



**Dongbu Insurance**

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Gangnam, Seoul, S.Korea 135-523

[www.idongbu.com](http://www.idongbu.com)



Financial Stability

CUSTOMER  
SATISFACTION  
MANAGEMENT

COMMUNICATION WITH  
EMPLOYEES

PRODUCT RESPONSIBILITY  
FULFILLMENT INCREASING BRAND  
VALUE

PROTECTION OF HUMAN RIGHTS AND COOPERATION WITH THE LABOR AND MANAGEMENT

IMPROVEMENTS IN  
WORKING ENVIRONMENT  
FOR EMPLOYEES

**Sustainability Report 2013**

ENVIRONMENT PROTECTION ACTIVITIES

WIN-WIN GROWTH WITH CLAIMS  
SERVICE PARTNER

COEXISTENCE

WITH SOCIAL CONTRIBU-  
TION ACTIVITIES  
SALES PARTNERS

FINANCIAL STABILITY  
PROTECTION OF HU-  
MAN RIGHTS AND CO-  
OPERATION WITH THE  
LABOR AND MAN-  
AGEMENT

CSV FINANCIAL  
STABILITY

COEXISTENCE WITH  
SALES PARTNERS



**Dongbu Insurance**

EMPLOYEE EDUCATION AND TRAINING

DEVELOPING OVERSEA PROJECT AND NEW BUSINESS

# DONGBU INSURANCE

## Objective

This report is focused to provide precise information on our sustainability management vision, strategies, and activities to all stakeholders, in goal of reflecting their opinions to enhance our sustainability management policies and decision-making process.

## Report highlights

The fourth biannual report emphasizes on the sustainability management activities by the stakeholders. Major reflective assessment was conducted based on internal and external policies and regulation, media research, interviews and surveys. This report prioritizes on the activities and achievements made from the major issues raised based on the assessment. DMA(Disclosure on Management Approach) was created through the use of quantitative and qualitative performances from each field of expertise. Pages have been marked for further understanding of the performances, which can be found towards the end of the report.

## Reporting period

We publish sustainability report every two years. This fourth report covers the period from FY2011 to FY2012 (from April 1<sup>st</sup> 2011 to March 31<sup>st</sup> 2013), while the activities and performances after the period are also included in order to provide the stakeholders with more accurate information.

## Reporting principles

This report is created with the reference to the G3.1 Reporting Guidelines of GRI (Global Reporting Initiative), the Financial Service Sector Supplement of GRI, and BEST guideline. This report was verified by the Institute for Industrial Policy Studies (IPS) with the best result to ensure the reliability and accuracy.

## Reporting scope

This report covers performances of the Dongbu Insurance Headquarters, domestic business sites including regional head offices and service centers. The oversea branches and offices are not included. In addition, environmental data is centered on the date of the Headquarters. The currency unit used in this report is the Korean Won(KRW).

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Dear Stakeholders and supporters of Dongbu Insurance,  
I would like to offer my utmost gratitude for your steady support and firm belief in Dongbu Insurance.

Despite the global economic crisis that has resulted in many difficulties, Dongbu Insurance has been able to lay a firm foundation for stable growth through its sustainability management.

To maintain a strong standing through the enduring crisis, we are doing our utmost to equip the Company with a unique strategy and management performance.

To that end, we are continuously promoting a variety of sustainability management activities through a differentiated overall strategy for improved performance and a balanced commitment to the environment and society. In 2013, we established a CSR office that coordinates our sustainability management and where the Sustainability Management Committee, the highest decision making organization, is actively involved with the CEO.

In order to contribute to reducing greenhouse gas emissions and other pollutants related to climate change, we are participating in the Carbon Disclosure Project, developing environmentally friendly policies, and promoting a Green Procurement Policy. In addition, our company executives and managers are actively helping the socially neglected through the Promy Volunteer Corps. At the same time, we are sponsoring the grant-matching Promy Heart Fund, where volunteer work and donations are helping to realize to a better society.

Since joining the UN Global Compact in 2011, we have followed its Ten Principles and have implemented our own programs aimed at providing not only better working conditions, but also fair labor management.

Through the development of innovative insurance products and the safeguarding of customers' personal data, we are aiming to create an insurance culture in which everyone benefits.

Thanks to its sustainability management achievements, in 2013 Dongbu Insurance was named a DJSI World member, acknowledgement that the Company's ranks among the global leaders in sustainability management policies. We are proud to be the nation's first insurance company to receive such recognition.

Our achievements do not mean, however, that we can rest on our laurels. Rather, we will continue striving to become a global corporation seeking to communicate with our stakeholders in pursuit of a better society. Thank you.

October 2013  
Kim Jeong-nam,  
President and CEO of Dongbu Insurance

*Jeongnam Kim*



Through the development of  
innovative insurance products and  
the safeguarding of customers'  
personal data, we are aiming to  
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everyone benefits.

# LEADING INSURANCE COMPANY – LEVEL SUSTAINABILITY MANAGEMENT SYSTEMIZATION

By meeting customers’ needs and implementing responsible sustainability management, Dongbu Insurance aims to stand shoulder to shoulder with global industry leaders as world-leading insurance and finance group.

## The foundation of responsibility and credibility

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## Fulfillment of social responsibility and creating value

# About Dongbu Insurance

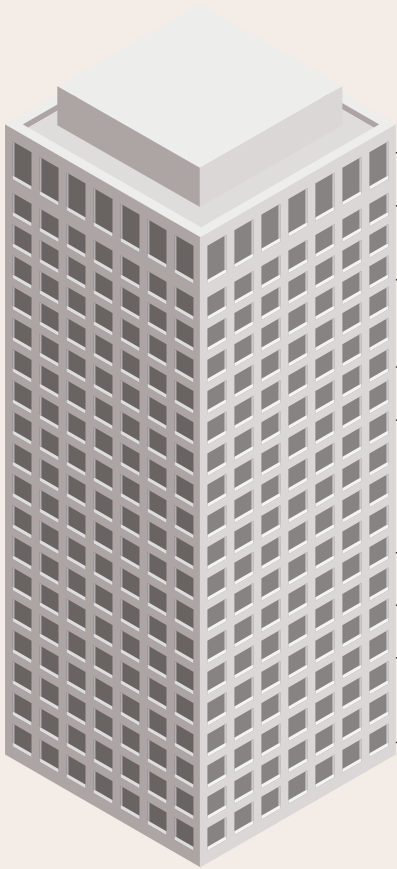
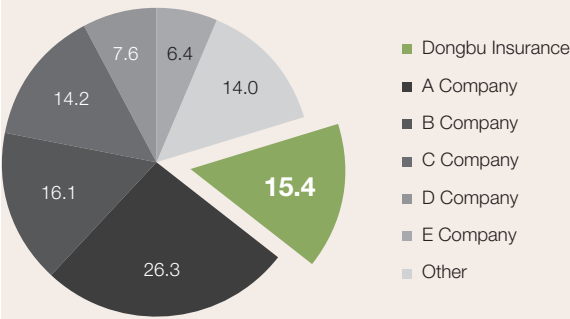
## Company status

### 1. Company profile

Dongbu Insurance was founded in 1962 as the first automobile insurance company in Korea. It was incorporated into the Dongbu Group in 1982 and became Dongbu Insurance Co., Ltd. in October 1995. Dongbu Insurance has since grown to become Korea's leading comprehensive insurance company through a management philosophy prioritizing customer satisfaction and sound financial structure.

To achieve its vision of ‘A global Insurance Financial Group that Pursues a Happy Society with Customers’, the company emphasizes three initiatives — globalization, specialization, and maximization of value — along with companywide efforts for communication with stakeholders to maintain sustainable growth.

As a result, in 2013 the company recorded KRW 9.6925 trillion in direct premiums, 6.8% growth on the previous year, and net profit of KRW 413 billion.



#### Company profile [as of March, 2013]

Company name	Dongbu Insurance Co., Ltd.
Headquarter	Dongbu Financial Center, 432, Teheran-ro, Gangnam Seoul, S.Korea 135-523
Date of establishment	March 2, 1962
CEO	Kim Jeong-nam
Network	[Domestic] 58 branches, 13 service centers (includes OS team) [Overseas] 4 branches (Guam, Hawaii, California, New York) 4 offices (Beijing, Ho Chi Minh, London, Jakarta)
Paid-in capital	KRW 35.4 billion
No. of employees	5,164
Total shareholders' equity	KRW 2.7561 trillion
Total asset	KRW 21.1894 trillion

· No. of employees include contract-basis workers

### 2. Organization and subsidiaries

Company headquarters comprises 12 divisions with 21 teams and 55 departments. Headquarters sets the vision and strategies for the entire company and establishes policies for each business segment. Nationwide, 8 head offices, 58 branches, and 7 customer services centers are in operation. In addition, 13 nationwide claim service centers along with call centers and telecommuting call centers in Seoul and Jeonju deal with customer claims and services.

The Company has 7 subsidiaries: Dongbu Life Insurance, Dongbu Securities, Dongbu Insurance Claim Adjustment, Dongbu CAS, Dongbu CSI, Dongbu CNS, and Dongbu MnS.

[Organization chart]



[Subsidiaries]

Company name	Major business	Date of establishment	Paid-in capital (KRW)	No. of shares held	Ownership
Dongbu Life Insurance	Life insurance	Apr. 14, 1989	193.3 billion	23.63 million	81.5%
Dongbu Securities	Financial investment	Dec. 20, 1982	212.2 billion	8.46 million	19.9%
Dongbu Insurance Claim Adjustment	Claims adjustment	Feb. 29, 1984	1 billion	200,000	100.0%
Dongbu CAS*	Claims adjustment for third insurance	Mar. 17, 2011	300 million	60,000	100.0%
Dongbu CSI**	Claims adjustment for third insurance	Mar. 17, 2011	200 million	40,000	100.0%
Dongbu MnS***	Insurance and broking agent	Feb. 22, 2013	10 billion	2 million	100.0%
Dongbu CNS****	Claims adjustment and other financial support services	Mar. 17, 2011	200 million	40,000	100.0%

\* Dongbu claim adjustment & settlement  
\*\*\* Dongbu marketing and service

\*\* Dongbu claim survey & investigation  
\*\*\*\* Dongbu customer & network service

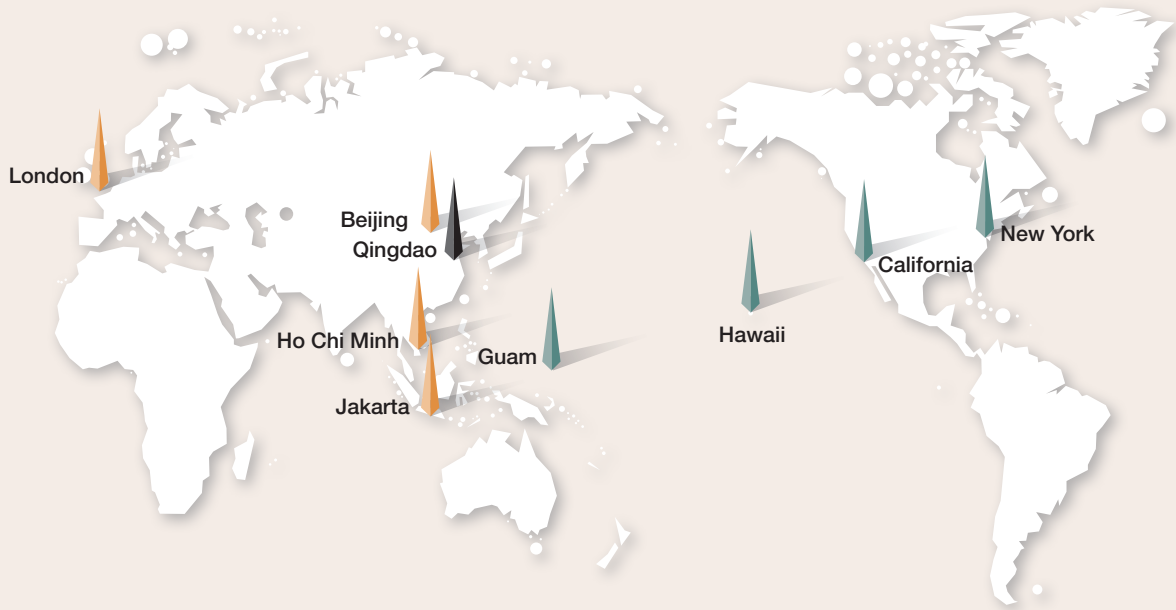


# About Dongbu Insurance

## Company status

[Overseas network]

Overseas branches : Guam, Hawaii, California, New York  
Overseas offices : Beijing, Ho Chi Minh, London, Jakarta  
Joint venture : Qingdao

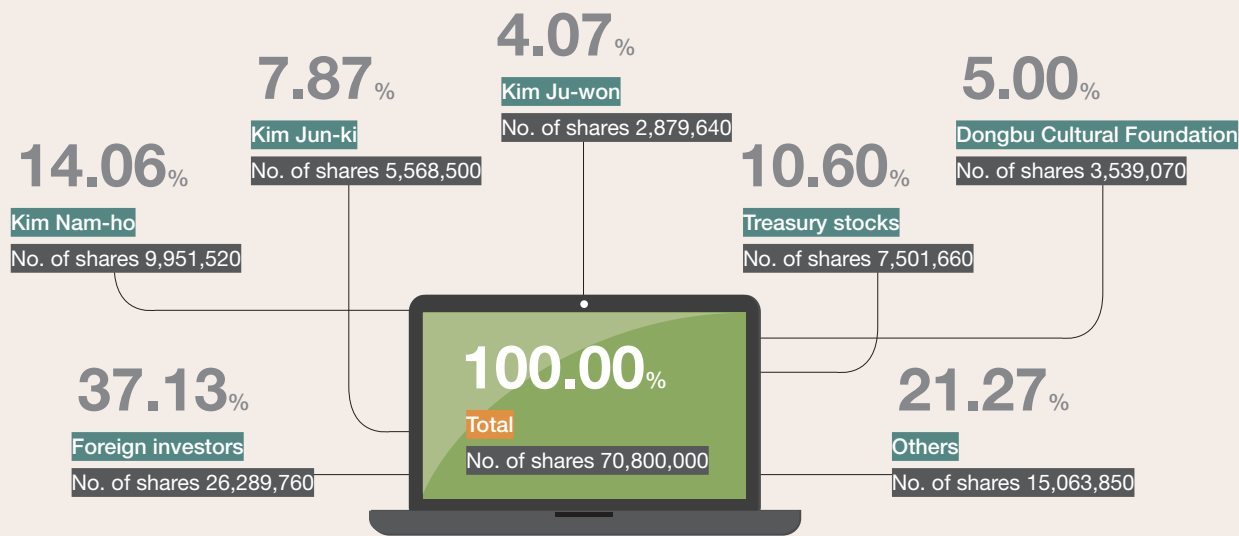


### 3. Shareholder constitution

As of 31st March 2013, three major shareholders held 26.00% of the Company shares. The Dongbu Cultural Foundation owns 5.00%, while overseas investors and individual shareholders hold 37.13% and 21.27% respectively. Treasury stocks accounted for 10.60% of the total.

[Major shareholders] [as of March 31, 2013]

[unit: share]



### 4. Products and services

Dongbu Insurance develops and offers its customers insurance products that can protect them from various risks. At the same time, the Company fulfills its corporate social responsibilities by developing products that take social and environmental aspects into consideration. We also make effort to protect customers' properties and enhance their health management by providing a variety of services after purchase of our insurance products.

[Products]

Category	Details	Major products
Automobile	Legal compensation for the injuries and the damages in car accident	Personal Auto Insurance, Business Auto Insurance, Commercial Auto Insurance
Driver & accidents	Compensating for injuries in daily life and while driving	Smart Driver Insurance, Family Love Driver Insurance, Bravo Driver Insurance
Convergence	One integrated compensation for risks which arise in daily life	Smart Convergence Insurance, Family Life Insurance
Health	Compensating for medical expenses, including costs of treatment and hospital charges	My Life Plus Total Insurance, 100-Year-Old Youth Insurance, Must Needed Cancer Insurance, Smart Diabetes CI Insurance
Income compensation	Compensating for the financial loss due to after-effect of the accident or disease	My Family Guarantee Insurance
Children & studying abroad	Compensating for diseases and injuries of children	Smart Child Love Insurance, International Student Insurance
Pension & savings	Saving product which eases economic burdens on the customers after their retirement	Smart Pension Insurance, Gold Plus Partner Insurance, Wells Plus Insurance
Travel & leisure	Covering risk during travelling and/or leisure activities	Outdoor Leisure Insurance, Travelers Insurance
Fire & disaster	Compensating for damages from fires and disasters • Anti-natural disaster insurance is supported partially by the government. The government pays some of the insurance fees	Fire Plus Guarantee Insurance, Smart Family Total Insurance, Anti-Natural Disaster Insurance
Loan	Making loans for economic stability of the customers	Insurance Contract Loan, Real Estate/ Mortgage Loan, Automobile / Credit Load, Share-Purchase Loan

[Services]

Category	Details
Car care service	Car inspection, 10% discount on the service charges, car history management
Promy health care service	• Health Care Service: Telephone counseling with the specialized medical staff., provides health contents, special treatment reservation • Online Health Management Program : Online health management program and health counseling
Funeral service	Providing total funeral service for the customers
Will-managing agency service	Offering first of its kind, to manage the Will, its privacy and safety through the experts in law as well as managing the inheritance issues.
SOS emergency service	Offering quick and accurate service through 560 designated Promy World branches nationwide
On-site dispatch service	Offering quick and accurate on-site service through 540 designated Promy World branches nationwide
Auto care service	Offering 36-item auto inspection service, maintenance history management service, repaired car delivery service, car sanitation service through 400 Promy World Service Centers.
Promy car service	Offering car inspection service, maintenance history management service, repaired car delivery service, car registration service, car inspection agency service, car sanitation service

# About Dongbu Insurance

## Corporate governance

### 1. Status of BOD

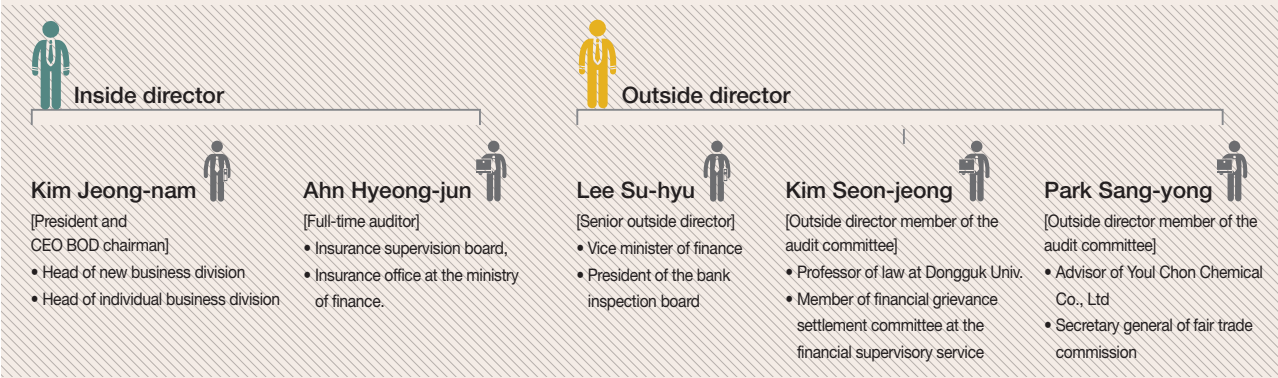
As of the end of June 2013\*, the Board of Directors (BOD) comprised two inside directors and three outside directors. The two inside directors are the CEO and a full-time auditor. Outside directors account for 60% of the Board, thus satisfying the legal requirement of 50% or higher.

\* As of the end of June 2013, due to change in committee structure

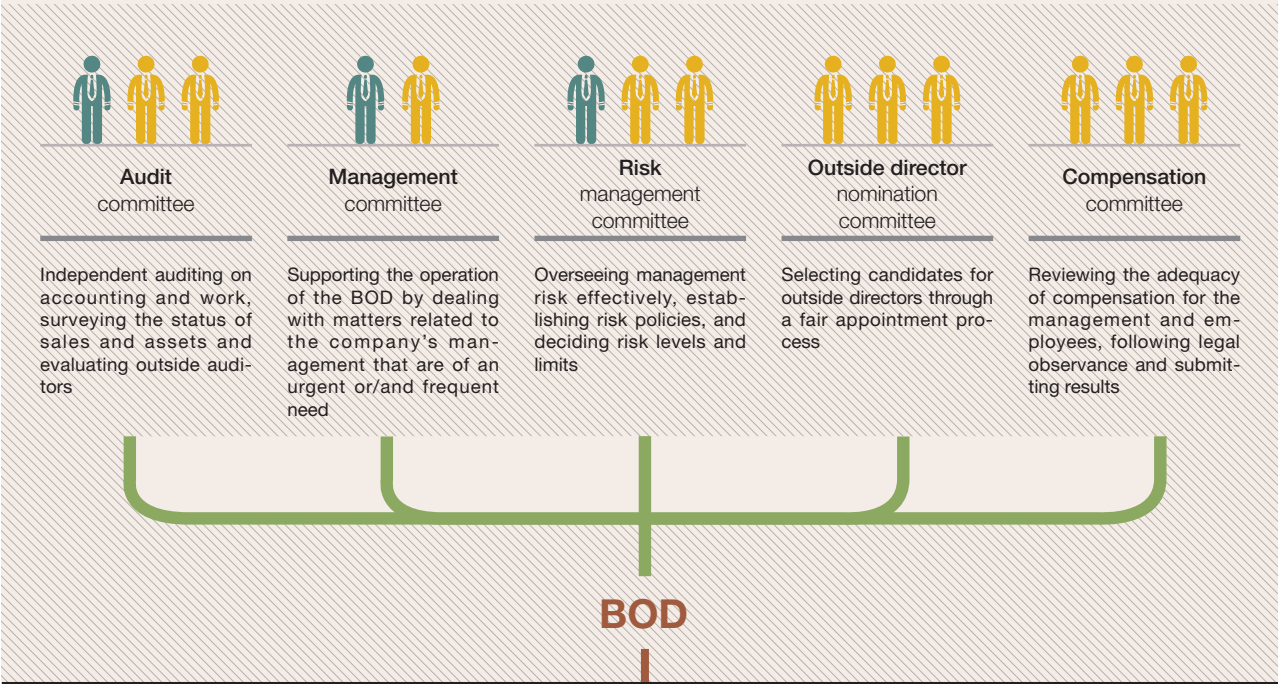
Under the BOD, five committees – the Management Committee, the Risk Management Committee, the Outside Director Nomination Committee, Compensation Committee and the Audit Committee – are in operation according to the relevant laws and the Articles of Incorporation. Each committee reviews and decides on matters consigned by the BOD as well as general and frequent issues that require swift decisions.

