



Humanity and the Future

About This Report

This is the third Sustainability Report published by Kyobo Life Co.(KLI). Under our slogan of 'pursuing co-development with all stakeholders' and to communicate with our stakeholders regarding Kyobo Life Co.'s sustainable development activities, we have been publishing this report annually since 2011. The most recent series of this report was released in June 2012.

Report Period

This report deals with Kyobo Life's sustainability management from the fiscal year of 2012(April 2012 - March 2013). To facilitate understanding of quantitative performances, three years' worth of previous data has been enclosed to help understand present progress, and data outside the fiscal year 2012 has been labeled separately.

Report Scope

The scope of the report covers the head office of Kyobo Life and its branch offices throughout the nation as well as customer PLAZAs, and does not include offices situated abroad. Some environmental data does not encompass all domestic workplaces, and has been labeled as so when this was the case. Kyobo Life will gradually widen the scope of the report. The currency used in the report is Korean won(₩), and other values have been quoted together when using other currencies.

Publishing Standards

This report has been published in accordance with the international guidelines of sustainability management reports, provided under the GRI(Global Reporting Initiative) G3.1 and ISO 26000. The report also reflects prominent issues raised through the participation of our stakeholders as well as the factors implied in the 10 principles of the UNGC(UN Global Compact).

Accreditation

To increase credibility, the report has been inspected according to the three principles provided by AA1000AS(2008), the assurance standard for sustainability management reports required by the KSA(Korean Standards Association), and has also been certified by the GRI for Application Level Checks. The written third-party assurance opinions and the GRI Application Level Check Statements can be found in 56, 58 page.

Customers and the Future



Financial Planners, Employees and the Future



Investors and the Future



Government, Local Community and the Future



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Message from the CEO



Dear respected stakeholders.

2012 has been a year where there has been continuous global economic downturn due to the European Financial Crisis, which also caused Korea's symptoms of prolonged low economic growth and low interest rates. In response to this, financial authorities have strengthened policies regarding standards of financial soundness and risk management for financial companies. Despite these uncertainties through Kyobo Life's new business policy of 'Customer Assurance Innovation, Strengthening Profit Creation', we have maximized our efforts to reach our 'Vision 2015' of 'being the best company in customer assurance'.

Through our two previous sustainability management reports and our philosophy of co-development with all of our stakeholders, we have promised you four things. Kyobo Life has striven to fulfill these pledge in our last business year, and we shall keep doing so in the future.

In order to address our first pledge of always giving utmost priority to customer service, we have accelerated our 'Life Long Care Project' which was first launched in June 2011. As a part of this effort, the 'Life Long Care Project Services' designed for advanced customer assurance has been revised to better fit customer expectations. To minimize customer dissatisfaction we have steadily made efforts to establish a full-underwriting process culture, and we have opened a 'VOC Management' department to more effectively listen to customers and reflect it to our activities to improve our products and services.

To address our second pledge of growing together with its financial planners and employees, we have opened seminars that share the company's annual business operations as well as future outlooks with our employees. Through the seminars we also had chances to communicate with the mentioned personnel through direct participation from the Board of Directors. We have also strengthened our insurance marketing education, and activated our intra-company job circulation program to expand employee opportunities to grow.

Our third pledge of continuing to be an attractive investment to investors is being realized through our continuous investment and thorough risk management in growing markets(B2B2C, emerging areas, the upper class). Given the recent low interest rate and low development phenomena we have increased our investment in long-term bonds to secure steady profits, as well as increased investment in high-interest rate assets within manageable risk areas to enhance profitability.

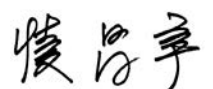
The fourth pledge of progressing together with the government and community is being realized through persistent social contribution activities. 2012 was a special case where 'Kyobo Dasomi', our volunteering organization comprising our financial planners, executive, and staff members celebrated its 10th year of establishment, which gave further meaning to Kyobo Life's cause of social contribution. We will further concentrate our efforts toward local communities that need us and areas of public interest that are relevant to our industry's characteristics.

In 2012, Kyobo Life has been granted much social acknowledgment and support through its diligent sustainability management. In the sustainability management competition sponsored by the KSA which is under the Ministry of Knowledge Economy, we have been named first place for three consecutive years among all life insurance companies in the country. Other recent performances are receiving the grand prize in the area of life insurance in 'Financial Customer Protection', being nominated to be the best company in 'Labor and Management Culture' sponsored by the Ministry of Employment and Labor', receiving the grand prize as the 'Best Asian Insurance Manager'. However, Kyobo Life will not let it go to our heads and will further put in our best efforts to better realize our pledge for our stakeholders. As a member of the UN Global Compact which provides its 10 principles involving human rights, labor, environment, and anti-corruption, Kyobo Life would like to express our enduring support. We are trying in diverse ways to apply the mentioned Principles in our decision-making processes.

The recent economic difficulties in both domestic and foreign settings is said to be likely to continue for the next few years. It is predicted that this will cause the insurance industry to shrink and increase the amount of risk involved, having a negative effect in the insurance business as a whole. But Kyobo Life's determination and efforts to realize sustainability management and fulfill our social responsibility at all costs will act as a solid foundation to overcome such crises.

We thank the stakeholders for your support.

Chang-Jae Shin,
CEO & Chairman of Kyobo Life



Company Overview

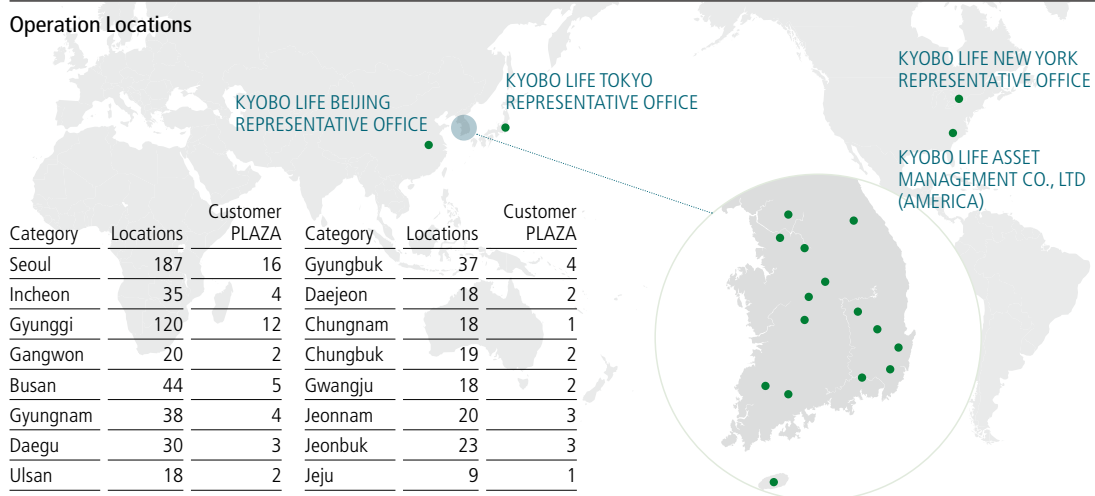
Overview

Kyobo Life is a firm specializing in life insurance, striving to achieve its vision of becoming the 'best company in customer assurance (Customer Assurance No.1)'. To 'become the best in customer assurance' means to provide 'financial assurance' and 'psychological comfort' in levels that reach far beyond what is anticipated, in order to actively fulfill our mission of 'helping all people to prevent them from being frustrated by their future ordeals'. The Kyobo Life head office is made up of 3 regions 4 divisions 3 departments 53 teams and (including 2 centers) and 1 office, and the company operates 654 branch offices and 66 customer PLAZAs. We also operate foreign offices in New York, Beijing, and Tokyo, and an asset-managing local corporate body in the US.

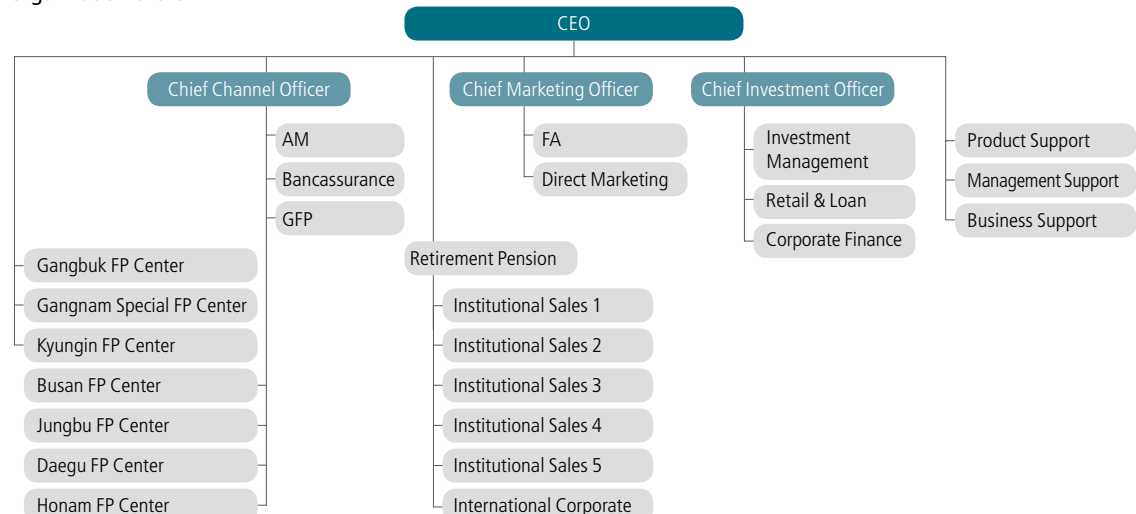
Primary Business Indexes

Establishment Date	August 07, 1958	Personnel	4,704
Head Office Location	Jongro 1(Jongro 1-ga), Jongro-gu, Seoul	Capital	5.9 trillion won
CEO	Chang-Jae Shin	Total Assets	70 trillion won
No. of Financial Planners	20,193	Operation Revenue	12.7 trillion won

Operation Locations



Organization Chart



Kyobo VISION

The VISION of Kyobo is comprised of core purposes, core values, and a visible future. The core purposes are something that must be permanently pursued as long as Kyobo Life exists, and the core values are the foremost values that affect all personnel's decision-making processes and taken actions. The 'visible future' has to do with strong objectives that all employees must concentrate their best efforts to achieve during a certain period of time.

Kyobo Vision 2015

Core Purpose

Our missions is to help people not to despair hardships in their lives.

Core Value

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 goals with a sense of creativity to develop both the company and ourselves.

Vision 2015

Our vision is to become a company that provides optimum insurance coverage and on-going services by 2015.

The Company that Provides Optimum Insurance Coverage and On-Going Services

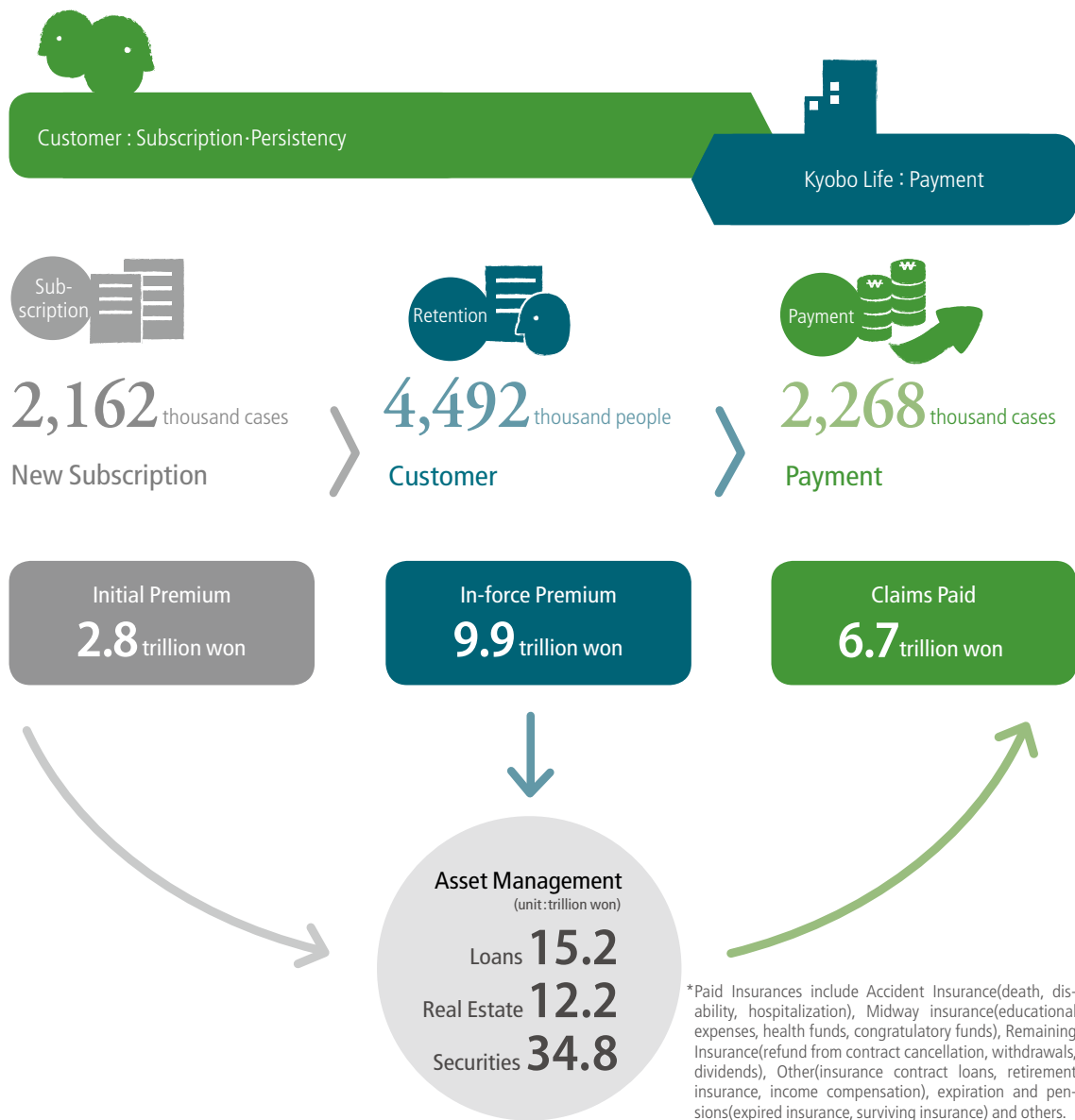
[No.1 Provider in Insurance Coverage and On-Going Services]



Current Business Conditions

The process of life insurance is comprised of three levels of underwriting, maintenance, and payment. During the underwriting phase we recommend and explain the best solution that fits the customer's needs and economic capabilities through outlining a design of their lives, during the maintenance phase we guide the customers regarding the contents of their contract as well as their future guaranteed details and help them handle diverse tasks, and when payment is needed the provision of their promised insurance to help the customers overcome their ordeals takes place during the payment phase. The valuable insurance payments by the customers are steadily managed with a long-term perspective. In terms of the 2012 business year Kyobo Life has signed 2,162 new contracts, have provided maintenance services for 4,492 customers, and has provided 6.7 trillion won of insurance on 2,268 payment occasions.

Life Insurance Process



New economic value created from insurance revenue from insurance operations and investment profits from asset management are distributed to Kyobo Lifes primary stakeholders. The total revenue of Kyobo's 2012 business year is 15.8 trillion won, and this has been distributed into 13.4 trillion won in insurance payment to our customers, 694.9 billion won for commissions paid to financial planners and education costs, 458.3 billion won for employee wages and welfare costs, 76.9 billion won for dividends paid to investors, and 501.3 billion won for taxes paid to the government and donations to local communities.

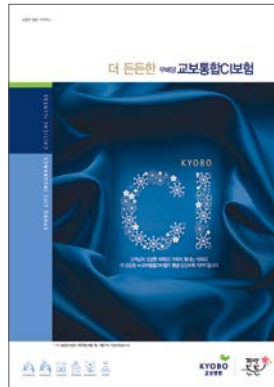
Economic Value Creation and Distribution Among Stakeholders



Primary Products

Kyobo Life provides diverse financial products for individuals and corporate entities, such as insurance, loans, funds, and trust. By focusing on 'family life assurance' and 'elder life assurance' which are the most important areas of life insurance, we help customers rationally prepare for potential future ordeals.

Introduction of Insurance Products



Integrated CI Insurance

This product supports the entire family with a single contract, and a CI(Critical Illness) insurance policy consists of paying a portion of the insurance when a critical illness occurs and providing the rest of the insurance payment upon the death of the insured customer, which includes the strengths of both health insurance and life insurance.



Lifetime / Periodic Insurance

This product provides the beneficiary insurance should an insured person die. There are diverse forms such as universal lifetime insurance which allows the customer to control periodic payment or opt for midway withdrawal, or periodic insurance where a certain period is insured, and others.



Pension / Deposit Insurance

This product is used for the customers' accumulation of assets and to secure their lives after retirement. The customer can choose to designate when to be paid or may ask to be paid with pensions until death. The deposit insurance is utilized by customers to accumulate their assets or to create a target amount of funds.



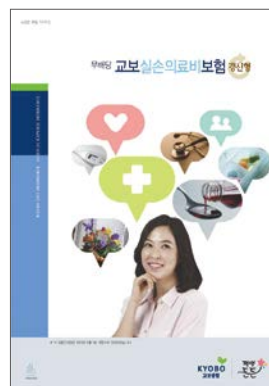
Education / Child Insurance

This product helps the customers prepare for their children's academic funds. Customers may choose from being paid twice the insurance payment upon the death of the parents, or may choose a special contract that prepare for the child's disabilities, diseases, or accidents. This is a product that increases provision for the child's accidents, sicknesses, and other disasters.



Retirement Pension Insurance

This product is provided based on the law for the guarantee of retirement payment for laborers. Retirement pension management and asset management services are provided.



Health / Accident Insurance

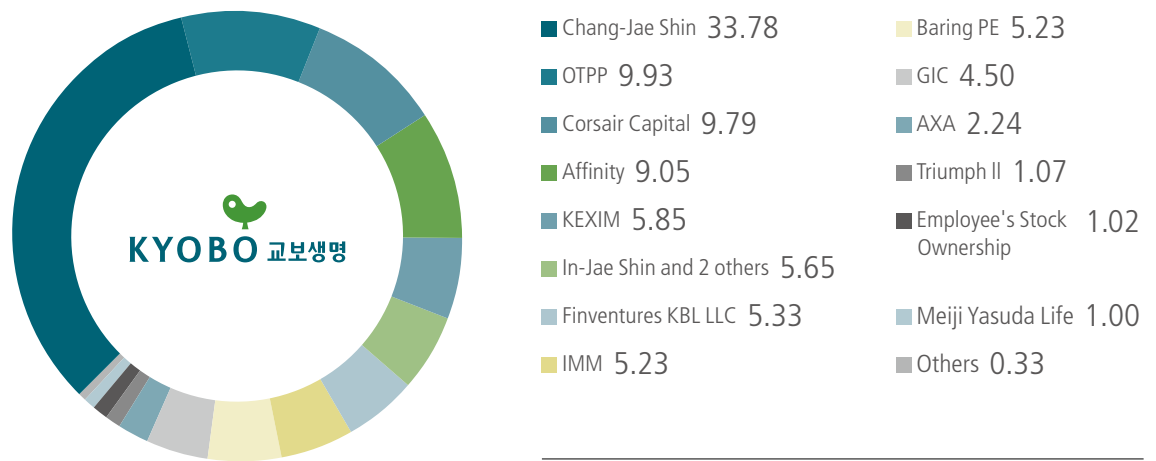
This includes health insurances that provides compensation should there be any diagnosis or surgery regarding a disease, long-term recuperation insurance that provides for daily disabilities or dementia, actual medical loss special contracts that pay insurance regarding direct medical costs, and others.

* Further details for each product can be found at Kyobo Life's homepage (www.kyobo.co.kr)

Major Shareholders

The largest shareholder of Kyobo Life is CEO & Chairman Chang-Jae Shin with 33.78%, followed by OTPP(Ontario Teacher's Pension Plan) with 9.93% and Corsair Capital with 9.79%. Another primary shareholder in the last report, Daewoo International, sold its 24% worth of shares as of September 5th, 2012.

Shareholder Composition (unit: %)



Affiliates

Kyobo Life has affiliates based on life insurance, and together with them, pursues synergy effects that take the role of helping to heighten its brand and corporate values.

Affiliate Ownership

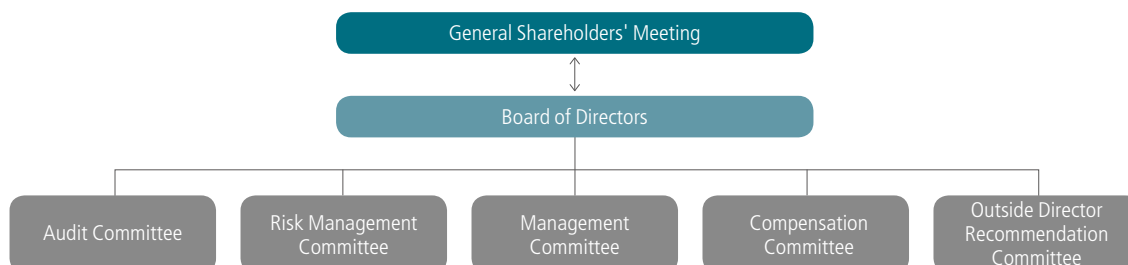
Category	Company Name	Major Businesses	Date Founded	Capital (100 million won)	Ownership (%)
Financial	Kyobo Securities www.iprovest.com	Securities brokerage	1949.11.22	1,800	51.63
	Kyobo AXA Investment Managers www.kyoboaxa-im.co.kr	Asset management	1988.07.07	300	50.00
	KCA Claim Adjustment www.kcasonsa.co.kr	Other insurance and pension related services	2002.07.05	20	100.00
	Saengbo Real Estate Trust www.sbtrust.co.kr	Real estate trust	1998.12.08	100	50.00
	A&D Credit Information www.andamc.com	Credit investigation & debt collection	2002.02.28	50	19.50
	Kyobo Life Asset Management (US local corporate body)	Marketable securities investment	1996.10.21	US\$ 1	100.00
Non-financial	Kyobo Book Centre www.kyobobook.co.kr	Books, publications, magazines and retail	1980.12.24	17	89.55
	Kyobo Realco www.kyobobldg.co.kr	Management of commercial real estate	1979.11.15	22	100.00
	Kyobo Information & Communication www.kico.co.kr	Computer system integration & advisory	1971.07.24	50	89.83
	Kyobo Data Center	Leasing of commercial real estate	2008.10.10	360	99.99

*Kyobo Life Asset Management (US local corporate body) is consisted of \$ 1 of paid-in capital and a capital surplus worth of \$2,199,999.

