internal and external customers in the event of a national disaster. The determination of a national disaster is decided by the Emergency Measure Committee upon a request from the head of the committee. We have a quick and consistent program in place to assist the policyholders, loan borrowers, financial planners, employees, and the devastated region according to the level of the disaster.

#### Support system in case of a national emergency



**Dasomi Friends** ‘Dasomi Friends’ is an external-use magazine published by Kyobo Life, and the accumulated number of copies has exceeded 50 million in 2010. First published in January 2001, Dasomi Friend entails the meaning of “A friend for those who share love” and has been provided to our customers for free for the last ten years. In addition to sections dedicated to customer participation, Dasomi Friend contains various informative contents such as contributions from master artists, investment know-how, and health and travel information

### Various Distribution Means

Kyobo Life offers diverse means of insurance payment to accommodate all customer circumstances.

Cyber Teller System	Overseas Remittance Service	Service through Visit
ARS Service	Automatic Remittance Service	Proxy Insurance Claim Service
ATM Service	Remittance Reservation Service	Client Consultant System
Mobile Service	Catch Call Service	Reservation Service to Receive Benefit





# Financial Planners & Employees and the Future

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**Kyobo Life will grow together with  
its financial planners and employees**

We will maintain our corporate culture  
based on joy, confidence and trust.

We will provide all employees with equal opportunities  
and reward them based on fair evaluations.

We will enhance the expertise of  
our financial planners and employees.



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### Three-year progress on the pledge



\* Employee satisfaction survey was not conducted in FY2010 due to internal circumstance.

\*\* Financial planner retention rate = (Existing FPs / appointed FPs) × 100

### Kyobo Life's action plan for keeping the pledge



# We will maintain our corporate culture based on joy, confidence and trust.

Through various communication channels, Kyobo Life builds trust with its financial planners and employees, and inspire them to be proud of being 'Kyobo People'. In a pleasant corporate culture, employees recognize and implement their performance goals on their own. In addition, free communication builds a trusting relationship between the company and employees, which contributes to the establishment of a high-performance culture.



## Communication for Pride, Trust, and Excitement



**In-house communication campaign** Kyobo Life launched in 2010 an in-house communication campaign to build a closely-knitted teamwork among financial planners and employees, with an eye towards improving employee performance.

The motto of this campaign is 'communicate, excel, and succeed', urging all Kyobo people succeed in their endeavors through a dynamic teamwork based on communication and competencies. This campaign was launched off-line and online at the same time so that more people can participate in it. Major programs of the campaign include 'Kyobo Sponge', a company-wide on-line reply drive; 'Happy communication', delivering video messages; 'Bibimbop Day', a surprise field visit by executives; 'Photo Exhibition' celebrating 10th anniversary of vision declaration; and a charity concert.

### Operating results

Bibimbop Day	<ul style="list-style-type: none"> <li>A program of executive members visiting field employees to help them better understand company policies.</li> <li>Four FP divisions in and around the Seoul area during July and November</li> <li>The visits are covered by in-house broadcast and newsletters.</li> </ul>
Kyobo Sponge	<ul style="list-style-type: none"> <li>A campaign to encourage employees to submit ideas on how to promote teamwork and in-house communication</li> <li>Six times from August and November</li> <li>Total No. of ideas submitted: 2,120 (353 in average per campaign)</li> </ul>
Happy Communication	<ul style="list-style-type: none"> <li>A monthly video campaign to promote teamwork, communication among employees and executive members,</li> <li>From July to December, six times a year</li> </ul>

**Operating a "Compliment Corner"** Kyobo Life operates a "Compliment Corner" where employees can give compliment points (flowers) through the company intranet to those who deserve. Each quarter, employees with high points are invited to a 'complimentary luncheon' with the CEO. The number of employees invited to the luncheon since 1999 reached 700 (as of March, 2011, including overlaps). The Company also promote the joy of sharing through donating compliment points accumulated during the year to social welfare organization at the end of every year. Operating the compliment corner boosts employees' morale and induces participation and cooperation among business units, thereby spreading a sound and positive corporate culture.

## Building a Pleasant Work Environment

**Job satisfaction** Kyobo conducts an ESI (Employee Satisfaction Index) survey to gauge employees' morale and, through a systematic reform across the board, seeks ways to better satisfy "inside customers."

### Employee satisfaction level

Classification		Unit	2008	2009	2010
Satisfaction	Overall satisfaction	%	69.5	70.3	-
	Teal leader		74.1	76.1	-

\* The survey was not carried out in FY2010 due to internal circumstances.

**Benefits** With various support measures in the areas of housing, leisure, family health, and stable livelihood, the Company strives to help employees perform their job duties to their best abilities. In particular, a modern cafeteria, which is normally viewed in Korea as an amenity of the advanced nations, has been built in the HQ building, thus allowing its employees and financial planners to enjoy their time-offs to their individual desire.

### Benefit system

Housing support	Living support	Health, cultural support
<ul style="list-style-type: none"> <li>Mortgage loan</li> <li>House leasing</li> <li>Company housing</li> <li>Rents</li> <li>Scholarship</li> </ul>	<ul style="list-style-type: none"> <li>National pension</li> <li>Employment insurance</li> <li>Disability insurance</li> <li>Health management</li> <li>National health insurance</li> </ul>	<ul style="list-style-type: none"> <li>Company retreats</li> <li>Company sports meets</li> <li>Life insurance coverage for all employees</li> <li>Individual pension support</li> <li>Family event support</li> </ul>





1 Children's Economics Camp

2 Club activities

**Support for Financial Planners** Kyobo Life operates a generous FP support system, including various benefit and children education programs.

#### Benefit programs

Rewards for long-serving financial planners	Gifts in the equivalent of ₩200,000 to ₩500,000 to well-performing FPs with over five years at the job.
Liability insurance support	<ul style="list-style-type: none"> <li>• ₩100 million to 120 million for a work-related death</li> <li>• ₩10 million to ₩100 million for a work-related injury</li> <li>• Up to ₩10 million in medical expense</li> </ul>
Cash gifts for family events	₩100,000 to ₩200,000 for wedding involving planners or their children and on death of parents aged 70 and up.
Funeral support	Funeral item support for the death of planners or their family members

#### Children education support programs

Child care support	₩100,000 per month for one child of a planner on commission with over 1 year in employment
Overseas language training	Overseas language training for select children of outstanding planners
Children's Economics Camp	3-day course on economics at the Company's training center for grade-school children of planners

**Safe Workplace** Kyobo Life provides health and medical supports to its employees and tries to make a pleasant workplace through joint labor-management conferences and collective agreements. In addition, all employees take annual medical checkups and safety and health courses on a regular basis, as well as enjoy health consulting services on the company Intranet. Furthermore, the Company strives to improve the medical and physical health of its employees and to strike a balance between work and life by continuously improving the working environment and upgrading in-house education programs. As a result, Kyobo Life has had no industrial accidents for the last 3 years.

**Support for Stable Retirement** The Company pays 50% of national pension premiums and a portion of individual pension premiums for its employees to enjoy their stable retirement. In addition, in accordance with the pension laws, the Company puts aside a sum worth a one-month of employee salary every year with a third-party financial institution and provides the accumulated sum either in a lump sum or in a monthly annuity upon employees' retirement. The pension system consists of defined benefit (DB) and defined contribution (DC).

**Club Activities** To promote friendships among employees and to foster a pleasant corporate culture, Kyobo supports various in-house club activities. In particular, the Company encourages its executives and team leaders to join at least one club, and promotes exchanges among clubs by supporting the holdings of combined events of the clubs by region. At present, 30 clubs are active nationwide, and the Company supports with various fees involved in club activities.

#### Certified as "Excellent Family-oriented Company"



As a way to actualize 'the spirit and value of life insurance', Kyobo Life has been promoting family-based projects since 2007, spreading family feelings in the insurance industry.

In recognition of these projects, the Company received a "Presidential Award for Excellent Family-oriented Company" in 2009 from the Ministry of Health and Welfare, and obtained the highest rating given to businesses active in the promotion of family values. The award and the rating attest to our leadership in the promotion of a family-friendly corporate culture. As Kyobo Life is a company whose job is to insure life, our family-oriented culture encourages our employees to love their family and neighbors first. Our CEO's business philosophy is to satisfy "outside customers" by satisfying "inside customers" first by fostering a pleasant workplace. Kyobo Life will continue its proactive efforts to spread family feelings.

#### Family-friendly recognitions

2008. 05. 19  
– Received a Presidential Award for Excellent Family-oriented Company

2009. 11. 17  
– Received an S rating, the highest rating given to family-friendly companies, from the Ministry of Health and Welfare







- 1 Experiencing of Overseas Advanced Cultures
- 2 Joining of UN Global Compact

## Labor-Management Relations for Coexistence

To achieve its business goals, the Company expands communication between labor and the management based on the fact that labor and management relations thrive on coexistence and cooperation and that they contribute to sustainable development, as well as employment stability and happiness. Also, the two parties build confidence as a business partner with respect and information exchange on major business issues. The Company established an employee stock ownership association in 2007.

**Channels for Open Discussion between Labor and Management** Kyobo Life views labor unions as business partners and accordingly pursues labor relations that are mutually beneficial. The Kyobo Life labor union consists of 3,021 employees, or 74.2% of the workforce. The labor-management conference holds meetings and discussions every quarter to actively solve major issues like employment, safety and salaries, as well as annual wage bargaining and collective bargaining every two years. The management cooperates with the labor union and collects opinions when the Company introduces or changes systems related to working environment and reflects them in business operations. In addition, the Company cooperates with the union by collecting opinions on major issues and inviting union leaders to meetings.

### Agreements and matters for labor-management conference in FY2010

Agreements	<ul style="list-style-type: none"> <li>Improving productivity and distributing profits</li> <li>Employing, dispatching and training employees</li> <li>Grievance addressing process</li> <li>Improving safety, health and other working environments for the employees</li> <li>Improving HR and labor management</li> <li>Improving wage payment, system and procedure</li> <li>Improving employee welfare</li> <li>Other issues on labor-management</li> </ul>
Matters deliberated	<ul style="list-style-type: none"> <li>Establishing training and development plans for employees</li> <li>Establishing and managing welfare facilities</li> <li>Implementing company welfare fund</li> <li>Items not resolved by the grievance committee</li> <li>Establishing other labor-management committees</li> </ul>

### Labor-management Cultural Activities and Overseas Training Programs

The company recognizes the labor union as a partner for sustainable development and takes efforts to build cooperative relations for coexistence. It organizes and supports visits to model businesses overseas and labor-management workshops every year, and this paves the road to improving pride and confidence among the employees. In addition, the Company runs an overseas cultural tour

program with the labor union to seek cooperation between the two sides and help employees develop a global mindset.

### No. of employees participated in overseas cultural experience programs

Classification	Unit	2008	2009	2010
Participants	Person	567	-	610

\* 1,390 employees and their family participated in the programs during FY2010.

## Efforts for Human Rights

Kybo Life explores various ways to help employees maintain dignity at their jobs and to guarantee their labor rights. Also, the Company takes the lead in developing a pleasant working environment and in protecting human rights by educating them on human rights and creating a grievance redressal system.

**Human Rights Policy** Kyobo Life supports the protection of internationally human rights for workers as a member of the UN Global Compact, which it joined in September, 2010. The Company is doing its best to maintain its respect for human dignity. The Company is planning to reinforce its policy gradually so that human rights are also considered in future selection/administration of investment agreements or suppliers.

**Operation of an Employee Grievance Office** The Company runs a cyber grievance office on the company intranet. This system is available to employees who developed grievances while at work and difficulties owing to personal issues. The result is reported within 10 days after the requisition. The Company operates the system effectively by strictly ensuring confidentiality and impartiality in the personnel affairs of the requester.

**Prevention of Sexual Harassment in the Office** The Company operates a counseling channel through the company intranet, which is used for reporting office sexual harassment, in order to foster a pleasant work environment through mutual trust. Moreover, a sexual harassment prevention education is implemented at least once a year for all executives and staff members. As a result, no case has occurred for the last three years such as discrimination in the office or human rights violation.

**Ban on Forced Labor or Child Labor** Kyobo Life prohibits labor employment of youths aged 15 and below and enforces limitations on the employment of teenagers aged 18 and under. The Company also bans the improper restriction of physical freedom and forced labor against the worker's will. Intermediary exploitation is also opposed.

# We will provide all employees with equal opportunities and reward them based on fair evaluations.

Kyobo Life provides equal opportunities to all executives and employees and thoroughly bans discrimination of any forms or shapes in the office. All executives and employees get fair rewards on the basis of their performance, which leads to an environment in which financial planners and employee devote themselves to their jobs.



## Respect for the Diversity of Executives and Employees

Kyobo Life pays close attention to the diverse needs of all executives and employees by respecting their diversity and managing the personnel system in a fair manner.

**Current Executives & Employees Status** As of the end of FY2010, the number of employees is 4,377, comprised of 2,504 males and 1,873 females. The average employment length of a full-time employee is 12 years and six months (14 years and 4 months for males and 9 years and three months for females), and the retirement rate is 3.5%. There is no gender difference in the basic pay, and, the average salary of new employees with college degree as of 2009 is 330% of the minimum salary enforced by the law.

### Employee status

Classification	Unit	2008	2009	2010
Total employees	Person	4,245	4,309	4,377
Staff members (manager & up)	Person	1,353	1,433	1,535
Rank and file	Person	3,892	2,876	2,842
Female employees	Person	1,684	1,799	1,873
% of female staff members	%	5.0	5.0	5.6
Retirement rate	%	4.0	3.7	3.5
Employees hired	Person	336	248	325

**Fair Job Opportunities and Discrimination Ban** In recruitment, the Company provides job opportunities regardless of gender, age, academic backgrounds, or the place of birth. In accordance with the ILO's Convention Concerning Discrimination in Respect to Employment and Occupation, the Company respects the personality of every executive or staff member, and bans discrimination. All executives and employees are not discriminated based on their gender, religion, race, age, etc, in the process of their employment, promotion, reward, education, and retirement. Every employee fully enjoys fair opportunities based on his/her own capability.

**In-house Job Posting** Kyobo Life practices an in-house job posting system to provide its employees opportunities to pursue the jobs of their choice. Its personnel system is based on merit and ability, and provides its employees with incentives to develop their careers and

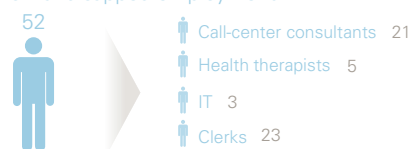
competencies. Posting jobs within the office also secures fairness and transparency in the personnel process, increases efficiencies in the allocation of human resources, and motivates employees to strive for their dream jobs.

### Current state of in-house job posting

Classification	Unit	2008	2009	2010
Cases	Times	18	27	21
No. of jobs	Person	52	79	80

**Employing the Physically Challenged** To help all human beings prepare for hardships they might face in the future, which is its mission, Kyobo Life has been proactively hiring the physically handicapped. To help sustain their dreams and courage, the Company provides jobs to anyone, regardless of the degree of disability, who has a desire to work and an ability to perform the required task.

### FY2010 Handicapped employment



**Recruiting from Local Community** Kyobo Life seeks to develop together with its local community, and is trying to perform its social role and responsibilities as a leading insurance company that contributes to the local community. The Company actively seeks to secure future growth engines and contribute to the government's job creation policy, by hiring new recruits including clerks every year. In particular, the Company was given a high mark for its recruitment of Daegu Call Center operators, which created jobs to female workers in the Daegu area. These newly-created jobs have fueled the growth of the local economy as well as instilled a strong sense of social and economical participation among the hired.