[BOD members] (as of the end of June, 2013 until now\*)

\* As of the end of June 2013, due to change in committee structure



[BOD and committees]



### 2. Operation of BOD

The BOD must meet on at least a quarterly basis, but emergency meetings can also be convened at the direction of the Chairman or a designated director if necessary.

The CEO of Dongbu Insurance is the Chairman of the BOD. To increase the BOD's exactitude and objectivity, one of the outside directors is appointed Senior Outside Director. In 2013, the Senior Outside Director was Lee Su-hyu.

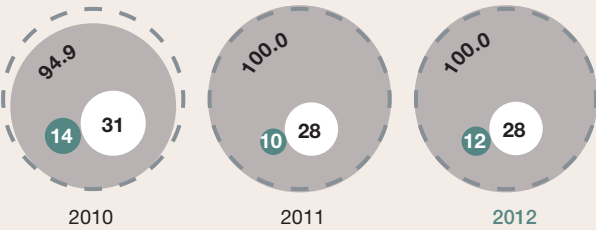
In order to ensure fair and efficient in the decision-making processes and to prevent conflicts of interest, at least half of the directors must be present at all meetings.

In addition, a majority of those in attendance must approve the passage of resolutions. Directors who cannot use their voting rights due to personal interest issues are excluded from voting regardless of whether they are present or not. The BOD handles issues related to the shareholders' meeting, the company's management and financial status, and directors and executives. Social and environmental factors are also considered in the process of decision-making.

Shareholders may freely present to the BOD agenda items for the general shareholders' meeting. Questions on proposed items and requests for explanation can be made at shareholders' meetings.

[BOD records]

● No. of meetings held [case]  
○ Submitted issues [case] ● Attendance rate [%]



### 3. BOD's pursuit of specialties

The members of the BOD are all experts in the financial industry who possess broad knowledge and experience in their fields. While the current BOD comprises all male members, the Company recruits experts in their field of specialty regardless of race, gender, or disability.

To recruit only the best external staff with specialties in the insurance industry, the Outside Director Nomination Committee nominates candidates based on their expertise, objectiveness, fairness, experience in their field, and the level of comprehension in sustainability management. Nominees are finalized by the BOD and the shareholders' meeting.

[Major issues raised in the BOD] [2011]

Date	Description	Agreed / Disagreed	Presence of outside director
2011. 04. 28	The 44th financial statement & sales report approval case and 2 other cases	Agreed	3/3
2011. 05. 20	The 44th regular stockholders meeting & approval of minor suggestions and 2 other cases	Agreed	3/3
2011. 06. 10	Election of outside director and 2 other cases	Agreed	3/3
2011. 06. 30	Election of executive officer	Agreed	3/3
2011. 08. 10	PF loan case for Re-development of pungmu 2 region in Kimpo and 3 other cases	Agreed	3/3
2011. 09. 30	Dongbu construction BW purchasing case and 3 other cases	Agreed	3/3
2011. 11. 05	Filed Report: FY'11 2nd quarter management performance summary, major driving force and plans	Agreed	3/3
2011. 12. 23	Dongbu Insurance stock buying case and 3 other cases	Agreed	3/3
2012. 03. 09	Dongbu Hightech Syndicated management and other major changes	Agreed	3/3

Corporate governance

[Major issues raised in the BOD] [2012]

Date	Description	Agreed / Disagreed	Presence of outside director
2012. 04. 30	The 45th financial statement & sales report approval case	Agreed	3/3
2012. 05. 24	The 45th regular stockholders meeting & approval of minor suggestions and 2 other cases	Agreed	3/3
2012. 06. 13	Election of executive officer and 5 other cases	Agreed	3/3
2012. 07. 09	Dongbu Insurance's convertible preferred stock purchase case and 1 other case	Agreed	3/3
2012. 08. 07	Dongbu Capital CP Discounted Loan extension case	Agreed	3/3
2012. 11. 30	Renewing internal control policy case and 1 other case	Agreed	3/3
2012. 12. 26	Foundation of sales subsidiaries case and 1 other case	Agreed	3/3
2013. 01. 31	Election of management executive	Agreed	3/3
2013. 02. 06	Dongbu capital stock purchase case	Agreed	3/3
2013. 02. 28	FY'13 business plan confirmation case and 6 other cases	Agreed	3/3
2013. 03. 27	Election of management executive	Agreed	3/3

4. Director evaluation and compensation

In September 2010, Dongbu Insurance established the Compensation Committee to devise a reward system for management and employees according to their performance and achievement. Reward for management is based on their achievement in business planning, performance in sustainability management, and commercial activity in accordance with social and environmental considerations. The evaluation of this process is carried out by the Compensation Committee and finalized through the shareholders’ meeting.

The establishment of the Compensation Committee has enhanced the fairness and transparency in the performance evaluation and reward system for management through evaluation of its business performance, regular inspection of whether or not the reward system is related to financial risks, and annual review of compensation carried out independently from management.

5. Corporate governance

To maintain sound corporate governance that promotes management transparency and effectiveness, Dongbu Insurance enacted the “Charter of Corporate Governance”, which

is posted on the company website. All executive members of Dongbu Insurance reinforce the importance of ethics and abide by the social responsibilities of the “Charter of Corporate Governance”.

6. Audit committee

Operating independently of the BOD and the executive organization, the Audit Committee audits the effectiveness and performance of the Company’s overall internal control system, making assessments and finding areas for improvement. Audit Committee members are appointed at the shareholders’ meeting. An outside director is designated as the head of the Committee to emphasize fairness.

Additionally, the Audit Team, which operates directly under the Audit Committee, regularly conducts audits and reports the results to the BOD. The Audit Committee reports audits and penalties at least once to the BOD. In FY2012, a total of 263 audits were carried out with 22 penalties or punishments acted upon.

Risk management

1. Risk management policy and strategy

1) Policy

Risk is defined as the potential or possibility of negative impact on financial status and/or making profit during the company’s business management process. The company measures the significance of risk-causing factors through risk management and decides on a suitable approach to risk avoidance or reduction.

2) Strategy

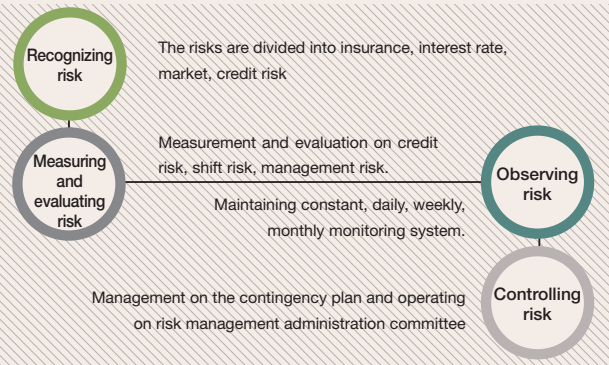
Dongbu Insurance maintains a level of risk appropriate to its capital availability by categorizing risks and managing and setting capital limits. This allows for the maximization of company value as well as the attainment of stable financial income. Strict standards for asset distribution, limit setting, and guidelines are created to monitor and control the relevant activities.

Moreover, by integrating risk management organizations and creating a separate Insurance Risk Management division responsible for managing insurance risk, and Asset Risk Management responsible for assessing asset risk and relevant processes such as market and credit risk management, the company is able to manage risk in a more specialized and accurate fashion.

2. Risk management process and organization

1) Process

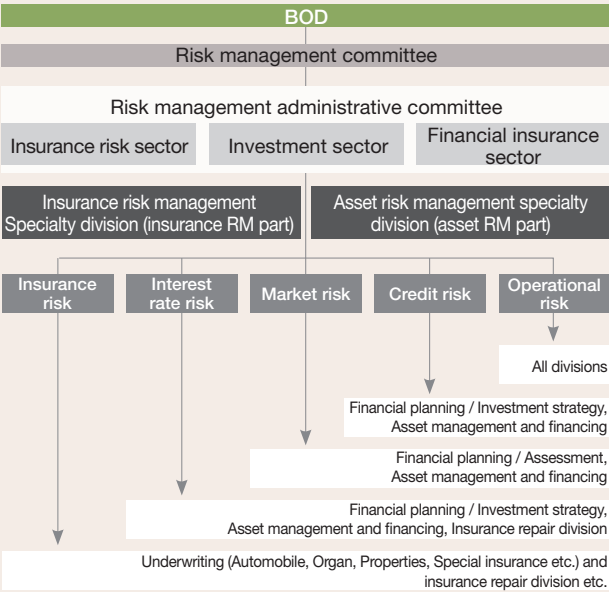
[Dongbu insurance's process of risk management]



2) Risk management organization’s structure and function

The company’s Risk Management organization comprises the Risk Management Committee, the Risk Management Administrative Committee, the Risk Management Specialty Division, and the Risk Management Division.

[Risk management organization’s structure]



(1) Risk management committee

The Risk Management Committee oversees all risk affecting the company by setting risk allowance limits, supervising possible management risk, and establishing policy. The Committee meets at least once every quarter and emergency meetings can be convened whenever necessary.

(2) Risk management administrative committee

The Risk Management Administrative Committee supports the Risk Management Committee on risk in regarding rapidly changing financial markets. It also devises risk management strategies.

(3) Risk management specialty division

This Division is responsible for the overall operation of Risk Management by assessing, managing, controlling, and reporting all related to risks and possible risks. The division is operated independently of the planning/sales/asset management department and supports the Risk Management Committee and Risk Management Administrative Committee.



# About Dongbu Insurance

## Risk management

The major activities of the Division include establishing an annual risk management plan, setting risk limits, managing and distributing asset risk, reporting regularly on risk management status, managing issues regarding the operation of the Committees, announcing the Committees’ decisions and its aftercare, and operating the risk management system. On 1st April 2013, the Asset RM Division and Insurance RM Division were separated in order to for them specialize in their respective fields.

### (4) Risk management division

The Risk Management Division designates a deputy for risk management and reports the results of risk allowance based on detailed supervision of relevant risks. Furthermore, the Division is responsible for implementing and reporting decisions made by the Risk Management Committee and the Risk Management Administrative Committee.

### 3. Current risk management status

#### 1) Assessment of capital adequacy and management

Dongbu Insurance has been assessing the transparency of its equity capital based on the Risk Based Capital (RBC) system since April 2009. As of March 2013, the Company’s RBC ratio stood at 254.6%. The supervisory board makes it compulsory to maintain the ratio at the minimum 100%, thereby maintaining a high degree of capital transparency.

[as of March 2013. unit: KRW million]	
RBC rate	254.6%
Availability	2,972,632
Standard availability	1,167,590
- Distribution effect*	478,467
I . Insurance risk	656,831
II . Interest risk	204,218
III . Creditability risk	635,294
IV . Market risk	49,189
V . Management risk	100,525

\* Distribution Effect: ( I+II+III+IV+V ) - Standard Availability

#### 2) Analysis of crisis and risk factors

The Company analyzes any state of crisis or risk factors on the basis of IMF and the 2008 global economic crisis, run by the supervisory board. Since March 2013, the Company’s

RBC ratio has never fallen below 150% during any crisis. In addition, the Company maintains analysis of capital through changes made in risk factors, and is always prepared for any changes in profit, loss, or capital value.

[as of March 2013, unit : KRW million]		
Category	Effect on Profit and Loss	Effect on the Capital
KRW/USD Exchange Rate: KRW 100 Increase	1,806	0
KRW/USD Exchange Rate: KRW 100 Decrease	-1,806	0
Interest Rate: 100 bp Increase	-49,135	-409,789
Interest Rate: 100 bp Decrease	50,100	417,838
Stock Price Index: 10% Increase	2,838	183,667
Stock Price Index: 10% Decrease	-2,838	-183,667

#### 3) Risk management operating regulations

Risk management regulations, Risk Management Committee regulations, and risk management administrative regulations are used as the standard model for risk management operations. Overall management of the Committee’s activities and regulations and is carried out based on the roles of the risk management organization, risk strategies, risk measures in each sector, limit management, emergency situation analysis, and reports.

#### 4) Limit setting management

In accordance with RBC regulation standards, required capital is distributed through each and every risk sector (insurance, interest rate, market, credit and management risk) and managed by setting limits. The Risk Management Administrative Committee approves the limits for each sector. Relevant issues are regularly monitored, controlled, and reported to the Committees and executive teams.

#### 5) Risk management system

Based on its Enterprise Risk Management (ERM) Project, the Company has established an ERM Governance Individual Risk Management system (insurance, interest rate, market, and credit risk) and a Risk Data Warehouse that utilizes ERM planning, individual asset risk estimation, and stress testing.

### 4. Risk management strategy

The Company’s management strategy and planning in relation to risk management is assessed and approved annually by the Risk Management Board. Effective capital management is ensured through regular monitoring.

Specific risk management strategies are as follows:

- Risk appetite such as total risk rate and RBC rate goals
- Individual risk capital distribution through RBC
- Risk limits (VAR/Exposure/Loss/Loss cut/ Concentration limits) in consideration of the ideal capital portfolio and guidelines
- ALM strategy for interest risk management
- Re-insurance management strategy including insurance risk limits

### 5. Risk management for economic crises

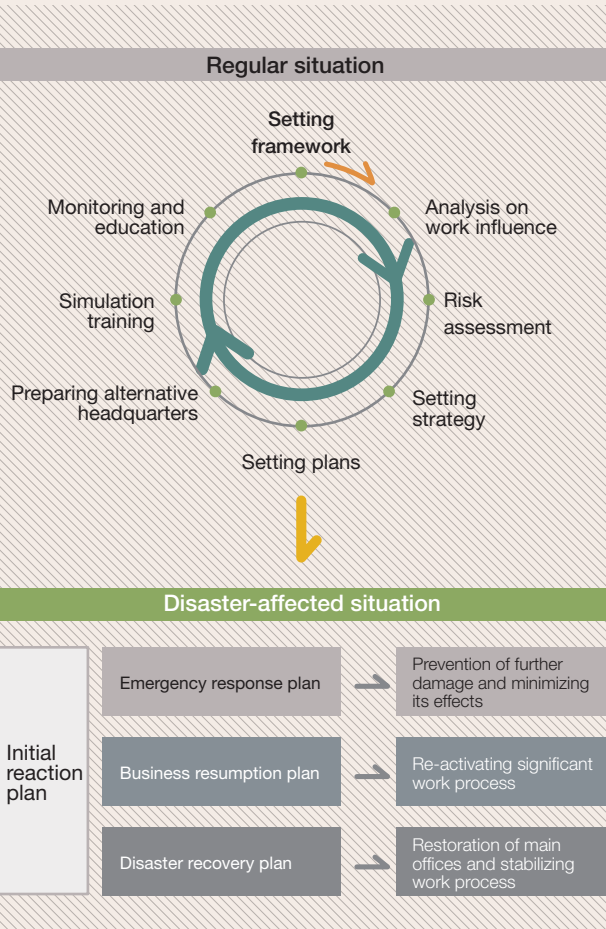
The Company monitors, analyzes, and prepares responses to possible risk-related scenarios that could influence its financial status. Additionally, possible effects on the balance sheet/income statement, solvency rate, liquidity, asset/liability value, and shareholders’ value are all regularly examined and macro- and micro-economic factors taken into consideration. In regard to crisis analysis, the Company considers not only past scenarios (such as the 1997 Asian Financial Crisis, the events of 9 September 2001, and the 2008 Global Financial Crisis), but also hypothetical ones.

A Contingency Plan is also in place in case of emergencies such as an abrupt reduction in premiums, rapid increase in insurance payments, sudden variance in risk factors, severe decrease in national or corporate credibility, or the breakdown of data systems. Such cases are classified as Level 3 crises and possible countermeasures are examined.

### 6. Disasters management

In areas where its is based — Daechi-dong, Cho-dong, and Yeouido in Seoul, and major areas outside the capital — the Company Business Continuity Plan provides guidelines for operational procedure during disasters such as epidemics, typhoons, earthquakes, blackouts, terrorist attacks, data process failures, radioactive contamination, and war.

[BCM: Business Continuity Management]



# Sustainability Management

## Sustainability management strategy system

### 1. Sustainability management system

#### 1) Characteristics and status of the non-life insurance industry

The non-life insurance industry is subject to many government regulations due to its public characteristics. This is an industry for domestic demand as household insurance policies such as auto insurance and long-term accident insurance occupies a large portion. In addition, interest rates and the stock market significantly affect the performances of the asset management division and profits of long-term insurance which occupies a lion's share of premiums.

As of end of March, 2013, there are 31 domestic insurers in operation. Of 31 insurers, there are 10 domestic standard insurers, 3 domestic all-round insurers, 10 foreign insurers which make 23 insurers as **comprehensive insurers**\*. The remaining 8 insurers operate as re-insurance company.

\* The first company to be fully or partially responsible for the insurance contract.

In FY2012, the non-life insurance industry reported 12.9% growth over the previous year, recording direct premiums of KRW 62.9 trillion. By category, standard insurance and long-term insurance grew 15.7% and 17.5% respectively, while auto insurance fell by 1.5%.

#### 2) Sustainability management risks and opportunities

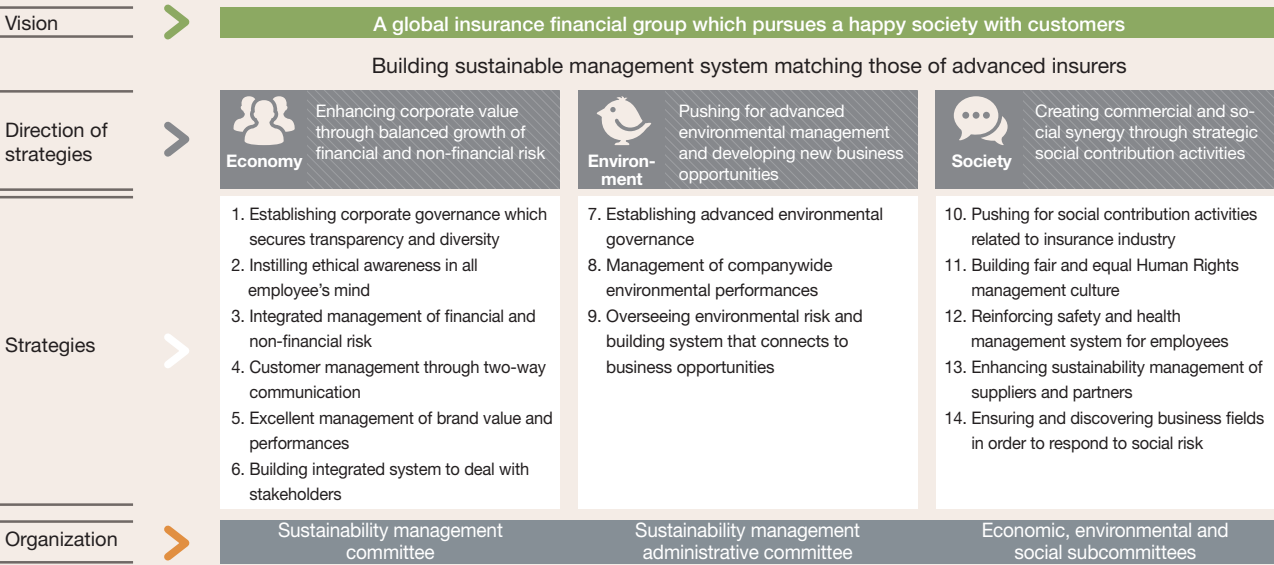
Amid the worsening global financial crisis and uncertainty over leading nations' fiscal policy, rigorous monitoring of the domestic insurance industry is expected. The importance of the Personal Information Protection Act and Customer Privacy is likely to be emphasized and capital regulation based on the RBC system strengthened in order to emphasize fair and healthy financial management.

Within the sphere of sustainability management, corporate attention to social responsibility is expected to increase with the changes in the government's keynote policy for sustainability management, the establishment of guidelines on corporate social responsibilities of insurers, and the rising importance of social networks. Moreover, preparations for new growth engine development and the introduction of mega-risk management systems due to climate change, low birth-rate, and an increasingly aging population, are expected.

#### 3) Sustainability management vision and strategies

Dongbu Insurance aims to become a wholly sustainable company through customer satisfaction. The Company is developing an advanced sustainability management system based on 14 strategies in accordance with its vision of being "A Global Insurance Financial Group that Pursues a Happy Society with Customers".