Corporate Governance

The Board of Directors and the General Meeting of Stockholders are the two main decision-making bodies of Kyobo Life. Through active participation from outside directors, Kyobo Life enhances transparency and efficiency.

Corporate Governance Chart



Board of Directors

The Board of Directors decides issues designated by the legislation or its articles, issues delegated by the General Meeting of Shareholders, and those related to the company's basic policies or business operations, and supervises the directors' execution of their tasks.

Board of Directors Composition The Board of Directors is composed of three inside directors and five outside directors, and there are no female directors as of now. Each director is selected through having their qualifications evaluated by the standards provided by relevant industry regulations, then is appointed through the General Meeting of Shareholders. Outside directors in particular are closely investigated by the Outside Director Recommendation Committee regarding their expertise as well as their relationships to the management, so that any possibilities of private transactions, harmful competition and clash of interests using confidential company information are prevented.

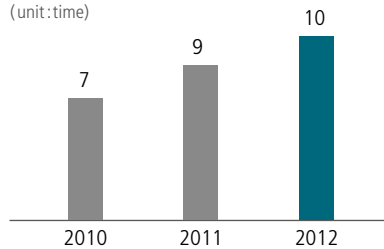
Board of Directors Composition

Classification	Name	Position	Expertise
Inside Directors	Chang-Jae Shin (Born 1953)	CEO and Chairman of the BoD	-
	Sun-Han Lee (Born 1952)	Executive Auditing Director	
	Sug-Gi Lee (Born 1965)	Business Support Director	
	Pil-Hwa Yu (Born 1954)	Dean of the Graduate School of Business, Sunggyungwan University	Marketing
Outside Directors	Hyeong-Cheol Gim (Born 1953)	Former CEO and Vice President of Jeil Fire & Marine Insurance	Planning, Business Management
	Jang-Wu Lee (Born 1957)	Professor of Gyungbuk University, Department of Business	Business Strategy
	Nicholas B. Paumgarten (Born 1945)	President of Corsair Capital	Finance
	Yeong-Taeg Park (Born 1959)	Affinity Equity Partners, Managing Partner	Finance, Accounting

Operation of the Board of Directors The Board of Directors operates through monthly meetings, and if the Chair or the Board deems it necessary temporary meetings take place. There have been 26 board meetings during the fiscal years of 2010~2012. The Company posts on its website(www.kyobo.co.kr > Notice > Outside Directors) the participation of Board members by committee, opinions of outside directors regarding the agenda, and voting results.

Board of Directors Operations_Meetings

(unit:time)



Board of Directors Operations

	2010	2011	2012
Voted/Reported Agenda (case)	25/25	17/33	28/27
BoD participation (%)	85.7	84.9	92.4
Outside Director participation(%)	82.4	80.0	88.0

Primary BOD Agenda Related to Sustainability Management

FY2010	
2nd (May 19, 2010)	Results of operation evaluation of internal accounting controls for FY 2009
5th (Oct. 19, 2010)	On evaluation results related to the operation of internal controls in the first half of 2010
6th (Jan. 18, 2011)	Completion report on HQ building remodeling project
	On progress of the implementation of anti-money laundering measures
7th (Mar. 29, 2011)	On progress of the implementation of the fair trade compliance program
	On evaluation results related to the operation of internal controls in the second half of 2010
FY2011	
1st (Apr. 19, 2011)	On the establishment of preventive labor-Board relationships due to the changes of labor environments
2nd (May 19, 2011)	Results of operation evaluation of internal accounting controls for FY 2010
	On progress of the implementation of anti-money laundering measures
9th (Mar. 27, 2012)	On progress of the implementation of the fair trade compliance program
	On evaluation results related to the operation of internal controls in the first half of 2011
FY2012	
8th (Nov. 20, 2012)	On improvement of internal control standards

Board Committees

In order to enhance the efficiency of the decision-making process at Kyobo Life, the Board 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.

Outline of Board Committees and Their Meetings

Classification	Role	Meeting Frequency		
		2010	2011	2012
Audit Committee	Evaluates and enhances the appropriateness and effectiveness of the Company's business activities and internal control systems. - 4 members out of 5 are composed of outside directors in order to maintain independence from the Board and other executive institutions	6	6	6
Management Committee	Reviews and makes decisions regarding important business/finance issues, Chair and executive issues, and other matters that have been delegated by the Board	5	6	5
Outside Directors Recommendation Committee	Searches for, evaluates, and nominates candidates for outside directors - Outside directors are first nominated by the Outside Directors Recommendation Committee and are selected through the General Meeting of Shareholders	1	2	3
Risk Management Committee	Sets up and confirms major policies concerning risk management - Reports its periodic risk analysis and monitoring results to the Board	9	12	8
Compensation Committee	Manages compensation and reward programs for those in the Board as well as certain employees, and makes decisions regarding its appropriateness of design and operation - All of this committee are outside directors in order to maintain its independence, and by having a member of the risk management committee as a member here, manages compensation programs so that they do not affect the financial integrity of the company - Designs compensation programs so that they abide by international guidelines and ultimately achieve soundness	2	3	3

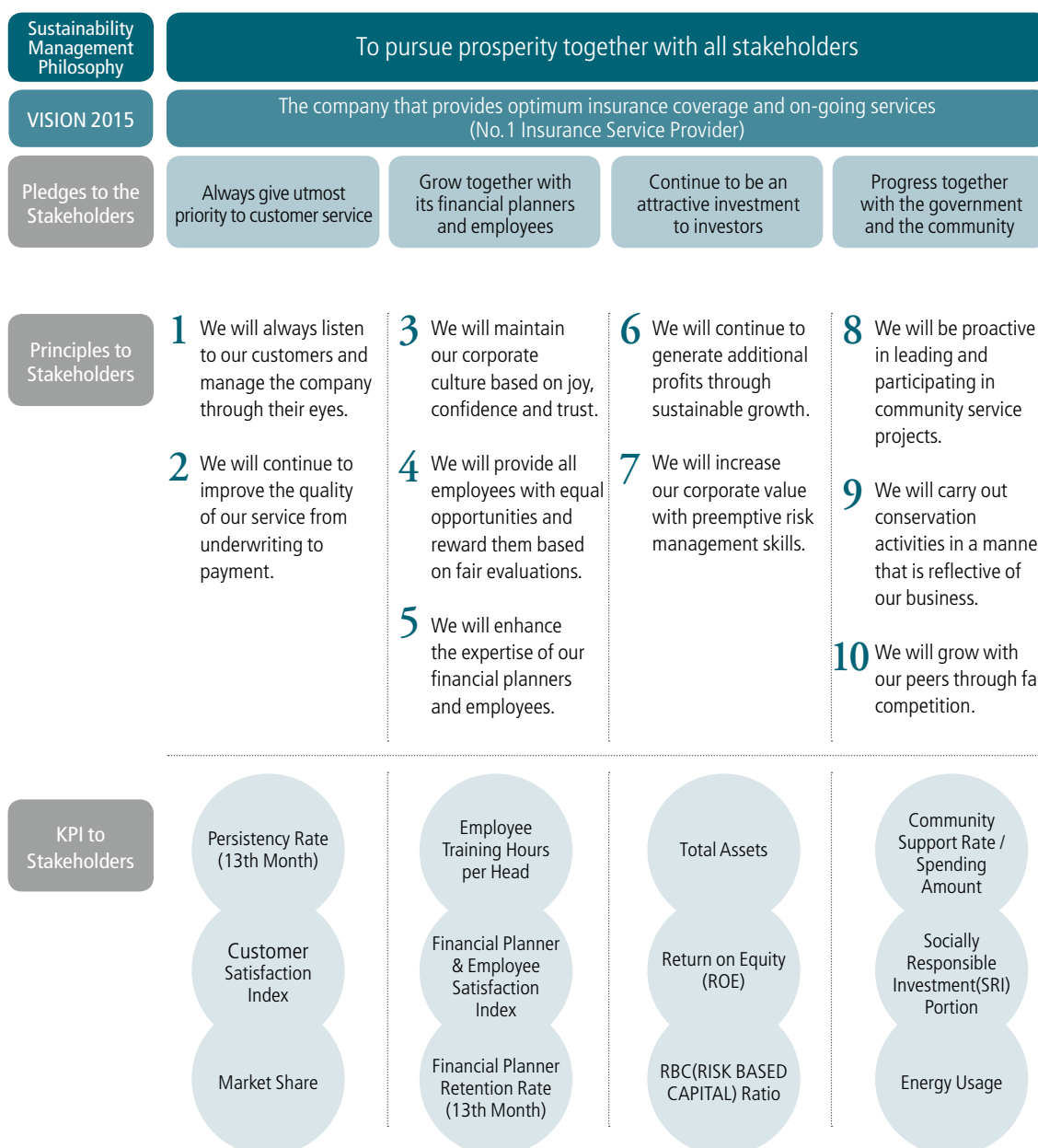
Performance Evaluation and Compensation

The Company's top management and its executive directors are entitled to compensation based on their performance and its comparison to annual performance objectives by area, which is reported to the Board at the end of every fiscal year. The reward to the top management is decided by the General Meeting of Shareholders, and the rewards are announced at our webpage (www.kyobo.co.kr > Notice > Outside Directors).

Sustainability Management System

Kyobo Life's Sustainability Management is 'Seeking Prosperity Together with All Stakeholders'. By inserting the phrase 'a company that seeks long-term co-prosperity between stakeholders' in the outline of our articles of association, we have strengthened our determination toward sustainability development both inward and outward. Through such philosophy regarding sustainability management, we have established our Sustainability Management System, comprised of 10 Principles and 12 KPIs.

Sustainability Management System



Consultative Groups for Sustainability Management





Kyobo Life operates consultative groups to support top management efforts to pursue sustainability management and to foster active communication. The 'Sustainability Management' conference increases top management understanding on major issues related to sustainability management and draws an agreement which supports the decision-making process of the Chairman and CEO. Issues that are brought to discussion are put to 'Sustainability Management' working-level conferences to collect the opinions of the heads of each department to maximize the efficiency of the 'Sustainability Management' conferences.

Past Meetings and Performances of the Sustainability Management Committee

FY 2010	1st (Oct.04, 2010)	Reviewed third-party proposals on publication of a sustainability management report
	2nd (Dec.17, 2010)	Reviewed an analysis of issues on sustainability management direction and task selection
	3rd (Jan.26, 2011)	Reviewed sustainability management pursuit framework and report publication directions
	4th (Mar.08, 2011)	Reviewed an interim report of sustainability management pursuit strategy project
	5th (Mar.16, 2011)	Selected a cover title and contents for the sustainability management report
FY 2011	6th (Apr.25,2011)	Final report of the sustainability management project
	7th (May 27,2011)	Collected shareholder opinions and revised the Kyobo Life's Code of Professional Ethics and regulations to be practiced
	8th (Aug.01,2011)	Results of opinions collected from shareholders
	9th (Sep.08,2011)	Results of surveys regarding FY 2010
	10th (Nov.03,2011)	Analysis of the current state of sustainability development KPI
	11th (Jan.03,2012)	Results of the shareholders' meeting
	12th (Feb.21,2012)	Analysis of the long-term prospects of the sustainability management KPI, choosing the direction of the sustainability management report publishment
FY 2012	13th (Apr.17,2012)	Results of integrated surveys regarding FY2011
	14th (Jun.15, 2012)	The adoption of socially responsible investment(SRI), simulation of supporting funds for public good
	15th (Aug.08,2012)	Results of the shareholders' meeting during the first half of FY 2012
	16th (Nov.02,2012)	Progress report of main issues following the collection of opinions from individual stakeholders

Sustainability Management Progress


In the first report, Kyobo Life has established and set our tasks for the entire company regarding its sustainability management, and in the previous report has reported the tasks' progress. From this year's report the sustainability management tasks will be reports in accordance with pledges to the stakeholders, Principle, KPI another major issues, and will be systematically carried out with the business environment and the traits of the tasks in mind.

Stakeholders	Pledges	Principles
 Customers	Kyobo Life will always give utmost priority to customer service	<ol style="list-style-type: none"> 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.
 Financial Planners and Employees	Kyobo Life will grow together with its financial planners and employees	<ol style="list-style-type: none"> 3. We will maintain our corporate culture of 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.
 Investors	Kyobo Life will continue to be an attractive investment to investors	<ol style="list-style-type: none"> 6. We will continue to generate additional profits through sustainable growth. 7. We will increase our corporate value with preemptive risk management skills.
 Government and Local Community	Progress Together with the Government and the Local Community	<ol style="list-style-type: none"> 8. We will be proactive in leading and participating in community service projects. 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.

KPI	2012 KPI Results	Task	2012 Highlights	Page
Persistence Rate (13Th Month)	84.6 (%)	Reinforcing protection of customer information	Steadily pushed for task	21
Customer Satisfaction	75.9 (point)			
Market Share	11.4 (%)	Retention service innovation project	Carried out Life Long Care Project	27-28
Employee Training Hours Per Head	110 (hours)	Expanding and strengthening duty-oriented HR system	Steadily pushed for task	-
Fps Employees Satisfaction Index	69.6 (point)	Sharing and managing corporate culture company-wide	Steadily pushed for task	32
	64.9 (point)			
		Creating excellent working conditions(hygiene, safety, health and working environment)	Steadily pushed for task	33
Financial Planner Retention Rate (13th Month)	39.2 (%)	Devising measures to enhance financial planners' loyalty	Creating a 'Kyobo Life story' Holding seminars to introduce new products	33
		Improving human rights-related system	Reflected human rights matters in Professional Ethical Action Guidelines	34
		Reinforcing programs to support retirees	To be pushed for after FY2013	-
Total Assets	70.0 (trillion won)	Managing performances of each stakeholder	Managed KPI by stakeholders	21, 31 39, 45
Returns On Equity (Roe)	10.4 (%)	Developing new growth engines	To be pushed for after FY2013	-
RDC	258.3 (%)	Strengthening duty-oriented risk management	Steadily pushed for the task	-
		Enhancing brand value	Steadily pushed for task	16, 28
Social Contribution Support Ratio / Amount	3.2 (%) / 18.4 (billion won)	Upgrading specialized social contribution activities	Steadily pushed for the task	46-50
		Changing home page to be friendlier with stakeholders	Completed	-
		Conducting activities to expand people's awareness of sustainability management	Steadily pushed for task	-
		Improving stakeholder engagement process	Completed	-
Sri Ratio	8.1(%)	Mapping out plan to push for mid-to-long-term SRI	Reflect in the definition of SRI and related company regulations	50
Energy Usage	20,013 (TOE)	Forming sustainability management supply chain(purchase, procurement, etc)	To be pushed for after FY2013	-
		Building environmental management system	To be pushed for after FY2013	-
		Managing environmental data (CO ₂ and energy)	Steadily pushed for task	51


Stakeholder Engagement

In relation to legal responsibilities that affect business activities as well as their influence, Kyobo Life has identified customers, financial planners, employees, investors, the government, and local communities as key stakeholder groups. In order to realize our sustainability management philosophy of 'co-prosperity with our stakeholders' we are collecting opinions and sharing main issues through diverse communication channels for each stakeholder group.



Stakeholder Survey

Classification	Method	Subject	Period	Main Issues	Page
Customers	Customer Satisfaction	2,000 policyholders that have underwritten their contracts within the last 3 years(1,000 of those that hold policies in other companies)		- Determining satisfaction levels compared to competing companies	21
				- Analyzing financial planning activities	25
	Brand	1,500 ordinary people(Ages 20~59)	November~December 2012	- Determining customer needs - Producing life insurance company brand indexes - Examining Kyobo Life's brand image - Determining needs that are expected from insurance companies	-
Financial Planners and Employees	Financial Planner Satisfaction	1,550 financial planners (620 of those that work for other companies)		- Determining satisfaction levels - Discovering comparative advantage/disadvantages regarding financial planning activities - Determining inconveniences and needs from financial planners	31
	Employee Satisfaction	2,087(675 HQ employees / 1,142 service employees)	July 09~17, 2012	- Employee Satisfaction Index(ESI): 13 factors - Performance immersion rate, employee loyalty, corporate culture, comparison to rivaling companies, etc.	31
Investors Government and Local Communities	Reputation	180 opinion leaders in the area of the insurance business	November 2012~January 2013	- Awareness toward Kyobo Life(CEO), positive image, respective reputation per aspect, methods to improve images	-



Group Discussions

Classification	Method	Subject	Period	Main issues
Customers	Discussion	Panel of customers	July, October 2012	- Ideas to realize full membership - Ways to increase maintenance service quality - Opinions regarding webpage improvement
				- Strengthening policies to realize Life Long Care Project services
Financial Planners and Employees	Discussion	Prime Leaders Club members	July, November 2012	- Opinions regarding insurance products - Other suggestions
	Discussions through on-site visits	On-site employees	May~June, October~November 2012	- Issues regarding personnel management
Investors	Interview through visits, sharing opinions through phone/email	Credit appraisal company personnel, analysts	When possible	- Issues regarding profitability, growth, and stability
Government and Local Communities	Determining and monitoring main issues	Recent main policies and systems	Regular annual monitoring	- Issues related to taxing systems for insurance products - Decreasing insurance contract loan spreads and commissions for equity-linked life insurance - Strengthening regulations for RBC(RISK BASED CAPITAL)
				- The role of Kyobo life to coexist with the local community
	Discussion	Non-profit organizations, professors in social contribution	July, December 2012	- Strengths and weakness of Kyobo Life's social contribution activities - Conditions for sound partnerships with non-profit organizations

Materiality Test

Kyobo Life performed an importance evaluation based on the two axes of 'stakeholder interests' and 'company interests' which comprise the two by two matrix analysis of the importance evaluation. The results drawn from the evaluation are the main contents of this report.

Importance Evaluation Process



Step 1 : Drawing Main Issues By analyzing internal and external environments, we have identified issues that Kyobo Life must consider during its support for sustainability management.

Identifying Issues Through Environmental Analysis

Method		No. of identified issues
Media Analysis	Searching the web using the keyword 'Kyobo Life' - 3,364 articles during April ~ August 2012(2,302 valid articles) - Grouping 49 issues that were dealt with at least 10 times	37
Financial Business Report Analysis	Identifying 11 sustainability management reports from domestic financial companies - S Life, D Fire Insurance, H Marine Insurance, S Fire Insurance, D Investment Corp, K Investment Corp, S Investment Corp, H Finance, D Securities, M Securities, W Securities - Grouping 138 issues that were drawn	64
Related Index Analysis	Analyzing sustainability management indexes such as GRI and ISO 26000 - Grouping 48 issues that were identified when sustainability management was initially established, in the perspective of 2012 KSI(Korean Sustainability Index) issues(Impact 40, Trend 39).	69
Issues in Previous Report	Issues in previous report	60
Discussions and Surveys by Stakeholder Groups	Issues identified through stakeholder surveys and discussions	36
Total		266



FP Prime Leader's Club Meeting



Customer Panel Meeting

After analyzing the contents of the 266 identified issues, they were grouped into 183. Through an internal evaluation regarding the importance of these issues as well as the spread of each stakeholder group her issue, 88 issues were finally drawn in accordance with the 10 pledge of Kyobo Life's sustainability management.