### Recruiting from local community

Classification	Unit	2008	2009	2010	Total
Regular	Person	162	31	102	295
Clerical		11	1	61	73
Total		173	32	163	368



- 1 Children of outstanding financial planners to study languages abroad
- 2 Customer Satisfaction Hall of Fame

## Support for Outstanding Financial Planners

Kyobo Life builds a high-performance culture by rewarding excellent financial planners in various ways.

### Support for outstanding financial planners

Opportunities for children of outstanding financial planners to study languages abroad	A program for children of outstanding FPs to study English in Canada or New Zealand for three weeks during the summer vacation.
Customer Satisfaction Award financial planners	An annual Award ceremony is held for financial planners who delivered outstanding customer satisfaction. Award winners are given travel expenses to attend the Million Dollar Round Table overseas.
Customer Satisfaction Hall of Fame	As a recipient of the grand prize for customer satisfaction management 5 year in a row, and an inductee of Korea's CS management hall of fame (November, 2004), the Company established a symbolic space in the first floor of the HQ building in August 2005, as a way to thank its financial planners and executives & staffs who endeavored to make it possible. Financial planners who delivered customer satisfaction the most are selected according to strict standards and are honored in this space.
Leaders Prime Club for financial planners	A club for exemplary financial planners of Kyobo Life practicing the FP-ship. This club contributes to building a sound culture of high class behavior as leaders. All financial planners who contribute greatly to the Company are treated with the highest level of courtesy, which boosts their loyalty to the Company as they feel well appreciated.

### Honorary executive system for outstanding FPs

Kyobo Life runs an honorary executive system for outstanding FPs to help boost their job morale. By assigning the "FP Honorary Executive Member" to FPs who complement the core purpose and value and contribute to the vision of Kyobo Life, the Company seeks to create the ideal image of outstanding FPs and institute a culture of high performance. Candidates for FP Honorary Members are rigorously vetted in terms of performance and efficiency, job history, and job aptitude. Once selected, FP Honorary Members are given official plaques, name plates, business cards, business expense accounts, self-development programs, and invitations to major company events as VIPs. As of 2011, there are five FPs with the FP Honorary Member title.

## Fair Performance Evaluation and Rewards

Kyobo Life has established a field-oriented culture of 'HPWS' (High Performance Work System), which provides employees with a clear view of their vision, performance responsibilities, and performance goal. 'HPWS' can create performance and can also maintain high satisfaction among employees since fair performance evaluation and rewards motivate employees to dedicate themselves to their jobs.

**Competency Performance Evaluation System** Kyobo Life practices personnel management based on a system that evaluates employees' competency performance. The competency performance of executives and employees are managed systematically so that executives & staffs are motivated to develop their competencies and to accomplish their goals. Moreover, transparent and fair evaluation of competency performance are utilized in reward distribution, promotion, and training. In addition, as it is difficult to evaluate the performance of clerical workers due to their nature of work, the grading and rate distribution of the evaluation are adjusted to make the evaluation results more fair and objective for clerical workers to accept.

**Evaluation System** The reward system for executives & staffs is divided into groups of office staffs, technical staffs and general staffs. Reward on general staffs is separately managed per individual according to evaluation of competency performance, which motivates the employees to develop their competencies and to create performance all by themselves. The system works as follows: There is a standard amount based on individual's competency, but the amount of payment is different according to the level of performance evaluation. In addition, there is an extra pay for sundry allowance, lunch, overtime work, extended hours, night duty, holiday work, etc.

### Performance evaluation review process



**Compensation System** Kyobo Life uses different criteria in compensating its regular, clerical, technical employees. Regular employees are compensated based on their competency performance evaluation results as a way to motivate them to perform better. Bonus is paid based on performance evaluation results and within individual limits: there are five pay levels for regular employees and three levels for clerks and technicians in consideration of their work nature. Besides bonus, meal allowances, over-time and extra hour work pays, and other special allowances are paid.

# We will enhance the expertise of our financial planners and employees.

Kyobo Life operates various competency development systems so that its financial planners and executives & staffs become experts at their jobs. The Company will continue its utmost efforts to produce best experts possessing professionalism and ethics who are recognized by customers and markets.



## Development Systems for Financial Planners

Kyobo Life supports the development of its financial planners through operating various competency development systems, which create an workplace where financial planners want to work the most. The Company helps its financial planners turn into experienced experts through a direct nurture system. ITs sales supporting system can be utilized everywhere conveniently and it provides an optimal service geared to customers. Its nurture system for financial planners and support for education help its financial planners learn from the basics to professional courses, so that they turn into experts in finance.

**Educational Programs for FPs** It is very important for new FPs to have a systematic and well-balanced education program in order to become successful FPs. As such, Kybo Life runs an systematic education system that offers new employees different programs according to their employment duration. In addition, the Company offers tax account and other related courses designed to help new employees become financial specialists, including FPs, AFPKs (Associate Financial Planner Korea), fund investment consultants, and variable insurance planners.

### Courses for new FPs

1st month FP basis course (theory)	2nd month FP basis course (practice)	3rd month Mobile lifetime coverage analysis
4th month Skill-up course	6th month Kyobo-People course	8th month Retirement planning course
11th month Financial planning course	13th month Challenger Leader Course	

## Helping Executives & Employees Develop Stronger Competencies

With the aim of reinforcing the organization competency as a way to achieve its business policies, the basic direction for competency development consists of three ways: Reinforcement of basic job competency, reinforcement of management/leadership competency & fellowship, and reinforcement of main job competency.

### Basic direction of competency development



**Competency Development Methods** Based on the principle of self-development, learning while working and working while learning, the Company support the performance creation of the organization through various competency development methods including action learning, team learning, self-development, and off-the-job training, as well as through a close connection with knowledge management.

### Competency development methods







1 Study Groups

2 Gaesungwon (Training Institute)

**Support System for Self-Paced Competency Development** Kyobo Life avails various means for executives and employees to develop their competencies on their own in a systemic manner. Every business year, all the members of its organizations plan for their individual learning schedule under the supervision of the chief of each organization. The system proceeds in the manner of feedback which the chief provides on the result of the implementation of the above-mentioned learning schedule.

#### Study programs to help develop employee competencies



#### Human resources development support

Classification	Unit	2008	2009	2010
All	Hour	125	98	109
Executives		44	92	45
Managers		91	111	74
Rank & file		129	99	125
Female		119	124	85
The disabled		85	120	64
Non-regular		130	85	62

**Study Groups—Study Together to Grow Together** Kyobo Life establishes a team learning culture by vitalizing ‘study club’ activities in order to enhance performance at every organizational unit. The study group, promoted since 2010, satisfies the needs of executives & staffs on competency development by studying and sharing knowledge involving enhancement or creation of performance in the business field. Study groups are divided into three types: problem solving, research/capacity building, and socio-drama.

#### Study group types

Classification	Problem-solving CoP	Research/Capacity-building CoP	Socio-drama
Goal	<ul style="list-style-type: none"> <li>Maximizing problem-solving capacities for organizations (members)</li> <li>Increasing working concentration through active participation in the organization</li> </ul>	<ul style="list-style-type: none"> <li>Improving working efficiency by sharing know-how and expertise</li> <li>Upgrading capacities related to works and vertical and horizontal communication</li> </ul>	<ul style="list-style-type: none"> <li>Improving communication through mutual understanding among organizational tiers</li> <li>Nurturing active environment and organizations</li> </ul>
Composition	Teams with 4 to 8 members		1 team by department
Selecting subject	Urgent tasks for organizations with high performances (Top Down)	<ul style="list-style-type: none"> <li>Common interests related to work</li> <li>Subjects related to building capacities including certification (Bottom Up)</li> </ul>	Subjects for active organizations (Bottom Up)
Performance	Making and applying various solutions through ideas and benchmarking for feedback	<ul style="list-style-type: none"> <li>Exchanging expertise and research activities</li> <li>Sharing materials among members and learning activities</li> </ul>	Various activities for playing dramas (Selecting themes, brainstorming for ideas, writing scripts, practice, etc)

#### Fun learning, Socio-drama



Socio-drama is a role play to explore inner feelings on social issues occurring within a group. Kyobo's study group on Socio-drama re-enacts cultural conflicts and corresponding solutions

within the office via role plays, of which purpose is to induce behavioral changes through learning from indirect experiences.

As of 2010, 12 study clubs participated in socio-drama and the top three study clubs made their final presentations from which the best study club was selected. The winner team won an award and one million won of cash.

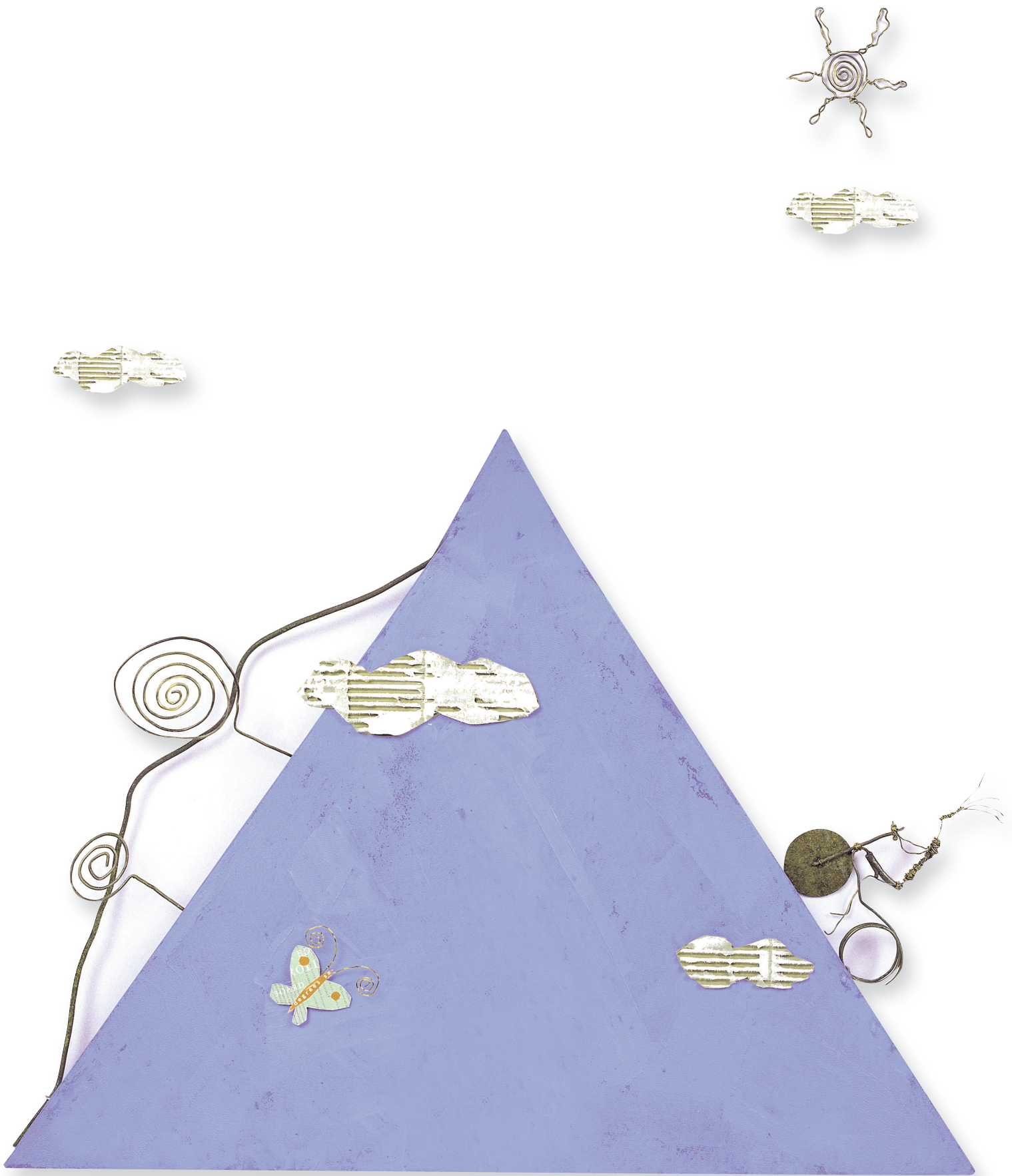
**Knowledge Exchange** Kyobo Life operates a knowledge exchange on its intranet as a way to encourage the sharing of work-based knowledge among employees and promote the practice of knowledge-based management. To spur knowledge exchange, the Company has a team of area experts to evaluate submitted information in terms of usability and creativity and awards the contributors with cash rewards.

**Gaesungwon—the Cradle of HR Development** The name of Gaesungwon, the training institute of Kyobo Life, literally means obtaining wide perspectives by oneself and having a fresh mind from the deep down, and this is a proper name for the cradle of new talents who are the foundation of our business. The five rules of this institution are ‘eat well, rest well, sleep well, play well and understand well’, which are ordinary but unique, and the aim of those rules is to minimize the inconvenience of the trainees but to maximize the education results.

Respect for human dignity, the foundation of the business philosophy of Kyobo Life, is shown everywhere in Gaesungwon. For example, the tableware for trainee is high quality brass tableware made by Lee Bong Joo, a master who is recognized as human cultural asset of Korea. Another example is the bedding for trainee that is made of non-chemical materials only.

Moreover, the Company has high-level educational program S/W that reinforces professional competencies, including problem-solving education and leadership training, and this program enabled us to win ‘Korea HRD (human resource development) award’ on February 2009, organized by the Korea HRD association.





# Investors and the Future

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**Kyobo Life will continue to  
be an attractive investment to investors.**

We will continue to generate additional profits  
through sustainable growth.

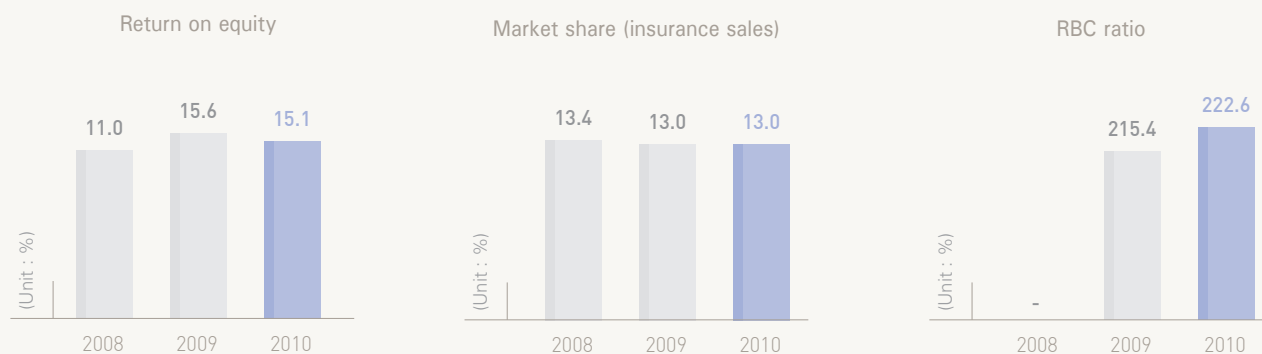
We will increase our corporate value  
with preemptive risk management skills.