[Sustainability management vision system]



#### 4) Sustainability management organization and roles

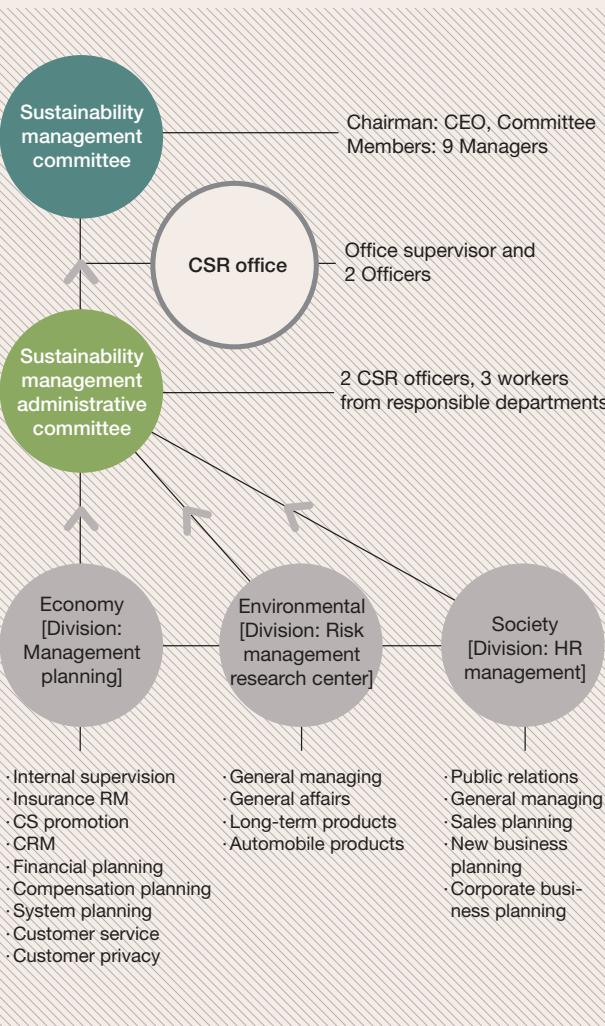
Chaired by the CEO and comprising the head of each business division, the Company's Sustainability Management Committee takes decisions on major sustainability management issues. Working under the Committee, the Sustainability Management Administrative Committee promotes sustainability management activities through analysis of internal and external factors related to sustainability management by benchmarking leading insurers and by interviewing stakeholders through its Economic, Environmental, and Social subcommittees. Tasks are classified as standard and emergency: standard tasks are carried out by the relevant departments of the Economic, Environmental, and Social subcommittees, while emergency tasks are undertaken by relevant departments.

In order to maintain an advanced and reliable system, in April 2013 the Company established a CSR Office responsible for Sustainability Management. Related work is carried out by the Sustainability Management Committee. Dongbu Insurance aims to further strengthen its Sustainability Management System through communication with internal and external stakeholders and will continue to make efforts to develop a unique approach to its social responsibilities.

Overall sustainability management	<ul style="list-style-type: none"><li>Advancing sustainability management strategies</li><li>Establishing working groups and management system for sustainability management</li></ul>
Economy	<ul style="list-style-type: none"><li>Reinforcing independence and transparency of BOD</li><li>Strengthening responsibilities for sustainability management</li><li>Reinforcing transparency in measures of ethical codes</li><li>Strengthening non-financial risk management system</li><li>Raising retention rate</li><li>Strengthening consumer protection</li><li>Strengthening brand value evaluation</li><li>Building integrated stakeholder management system</li></ul>
Environmental	<ul style="list-style-type: none"><li>Establishing environmental management policies</li><li>Strengthening management of environmental KPIs</li><li>Formulating carbon-neutral plan</li><li>Building environmental risk recognition system</li><li>Developing products and services</li><li>Social responsibility-based asset management</li></ul>
Society	<ul style="list-style-type: none"><li>Advancing social contribution strategies</li><li>Advancing management of social contribution performances</li><li>Strengthening external cooperation and network</li><li>Advocating human rights and diversity</li><li>Strengthening safety and health management</li><li>Introducing supplier guideline</li><li>Reinforcing business partner management</li><li>Expanding responsibility on the marginalized</li><li>Tackling aging population issues</li></ul>

· Dongbu is annually operating a per-department evaluation system by designating sustainability management aspect within the companywide MBO category.

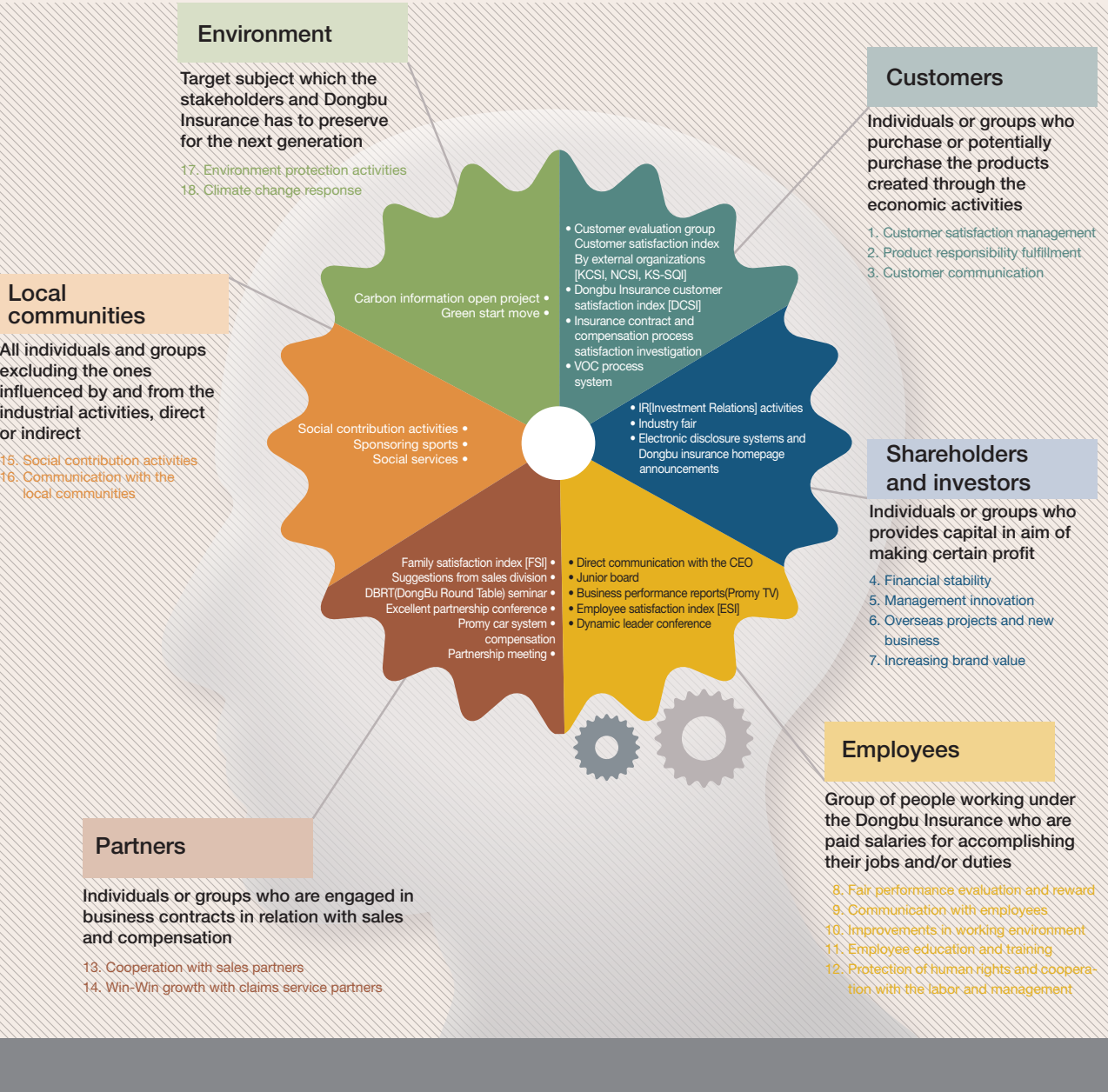
[Sustainability management organization]



Stakeholder engagement

1. Stakeholders and communication channels

Dongbu Insurance defines stakeholders as customers, shareholders/investors, employees, partners, local communities, and the environment. The Company reflects the opinions of its stakeholders by doing its best understanding their interests and needs. Thorough regular and ongoing communicating and serving stakeholders effectively, the Company aims to contribute to a happy society.



2. Results of stakeholder survey

Surveys regarding sustainability management were conducted with both internal and external stakeholders. The surveys covered an extensive and varied range of topics with the aim of gaining insight into each stakeholder's awareness and needs. By understanding sustainability management issues requiring attention, the Company was able to improvement on its performance the previous year.

Issues for improved sustainability management performance

Areas in which the Company aims to improve sustainably management include customer satisfaction management, employee satisfaction management, and engagement with partners. Active participation in social contribution for the advancement of local communities along with strengthening of a fair and ethical corporate culture are also areas in which the Company expects to progress through its commitment to promote sustainability management.

Dongbu Insurance will strive to make a better and happier society by openly acknowledging its stakeholders' opinions.

[Customer - Customer interest issues]			[Employee - Employee interest issue]		
Ranking	Category	Page of report	Ranking	Category	Page of report
1	Customer satisfaction management	p.31	1	Employee satisfaction management	p.56
2	Social contribution activities	p.79	2	Customer satisfaction management	p.31
3	Management leadership	p.02	3	Making financial profit	p.45

[Sales partner interest issue]			[Compensation partner interest issue]		
Ranking	Category	Page of report	Ranking	Category	Page of report
1	Customer satisfaction management	p.31	1	Win-Win growth with partners	p.69
2	Management leadership	p.02	2	Ethical management	p.24
3	Innovative business	p.47	3	Innovative business	p.47



# Sustainability Management

## Materiality test and identification of major issues

### 1. Materiality test procedures

A six-stage Materiality Test was conducted in consideration of stakeholders. The test comprised examination of Company policies, Company direct and indirect impact on the economy, domestic and international conditions, sustainability management surveys, media search results, and benchmarking of peers and leading sustainability management corporations.

[6 Step materiality test model]



**\* Materiality test**  
A test in which The Institute for Industrial Policy Studies has developed in 2006, consisting of 6 step tests to derive major issues in accordance with each and individual corporate characteristics and current state or affairs at the time. The test is designed for the sustainability management strategy development and composition of its report.

### 2. Process of identifying major issues

[Materiality test process]

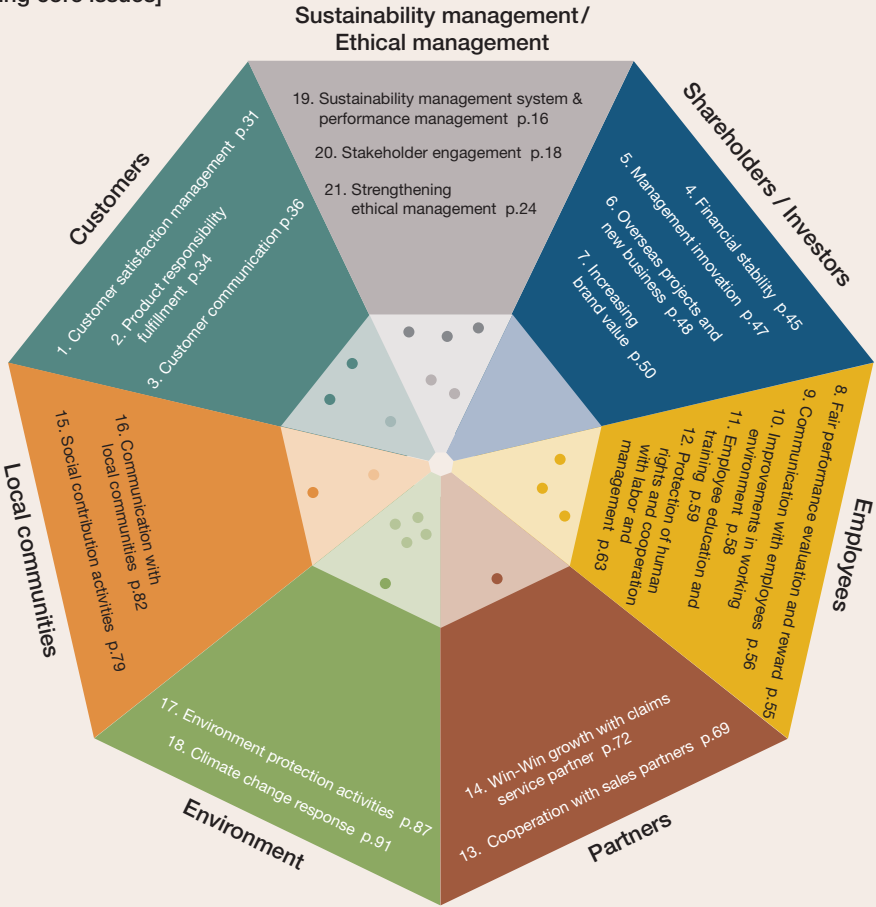


[6 Step test]	Issue listing	Issue categorization	Identification of major issues
[Test 1] Analysis of company policy [Test 2] Participation of stakeholders [Test 3] Benchmarking [Test 4] Media search [Test 5] Direct and indirect Economic impacts [Test 6] Domestic and international norm and legislation	Listing the issues from the test	Categorizing the issues by areas and importance	Prioritizing the issues by importance and influential level, deciding on the major issues

### 3. Results of identifying major issues

Dongbu Insurance was able to identify and prioritize major issues for each stakeholder by analyzing the test results. The issues were reduced from 64 to 40, of which 21 considered the most important with respect to sustainability management were selected. Additionally, 19 issues of lower priority were identified in each stakeholder's performance report.

[Results of identifying core issues]



Medium issues [MEDIUM (11)]		Low issues [LOW (8)]	
● Sustainability management	Risk management, Management leadership	● Sustainability management	Transparent ruling system
● Ethical management	Fair competition	● Ethical management	Transparent corporate exposure
● Customers	Customer information protection, Strengthening product competitiveness	● Customers	Following consumer regulations
● Employees	Balance in work and life, Equal employments employees' welfare system	● Local communities	Participating in development of local communities
● Partners	Communication with the partners	● Environment	Recycling Following environment regulations Air pollution management Waste and water quality management
● Local communities	Supporting local communities' cultural life		
● Environment	Energy efficiency / Saving resource		

Sustainability management initiative - UNGC

Category	10 Commandments	Activities	Related page No.
Human rights	1. Supporting and respecting international human rights	Supporting human rights by joining UNGC	P.63
	2. Preventing human rights violation	Internal monitoring activities Employee education in human rights and ethics Strengthening customer information protection	P.13, 24 P.34, 63
Standard of labor	3. Acknowledging the rights for collective bargaining and freedom of association	Holding Dynamic Leader Conference Event to communicate directly with the CEO	P.56 P.63
	4. Abandoning all types of forced labor	Prohibiting forced labor	P.63
	5. Eradication of child labor	Prohibiting child labor	P.63
	6. Abandoning discrimination in employments and within working environment	Grievance settlement system Operating fair assessment system	P.55 P.63
Environment / Corruption	7. Supporting prevention approach in environmental challenge	Donating environment model school Establishing environment guideline Participating in CDP	P.88, 89 P.91
	8. Activating environmental responsibility	Enacting energy saving movement Participating in Green Start and Green Sports Operating electronic document system	P.89, 90, 92
	9. Eco-friendly technology development	Auto insurance: Evergreen special contract Auto insurance: Distance Driven special contract Auto insurance: One-Day-Without-Car special contract	P.89, 92
	10. Corruption-free system	Operating Love Auction system Operating internal declaration system Written pledge on abiding ethical regulation by all employees	P.25 P.27



Sustainability management achievement - DJSI

In 2013, Dongbu Insurance was named in the Dow Jones Sustainability (DJSI) World, becoming the first Korean company to achieve such status. As well as being the first domestic company to be recognized by DJSI Asia-Pacific, the accomplishments were deserved recognition of the Company’s efforts in sustainability management. Assessing corporate sustainability management since 1999, DJSI is acknowledged as the world's leading global business evaluation index in area of sustainability management evaluation and Social Responsibility Investment (SRI).

Main content

- First insurance company within the nation to be selected as DJSI World
  - Incorporated into the DJSI World Member: The only insurance company to join the DJSI World in 2013.
  - Creating uniqueness by becoming the only Korean insurance company to be incorporated into DJSI World
- First in the industry in Korea to be selected as a member of DJSI Asia-Pacific 2 years in a row, and as a member of DJSI Korea 5 years in a row



Significance of selection

- Established as top 15 global insurance company
  - Only 15 out of 115 global insurance company is chosen to be in DJSI World
- Enhancement in company value within domestic and international investing markets
  - Utilized as investing standard by global SRI
  - The price index of stocks of DJSI Korean members increase by annual average of 5.52% since October 2009
- Enhancement in customer credibility as a sustainably manageable insurance company

Category	DJSI World	DJSI Asia-pacific	DJSI Korea
Evaluation target	15 out of 115 global insurance companies	6 out of 16 Asia-Pacific insurance companies	4 out of 9 domestic insurance companies
Selected companies in 2013	Dongbu Insurance, Aegon, Allianz, Aviva, AXA, Legal & General, Mapfre, Muenchener Rueckversicherungs, NKSJ, Standard Life, Storebrand, Swiss Re, Tokio Marine, Zurich Insurance Group, Samsung Life Insurance	Dongbu Insurance, Insurance Australia Group, NKSJ, Tokio Marine, Samsung Life Insurance, Samsung Fire & Marine Insurance	Dongbu Insurance, Samsung Life Insurance, Samsung Fire & Marine Insurance, Hyundai Marine & Fire Insurance

# Ethical Management

## Strengthening ethical management

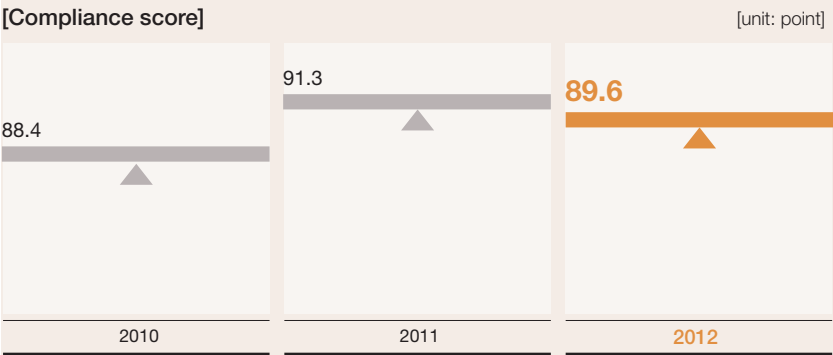
### 1. Strengthening ethical management

#### 1) Ethical management systems

##### (1) Compliance

Dongbu Insurance operates an evaluation system that measures compliance levels by sector and duties, and establishes ethical management.

Common compliance items are work ethics, matters raised by outside auditors, ethical code violations, and evaluation items for compliance activity reports. Through the development of a compliance index of items for evaluation, we are establishing a strong ethical corporate culture and a workplace where ethical management is practiced by all employees. We have also introduced a voluntary fair trade observance program to ensure that we operate in accordance with the principle of equity.



· Grading Method: Absolute grading system out of 100 points

In addition, we have appointed a compliance officer and developed a 24/7 internal control system to ensure that all official documents are monitored. We obtain prior authorization from the Financial Supervisory Service regarding all materials used to promote and sell our products. All privately prepared materials, moreover, should be based on materials officially approved by the company. Thanks to such efforts, the Company has never faced any allegation of exaggeration or false advertising.

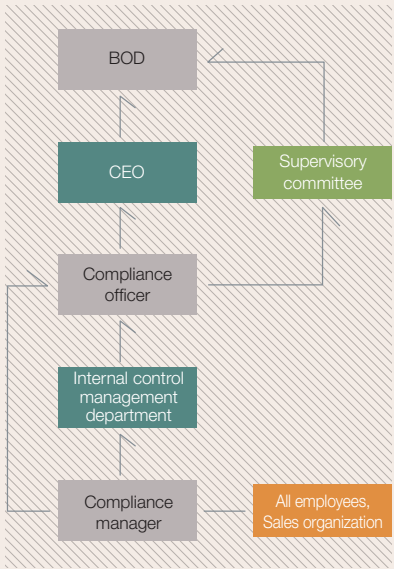
##### (2) Legal risk management

Legal analysis at Dongbu Insurance is handled by company lawyers and the Legal Affairs Division under the compliance officers. The Division responds to questions on legal matters related to headquarters business, sales policies, legal matters regarding sales activities, and legal risks related to claims.

General corporate matters related to legal risk include the establishment and revision of articles of association, company regulations and policies, and personnel and labor management. The number of inquiries has increased steadily each year.



[Ethical management promotion organization]



[Legal risk review] [unit: case]

	Questions from the headquarters	Questions from the sales department	Questions from the claims department	Total
2010	710	114	38	862
2011	903	220	27	1,150
2012	874	232	74	1,180

##### (3) Legal service support for customer satisfaction

Dongbu Insurance has provided legal consulting services through its website since November 2001.

Available to anyone, the service is used not only by customers but also by solicitors, insurance agents, and employees. As of 2012, a total of 1,492 legal services had been provided.

#### 2) Anti-corruption and bribery prevention

To eliminate any kind of corruption and bribery, Dongbu Insurance has established regulations that prohibit the acceptance of bribes, special treatment or entertainment, special consideration, and other forms of gifts from partner firms. We also have created detailed guidelines for employees.

##### (1) Internal declaration system

Employees may report bribery and corruption anonymously or under their names through the company's intranet declaration system. We have also established other channels to encourage the reporting of such violations.

They include a helpline on the website of the Korea Business Ethics Institute (KBEI), which offers informants a full range of protective measures, and on the company website "Financial Accident and Irregularities Reporting Center" and "Ethics Reporting Center" pages, where the public may also file reports.