Issues by Principle			
Classification			
Customers	Principle 1	<ul style="list-style-type: none"> - Strengthening efforts for customer satisfaction - Receiving customer dissatisfaction effectively - Increasing customer response quality - Directly listening to diverse opinions from customers 	<ul style="list-style-type: none"> - Strengthening private information protection - Active communication with customers - Customized customer control reflecting customer traits - Developing superb products that meet customer expectation
	Principle 2	<ul style="list-style-type: none"> - Strengthening customer assurance and maintenance services - Making peremptory notice of payment clear - Accurately guiding the rates of returns for equity-linked life insurance - Simplifying paperwork for insurance payment demands and the process of its payment 	<ul style="list-style-type: none"> - Increase understanding of insurance paperwork underwriting - Abiding by full-membership processes - Providing accurate information regarding the wanted products and services - Diverse and convenient insurance payment services
Financial Planners	Principle 3	<ul style="list-style-type: none"> - Better working conditions for financial planners - Welfare for financial planners - Communication between the company and its financial planners - Better guidelines for financial planners if new underwriting / payment evaluations are delayed 	<ul style="list-style-type: none"> - Protecting financial planners' human rights(preventing sexual harassment, and others) - Operating programs to decrease conflicts between financial planners - Increasing royalty payments for financial planners regarding products - B2B2C marketing support
	Principle 4/5	<ul style="list-style-type: none"> - Strengthening communication for commission systems - Strengthening support for new financial planners - Supporting financial planners with excellent performance - Strengthening support for financial planners that volunteer to work on-site 	<ul style="list-style-type: none"> - Educational programs for financial planners - Providing finance-specific education - Training programs for new financial planners - Customized education for individual financial planners
Employees	Principle 3	<ul style="list-style-type: none"> - Strengthening corporate culture of family-like employees - Labor-management relations for coexistence - Clear definition of employee health/safety, followed by relevant education - Increasing welfare provisions - Strengthening intra-company communication 	<ul style="list-style-type: none"> - Human rights protection(preventing sexual harassment in the workplace) - Expanding employment of the handicapped and improving working conditions - Developing and running retired employee management programs
	Principle 4/5	<ul style="list-style-type: none"> - Fair performance evaluation/rewards - Maintaining appropriate personnel placement - Operating a work-centered human resources system - Prohibiting discrimination based on gender, age, hometown, academic background, etc. 	<ul style="list-style-type: none"> - Expanding opportunities for educational training and self-development - Strengthening job posting and bidding systems - Operating training programs for developing talented personnel - Operating team learning programs
Investors	Principle 6	<ul style="list-style-type: none"> - Advertisement and interest targeting potential customers - Improving brand value - Targeting developing markets - Establishing and executing ways to increase profitability 	<ul style="list-style-type: none"> - Developing new businesses - Improving asset management profitability - Equal distribution of economic values created - Initial Public Offering(IPO)
	Principle 7	<ul style="list-style-type: none"> - Preventing financial accidents - Risk management - Preventing and uncovering insurance fraud - Evaluating insurance payment capabilities - Preparing for the aging population 	<ul style="list-style-type: none"> - Responding to the expansion of reverse margins stemming from low interest rates - Maintaining sound corporate governance - Strengthening IT security
Government and Local Community	Principle 8	<ul style="list-style-type: none"> - Operating social contribution programs that support support the 'value of love' from insurance policies- Advertisement in Gwanghwamun - Supporting culture and art - Providing socioenvironmentally-friendly products and services 	<ul style="list-style-type: none"> - Social contribution that befits the essence of life insurance practices - Employee volunteer activities - Developing and running youth leadership programs - Supporting youth support programs
	Principle 9	<ul style="list-style-type: none"> - Supporting and participating in activities responding to climate change - Increasing socially responsible investment(SRI) for environment-friendly areas - Strengthening efforts to decrease energy usage - Environment-friendly activities with stakeholders 	<ul style="list-style-type: none"> - Strengthening efforts to conserve supplies and increase recycling - Establishing and carrying out environment-friendly purchases - Expanding environment-friendly contributions to society - Operating programs to expand environment protection perspectives
	Principle 10	<ul style="list-style-type: none"> - Increasing transaction transparency - Strengthening programs to voluntarily practice fair trade - Never fixing prices with other life insurance companies - Holding discussions with asset managers - Running workplace ethics programs for employees 	<ul style="list-style-type: none"> - Communication efforts between partnering companies and agencies - Expanding interaction with foreign life insurance companies - Strengthening support to partnering companies

Step 2 : Analyzing Stakeholder Interests 'Stakeholder interests' were evaluated based on the responses to surveys for each group of stakeholders. To increase credibility of the surveys, we only asked questions regarding sustainability management principles that were relative to each stakeholder group.

Stakeholder Survey

Stakeholder	Customer	Financial Planner	Employee	Investor, Government, Local Communities
Content	Principle 1, 2, 8, 9, 10	Principle 3, 4, 5	Principle 3, 4, 5	Principle 6, 7, 8, 9, 10
Target	Online customer panel	Randomly selected from financial planners	Randomly selected from employees	Opinion Leaders
No. of people	500	1,000	1,000	324
Method	e-mail	Financial planner-only Intranet	Employee-only Intranet	e-mail
Period	October 17~23, 2012	November 06~09, 2012	October 22~26, 2012	October 23~31, 2012
Responses	338 (67.6%)	217 (21.7%)	499 (49.9%)	59 (18.2%)

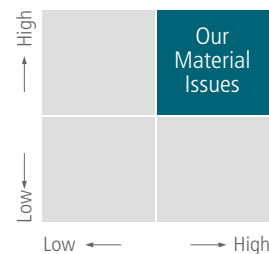
Company Interest Analysis 'Company interests' were evaluated based on questions related to issues for each principle regarding their importance in the eyes of the company. The questions were asked to the executives and chiefs in the head office.

Executive / Chief Level Surveys

No. of people	Method	Period	Responses
83	Employee-only Intranet	Oct. 20 ~ Nov. 02, 2012	43 (51.8%)

Step 3 : Selecting Major Issues Through the analyzed 'shareholder interests' and 'company interests', 15 out of the total 88 issues were selected to be major issues. The details of each issue can be found in the respective pages through this report.

Major Issues



Customer

- Handling customer complaints well [P.24](#)
- Strengthening private information protection [P.24](#)
- Strengthening customer assurance and maintenance services [P.27,28](#)

Financial Planners

- Increasing royalty payments for financial managers for products sold [P.33](#)
- Strengthening communication regarding commission systems [P.35](#)

Employees

- Reinforcing intra-company communication [P.32](#)
- Preventing discrimination based on (Gender, age, hometown, academic background) [P.34](#)
- Equal performance evaluation / rewards [P.35](#)

Investors

- Measures to manage risk [P.41](#)
- Measures to prevent financial accidents [P.42](#)
- Preventing and uncovering insurance fraud [P.43](#)

Government and Local Community

- Operating social contribution programs that support the 'value of love' from insurance policies [P.46](#)
- Increasing transaction transparency [P.52](#)
- Strengthening operations for voluntary realization of fair trade [P.52](#)
- To not fix prices with other life insurance companies [P.53](#)

Customers and the Future



Kyobo Life exists for the customers who are the most precious to us. We will listen to the customers and will increase our service qualities regarding underwriting, maintenance and payment, and become the 'company that best provides customer assurance'.

- Executive Channel Director, Byung-Sung Lee -

Pledge to the Customers

Kyobo Life will always give utmost priority to customer service

Principles to Fulfill Our Pledges

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.

Progress on Our Pledges (KPI Changes)

Persistency Rate* (13th month) (unit: %)

2010	<div></div>	81.3
2011	<div></div>	84.6
2012	<div></div>	84.6

Customer Satisfaction_P. 25 (unit: points)

2010	<div></div>	74.3
2011	<div></div>	74.5
2012	<div></div>	75.9

Market Share* (unit: %)

2010	<div></div>	13.0
2011	<div></div>	12.2
2012	<div></div>	11.4

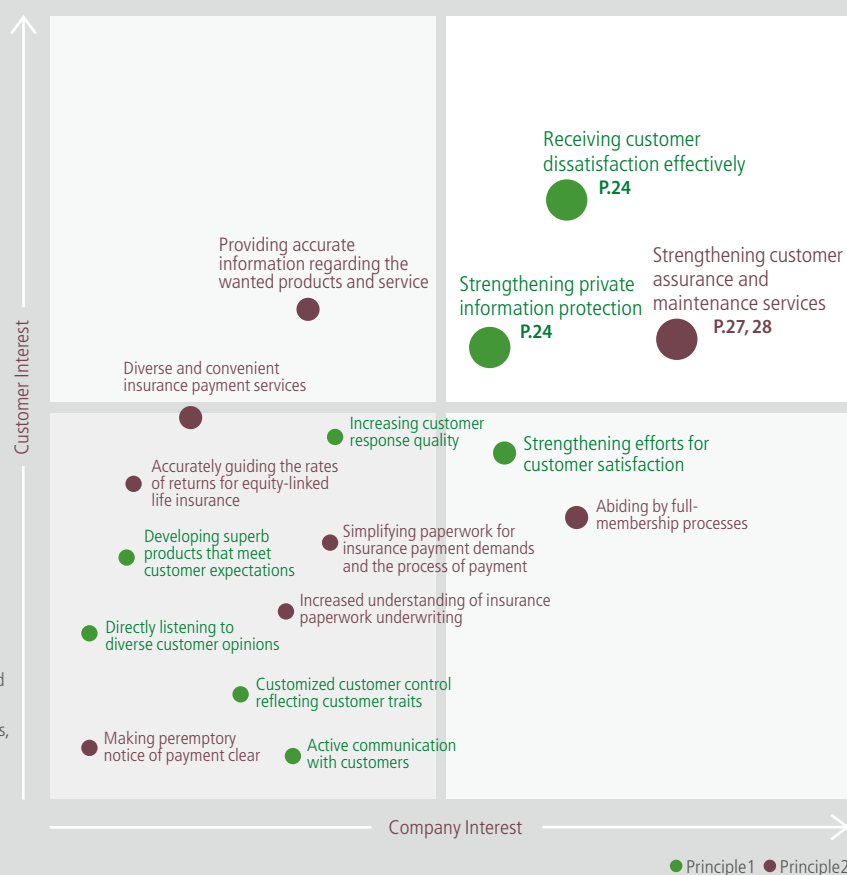
*Persistency Rate=(Contract maintenance fee / Underwriting fee)×100

*Market shares are based on insurance revenue, and FY 2012 is derived from data acquired up to December 2012.

-From 2012, N Life has been added to the calculation of market shares, and has been retroactively applied from 2011 which also resulted in the revision of data from the previous sustainability management report(2011 indexes were 12.4)

Results of Materiality Test

*The criteria for importance evaluation can be found in page 19.



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

Customers and the Future



Kyobo Life_ Newly furnished website Grand prize for Korean Internet Communications

Product Development_ Main contracts/Special contracts (unit: case)



*The Law of Large Numbers : When observation frequency of a certain event increases, there is a steady rate of occurrence possibility, which is usually fixed. According to the Law of Large Numbers, an individual's possibility of accidents occurring can be predicted.

*The Balance of Earnings and Expenditure : The law which mandates that the total amount of insurance that the policyholder pays and the total amount that the insurance company pays stays the same.

Communicating with Customers Through Online Services

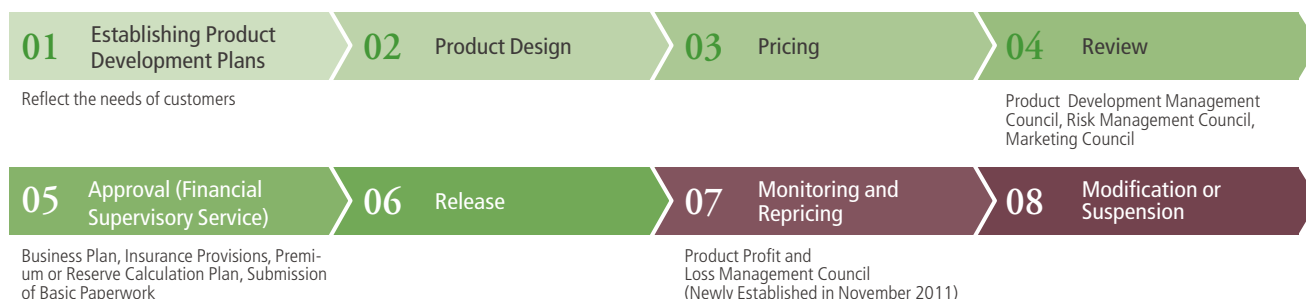
As a response to the diversification of customer needs and the vast changes of the Internet, Kyobo Life is strengthening its communication through online channels. In December 2012, we integrated the original homepage with the retirement pensions and Direct homepages to newly open our new webpage(www.kyobo.co.kr). Frequently used services such as checking insurance contracts, insurance contract loans and insurance payment application were all simplified so that these assurance maintenance services can be easily used in more concise menus, and now it is possible to use these functions on diverse IT devices and Internet settings such as smartphones. In response to the related laws, now it has become easier for the physically challenged to use our webpage which increased accessibility.

In accordance with the digital trend through our twitter account opened in December 2011(twitter.com/kyobotwit), and facebook page(www.facebook.com/kyobolife) in February 2012, we have also opened we opened our official blog 'family, dream, and love'(www.kyobolifeblog.co.kr) where diverse contents and stories make it possible for us to provide useful information to the customers as well as joyfully communicate with them, which are all a part of our efforts to operate official social media channels. To increase communication with the 2030 generation we have started a marketing challenger program called 'Cheongchun Gagok' program, and has also opened a respective blog(www.kyobochallenger.com) as well. Such activities and efforts led us to be nominated first place in the 5th annual South Korean Social Media Awards sponsored by the Korean Internet Communication Association in November 2012.

Product Development

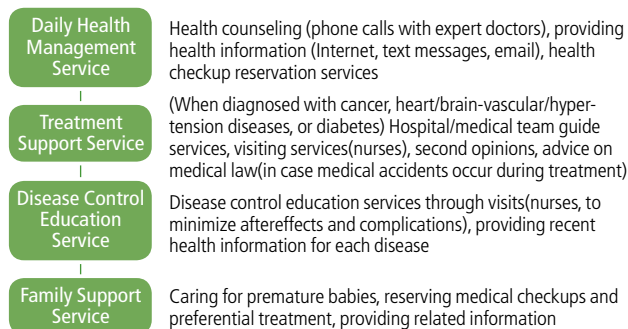
All insurance products of Kyobo Life are developed according to scientific rationality, following the law of large numbers, the balance of earnings and expenditure, and so on. The fairness of the new product's design is evaluated by the approval of the Financial Supervisory Service. When a certain period of time has passed after the release of a new product, repricing is taken place by analyzing the expected experience ratio and the actual experience ratio. This shows our effort to maintain fairness of product design.

Product Development / Management Process



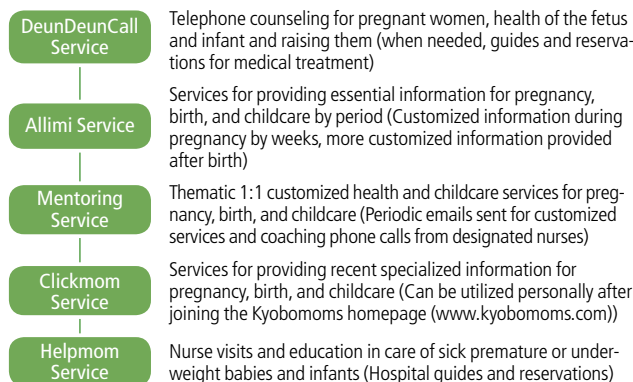
Providing Specialized Services Kyobo Life provides specialized services for all of our customers. The Kyobo Healthcare Service is a health support service provided to customers that have underwritten insurance policies that surpass a certain amount of payment, and the Kyobo Educare Service is an education service provided to customers who have underwritten policies regarding their children, which is a health support system where we inform them of their children's development status. We also provide a Kyobo Silvercare Service so that customers can plan a happy and healthy life after retirement.

Actual Experiences of Kyobo Healthcare Service



Beginning in July 2012, we have developed and provided the Kyobo Momscare Service, which is a mentoring service designed to support moms from pregnancy, birth, and fostering. From the needs that rose due to the increasing age of pregnant mothers and rapid nuclearization of families where it has become harder for mothers to find childcare experts, this service has been developed. In July 2012, Kyobo Momscare Service was approved of its excellence through the acquisition of a patent which granted exclusive rights.

Provisions of the Kyobo Momscare Service



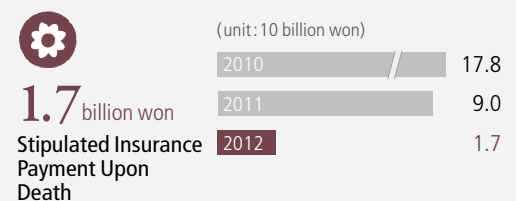
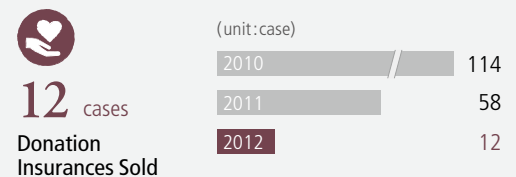
Customers by Service (unit: person)

Classification	2010	2011	2012
Kyobo Educare Service	159,177	160,265	171,307
Kyobo Healthcare Service	593,921	612,340	644,987
Kyobo Silvercare Service	69,517	77,201	82,408
Kyobo Momscare Service	-	-	8,400

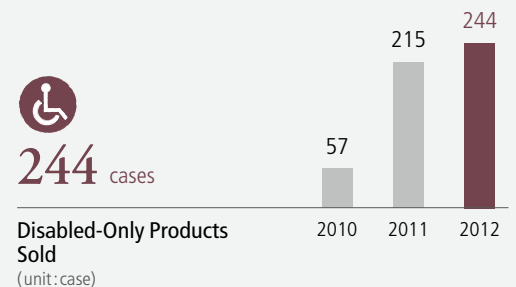
Developing Insurance Products that Share Social Values

Kyobo Life strives to remain in accordance with government policies to support the underprivileged classes and develop insurance products that share social values. By developing diverse insurance products for the socially deprived and allowing many customers to benefit from practical measures, we are indirectly contributing to the society.

Donation Insurance Donation insurance is a product that entrusts the rights of insurance contracts the organization that the policyholder wants to support, thereby allowing the organization to collect the insurance at the death of the donator. It allows you to donate your insurance simply to the organization of your choice without separate legal measures through periodic payments of small amounts.



Special Products for The Disabled There are no restrictions against the disabled for membership. We determine their risks in the same way we determine those of non-disabled people. But for those that benefit relatively less from insurance, we have developed disabled-only products for them.



Receiving Customer Complaints

Kyobo Life recognizes the process of receiving and processing customer complaints as 'service recovery, and takes action according to such standards'. Our opinion of 'service recovery' does not end with simple receiving and processing of customer complaints. Rather, it is a process of restructuring the faith and reputation of our company in the eyes of the customers by solving the problems occurring from service failures, and carrying out our best efforts to accept, process, and provide after-treatment for the complaints when they are received.

Process Kyobo Life operates diverse registration channels so that customers can send complaints regardless of time and place. Customers with complaints can use traditional channels such as telephones, mail, or visits, and can also inform us through our homepage and SNS services.

All customer complaints that have been provided through diverse channels are received by our VOC (Voice of Customer) integrated system, 'Soritgui'. The complaints are automatically notified to the head of the respective organizations and the service recovery personnel.

In February 2013, the original system was upgraded to 'Soritgui System V2'. By providing statistics and analyzed data regarding customer complaints and systematically managing VOC history, we have switched from receiving complaints after they occur to preventing them from occurring.

Related Organizations Kyobo Life is operating service recovery centers in seven regions (Gangbuk, Gangnam, Gyungin, Busan, Jungbu, Daegu, Honam) in the country whose main purpose is to receive customer complaints. The 45 employees that work in each service recovery center as of April 2013 directly visit customers so that the processing of their complaints takes place in a fair manner. Such service recovery activities allow swift processing of customer complaints, as well as experts' profound responses to those with problems. We have also newly established customer protection executives in April 2012, and have placed service recovery centers, customer satisfaction centers, and insurance compliance. Through such measures it has become possible to strengthen protection for our customers as well as reflect the voice of the customers in our business by analyzing their complaints on a real-time basis.

We have also started utilizing SRMs(Service Recovery Manager) that are specialized in dealing with complaints in customer service centers that receive the most complaints(60% of all complaint centers), so that inconveniences that the customers encounter can be actively dealt with to prevent the spread of discontent among customers.

Customer Information Protection

As a response to increasing social interest in customer information protection and customer demands, Kyobo Life has established a department solely dedicated to customer information protection, and has been operating its Digital Rights Management(DRM) to further carry on its effort to actively protect customer information.

After designating information protection personnel for each department from FY2011 and implementing 'Customer Information Protection Evaluation' throughout the entire company, from January 2013 we have nominated 'Information Security Personnel' to protect customer information in workplaces where the information is actually handled.

Each information security personnel placed in the workplace carries out tasks such as monitoring information security measures in the business and service sites, on-site information security education based on monitoring data, finding danger factors to information security and more. Also, there are continuous efforts to instruct all financial planners and employees on protecting customer information. From FY2012 we have strengthened the existing education programs, and there have been no complaints regarding customer information leakage or violation of information protection laws during the covered period of this report.

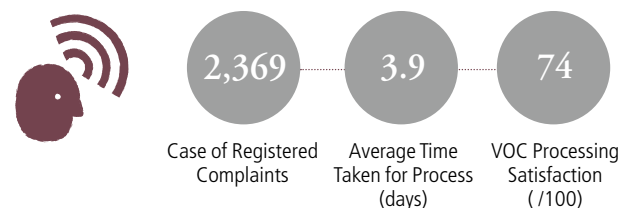
Customer Information Protection Education Results (unit : hours)

	2010	2011	2012
Financial Planners	4	4	10
Employees			
Executives	4	4	4
Employees	4	4	10
IT Personnel	4	4	13
Information protection personnel	4	4	13



Poster to reduce customer complaints Soritgui System

VOC Processing*



*According the regulations to unify the business notifications of insurance companies, the results were open since 2012(www.kyobo.co.kr > Announcements > Business Announcement > Periodic Business Announcements).

Customer Satisfaction

Kyobo Life has been carrying out annual customer satisfaction surveys since 2000 to more effectively carry out our core value of being 'customer-centered', which can be realized through analyzing and responding to the expectation levels and the needs of the customers.

The customer satisfaction survey of FY2012 was done on 2,000 people regardless of gender, as long as they were those who have underwritten an insurance policy within the last three years. The results of the 2012 customer satisfaction survey showed an increase of 1.4 points to reach 75.9 points, which was higher than last year and maintained continuous increase since FY2010. Specifically, there were increased satisfaction levels regarding insurance products, maintenance services and customer PLA- ZA-related services.



Satisfaction Levels by Classification (unit: point)



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

Customers and the Future

Results of the FSS' Equity-linked Insurance Sales Mystery Shopping Evaluation _No. of companies (unit: No.)

Excellent (90 or above)	Acceptable (80 or above)	Moderate (70 or above)	Inadequate (60 or above)	Lacking (below 60)
-	Kyobo Life	3	-	12

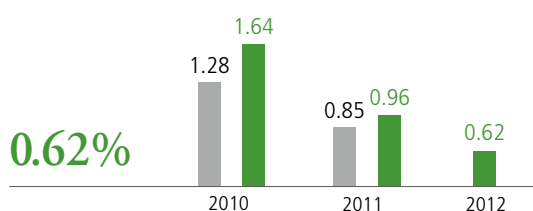
Results of the Mystery Shopping of FSS' Fund Sales

_ No. of companies

Excellent (90 or above)	Acceptable (80 or above)	Moderate (70 or above)	Inadequate (60 or above)	Lacking (below 60)
Kyobo Life 2 others	12	7	2	6

Ratio of Incomplete Insurance Product Sales (unit: %)

■ Average Insurance Company ■ Kyobo Life



* The average of life insurer in the year 2012 will be released in July

The Start of Customer Assurance, Realizing Full-Membership

One of Kyobo Life's FY2012 business procedures is 'customer assurance innovation', under which we try to provide the most appropriate customer assurance.