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### Three-year progress on the pledge

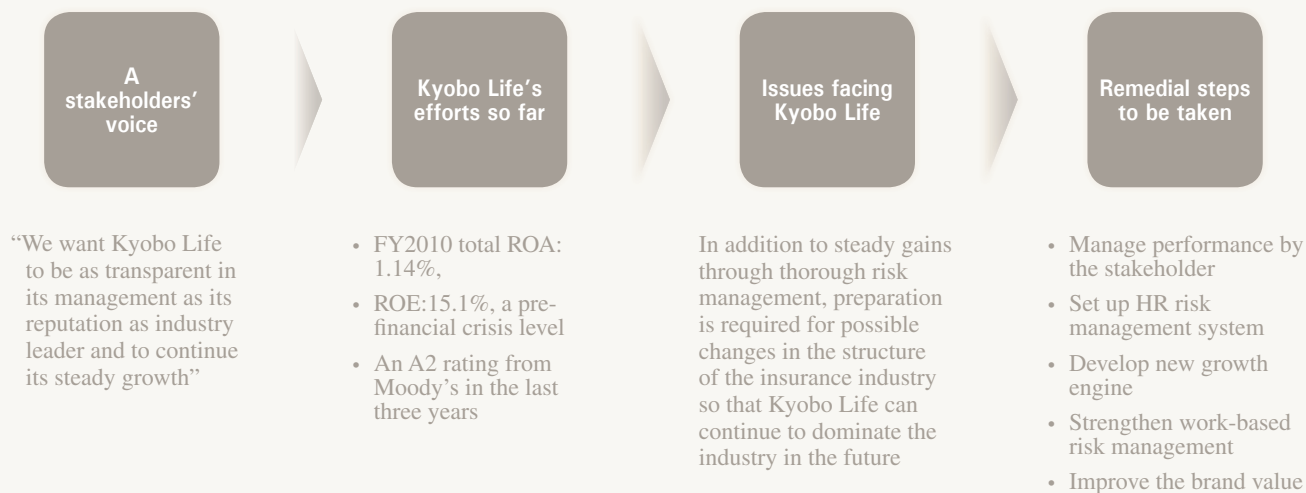


\* Return on equity(ROE) = Net profit / {(net worth at outset of year+ net worth at year-end)/2} × 100

\*\* Market share (premium income) for 2010 is as of the end of February, 2011

\*\*\* Risk Based Capital(RBC) ratio = Solvency Margin / RBC Total Risk × 100

### Kyobo Life's action plan for keeping the pledge



# We will continue to generate additional profits through sustainable growth.

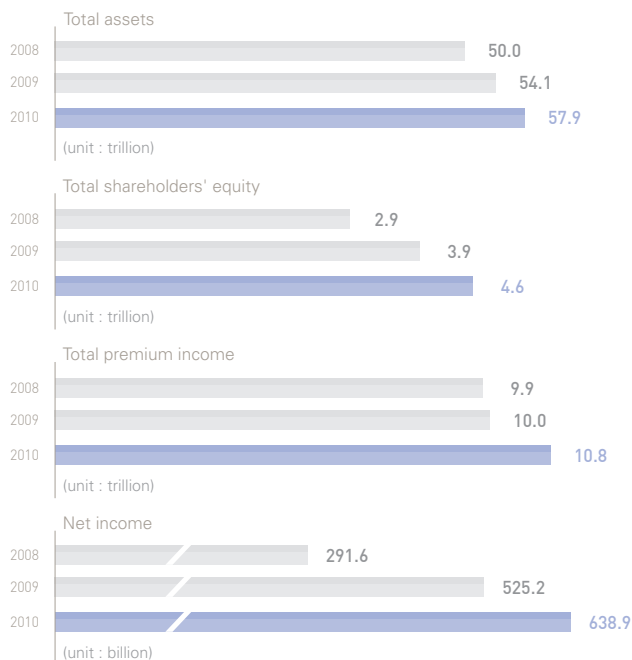
In FY2008, when business environment deteriorated rapidly owing to the global financial crisis, Kyobo Life achieved the highest profit in the industry by responding to exterior changes properly. In the following FY2009, the Company earned the highest profit in its history, and in FY2010, the net profit reached KRW638.9 billion, exceeding the performance of the year before. Kyobo Life will continue its outstanding profitability by focusing on clients and profits, as well as systematic risk management.



## Growth Potential

In FY2010, Kyobo Life recorded KRW58 trillion in total assets, KRW4.6 trillion in total shareholders' equity, KRW10.8 trillion in premium income, and KRW638.9 billion in net income. The Company maintains the industry's leading position in terms of size and shows steady growth. In FY2010, total assets and shareholders' equity grew 6.9% and 19.0%, respectively, while premium income and net income rose 7.7% and 21.7%, respectively.

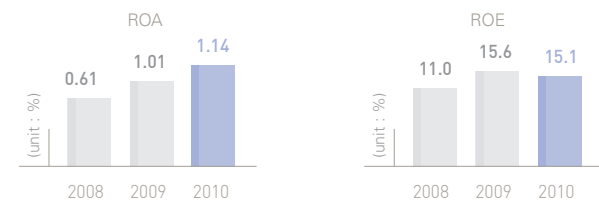
### Growth indicators



## Profitability

Affected by a financial crisis-triggered global downturn, the overall profitability of financial business slowed down recently. Even in this market condition, Kyobo Life recovered its financial strength to its pre-crisis level, recording ROA of 1.14% and ROE of 15.1% in FY2010.

### Profitability indicators



\* ROA = Net income / ((Beginning assets + Ending assets) / 2) × 100

## Stability

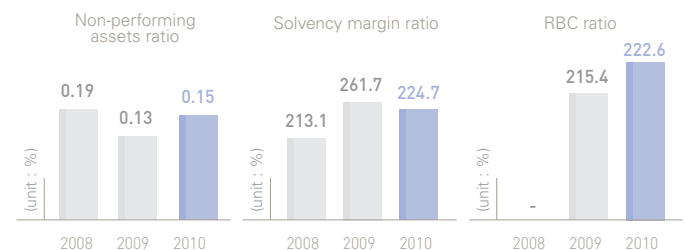
Through thorough risk management and stable investment activities, Kyobo Life has been enhancing its asset quality and capital adequacy.

Non-performing assets ratio, a measure of asset quality, is 0.15% as of FY2010, which is the lowest in the industry.

SMR (Solvency Margin Ratio), a capital adequacy standard, is 224.7% as of FY2010, which is far above the regulatory minimum of 100%. It means that the Company has sufficient buffer to absorb any possible losses and has secured stability in its management. Thanks to a rise in retained earnings followed by continuous profit and an increase of estimated profit owing to the stabilization of the financial market in FY2009, SMR was up by almost 48.6%p over the previous year. In FY2010, due to a full redemption of subordinated bonds issued by the Company and the effect of a shrinking re-insurance, SMR was down by 37.0%p over the past year.

Meanwhile, RBC(Risk Based Capital) ratio, which replaces SMR completely from FY2011, is 222.6%, up by 7.2%p from FY2009.

### Capital adequacy indicators







- 1 Invitation-only Asset Management Seminar for VIP Customers
- 2 Retirement Pension Briefing

**Credit ratings** Even facing difficult market circumstances, Kyobo Life obtained a high credit rating from Korean and global credit-rating agencies on the basis of its stabilized financial structure and sales base. The Company is the first and only Korean life insurance company to earn an A2 from Moody's for the three years in a row. In addition, the Company enjoys a AAA, the highest rating, from NICE Investors Service.

#### Credit ratings

	2008	2009	2010
Moody's	A2	A2	A2
NICE Investors Service	AAA	AAA	AAA

## Marketing Results

**Strengthening the Marketing Strategy Targeting Prime Customers** Targeting best customers means providing values to customers more than they expect throughout the course of subscription, maintenance, and payment, which can result in a stronger customer loyalty.

As an action plan, Kyobo Life strengthened marketing activities, focusing on metropolitan areas and major cities where the upper-middle class (best customers) and high net-worth customers are concentrated as well as on offices and organizations where corporate bodies joined in retirement pension. In addition, the Company improved the working process of MOT(moment of truth marketing) to be client-oriented, and transformed the staffs in sales and service into multi-taskers.

**Reinforcing the Pension Marketing Strategy** Kyobo Life provides products and services fit for customers' needs so that they prepare happy and affluent lives in their old age. In order to operate customers' valuable asset reasonably, the Company uses a pool of 133 products for customers to select the best product; the pool includes the products from other financial organizations as well as those from Kyobo Life. Moreover, throughout the policy life, the Company provide various services such as planning for the old age, life planning, managing assets or pensions, and checking the current status of pensions, through channels of customer choice.

As a result of the strengthening of marketing activities on retirement pensions, the Company leads DC (Defined Contribution) retirement pension business among 55 companies including major Korean companies and global companies. Kyobo Life will continue to provide high quality service to enhance customers' satisfaction which leads to a win-win situation for all.

## 2009 Asia's Life Insurance Company of the Year



Life Insurance Company of the Year  
2009 아시아 최고 생명보험사 선정

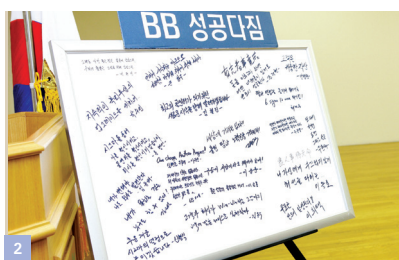
Kyobo Life won the "2009 Life Insurance Company of the Year" award at the Asia Insurance Industry Awards, a first for a Korean insurance company to do so. This award is given by a panel of 24 global insurance and management experts to a life insurance company with excellent track records in financial health, risk management, and customer satisfaction. With this prestigious award the Company has joined the rank of such premier insurance institutions as Prudential (2000) and ING (2003). The award was in recognition of the Company's industry-best net profit performance, rock-solid solvency margin ratio, and outstanding customer service. In particular, the Company's continued focus on customer-oriented quality growth and successful response to the global financial crisis were highly rated by the panel.



## Management Innovations to Create Sustainable Economic Values

**SSP for a High-Performance Culture** SSP is a change-managing program designed to help sales performance managers and financial planners to succeed at their jobs by standardizing various outstanding cases of branch management so that field offices can study and learn from the cases. The SSP(Sales Stimulation Program) was implemented to establish a culture of high performance, where sales performance managers and financial planners know their tasks (vision, strategy, responsibility for the performance, performance goal, etc). With the SSP implemented, a new corporate culture has been established for high performance; for example, financial planners follow the activity process and enhance their competencies for customer service.





1 SSP Orientation

2 6Sigma Excellence

#### SSP aim and strategy

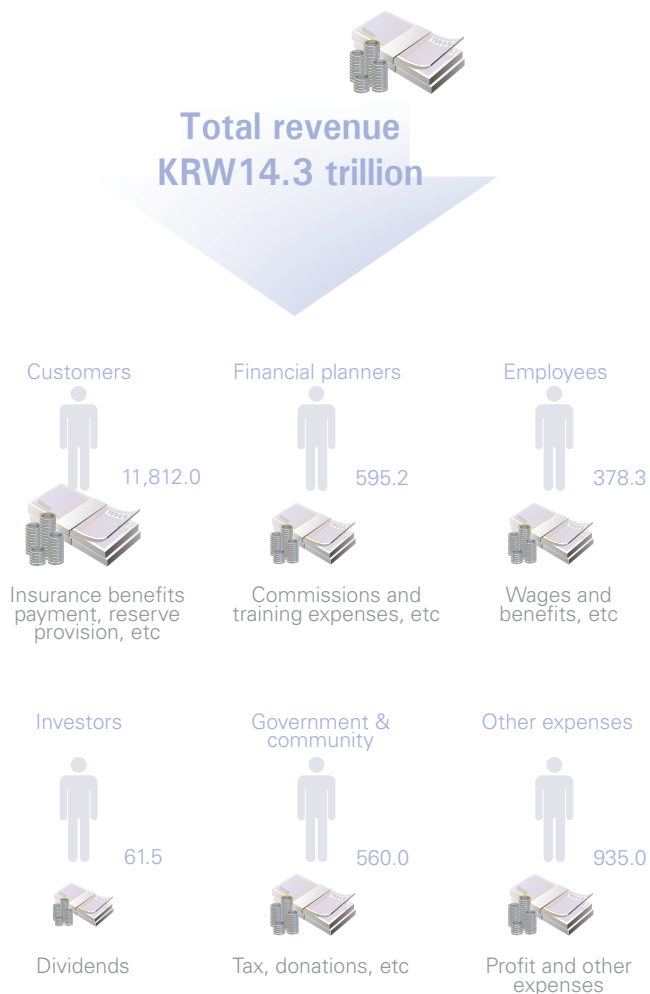
Aim	<p>To foster a high-performance culture</p> <p>It allows individual employee to be aware of what they each have to do and to indulge in them</p>
Strategy (3 core themes)	<p>Set up branch action system</p> <ul style="list-style-type: none"> <li>• Goal management system</li> <li>• Morning education management system (sales meeting)</li> <li>• Weekly action system</li> <li>• Study group management system</li> </ul> <p>Strengthen competencies to promote each process</p> <ul style="list-style-type: none"> <li>• Lifetime planning process</li> <li>• Recruiting process</li> <li>• Customer retention service</li> </ul> <p>Promote an interdependent win-win culture</p> <ul style="list-style-type: none"> <li>• Foster a pro-FP culture</li> <li>• Promote debating</li> <li>• Rational leadership</li> <li>• Coaching culture</li> </ul>

#### Sharing Economic Values with Stakeholders

Kyobo Life grows with its partners by distributing its insurance premium and investment returns to its customers, financial planner & employees, investors, and the government and community.

In FY2010, the Company recorded total revenues of KRW14.3 trillion, and of the total, distributed KRW11.8 trillion in insurance payment, KRW595.2 billion in FP commission and training expense, KRW378.3 billion in wage and benefit, KRW61.5 billion in dividend, and KRW560 billion in central and local government tax and donations.

Distributing economic values by stakeholder (unit : billion won)



**6Sigma Activities** Kyobo Life has been promoting the six sigma project since 2005. Six Sigma is a program which raises productivity by innovating the ways of working and by fostering talented people, and it also enhances the corporate culture.

As of 2010 the Company has carried out a total 230 projects in 13 waves, cut KRW12.1 billion in expenses, and saved around W91.6 billion in opportunity cost. In fostering talented people, the Company have fostered total 151 talents, including 15 Green Belt certified CEO and executives, 14 Master Black Belt, 50 Black Belt, and 72 Black Belt candidates.

In August 2009, the Company presented its exemplary case at the '2009 Asian 6Sigma Summit' in Singapore. Its excellence was recognized in '6Sigma Excellence Awards' and the Company ranked No.2 overall in the innovation sector. Some 40 domestic companies have been Kyobo Life to benchmark.

With Wave 14 started in December 2010, the Company is extending out Sigma activities from the HQ to the sales field, optimizing the marketing process of MOT, and fostering problem-solving experts. From now on, the Company will promote Six Sigma based on TRIZ (theory of inventive problem solving) and plan to foster more than 150 additional Belt-certified people by 2013.

# We will increase our corporate value with preemptive risk management skills.

Kyobo Life practices preemptive risk management to minimize losses caused by sudden developments in the financial market, such as global financial crisis. Pursuing sustainable growth in the future, the Company will step forward from the previous risk management system to an inclusive risk management to cover personnel and work-based risks.



## Risk Management Goals

**Maximizing the corporate value** The Company implements an ALM policy to maximize the corporate value in the long run by building an optimized financial structure. The Company continues to build corresponding system and infrastructure so that risk management can operate smoothly company-wide. For example, the Company includes non-financial risks company-wide, such as risks from strategy, reputation, and operation, into subjects of the management and practice self-diagnosis on risks regularly per business sectors

**Management Stability** In order to safeguard financial fundamentals such as a risk-weighted capital ratio even if its business risks become reality, the Company sets limits on the risks the Company can face and make sure that the risks are within the limits through constant risk monitoring.