The number of reports received through the website numbered 26 in 2010, 33 in 2011, and 16 in 2012. Those cases were settled through deliberations among the concerned parties. In cases of unethical acts and bribery, reports are filed to the Audit Department or the accused investigated by the HR Committee. We inform employees of those receiving disciplinary actions the reasons for the action as well as offering education to prevent similar cases.

[Processing provided information]





Strengthening ethical management

(2) Love auction

In line with our ethical management efforts, when employees receive a gift or other goods from an individual or an unclear source, they are required to report it to the compliance officer. The goods are then sold through an auction called “Love Auction”, with the proceeds going to people in need. Staring in February 2006, by end of 2012 the auctions had raised a total of KRW11,391,564, of which KRW8,375,584 was collected and donated to associations for the disadvantaged and social welfare groups.

(3) Donations to political parties and groups

Dongbu Insurance does not engage in any political activities in accordance with its Ethical Doctrine and no donations were made to political parties or groups during the period under review. Moreover, while employees are free of express political views as their individual right, they are advised not to ensure that their views are represented as those of the Company.

3) Internal monitoring

(1) Internal monitoring system for financial reporting

Dongbu operates an internal monitoring system for financial reporting to underpin credibility in its financial information and the transparency of the organization.

Initially monitoring 77 processes and 1,117 sub-processes that impact financial statements, the system is updated annually and processes added or revised. The results of the internal monitoring system contribute to enhancing transparency in company-wide work processes and providing feedback on improvement measures.

[Operation system of money laundry prevention]

Korea financial intelligence unit	Suspicious Transaction Report (STR)			Currency Transaction Report (CTR)		
Korea financial intelligence unit ↕ Financial company	Report target • Financial broker who is accused of money laundering with a reasonable evidence	Characteristics • Report based on financial company's objective and professional view • Applies to all financial transactions	Standard amount (as of July, 2010) • More than KRW 10,000,000 • More than USD 5,000	Report target • An individual who makes transaction over the standard amount within a transaction day within the same financial company	Characteristics • Report according to objective and uniform standard • Applies only to cash transactions	Standard amount (as of July, 2010) • KRW 20,000,000
Financial company	Customer Due Diligence (CDD)					
Financial company ↕ Customer	① Identification of the person making transaction Target of identification • Newly opened account • Instant financial transaction of more than KRW 20,000,000 (USD 10,000) Checklist • Name, Personal Registration Number, Address, Contact Information etc.			② strengthened identification procedures (In consideration of money laundering) Target or identification • Identifying the actual person making transaction • Doubting the case of another customer in intention to laundering money Checklist • Making sure of the identity of the actual person making the transaction • The purpose of the transaction etc.		

[Performances on operation of internal monitoring for financial reports] [unit: case]

Category	2010	2011	2012
No. of processes	77	77	77
No. of monitoring	1,271	1,243	1,295

(2) Public disclosure checklist

The Company's public disclosure checklist ensures that disclosures to the Financial Supervisory Service, the Fair Trade Commission, the Korea Stock Exchange, the General Insurance Association of Korea, and the Company website are made in a timely manner. Additionally, disclosure personnel and managers in relevant departments are required to make daily, weekly, and monthly checks of items for disclosure. When disclosures are due, the relevant departments are notified automatically.

[Disclosures/violation of disclosures] [unit: case]

Category	2010	2011	2012
No. of disclosures	87	82	91
No. of violations	-	-	-

· Standardized on data submitted to DART

(3) Money laundering prevention system

The Company operates an internal framework for monitoring risk in accordance with size, working range, and internal monitoring standards to effectively prevent money laundering. The system also enables us to perform differential due diligence of customer accounts according to risk level.

4) Ethical education

(1) Ethical education for employees

Ethical education is compulsory for all newly recruited and promoted employees. In 2012, a total of 789 employees received ethical management education. All employees receive education in ethical management through the in-house broadcasting system and via an online course.

Our ethical management education systems have also been implemented at our subsidiaries as a part of the basic education programs provided for newly recruited employees.

(2) Voluntary pledges of ethical and legal conduct

In addition to receiving online and offline ethical education, all employees are encouraged to sign voluntary pledges of ethical and legal conduct with the aim of underlining the Company's commitment to ethical management and being a responsible member of society. Employees of subsidiaries are also urged to submit signed pledges of ethical and legal conduct.

[Written pledges] [unit: no. of people]

Category	2010	2011	2012
No. of Participants	4,636	4,598	5,037
Ratio[%]	90.5	99.0	96.0

[Case study]

1/ Notice is regularly posted on the Company bulletin board regarding the congratulating of personnel and the prohibition of grants. By such actions, our ethical pledge is upheld and is becoming part of our corporate culture. In cases where gifts are received unavoidably, they are to be processed by the compliance officer using established guidelines.

2/ Dongbu Insurance regularly advises employees and partners on protocols of gift exchange with supervisors or stakeholders on national holidays. Items received in contravention of guidelines are donated to the “Love Auction” event. Through this campaign, the company is promoting a sound corporate culture.

[Ethical doctrine guidelines]

Guidelines on bribery

- Receiving and giving bribes is prohibited in principle
- Bribes received unavoidably will be used to create a better working environment or for corporate purposes
- Rewards and grants for promotion or transfer are to be processed through expenditure for congratulation and condolences. If exceeding a certain amount, rewards must be refused or returned.

[Code of ethics]

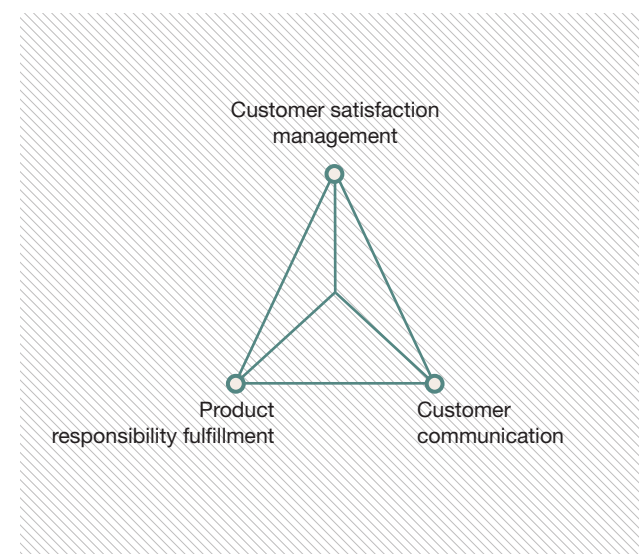
I . Foreword	
II . Main contents	
• Chapter 1. Pursuit of customer satisfaction and prosperity	
• Chapter 2. Building partnership trust	
• Chapter 3. Basic ethical responsibilities of employees	
Paragraph 1. Responsibilities to company	1. Employees shall have passion for their work. 2. Employees shall execute their duties in a fair manner by prioritizing customer value. 3. Employees shall conduct themselves in a dignified manner by showing exemplary self-management. 4. Employees shall continuously learn new skills and grow their capacities
Paragraph 2. Responsibilities to colleagues	1. Employees shall aim for solidarity based on order, trust and love. 2. Employees are forbidden from exchanging gifts. 3. Employees are forbidden from engaging in financial transactions with each other. 4. Sexual harassment is strictly prohibited.
• Chapter 4. Protecting rights and interests of shareholders and investors	1. The Company shall protect interests of shareholders and investors 2. Shareholders shall have fair treatment 3. The Company shall reliable and useful information in a timely manner. 4. The Company shall maintain transparent accounting practices 5. Insider trading shall be prohibited
• Chapter 5. Pursuit of free competition market order	1. The Company shall respect the order of the insurance market based on free competition principles. 2. The Company shall acquire and use information in a legal manner. 3. The Company shall pursue fair trade and a win-win relationship with partner firms.
• Chapter 6. Duty to country and society	1. The Company shall engage in sound business practices based on quality management. 2. The Company shall contribute to social development and the prosperity of mankind. 3. The Company and employees shall not engage in political activities. 4. Eco-friendly environment management



**Dongbu Insurance**  
will continue to strive  
to gain the implicit and  
unreserved trust of  
its customers.

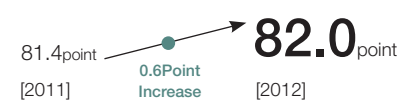


#### Major issues

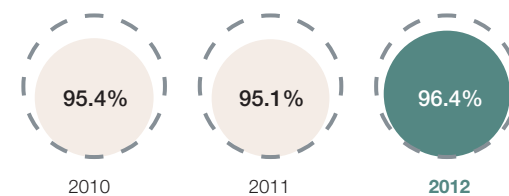


#### Major achievements

##### 1. Result of Customer Satisfaction

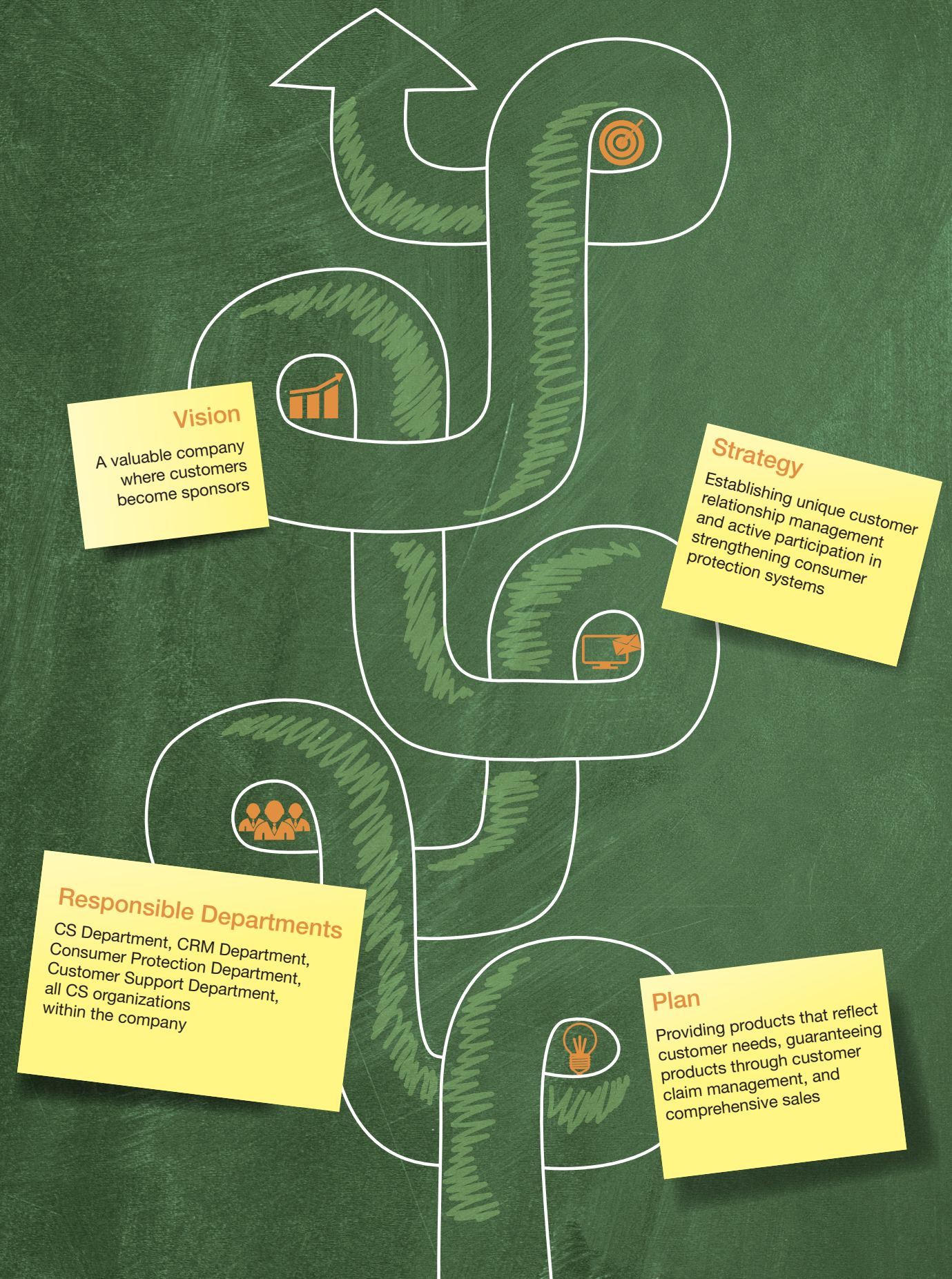


##### 2. Progress of Complete Sales



##### 3. Number of VOC [2012]

**31,684** case





Kim Deok-ryong

[Directing Manager of Consumer Service Department,  
General Insurance Association of Korea]

AS WELL AS PROTECTING CONSUMERS, WE FOCUS ON ESTABLISH-  
ING CREDIBILITY WITH THEM THROUGH CONSISTENT COMMUNICA-  
TION ABOUT PRODUCT DEVELOPMENT AND COMPENSATION.

When a consumer decides to buy a product, the company and the consumer embark on a long-term relationship. Since consumer choice is based on the credibility of the company, sustainability management is therefore vitally important. In this respect, Dongbu Insurance's social responsibility activities, eco-friendly insurance products, and participation in activities to conserve the environment have become a driving force behind its sustainable growth and nurturing of a positive corporate image. We can thus say these activities are truly meaningful in that consumers trust the company in the case of accidents or unfortunate circumstances. Moreover, while most insurance companies tend focus on compensation after disasters, diseases and accidents, to increase customer satisfaction Dongbu Insurance places equal emphasis on accident prevention.



2013 Korea Service Awards  
Grand Prize Winner



In recognition of its high-quality services and innovative management, Dongbu Insurance has been awarded the Korea Service Awards Grand Prize by the Korean Standards Association for four consecutive years.

KS-SQI Long-term Insurance  
Sector Award Winner



Dongbu Insurance was the only company to receive the KS-SQI Long-term Insurance first prize, held by the Korean Standards Association, in recognition of providing the best long-term insurance in the nation.

Product Development for Women  
(Auto Insurance: Female Safety Plan)



Dongbu Insurance has been offering an auto insurance product exclusively for female customers since July 2012. The product includes special assistance after an accident and help with compensation procedures. Also, in the case of an accident, a company employee is offered to accompany the customer to the police station. Through the product, we are bringing extra peace of mind to our customers.

Customers

Major Issue

CUSTOMER SATISFACTION  
MANAGEMENT

1

Efforts for customer satisfaction

Prioritizing customer value, the Company has implemented the Dongbu Service Standard comprising six shared values that run from customer response to complaint coordination.

In 2010, under our “Dynamic Dongbu” and “Appointment with Client” slogans, we implemented on-site management and in-person meetings with customers.

[6 Shared values]



[Dongbu service standard36]

The standard actions required of Dongbu employees for customers at any place and at any time

We will always be kind to the customers

Allow the customers to feel comfortable by providing transparent working environment.  
Build credibility through neat and tidy appearances and outfit.  
Create excellent impression by kind and approachable atmosphere.  
Create professional image through precise and confident response.  
Make customers happy through kind and efficient call center service.  
Understand the customers through perfect preparation.

We will always accomplish complete sales to create customer profit

Deliver value of insurance products from the customers' view.  
Thoroughly explain about the products with accurate information.  
Must abide by the 4 commandments when contract is made.  
Always be obtain sufficient and precise customer information when contract is made.  
Quickly deliver insurance stocks when contract is made.  
Always acknowledge and thank the customers when contract is made.

We will always support our customers with perfect service with complaints

Immediately report to VOC when there is any complaint made.  
Complaints made must be reported to the head of the department and then to the supervisor who will take care of the complaints.  
Quick initial response to the report within one hour.  
Must try to finish the process within 24 hours.  
Must give feedbacks at the completion of taking care of the complaints.  
Prevent any complaints from occurring by analyzing the previous complaints made.

We will always communicate with the customers by providing valuable information

Maintain long term relationship with the customers through continuous communication.  
Provide useful information which helps the customers.  
Effectively manage the contract by fore-noticing the customers on expiration.  
Effectively manage the contract in terms of possible overdue or lapsed contract.  
Take great care of the service provided to each customer in accordance with their needs.  
Manage customer information through secure protection system.

We will always be prepared to be dispatched

Efficiently process any reports for effective response.  
Contact the customers immediately after the dispatch.  
Notify the customer every 5 minutes after 10 minutes of the dispatch for customer service.  
Must wear Promy uniform along with a name tag when dispatched.  
Must provide the customers with personal name card within the arrival at sight.  
Notify the customers about the process before the start and let the customers know about the process made after it has ended.

We will always protect our customers with accurate compensation

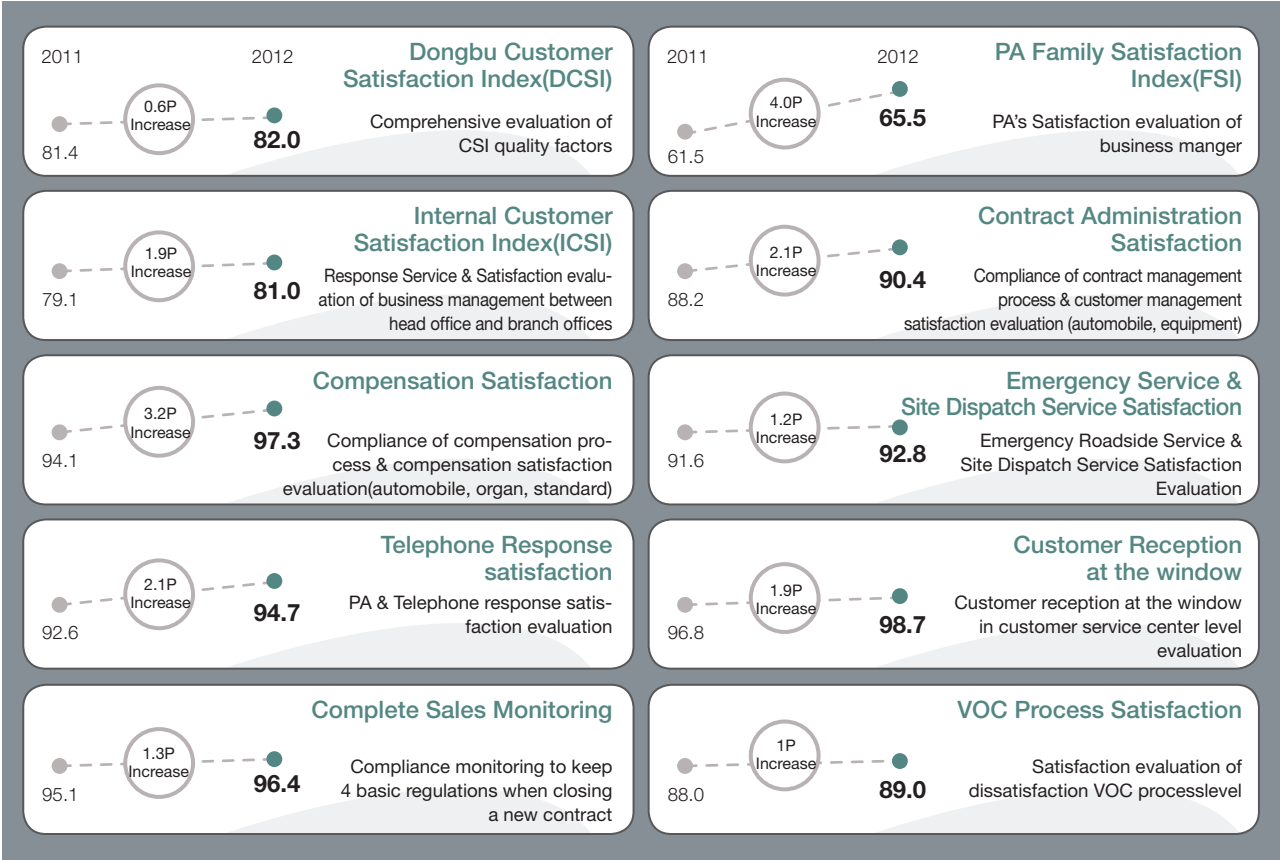
Execute accurate and quick explanation to the customers after registration of an accident.  
Guide through the process within the day after examining the victim and damaged properties.  
Notify the delay in compensation once 10 days have passed after the report of the accident.  
Provide detailed information about the compensation money after the compensation has been paid.  
Prevent any customer complaints through strict self management.  
Minimize the customer loss by quick and accurate examination of the damage made.

1) Customer satisfaction survey system

We created “Touch Points” with customers through the Dongbu Customer Satisfaction Index survey, the results of which we are using to maximize customer satisfaction. We

also operate the Customer Satisfaction Management System, a virtuous circle based on Customer Referral and Customer Maintenance Ratio.

[Periodic satisfaction survey]



2) Customer satisfaction index (Conducted by CS)

Dongbu Insurance carries out customer satisfaction surveys on a regular basis to assess its services from the viewpoint of its customers and to learn how to improve the quality of its services. In the 2012 Dongbu Customer Satisfaction Index (DCSI) survey, we scored 81.8 on a scale of one to 100, climbing 0.8 points from the previous year and continuing our upward trend.

Dongbu Insurance also refers to external survey results to enhance its services. In 2012, we remained in the upper ranks of the Korean insurance industry, earning 69.7 points (3rd in the automobile sector) in the Korea Management Association's Customer Satisfaction Index; 72.0 points (2nd) in the Korea Productivity Center's National Customer Satisfaction Index; and 71.4 points (1st in the automobile sector and 2nd overall) in the Korea Standards Association's Korean Standard-Service Quality Index (KS-SQI).

Furthermore, at every “Touch Point”, where we meet directly with customers, we have implemented a monthly satisfaction survey on our website and conducted email and telephone research

through customer counseling centers. Through these efforts to understand customers' needs, we have established our Real-time Monitoring/Feedback System.