Customer assurance in the eyes of Kyobo Life is 'to have customers obtain financial guarantee and psychological comfort through our life insurance products'. By underwriting policies that balance their family life, healthy lifestyle and life after retirement they can prepare for steady financial guarantee throughout their entire lives, through which they can earn psychological comfort.

Such customer assurance starts from full-membership, meaning that we help the customers appropriately understand the value of life insurance and guide them to underwrite policies that fit their needs. Full-membership has to do with abiding by the 3 basic provisions, faithful notification of pre-contract obligations, and informing them of all they need to know and so on.

Full-Membership Realization

Classification	Contents
3 basic provisions	- Written signature of both contractor and insurance beneficiary
	- Providing the terms of agreement and giving specific explanation
	- Providing an application form for the contractor to keep
Faithful notification of pre-contract obligations	Guide customers to faithfully notify all pre-contract obligations
Informing customers of everything	Inform customers about the traits and provisions of the product, and anything else that need to be mandatorily discussed

Kyobo Life constantly provides education for all financial planners regarding full-membership, and to help full-membership take place we are reinforcing the application system as many times as needed. There is a clause that censures those that did not achieve full-membership, motivating strict observation of company regulations. Such efforts resulted in our ratio of incomplete insurance product sales shows a continuous decrease in those figures.

As a result of 'fund full-membership mystery shopping' sponsored by the Financial Supervisory Service(FSS), carried out in September-October 2012 on 600 customer PLAZAs ranging through 30 different financial companies, we have also received an excellent-grade approval of 95.2(76.6 points average for all companies) points out of 100, resulting in 'excellent' grade, and in the equity-linked life insurance complete sale evaluation done upon 400 financial planners in 16 different insurance companies in November~December 2011, we were the only company to receive an 'acceptable' grade with 81.2 points out of 100(53.7 points average for all companies).

Inspection of Product Advertisements and Insurance Guiding Data

(unit: case)

	2010	2011	2012
Product advertisements and insurance guiding data	420	600	609

4 Core Activities for Assurance Maintenance

Classification	Contents
Guarantees for existing contracts	Remind customers of contract contents that they may have forgotten
Checks and guides for non-claimed accident insurance payment	Check missed insurance payments and help claim them
Customer information cleansing	Check altered customer information and correct them
Coverage diagnosis and product/service guidance	Suggest new products and services appropriate for changing lifecycles

Prior Approval of Product Advertisement and Insurance Guide Data for Customers

Because insurance products are inevitably invisible, the portion that advertisements and guiding data take up when we explain our products to the customers is very high. Therefore it is essential that we use advertisements and guiding data that is not inaccurate or exaggerated.

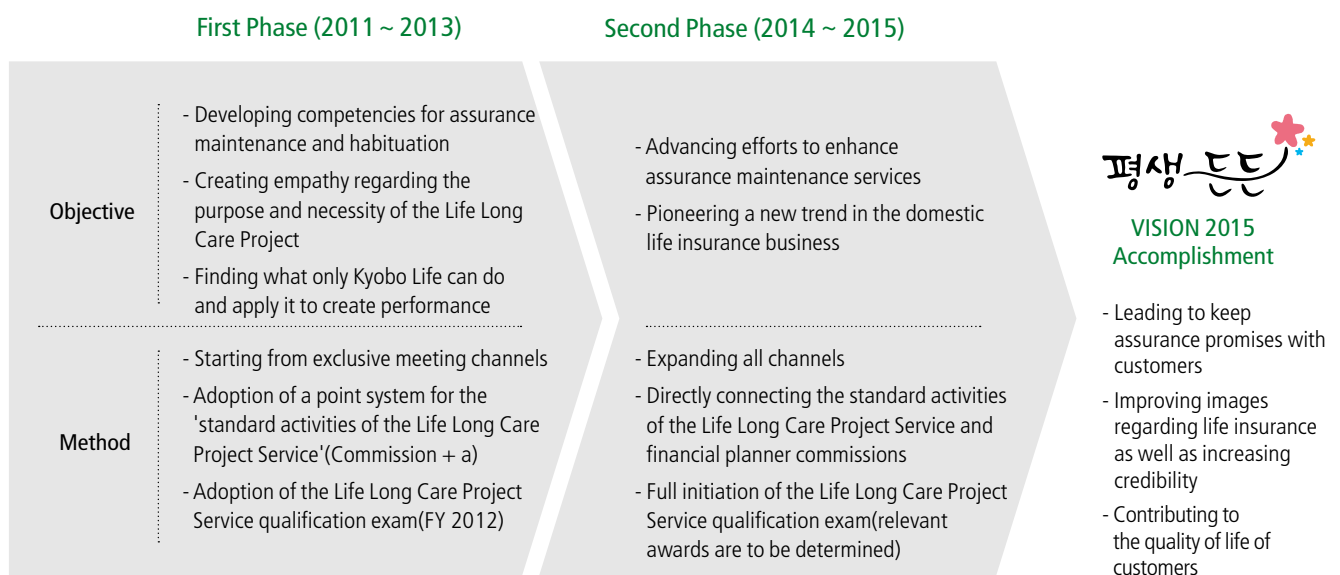
Kyobo Life operates an interim inspection system that allows only advertisements and data that have gone through prior review to be provided to customers. Not only do we check whether the data meets the criteria given by insurance laws and other regulations, but we also emphasize the matters that require attention in larger fonts and change difficult terminology into easier expressions so that the data is written for the eyes of our customers.

Also, we have an internal reporting channel designed to eliminate the usage of unapproved insurance data and operate our company homepage in accordance with these regulations, and sanctions are imposed on financial planners and managers that use undesirable data.

Life Long Care Project

Kyobo Life initiated the 'Life Long Care Project' starting in FY2011. The core concept of this project is to switch from the conventional 'New contract-centered' business culture to 'customer assurance-centered' insurance business culture to secure customers, and to achieve this we have established four core activities for assurance maintenance and a roadmap showing our plans.

'Life Long Care Project' Roadmap



*Standard activities of the Life Long Care Project Service' Point System: Granting points for the four core activities for assurance maintenance, and paying points in cash after calculation



Life Long Care Project Service CF



Promise of the Life Long Care Project Service

Life Long Care Project Service's Activities

Efforts During FY2012s FY2012 was the second year of the Life Long Care Project, and core tasks such as increasing communication, strengthening assurance maintenance service competencies, and improving relevant systems and standards were selected to be initiated.

To efficiently carry out the project, we are selecting relevant KPI and proceeding with continuous measurement and monitoring. From the progress of the Life Long Care Project up to FY2012, a total of 20.1 million customers experienced Life Long Care Project Services and 80.9% of them were 'satisfied'. The total retention rate of customers from the 2nd~25th month that experienced the Life Long Care Project Service was 2,188.6%, which was higher than the company average by 200%.

Life Long Care Project Service KPI (unit: %)

KPI	2011	2012
Life Long Care Project Service experience ratio	41.1	51.7
Life Long Care Project Service satisfaction rate	75.2	80.9
Total retention rate of experienced customers (2nd~25th month)	2,190.1	2,188.6
Pure increases in patrons	7.6	7.1

* Life Long Care Project Service experience ratio: ratio of customers that have experienced Life Long Care Project Services

* Life Long Care Project Service satisfaction rate: ratio of those that have answered 'satisfactory' or higher when surveyed regarding standard activities

* Experienced customers and patrons: customers that pay over 300,000 won per month in insurance and hold at least two policies

Core Tasks of the Second Year of the Life Long Care Project



Increasing Communication_ Internal

Carrying out communication efforts to create empathy toward the project on the enterprise scale

Periodic sharing of the project's progress and its performance

- Current management state seminar(once a quarter), recording it in the company MIS(management information system)

Operating an ombudsman for the Life Long Care Project (composed of financial planners)

- Periodic collection of on-site opinions to reflect them in policies and systems



Increasing Communication_ External

Advertisements that deliver values of the Life Long Care Project Service

Developing a storytelling mascot of the Life Long Care Project, and putting it to use

External advertisements using diverse digital customer convergence points



Strengthening Assurance Maintenance Service Competencies

Improving financial planner training systems by their class

- Expanding convening education programs, strengthening training within agencies

Supporting activities to strengthen financial planner competencies

- Digital-based competency reinforcement, developing and providing standard activity guidelines and other educational material

Operating the Life Long Care Project Service qualification exam (Financial Planners)



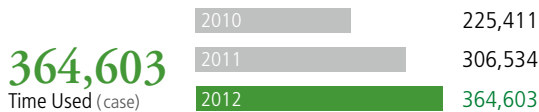
Improving Relevant Systems and Standards

Improving the Life Long Care Project Service Point System and performance evaluation standards

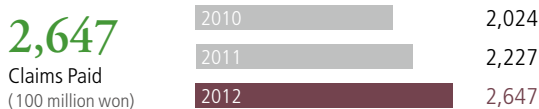
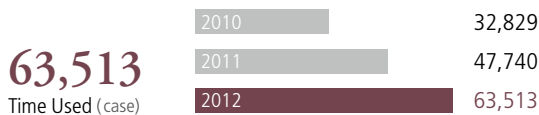
Improving Life Long Care Project Service monitoring and satisfaction surveys

Visiting Registrations and Payment Services Provided

Financial Planners' Proxy Registration System for Accident Insurance Payment



Visiting Insurance Payment Service



Security card for the visually impaired

Efforts for Convenient Insurance Payment

When claiming insurance payments that need additional evaluation procedures, documents proving the necessary causes of payment need to be submitted. Customers tend to feel uncomfortable asking for insurance payments when this happens. Kyobo Life is doing its best to pay the customers' insurance in a more convenient and accurate way.

Operating Receiving Counters Other than the Customer PLAZA

Claiming insurance and its payment is done in 66 customer PLAZAs all over the nation. But when there are no Kyobo Life customer PLAZAs near the area or in cases where it is difficult for customers to visit us, it becomes difficult for them to claim or obtain their insurance payment. To address these inconveniences we are also accepting insurance claims in 91 other counters. The insurance claim documents registered through these counters are sent to the nearest customer PLAZA which enables the insurance to be paid. 43 of these counters allow simple insurance payments that can further increase customer convenience.

Registration Counters by Region (unit: No.)

Classification	Registration Counters (payments possible)	Classification	Registration Counters (payments possible)
Seoul	3 (1)	Busan	2 (1)
Incheon	1 (0)	Gyeongnam	11 (5)
Gyeonggi	18 (12)	Daegu	1 (1)
Gangwon	9 (4)	Ulsan	2 (0)
Gyungbuk	13 (6)	Gwangju	0
Daejeon	0	Jeonnam	10 (2)
Chungnam	9 (6)	Jeonbuk	7 (3)
Chungbuk	3 (1)	Jeju	2 (1)

Visiting Services The 'financial planners' proxy registration system for accident insurance payment' is a service where the financial planner visits the customer's home to obtain insurance claim documents and registers to the customer PLAZA in their stead, and upon request from a customer that cannot visit customer PLAZAs the a financial planner will visit and pay the insurance, which is called the 'visiting insurance payment service'. Through these services, we help customers that cannot visit registration counters claim and obtain their insurance.

Security Cards for the Visually Impaired A separate security card is compulsory when using electronic financial transactions, which made it impossible for the visually impaired to use the security cards. To minimize such inconveniences we have started issuing 'Braille security cards for the visually impaired' since July 18, 2012, which made it possible for them to use electronic transaction conveniently and safely.

Financial Planners, Employees and the Future



When financial planners and employees diligently carry out the tasks that they are designated to, and at the same time, feel that they are being rewarded fairly on the basis of their performance and growth, voluntary commitment for the customers follows. Kyobo Life will provide diverse opportunities for growth through our corporate culture of fostering talented people, and become a company that 'grows together with its financial planners and employees' through fair evaluation and reward procedures.

- Executive Marketing Director, Yeol-Hyun Yoon -

Pledge to the Financial Planners and Employees

Kyobo Life will grow together with its financial planners and employees

Principles to Fulfill Our Pledges

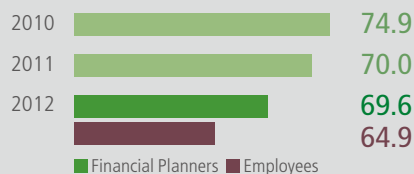
3. We will maintain our corporate culture of joy, confidence and trust.
4. We will provide all employees with equal opportunities and reward them based on fair evaluations.
5. We will enhance the expertise of our financial planners and employees.

Progress on our Pledge (KPI Changes)

Employee Training Hours Per Head* (unit: hours)



Financial Planner & Employee Satisfaction Index* (unit: point)



Financial Planner Retention Rate (13th month)*

(unit: %)



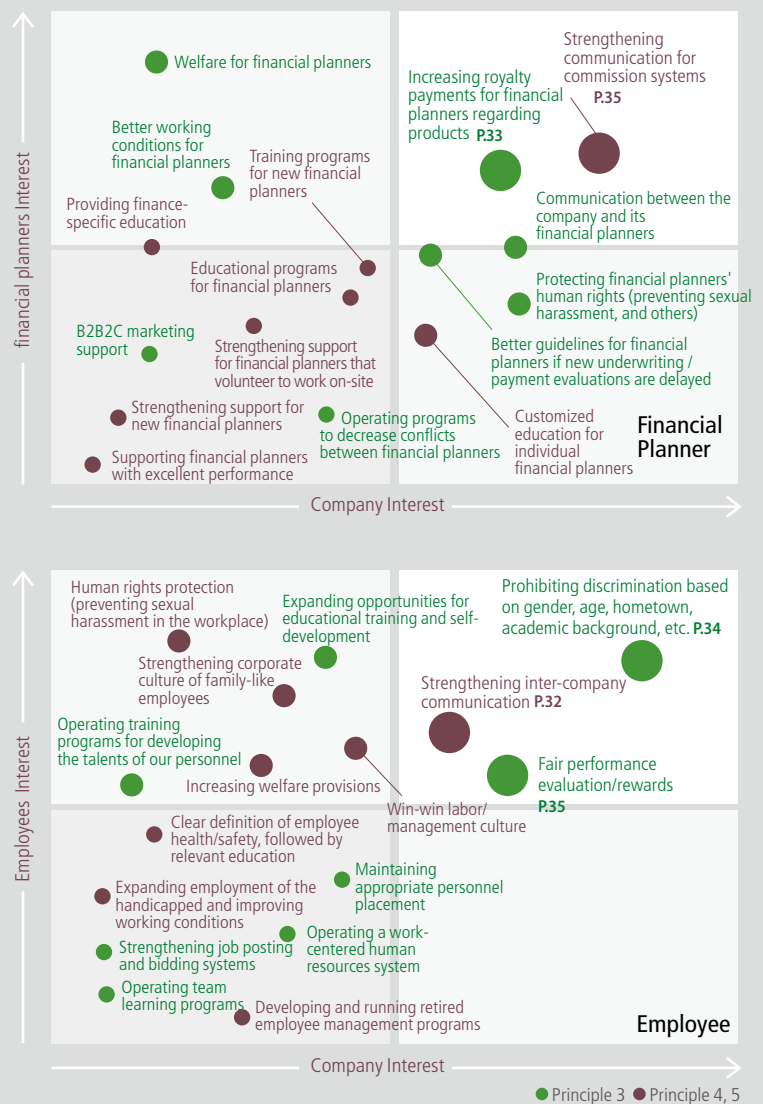
*Employee satisfaction rates of FY2010 and 2011 were not surveyed due to internal circumstances.

*Financial planner retention rate = (No. of financial planners retained / No. of registered financial planes)X100

*Retaining financial planners for 13th month: As of the 13th month, financial planners that have underwritten at least 1 new contract, and those maintaining at least 10 other contracts.

Results of Materiality Test

*The criteria for importance evaluation can be found on page 19



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

Financial Planners, Employees and the Future

Intra-Company Communication 'Thanks' Program

Classification	Contents
'Thank You' video clip series	Broadcasting video clips with campaign messages through the intra-company satellite broadcasting systems (With the Gag Concert 'Thank You' Team)
'Thank You' UCC contest	Production of UCCs holding campaign messages by employees (rewards to the best UCC clips)
Thanks letter contest	Letters of thanks to family, co-workers and acquaintances (rewards to the best letters)
Relay 'Thanks'	Operating a 'Thanks' relay menu in the company Intranet
2012 Kyobo Life photo exhibit	Showing gratitude through photos of the past year

Participation for 'Compliment Corner'

Classification	2010	2011	2012
No. of participants (person)	3,247	4,451	4,115
Points (point)	126,924	136,059	165,045
Participation rate (%)	74.2	98.3	87.5



CEO's visits



Business status briefing



CEO Gag Concert gig 'Thank You' performance



Kyobo Life Dasomi Nursery

Intra-Company Communication

To create our corporate culture of joy, confidence, and trust, Kyobo Life is strengthening intra-company communication between executives and financial planners & employees, and the head office with on-site branches.

Communication Efforts from Top Level Executives (Business Status Briefing) To increase comprehension and strengthen communication regarding current issues of the company by employees. Since the last FY, we have carried out seminars to explain our business status. Under conditions of low interest rates, reverse margins and stronger regulations of RBC, during this FY, the main issues were centered around communicating company policies and tasks.

Inter-Company Communication Campaign : 'Thanks' To create a healthy organizational culture by strengthening positive communication between employees, we have initiated an inter-company campaign, 'Thanks'. One activity includes a 'thank you note,' listing 5 things to be thankful for each day. Other activities include an inter-company satellite broadcasting campaign, UCC competitions, online 'Relay Thanks', and other diverse programs. Also, in the 2012 Customer Assurance Awards ceremony, the CEO parodied a standup comedy routine called 'Thank You' with an actual Gag Concert where 'Thank You' team members who brought positive responses were recognized, further stilling the campaign's purpose within the company.

Seminars

1st	2nd
August 20 ~ 29, 2012 6 Times / Venue: Head Office, Gyeseongwon (Training Institute)	March 21, 2013 1 Times / Venue: Head Office

Contents

- Business performance and business environments
- Marketing directions under the global economic downturn
- Communication regarding human resources
- Current customer complaints and main VOC / - CEO communication

Intra-company Satellite Broadcasting System and Newspaper

Through producing and broadcasting in the intra-company satellite broadcasting system and publishing company newspapers, we are sharing important company issues and information with our financial planners and employees. To foster communication regarding main company policies and issues, we have increased inter-company broadcasts from 4 days a week to 5 days a week, beginning in August of 2012. As of March 2013, our company newspaper 'Kyobo Community' witnessed its 253rd edition, which further provides a wide array of information to our financial planners and employees.

To increase friendship between employees and to create an interesting and bright corporate culture, we are running clubs within our company. To date, there are 31 company clubs in total at all of our national branches with 1,238 employees participating as of March 2013. By supporting the expenses regarding renting facilities, inviting instructors and planning events, we are encouraging further club activities in the company.

By running a 'Compliment Corner' on the company's Intranet where it is possible to send 'compliment points' along with the reason for compliments, we are facilitating mutually sound communication between employees. We also invite employees with high compliment points to the 'Compliment Luncheon' supervised by the CEO, and from 1999 to March 2013 there have been a total of 751 employees that were invited to this event.

Labor-Management Relations for Coexistence

Through Kyobo Life's membership of the UN Global Compact, the company has made it clear that it supports the right to create unions and the right to collectively bargain. The labor unions are seen as cooperative partners, and there is a relationship that coexists between laborers and the management. As of March 2013, the number of members in the labor union is 3,281, which accounts for 76% of all employees.

Kyobo Life's laborers and management hold quarterly councils and seminars to discuss important issues for employee working conditions such as employment, safety, and welfare. Annual wage negotiations and biannual collective negotiations take place and all employees are affected by their results. If major modifications happen in the company, Article 7 of the Collective Regulations stipulates that the changes be swiftly notified to the labor union. By sharing the progress of major issues beforehand, a cooperative labor-management relationship is maintained. In FY2012, agenda such as the adoption of incentives on the organizational level and the installation of corporate childcare facilities were discussed. Through such efforts, we were nominated as an excellent company regarding labor-management relations in July 2012 by the Ministry of Employment and Labor.

Harmony Between Work and Life

Given the nature of our business, none of our employees work in a job that has a high rate of accidents or disease outbreaks, and there is no discrimination regarding wage systems. The basic wage levels of new college-graduate employees as of March 2013 was 242% compared to minimum wage rates of 2012. In order to increase productivity through full employee concentration of work, there are many welfare systems available.

Employee Welfare Systems

Classification	Contents
Life stability	Legally mandated welfare (4 major insurances), academic scholarships, travel expenses, life insurance for employees, supporting personal pension membership, supporting family events, commemoration gifts for retiring employees, clothing support, supporting childcare expenses, Kyobo Life Dasomi childcare operation, funeral support
Residence stability	House purchase loans, house renting loans, provision of company housing and training camps
Healthy cultural activities	Health control, recovery centers, intra-company athletics competition, intra-company clubs

Pension Support for Elder Life Stability Kyobo Life pays 50% of the employees' national pension payment and a portion of their personal pension insurances. According to the Retiring Employee Pension Payment Guarantee Law, our company runs a retirement pension program where we save 1 month of average wages for an employee per 1 year of time spent in the company in a safe financial institution, and the company pays the employee in either a pension or a lump sum.

Supporting Healthcare of Employees and Family We have all employees take an annual health checkup. Additionally, upon the requests of an employee, their spouses and children, it is possible for them to receive flu vaccines in 7 healthcare centers nationwide at a price lower than the market price. Also, we have opened a 'healthcare counseling channel' where employees can easily seek advice from Kyobo Life's healthcare center experts.