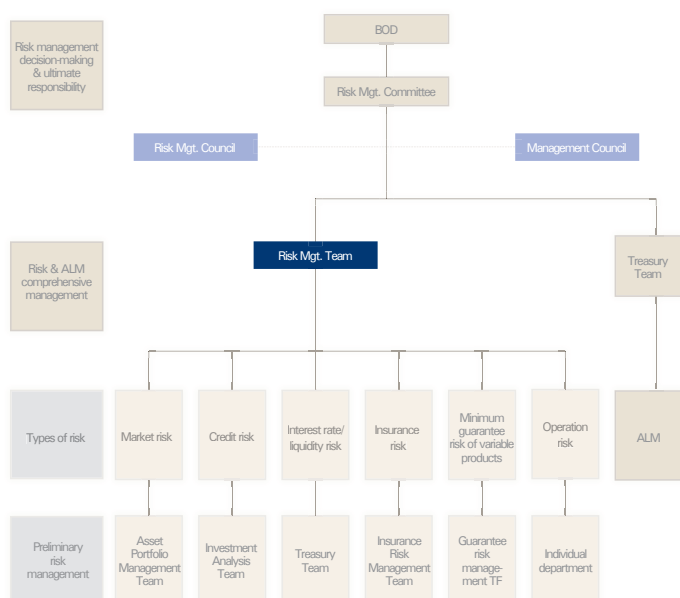
**Risk Management Committee** It is comprised of one executive director and two outside directors, authorized by the Board of Directors. Important issues are deliberated, such as risk management policies in accord with business strategies, major business strategy based on risks, risk limit, etc.

**Risk Management Council** The Council is designed to discuss prior to the voting issues of Risk Management Committee and subjects concerning risk management. It discusses actions concerning the issues of risk management committee in detail, risk tolerance, as well as reasons & countermeasures of the (expected) excess of that limit.

**Working-level Risk Management Units** Risk management working-level units supports the Risk Management Committee and Risk Management Council, and depending on the role, the units are divided into company-wide risk management and individual risk management.

The Risk Management Team implements the “Plan-see” function independently from sales department (including nonfinancial risk management) on company-wide risk management policy & planning, corresponding regulation & detailed rules, and risk limit plan. The Individual Risk Management Team performs the ‘Do’ function on risk management.

## Risk management organization (as of April 1, 2011)



## Risk Management Policy and Process

**Risk Recognition** Kyobo Life views as important risks market, credit, interest rate, insurance, liquidity, guaranteed minimum in variable insurance, strategy, reputation, as well as operational risks, and they are grouped as financial risks and non-financial risks (strategy, reputation, and operational risks).

**Risk Measurement and Assessment** Kyobo Life employs the VaR (Value at risk) method to measure market, credit, interest rate, and operation risk, and the CTE (Conditional Tail Expectation) methodology to assess variable insurance guaranteed minimum risks.

**Risk Controls** Appropriate level of risk limit is set for evading, accepting, shifting, and alleviating risks. The Company constantly monitors the risks to which it is exposed so that they stay within the set limit. When it is necessary, the Company adjusts the risk limit or establish a contingency plan.

**Risk Monitoring and Reporting** Kyobo Life monitors its risks regularly using a check list filled with various supervisory standards such as related factors, amount of risks per risk, and relevant monitoring indicators. When signs of trouble are found, they are reported to the risk management team and suitable measures are implemented.

#### Risk management process



## Strengthening Risk Management

**Internal Controls** In order to observe laws and regulations, manage assets soundly and protect policyholders, the Company has established internal controls guidelines which its employees follows in the course of their job performance.

Furthermore, in order to enhance the level of its internal controls, the Company carries out an internal controls outcome evaluation biannually to evaluate its internal controls on 8 evaluation sections, 40 evaluation items, 141 check items and 474 checking details and to complement and improve problems found during the evaluation.

**Internal Audit System** the Company regularly audits, checks, and evaluates its general management activities, and forms reasonable alternatives in order to minimize the managerial risk and contribute to sound managerial results. The audit activities of Kyobo Life are carried out methodically and periodically under annual audit plan with the approval of the Audit Committee. The Company improves the efficiency of audit by selecting the priority audit items with grasping the weak sector including managerial risk of the audited department and the problematic sector etc. in advance.

**Insurance Fraud Prevention** Undue payouts of insurance money due to insurance frauds causes financial damages to insurance companies as well as to customers in general through premium increases. In addition, such payouts harm society in general. To prevent such insurance frauds, Kyobo Life has developed an array of systematic insurance fraud prevention measures, SIU (Special Investigation Unit), a department exclusively responsible for insurance fraud prevention and exposure. Through these efforts, Kyobo Life has exposed insurance fraud over KRW10 billion annually.

#### Insurance frauds prevented and exposed

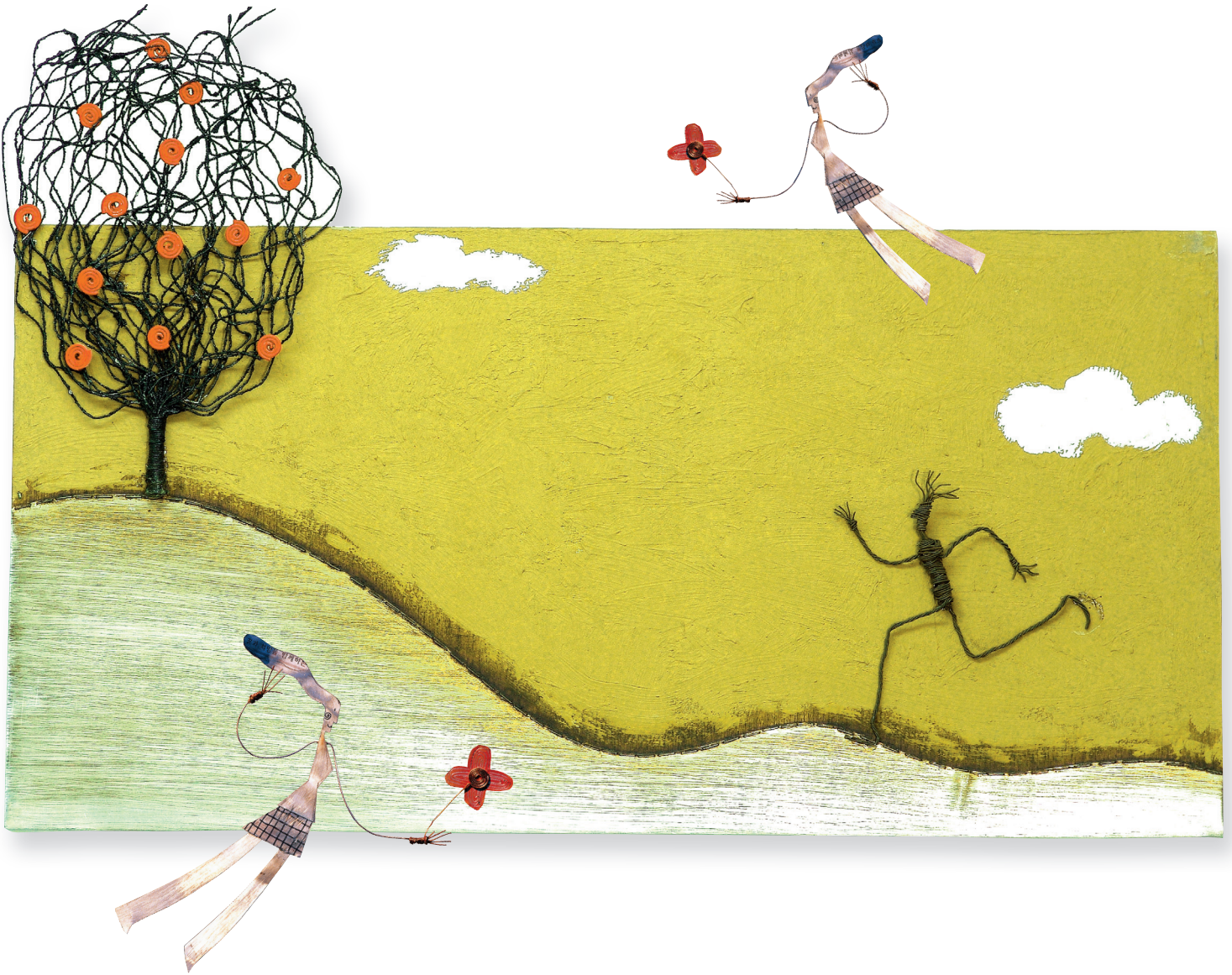
	Unit	2008	2009	2010
Prevented		6,394	6,878	5,433
Exposed	Million won	5,150	6,039	5,649
Total		11,544	12,917	11,082

**Strengthening Anti-money Laundering Measures** The Company effectively carry out anti-money laundering work under its own anti-money laundering regulations. The Company conducts anti-money laundering activities including 'obligation to identify customers' to identify the identities of customers who deal with and provide the services of Kyobo Life, 'suspected transaction reporting' to report any transactions suspected of as money laundering to Korea Financial Intelligence Unit and 'large cash transaction reporting' to report cash transactions over KRW20 million/case to Korea Financial Intelligence Unit collectively etc.

**Addressing Longevity Risk** As the possibility to pay pensions in numbers of times larger than that expected when relevant contracts are made due to an increase in the average life expectancy of pension customers, the Company carries out appropriate product portfolio maintenance strategies under which the risk increases in such annuity insurance and the risk decreases in family life coverage insurance can be naturally offset.

**Strengthening Risk Management through Risk Preview** Kyobo Life has set up 'risk preview operation standards' to make sure that all investment contracts involving risks are previewed by relevant departments and established preview processes for risk-related important matters.





# Government & Community and the Future

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## **Kyobo Life will progress together with the government and the community**

We will be proactive in leading and participating  
in community service projects.



We will carry out conservation activities  
in a manner that is reflective of our business.

We will grow with our peers  
through fair competition.





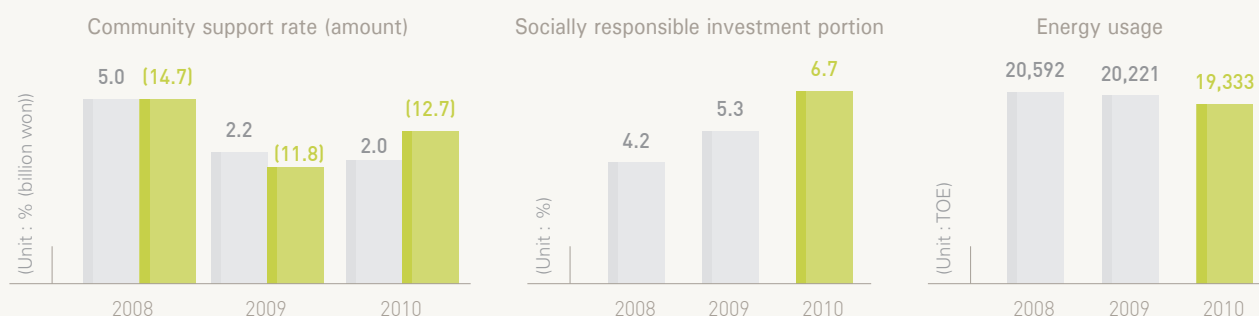
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### Three-year progress on the pledge

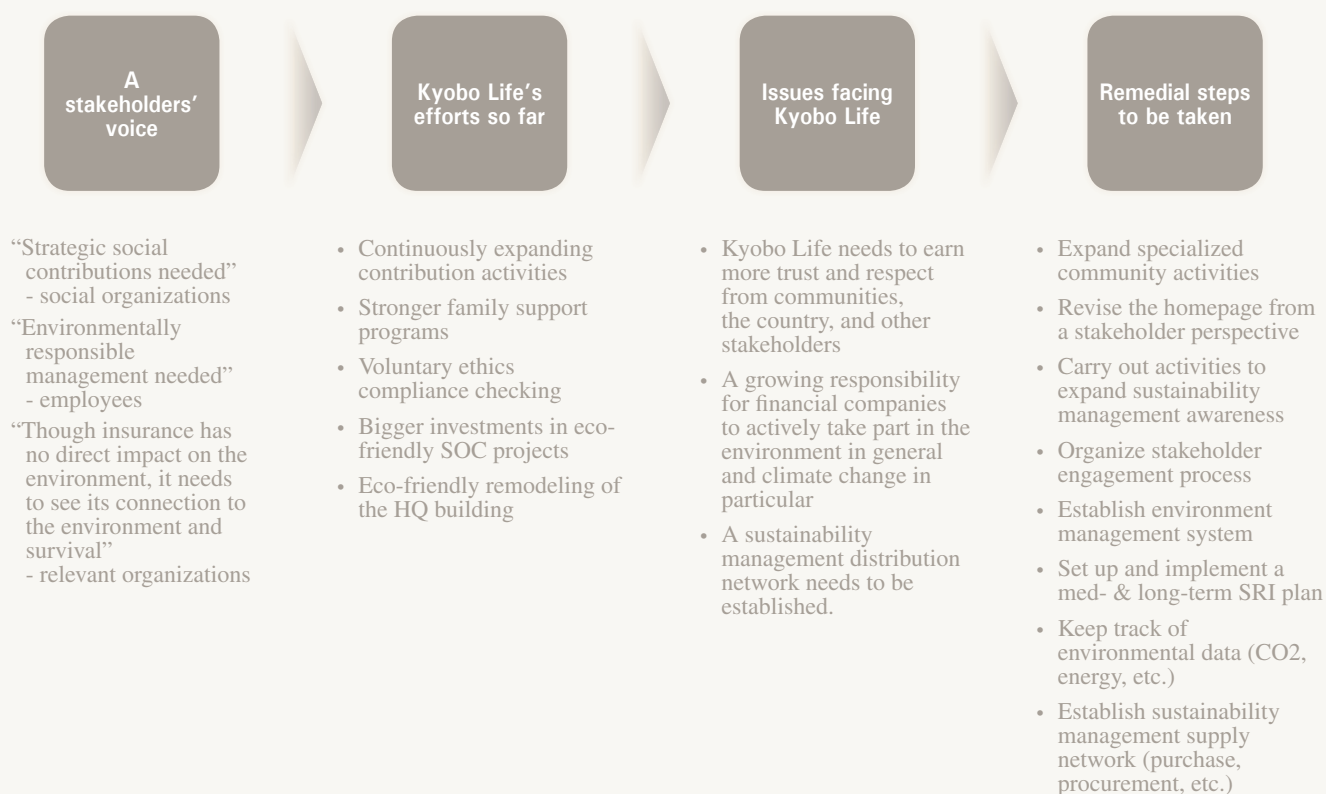


\* Community support rate : financial support on community service/net profit (decreased due to an increase of net profit)

\*\* Socially responsible investment portion : (SRI investments / general account assets) × 100

\*\*\* TOE(Tonnage of Oil Equivalent) : Energy unit; the amount of energy generated when one ton of oil is burned)

### Kyobo Life's action plan for keeping the pledge



# We will be proactive in leading and participating in community service projects.

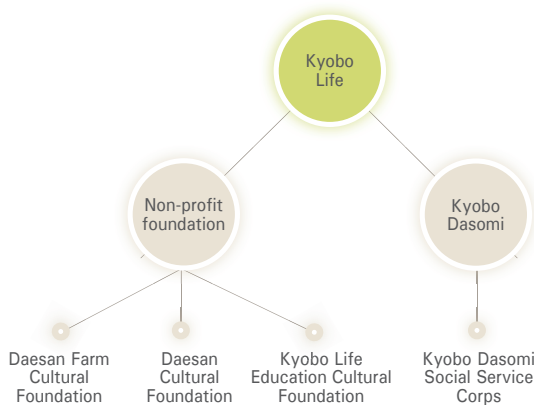
Kyobo Life's philosophy of valuing human lives is the basis of its social contribution activities. With 'Kyobo Dasomi' established in December 2002, the company has been contributing to society and focusing on helping neighbors deprived of health, money and knowledge, overcome hurdles in their lives.