Result of internal customer satisfaction survey [unit: point]			
	2010	2011	2012
	80.0	81.4	82.0

Result of external customer satisfaction survey [unit: point]			
Category	2010	2011	2012
NCSI*	71.0	71.0	72.0
KS-SQI**	69.6	71.9	71.4
KCSI***	63.0	66.6	69.7

\* National Customer Satisfaction Index by the Korea Productivity  
\*\* Korean Standard - Service Quality Index by the Korea Standards Association  
\*\*\* Korean Customer Satisfaction Index by the Korea Management Association

3) Customer related employee evaluation system

Dongbu Insurance considers all Customer Related Evaluations of employees in order to evaluate our departments and individuals.

Customer-related employee assessment system

Current assessment system	Subject	Cycle	Assessment criteria
Overall CS Assessment CS MBO	Business/Compensation SC/Service Centre: Best Award, Excellence Award for 3 Departments (Special Award: New Business, Service Center)	Yearly	• Individual Business Sector: DCSI, FSI, Complete Sales, Contract Management Satisfaction, Call Center, Cancel/Withdrawal Rate, VOD • Compensation Center: DCSI, Compensation Process Satisfaction, Call Center, VOD • New Business Sector: DCSI, Contract Management, Call Center, VOD • Corporate Body: Call Center, VOC • Customer Service Center: DCSI, Call Center, Desk Service
Dynamic Dongbu Best Award	Business Department (8 times), Compensation SC (3 times), Service Center (1 time)	Monthly	• Sales: Contract Management, Call Center, Complete Sales, Transferred Contract Encounters and Cancel/Withdrawal Rate, VOC • Compensation: Compensation Management, Call Center, VOD • Customer SC: Desk Service, Call Center
CS Quality Approval System	Business Department / Compensation SC / Service Center	Yearly	• Common: DCSI, Complaints, Call Center, VOC • Sales: Securing e-mails, Customer Contact Activities, Complete Sales, Contract Management • Compensation: Compensation Management, Outstanding Cases • Customer SC: Desk Service, Outstanding Cases, Securing e-mails
Excellent CS Department and Employee Award	Department	Quarterly	• CS Activity Assessment(CS Convention, Major CS Activities, CS Tweeter) + Contract Management, Call Center, Complete Sales, Compensation Management, Desk Service
	Individual		• CS Tweeter Activities, Major CS Activities (Environmental Management etc.) • Basic CS Activities (Outstanding Call Service/ Customer Acknowledged Cases)
Yearly Grand Prize “CS” Award	Designer, Branch, Newly Employed (1 person in each area)	Yearly	• Complete Sales (Variable Sections: Call Center, Contract Management, VOC)

4) Employee constitution for customer satisfaction

To improve our employees' CS quality, Dongbu Insurance invests in and continuously conducts employee training. The CS Education Drive System focuses on objectives including

consolidated CS education, extended field education, and service leadership.

System of education by CS education level

Category	Basic process	Practical process	Advanced process
Goal	Understand basic CS service and obtain basic communication skills	Standardize agreement service and carry out the service	Provide and share sentimental and creative service
Education process	Basic CS Education • Greeting manner / phone manner • CS Mind PK CS System Compliance (Insurance-ship, Complete sales, M-Risk)	Recovery of unsatisfied customers Understand the service standard On-sight CS Clinic	Expert-level service coaching skills CS conference Innovative academy – CS session
Target of education	All employees / PA New recruitments (Newly recruited, experienced)	On-sight service supervisor / manager Unseen service supervisor / manager Sales supervisor / manager	CS coach / leader Head office department supervisor / manager

5) Mobile smart phone based compensation service

Dongbu Insurance's smart phone Mobile Compensation System facilitates customer compensation. Through e-Claim, the only mobile compensation system of its kind in the insurance industry, we are able to provide rapid compensation by checking the scenes of accidents, automatically calculating insurance, and managing accident field materials. We are improving the system through an extension of Emergency Roadside Services to reduce inconveniences such as delayed or unavailable services due of unforeseen

weather conditions. Moreover, Customer Satisfaction Surveys previously carried out by landline telephone can now conducted using mobile smart phones.

We have also introduced the MMS Satisfaction Research System that allows us to gather VOC feedback more effectively, while the Dissatisfied Customer Re-Touch Process helps us to move a step closer to customers who are unhappy with our compensation service.



Customers

Major Issue

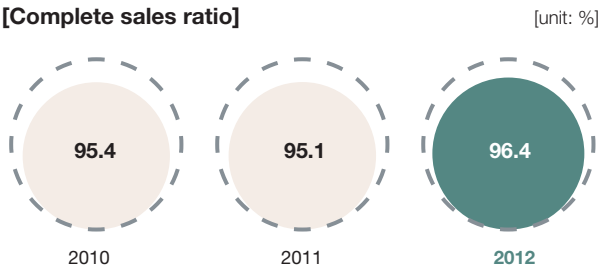
PRODUCT RESPONSIBILITY  
FULFILLMENT

2

Quality assurance based on complete sales

Dongbu Insurance pursues a sales process that respects consumer rights. Specifically, it adheres to four insurance sales principles – acquisition of customer signature, delivery of policy statements, duplication of application forms, and provision of detailed policy information – so that clients incur no disadvantages. Furthermore, in order to increase completed sales, the Company conducts site inspections and telephone monitoring before contracts.

Such efforts raised its Complete Sales Ratio to 96.4% in 2012 and continued its annual growth trend.



In order to maintain a Complete Selling System and emphasize the importance of complete sales, Dongbu Insurance imposes strict sanctions on employees and sales organizations in violation of complete sales regulations.

In 2012, the Complete Sales Management Board took measures against 446 executives and staff for breach of the code. In 2013, the relevant rules were revised so that even a single incomplete sale results in suspension of business and disciplinary action. The Company’s efforts to eradicate incomplete sales are ongoing.

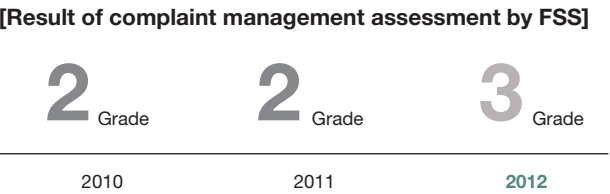
Grievance management and assessment

1) Consumer protection conference

The Consumer Protection Conference convenes once a month to discuss protection of the consumer both inside and outside the Company. It decides important matters and establishes policies to protect consumers and improve systems or processes from the perspective of the customer.

2) FSS complaint management assessment ranking

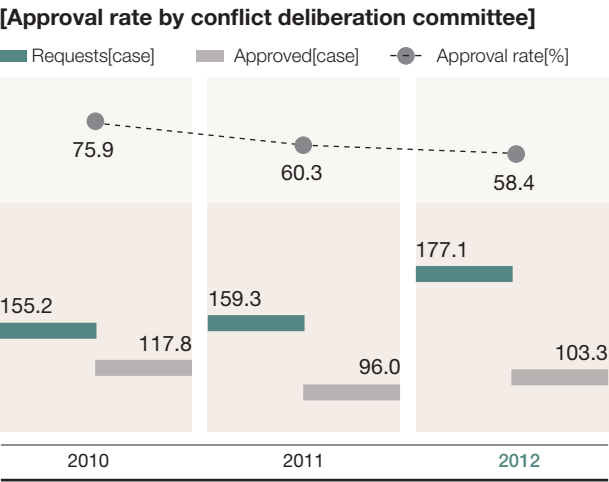
Whenever a complaint is filed, the Consumer Protection and Civil Affairs departments respond in a swift manner and offer close cooperation. Due to the nature of the insurance business, however, complaints have increased and the Company classed as Grade 3 in the Financial Supervisory Service’s assessment of consumer complaint management by financial institutions.



To improve this standing, we instigated a “Reduce Civil Complaints to the Financial Supervisory Service” campaign as part of our 2014 vision to lead the field in consumer protection. To that end, we are aiming to raise awareness of consumer protection, upgrade the protection system, reinforce our complete sales culture, and create a fast-track procedure for complaints. Additionally, on two occasions in 2013 we highlighted to employees the importance of consumer protection and the Reduce Civil Complaints campaign. We are also improving the level of protection through measure to address complaints more quickly.

3) Dispute review board for consumer satisfaction

The Conflict Deliberation Committee meets once a week to resolve consumer complaints. Supported by a wealth of professional knowledge in the relevant departments, the Committee resolved an average of 177 cases per month in 2012. We aim to resolve all issues according to fair and legitimate standards. As result, 65% of cases were accommodated in 2010-13.



4) Companywide harmonized customer database

Customer information, contracts, and compensation are managed through our company-wide Harmonized Customer Database. The system stores customer information safely and enhances customer experience by enabling us to address their requests at one window.

Consumer review group

Operating since 2010, the Consumer Review Group aims to understand customers’ needs and improve our service quality. Based on customers’ viewpoints, the Consumer Review Group is able to objectively measure the quality of services we provide and identify areas for improvement. The Group also suggests differentiated services and products to our customers. Through this body, we are able to consistently receive feedback related to sales and compensation processes and can make improvements in service quality.

Panel makeup

Online panel	Offline panel
6 person	15 person
Internet/Mobile based public-relations	Product/Service based trial offer and suggestion



[Role of panel]



Activities		
Category	Content	
Activity task	Monitoring	• Telephone response services in Call Center • Agency/SC customer reception at the window • Emergency/Maintenance service
	Subject report	• The newest issue of product/sales related companies • Consumer Review Group selected issues need to be more improved
	Others	• Adoption of proposal of Consumer Review Group and Publicity activities about improvement
Regular meeting	Proposal conference	• Twice a month(online, offline 1 meeting each)
	Discussion	• Report of subject presentation monthly and CEO meeting • Activity related business manager attended meeting

Customers

Major Issue

CUSTOMER COMMUNICATION

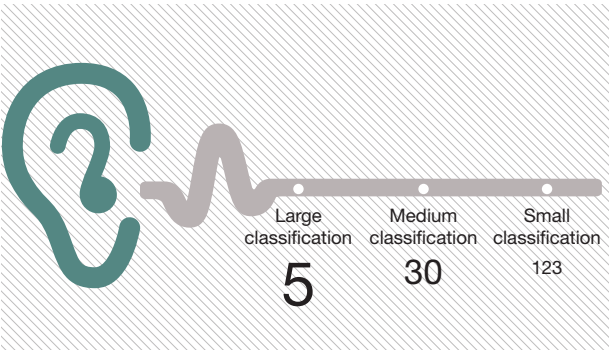
3

Communication with customers

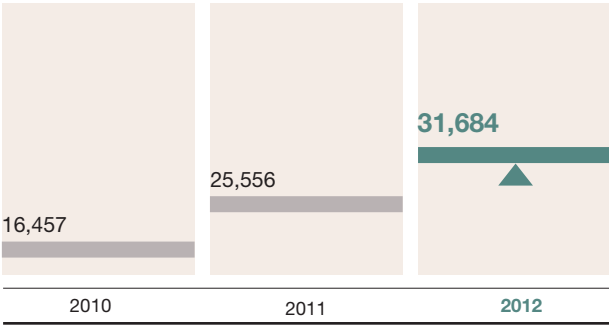
1) VOC: Voice of customer

Our Voice of Customer (VOC) system enables us to communicate with our customers efficiently and grasp their diverse needs effectively. The VOC system operates thorough various channels including telephone, website, Fax and mail. Through the system, we can immediately deliver our customers’ opinions to related departments and respond to issues within 24 hours.

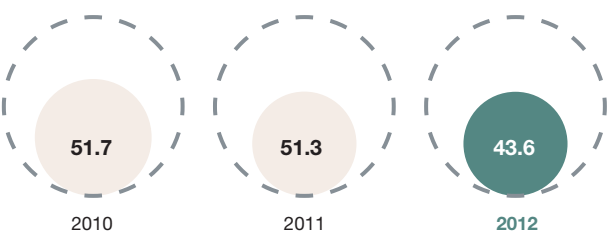
[VOC type classification]



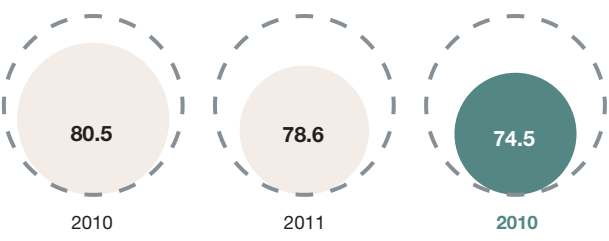
[No. of VOC]



[24 Hour completion rate]



[Initial response rate]



In 2013 we analyzed the VOC system, improved its organization, and enhanced access and usability on our website.

2) “Understanding our customers”

“Understanding our customers” is a program aimed at identifying elements in our work processes that cause customer complaints. It also helps us to listen more carefully to and communicate better with our customers.

The main activity is listening to customers’ complaints and suggestions, identifying customer needs, and relating them to the relevant departments within the Company.

※ Activity process

Listen to customer → Gather opinion → Deliver to relevant departments → Establish improvement plan → Carry out improvement → Notify customer of results

Category	Content
Time	Semiannually(each half of the year)
Visiting target	Excellent customer, complaint customer
Activity target	Executives(including CEO), staff members above the conductor
Activity method	Visiting customer's home, office



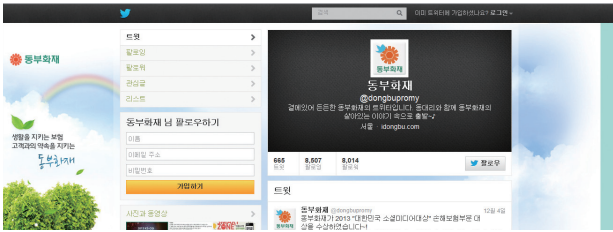
Understanding of Customer’ Event CEO Participation

3) Online communication and social networks

We are expanding and diversifying our range of communication channels for customers through social networks such as Facebook, Twitter, and a newly launched corporate blog. These help us to engage our customers better by understanding their lifestyle and offering appropriate information.

Current condition of SNS communication			[unit: person]
	2011	2012	
Blog Readers*	-	134,513	
Facebook Like	2,238	10,429	
Twitter Follower	472	4,341	

\* Founded in 2011



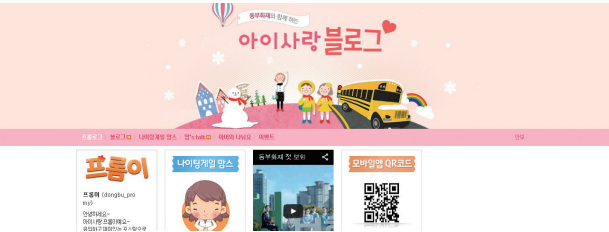
Dongbu Twitter



Dongbu Facebook



Dongbu Love My Car Blog



Dongbu Child-Love Blog

4) Differentiated services for customer impression

Dongbu Insurance provides its top-notch services at a variety of customer contact points, including contract conclusion, maintenance, management, and benefit payment.

(1) Consulting centers

As of September 2013, Dongbu Insurance has operated four consulting centers that provide customers with fast and efficient service 24 hours a day, all year around. The Seoul Consulting Center takes care of contract consulting, contract changes, and insurance contracts. The Jeonju Center manages dispatch services, accident reports, and other compensation sectors. The Wonju Center assists with long-term accident reports, and the Home Consulting Center takes care of dispatch and various monitoring work.

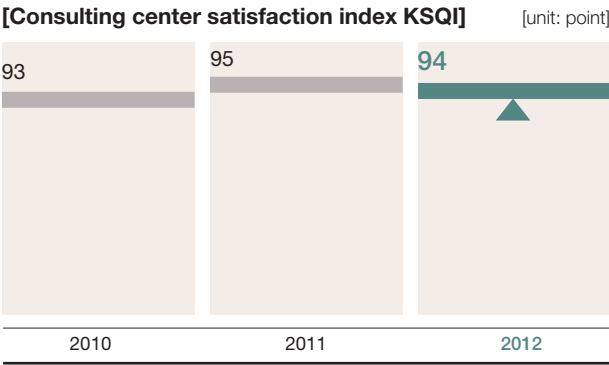
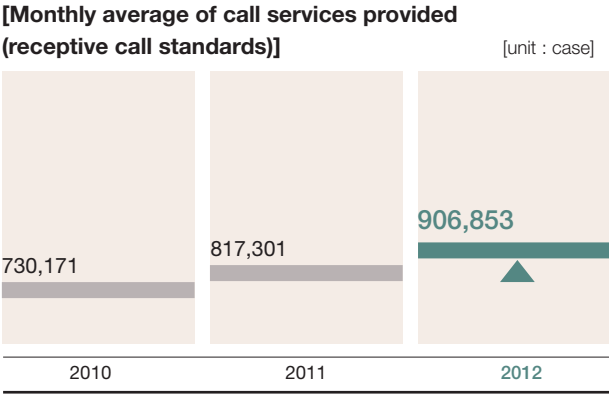
Thanks to its global-standard service, Dongbu Insurance has been honored with KS-QI Korea’s Outstanding Call Center Certificate for five years running and received top ranking in the Korean Standards Association’s KS-CQI Call Center Quality Index.

The capacity of all call center employees is being upgraded with multi-skill education, and people-oriented consulting centers are operated by enlarging welfare system and opening up counseling office etc. Retiring rate has decreased by 15% through these actions and Dongbu plans to continue improving any areas in need.

Within the home consulting system, home consultants who are capable but forced to retire due to personal problems are given other job opportunities. By doing so, social participation is created and makes it possible for and flexible call center service.



In addition, we provide efficient service to our customers through 11 different ARS services, which accounted for 7% of total consultations. We also aim to make improvements to the system aimed at further boosting ARS usage and improvements in the quality of counseling.



**(2) e-Services for improved customer communication**

In addition to its corporate website, Dongbu Insurance provides a variety of e-Services for its customers.

Among the most popular is the Company's Smart Zone mobile application. Services available using the application include Emergency Road request, insurance policy reference, insurance policy loans, insurance requests, and special contract enrollment. In 2012, the use of e-Services rose significantly to a monthly average of 620,000 cases, indicating the popularity of the initiative. The Company also provides e-Services that disabled people can use conveniently and is striving to expand the range of e-Service offered to all customers to provide information more efficiently.



Dongbu Insurance Smart Zone

**Monthly average on e-service provided** [unit: case]

	2010	2011	2012
e-Service cases	417,250	478,812	623,564

Customer Performance

agreements with affiliates and partners, the compulsory use of shredders to dispose of documents containing private data, limits on the right to access customer information, and encryption of data during transmission. In addition, individuals who have registered as members on the company's website are provided with their data history by email more than once a year. Dongbu Insurance has never been penalized for its handling of personal information.

2) Customer asset protection

(1) Insurance fraud prevention and exposure

The Dongbu Insurance Special Investigation Unit (SIU) engages in a wide range of activities aimed at uncovering and preventing insurance fraud. From development of products to insurance fraud, the Company is strongly supports a prevention-first policy on insurance fraud monitoring.

**Exposed insurance frauds** [unit: KRW 100 million]

Category	2010	2011	2012
Exposed amount of money	678	734	759

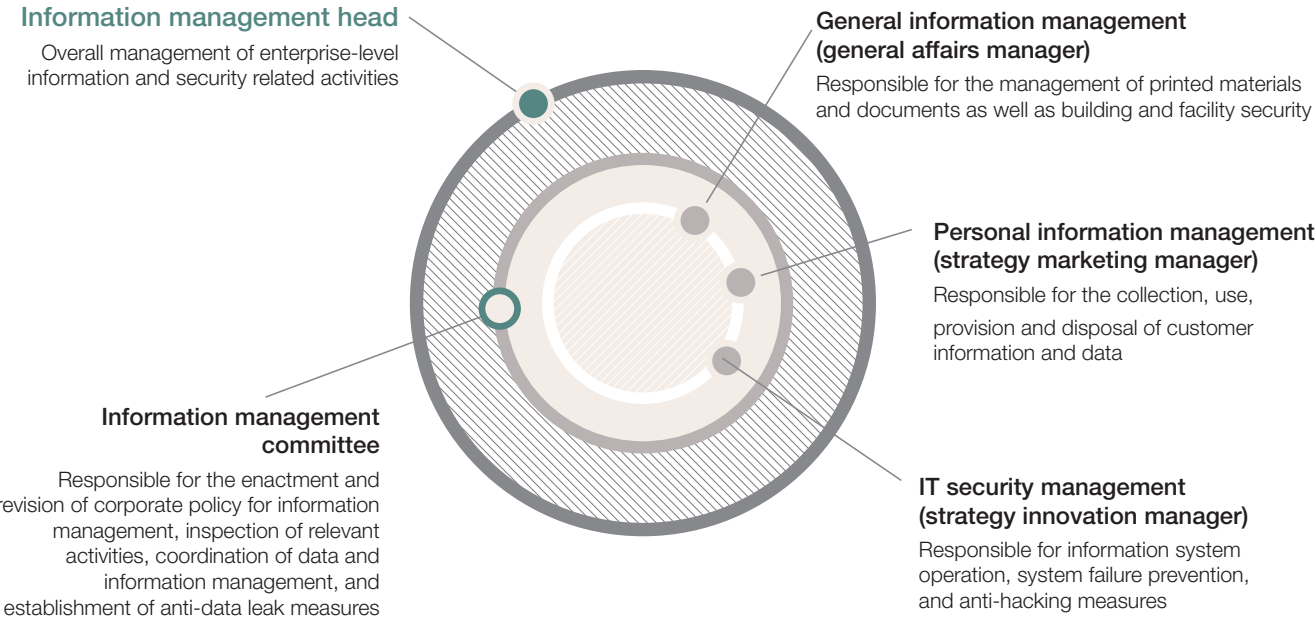
Customer relationship management

1) Customer information protection

Enterprise-level customer information management

Committee and strengthened personal information protection system to safeguard customer privacy, Dongbu Insurance operates an enterprise-level Customer Information Management Committee and designates an individual information protection officer. The Committee convenes at least once a month. In order to prevent any breach of confidentiality, it oversees measures such as the obligatory acquisition of consent for the collection of personal information, information security

[Management organization for customer information protection]



Furthermore, the Insurance Fraud Detection System (IFDS) operates in order to uncover and respond to of insurance fraud at an early stage. Dongbu Insurance aims to eradicate all insurance fraud by activating the fraud control programs and encouraging customer participation.