Healthcare Support

Classification	2010	2011	2012
Employee health checkups	3,790	2,734	3,614
Flu vaccines	2,064	2,207	1,682
Utilization of the 'healthcare counseling channel'	33	20	10

Creation of Family-Oriented Cultures Kyobo Life operates diverse programs so that employees can maintain a balance between work and family, allowing the individual and the organization to grow together. We allow half-day leaves so that employees can participate in family events or take care of each other when a family member is sick. By adopting policies such as 'flexibly in coming to work,' 'flexible lunch hours,' and 'telecommuting,' we allow employees to manage their working hours themselves, to increase autonomy and satisfaction. We also allow childcare leaves and provide child fostering costs, along with spousal maternity leave (paid, three days). Also included are fetus checkup leaves, designed to protect pregnant employees who can also take advantage of information centers for childcare, so that a working environment exists that emphasizes the protection for expectant mothers and their children.

Childcare Leave Application and Returning Rates*

Classification		2010	2011	2012
No. of applicants for childcare leave	Male	3	-	2
	Female	99	119	130
Return rates of applicants of childcare leave(%)	Male	100	-	100
	Female	100	93.6	91.2

*Return rates are in terms of those that returned within the given FY

Establishment of 'Kyobo Life Dasomi Nursery' In order to create an environment where employees with young children have both less of a burden of childcare and greater work stability, in January 2013 we established an intra-company childcare facility called the 'Kyobo Dasomi Nursery'. It was built near the head office in Jongro-gu Shinmunro 2ga. It has three floors; one underground and two above ground each, taking care of children from ages 1 to 5.

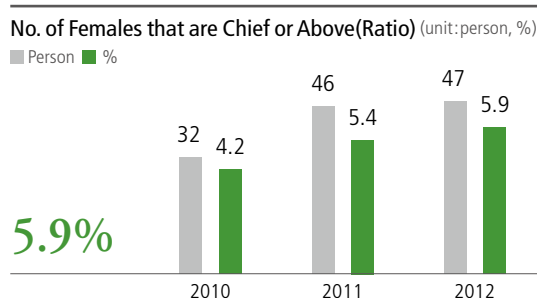
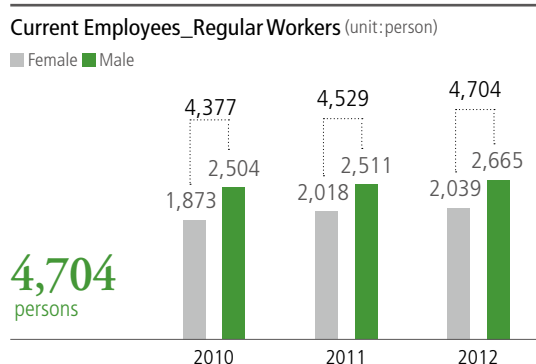
Increasing Royalty Payments for Financial Planners Regarding Products

Creating 'Kyobo Life Stories' In order to strengthen consultant and employee pride toward Kyobo Life and to reinforce storytelling competencies, we have made a video clip named 'Kyobo Life Story'. During the video, the 'history of challenges and innovation' section includes the company's development of innovative products as well as its development of its first-ever insurance product, which clearly shows Kyobo Life's product excellence.

Opening Briefings for New Products Kyobo Life operates briefing sessions to give explanations to customers regarding insurance products, and to contribute to the increase in new underwriting and the improvement of customer competencies. We explain the insurance product's value, characteristics and competitiveness. These briefing sessions target operation managers and consultants and is carried out by a designated instructor from the product development department headquarters, which also contributes to the observance of the insurance underwriting and membership processes.

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

Financial Planners,
Employees and the Future



Current Personnel

As of the end of FY2011 the number of regular workers employed in Kyobo Life is 4,704, along with 20,193 financial planners. 43.3% of the regular workers are female, and there are 57 employees with disabilities. During FY2012, 131 employees retired showing a retirement rate of 2.8%, and 85.4% of the financial planners are women.

Efforts to Protect Human Rights

Kyobo Life supports internationally proclaimed human rights issues, and is diligent in its efforts to not be involved in human rights violations. By establishing a 'Protection for Internal Reporters' regulation in May 2012, we were able to boost the efficiency of the original internal reporting systems. Also, by specifying the rules necessary for protecting those who report, we strengthened the prevention of any human rights violations that may happen during the process of registering and processing internal reports.

Programs to Prevent Sexual Harassment in the Workplace By recognizing sexual harassment to be one of the major cases of human rights violations in the workplace, Kyobo Life is doing its best to prevent it from happening. When training surveillance personnel, we put special emphasis on this issue, and we carry out prevention programs toward all financial planners and employees under the supervision of each organization's head. Other than periodic conventions, we are increasing the efficiency of our education by using animation, comics, the Intranet and our satellite broadcasting systems regularly.

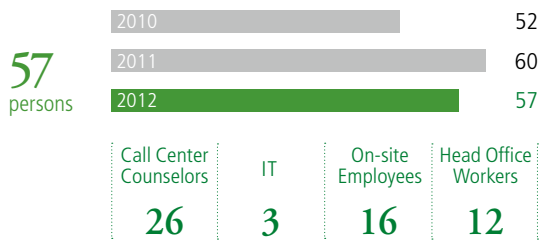
Abolishing Discrimination in Employment and Work We are providing equal opportunities to the applicant regardless of their gender, age, religion, or hometown. Employees' promotion, rewards, education, and retirement issues are not influenced by anything other than individual competencies and performances, which grant them fair opportunities. Particularly, in June 2011 we have turned customer satisfaction center workers and temporary contract-based insurance inspectors into regular workers, and have established relevant human resources measures.

In FY2012, we added a clause regarding the eradication of factions at the start of each FY in Kyobo Life's Code of Professional Ethics, which increased workers' awareness of unwitting discrimination in the workplace.



CEO-supervised workplace ethics resolution oath

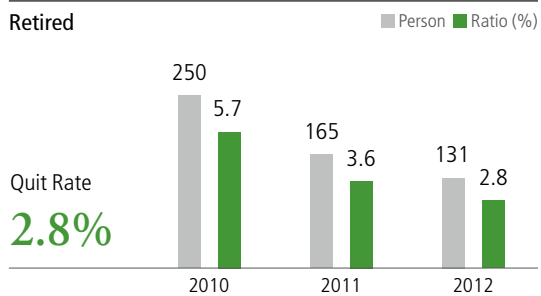
Disabled Personnel (unit: person)



Non-regular Workers (unit: person)



Retired



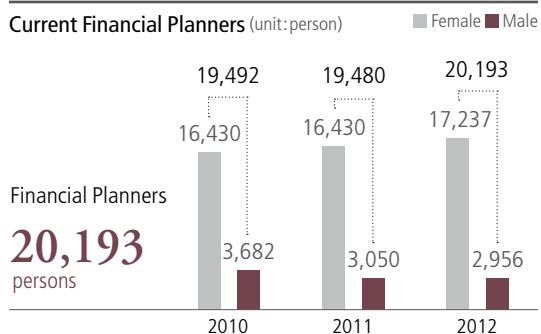
Recruitment Status (unit: person)



2012 Local Recruitment



Current Financial Planners (unit: person)



Prohibiting Child Labor and Forced Labor Not only do we prohibit children under 15 to work, but we have restrictions against adolescents under 18 from getting jobs. We also prohibit all forms of forced labor that go against workers' rights of free labor.

Fair Evaluation

We hold periodic evaluations regarding competencies and performance for all employees. Competency measurement deals with individually demanded competencies for achieving goals and executing tasks such as knowledge, technology, and attitude. Performance evaluations mean assessing the results of fulfilling individual objectives that are set in accordance with the objectives of the company or high-level executives. It is possible to raise objections toward the process and results of the evaluation for fairer outcomes. The contents that were subject to objections are reviewed by the Human Resources Executives Committee to decide whether to modify the ratings or to dismiss them.

Evaluation Process



When Objections are Raised



Communication Regarding Financial Planners' Commission Systems

Financial planner commissions are paid based on previously set rates, so it is very important that the financial planner accurately understands the commission system. Financial planner commission systems are revised occasionally. When this happens, diverse methods are used to share the information such as intra-company satellite broadcasting, other means of intra-company communication, education provided by business managers, and other forms of communication from responsible departments. Commission revision takes place when necessary, in accordance with the business direction that the company decides upon, so communication regarding the commission system is an important tool that aligns the activities of financial planners with the business direction of the company.

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

Financial Planners, Employees and the Future

Training for Rookie Financial Planners by Month

0 - 1st	Life Long Care Beginner Course	2 months / support group
2nd - 3rd	Life Long Care DeunDeun Advanced Course	5 weeks / support group
4th	Assurance Design Course	2 days / Headquarters
5th	Kyoboin Course	2 days / Gyeseongwon
6th	Retirement Planning Course	2 days / Headquarters
7th - 12th	Thematic Courses in the Head Office	1-2 days / Headquarters
13th month	Challenge Leaders Course	2 days / Gyeseongwon

Expert Customer Assurance Financial Planner Course Contents

Knowledge

Increased comprehension regarding products
- understanding the strengths and weaknesses of the product

Increased competencies for underwriting products that provide a family's life guarantee

Methods to increase lifetime / CI insurance membership

Knowledge related to health issues involving CI insurance

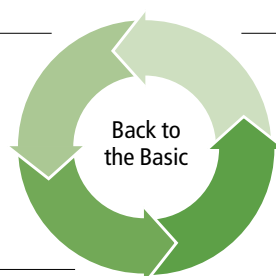
Attitude

The essentials of the business, FP-Ship

Establishing objectives

Sense of ownership

7 habits of successful people



Habit

Core competencies to realize activity processes
- Choosing Customers, Preparing for Visits, Activities During Visits, Feedback

Skill

Core competencies to realize lifetime design processes
- Approaching through phone calls, analysis of original contracts, analysis of family assurance,
- Life Long Care Project Service

Core competencies for customized design according to each customer trait

Improving Education Programs for Customer Assurance Innovation

Kyobo Life provides diverse and efficient education programs that help financial planners grow to be experts who are acknowledged by their customers. From FY2012, in order to strengthen one of our business procedures of 'customer assurance innovation', we have modified our educational system. Financial planners watch intra-company market support programs each morning in their offices and through the morning education sessions and monthly development programs, increase their competency for customer assurance. This happens from the moment the financial planner enters the company.

Training New Financial Planners To support new financial planners to become experts in their field, it is essential to provide them with systematic education from the beginning. A rookie financial planner who has finished the monthly 'Life Long Care Project program' undergoes further training in each office called the Basic Training Program(BTP) for the next year as well as monthly-scheduled company trainings.

Opening a Special Course for Financial Planning in Customer Assurance

To faithfully fulfill our goal to 'provide customer assurance values' through the objective of life insurance of 'full membership' by strengthening financial planner competencies, Kyobo Life has created an objective of turning all financial planners into 'customer assurance experts' by March 2014. For this purpose in January 2013, we have recently opened "expert financial planner" training centers in all of our 64 support groups and have established the "Expert Customer Assurance Financial Planner Course".

The "Expert Customer Assurance Financial Planner Course" strives to turn financial planners into customer assurance experts who have equally balanced abilities in the four core competencies of knowledge, attitude, technology, and habits. The 6-week program focuses on instilling a sense of duty in financial planners and challenging attitudes to innovate their minds, through which competencies necessary for realizing the true purpose behind a financial planner: a customer's life goals and the plan to achieve them. It also allows them to habituate their activity process to make all of these things possible.

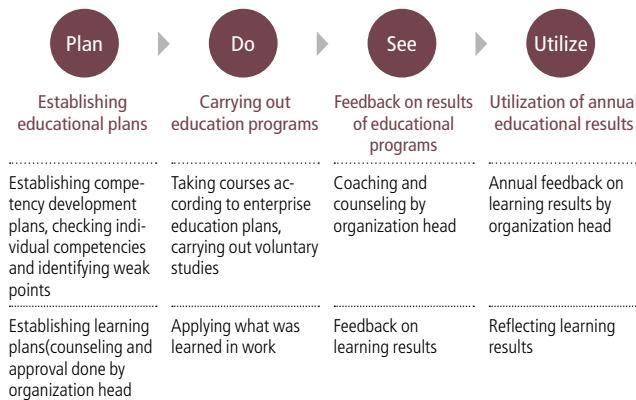
Tablet PC-based 'Kyobo Dream on' Service Open

In October 2012, we opened "Kyobo Dream On," a site-centered business support system that provides underwriting, maintenance and payment systems anytime and anywhere using a tablet PC as long as there is customer convergence. Through this, it became possible for consultants to more conveniently carry out customer assurance related to Life Long Care Project Service as well as customer assurance which increased work efficiency and insurance activities.

Supporting Employees Competency Development

Kyobo Life provides diverse employee competency development programs, and all employees are required to establish and carry out individual learning plans. By using organization heads as learning leaders, we added justification to competency development by reflecting results and participation rates of compulsory courses into promotion standards.

Competency Development Learning Process



Compulsory Educational Programs Compulsory educational programs are divided into enterprise level compulsory education for all employees, education for specific-level employees, and competency-developing education for certain jobs and roles. Enterprise level compulsory education is selected based on the essential things that all employees must know for each FY. For FY2012, we established and operated a "Vision Course" to create empathy and alignment on the enterprise level regarding the newly created Vision 2015.

Team Learning Program Team learning programs are categorized into Action Learning. Through mutual learning between employees, immediate problems of the organization are solved. Two of our most effective are Community of Practice (CoP), which are learning clubs related to performance production in the company; and Socio Drama, where intra-company conflicts and solutions are shown through role play. All employees participate in at least one form of team learning programs.

Voluntary Learning Program These include participating in cyber courses, reading communication courses, insurance training institutes and acquiring special licenses provided by the company voluntarily. Expenses related to learning are supported through competency development costs, and all employees are participating in at least one voluntary learning program.

Competency Development Support Costs (unit: thousand won)

	2010	2011	2012
Total Amount	1,093,871	1,077,867	985,944
Per Person	322	312	284

Employee Education

	2010	2011	2012
Annual Learning Hours (hours)	475,676	472,056	507,100
Learning Hours per Person (hours)	109	102	110
Educational Expenses per Person (thousand won)	828	878	1,040

Continuous Training Courses for Business Managers Working in the Head Office

We have initiated continuous training courses for business managers working in the head office since December 2012. This allows us to attain effective cooperation between the head office and its branches as well as to retain personnel qualified enough to become branch heads at all times. Not only do these courses induce work cycles for people to become business managers through systematic education regarding the insurance business, but it also increases the comprehension of branches and actual business sites of head office employees. We have operated work knowledge courses, process initiation courses, and branch operation courses for one month each, and all head office employees with no experience as a business manager until December 2013 will receive the same.

Outline of Team Learning Programs

Classification	Action Learning	Community of Practice			Socio Drama
		Problem Solving	Competency Development	Reading and Discussions	
Unit	Division/Department	Head office and on-site units			Division/Department
Members per team	6~8	4~8	6~10	5~10	8~10
Subject	Main objectives for FY2012 that are related to the said division/department	Tasks that need to be improved regarding work	Issues related to developing competencies	Tasks that help carrying out tasks or creating performance	Solving conflicts between core values that may arise during work
Participation	18 teams, 135 employees	158 teams, 1,035 employees	195 teams, 1,130 employees	76 teams, 601 employees	10 teams, 80 employees

Investors and the Future



Creating long-term and stable performance is very important in the eyes of the investor. This is because it is only possible for a company to be truly approved of its value when there is trust that the company can create sustainable profit for the future. For this, Kyobo Life will not only administer profitability in all business sectors, but also preemptively deal with risk to become a "company that is attractive to investors".

- Business Support Department Head, Sug-Gi Lee -

Pledge to the Investors

Kyobo Life will continue to be an attractive investment to investors

Principles to Fulfill Our Pledges

6. We will continue to generate additional profits through sustainable growth.
7. We will increase our corporate value with preemptive risk management skills.

Progress on Our Pledge (KPI Changes)

Total Assets_P.40 (unit:trillion won)

2010	57.9
2011	62.4
2012	70.0

Returns on Equity(ROE)*_P.40 (unit:%)

2010	15.1
2011	11.1
2012	10.4

RBC* (unit:%)

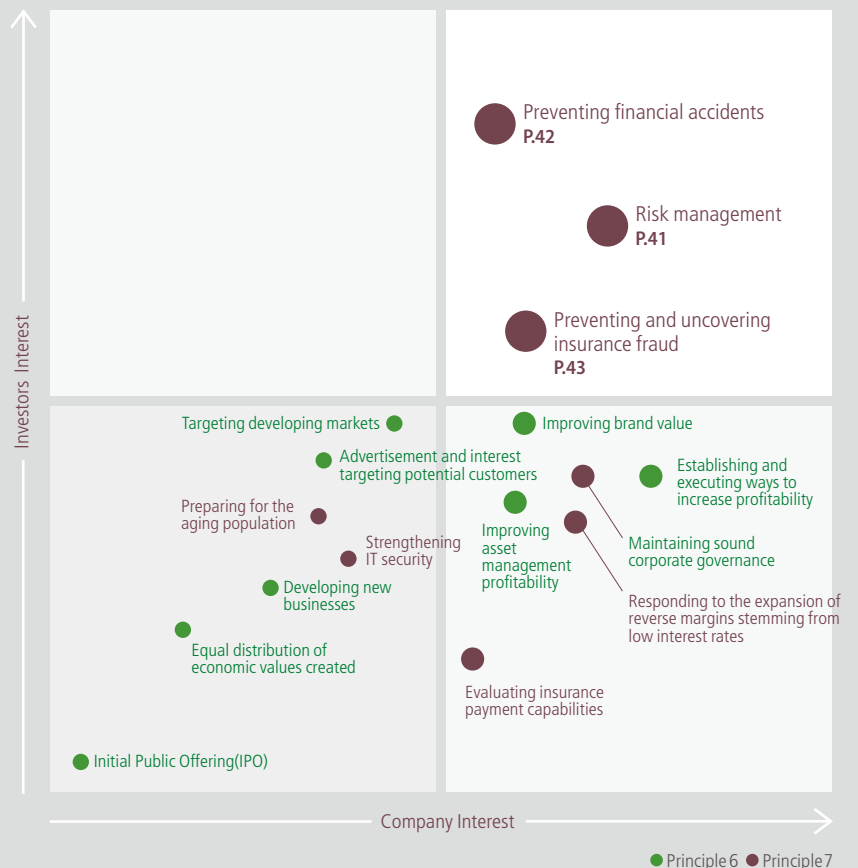
2010	222.6
2011	247.1
2012	258.3

*Return On Equity (ROE)=Net Profit/((Capital at the start of period)+(Capital at the end of period)/2)×100

*RBC(Risk Based Capital) Ratio=Usable capital for insurance payment(payment capability)/Capital needed for risk management (Total RBC risk)×100

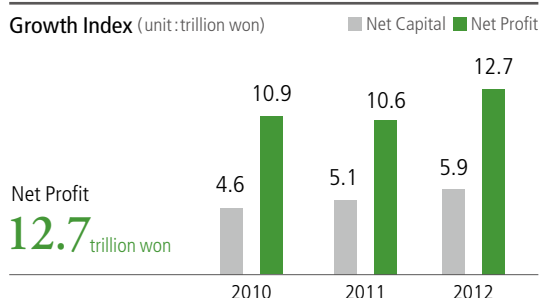
Results of Materiality Test

*The criteria for importance evaluation can be found on page 19

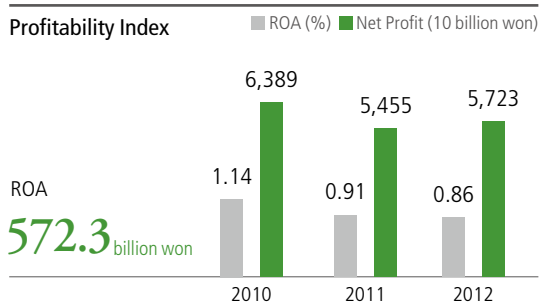


We will continue to generate additional profits through sustainable growth.

Investors and the Future



* "Net profit (insurance revenue+investment revenue+others)" refers to the revenue of a certain company.



*ROA(return on assets)=net profit for period/(total assets at the start of period)+(total assets at the end of period)/2 }×100

Growth

Through the increase of insurance revenue by expanding sales of assurance-related portfolios, acquiring excess profit through utilizing the volatility of a low interest rate financial market, increasing profitability for new investment assets and strengthening preemptive risk management to prevent the weakening of our retained assets, company assets are increasing consistently. As of FY2012, total assets were 70 trillion won, total equity capital was 5.9 trillion won, and operating revenue was 12.7 trillion won. These were all top figures on the national level.

Total Assets (unit:trillion won)

'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12
29.8	32.4	35.5	38.5	43.0	46.2	50.0	54.1	57.9	62.4	70.0

Profitability

Despite the global financial crisis through customer-centered and profit-centered growth, we have constantly increased profitability. Since FY 2008, we have maintained a steady average ROE (Return on Equity) rate of 11%. Even though the profitability of the financial industry is showing a steady decrease, for FY2012 Kyobo Life had a record rate of 0.86% of ROA (returns on assets), and a net quarterly profit of 572.3 billion won which was an acceptable rate, given the industry's conditions.

ROE (Returns on Equity) (unit: %)

'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12
38.7	8.4	32.4	16.6	17.8	20.6	11.0	15.6	15.1	11.1	10.4

Stability

Kyobo Life has expanded its capital through constant customer-centered and profit-centered business and by operating assets through comprehensive asset operating. According to risk management, we have maintained our RBC (risk based capital) ratio at a stable rate. RBC ratios show the propriety of a company's capital, which is steadily improving for Kyobo Life. In FY 2012, the RBC ratio showed 258.3%, which is far above the regulatory standards of 100%. The weighted weak asset ratio, an index that shows the soundness of asset operations, were 0.05% in FY 2012, which was the lowest among all companies.