## Contribution System

The Company directly engages in social issues closely related to the insurance industry (health, lives of the aged, education welfare, etc). The contribution is not limited to simple supports. Rather, it helps beneficiaries build their capacities through various programs and gives jobs to establish the foundation for them to overcome roadblocks. The activities for the society are measured as a model which finds out solutions to social issues and roles for a company to establish social safety nets.

### Social contribution framework

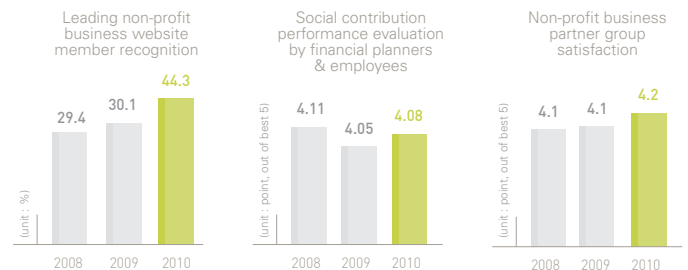


'Kyobo Dasomi' is an abbreviation in Korean of Kyobo people practicing their love for humanity so that all people can overcome difficulties and lead happy lives. The word 'Dasom' means love in the traditional Korean language.

## Social Contribution Achievements

Kyobo Life conducts both financial and non-financial community service activities in accordance to a social contribution scheme that is based on core objectives. Such activities have been found to have heightened stakeholders' preference for Kyobo Life and the loyalty of FP and employees participating in the social service activities.

### Social contribution performance



## Activities by Kyobo Dasomi Volunteers

Many FP and employees of Kyobo Life volunteer in various community service activities believing that they are carrying out core objectives. Although the number of volunteer activities fluctuates each year as volunteering is based on individual decisions, the sincerity of volunteers and the gratitude of those who received the service have been steadily increasing in intensity.

### Kyobo Dasomi performance in volunteering

	Unit	2008	2009	2010
No. of registered teams	team	201	217	251
Volunteers	person	15,824	13,902	11,787
Annual activities	hour	78,296	65,627	54,958
Participation rate (employees)	%	48.2	52.6	48.0

### Volunteer service support system

- Employee volunteering during work hour is encouraged (up to 16 hours)
- Service program expenses supported
- Outstanding service teams supported; five teams chosen per quarter; dream program supported
- Dasomi mileage usage supported, individual volunteer activity hours accumulated
- Service-related information and education supported: volunteer service leader workshop, handbooks, manuals supplied.



1 Dasomi Family Love Camp

2 Dasomi Support for Premature Babies

## Full-time Social Contribution Activities through Foundations

The company expands specific and efficient public projects with its three foundations, including the Daesan Foundation for Rural Culture and Society, the Daesan Foundation and the Kyobo Foundation for Education and Culture.

### Daesan Foundation for Rural Culture and Society

It is the first public foundation for rural villages and agriculture support established by Kyobo Life in 1991. The foundation implements various public projects including the Daesan Rural Culture Award, research projects, rural training to foreign countries, scholarship, culture and education projects to upgrade the agriculture and rural villages in Korea and make cities and villages happy.

\* Main activities: scholarship support for college students of agriculture and on-site training of farmers, sponsoring of agricultural thesis contests, hosting of the Daesan Agricultural Awards Contest.

### Daesan Foundation

It was established in 1992 by Kyobo Life to expand Korean literature to the world arena. It supports Korean literature translations, overseas researches in the Korean literature and international exchanges and hosts the Daesan Literature Award and the Daesan Adolescent Literature Award, the most prestigious award in Korea.

\* Main activities: hosting of the Daesan Literature Awards Contest, the Daesan Youth Literature Awards Contest, and a youth theater festival, support for Korean literature translation and publication.

### Kyobo Foundation for Education and Culture

It was established in 1997 to promote respect for lives, equal opportunity for learning and hope with others. The foundation makes its efforts to create sound and abundant culture, as well as restore deteriorated ethics under the name of developing contemporary industrial society.

\* Main activities: hosting of the Kyobo Life Environment Awards Contest, support for environment education, youth community service activities, magnet schools.

## Healthy Family

The Company operates various family support programs for all the people to have healthy and happy lives and share love with their family members.

**Family Support Program** The family support programs consist of the Dasomi Family Camp, the Family Experiences in Rural Villages and the Dasomi Family Volunteer Activities.

The camp is a program that gives chances for families to think more about relations with couples or their children, as well as feel more love for 1 night and 2 days. The experience program makes participants united and acknowledge the values of the agriculture, rural villages and local agricultural products through various hands-on activities. In particular, the program helps generate income sources for participating rural villages. The volunteer program provides help to neighbors and communities with the method of family contribution as a member of the society.

### Family Love' Farm-stay Program

	2008	2009	2010
Families participated	442	640	711
Number of people participated	1,698	2,529	2,796
Number of people participated	7	12	11
Number of participation	48	68	73

\* The participating villages as a whole earned 437 million won in admission fee, and buoyed by the success of the program, the villages each launched a farm-stay of its own, thus raising an additional income.

**Dasomi Support for Premature Babies** This program supports premature babies to recover and stay alive and helps the families to jump over birth-related hardships. The support program is funded by regular donations from Kyobo financial planners, covers costs including medical expenses right after birth and rehabilitation expenses for healthy growth. Also, it is the program in the private sector which holds events to give economic and emotional supports with events and programs. As of February, 2011, which marked its seventh year, the program has supported 1,000 premature babies. To systematically campaign for children's rights, Kyobo Life pursues closer cooperation with children foundations and other relevant NGOs.

### Premature baby supporting project





1 Kyobo Dasomi Nursing Volunteers

2 Kyobo Life Scholarship of Hope

## Support for Job Creation

The Company supports various job creation projects for its neighbors to overcome economic difficulties and enjoy warm and affluent lives and plan their futures.

### Kyobo Dasomi Voluntary Nursing Activities - Dasomi Foundation

The foundation is a social company for social purposes including providing social services or jobs to the weak to upgrade the quality of lives for local citizens. It runs vocational schools for low-income female householders who want to have nursing jobs and provides free nursing services to low-income families or elderly people paid by the Company. There were 248 attendants in 2010 and they covered 93,027 patients on an annual basis. The foundation was designated as the first social company in 2007 and awarded by the President of Korea in 2008 for nurturing social companies with its contribution to the society and job creation.

#### Activities by the year

	2008	2009	2010
Nursing volunteers	254	248	248
No. of people helped	8,321	7,520	8,829

**Kyobo Dasomi Forest Guide** The program is for the elderly aged 55 and up to enjoy a happy life by getting paid after taking theoretical and on-site training on forest ecology and then guiding children to the forests.

**Orchestra of the Blind - Hanbit Performing Arts Company** Kyobo Life supports the arts company to give jobs and independent lives with music to the blind by discovering musical talents, providing systematic music education and performances to its members.

## Dreams for a Better Future

Kyobo supports adolescents to become more productive in the future.

**Connect-Chains-of-Love** This program help children in the socially marginalized class, including children with no or single parent, to overcome their difficulties and have healthy growth and education environment. Company managers and employees donate a portion of their salaries and the company matches the same amount of the money to establish and operate the fund.

### Activities at a glance



**Kyobo Life Hope Scholarship** The program provides tuition support to students of orphanages who enter college in pursuit of higher education. In addition to scholarship, Kyobo Life supports the organizing of local meetings of scholarship students, job special lectures, and other diverse programs.

#### Kyobo Life Hope Scholarship

	2008	2009	2010
Newly awarded students	20	22	24

\* The program started in 2003 and supported 93 students in 2010.

**Youth Volunteer Camp** It is a program for youth and the handicapped to stay 2 nights and 3 days during the summer vacation to raise community spirits and pave the road for communication between the two.

**Northeast Asia Excursion for University Students** Kyobo Life has supported the excursion program for university students to make their visions as a future driving force by visiting Northeast Asian countries as historic and economic partners and competitors since 2002.

#### No. of students participated

Classification	Unit	2008	2009	2010
Participants	person	100	100	80



- 1 Kyobo Life Cup Sports Competition
- 2 Chain of Love for Single Elderly

## Economic Education Service



Kyobo Life runs an economic education program for children and youths of farm villages to help them better understand the market economy. In addition to teaching the ABCs of the economy and finance, volunteer FP and employees of the Company build up the emotional bond with local schools and create a positive image of the Company to the students and teachers.

### Activities

	2008	2009	2010
Volunteers	32	108	207
Schools participated	4	14	7
No. of classrooms participated	50	121	123
No. of students participated	1,750	4,235	4,500

## A World United in Love

Kyobo Life supports various social, cultural, sports and arts programs as a way to celebrate the diversity and importance of human values.

**'Short Trip, Long Breath'** Kyobo Life sponsors an overseas tour program, dubbed 'Short Trip, Long Breath', for woman social volunteers to help them connect with fellow visionaries and recharge their passion for progressive social changes.

### Program status

	2008	2009	2010
Research team	17	18	20
Group	83	78	90
No. of people	176	185	222

**Community Welfare Program** The program seeks a balanced development in local cultures by supporting about 50 local events to succeed to traditional cultures and develop unique local cultures and social welfare.

### Activities

	2008	2009	2010
Support events	51	39	45

\* Major sponsorship programs : Kang-Lueng Dan-O Festival, Non-San Strawberry Festival, Daegu Oriental Medicine Festival, Busan International short Film Festival, Wando Jang-Bo-Go Festival, Seoul International Woman's Film Festival.

**Sports Competition for Children** The company has hold 'Kyobo Sports Competition for Children' since 1985 to quickly discover and nurture young talents in unpopular sports (athletes, swimming, etc) and played a stepping stone for the young athletes to become world-class players. The program holds 7 to 10 national competitions and supports scholarships to excellent athletes and organization. It has contributed ₩6.5 billion for the past 26 years. Many famous figures like Yuna Kim, Taehwan Park, Minho Choi, Gichun Wang, Seung-hoon Lee, Hoseok Lee and Eunbyul Lee are from the competition and the program contributes to growing the local economy by gathering 5,000 athletes, coaches and parents.

**Comfoming the Elderly with a Phone Call** Kyobo Life signed an agreement for 'Tying the Elderly with Love' with the Ministry of Health and Welfare in December, 2010. This program is to prevent emotional isolation and solitary deaths among the rapidly-increasing lonely elderly with its 350 consultants in the company call center and provides 2 calls a week on a 1-to-1 basis.

**Donation of IT Goods to the Community** Kyobo Life regularly donates computers, monitors, and other office equipment, after a thorough data security check to the socially marginalized, helping the needy to better their lives and protecting the environment.

### Office equipment donated (unit: piece)

Beneficiary institutions	Details	Year
Korea Handicapped IT Association	Desktop PCs(3,197), CRT monitors(4,156), laptops(17), printers(117), scanners(7), wireless routers(459)	2008
	Desktop PCs(502), LCD monitors(1,184), laptops(44), color printers(1,725), B/W printers(2,351), scanners(179)	2009
Korea Disabled Association	Desktop PCs(502), LCD monitors(1,183), laptops(44)	

**Healthcare Symposium** The Company holds its healthcare symposium every year to upgrade healthcare and welfare services to cope with the aged society and enjoy affluent lives by understanding nursery service systems for the aged in developed countries.



## 'Gwanghwamun Board' Making the World Bright



\* The 'Gwanghwamun Board' introduced as a cultural icon representing Seoul in the quarterly journal 'Koreana,' which is published in eight different languages and distributed to 160 some countries in the world.

The 'Gwanghwamun Board', hung on the outer wall of the Kyobo Life HQ, began in 1991 with a suggestion by Shin Yong-ho, the late founder of the company. The purpose of the board was redefined during the 1997 Asian financial crisis, to give comfort and hope to the Koreans going through financial and emotional hardships. Since then, the board has contained uplifting phrases of poems and become familiar to the people with messages of challenge, courage, comfort, hope and humility. As of the winter of 2010, a total of 64 passages have been featured on the board, which have been published in an anniversary collection. All proceeds from book sales have been used for helping the needy. Passages for the board are selected by a panel of literary experts, and those thus selected are featured on the seven Kyobo Life company buildings in six major cities in Korea.

# We will carry out conservation activities in a manner that is reflective of our business.

The Company fully recognizes that the environment is an important issue affecting the life insurance directly and indirectly. It is because the environment largely impacts the health and lives of people. In this trend, the Company exerts itself to make a green world with its unique environment management including eco-friendly business and the socially responsible investment (SRI).



## Eco-friendly Finance

**Expanding Socially Responsible Investments** Kyobo Life has been aggressively practicing socially responsible investment (SRI). It is because SRI is not only suitable for insurance companies operating long-term assets, but also a method to realize social responsibility for companies. The Company has performed SRI in SOC projects including roads and ports and expanded to eco-friendly SOC projects including waste-water treatment facilities, waste incineration facilities and renew and recycled energy development. The Company has increased eco-friendly SOC investments under the principle of 'creating long-term and stable profits', improved safety and profitability of customer assets and directly and indirectly contributed to green and eco-friendly industries. The Company's SRI in proportion to its total assets in FY2010 was 6.7% and it will establish and expand mid- and long-term SRI goals to 6.94% by FY2012.

### FY2010 SRI results

Classification	Investment rate (%)	
	Rate of investment contracted	Rate of investment remaining
SOC (roads, ports, etc)	4.1	3.1
Education, culture, defense	4.2	2.4
Groundwater, resources facilities	2.3	0.7
Other	0.9	0.5
Total	11.5	6.7

\* Percentages of general account assets

**Developing Eco-friendly Products** The life insurance business is a financial service sector which provides risk solutions with the collateral of life and health risks and the range of products is limited compared to that of non-life insurance. However, the Company plans to gradually expand its SRI as an eco-friendly company (forming variable funds, expanding loans, etc) in managing its assets.

## Eco-friendly activities

**Energy Conservation Activities** The company has conducted three campaigns on its own to save more energy and materials, as well as to reduce business costs. The campaigns include turning off unneeded lights and computers, and recycling office supplies; and every employee is required to check with daily checklist and share the results for each department with related parties.

### Voluntary energy & resources conservation checklist

Voluntary energy & resources conservation lists	
Turn off lights	<ul style="list-style-type: none"> <li>Did you turn off lights during lunch hours? (conference rooms, class rooms, etc.)</li> <li>Did you selectively use lights during night or weekend work?</li> </ul>
Turn off computers	<ul style="list-style-type: none"> <li>Did you turn office machines off after work? (PCs, monitors, printers, etc)</li> <li>Did you turn off office machines not used while at work?</li> <li>Did you turn off the monitor when away from work?</li> </ul>
Conserve office supplies	<ul style="list-style-type: none"> <li>Do you conserve copy papers?</li> <li>Did you try to recycle papers?</li> <li>Did you try to select the appropriate use for your papers?</li> <li>Did you try to reduce the use of paper cups and other disposable goods?</li> </ul>

### Energy conservation achievements

Classification	Unit	2008	2009	2010
Energy-saving	TOE	532	472	3,361

\* Energy saved through normal conservation efforts such as uses of energy light bulbs, turning-off of lights during lunch.

\*\* FY2010 use of energy declined yoy due to the remodeling of the company HQ.

**Promoting a Conservation Mindset** As part of its 2010 company-wide campaign, the Company operates an eco-friendly program called 'The Environment and Tong, Tong, Tong'. About 300 executives and employees declared that they had eco-friendly activities in their lives and took part in programs for environment protection. Kyobo Life will continuously operate company communication programs to promote a eco-friendly mindset among its executives and employees.