The company expects to create economic profit through preventative measures and runs an insurance fraud education program in order to improve results and protect customers.

(2) Enterprise-level strengthening of insurance fraud management system

The Insurance Fraud Prevention Committee was created to improve internal monitoring of possible insurance crimes.

Chaired by the compensation service manager, the Committee establishes insurance fraud policy and disciplines those involved in such cases in order to ensure the Company’s business operations and activities are in compliance with relevant laws and regulations.

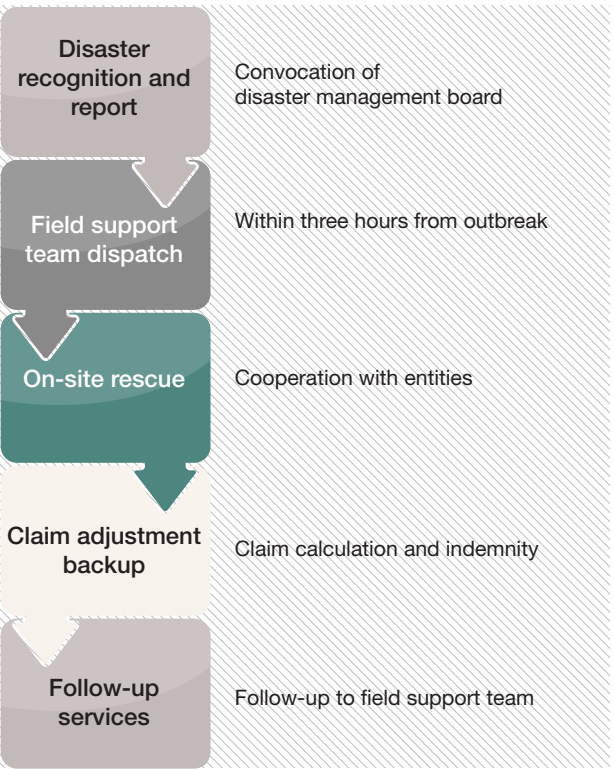
Differentiated services for customer impression

1) Anti-disaster service

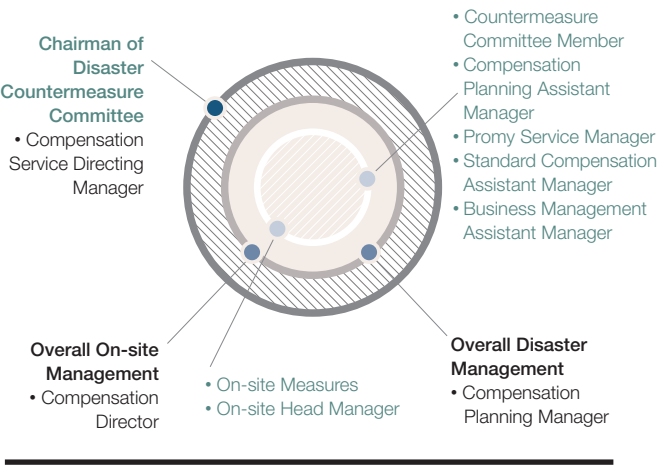
The enterprise-level Natural/Man-made Disaster Service was created to better protect customers’ physical assets in the event of natural and man-made disasters.

In the case of a national disaster warning, text messages are sent to alert customers. When disaster strikes, a Disaster Management Board cooperates closely with field support teams, rescue workers, and the authorities. We also maintain a close relationship with relevant organizations, dispatching teams within three hours of any incident.

[Disaster response process]



[Disaster countermeasure committee]



2) Additional services

In addition to insurance contracts, the Company offers additional services related to health care, auto care and convenience services that are increasing customer satisfaction levels.

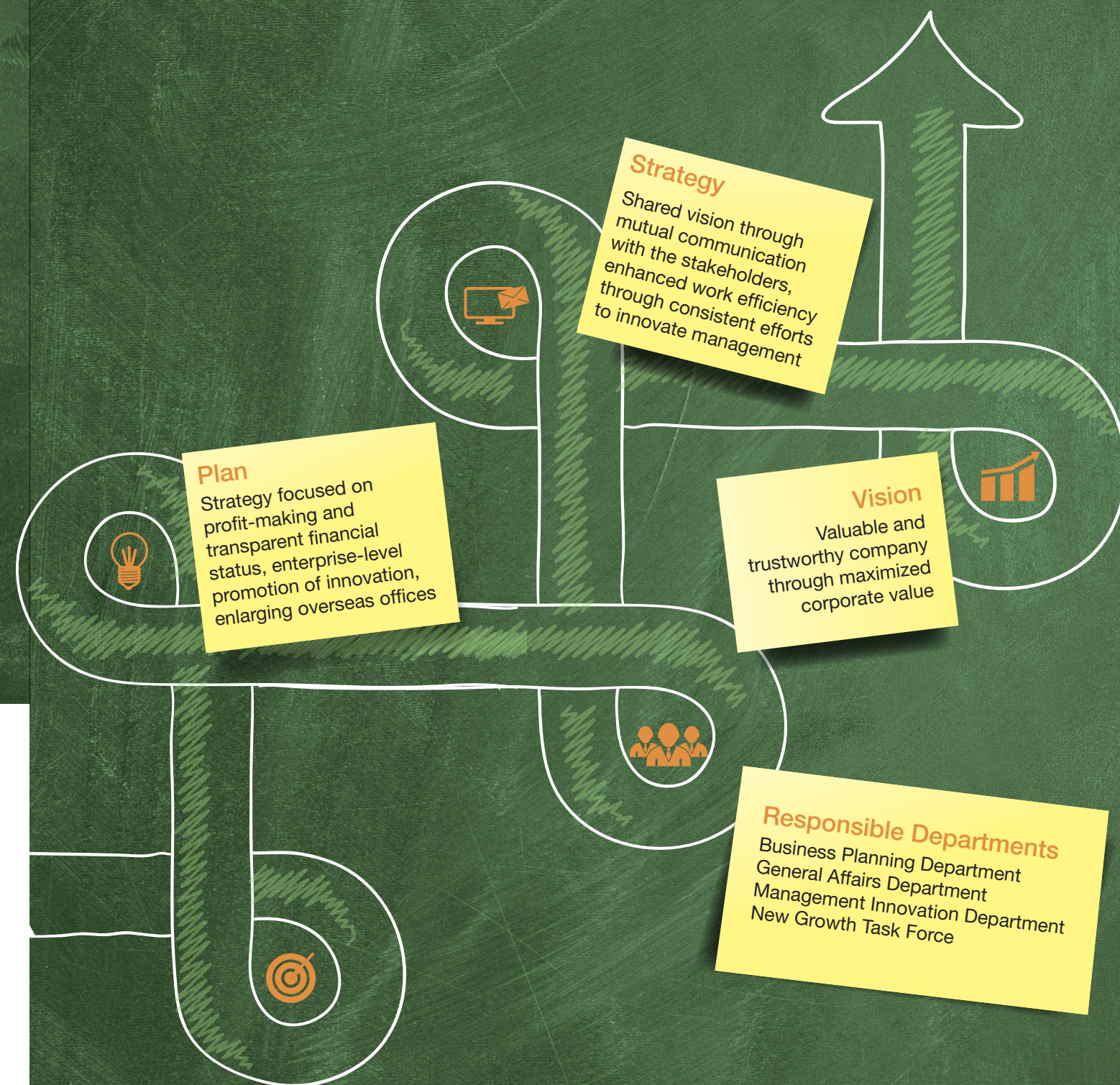
Dongbu Insurance additional services

Subject	Service provided
New customers	<ul style="list-style-type: none"><li>• Promy 3-6-9 Service Information on insurance plans and services given in the next third, Sixth and ninth month following the conclusion of the first contract</li><li>• Promy Webzine Service Healthcare, Leisure and everyday living information provided by e-mail</li></ul>
Long-term insurance customers	<ul style="list-style-type: none"><li>• Promy Healthcare Service Health information offered by direct mail and SMS, Pre-care service and after-care service</li><li>• Smart Life Care Service Well-being, Home-care, Beauty-care service provided</li><li>• Funeral Service</li><li>• Driver Membership Service Discount on auto parts and cleaning equipments provided</li></ul>
Auto insurance customers	<ul style="list-style-type: none"><li>• Promy Car Service Car services in 36 areas through Promy World Car Service Centers</li><li>• SOS Emergency Dispatch 11 Services available Safety Education Service: Safe driving, Maintaining sound car condition, etc Civil Affairs Agency Service: Regular check-up agency service, etc</li></ul>
VIP customers	<ul style="list-style-type: none"><li>• VIP Membership Service Promy Healthcare and special VIP services, Discounted toll fees, Accommodation discount, Leisure activity discount, etc., Annual brochure, Basketball camp for the children of VIP customers, Specialized services such as risk management, Loan interest discount, Legal and asset management counseling</li></ul>

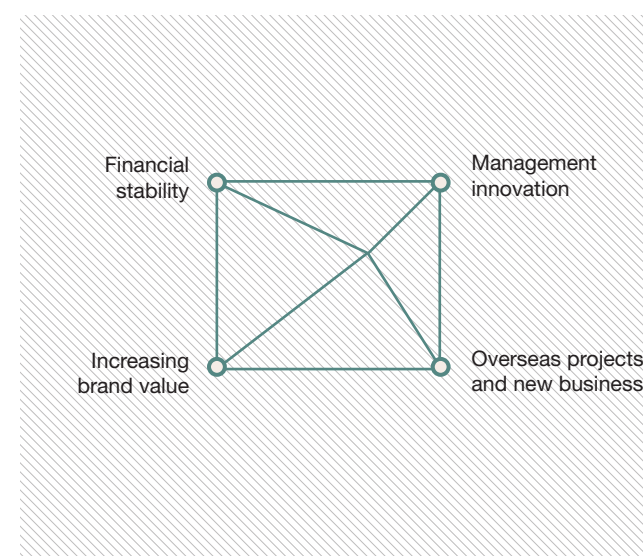




**Dongbu Insurance**  
aims to create value for  
shareholders and  
investors through  
stable financial  
performance.



#### Major Issues



#### Major Achievements

**1. Establishment of Financial Transparency**  
[As of June 2013]

**254.6%**  
[RBC Rate]

**3. Strengthening Brand Recognition**  
[Korean Gallup, Oricom Customer Survey]

**1<sup>st</sup>**  
[First Recognition of Advertisement / Recognition within the Advertisement Sectors]

**2. Maintainable Innovation and Its Growth**  
[2012 Performance]

**198.4** KRW billion

**4. Increase in Global Credibility-Level (AM-BEST, S&P)**  
[S&P Rating]

**A-/Stable**  
**A[Excellent]**  
[A.M. Best Rating]



Ryu Yeong-jae

[CEO of Sustinvest]

DONGBU INSURANCE IS THE ONLY COMPANY IN ITS INDUSTRY TO HAVE CLEAR GOAL RELATED TO CLIMATE CHANGE, AS WELL AS OUTSTANDING ACHIEVEMENTS IN SUSTAINABILITY MANAGEMENT. IT IS MY HOPE THAT COMPANY CAN EARN THE UNRESERVED TRUST OF ITS CUSTOMERS THROUGH THE ACTIVE PROMOTION OF SUSTAINABILITY MANAGEMENT.

From the view of an investor, sustainability management corresponding to the characteristics of the insurance company is the most important factor in evaluating sustainable management. Major issues vary by industry, and understanding the differences is critical to sustainably managing a company. Moreover, understanding the risks and opportunities of sustainability management in order to prioritize and distribute resources effectively is more important than meeting standard reporting requirements.

As an insurance company, product development, asset management and investment, and premium payment should be sufficiently innovative to address ESG issues, generate greater profitability, and create new opportunities for "sustainable advancement".



S&P Rating upgraded to 'A- (Stable)'



Dongbu Insurance's S&P Rating in 2013 reflects its stable market position and the maintenance of the current status of its assets

Korea exchange SRI Index



In September 2009, Dongbu Insurance was included among the 70 companies on the Korea Exchange SRI Index of corporate sustainability management.

First domestic insurance company listed by DJSI World



In 2013, Dongbu Insurance became the first domestic insurance company to be listed by DJSI World, Dow Jones' Global Sustainability Index.

Shareholders and Investors

Major Issue  
FINANCIAL  
STABILITY

4

Economic achievement

1) Management performance

Summarized management performance data (K-GAAP)			
[unit: KRW 100 million]			
Category	2010	2011	2012
Original premium	71,137	90,694	96,925
Insurance sales profit	[993]	[228]	[1,335]
Investment business profit	4,871	5,847	6,995
Net profit during the term	2,844	4,031	4,133
Total assets	134,974	175,314	211,894
Working capital	108,755	143,002	174,391
Liability	115,986	153,303	184,333
Equity capital	18,988	22,011	27,561
Total ratio (%)	100.9	100.3	101.5
Loss ratio (%)	79.7	83.4	83.8
Business ratio (%)	21.2	16.9	17.7

As the result of global economic recession, the businesses experienced a prolonged period of low growth and low interest rates that resulted in a contraction of the domestic economy and increased loss ratios in the insurance industry. Despite those difficulties, Dongbu Insurance achieved an increase in sales and investment profit and ranked second in the automobile insurance. As a result, our original premium amounted to KRW 9 trillion 692.5 billion, an increase of 6.9% compared with the previous year, while net profit rose 2.5% to KRW 413.3 billion.

We aim to sustain this sound management going forward founded on long-term insurance and external expansion.

EV : Embedded Value

Embedded Value (EV) is a way of measuring the creatable value of existing long-term insurance and reflects characteristics that influence the company's long-term profit and loss. Dongbu Insurance calculates and publishes Embedded Value annually. EV calculation methods and results are verified externally. Dongbu Insurance's EV in 2013 amounted to 4 trillion 917.0 billion won, an increase of 19.4% compared with the previous year. More details are available on Dongbu Insurance website.

2) Profitability

By successfully maintaining expenses at low levels, the Company was able to gain advantage over its competitors and establish a stable structure of investment profit.

Since the global economic crisis of 2008 and the Eurozone crisis of 2010, we have enjoyed steady and sustained growth on the basis of our strong financial structure.

Through the maintenance of external growth focused on long-term insurance, during the past three years we have achieved high profit margin ratios, Return on Assets, and Return on Equity.

We will strive to sustain profitability through expansion focused on long-term insurance, strengthened risk management based on RBC, and stable asset management.

Profitability						
[unit: %]						
Category	2010		2011		2012	
	Dongbu Insurance	3 highest-ranked companies*	Dongbu Insurance	3 highest-ranked companies*	Dongbu Insurance	3 highest-ranked companies*
Percentage change in original profit	18.9	18.5	27.5	18.8	6.9**	11.7
Sales profit	5.1	4.3	4.8	4.6	4.5	4.2
ROA	2.4	1.4	2.7	2.1	2.1	1.5
ROE	19.2	11.2	20.0	19.4	16.7	12.6

\* 3 top-ranked companies: High ranked turnover based

- The original premium rate decreased in 2012 compared to the top 3 domestic insurance companies due to a strategy of maximizing profit by "maximizing sales" (savings, single-premium policy reduction). Actual market share increased in FY12 by 0.2% on the previous year and the average rate of the top 3 companies stands at -0.4%

3) Financial solvency

Domestic insurance companies must secure enough sufficient capital surplus in order to fulfill their obligations to contractors. Risk Based Capital (RBC) ratio indicates financial solvency.

Dongbu Insurance's **RBC ratio**\* stood at 261.8% in 2011 and 254.6% in 2012, higher than the top 4 insurance companies nationwide. Until 2010, the Company used he payment-availability system was used. From 2011, the RBC system was adopted.

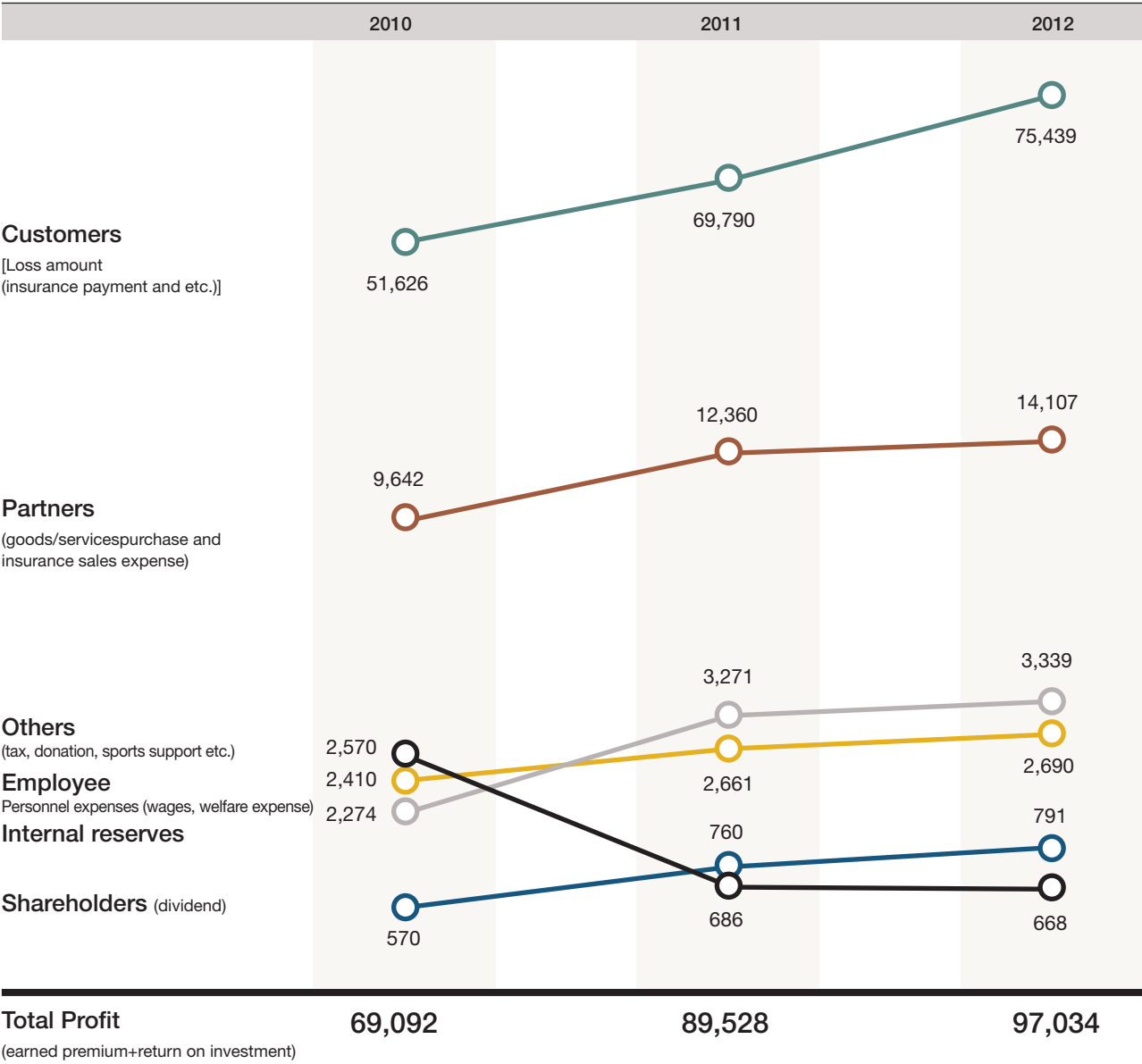
\* RBC ratio: Insurance retained ratio between Total Adjusted Capital and Total Necessary Capital which is used to calculate Supplied Ratio, the capital adequacy index.

Financial solvency [unit: %]			
Category	2010	2011	2012
RBCrate	245.5	261.8	254.6
Top 4 companies (average)*	253.8	260.1	251.4

\* Top ranked companies based on profit

Value creation and distribution

[The stakeholders' profit distribution] [unit: KRW 100 million]



Shareholders and Investors

Major Issue

MANAGEMENT INNOVATION

5

Management innovation for enhanced shareholder value

1) Major innovation activities

Dongbu insurance sets goals based on optimized management efficiency and innovates management to achieve them. At Innovation Briefing Sessions, which are held four times a year, the CEO and executives directly lead all core strategies. The Sessions provide an effective method of increasing the participation of middle managers and front line staff.

The Innovation Committee is designed to implement innovative strategies, manage projects, and cultivate innovative manpower.

Dongbu Insurance has its own unique Innovation Process and is doing its best in the pursuit of innovation. Process Innovation (PI) and 6 Sigma, which eliminate non-value-added work processes, are good examples of our efforts.

[5 Innovative success factors]

- 1 Right Support
- Interest, support and coaching from the Executives
- 2 Right Roadmap
- Idealized innovation methodology
- 3 Right Project
- Right innovation project and achieving goals
- 4 Right People
- Creating excellent innovative personnel and companywide participation
- 5 Right Valuation
- Performance approval and fair evaluation management

Although we constantly seek ways to offer shareholders and customers added value, we are aware that performance must be in the service of results. In consideration of that, we hold the Best Practice Competition twice a year and share examples of innovation in practice. Through this activity, we are reaching our goals and cultivating a smart working culture.