Propriety Index_Weighted weak asset ratio (unit: %)



*Weighted weak asset ratio (ratio of weak assets among all assets)=(Weighted weak assets) / (Total assets to be considered)×100

*Total assets to be considered : Assets that need to be considered under the provisions of the statute for insurance company asset soundness

*Weak assets : The total value of 20% of 'fixed assets', 75% of 'questionable for collecting' assets, and 100% of 'assumed to be lost' assets

*As of FY 2012 the assets that are used to evaluate RBC ratios have been changed (applied from FY 2011)

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

Investors and the Future

Risk Management

"Risk" is the set of possibilities that may cause negative influence regarding meeting business objectives while completing our tasks, and "Risk Management" is to manage these uncertainties that may hamper our accomplishment of business objectives.

Risk Management Process The risk management process of Kyo-bo Life is consisted of 'Recognition → evaluation and measurement → response and control → monitoring and feedback'.

Risk Management Actions 'Risk limit management' refers to activities where the risk management committee designates the amount of risk that can be endured give our risk capital, and to maintain appropriate levels of risk with the respective risk management departments and divisions. We analyze the amount of risk through monitoring market risk levels for each type of risk, and when its levels meet our limit or certain tipping points we carry out phase by phase measure of risk decrease, retaining, and avoidance.

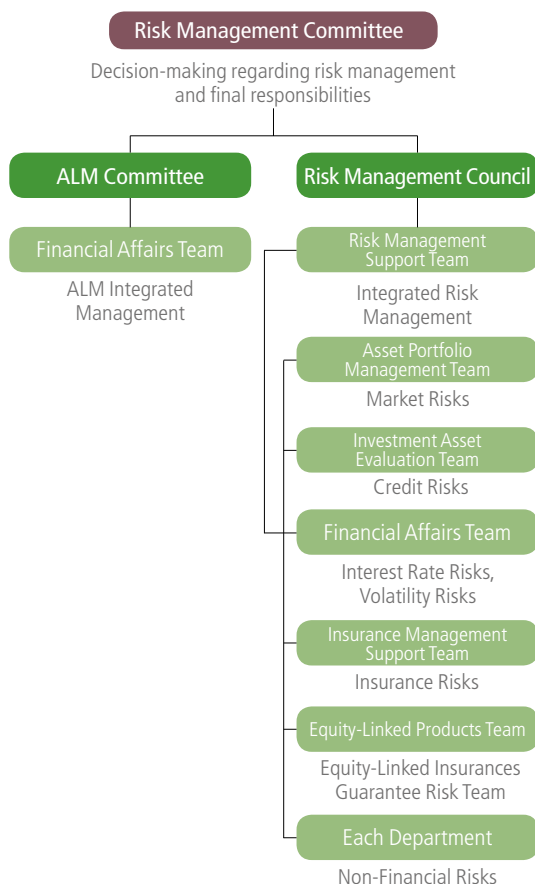
'Prior risk review' is a process where the risk management department reviews the risk before making important decisions, and we have reflected this in the process of publishing documents in our Intranet to realize these efforts.

The 'non-financial risk management personnel' in each department deals with tasks such as recognizing and evaluating operation risks together with the organization head, make and execute solutions, and educate personnel regarding the contents. The 'risk management support team' supports the activities of the non-financial risk management personnel's activities through periodic education sessions.

Risk Management Organizations and Risk



Risk Management Organization and Risks



Risk Management Organizations The risk management committee, the highest authority in the area of risk management, consists of one inside directors and two outside directors. We have held 8 meetings in FY 2012 and the agendas and voting results can be seen on our homepage (www.kyobo.co.kr > public announcements > outside director public announcements).

The risk management committee is an organization that discusses factors regarding the agreements within the risk management committee and other relevant factors, and the ALM* Committee examines main issues regarding interest rate risks and risk margins. The 'Plans(blue-prints)' and 'Sees (evaluation)' for risk management is the responsibility of the risk management support team, and 'Do (execution)' takes place in each risk management department.

*ALM(Asset Liability Management) : Asset/Liability management

Preventing Financial Accidents

"Internal Control" has to do with all systems, procedures, and tasks carried out continuously by all employees to fulfill business objectives. Kyobo Life has selected law observance personnel to be in charge of all internal control systems.

We also have law observance support personnel for each organization to support each organizational head and law observance personnel regarding the organization's law observance and internal control affairs. Through internal control measures such as abiding by transaction procedures, eliminating wrongful insurance fees, strong protection of customer information, strict management on insurance pay, and strengthening control of financial planner and employees' personal information as well as creating standards to prevent financial accidents and strengthening relevant information we prevent financial accidents from happening, and when they do happen the person responsible is dealt with according to internal regulations.

Money Laundering Prevention "Money laundering" is an activity where people fake their acquirement or disposal of assets to avoid taxes or to hide the assets altogether. Money laundering prevention activities refer to preventing financial companies from being used in money laundering practices that increase social risks. Kyobo Life thoroughly carries out activities that are deemed necessary by the 'special financial transaction reporting law', such as 'duty to check customers' to check the status of customers that provide transaction and services, 'reporting suspicious transactions' in any cases of transactions that seem like money laundering activities, and 'large transaction reports' where all transactions that exceed 20 million won are directly reported to the Korea Finance Intelligence Unit.

The person in charge of reporting activities of money laundering prevention is the law observance personnel, and we educate our employees regarding money laundering once a year so that realistic actions to deal with money laundering is maintained.

Status of Financial Accident Occurrence

Classification	2010	2011	2012
No. of cases (case)	3	3	2
Amount (million won)	67	56	21

Audits from Financial Authorities

	2010	2011	2012
Fines (million won)	2.5	-	366
Censures (person)	4	2	6

*For FY2010 there are 2 retired personnel included in those that were censured.

Insurance Risk Management (unit: %)

	2010	2011	2012
Danger rate profit rate	19.1	16.4	15.5
Danger rate profit rate (average in industry)	12.0	10.7	11.3

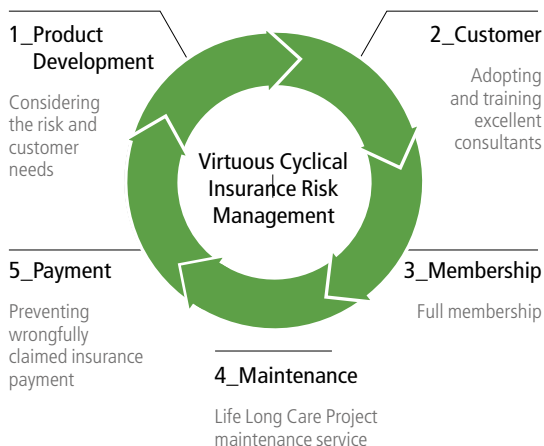
*Danger rate profit rate = $\frac{(\text{risk insurance} - \text{accident insurance})}{\text{risk insurance fee}} \times 100$

*Risk insurance fee : Fees given from the customers for the company to pay them insurance when accidents that require insurance payment occur.

*Source of industry average : Financial Supervisory Service

*Period used for calculation was revised (April~March~January~December), so there has been a revision of 3 years- worth of data

Virtuous Cyclical Insurance Risk Management



Product Development	- Developing products that collectively reflect risk and customer needs
Customer	- Providing services through excellent consultants
Membership	- Realizing full membership
Maintenance	- Life long care project maintenance service
Payment	- Swift support to customers for overcoming hardships - Preventing wrongfully claimed insurance payment

Business Auditing Activities

To minimize business dangers and to contribute to sound business activities, we carry out procedures to audit our business activities through diagnosis, evaluation, and coming up with rational solutions. The Kyobo Life auditing procedures take place according to the approval of the Audit Committee each year systematically and periodically. Auditing measures take place in all branches, and we increase our efficiency through analyzing weak points and potential problems, according to potential business dangers, to select central observation points for all of these branches beforehand. We also undergo inspection from financial authorities periodically.

Insurance Risk Management

Insurance risks means the possibility of losses that occur when death insurance and survival insurance is paid at a higher level compared to when the insurance payments were initially calculated due to increased risk rates. By managing insurance risk, we can protect customers and acquire steady profit. Kyobo Life has understood the importance of insurance risk management and has carried out insurance risk management opportunities on the enterprise level.

Virtuous Cyclical Risk Management Kyobo Life strives to create a virtuous cyclical risk management system, through excellent competencies of controlling insurance risk in processes of product development, service provision, and underwriting-maintenance-payment processes.

Preventing and Reporting Insurance Fraud Insurance fraud, such as claiming insurance payment from accidents that have not happened or those that have happened on purpose (hard insurance fraud) or claiming for excessive insurance payment (soft insurance fraud), give negative influences to the soundness of insurance company financial states. They also increase money-centered thinking, decrease the will to work, and support the negligence toward human life on a social level. Currently, soft insurance fraud cases are increasing, which are thought to be caused by the worldwide economic downturn and low growth rates. This provides threats to insurance companies' financial states as well as fiscal healthcare measures.

Kyobo Life has established a Special Investigation Unit (SIU) for insurance fraud since 2006 to prevent insurance payment leakage and report insurance paid through fraudulent reasons. The SIU has been eliminating factors that contribute to insurance fraud since 2009 by the establishment of the 'regulations to prevent insurance fraud'. In 2012, to effectively respond to increasing levels of soft insurance fraud, we have strengthened measures to prevent insurance fraud and we are frequently spreading the importance of preventing insurance fraud to all employees through our intra-company satellite broadcasting systems.

Insurance Fraud Prevention (unit: million won)

	2010	2011	2012
Insurance payment prevented from insurance fraud	11,082	10,022	10,454

Government, Local Community and the future



As opposed to temporary, sporadic support, Kyobo Life provides periodic and persistent social contribution activities that allow the beneficiary to acquire a basis of self-sustenance. We will also actively participate in activities that benefit the public – that may not be well-known – but, are nevertheless meaningful; to become a 'company that progresses together with the government and the community'.

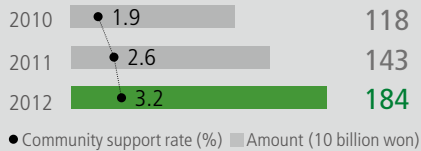
- CSR Director, Chi-Soo Park -

Pledge to the Government and Local Community

Progress together with the Government and the Community

Progress on Our Pledge (KPI Changes)

Community Support Rate / Spending Amount* _P.46



Socially Responsible Investment (SRI) Portion* _P.50 (unit: %)



Energy Usage* _P.51 (unit: TOE)



*Community support rate / spending amount : Community support amount / net profit

*SRI (Social Responsibility Investment) portion: (SRI amount ÷ Total assets) × 100

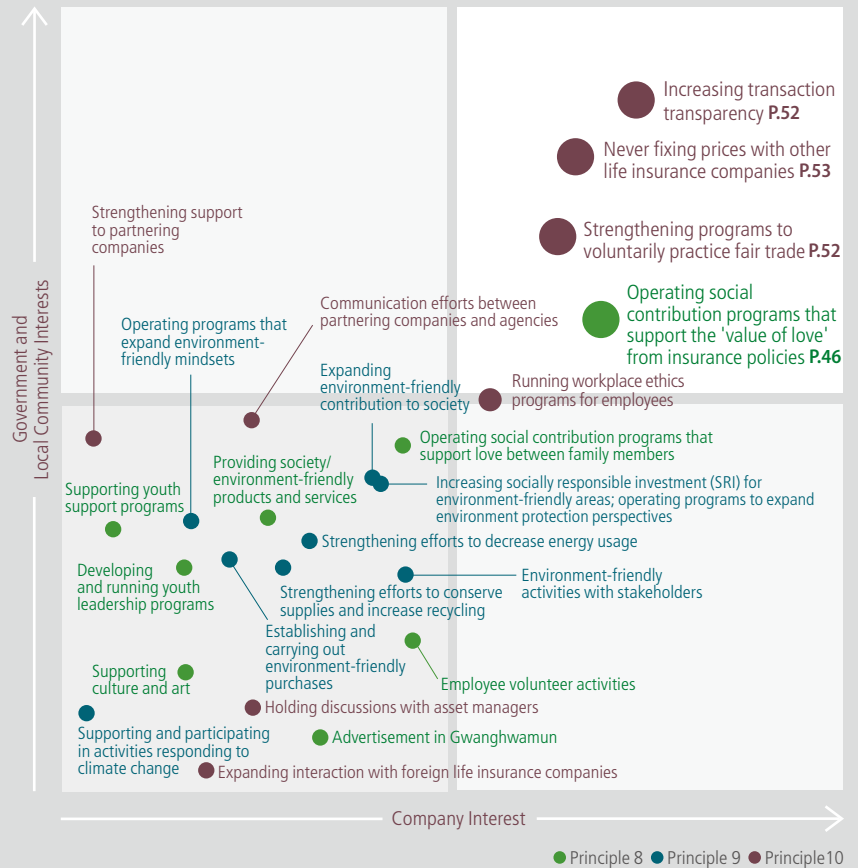
*TOE (Tonnage of Oil Equivalent): Energy produced through the combustion of 1 ton of oil

Principles to Fulfill Our Pledges

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

Results of Materiality Test

*The criteria for importance evaluation can be found on page 19



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

Government, Local Community and the Future

Operating social Contribution Programs that Support the 'Value of Love' from Insurance Policies

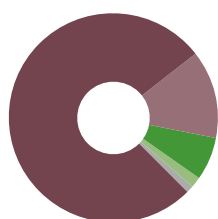
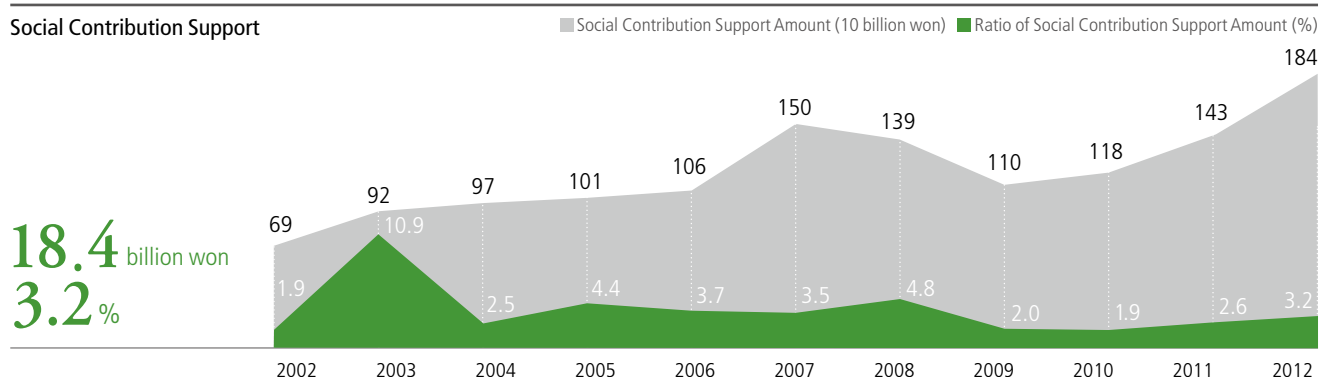
Kyobo Life supports important values sought by mankind, and it is our vision to help all those realize these values. We are committing to social contribution activities through our deep understanding and love of mankind.

Goals of Kyobo Life's Social Contribution Kyobo Life prioritizes social contribution based on the company's business philosophy as well as areas relating to our business such as health, finance, and knowledge. Through partnerships with non-profit organizations who employ expertise and transparency, we are supporting the increase in social value through coexistence. Our long-term social contribution activities allow many individuals in society to benefit from our actions, so that structural improvement, on a social level, may take place within our society.

Social Contribution from Kyobo Life One way Kyobo Life contributes socially, is through the establishment of the 'Kyobo Dasomi' volunteer organization within our company. We focus on helping our neighbors overcome challenges that may be due to issues of health, finance, or knowledge.

We also perform diverse social contribution activities that allow people to learn the value of families, carry out their love toward their neighbors, and to have teenagers not despair in their hard environments but to pursue their dreams, and operate a systematic volunteer support policy that allow the employees and consultants to use their capacities to solve local societies' problems the best they can. Kyobo Life will continue to operate social contribution programs that support the 'value of love' from insurance policies.

Social Contribution Support



Expenses by Area (unit: million won)

Classification	2010	2011	2012
Social welfare ●	6,859	9,762	14,191
Education ●	1,604	1,442	2,470
Culture ●	1,633	1,528	1,247
Environment ●	232	487	296
Other (Citizen Finance) ●	1,505	1,103	176
Total	11,833	14,322	18,380

Volunteer work

Classification	2010	2011	2012
Registered volunteer teams (No.)	251	217	232
Annual volunteer hours (hours)	54,958	52,465	45,087
Annual participants (person)	11,787	12,134	10,900
Employee participation rate (%)	48.0	50.1	51.1

Volunteer Leader Education

2010	2011	2012
Date		
Jun. 16~17, 2010	May 24~25, 2011	Sep. 19~20, 2012
Venue		
Gyeseongwon	Gyeseongwon	Yang Pyeong, Gyunggido
Participants		
60 volunteer leaders and social welfare specialists	80 volunteer leaders and social welfare specialists	40 volunteer leaders
Issue		
Strength that changes society	Creating beneficiary-centered volunteer programs	Strengthening competencies to increase volunteer program quality

Undergraduate Northeast Asia Run

2010	2011	2012
Date		
Aug. 04~11, 2010 (8 days)	Aug. 04~11, 2011 (8 days)	Aug. 06~14, 2012 (9 days)
Venue		
China (Inner Mongolia)	China, Tibet	Mongolia, Russia
Participants		
77	78	100
Catchphrase		
Let's open the road to the future from the highest and roughest road of East-West civilization, the Tea Road!	Embrace dreams toward the future in Mongolia, where challenges and open cultures await!	From the plateaus of Mongolia, in Lake Baikal where our people originated, interact with the new future!



Undergraduate Northeast Asia Run



Adolescent Volunteer Camp

Adolescent Volunteer Program

2010	2011	2012
Date		
Jul. 19~August 19, 2010	Jul. 20~Aug. 12, 2011	Jul. 23~August 11, 2012
Venue		
Gapyeong, Jangbongdo, Jecheon, Igsan, Yeosu, Andong, Geojedo, etc.	Yangpyeong, Jangbongdo, Jecheon, Igsan, Yeosu, Andong, Geojedo, Asan, Yongin, etc.	Yangpyeong, Jangbongdo, Jecheon, Igsan, Yeosu, Andong, Geojedo, Asan, Yongin, etc.
No. of camps		
22	23	20
Contents		
- Forest camp with the visually disabled 'Forest & Becoming One'		
- 'Beautiful Homestay,' which involves living together with the disabled within their facilities		

Youth Leadership Development Programs

Kyobo Life supports the youth that so that they can become the center of our future in diverse ways, including leadership development.

Undergraduate Northeast Asia Run To provide undergraduates a chance to travel to our historic/economic partners and rivals of northeast Asia and by supporting their leadership and followership, we are operating an 'Undergraduate Northeast Asia Run' program. A total of 1,050 college students have participated since 2002, all of whom have broadened their vision for the future.

Adolescent Volunteer Camp - Happy Together Through this community experience program, we strive to change the perspective that adolescents may have toward the disabled. We support these children to become healthy social individuals through their 3 days of volunteer work.

Kyobo Life 'Hope Dasom Scholarship' The 'Kyobo Life Hope Dasom Scholarship' is a program that helps youth that are restricted from educational opportunities due to social prejudices and economic hardship, and is for those living in orphanages, group homes, or child heads of households. Through programs such as scholarship support, camps, and volunteer work, we support the local community and their associations so that these children can grow; becoming independent, healthy individuals. We have helped a total of 235 children since 2003 with a total scholarship amount of 3.371 billion won.

Kyobo Life - JA Economic Education Volunteers We also provide volunteer work utilizing the financial expertise of our financial planners and employees. Kyobo Life - JA Economic Education Volunteers, in a joint effort with JA Korea, a non-profit organization, strive to help children and adolescents understand the basic concepts of the economy and finance through education regarding the market economy, business management and so on. Such activities both increase the meaning of volunteer work through bonds between Kyobo and local infant education institutions and schools, and increases the meaning of volunteer work as well as the positive images of Kyobo Life.

Kyobo Life - JA Economic Education Volunteer Work Results

	2010	2011	2012
Volunteers (unit)	207	192	245
Institution beneficiaries (case)	7	7	80
Class beneficiaries (case)	123	130	299
Students beneficiaries (person)	4,500	4,550	8,977

Strengthening Industrial-Educational Networks

Kyobo Life is working hard for the development of insurance in the academic field. The International Insurance Society (IIS) has acknowledged this effort, and has named an award after the founder of Kyobo Life, called the 'Shin Yong Ho International Insurance Academic Award.' The award has been given to those who have greatly contributed to the development of the insurance industry since 1997. The 'Daesan Shin Yong Ho Commemoration Association' awards individuals and organizations who have contributed to the enhancement and international prominence of domestic insurance services, since its sponsorship by Kyobo Life since 2005. Also, beginning in 2012, we have co-awarded the APRIA-Kyobo Life Commitment Award to those who have carried out excellent research and volunteer programs for the development of the Asia-Pacific region's insurance industry, along with the APRIA (Asia-Pacific Risk & Insurance Association), and are providing subsidies to 10 insurance researchers in developing nations in the Asian region.

We have also opened the Korean Insurance Academy and the Korean Risk Management Academy in our training institute, Gyeseungwon, to strengthen industrial-educational networks. We have established a MOU with the Chinese Insurance Academy in November 2011 for research funds, to whom Kyobo Life provided 550,000 yuan annually for research purposes until 2013.



Academic Conference of Korean Insurance Academic Society



Love-Family Agricultural Experience Program



Giving a Life to Dasom

Family Love Support Programs

Families are the basic unit of society, and Kyobo Life is helping them overcome their hardships through diverse types of social contribution.

Dasomi Jageun Sumgeul Saligi 'Dasomi Jageun Sumgeul Saligi' is the only program that supports premature babies born into low-income families. The support includes hospital and rehabilitation costs, and emotional support for the babies' families. Partnering with 'Areumdaun Foundation,' a non-profit organization, the funds for the 'Dasomi Jageun Sumgeul Saligi' program are supported by Kyobo Life's financial planners' periodic funds, donations from Kyobo Life, and donations from citizens to the 'Areumdaun Foundation.' From September 2004 to March 2013, 'Dasomi Jageun Sumgeul Saligi' has raised 4.966 billion won and has supported the healthy growth of 1,623 premature babies.