- 1 Environment Action Pledge
- 2 Kyobo Environmental Awards

**Eco-friendly Electronic Subscription System** It requires lots of paper in the business of insurance policy writing. The Company has reduced carbon emission, as well as operation costs by cutting down paper uses in the policy writing process with an electronic system. Also, it improves its business efficiencies and customer convenience by delivering related documents to customers through e-mail and providing seamless service from consulting to policy writing. The Company introduced the system for the first time in Korea in the insurance industry and the system has proven to be excellent with the grand award in 'the 9th Korea Electronic Finance Awards' held by the Korea Economic Daily.

**Recycling the Gwanghwamun Board** The cloths used for the Gwanghwamun Board are donated to Echo Party Mearry operated by the Beautiful Foundation and they are recycled into eco-products including handbags and pen cases ,and sales proceeds are donated to the poor. These activities are considered as leading environment protection and donation and received positive reactions from the executives and employees of the company and from citizens.

**Purchasing Energy-efficient IT Products** The company purchases electronic products like computers, monitors and LCDs with high energy efficiency and participates in environment protection activities through energy conservation.

## Eco-friendly Social Contribution Activities

**Kyobo Environmental Awards Contest** It is the event that selects and awards those who have largely promoted environmental awareness and contributed to making an eco-friendly society. Award candidates of individuals or groups are reviewed based on their sustainability, social meaning, visibility, and specific performance in the four fields of environment education, environment movement, environment arts and environment media. Through the awards contest, the Company contributes to the expansion of environmental awareness and to the building of an eco-friendly society.

### Environmental activities of 2010 Award recipients

	Recipients	Activities
Environment education	People for Preservation	Armed with a systemic and professional eco-education system, the group is a forerunner in developing environment educational materials and program through the continued monitoring of various ecological sites.
Environment movement	Sang-hwa Kim	With the formation of a Nakdong River Watch Group in 1973, Kim has contributed 35 years of his life to the preservation of Korea's longest river. By organizing fact-finding trips, which has numbered over 1,370 as of the latest, Kim has helped local people and communities better understand the environment issues facing the river.
Environment arts	Nam-ho Cho	As one of the best architecture of traditional Korean wooden structures, Mr. Cho has been studying and promoting wooden structures suitable to Korean environment.
Environment media	No recipients	

**Kyobo Dasomi Forest Guide Volunteers** It is a program that provides chances to experience the importance of nature, the environment, and life to children and adolescents. Furthermore, the program seeks to enforce the environment education through capacity building among guides and cooperation with external organizations.

### No. of people participated in the forest program

Classification	Unit	2008	2009	2010
Participants (Accumulated)	person	822,068	1,063,859	1,007,064

**Eco-friendly Volunteers** Kyobo Life has performed various volunteer activities to protect the environment. The program includes the Dasomi family volunteer activities, volunteer activities by executives and employees, feeding migrant birds at adolescent volunteer camps, cleaning mud flats, making birds' nests, planting trees, tagging tree with names and blocking shortcuts in national parks.




### Eco-friendly volunteer activities

Eco-friendly volunteer activities	Purpose	Program
Dasomi Family Volunteer Activities	Creating chances to feel the importance of the environment and share the environment through pleasure volunteer activities on family basis and understanding the ecosystem	<ul style="list-style-type: none"> <li>Birds, fly (making and experiencing forests)</li> <li>Mud! Spoonbills (Understanding mudflats and monitoring sea wastes)</li> <li>Protect red-cranes! (Volunteer activities in wild-life protection centers)</li> <li>Feeding migrant birds (understanding and feeding)</li> </ul>
Eco-friendly family volunteers of the managers and the employees	Forming sound family culture and creating eco-friendly values based on the nature	<ul style="list-style-type: none"> <li>Planting trees for 'forests and the Earth'</li> <li>Giving names to trees in Cheonggye Mountain</li> <li>"Cleaning program" in the Bukhansan National Park</li> </ul>
Eco-friendly volunteer activities for adolescents	Changes for adolescents to feel the importance and happiness from forests with physically-challenged people	<ul style="list-style-type: none"> <li>Forests with sounds, flavors and colors</li> <li>Community volunteer activities</li> <li>Eco-resources investigation</li> <li>Eco-therapy</li> <li>Signboard against road kills</li> </ul>

## Managing Environment Data

The Company performs its business activities to continuously reduce resources and energy uses, as well as negative impact on the environment. Also, it is expected to effectively cope with industrial regulations in the future and cut costs through energy-saving efforts to fight climate change. The Company is building an environment support system to improve achievements in the environment and will actively communicate with stakeholders on these matters.

### Environment Data

Index			Unit	2008	2009	2010
 Energy & greenhouse gas	Direct energy use	Gas	TOE	2,303	2,440	2,406
		Liquid		789	889	887
		Local heating		36	41	42
		Sub total		3,128	3,370	3,335
	Sub total		TOE	17,464	16,850	15,998
	CO <sub>2</sub> emitted	indirect	TCO <sub>2</sub> e	114,994	110,951	105,341
direct		7,940		8,569	8,483	
 Water	Total use		TON	667,302	571,623	544,399
	Recycled			20,654	22,747	18,117
	Rate recycled		%	3.1	4.0	3.3
 Waste	Discharged		TON	1,799	1,596	523
	Recycled			359	346	253
	Burned			1,440	1,250	270
	Rate recycled		%	20	22	48

\* Of the 66 buildings owned by Kyobo Life, 53 were included in the study, and the data were provided by Kyobo Realco, which manages the buildings in the study.

\* Oil: High heptane oil (#1 fuel) used

\* Water: local tap water used

\* TOE : ton of energy

\* TCO<sub>2</sub>e: CO<sub>2</sub> emitted from indirect energy use

\* TCO<sub>2</sub>: CO<sub>2</sub> emitted from direct energy use

## Eco-friendly Remodeling of HQ

The company HQ built in 1980 was remodeled recently. Eco-friendly and cutting-edge technologies were introduced including changing concrete walls to glasses, air-conditioning system for ventilation in every floor and heat insulation walls inside the building. The use of double-pane windows has brought about an energy saving effect of KRW600 million per year as well as a substantial increase in the value of the building. In addition, the CO<sub>2</sub> concentration sharply reduced by a 1/5 to a half. This created a fresh environment with less concentration than that of the standard and is expected to save electric costs to 500 million KRW a year.

Saving energy has been emerged as a competitive edge in modern construction, and the Ministry of Land, Transportation, and Maritime Affairs awarded the building in December 2010 the highest grade for eco-friendly buildings (Article 8.1 of the Rule on Certifying Eco-friendly Building and the Article 65 of the Construction Act) and the Seoul City government designated the building as a platinum grade.

### Eco-friendly building grades

Building names	Address	Points scored		Environment grade	Note
		Environment	energy		
Kyobo Life HQ	Jongno-gu Jongno 1	93.62	81.4	Highest I (Platinum)	By gov. By Seoul

### Air quality improvement

Classification	Unit	CO <sub>2</sub> intensity	
		Before remodeling	After remodeling
2nd basement	ppm	2,330	800
1st basement		3,530	790
Ground floor		1,860	860
Standard level		1,900	640~800
Standard amount		1,000 and less	

### Comparison of electricity uses

Classification	Unit	Before remodeling (as of Nov. 2007)	After remodeling (as of Nov. 2010)	Savings
Use	KWH	1,535,742	1,096,968	438,774
	TOE	330	236	94
	TCO <sub>2</sub>	683	488	195
Bills	won	138,120,555	107,298,040	30,822,515





- 1 Remodeling of HQ : Green House
- 2 Remodeling of HQ : Kyobo Convention Hall

## The Kyobo Life HQ's eco-friendly features



### Air pollution management

- The emission of CO<sub>2</sub> is minimized when oil or gas is used as fuel.



### Eco-friendly landscaping

- The building ambiance is optimized through indoor and outdoor landscaping.



### Energy management

- Natural energy conservation efforts strengthened
- Eco-projects managed



### Indoor smoking banned

- Designated smoking areas; smoke-free building campaign
- Sources of unpleasant atmosphere minimized or eliminated



### Waste management

- Natural resource conservation, waste separation, recycling.



# We will grow with our peers through fair competition.

The fair and transparent culture is at the center of the Company, as its philosophy, 'There is no free ride nor secret in the world' speaks. Kyobo Life takes its best efforts to enjoy growth with its partners through following business ethics for its executives and employees to perform to their best abilities, as well as follow the basic rules.



## Fair Trade

**Fair trade compliance programs** Kyobo Life runs its compliance program to implement a fair and transparent competitive culture by designating managers in charge of following fair trade. Also, it publishes a 'Fair Trade Manual' to educate its executives and employees and establishes 'Protection Guidelines against Improper Joint Action' and 'Protection Guidelines for Financial Planners in Transactions', as well as monitoring regulation violations. In particular, CEO messages, which continues to treat fair trade compliance as a global standard and emphasize the observation of fair trade regulations, contribute a great deal to expanding the employee awareness of fair trade compliance.

### Major contents

Improving systems and processes	<ul style="list-style-type: none"> <li>Establishing self-obedience for fair trade</li> <li>Declaring self-obedience for fair trade</li> <li>Reflecting penalties for violating the regulations on the company rules</li> <li>Treating major items on fair trade in the compliance department</li> <li>Establishing whistle-blowing system against collusion and unfair trade</li> <li>Improving decision-making processes (controlled by relevant departments like compliance and legal support on internal trading among affiliated companies)</li> </ul>
Training	<ul style="list-style-type: none"> <li>Publishing, disseminating and training fair trade manuals</li> <li>Consistent training for executives (twice a year), team leaders (quarterly), hands-on (quarterly), employees (yearly)</li> <li>Sharing knowledge of fair trade through the Intranet (helpers for fair trades)</li> <li>Posting fair trade compliance on the company website</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>Continuous monitoring of major departments (products, underwriting, actuaries, corporation business) based on a monthly monitoring plan</li> </ul>
Protection against collusion and unfair trading	<ul style="list-style-type: none"> <li>Participation from businesses and process establishment</li> <li>Establishing prevention guidelines against unfair activities</li> <li>Establishing preventive guidelines for financial planners</li> </ul>

### Actions taken against fair-trade violations

Classification	Date	Fines & remedial actions	Description
Collusion	2008.10.30	W6,464 million in fine	Collusion involving group insurance
Fair-trade violations	2010. 2.25	Warning	Financial planner's failure to transfer the business code after job reassignment

\* The collusion in the table occurred prior to the September 2006 proclamation of fair trade compliance, and a fair trade compliance program has since been in place to prevent similar occurrences.

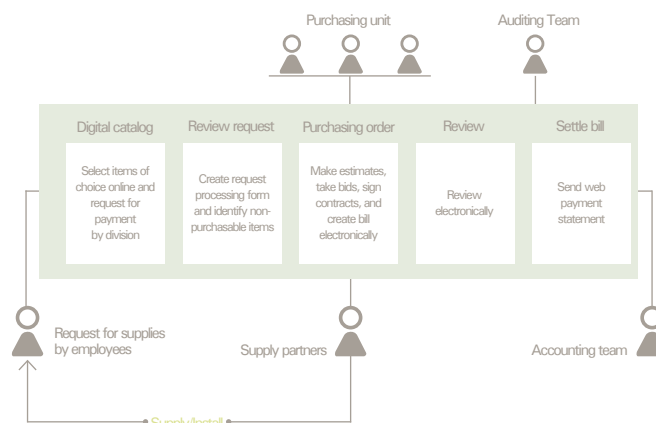
**Clean Contract System** Kyobo Life practices a clean contract system that establishes transparent agreements by not requiring or receiving bribes between company members and contractors during contract phases including purchasing, servicing and construction. The clause is reflected in the company standard contract to improve the implementation.

### Operation process



**Cyber Procurement System** The Company establishes its cyber purchase system which treats transactions between its purchase department and its partners to save period and costs, as well as improve transparency in purchases through regular system evaluation management.

### Online procurement system process





1 Gift Return Center

2 Ethical Code of Conduct

**Gift-Return Center** Kyobo Life operates a gift-return center to notify gifts from external stakeholders and return the gifts to them. The notified items include money, vouchers, commodities, invitations and tickets and the center returns the gifts with polite mentions in case that someone takes the present but hard to return. The gifts are donated to social organizations when the provider refuses to return or it is hard to take the present back.

## Business Ethics Implementation System

**Business Ethics Training** The Company operates various work ethics programs to enhance employee performance. It encourages its executives and employees to follow work ethics in their fields by performing regular training for managers, as well as holding business communication and workshops. 「Yes! Obedience OK! Ethics」 is the subject of weekly cartoons and animations and aired through the Intranet and satellite broadcasting company-wide every Monday. Also, the Company enforces obedience and ethics to all units by designating 'The Day of Training Obedience and Ethics' once a month. This systematic and effective training program was selected as an excellent case of 'the Best Case of Ethical Management' in 2009 by the Federation of Korean Industries.

### Ethical education

Classification		Unit	2008	2009	2010
Per capita education hour	Managers & above	Hours	13.5	13.5	13.5
	Rank & file		15	15	15

\* Monthly compliance education: 1 hr.

\* Communication education by the division office in the event of issue occurrence

\* Fair-trade compliance education: 1 hr. yearly

\* Anti-laundering education: 1 hr. yearly

\* New employee education: 1 hr.

\* Team leader education: once a year, 1.5 hours

\* Compliance officer education: twice a year, 3 hours

### Service education for guards

	Unit	2008	2009	2010
Guards	Person	239	242	242
Education received	%	100	100	100

\* Third-party employees included

\*\* Respect for human rights and other protocol matters included when dealing with visitors

**Business Ethics Programs for Employees** All executives and employees take part in signing 'Declaration on Following Work Ethics for the Company' as a way to cultivate a strong sense of work ethics in their respective fields. Also, they use 'Checklist of Yes! Obedience OK! Ethics', a tool to support ethical decision-making to check activities. The Clean Contract System which reflected transparency in designating executives in April, 2006 motivates them to enforce their work ethics.

### Yes! Compliance OK! Ethics Checklist

Would I think what I am doing is still correct later ?

Would I feel alright even when my action is known to my customers, co-workers, and family?

Will there be anybody who would be negatively affected by my action?

### Fines and disciplinary actions in regard to law and regulation violations

	2008	2009	2010
Disciplinary action (Individual)	-	2 persons	4 persons (including 4 retired employees)
Fines (Institutional)	-	1 case, ₩22.0 million	1 case, ₩2.5 million

**Reporting Core Values Violations** The whistle-blowing system, 'Reporting core value violations,' notifies illegal or unjust behaviors to the CEO or an independent compliance officer. Through this system does the Company preempt irregularities and accidents and resolve the grievances of field employees.



1 DA-Win Service Education for the National Policy Agency

2 Workshops with Partners

## Joint Development Program for Partners

**"DA-Win Service" Program** "DA-Win Service" is a program that provides free CS consulting and education service to public agencies, public and private corporations, hospitals, and other institutions that pursues customer satisfaction. Based on the concept that one can help oneself by helping others, this program reflects Kyobo Life's CS management philosophy. The program was launched in June, 2005, when the Company was awarded a KMAC award, for a 5th year in a row, a first in the financial industry, and ushered into the insurance hall of fame. as of March, 2011, the program has shared Kyobo Life's CS know-how with 7,742 institutions and 501,626 employees in 9,176 occasions. Particularly, the Company maximizes the effect of the program by signing business contracts with service providers and organizations to provide a tailor-made CS consulting service.