Dimensional innovation				
Category	Top down		Bottom down	
	PI	6 Sigma	Creating Efficient Work	Suggestion
Innovation range	Business structure innovation (biz model)	Customer-oriented process innovation	Per-stage work innovation	Companywide work improvement
Objective	Competency (evident level upgrade)	Quality (reduction in distribution)	Efficiency (reducing work-time)	Efficiency (work improvement)
Direction of performance	Strategy performance			
PJT owner	Executives / Team leaders	Champion / Process owners	Department manager	Employees / Partners
Role of executives/ Team leaders	Partial crossover type executives and team leaders are responsible for assigning tasks	Champion project growth promoting one or more GB project from executives / Team leaders	Executives / Team leaders test suitability and performance of new proposals	Monitoring of designated proposals and its actual performance
Major achievements	Enactment or executives' PI tasks Total of 57 tasks were carried out (2004~2005)	Number of tasks: 1,000 tasks Number of training belts: 740 people BB: 114 people GB: 626 people (2005~2011)	Enactment of total of 8 work efficiency task Elimination of 15% of unnecessary work Securing innovative and next generation workforce	All of customers / sales partners / employees participate Annual average of over 14,000 people suggestion registered 3,000 people participated
Innovation financial performance: KRW 948.2 billion (2004~2011)				

2) Major innovation achievements

True innovation does not stop after the completion of a task; it also measures and manages the results of performances. Dongbu Insurance conducts year-long evaluations of tasks implemented through innovation projects. We focus on managing the innovation results by manually conducting work processes in order to ensure sound process integrity.

In addition, for more accurate performance measures, we train Financial Effect Analysts as accounting experts in actuary and business management departments.

Performance is measured by calculating only direct effects, and evaluation is made within a year of the financial statement on the basis of profit increases and expenditure reductions.

Innovation projects increase each year. In 2012, 353 projects resulted in innovation performance of KRW198.4 billion.

Result of innovation project [unit: KRW 100 million]			
Category	2010	2011	2012
Project (case)	186	238	353
Innovation result (one hundred million)*	1,630	1,660	1,984

\* Result calculation period changed into 1 year.

Innovation cases

[The promy promise to ‘Move within 30 minutes’]

Due to difficulties in rapid response, caused by geographical factors, such as remote areas or rush hour traffic, we adopted a GSP system for emergency agents and motorcycle standby agents for the very first time in the local insurance industry. As a result, response times were reduced to less than fifteen minutes.

[Call center waiting time]

We have adopted Key Performance Indicators, such as the rate of calls answered within twenty seconds, and use the Automatic Classification System to help us understand various requirements of our customers. As a result of these kinds of efforts, customer satisfaction has increased.

Shareholders and Investors



Overseas expansion

After establishing a branch office in Guam in 1984, the Company continued to grow internationally with the opening of offices in Hawaii in 2006, California in 2009, and New York in 2011.

In Asia, a Beijing branch office was established in 2006. Expansion in the region continued in 2011with offices opened in Ho Chi Minh and Jakarta. Most recently, we opened our London office in 2012.

Number of oversea office in other countries (FY'12) [unit: number]					
Category	US	China	Vietnam	Indonesia	UK
Local subsidiary	0	0	0	0	0
Branch store	2	0	0	0	0
Office	0	1	1	1	1
Total	2	1	1	1	1

Status of oversea branches [unit: million dollar]			
Catergory	2010	2011	2012
Total assets	73.6	119.9	186.6
Percentage out of the total assets*	0.64	0.79	1
Net profit during the term	1.4	1.1	1.4

- Oversea Office Performance Report by the Financial Supervisory Service  
\* Calculated on the basis of the currency rate at the last day of Fiscal Year.

Overseas expansion and differentiation strategy

Dongbu Insurance is focusing its attention on the US market as a foothold in a major international financial market. Unlike competitors that sell product-oriented insurance, a characteristic of Dongbu Insurance’s overseas business strategy is the provision of differentiated and localized products. We are already seeing successful results in Guam, Hawaii, California, and New York through our profitable localization strategy.

In Guam, we rank No.1 both in growth and profitability among local compensation companies. In Hawaii, we recorded rapid growth in a short period by launching customized products and introducing a Korean- style branch management system.

Current status of office management in the US				
Category	Guam	Hawaii	California	New York
Foundation of business	1984 (1973)	2006	2009	2011
No. of employees (local)	5 (2)	18 (13)	15 (8)	12 (6)
Local product rate (non-Korean product)	84%	96%	84%	85%

Dongbu Insurance focuses on expanding sales with the aim of creating profit and, in the mid- to long-term, establishing a strong presence in America.

The Company has operated in the Chinese market through quota investment since February 2011. A head office in Beijing was also established to target the larger Chinese markets.

Moreover, with South-East Asia growing in economic significance, in 2011 we opened offices in Vietnam and Indonesia. We aim to build the Company within the Asia region by focusing on quality rather than volume through meticulous market research and network development. In doing so, we aim to provide quality services and differentiated insurance products as a leading global insurance company.

Localization of overseas branches

A key phrase for localization is “Family Trust” through Korean-style bonding.

1) Guam

After Guam suffered its third-largest storm on record in 2002, the majority of insurance companies withdrew from the market. Dongbu Insurance, however, overcame the challenges and remained to provide much needed services. Gaining the trust of local communities through our actions, we have since grown to become the No. 2 insurer in Guam with a market share of 16%. We now insure more than 10 of Guam’s 45 government properties and more than a third of hotels of 23 hotels that were previously handled by Japanese and American insurance companies.

2) Hawaii

Dongbu has been successful in Hawaii by providing customer-oriented products for hurricanes, which represent high loss rates for insurance companies. We are also providing quality customer service through Korean-style marketing, quicker service, better products, a happier workplace, and mutual trust. For example, we reduced the length of contract guidance from up to five days to just one day. Also, by meeting each and every customer and Korean-style bonding, we helped out customers to understand the market better and created interpersonal relationships.

3) California & New York

In California and New York, Dongbu has implemented localization strategies in order to expand its market share. In addition, through sales channels and a culture of cooperation, we strive to achieve satisfaction for all by providing a better IT environment.



Shareholders and Investors

Major Issue

INCREASING BRAND VALUE

7

Improvement in brand value

1) Promy integration brand strategy

Dongbu Insurance’s Promy brand embodies the idea of keeping our promise to our customers and is central to our management philosophy. The Company is developing an integrated brand strategy that includes PromyCar insurance and PromyLife long-term insurance.

2) Brand management system

The Company uses a Brand Performance Index (BPI) to systematically monitor brand management and evaluate brand value and advertising performance. It also protects the Company brand value through brand registration.

[unit: KRW million]			
Fiscal Year	2010	2011	2012
Total advertising costs	22,031	38,449	42,482

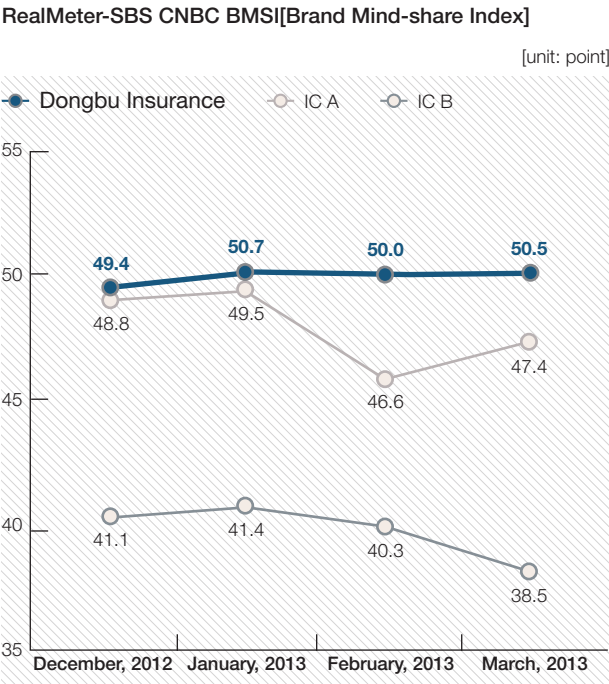
3) Enhancing brand recognition

The Company’s brand communication and recognition are strengthened through its Brand Identity (BI) and Visual Identity (VI), which communicate a consistent and distinct Company image.

In addition, a brand manual is available on the Company website for employees and shareholders. Through such efforts, in 2012 Dongbu successfully strengthened its brand recognition with the public. In the result of a survey conducted by the public opinion research firm REALMETER, SBS CNBC\* in March 2013, Dongbu Insurance ranked first in BMSI (Brand Mind-Share Index) for four consecutive months from December 2012.

\* REALMETER, SBS CNBC publishes a monthly BMSI (Brand Mind-Share Index) based on surveys of brand recognition, customer preferences, satisfaction, etc. The research is conducted in cooperation with the SUNY Korea.

Brand evaluation result			
Category	2010	2011	2012
Brand initial awareness	3rd	2nd	2nd
Brand total awareness	3rd	2nd	2nd
Commercial initial awareness	1st	2nd	1st
Commercial total awareness	1st	2nd	1st
Commercial preference	1st	1st	1st



Performance for Shareholders and Investors

Enhancing shareholder and investor value

1) Enhancing shareholder value

(1) Dividend status

We have maintained a high dividend policy to enhance shareholder value by realizing stable and steady performances. In 2012, the dividend per share was KRW 1,250, while the dividend rate as of par value rose to 180%, a 30% increase from the previous year. The dividend payout ratio dropped 1% to 20% from the previous year.

Status of dividends [unit: KRW 100 million]			
Category	2010	2011	2012
Dividends per share (KRW)	900	1,200	1,250
Net income	2,844	4,031	4,130
Total dividend payment	570	760	791
Dividend payout ratio[%]*	20.0	18.8	19.2

\* Ratio of the dividends based on the net income

2) Global credit rating

(1) S&P credit rating

S&P, one of the top three credit rating agencies, rated Dongbu Insurance A-/Stable in 2013, having upgraded the Company’s rating from Stable to Positive in 2012.

The investment grade rating attests to the Company’s financial transparency, business efficiency, and stable market position.

Category	2011	2012	2013
Dongbu insurance	BBB+/Stable	BBB+/Positive	A-/Stable
IC A	A+/ Stable	A+/ Positive	AA-/Stable
IC B	BBB+/Stable	BBB+/Positive	A-/Stable
IC C	BBB+/Stable	BBB+/Stable	-

(2) A.M. Best rating

Dongbu Insurance was rated A (Excellent) in 2013 by the global insurance rating company A.M. Best in recognition of its profitability and capital strength. The Company has received an A rating for six consecutive years since its upgrade from A- (Excellent) in 2008.

Category	2011	2012	2013
Dongbu insurance	A[Excellent]	A[Excellent]	A[Excellent]
IC A	A++[Superior]	A++[Superior]	A++[Superior]
IC B	A-[Excellent]	A[Excellent]	A[Excellent]
IC C	A-[Excellent]	A-[Excellent]	A-[Excellent]

3) Investment information

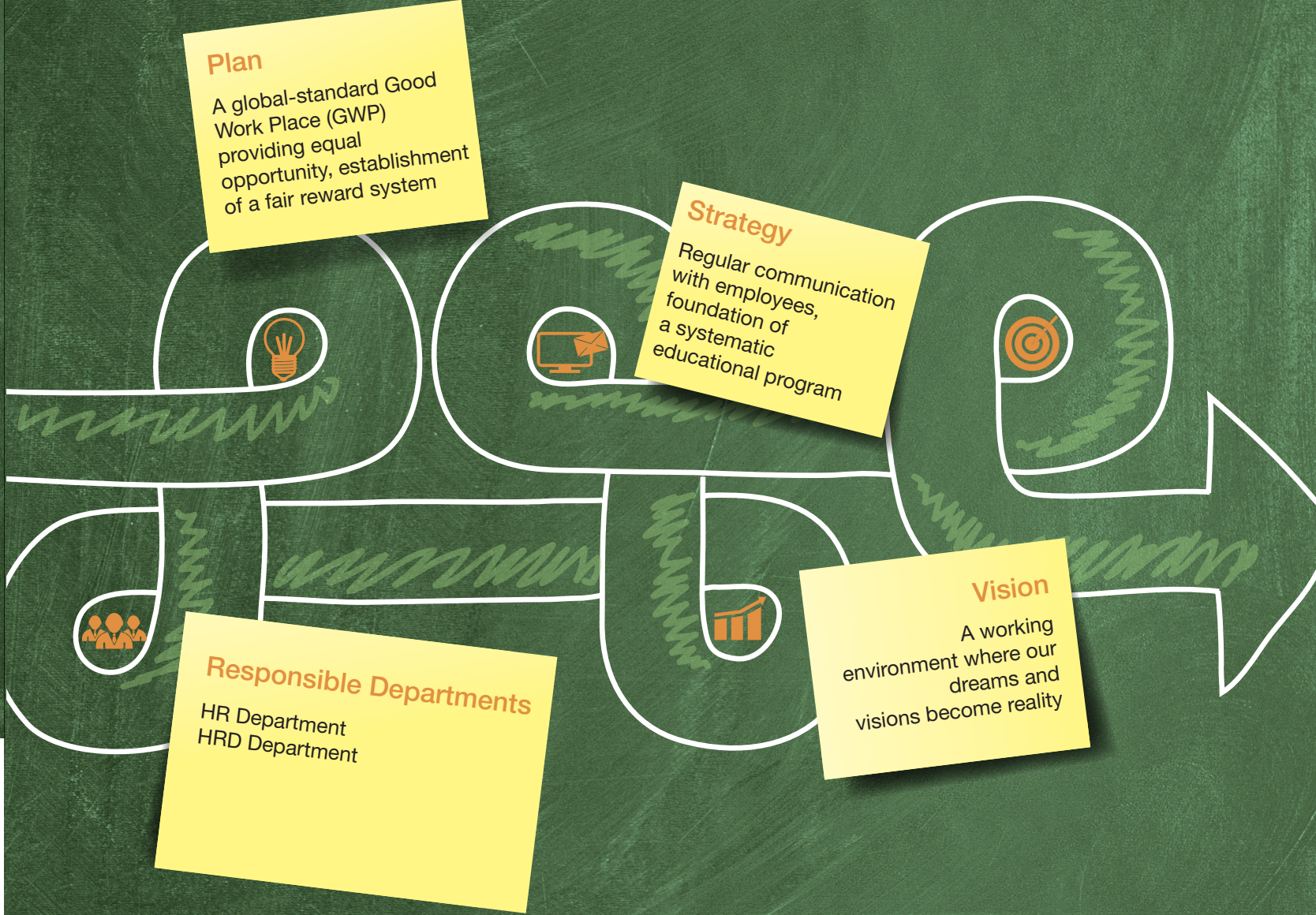
Dongbu Insurance provides investor information through various online and offline channels. The Company provides timely investment information such as management strategies, operating results, shareholder and stock price information, and press releases through regular updates on its website.

The company participates in IR meetings, conferences and Non-Deal Roadshows with domestic and international analysts and investors throughout the year. Full information can be found at <http://www.idongbu.com> or <http://dart.fss.or.kr>.

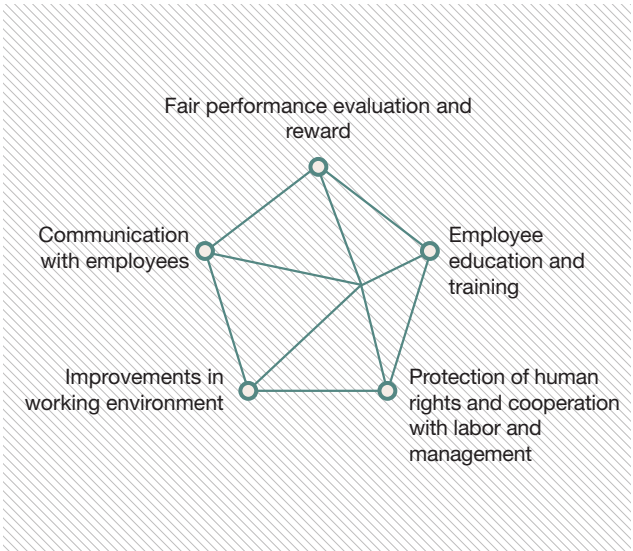




**Dongbu Insurance**  
aims to grow together  
with its employees  
based on  
communication.



Major Issues



Major Achievements

- 1.Employee Satisfaction Level**  
[As of June 2013]

**80.1** point
- 2. Obtaining Qualifications and Certificates**  
[2012 Performance]

**3,360** person
- 3. Becoming Regular Workers**  
[2011-2013]

**1,053** person, **100** %



## Yang Gwang-ho

[Dongbu Insurance Strategy Marketing Team  
CRM Manager]

THROUGH ITS SUSTAINABILITY MANAGEMENT COMMITTEE, DONGBU INSURANCE HAS BEEN ABLE TO DEVELOP A MANAGEMENT CULTURE WHERE ALL EMPLOYEES CAN ENJOY THEIR DUTIES. THANKS TO REGULAR COMMUNICATION WITH EMPLOYEES AND A DIFFERENTIATED CUSTOMER VALUE MANAGEMENT SYSTEM, I BELIEVE THE COMPANY CAN GROW STILL MORE.

Dongbu Insurance operates a welfare system that supports children's education and medical expenses, and is pursuing an advanced HR system and optional welfare system. Through mutual communication, the Company aims to create a better environment and lifestyle for all of its employees. Dongbu Insurance maintains the highest levels of customer satisfaction by providing products and services that consider the needs of customers, communities, and environments. Aiming to eradicate customer complaints, we pursue Customer Value Management and unique approaches in managing customer relationships. Customers are able to enjoy the best products, while potential customers are attracted through existing customers.



EMPLOYEES

Dongbu receives “Head of Financial Supervisory Service’s” award at the “True Insurer Awards”



Dongbu Insurance was awarded the “Head of Financial Supervisory Service’s” certificate in the field of Product Development & Marketing at the 2013 “True Insurer Awards”.

2010 "Korea's Excellent Work Environment" Grand Prize Winner

GREAT PLACE TO WORK®

Dongbu Insurance was named by GWP Korea as the winner of the Grand Prize for "Korea's Excellent Work Environment" in recognition of its efforts to create better working environments for its employees.

“Tong Tong Tong” Meeting with the CEO



Through “Tong Tong Tong” meetings, Dongbu Insurance employees are able to communicate directly with the CEO.

## Employees

Major Issue

FAIR PERFORMANCE  
EVALUATION AND  
REWARD

8

### Guarantee of equal opportunity

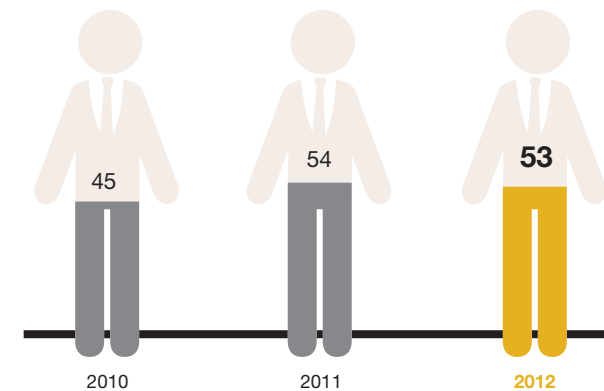
#### 1) Respecting employee diversity

##### (1) Employment of disabled people

Regardless of degree of disability, we offer people with disabilities employment opportunities in any department where they are willing and able to work. We are also attentive to special needs, such as the provision of parking spaces.

[Utilization of handicapped resources state (accumulated)]

[unit: person]



· As of March every Fiscal Year

##### (2) Recruitment of and career development assistance for female workers

We have created a numerous jobs requiring female workers so that women in Korea can play a larger role in the national economy while also achieving personal goals. At the Jeonju Customer Service Center, 212 local female workers were hired in 2012, while the Wonju Customer Service Center provided 97 positions when it opened in 2011. Currently there are 133 female employees.

At the same time, we have proposed new visions and opportunities for women's career development and a high level of job stability. There is no discrimination in hiring, promotion, pay, or evaluation among employees. Our HR system also offers all outstanding workers opportunities to become executives or supervisors.

Our telecommuting center provides opportunities for employees who had to retire from the Company for family reasons. The center, which has a nursery, has expanded since 2007 and as of March 2013 employed 306 telecommuters. The telecommuting center provides a win-win situation for employees, the Company, and the local communities. Currently, 45% of all customer complaint calls are dealt with by the telecommuting system.

### Fair evaluation

#### 1) Fair performance evaluation system

Dongbu Insurance carries out transparent and impartial performance evaluations each month based on a performance management system that uses the Balanced Score Card (BSC) method. Feedback from reviews is provided to employees concerned in order to satisfy them as to the fairness of the assessments and to motivate them.

Employees are free to raise objections to assessment of their professional and personal competence and performance. In such cases, the Personnel Committee seeks the opinions of evaluators and relevant departments to ascertain the validity of the assessment. This process has done much to raise employees' understanding of and satisfaction with evaluation criteria. In 2012, 34 objections were filed of which 14 were adjusted.