'Dasomi Jageun Sumgeul Saligi' Results

	2010	2011	2012
Financial planner participants (person)	5,947	5,834	5,500
Support fund amount (financial planner funds + donations from Kyobo Life) (10 billion won)	6	6	6
Supported babies (person)	290	146	143

Family Love Farm Life Experience Program 'Family love farm life experience program' is a program operating for families with children attending kindergarten or elementary school, which enables families to not only harmonize among the members, but also understand the value of farms and agriculture, as well as the importance of our domestic agricultural products. This program also supports revenue for the participating farm villages, and during the past 4FYs 764 million won's worth of profits were created, and our program provided inspiration for other profitable programs in the villages to be developed internally.

Connecting the 'Band of Love' This is a program where employees contribute a certain amount of money each month, while the company matches that contribution. These funds are created to support 5 specific types of children, who are children with a lack of nutrition, who need academic fees, who have medical and psychological expenses, who need education and family stabilization support, and those children looking for an art career. From 2000 to March 2013, on average by month, 1,900 employees have participated, and a total of 3.21 billion won has been sent as donations.

Family Love Farm Life Experience Program

	2010	2011	2012
Participating families (No.)	711	720	746
Participants (person)	2,796	2,822	2,976
Participating villages (No.)	11	16	15
Participating frequencies (time)	73	78	80

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

Government, Local Community and the Future



Kyobo Life Environmental Awards

Supjarami Activities

	2010	2011	2012
Education participants (person)	13,205	20,319	31,476
Supported expenses (million won)	100	300	280

Social Contribution Activities to Protect the Environment

Kyobo Life has actively pursued social contribution activities that reflect our business. We also support principles provided by the UN Global Compact, which involve preventive environmental measures and increasing environment responsibility as well as the development of eco-friendly technology and their expansion.

Kyobo Life Environmental Awards The Kyobo Life Environmental Annual Award is an integrated environmental award that nominates and awards those individuals who have contributed to inspiring citizens to protect the environment, and to realize social values related to environmental protection. In the three different fields of environmental education, life culture, and ecological alternatives, we select the recipients based on the sustainability of their actions, social meaning and impacts, and specific, visible results.

The 14th Kyobo Life Environmental Award Recipients and Their Activities, 2012

Environmental Education

- Recipient : Jong-Gil Lim (Teacher)
- Carried out consistent environmental education at school
- Conducted vivid environmental education outside the school, along with local communities, environmental campaign movements, and social organizations

Life Culture

- Recipient : Yun-Ha Lee (Architect)
- Created buildings and space in the eyes of ecology and eco-friendly structuring
- Contributed to spreading the values of life culture through research, lectures, and education

Ecological Alternatives

- Recipient : Energy Justice Initiative
- In a world where there is an increased recognition regarding nuclear power and its dangers, strove to advance ecosystems and the value of life

International

- Recipient : Board Green Energy Team
- By creating refugee camps, immigrant schools and childcare facilities with volunteer workers from various nations in refugee camps of the Karens – between the borders of Myanmar and Thailand – spread and educated on diverse technologies related to renewable energy production and provided educational programs to spread medical services and expanded livelihoods

Ecology Tour Educational Institution : 'Supjarami' Kyobo Life trained retired workers to be forest experts and in 2003 launched a 'Kyobo Dasomi forest expert volunteer' program. Retired workers were provided jobs as forest experts so that they could enjoy a worthwhile retired life. For children, this program allows them to experience their nation's natural beauty, developing a deeper appreciation for the environment. 'Supjarami' is an educational institution focusing on the ecology experience that was developed from the 'Kyobo Dasomi forest expert volunteer' association.

FY 2012 Eco-Friendly Dasomi Family Volunteer Participants

Tree planting for hope	March 24 / Jeonbuk / 20 families, 62 people Contents : Planting trees with the disabled, labeling trees with names Support Funds : 5,500 (thousand won)
Make our forests green	March 24 / Namhan Sansung / 15 families, 55 people Contents : Lectures to understand the ecosystem, planting trees and labeling them Support Funds : 5,500 (thousand won)
Protect our seas	August 25 / Ganghwado / 15 families, 66 people Contents : Understanding mud flats (gaetbeol), monitoring marine trash Support Funds : 5,500 (thousand won)
Wildlife protection project	November 24~25 / Cheolwon / 15 families, 58 people Contents : Understanding wildlife, looking for cranes and eagles, volunteering in the wildlife protection center Support Funds : 5,500 (thousand won)

SRI Investment (unit: 100 million won)

1,955	2,004	5,206	6,230	7,611	10,708
2002	2003	2004	2005	2006	2007
17,192	23,258	30,912	38,286	45,869	
2008	2009	2010	2011	2012	

Environment-Related Investments

	2010	2011	2012
Environment-related investment (million won)	3,714	6,671	10,843
Portion of above amount in SRI (%)	12.0	17.4	23.6



Volunteer work to build bird houses



Volunteer work to 'turn our forests green'(Supul Puhruhge)

Eco-friendly Dasomi Family Volunteers By supporting eco-friendly family volunteer programs, the participating families can understand the value of families and can learn the importance of protecting the environment.

Strengthening SRI (Social Responsible Investment)

Kyobo Life achieves the objective of asset operations of creating steady and long-term profit, and is also expanding SRI (Social Responsible Investment), which is appropriate for contributing to public good.

In FY2012, we have applied the rules of SRI in our asset operation regulations to methodize the culture of SRI, and we also consider both the financial performances of a potential investment product and also its social value when we review our investment options.

As of FY2012, SRI investment portions to normal standards assets are 8.1%, which showed an increase of 0.52% compared to FY2011. Investments for the environment as well as the portion of SRI are all steadily increasing.

Efforts to Decrease Energy Usage

To decrease energy usage for heating and cooling, the Gwanghwamun head office building and other branches are required to keep temperatures above 26 degrees Celsius in summer, and under 20 degrees Celsius in winter. We also have a 3 main voluntary saving of energy and supplies' campaign, which consists of all employees' turning off of unnecessary lighting, unused computers, and saving office supplies.

To create eco-friendly offices, we have remodeled our head office building in 2010 to be more eco-friendly. The Daejeon and Gwangju Numundong company buildings were remodeled in the same way in 2012 and the remodeling designs were finished for the Incheon and Jeonju company buildings in 2013. All business/service centers now have satellite broadcasting systems that allow employees to participate in major events of the company through listening, and not direct participation. The video conference system on the 3rd floor of the head office is used for company-level meetings such as for the Board of Directors, and when employees are required to be educated in Gyeseungwon (the training institute). They are banned from using their individual vehicles but rather have their travel expenses reimbursed. Through these efforts, we have reduced the levels of CO2 emissions from travel and have minimized the impact of our business on the environment by reducing energy usage.

Earth Hour Support And Participation Kyobo Life has participated in and supported the launching of the 'Earth Hour' campaign, designed to increase awareness regarding climate change. This event began in Sydney in 2007 and is one of the largest sustainable development campaigns to have international participants from all over the world. The 'Earth Hour' event took place in Seoul Gwanghwamun and Seoul Square on March 23rd, 2013. Kyobo Life's head office, as well as its company building in Seochodong, participated in the lights-out campaign.

Managing Environmental Data

The life insurance business is less susceptible to dangers and opportunities stemming from climate change. Despite this, Kyobo Life has decreased costs through managing environmental data and is striving to decrease negative effects on the environment.

Energy Usage (unit: TOE)

		2010	2011	2012
Direct energy	Gas	2,406	2,114	2,237
	Oil	887	774	657
	Total	3,293	2,888	2,894
Indirect energy	Electricity	15,998	16,554	17,084
	Regional heating*	42	38	35
Total		19,333	19,480	20,013
Compared to previous year		-887	147	810

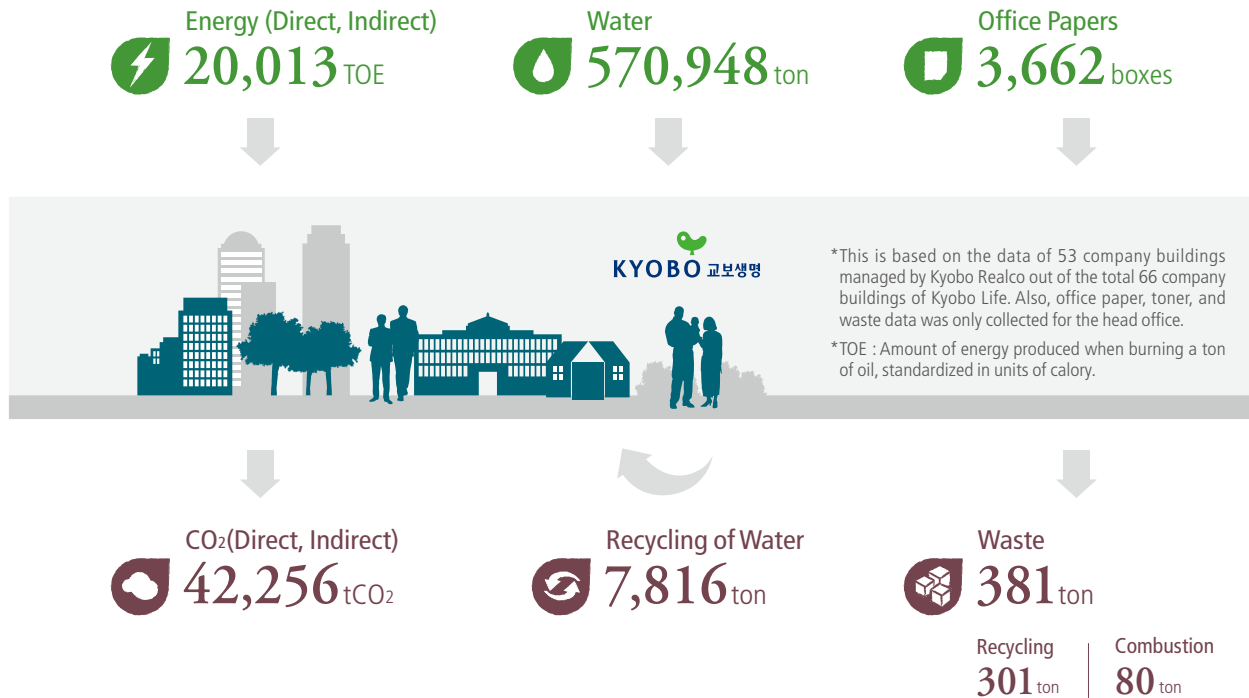
*While 'regional heating' was designated to the 'direct energy' category in the FY2010 report, we have moved it to the 'indirect energy' category from the FY2011 report.

Office Papers and Toner Usage

	2010	2011	2012
Office papers (box)	3,480	3,819	3,662
Toners (No.)	3,656	3,921	4,352

Waste Emission

	2010	2011	2012
Total usage (ton)	544,399	543,589	570,948
Recycled amount (ton)	18,117	17,850	7,816
Recycling rate (%)	3.3	3.3	1.4



CO₂ Emission (unit: tCO₂)

	2010	2011	2012
Direct	8,343	7,313	7,241
Indirect	35,077	35,695	35,015
Total	43,420	43,008	42,256

Waste Emission*

	2010	2011	2012
Total emission (ton)	523	703	381
Recycled amount (ton)	253	281	301
Recycling rate (%)	48	40	79

*Waste refers to standard office waste from company buildings

We will grow with our peers through fair competition.

Government, Local Community and the Future

Growing Together by Enhancing Transaction Transparency

Kyobo Life strives to grow together with its partners through establishing transparent trade customs. When we select our partners, we consider not only price, quality, and other conditions but also their observance of the law. Their personal information management, work ethics and other ethical business activities, along with audit reports are also considered. All purchases and contracts are paid in cash so that we can help our partners circulate their capital well.

Clean Contract We practice a 'Clean Contract' system where we will not ask for, nor receive goods and other treats during, the process of purchasing company products, labor, or carrying out construction and other contract executions to consolidate systems to increase transparency. We have reflected this in our standard contracts to make it clear, and we are sending Clean Contract notices twice a year for companies that have traded with us at an amount larger than 20 million won within the past year.

Present Return Center In accordance with the 'Kyobo Life's Code of Professional Ethics,' we do not accept any presents from outside stakeholders. When this inevitably occurs, it is mandatory to return them right away. If immediate returns are difficult, we have a "Present Return Center" where we register the present and send it back with polite comments. If the giver refuses to take it back or returning the present is impossible in any way, we donate it to social organizations.

Present Returns (unit: case)



Fair Trade Compliance Program

Kyobo Life is running a Fair Trade Compliance Program to establish transparent competition. The Program is a series of mechanisms that encourage voluntary observance of fair trade regulations and systems. The Fair Trade Compliance Program is supervised by personnel that have been recommended by the CEO and voted for by the Board of Directors.

Contents of the Fair Trade Compliance Program

Improving Systems and Processes

Establishment of internal reporting systems (May 2012)
 Making the responsibilities of law observance personnel clear through the revision of the 'law observance personnel regulation' (February 2013)
 Improving regulations for fairness in the 'advertisement approval statute' (October 2012)
 Improving internal control processes related to meetings in the industry (November 2012)
 Opening up current progress of fair trade voluntary observance operation on the webpage (February 2013)

Education

Education of employees : Voluntary observance personnel (twice a year), organization head (annual), new employees (upon recruitment)
 Collusion prevention education: Head office organization heads, primary employees in the product development and accounting teams
 Education to prevent violations of the 'life insurance advertisement law': Personnel for advertisement projects
 Education regarding Kyobo's becoming of 'mutual investment restriction companies': employees in subsidiaries and other relevant personnel

Monitoring

Monitoring meetings to prevent collusion (monthly)
 Monitoring procedures that inspect advertisements for retirement pensions
 Prior auditing of illegal trade activities when trading with subsidiaries



Task education by the 'law observance personnel'

Workplace Ethics Education_Managers (unit: hours)



Workplace Ethics Education_ Non-Managers (unit: hours)



Preventing Collusion Since June 2006, Kyobo Life has banned the sharing of information such as applied interest rates, and other things that can imply prices or insurance claim - conditions that may be seen as collusion. When participating in business meetings, it is mandatory to get approval from the law observance personnel. We have also proclaimed for voluntary realization of fair competition and other means to support fair trade. We will further specify internal control processes and continue to monitor our employees regarding fair trade regulations.

Fair Trade Violation Reports (FY 2010~2012)

Date	December 15, 2011	March 21, 2013
Measures	Fines of 134.7 billion won	Fines of 4.1 billion won
Reasons	Colluding in interest rates for individual insurance and publicly announced rates	Fixing commissions for equity-linked insurances

Realizing Workplace Ethics

In February of 2013, Kyobo Life provided employees their 'Kyobo Life's Code of Professional Ethics' based on Kyobo Life's core objectives and values, and a rulebook named 'Kyobo Workplace Ethics Practice Regulations' is to follow. We have also stipulated 'special rules for workplace ethics practice' regarding presents, entertainment, and expenditure for congratulations and condolences to provide a more specific and clear guideline for action in this issue.

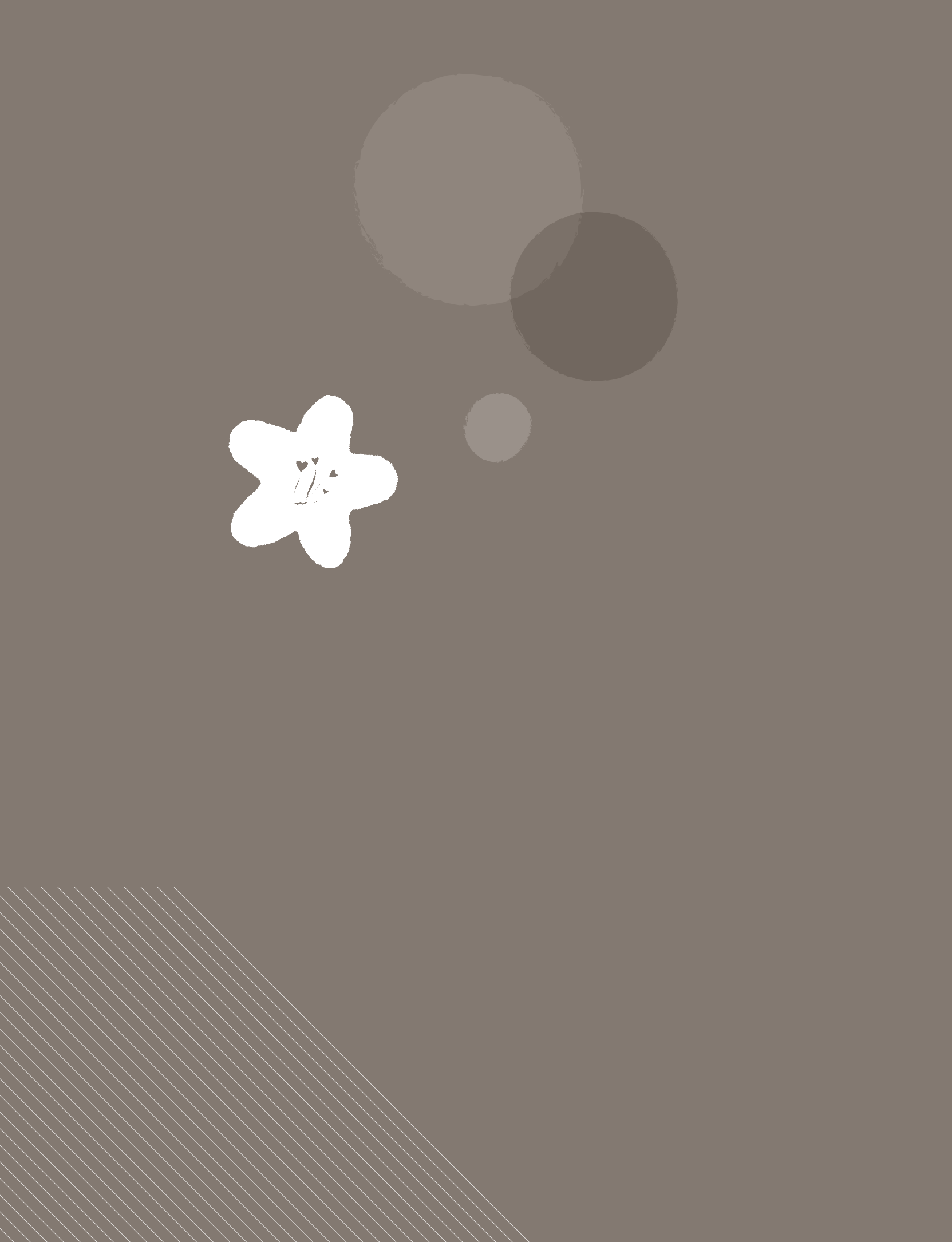
Workplace Ethics Education To increase the power of execution for employees, we are operating diverse programs for workplace ethics. Periodic conventions and tours take place to increase communication between management and employees as well as encourage them. An organizational level 'education for law observance and ethics' course is operated monthly to share compliance and workplace ethics issues as well. In FY2012, we operated cyber learning programs for law observance personnel in each department.

Reporting Instances of Core Values Violation The 'Core Values Violation Report' is an internal reporting procedure of Kyobo Life in cases where illegal or unjust conduct is related to high officials or neglected by them. It is possible to report directly to the CEO or independent law observance personnel. The 'Core Values Violation Report' makes it possible to prevent accidents from happening and solving them at an early stage when they do occur. These instances, where fair solutions are observed, increase the morale of employees. We also have periodic service education for those with guard duties at company buildings. We teach them issues regarding human rights violations and what to do when responding to visitors.

Educating Company Guards

	2010	2011	2012
No. of guards (person)	198	198	192
Education participation ratio (%)	100	100	100

*An error has been corrected regarding the indexes in the reports of FY 2010 - 2011.



Third Party Assurance Report

Messrs. Kyobo Life's Board of Directors and Stakeholders

Foreword

The Korean Standards Association (hereafter 'Assurance Provider') was asked for an independent assurance request regarding its 'Kyobo Life 2012 Sustainability Management Report (hereafter 'the Report')'. The purpose of this assurance report is as follows: to investigate the existence of serious mistakes or prejudice in the Report, to investigate whether or not the information collection system works, and to review the selection process and results of the sustainability management materiality test in order to provide opinions that can increase the quality of the Report. The Assurance Provider's responsibility is to provide to the Board the results that came from the assurance procedures. The Assurance Provider provides an independent assurance opinion based on the data included in the Report and the validity of the evidence related to performance and relevant systems. The accountability for all assertions in the Report as well as the collection, analysis, and organization of data for publishing the Report lies with Kyobo Life.

Independence

The Assurance Provider does not have any common, profit-related interests with Kyobo Life regarding its business activity except the tasks regarding the provision of the Third Party's Assurance. As an independent assurance institution, we hold no other interest that may decrease our independence.

Assurance Standards and Levels

With the AA1000AS 2008 Assurance Standards at the core, the Assurance Provider has also applied GRI G3.1 guidelines as well as ISO 26000. We have identified the scope of inclusivity, materiality, and responsiveness according to the assurance standards of AA1000AS 2008 as well as the credibility of the data that was included in the 2012 Report. The credibility of the data included in Kyobo Life's Sustainability Management Report was found to be of a 'Moderate Level' of assurance.

Assurance Types and Scope

The Assurance Provider carried out Type 2 assurance according to the AA1000 Assurance Standards. Type 2 assurance means that the exactness and quality of the sustainability management performance information and Kyobo Life's assertion were evaluated under the accountability principles of AA1000 2008 Assurance Standards. The scope of assurance was during FY2012(April 1st, 2012 to March 31st, 2013). The Assurance Provider has carried out assurance activities regarding Kyobo Life's sustainability management policies, objectives, business activities, standards, and performances, mostly within their systems and activities. We have also assured its environmental, social and financial data relating to its broad sense of performance, and the involvement of the Assurance Provider regarding stakeholder participation was limited to the review of the materiality tests.