### CS consulting program

Classification	2008	2009	2010
No. of program clients	17	17	11
No. of education business sites	1,935	2,082	1,323
No. of education support	2,144	2,471	1,646

### Major clients

Public office	Police HQ, IRS, Jongno, Kangbuk, Seocho Ward Offices, Uijongbu, Koyang Cities, Kyongbuk, Kyongnam Provincial Gov't, National Fire Prevention, Local Military Manpower Offices.
Public institutions	Korea Electrics, National Pension, Traffic Safety, Energy Management, Seoul Metro, Korea Rails, National Health Insurance, Korea Electric Safety, Korea Gas Safety, Civil Pension
Hospitals	Seoul U. Dental, Ulgi, Seoul Asan, Kangnam Severance, Kyonghee, Korea Cancer, Joongang U. Seoul Red Cross, Kungook U. Sunchun U. Veteran Hospital
Corporations	Chosun Daily, Lotte Tour, Korea Steel, U-bang land, Pacific Cosmetics, LG Bio-tech, Hyundai Medicine, Samyang Foods, Honda Korea, Costco Korea, Lotte Department Store
Education institutions	Kyonggi Province Education Office, Seoul Dongbu/Jonggbu Education Office, Segang U. Sukmyeong U. Kangwon U. Baehwa U. Gwachun Foreign Language High School
Others	Imperial Palace Hotel, Ambassador Hotel., Grand Hotel, Seoul City Medical Doctors Association, Korea Medical Doctors Association, Hall of Arts, Far East Broadcasting, Hyundai Woosung Resort, Chungsong Prison

**Workshops with Partners** Kyobo Life holds workshops for excellent companies selected by biannual evaluations. This intends to promote fair and transparent purchase process and willingness for joint growth with its partners.

The evaluation is done for those who registered in the system 6 months ago and whose average revenue is over W1 million a month (85 companies) and applies benchmarks for every field.

**Kyobo Cyber Mall** Kyobo Life opens 'Kybo Cyber Mall', an online shopping mall that supplies quality supplies to its financial planners, executives, and employees. This system provides goods including brochures with a 30 to 70% discount to the parties, and its partners upgrade their competitiveness by directly trading qualified goods with users.

**Local Community Purchase** The Company expands goods and service purchases while expanding various social contribution activities. Experiencing rural activities is a leading model which has creates profits about W437 million and proposed new profit models to the communities. Also, the Company implements community-based purchases with its 661 branches and 65 Customer Plazas in Korea.

**Payments to Partners** Kyobo Life helps smooth financial flows for its partners by remitting payments based on 'the Standard for Executing Expenses and payment', rather than promissory notes as payments including purchases, service and construction.



# Appendix





## Glossary

<b>Customer Relationship Management</b>	A strategy for managing a company's interactions with customers, clients and sales prospects by analyzing customer information to identify customer needs and satisfying them
<b>Dow Jones Sustainability Index</b>	A blue-chip stock index jointly created by Dow Jones and SAM in 1999 that identifies sound companies by evaluating their business sustainability as well as balance sheet
<b>Digital Rights Management</b>	A technology that supports contents from production to distribution and management, generally used to safeguard the distribution of digital contents on the Internet. It is also used as an document encrypting technology in the corporate environment.
<b>Exclusive Right of Use</b>	As a type of patent on financial products, the right allows certain companies to market the product at issue, while other companies are prevented from doing so over a certain period.
<b>Million Dollar Round Table</b>	A club of successful insurance salespeople and financiers. MDRT requires its members to practice high-standard business ethics, including putting customer interest before anything else.
<b>Action Learning</b>	An action-based learning method that studies about problem solving through trials and error on the team level
<b>On-boarding Program</b>	A program designed to improve job competency by offering employees opportunities to adopt themselves to the organization and prepare for the new tasks that come with promotion.
<b>Universal Insurance</b>	A type of insurance that allows the owners to vary the amount and timing of premium payments
<b>Asset Liability Management</b>	The practice of managing risks that arise due to mismatches between the assets and liabilities (debts and assets) and to interest changes in the assets of financial institutions
<b>Solvency Ratio</b>	An indicator of insurance companies to ability to pay benefits; defined by insurance authorities
<b>Policy Reserves</b>	Liabilities an insurance company is legally required to maintain on its balance sheet with respect to the unmatured obligations (i.e., expected future claims) of the company
<b>Value at Risk</b>	A widely used risk measure of the risk of loss on a specific portfolio of financial assets.





<b>Minimum Guarantee Risk</b>	A risk that may arise when an insurance company faces an additional burden due to its inability to pay minimum guaranteed benefits on variable insurance
<b>Fellowship</b>	A basic activity process that helps organization members develop a desirable attitude needed in acquiring competencies for achieving group goals and in fulfilling the tasks and responsibilities defined in the organization's norms.
<b>Defined Benefit Retirement Pension</b>	A major type of pension plan in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending on investment returns.
<b>Defined Contribution Retirement Pension</b>	A type of retirement plan in which the amount of the employer's annual contribution is specified. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts (through employer contributions and, if applicable, employee contributions) plus any investment earnings on the money in the account.
<b>AA1000AS</b>	A standard for assessing and strengthening the credibility and quality of an organization's social, economic and environmental reporting.
<b>Associated Financial Planner Korea</b>	A license to provide a professional financial planning service in Korea. One of the professional qualifications for total financial planning business for individuals
<b>Certified Financial Planner</b>	An international license to provide a comprehensive asset management service. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements, and pay an ongoing certification fee.
<b>FP-Ship</b>	A mission for insurance salespeople that they should help all people prepare themselves for all hardships they expect to face in their lives.
<b>Global Reporting Initiative</b>	A non-profit organization that promotes the world's most-widely used sustainability reporting framework guideline, which comprises three categories: economic, environmental, and social.
<b>ISO26000</b>	A social responsibility guideline for corporations, consisting of seven categories: governance, human rights, labor, the environment, fair business practices, consumer issues, local community involvement.
<b>UN Global Compact</b>	An United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.
<b>6Sigma</b>	A business management strategy that seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing and business processes.



## Third Party's Assurance Report

### To the Management of the 2010 Kyobo Life Sustainability Report

Upon request of Kyobo Life Insurance Inc., the Institute for Industrial Policy Studies as a "third party assurance provider" (hereinafter referred to as the "Assurance Provider") presents the following third party's assurance report on the "2010 Kyobo Life Insurance Sustainability Report (hereinafter referred to as the "Report")"

**Accountability and Objective** Kyobo Life Insurance Inc. is held accountable for all information and claims contained in the Report including sustainability management goal setting, performance management, data collection and report preparation. The objective of this assurance report is to check whether the Report is free of material misstatement or bias and whether the data collection systems used are robust, and to offer advice on improving the quality of the Report through identifying sustainable management issues and reviewing its reporting process.

**Independence** The Assurance Provider has no relations with Kyobo Life Insurance Inc. regarding any of its for-profit operations and activities. In addition, the Assurance Provider has carried out its assurance process with independence and autonomy as it was not involved in the preparation of the Report except for offering comments in the process.

**Criteria for Assurance** The Assurance Provider assessed the Report against the following guidelines:

- 1) AA1000 Assurance Standard (2008)<sup>1</sup>
- 2) BEST Guideline<sup>2</sup>
- 3) Global Reporting Initiative(GRI) G3 Sustainability Reporting Guidelines<sup>3</sup>

**Type and Level of Assurance** The Assurance Provider conducted assurance process for the Report in accordance with Type 1 and Moderate Level of AA1000AS (2008).

- The Assurance Provider evaluated the reliability of the data compiled in the Report for Type 1 assurance, and assessed publicly disclosed information, reporting system and performance management process based on the three core principles of AA1000AS (2008), namely Inclusivity, Materiality and Responsiveness. However, this assurance engagement does not provide the evaluation of the credibility of the offered data.
- The Assurance Provider evaluated the reliability of the data compiled in the Report for Type 1 assurance, and assessed publicly disclosed information, reporting system and performance management process based on the three core principles of AA1000AS (2008), namely Inclusivity, Materiality and Responsiveness.

(1) AA1000 AS(Assurance Standard) is a sustainability reporting standard developed by Accountability in its pursuit to promote overall organizational performance and accountability by improving the quality of social and ethical accounting. As a U. K. based not-for-profit organization focusing on corporate social responsibility and business ethics, Accountability first developed AA1000AS in 1999 and amended the standards in 2008 for application in 2010.

(2) BEST Guideline or BEST Sustainability Reporting Guideline is a guideline for the preparation and assurance of sustainability reporting and offers five levels of reporting quality assessment. It was jointly developed by the Ministry of Knowledge Economy (MKE), the Institute for Industrial Policy Studies (IPI), and the Korea Chamber of Commerce and Industry (KCCI) in the Business Ethics Sustainability Management for Top Performers (BEST) forum in their endeavor to promote sustainability reporting among local companies.

(3) GRI G3 Guidelines: The Global Reporting Initiative (GRI), which was jointly convened by the Coalition for Environmentally Responsible Economies (CERES) and the UNEP in 1997, first released its G3 Sustainability Reporting Guidelines in October 2006. The G3.1 Guidelines, which is an update and completion of the G3, was published in March 2011, featuring broader guidance on how to report on human rights, gender, and local community issues. G4, the fourth generation of Guidelines, is due to be launched in 2013.

**Scope and Methodology** The Assurance Provider carried out the following activities in order to (1) review the extent to which The Report applies the principles of Inclusivity, Materiality and Responsiveness and (2) assess the Report's application level of the GRI/BEST Sustainability Reporting Guidelines.

- Evaluating the sources of publicly disclosed information and internal parties involved
- Verifying the performance data collection systems and processes
- Conducting interviews with managers and staffs responsible for dimension-specific performance
- Completing on-site review focusing on the head office from May 02, 2011 to May 03, 2011
- Evaluating the Report for the extent of adherence to the GRI/BEST Guidelines

### Limitations

- A review of the accuracy and reliability of data and interviews with persons in charge of data collection and performance-related information at management levels
- Verifying the data and inquiries into each functional manager and information collection manager
- On-site validation focused on the head office
- Assurance engagement based on data and publicly available information only during the current reporting period
- Evaluation of the reliability of the performance data being excluded

**Conclusions** The Assurance Provider did not find the Report to contain any material misstatements or bias on the basis of the scope, methodology and criteria described above. All material findings of the Assurance Provider are provided herein, and detailed findings and follow-up recommendations have been submitted to the management of Kyobo Life Insurance Inc..

### [Inclusivity] Does Kyobo Life Insurance have adequate strategies and engagement processes in place for stakeholder participation?

The Assurance Provider confirmed that Kyobo Life Insurance Inc. has developed and implemented a stakeholder engagement process with regards to its sustainability management practices. It has multiple stakeholder-specific channels in place to identify priority issues that are essential in achieving sustainability management, while working to ensure that the engagement findings are reflected in its management activities. The following points were found to be particularly commendable.

- Kyobo Life Insurance Inc. has established a communication channel that provides in-depth insight into stakeholder views via surveys of management and staff, FPs, and customers; interviews with NGOs and investors; and expert group discussions.
- The company has worked to incorporate stakeholder views into its management activities such as product launch and sales – shaping new ideas by identifying customer needs with regard to product planning and development.

Going forward, the Assurance Provider suggests providing a fuller account of the various programs and case studies that show how findings from the Company's regular stakeholder engagement channels and processes have been incorporated into Kyobo Life's business management.



**[Materiality] Does the Report contain information that is of the utmost material importance to Kyobo Life Insurance inc. stakeholders across the economic, social, and environmental dimensions?**

It is the Assurance Provider's view that the Report does not omit or exclude any information of material importance to the stakeholders of Kyobo Life Insurance Inc. We verified efforts by the company to identify and report on material issues through an analysis of various sustainability management initiatives and standards in and outside of Korea, relevant systems and regulations, stakeholder surveys, expert interviews and discussions, peer benchmarking, media research etc. The following points were found to be particularly commendable.

- The Report outlines issues of the highest material importance to the sustainability management of Kyobo Life Insurance, by using a diverse set of assessment criteria to establish materiality.
- The Report distinguishes all identified issues by category – economic, social, and environmental – and provides a graphical representation of each issue's rate of improvement or reinforcement.

Going forward, however, the Company is advised to sort all identified issues by stakeholder to indicate what the respective requirements of the various stakeholders were. Also, continuous management and disclosure of issues is recommended through time-series change analysis.

**[Responsiveness] Does the Report respond adequately to stakeholder requirements and interests?**

The Assurance Provider noted various stakeholder channels put in place by Kyobo Life Insurance Inc. to better respond to stakeholder demands and interests, as well as efforts to reflect those findings in its Report. The following points were found to be particularly.

- The Report's DMA section presents the views of its stakeholders (voice) and explains Kyobo Life's achievements, confronting issues, and response plans.
- The Report outlines the Company's position, response, and future plans regarding any negative outcomes reflecting its efforts to maintain a balanced point of view.

Going forward, the Company is advised to provide a fuller account of actual stakeholder communication outcomes as well as details on its handling and response to the various issues as well as stakeholder satisfaction.

**[GRI Application Levels]**

The Assurance Provider found the Report to apply to GRI G3 Reporting Framework at the level of A+.

	C	C+	B	B+	A	A+
<b>Standard Disclosure</b>		Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured
<b>G3 Profile Disclosures</b>	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15		Report on all criteria listed for Level C plus: 1.2 3.9 – 3.13, 4.5 – 4.13, 4.16 – 4.17		Same as requirement for Level B	
<b>G3 Management Approach Disclosures</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

\* Sector supplement in final version

**[BEST Fulfillment Levels]**

The Assurance Provider found the Report to fulfill 91.3% of the reporting requirements necessary to qualify for a Level 4 Report (from among Level 1 ~ 5).

**Kyobo Life Insurance Sustainability Management Report Fulfillment**

<b>Reporting Year</b>	2011	<b>Level</b>	Level 4
<b>Publications</b>	1st	<b>Fulfillment</b>	91.3%

\* Assurance findings were converted uniformly into fulfillment ratios as measured against Level 1 through 5 requirements.

**Recommendations**

The Assurance Provider Assurance Provider found the “2010 Kyobo Life Insurance Sustainability Management Report,” the first such Report by the Company, commendable on the following counts. The Report 1) provides a concrete explanation on the Company's understanding of the concept of sustainability management; 2) presents quantitative performance indicators to support the implementation of its 10 principles based on a framework of sustainability management; and 3) clearly outlines the future direction and objectives behind Kyobo Life's systematic pursuit of sustainability management by presenting the Company's sustainability management roadmap. For future reports, the Assurance Provider suggests the following considerations.

- Establish a framework and system for the balanced execution and management of economic, social, and environmental performance.
- Establish a system for the company-wide management of sustainability management performance indicators.
- Based on priority reporting on issues of material stakeholder interest, establish stronger connections between the reported content and material issues.
- Build an in-depth stakeholder panel to identify new issues relevant to Kyobo Life.
- Provide more reporting on quantitative data, source of data, and calculation methods for greater accuracy and reliability of reported performance outcomes.

**Eligibility of IPS as an Assurance Provider**

Established in 1993, the Institute for Industrial Policy Studies (IPS) has accumulated broad expertise in the areas of ethics management, corporate social responsibility and sustainable management since 2002, and serves as a third party assurance provider for the sustainability reports published by local companies. IPS has conducted the assurance engagement upon request of Kyobo Life Insurance Inc, and assembled a team of five assurance providers who are professors at Korea's top universities or professionals with accreditation and extensive experience in sustainability management after majoring in business management, accounting or environmental science.



**AA1000**  
Licensed Assurance Provider  
000-24



June 17, 2011

*Kim*

Jae-eun Kim

President, The Institute for Industrial Policy Studies



## GRI Application Level Check Statement



### Statement GRI Application Level Check

GRI hereby states that **Kyobo Life Insurance Co., Ltd** has presented its report “FY2010 Sustainability Report “Humanity and the Future”” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 21 June 2011

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because Kyobo Life Insurance Co., Ltd has submitted this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 June 2011. GRI explicitly excludes the statement being applied to any later changes to such material.



Kyobo Life joined the UN Global Compact (UNGC) in September 2010, thereby make public its will to abide by the 10 principles of the UNGC. This sustainability management report breaks the compliance of the principles into system performance index and tasks as below.

Category	Principles	System	Activities	Future Tasks	Page
Human rights	1. All internationally proclaimed human rights shall be supported and respected.	• Human rights policy	• International human rights support confirmed with UNGC membership	• Reform human rights-related systems • Strengthen customer data security management	33
	2. Businesses shall make efforts to not be complicit in human rights abuses	• Customer information security standards	• Human rights protection through strengthening of customer data security		23
		• Reward&punishment rules	• Human rights violation & sexual harassment prevention education		33
		• In-house audit system	• In-house control activities		45
Labor	3. The freedom of association and collective bargaining rights shall be upheld;	• Labor/management committee	• Active labor union activities, labor-management cultural activities	• Foster good work environment (health, safety, hygiene, work) • Expand fair performance evaluation • Reinforce a work-based personnel system	59
	4. All forms of forced and compulsory labour shall be prohibited;	• Company employment regulation	• Prohibit forced labor		33
	5. Child labour shall be prohibited;	• Labor standard law	• Prohibit hiring of minors • Limit hiring of 18 and under		33
	6. Employment and occupation discrimination shall be eliminated.	• Employee complaint redress system • Human rights policy • Kyobo Code of Ethical Conduct	• Set up a grievance consulting office • Provide fair opportunities, prohibit discrimination • Ethics education		33 34 59
Environment	7. Preventive approach to environmental problems shall be supported.	• Eco community service through non-profit foundation	• Environment support projects through Kybo Life Education Cultural Foundation	• Set up environment management system • Sustainability management system ) • Environment Data management (carbon energy) • Long-term SRI • Set up long-term SRI planning	50
		• Socially responsible investing	• Expand eco-friendly SOC investment		54
		• Environment awareness promotion program	• Kyobo Environment Awards Contest		55
	8. Initiatives to promote greater environmental responsibility shall be encouraged.	• Energy & resources conservation campaigns • Eco awareness promotion campaign • Eco volunteer service • Eco-friendly remodeling • Kyobo Code of Ethical Conduct	• Energy conservation campaign • Environment protection pledge, energy-efficient IT product procurement • Forest Tour Volunteer group, eco volunteer group • HQ eco-friendly remodeling • Ethics education		54 55 56~57 59
Corruption	9. The development and diffusion of environmentally friendly technologies shall be encouraged.	• Electronic bidding system	• Paper conservation through the adoption of electronic policy writing system	• Launch SM awareness promotion activities • Set up SM supply network (purchase, supply)	55
	10. All forms of corruption in business, including extortion and bribery shall be opposed.	• Vision system • 'Clean Contract system', Online procurement system • Gift Return Center • Kyobo Code of Ethical Conduct • In-house violation reporting system	• Core values (honesty & diligence) • Reflect 'Clean Contract' terms in standard contracts • Gift Return Center • Ethics education • Core value violation reporting system		13 58 59





# Index (GRI, ISO26000, BEST)

● Fully ○ Not ◇ Not Applicable ◐ Partially

GRI Index	Description	Reported	Page	ISO 26000	BEST
1. Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization.	●	2,3	6.2	A_1
1.2	Description of key impacts, risks, and opportunities.	●	12		A_2
2. Organizational Profile					
2.1	Name of the organization.	●	4		A_3
2.2	Primary brands, products, and/or services.	●	6		A_4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	4,5	6.2	A_5
2.4	Location of organization's headquarters.	●	4		A_7
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	4		A_7
2.6	Nature of ownership and legal form.	●	5		A_8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	4,6		A_9
2.8	Scale of the reporting organization.	●	4,34,43		A_10
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	◇	-		B_8
2.10	Awards received in the reporting period.	●	72		CO8
3. Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Cover		B_3
3.2	Date of most recent previous report (if any).	◇	-		B_8
3.3	Reporting cycle (annual, biennial, etc.)	●	Cover		B_6
3.4	Contact point for questions regarding the report or its contents.	●	Cover		B_9
3.5	Process for defining report content.	●	19		B_4
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	Cover		B-1
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	Cover		B-2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	◇	-		A_6
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	22,30,40,48,56		-
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	◇	-		-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	◇	-		B_5
3.12	Table identifying the location of the Standard Disclosures in the report.	●	68-71		B_10
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	64,65	75.3	B_7
4. Governance, Commitments, and Engagement					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	8	6.2	GR1
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	8		GR1 GR3
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	8		GR2
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	ⓘ	33		GR12
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	9		GR7
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	ⓘ	8		GR13
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	8		GR4
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	73		-
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	9		GR5
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	9		GR6
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	44,45		GR11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	67,68-71		GR10

# Index (GRI, ISO26000, BEST)



● Fully ○ Not ◇ Not Applicable ● Partially

GRI Index	Description	Reported	Page	ISO 26000	BEST
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	72	A_11	
4.14	List of stakeholder groups engaged by the organization.	●	16		C_1 C_2
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	16	6.2	C_1
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	16,17		C_2
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	18,19,22,30,40,48		C_3
<b>Economic Performance (Disclosure on Management Approach)</b>		●	13,40		EC_DMA
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	43	6.8/6.8.3/6.8.7 /6.8.9	EC1
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	56	6.5.5	EC2
EC3	Coverage of the organization's defined benefit plan obligations.	●	32	6.4.4/6.8	EC3
EC4	Significant financial assistance received from government.	◇	-		EC5
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	●	34	6.4.4/6.8	EM4
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	60	6.6.6/6.8 /6.8.5/6.8.7	EC4
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	34	6.8/6.8.5/6.8.7	EC4
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	54	6.3.9/6.8/6.8.3 /6.8.4/6.8.5/6.8.6 /6.8.7/6.8.9	EC6
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	60	6.3.9/6.6.6/6.6.7 /6.7.8/6.8/6.8.5 /6.8.6/6.8.7/6.8.9	EC7
<b>Environmental Performance (Disclosure on Management Approach)</b>		●	13,48,56		EV_DMA
EN1	Materials used by weight or volume.	●	56	6.5/6.5.4	EV10
EN2	Percentage of materials used that are recycled input materials.	●	52,56		EV11
EN3	Direct energy consumption by primary energy source.	●	56		EV7
EN4	Indirect energy consumption by primary source.	●	56		EV8
EN5	Energy saved due to conservation and efficiency improvements.	●	54,56		EV5
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	◇	-		EV5
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	55		EV5 EV25
EN8	Total water withdrawal by source.	●	56		EV9
EN9	Water sources significantly affected by withdrawal of water.	◇	-		EV20
EN10	Percentage and total volume of water recycled and reused.	●	56		EV18
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	◇	-	6.5/6.5.6	EV22
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	◇	-		EV22 EV26
EN13	Habitats protected or restored.	◇	-		EV27
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○	-		EV6 EV26
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	◇	-		EV28
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	56	6.5/6.5.5	EV12
EN17	Other relevant indirect greenhouse gas emissions by weight.	○	-		EV13
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	55		EV4
EN19	Emissions of ozone-depleting substances by weight.	◇	-	6.5/6.5.3	EV14
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	◇	-		EV15
EN21	Total water discharge by quality and destination.	◇	-		EV17



## Index (GRI, ISO26000, BEST)

● Fully ○ Not ◇ Not Applicable ◐ Partially

GRI Index	Description	Reported	Page	ISO 26000	BEST
EN22	Total weight of waste by type and disposal method.	○	-	6.5/6.5.3	EV16
EN23	Total number and volume of significant spills.	◇	-		EV21
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	◇	-		EV29
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	◇	-	6.5/6.5.4/6.5.6	EV19
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	54	6.5/6.5.4 /6.6.6/6.7.5	EV23
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	◇	-	6.5/6.5.4/6.7.5	EV24
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	No occurrence	6.5	EV31
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	◇	-	6.5/6.5.4/6.6.6	EV30
EN30	Total environmental protection expenditures and investments by type.	○	-	6.5	EV1
<b>Labor Practices and Decent Work (Disclosure on Management Approach)</b>		●	13,30		EM_DMA2
LA1	Total workforce by employment type, employment contract, and region.	●	34	6.4/6.4.3	EM1
LA2	Total number and rate of employee turnover by age group, gender, and region.	●	34		EM5
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	31,32,35	6.4/6.4.3/6.4.4	EM20
LA4	Percentage of employees covered by collective bargaining agreements.	●	33	6.4/6.4.3/6.4.4 /6.4.5/6.3.10	EM12
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	◐	33	6.4/6.4.3 /6.4.4/6.4.5	EM13
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	33	6.4/6.4.6	EM14
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	○	-		EM19
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	32	6.4/6.4.6/6.8 /6.8.3/6.8.4/6.8.8	EM18
LA9	Health and safety topics covered in formal agreements with trade unions.	●	33	6.4/6.4.6	EM15
LA10	Average hours of training per year per employee by employee category.	●	30,37	6.4/6.4.7	EM27
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	36,37	6.4/6.4.7/6.8.	EM28
LA12	Percentage of employees receiving regular performance and career development reviews.	○	-	6.4/6.4.7	EM29
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	8,34	6.3.7/6.3.10 /6.4/6.4.3	EM2
LA14	Ratio of basic salary of men to women by employee category.	●	34	6.3.7/6.3.10/6.4 /6.4.3/6.4.4	EM17
<b>Human Rights (Disclosure on Management Approach)</b>		●	13,30		EM_DMA1
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	○	-	6.3/6.3.3 /6.3.5/6.6.6	PN2
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	○	-	6.3/6.3.3/6.3.5 /6.4.3/6.6.6	PN3
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	59	6.3/6.3.5	EM30
HR4	Total number of incidents of discrimination and actions taken.	●	34	6.3/6.3.6/6.3.7 /6.3.10/6.4.3	EM7
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	No occurrence	6.3/6.3.3/6.3.4 /6.3.5/6.3.8 /6.3.10/6.4.3/6.4.5	EM8
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	33	6.3/6.3.3/6.3.4 /6.3.5/6.3.7/6.3.10	EM9
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	●	33		EM10
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●	59	6.3/6.3.5 /6.4.3/6.6.6	EM31
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	◇	-	6.3/6.3.6/6.3.7 /6.3.8/6.6.7	CO2
<b>Society (Disclosure on Management Approach)</b>		●	13,48		CO_DMA
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	49,50	6.3.9/6.8/6.8.5 /6.8.7/6.6.7	CO1

# Index (GRI, ISO26000, BEST)



● Fully ○ Not ◇ Not Applicable ◐ Partially

GRI Index	Description	Reported	Page	ISO 26000	BEST
SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	45	6.6/6.6.3	CO5
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	59		CO5
SO4	Actions taken in response to incidents of corruption.	●	59		CO5
SO5	Public policy positions and participation in public policy development and lobbying.	●	72	6.6/6.6.4/6.8.3	CO6
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	◇	-		CO7
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	58	6.6/6.6.5/6.6.7	CS3
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	58	6.6/6.6.7/6.8.7	CO9
<b>Product Responsibility (Disclosure on Management Approach)</b>		●	13,22		CS_DMA
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	23	6.3.9/6.6.6/6.7/6.7.4/6.7.5	CS4
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	◇	-		CS11
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●	26	6.7/6.7.3/6.7.4/6.7.5/6.7.6/6.7.9	CS5
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	23,26		CS12
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	22	6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	CS9
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	27	6.7/6.7.3/6.7.6/6.7.9	CS13
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	26		CS14
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	23	6.7/6.7.7	CS15
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	26	6.7/6.7.6	CS15

## Financial Service Sector Supplement

● Fully ○ Not ◇ Not Applicable ◐ Partially

GRI Index	Description	Reported	Page
FS1	Policies with specific environmental and social components applied to business lines.	●	24,54
FS2	Procedures for assessing and screening environmental and social risks in business lines.	●	44,45
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	●	24,25
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	●	36,37
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	●	25,60
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	●	Annual Report
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	●	6,24
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	●	6,54
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	◐	45
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	○	-
FS11	Percentage of assets subject to positive and negative environmental or social screening.	●	54
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	○	-
FS13	Access points in low-populated or economically disadvantaged areas by type.	○	-
FS14	Initiatives to improve access to financial services for disadvantaged people.	●	27
FS15	Policies for the fair design and sale of financial products and services.	●	24,26,27
FS16	Initiatives to enhance financial literacy by type of beneficiary.	●	52



## Awards Related to Sustainability Management

2011. 02	A Ministry of Health & Welfare Award in recognition of promoting welfare for the handicapped
2010. 11	Ranked 1st in "Korean Sustainability Index" among life insurers, Korea National Standards Institute
2010. 09	Grand Award in the financial and service innovation category
2010. 05	"Korea CEO Award" for Chairman Shin Chang-Jae
2010. 05	"Mont Blanc Cultural Art Supporter Award, Chairman Shin Chang-Jae
2010. 03	"50 Respected Korean Corporations," Fortune Korea, No. 1 in the insurance industry
2009. 11	Awarded the '2009 Life Insurance Company of the Year' at the 10th Singapore International Reinsurance Conference
2009. 11	Acquired the S grade of 'Family-Friendly Management' by the Ministry of Social Welfare
2008. 05	Presidential Commendation for the "Best Family Friendly Company"
2008. 01	CEO Shin received IMI Management Grand Award
2008. 01	Outstanding Award at the 4th Transparent Management Awards

## Association Memberships for Sustainability Management

Life Insurance Association	Promotes a healthy insurance culture, supports rational insurance policy formation
Korea Accounting Standards	Promotes unity and objectivity in corporate financial reporting and independent auditors
LOMA	Publishes reliable insurance industry data for public sharing
UN Global Compact Korea Chapter	Promote the exchange of information about corporate social responsibility
Finance Investment Association	Fosters healthy investment culture, keeps order in market trade, promote ties for financial talent training
KMAC	Offers information on ways to innovate corporations and strengthen competitiveness
Korea National Standards	Offers information and support education on researching of industrial standardization and quality management and on production
Korea Fair Competition Federation	Promotes the understanding and practices of fair trade
Ethical Management SM Forum	Promotes ethical management and researches on sustainability management
Korea Risk Management	Offers information on risk recognition, researching of risk-related losses, and business ties
Federation of Korean Industries	Promotes information exchanges among industries and sets up networks
Insurance Development Inst.	Offers information on fair and rational insurance and other related issues
Korea Insurance Society	Researches insurance-related theories, laws and practices
Financial Safety Forum	Promotes the exchange of financial safety information and discussion of safety techniques and policy directions
Financial Safety Agency	Conducts various activities aimed at preventing and countering hacking
Financial Information Protection Conference	Helps develop financial information safety-related policies and standards





## Kyobo Life's Code of Professional Ethics

The mission of Kyobo Life is to help all people prepare for any hardship they might encounter in their lives.

Since Kyobo Life's foundation in 1958, this mission has been steadfastly pursued; we have been earning customer trust; and this is our priceless and irreplaceable asset.

Our vision is to inherit such a tradition, to put first the interest and benefit of honorable customers, to ceaselessly pursue audacious goals for the development of the Company and ourselves in a creative spirit, and to become a company with the highest retention rate in the Korean life insurance industry.

To fully achieve this vision in a manner reflective of high ethical awareness and conduct is no doubt the most for all stakeholders, including customers, financial planners, employees, investors, and the government and community, to prosper together and for the Company to progress perpetually.

We, employees at Kyobo Life, solemnly pledge that, even if the vision should seem daunting at times, or an opportunity to make an inappropriate profit should arise, we will always abide by social regulations, practice Kyobo Life's core objectives and values, and create a win-win situation for all stakeholders by achieving the vision.



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