Assurance Methods

The Assurance Provider has used the following methods to collect necessary information, data, and evidence related to the assurance scope, and has performed the assurance procedures.

- Analysis of major issues in sustainability management through benchmarking of companies in the same industries or those with excellent sustainability management
- The gathering of performance information and written questions and answers to evaluate the coherence of reported information
- On-site interviews with personnel that manage the sustainability management team and work-site departments by visiting Kyobo Life's Headquarters
- Reviewing of the management systems and processes used in the publishing of the sustainability management report
- Evaluation of the correspondence of the financial performance data and FY2012 audit reports in the sustainability management report with the publicly announced data
- Tracing and reviewing of internal documents and basic data
 - Economic Performance: Business growth, profitability, stability indexes, current state of economic value creation and division, mid-to-long-term financial planning, financial statements, risk management processes and activities, and financial accident occurrence.
 - Environmental Performance: Energy usage and CO₂ emissions, usage of water and wastes, and ratio of recycling.
 - Social Performance: Results of socially responsible product development, results of prior approval of product advertisement booklets, weight of Socially Responsible Investment(SRI), results of the employee and financial planner satisfaction rate survey, ratio of maternity leave usage, records of receiving and processing customer complaints, results of employee and customer education, records of labor and executive cooperation, records of social contribution activities, Supjarami activities, etc.

The Korean Standards Association is a special corporate body that has been established under the 'Law for Korean Industry Standardization' enacted in 1962, and is an intelligence service institution that supplies and expands industrial standardization, quality management, sustainability management, KS/ISO accreditation to companies. The KSA is also a national administrative organization for ISO 26000, a designated educational institution for the GRI guidelines, an AA1000 assurance institution, an operational institution of the Korean Sustainability Index(KSI), an organization that runs the UN CDM, an assurance institution that controls the objective systems for greenhouse gas energy, making it an institution that fosters our society's sustainable development.

Assurance Results and Opinion

The Assurance Provider has reviewed the contents of the Report's draft, given opinions, and when needed, proposed its revision. Also, we have been unable to identify any grace mistakes or inappropriately written portions in the Report through our assurance activities. The Assurance Provider has confirmed that the Report has an A+ application level of the international reports standards of the GRI G3.1 guidelines, and would like to give the following opinion regarding Kyobo Life's Sustainability Management Report.

Inclusivity - Has Kyobo Life included the stakeholders during its process of strategically dealing with sustainability management?

The Assurance Provider has confirmed that Kyobo Life has recognized the importance of core stakeholder participation within its pursuit of sustainability management and is putting efforts into the creation of a participation process. It has selected core stakeholder groups and has operated customized channels for each stakeholder trait such as holding meetings and carrying out surveys, and we would like to specifically give credit to how the committee regarding sustainability management is operated so that collecting the Board's opinions and supporting its decision-making process is carried out on a periodical basis.

Materiality - Has Kyobo Life incorporated material information so that stakeholders can make sound decisions?

The Assurance Provider has decided that Kyobo Life has not omitted nor excluded any important information from the stakeholders. In the Report Kyobo Life has determined its issues for the pursuit of sustainability management through research in the media, and internal as well as external environment analyses. Also, it is worth noting that based on the data, Kyobo Life has carried out a materiality test to select core issues. As a recommendation, Kyobo Life should precisely complement the materiality test process so that it not only includes stakeholder-related issues but also issues that are related to sustainability trends that may create business opportunities for Kyobo Life.

Responsiveness - Has Kyobo Life appropriately responded to stakeholders' demands and interests in the Report?

The Assurance Provider has confirmed that Kyobo Life has carried out diverse activities to appropriately respond to issues related to sustainability management. It is worth noting that sustainability management tasks were reported by connecting them to pledges, principles, and KPIs for individual stakeholders, and DMA(Disclosure on Management Approach) performances were reported in a time series development, which is worth highly positive remarks in that Kyobo Life continuously responds to stakeholder opinions and interests. As a recommendation, we believe that Kyobo Life should check the connectivity of its core issues and its KPIs and reinforce KPIs where necessary so that internal monitoring and improvement processes for its sustainability management strategies will become stronger.

Opinions by Area and Recommendations for Improvement

In order for Kyobo Life to further pursue its company-level sustainability management strategically and to create a basis for continuous responses toward core issues, we would like to give recommendations to review the following.

Sustainability Management Processes

We could see that Kyobo Life has a strong determination to actively listen to stakeholder demands and reflect them in business activities. We recommend that stakeholder participation systems be complemented after considering their influence, responsibility, and representativeness so that stakeholder opinions can be suggested in a balanced way, and that sustainability trends can be appropriately reflected during materiality tests so that Kyobo Life's strategies regarding these trends and activities can also be reported.

Sustainability Management Results

- Eco-friendly social contribution activities that reflect the traits of the financial industry are worth noting because they show how Kyobo Life is deeply and sincerely concerned in this area. However, given that climate change is an important environmental issue that affects all industries worldwide,, we would like to recommend that you create future environmental management policies and strategies at the company level,, such as controlling greenhouse gas and decreasing energy usage in the event of an increase in energy prices.
- Kyobo Life is pushing for social contribution activities that utilize the traits of the insurance industry to help solve social issues such as a low birth rate and an aging populace. The Dasomi nursing volunteers, support for premature babies, and training forest experts are all contributing to the creation of social jobs, fostering a culture that supports the dignity of life, and providing for life after retirement. We expect Kyobo Life to continue to strengthen and advance its social contribution activities.
- It is worth noting that Kyobo Life has extended and established its investment standards according to Socially Responsible Investment(SRI) which considers ESG(environmental, social and governance) factors as investment factors. We hope to see Kyobo Life further increase social values and contribute to sustainable economic development through the development of insurance products in accordance with sustainability issues.

GRI Statement



Statement GRI Application Level Check

GRI hereby states that **Kyobo Life Co.** has presented its report "Sustainability Report FY 2012" 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 G3.1 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 G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 29 May 2013

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Kyobo Life Co. has submitted (part of) 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

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 3 May 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Highlights

- The GRI has reviewed the FY2012 sustainability management report that Kyobo has submitted, and certifies that the requirements for Application Level A+ were met.
- The GRI Application Levels show the extent to how the G3.1 guidelines were applied regarding this sustainability management report.
- The GRI Checks confirm that the material that were to be revealed have been fully reflected, and the GRI Contents Index prove that the material demanded to be revealed have been identified according to the G3.1 guidelines.
- Application Levels do not suggest opinions on the quality of information provided by or the outcomes of the company's sustainability management.

Index (GRI, ISO 26000)

● Fully Reported ● Partly Reported ○ Not Reported - Not Applicable

GRI	Description	ISO 26000 Main Themes and issues	Page	Reported
Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization.	Organizational Governance	3	●
1.2	Description of key impacts, risks, and opportunities.		2~3, 41~43	●
Organizational Profile				
2.1	Name of the organization.	Organizational Governance	4	●
2.2	Primary brands, products, and/or services.		8	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		4, 9	●
2.4	Location of organization's headquarters.		4	●
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	●
2.6	Nature of ownership and legal form.		9	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		4	●
2.8	Scale of the reporting organization.		4~7	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		9	●
2.10	Awards received in the reporting period.		Appendix	●
Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Verified	About this Report	●
3.2	Date of most recent previous report (if any).		About this Report	●
3.3	Reporting cycle (annual, biennial, etc.)		About this Report	●
3.4	Contact point for questions regarding the report or its contents.		About this Report	●
3.5	Process for defining report content.		17~19	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		About this Report	●
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).		About this Report	●
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.		-	-
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.		About this Report	●
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.		-	-
3.12	Table identifying the location of the Standard Disclosures in the report.		Appendix	●
3.13	Policy and current practice with regard to seeking external assurance for the report.		Appendix	●
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.	Organizational Governance	10~11	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		10~11	●
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		10~11	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		32	●
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).		11	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		10~11	●
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		10~11	●
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.		5, Appendix	●

● Fully Reported ● Partly Reported ○ Not Reported - Not Applicable

GRI	Description	ISO 26000 Main Themes and issues	Page	Reported
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.	Organizational Governance	10~11	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		11	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		41~43	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		Appendix	●
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.		Appendix	●
4.14	List of stakeholder groups engaged by the organization.		16	●
4.15	Basis for identification and selection of stakeholders with whom to engage.		16	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		16, 18~19	●
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.		21, 31, 39, 45	●

Economic Performance (Disclosure on Management Approach)

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.	Participation and development of communities / Participation of communities / Creation of wealth and income / Social Investment	7	●
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Easing of climate change and adaptation	50	●
EC3	Coverage of the organization's defined benefit plan obligations.		33	●
EC4	Significant financial assistance received from government.		Not received	-
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Labor standards and social protection / Participation and development of communities	33	●
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Facilitation of social responsibility within the value chain / Participation and development of communities / Creation of employment and the development of functions / Creation of wealth and income	-	○
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Participation and development of communities / Creation of employment and the development of functions / Creation of wealth and income	-	○
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Economic, social, and cultural rights / Participation and development of communities / Participation of communities / Education and culture / Technological development and approaches / Creation of wealth and income / Social investments	46~48	●
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Economic, social, and cultural rights / Facilitation of social responsibility within the value chain / Respecting property rights / Approaching to essential services / Participation and development of communities / Creation of labor and the development of functions / Technological development and approaches / Creation of wealth and income / Social investments	-	○

Environmental Performance (Disclosure on Management Approach)

EN1	Materials used by weight or volume.	Environment / Usage of sustainable resources	50~51	●
EN2	Percentage of materials used that are recycled input materials.		51	●
EN3	Direct energy consumption by primary energy source.		51	●
EN4	Indirect energy consumption by primary source.		51	●
EN5	Energy saved due to conservation and efficiency improvements.		51	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		-	-
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		51	●
EN8	Total water withdrawal by source.		51	●
EN9	Water sources significantly affected by withdrawal of water.		-	-
EN10	Percentage and total volume of water recycled and reused.		51	●
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Environment / Environmental protection, Diversity and the restoration of natural habitats	-	-
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		-	-
EN13	Habitats protected or restored.		-	-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		-	-
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Easing of environment / climate change and adaptations	-	-
EN16	Total direct and indirect greenhouse gas emissions by weight.		51	●
EN17	Other relevant indirect greenhouse gas emissions by weight.		-	-
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		51	●
EN19	Emissions of ozone-depleting substances by weight.	Environment / Prevention of pollution	-	-
EN20	NOx, SOx, and other significant air emissions by type and weight.		-	-
EN21	Total water discharge by quality and destination.		-	-
EN22	Total weight of waste by type and disposal method.		51	●
EN23	Total number and volume of significant spills.		-	-

● Fully Reported ○ Partly Reported ○ Not Reported - Not Applicable

GRI	Description	ISO 26000 Main Themes and issues	Page	Reported
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.	Environment / Prevention of pollution	-	-
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.	Environment / Usage of sustainable resources / Environmental protection, Diversity and the restoration of natural habitats	-	-
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environment / Usage of sustainable resources / Facilitation of social responsibility within the value chain / Sustainable consumption	51	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Environment / Usage of sustainable resources / Sustainable consumption	-	-
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environment	No violations	●
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Environment / Usage of sustainable resources / Facilitation of social responsibility within the value chain	51	●
EN30	Total environmental protection expenditures and investments by type.	Environment	50	●

Labor Practices and Decent Work (Disclosure on Management Approach)

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Labor practices / Employment and employment relations	34~35	○
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Labor practices / Employment and employment relations	34~35	●
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Labor practices / Employment and employment relations / Working conditions and social protection	33	●
LA4	Percentage of employees covered by collective bargaining agreements.	Labor practices / Employment and employment relations / Working conditions and social protection / Social conversation / Basic principles and rights in labor	33	●
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Labor practices / Employment and employment relations / Working conditions and social protection / Social conversation	33	●
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.	Labor practices / Health and safety in labor	33	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		-	○
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Labor practices / Health and safety in labor / Participation and development of communities / Participation of communities / Education and culture / Health	33	●
LA9	Health and safety topics covered in formal agreements with trade unions.	Labor practices / Health and safety in labor	33	●
LA10	Average hours of training per year per employee by gender, and by employee category.	Labor practices / Development and training of people in the workplace	-	○
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Labor practices / Development and training of people in the workplace / Creation of labor and the development of functions	36~37	●
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Labor practices / Development and training of people in the workplace	34~35	●
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Discrimination and vulnerable groups / Basic principles and rights in labor / Labor practices / Employment and employment relations	34~35	○
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Discrimination and vulnerable groups / Basic principles and rights in labor / Labor practices / Employment and employment relations / Working conditions and social conversation	33	●
LA15	Return to work and retention rates after parental leave, by gender.	Prohibiting discrimination against vulnerable groups / Guaranteeing the economic, social, and cultural rights of the corporation and members of the community	33	●

Human Rights (Disclosure on Management Approach)

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Human rights / Due diligence / Avoiding collusions / Facilitation of social responsibilities within the value chain	-	○
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Human rights / Due diligence / Avoiding collusions / Employment and employment relations / Facilitation of social responsibility within the value chain	-	○
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.	Human rights / Avoiding collusions	53	●
HR4	Total number of incidents of discrimination and corrective actions taken.	Human rights / Handling difficulties / Discrimination and vulnerable groups / Basic principles and rights in labor / Employment and employment relations	34	●
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Human rights / Due diligence / Situations of human rights dangers / Avoiding Collusions / Civil and political rights / Basic principles and rights in labor / Employment and employment relations / Social conversation	No violations	●
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Human rights / Due diligence / Situations of human rights dangers / Avoiding Collusions / Discrimination and vulnerable groups / Basic principles and rights in labor	34	●
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Human rights / Avoiding collusions / Employment and employment relations / Facilitation of responsibilities within the value chain	34	●
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Human rights / Handling difficulties / Discrimination and vulnerable groups / Basic principles and rights in labor / Employment and employment relations	53	●
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		-	-
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Due diligence / Situations of human rights dangers	-	○
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."		No complaints filed	●

● Fully Reported ● Partly Reported ○ Not Reported - Not Applicable

GRI	Description	ISO 26000 Main Themes and issues	Page	Reported
Society (Disclosure on Management Approach)				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Economic, social and cultural rights / Participation and development of communities / Creation of employment and the development of functions / Creation of wealth and income / Respecting property rights	46~48	●
SO2	Percentage and total number of business units analyzed for risks related to corruption.		42~43	●
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fair management practices / Anti-corruption	53	●
SO4	Actions taken in response to incidents of corruption.		42~43	●
SO5	Public policy positions and participation in public policy development and lobbying.	Fair management practices / Responsible political participation / Participation of communities	-	○
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		-	○
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fair management practices / Fair competition / Respecting property rights	43	●
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fair management practices / Respecting property rights / Creation of wealth and income	53	●
SO9	Operations with significant potential or actual negative impacts on local communities.		-	-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Participation and development of communities	-	-
Product Responsibility (Disclosure on Management Approach)				
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.	Economic, social, and cultural rights / Facilitation of social responsibilities within the value chain / Consumer issues / Protection of consumer health and safety / Sustainable consumption	22~23	●
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.		-	-
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Consumer issues / Fair marketing, realistic and unbiased information and fair contract practices / Protection of consumer health and safety / Sustainable consumption / Consumer service, support and solving complaints and disputes / Boosting education and awareness	26~29	●
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		No violations	●
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Consumer issues / Protection of consumer health and safety / Sustainable consumption / Consumer service, support and solving complaints and disputes / Boosting education and awareness	25	●
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Consumer issues / Fair marketing, realistic and unbiased information and fair contract practices / Consumer service, support and solving complaints and disputes / Boosting education and awareness	27	●
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.		27	●
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Consumer issues / Protection of consumer data and privacy	24	●
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Consumer issues / Consumer service, support and solving complaints and disputes	No violations	●

Financial Service Sector Supplement

● Fully Reported ● Partly Reported ○ Not Reported - Not Applicable

GRI	Description	Page	Reported
FS1	Policies with specific environmental and social components applied to business lines.	5	●
FS2	Procedures for assessing and screening environmental and social risks in business lines.	41~43	●
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	26~27	●
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	27, 46	●
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	50	●
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	4~9	●
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	22~23	●
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	50	●
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	42~43	●
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	50	●
FS11	Percentage of assets subject to positive and negative environmental or social screening.	50	●
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.	29	●
FS14	Initiatives to improve access to financial services for disadvantaged people.	29	●
FS15	Policies for the fair design and sale of financial products and services.	27~28	●
FS16	Initiatives to enhance financial literacy by type of beneficiary.	-	○

UN Global Compact

Kyobo Life joined the UN Global Compact(UNGC) in September 2010, thereby makes 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 indexes and tasks as below.



Human Rights	1. All internationally proclaimed human rights shall be supported and respected.	- Kyobo Life's Code of Professional Ethics	53
	2. Businesses shall make efforts to not be complicit in human rights abuses.	- Preventing sexual harassment in the workplace	34
		- Educating guards	53
		- Protecting customer information	24
Labour Standards	3. The freedom of association and collective bargaining rights shall be upheld.	- Labor-management relations for coexistence	33
	4. All forms of forced and compulsory labor shall be prohibited.	- Prohibiting forced labor	35
	5. Child labor shall be prohibited.	- Prohibiting child labor	35
	6. Employment and occupation discrimination shall be eliminated.	- Abolishing discrimination in employment and occupation - Fair evaluation	34
Environment	7. Preventive approach to environmental problems shall be supported.	- Forest tour volunteer group 'Supjarami' - Eco-friendly Dasomi family volunteers	49
	8. Initiatives to support greater environmental responsibility shall be encouraged.	- Efforts to decrease energy usage	50
	9. The development and diffusion of environmentally friendly technologies shall be encouraged.	- Kyobo Life Environmental Awards	49
- Environmental investment within SRI(Social responsible investment)		50	
Anti Corruption	10. All forms of corruption in business, including extortion and bribery shall be opposed.	- Education on professional ethics	53
		- Core values violation report	53
		- Clean Contract	52
		- Present return center	52

Awards and Association Memberships Related to Sustainability Management

Awards

Date	Contents
2012. 11	Grand Award in the life insurance category for Financial Customer Protection awards sponsored by The Korea Economic Daily (Financial Supervisory Service award)
2012. 10	Personality of the Year Award from the IRC, CEO Shin Chang-Jae
2012. 10	First place in the KSA '2012 Korean Sustainability Index' in the life insurance category (3 consecutive years)
2012. 05	Official commendations from the President for those merited for Children's Day, hosted by the Ministry of Health and Welfare
2011. 11	Minister's Award from the Ministry of Knowledge Economy's 'Sustainability Management Awards' (Awarded Best First Sustainability Management Report)
2011. 02	A Ministry of Health & Welfare Award in recognition of promoting welfare for the handicapped
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

Association Memberships

Organization	Main Activities	Membership
Life Insurance Association	Promotes a healthy insurance culture, supports information sharing for rational insurance policy formation	1958
Korea Insurance Society	Researches insurance-related theories, laws, and practices	1964
The Institute of Actuaries Korea	Adopting diverse insurance policies and holding seminars, as well as exchanging information with foreign actuary institutes	1978
LOMA	Publishes and shares reliable insurance industry data for public sharing	1978
Insurance Development Inst.	Offers information on fair and rational insurance prices, rates and other related issues	1990
Financial Safety Forum	Promotes the exchange of financial safety information for information protection and discussion of safety techniques and policy directions	2002
Ethical Management SM Forum	Promotes ethical management and researches on sustainability management	2005
Financial Safety Agency	Conducts various activities aimed at preventing and countering hacking, and other information protection activities	2006
Korea Fair Competition Federation	Promotes the understanding and practices of fair trade	2006
Korea Risk Management	Offers information on fair and rational insurance and other related issues	2006
UN Global Compact Korea Chapter	Promotes the exchange of information about corporate social responsibility	2010

Financial Highlights

A Balance Sheet (Financial Position)

Separation (unit: 100 million)	FY2012	FY2011	FY2010
Assets	699,563	623,608	580,477
Cash and deposits	6,427	9,557	9,965
Financial assets*	347,624	295,269	254,925
Loans	152,070	141,311	128,878
Other assets	60,173	58,880	71,502
Separate account assets	133,269	118,591	115,207
Liabilities	640,615	572,223	533,748
Policy reserve	483,058	430,984	396,381
Other liabilities	22,648	21,135	20,556
Separate account liabilities	134,909	120,104	116,811
Equity	58,948	51,385	46,729
Capital stock	1,025	1,025	1,025
Capital surplus. etc	4,229	4,229	4,229
Accumulated other comprehensive income	11,093	8,310	8,849
Retained earnings	42,601	37,821	32,626
Liabilities & equity	699,563	623,608	580,477

*Financial Assets = Short-term trading financial assets + Assets available for sale + Assets held for maturity

Income Statement (Separate Statements of Comprehensive Income)

Separation (unit: 100 million)	FY2012	FY2011*	FY2010
Operating Revenues	127,137	106,020	109,140
Premium income	88,269	68,153	68,784
Investment income. etc	38,868	37,867	40,356
Operating Expenses	121,273	99,112	102,257
Liability from insurance contract	51,970	34,541	28,254
Claims paid*	62,959	57,728	62,349
Other expenses	6,344	6,843	11,654
Operating Income	5,864	6,908	6,883
Income before income tax	5,958	7,157	8,126
Income tax expense	235	1,702	2,057
Net income	5,723	5,455	6,069

*Due to the revision of 'standards regarding profit from operations', the FY 2011 figures were revised.

*Insurance cost=Paid insurance+costs for reinsurance+working expenses+depreciation for new contract

*This chart has been written under the provisions of the IFRS(International Financial Reporting 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 Korea 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.

KYOBO Life Sustainability Report 2012

This report has been published in both Korean and English, and can be viewed at our homepage(www.kyobo.co.kr). If you have any questions or opinions regarding the report, please contact below.

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