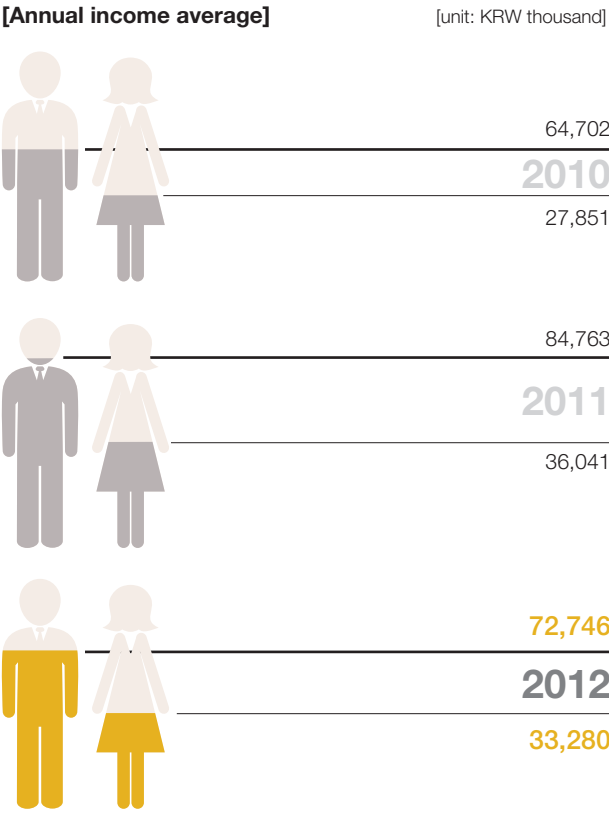
##### Evaluation objection status and adjusted ratio

Category	2010	2011	2012
No. of objections[person]	37	32	34
No. of acceptance[case]	14	14	14
Adjusted ratio[%]	37.8	43.8	41.2



2) Compensation system

Employee salary is divided into base pay, merit pay, and incentives. Data on the wages of new recruits are made public on domestic job information websites. Annual salaries differ solely on rank and performance, not on gender.



- In the case of year 2011, PI has been reflected by 300%, and in 2012, IT employees have been counted in numbers, but their income was not calculated, hence the decreasing shape.
- Female workers: Average income, including the new recruits from polytech.

Employees

Major Issue

COMMUNICATION WITH EMPLOYEES

9

Employee communication

1) Meetings with the CEO

As a result of the CEO's desire for open communication with Company staff, we have held Call CEO and YES Meetings every month since July 2010. A total of 38 meetings have been held to date, enabling around 1,800 employees to communicate directly with the CEO and senior executives.



2) Internal communication

The Company is establishing various internal channels of communication for employees to nurture an enterprise-wide culture of understanding among Dongbu Insurance staff.

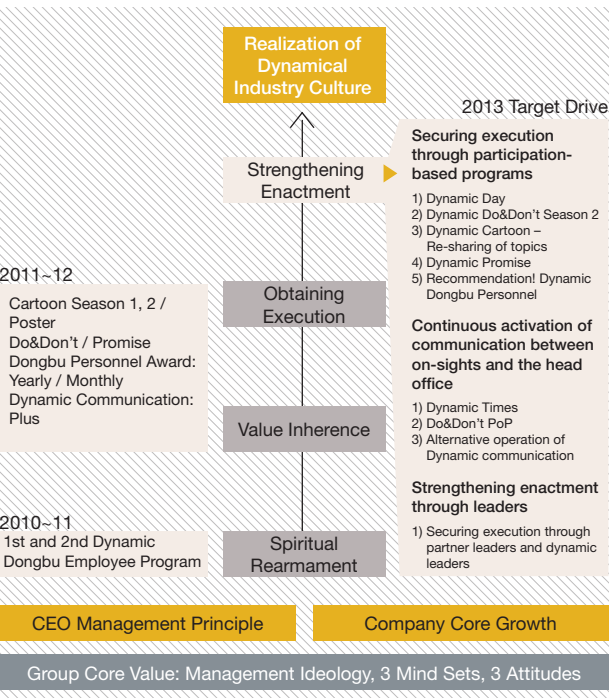
Major communication programs		
Category	Contents	Result
Monthly management briefing	Internal broadcasting about achievement of management performances and progress	On the first day of each month
Open meeting	Program in which all employees are encouraged to participate and decide on major company policies	2010~2012, total 271 cases
Suggestion system	Opinion acceptance program for management activity and business environment improvement	2010~2012 Total 41,916 cases
e-Promy plaza	Electronic newsletter based on intranet which is a place for communication with all employees (including sales partner)	
GWP plaza	Infra which can share many GWP programs of each department and make mutual benchmarking between them	Visit count 2010, 190,958 times 2011, 306,166 times 2012, 260,352 times
Dynamic leader conference	Customer Satisfaction, Innovation management, Meeting between management and staff representatives from each department for employee satisfaction improvement (suggested proposal subjects are actively reflected)	Hold every year (after 2011)



DynamicLeader Conference and Participation Program Notice Board

3) Dynamic dongbu employee program

Through the Dynamic Dongbu Employee Program, employees can share the vision and aims of the Company as well as its regulations and principles. Employees are encouraged to express problematic work issues through cartoons and posters, etc. and understand each other through communication. In this way the Company is developing a dynamic corporate culture.



4) Mentoring system

The Mentoring System helps new employees to adapt swiftly to the Company and its culture. The System helps newcomers to develop their personal skills as well as their business capabilities.

We select Mentors based on a wide range of criteria including personality, professional ability, reliability, and position. Also we provide special programs to help both Mentor and Mentee plan and implement in a systematic manner their six-month journey together.

5) Club activities

The Company's support for regular, organized club activities has resulted in employee participation in numerous competitions and many award-winning performances. As of March 2013 there were 19 clubs with a total of 596 members. Club activities include pastimes such as travel, culture and arts, and education.



Voice-up Chorus Club

Employees

Major Issue

IMPROVEMENTS IN WORKING ENVIRONMENT

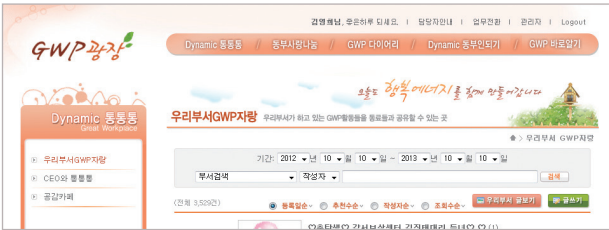
10

Creating an ideal working environment

We are promoting various programs in pursuit of creating a Great Work Place (GWP) and a Company environment where employees feel confident and proud of working.

The GWP Plaza, which opened in 2009, revised major programs based on employee suggestions and a variety of GWP programs are constantly shared among staff.

GWP Plaza System



Changed the image and the top menu.

C.C.E Program

The C.C.E (Creation, Communication, Empathy) Program aims to help employee development through experiences inside and outside of the organization.

Individual activities	[Invitation to C.C.E] is held within the designated month, and other respective fields need to be attended individually to outside organizations		
SD* acknowledged	Category	Terms of conditions	SD duration per session
	Invitation to C.C.E	Attendance & survey submitted	4 hours
	Report	Personal feelings or opinions within 700 words or less	4 hours
	Clubs	HR department unacknowledged in-company or ex-company clubs who can prove their attendance more 6 times a year with visual proof	5 hours
	Volunteer work	Accompanied with certificate proving 6 or more involved activities	5 hours
	External education	Accompanied with certificate proving their completion of education	Maximum 10 hours
	External qualification	Accompanied with certificate or new training approval	10 hours

\* SD: Self Development

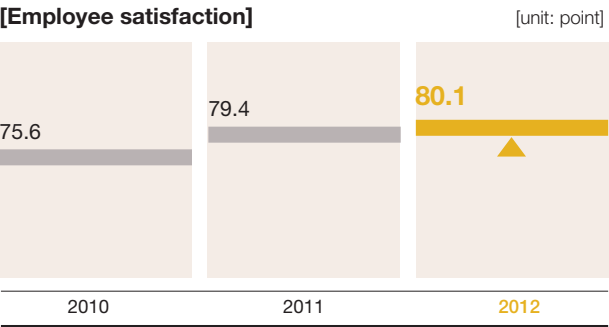
The Program comprises a variety of individual activities designed to nurture creativity and talent, as well as seminars at which guest speakers in different fields of expertise motivate employees. The results of participation are reflected in an individual scoring system.

C.C.E highlights

Category	2010	2011	2012
No. of times	15	13	15
No. of participants	2,079	1,471	1,588
Main programs	Music, Art, Psychology, Health, IT, Movies, Travelling etc.		

Employee satisfaction index evaluation

We compile an Employee Satisfaction Index (ESI) Survey once a year to gauge staff morale and enhance their satisfaction through companywide improvements. The ESI has continued to rise over the past three years, reaching 80.1 in 2012.



Disease prevention and health promotion

To create an environment where all employees are healthy, we have continually developed and implemented a variety of health care programs. We are also taking measures to prevent issues related to sedentary work and provide massage care to our consulting staff.

Disease prevention and health promotion programs

Program	Content
Employee physical checkup	Carry out annual physical checkup for every staff and their spouses
Health fund (antismoking fund, Diet fund)	Conduct overall campaigns of anti-smoking and health for our employees' health (provide special dividend and gift when succeeded)
Counseling	Expert Counseling for employees and family members [In partnership with Korea Counselling Center]
Disease response system	Preventive measure guidelines, checks, treatment and sick leave are provided for infectious diseases [Acute hepatitis A, influenza, etc.]
Accident insurance for all employees	Provide fundholding to every employee and their family (including spouse and children)
Healthinformation seminar	Hold seminars of frequently-resulting disease and the method of prevention for counseling center employees

Employees

Major Issue

EMPLOYEE EDUCATION AND TRAINING

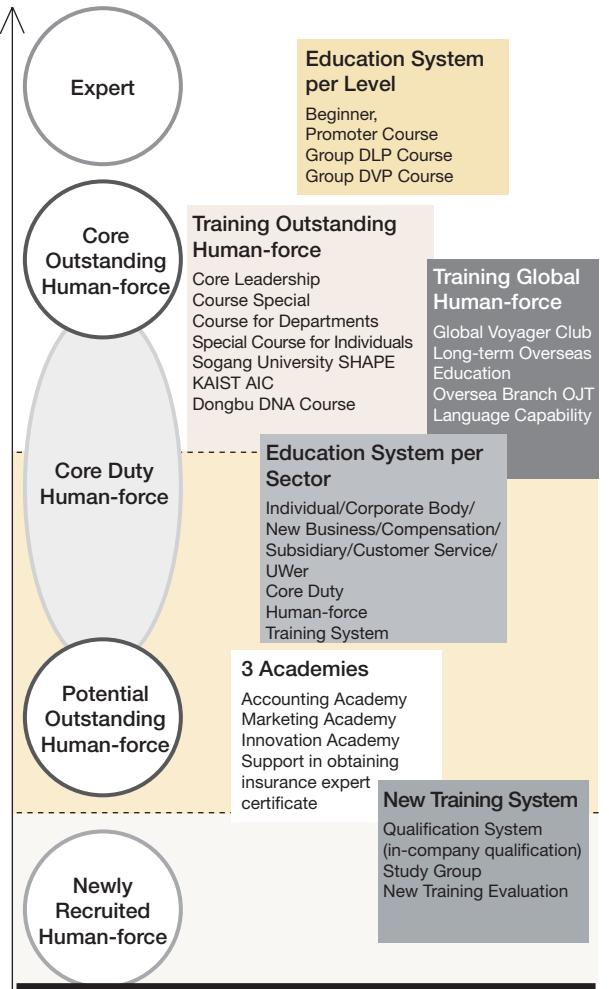
11

Strengthening employee capability

Dongbu aims to create experts in areas within the industry with its “new training system”. We provide structure leadership training, professional education and training programs, and special education courses for areas of specific expertise.

[Dongbu insurance human resource training system]

The Dongbu Insurance Human Resources Training System is a departmental education system that specializes in leadership training, structured courses to strengthen core human resources, core training for different human resources, and a departmental education system for professionalism.



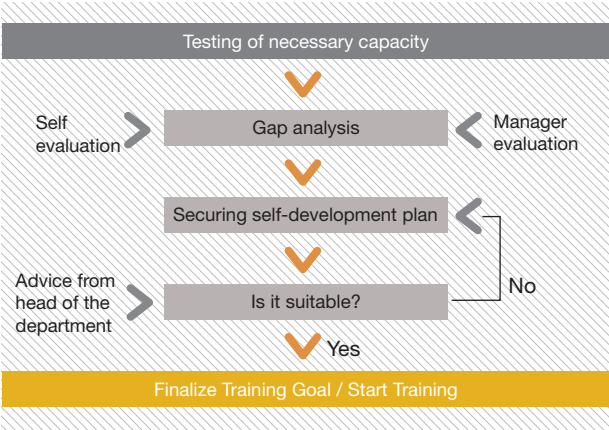


1) New training system

Dongbu Insurance has been implementing change and innovation in order to foster a competitive workforce since the inception of its New Training System in 2004. In order to improve employee capabilities, the system aims to nurture talent and provide support for self-development.

New training management process

Under the new Training Management Process, department managers set standards, discovering the ability requirement standard and present level of GAP through department staff self-diagnosis. Through this system, staff can improve their abilities and create annual plans for self-directed growth.



Example of self capacity test

Category	Description	Self evaluated score	Manager evaluated score
Business mind and innovation	<ul style="list-style-type: none"><li>Is not bound by the stereotypical tradition. Search for new opportunities and new tasks with willingness. Find and perform creative solution to successfully accomplish the tasks</li><li>Set big and daring goals and strive to achieve despite any hardships</li><li>Focus on the given tasks with professionalism and strive to achieve better and over-estimated outcomes</li></ul>	B+	A
Customer value priority	<ul style="list-style-type: none"><li>Actively reflect customers' needs and expectation upon working tasks, continuously create customer satisfaction by providing the best product and service through customer-oriented thinking</li><li>Communicate excellently with the customers with on-sight-oriented attitude, try one's best until the customer is satisfied through discovering their needs with the market, on-site and the customers themselves</li><li>Flexibly adapt and respond to rapidly changing management environment by not being attached to the past or focusing only on their perspective</li></ul>	B+	A
Explorative attitude	<ul style="list-style-type: none"><li>Continuously make self-development to become the best in the respective field by obtaining new information and knowledge from the help from inside or outside of the company</li><li>Always be open-minded to accept and acknowledge new changes and benchmark other successful cases made and reflect upon their own work</li><li>Flexibly adapt and respond to rapidly changing management environment by not being attached to the past or focusing only on their perspective</li></ul>	B+	A
Self-management	<ul style="list-style-type: none"><li>Become trustworthy by being fair and diligent through communicating with various people</li><li>Abide by the ethical standards, perform given tasks with self-will and be responsible for the action they take</li><li>Always stay humble and cooperate excellently with the company to create synergy for themselves and the company as well as to achieve mutual goals</li></ul>	B+	A

Result of new training construction

Category	2010	2011	2012
Qualification (person)	3,806	3,113	3,360
Study group (number)	539	428	496

Insurance professional qualification\* rate

Category	2010	2011	2012
Number	497	542	602
Possession rate (%)	19.1	20.1	20.7

\* Domestic and foreign qualifications related to insurance, which is continuously enforced for reserving expertise such as CPCU, ARe, actuary, underwriter etc.

Status of employee education in past 3 years

[unit: time, KRW million]

Category	2010	2011	2012
Total training time	441,592	436,973	456,057
Training time per person*	105.6	95.3	93.8
Total training expenses	4,942	5,130	5,681
Training expenses per person	1.09	1.11	1.17

\* Total training time ÷ the number of training members (permanent worker + temporary worker)

2) Hierarchical common curriculum system:

DVP(Dongbu Value Program) and promotion process

We run structured leadership training courses in order to develop leadership skills in different areas and strengthen each employee's ability. Furthermore, we are doing our best to foster the unique talents of our leaders and enable them to realize their full leadership potential and professional skills.

3) Specialization through departmental education system

The Departmental Education System is focused on improving knowledge in individual departments. Through the System, we have developed and increased departmental competency. Our Office Management Training System, for example, includes nine steps that include introduction, training, one to two years of leadership education, and strengthening specialty knowledge.

4) Training core manpower

Every October, employees who have achieved outstanding performance are selected through the Dongbu Talent Session for special training. Through the special training, we are encouraging our most talented staff to expand their professional competencies. As well as offering opportunities for self-improvement, the training also helps to cultivate employees' self-confidence.

· Outstanding Staff Selection: about 10% of full-time staff annually

5) Global manpower training

Launched in 2009, the Global Voyage Club (GVC) was designed to prepare staff for the Company's globalization. With 53 overseas postings available each year, the Company is aware of the importance of maintaining its global human resources training. GVC education consists of overseas market research, training abroad, business language courses, support for special qualifications, and visits to international markets.

6) Qualification system

The Company qualification system encourages employees to continue developing their professional skills and provides staff with the opportunity to receive at least one certification a year.

In order to equip our workforce with knowledge relevant to the insurance business, since 2007 we have developed some forty certifications. By developing and operating specialized certifications for each department, we are providing all employees with the opportunity to develop their industry knowledge and perform their jobs to a higher level of professionalism. We are also benefiting from staff gaining quali-

fications outside the company in areas such as insurance auditing. Furthermore, we are preparing Company talent by providing support for globally recognized qualifications such CPCU, AICPA, CFA, and AIC.

7) Internal academy

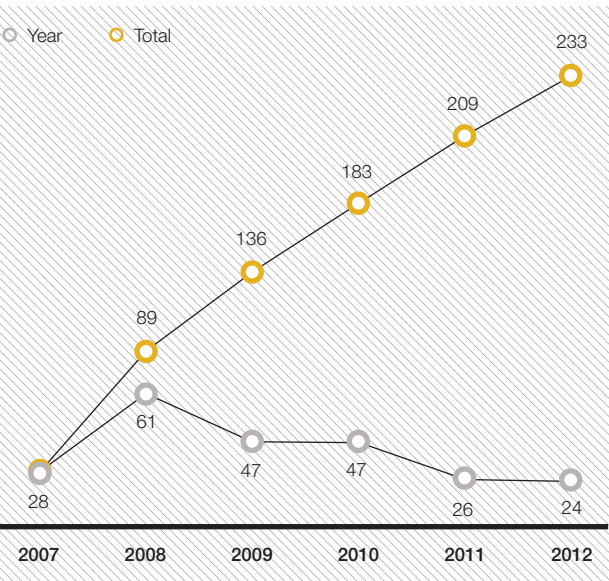
Dongbu Insurance runs three academy courses aimed at fostering departmental expertise.

(1) Innovation academy

Established in 2007, the Innovation Academy's four-year courses have positively influenced the culture of management innovation in Company. Through the Academy, we seek to cultivate professional expertise, executive ability, and a mindset that embraces innovation.

In particular, from 2011 we made Innovation Performance (Six Sigma project) a mandatory requirement for academy qualification progress, which we expect to stimulate genuine innovation expertise and bridge the gap between academic learning and its practical application.

[Innovation academy graduate state] [unit: person]



2012 Innovation academy target state [unit: person, %]

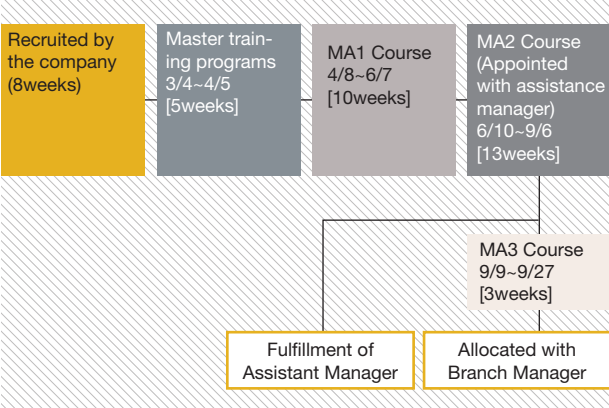
Year or studies	Target	Qualified	Qualified	Certified
1	87	71	81.6	32
2	69	62	89.9	39
3	45	37	82.2	26
4	39	24	61.5	24
Total	240	194	80.1	121



(2) Marketing academy

The Marketing Academy has been in operation since 2004 with the goal of developing field managers’ marketing skills and to schooling them in the Company’s sales culture. Upon completion of the 17th course in March 2013, a total of 473 professional sales managers had graduated from the Academy.

[Management process]



Marketing academy completion state [unit: person]				
Category	2010	2011	2012	Total
Completed person	38	52	73	473

(3) Actuary academy

In order to secure professional actuaries, in 2008 we established the Actuary Academy. The Academy course includes an advance actuarial course (twice a year) and insurance actuary and ASA study groups designed to help staff acquire professional qualifications.

A. ACTUARIAL ABILITY ADVANCE COURSE

This program includes product development, product maintenance work, actuary work, U/W work etc. and is mainly applicable to employees of relevant department. Also provide opportunities to who hope to participate in.

B. STUDY GROUP OF INSURANCE ACTUARY

We started study group of insurance actuary in 2012 and now about 30 people are giving challenge to acquiring actuary insurance qualification. In addition, we are encouraging our employees’ challenge by carrying out extra certificate programs relevant to actuary work.

8) Career development program [CDP]

By facilitating long-term career goals and suggesting positions, roles and responsibilities, we are helping our staff gain an increased degree of work understanding and helping them to develop further their career vision. In order to support the CDP of individuals, we provide full information

about the knowledge, skills, and positional requirements for departments they wish to apply for. In the past 3 years, 502 employees have participated in CDP.

해위사업본부장 (1/2)	
Position information	필요역량 및 직무요구
대선	차별한 분석력
해위사업 영역 확대를 위한 전략 수립 및 해위업무의 중요성을 통하여 회사의 외형 증대에 기여하고, 해위업무의 안정적인 인수/보유/해위업무의 수급,관리를 통하여 손익의 안정화를 위하여 회사의 골조확립에 앞장선다.	정보분석
• 해위업무의 운영 및 자원전략을 수립,시행한다.	전략적 사고
• 해위업무의 실적 모니터링 및 분석을 통하여 격차적인 외형,손익 경향을 수립,시행한다.	적극적 현장지원
• 해위업무의 임의/목적/재능 capacity를 확보한다.	개선역력

Definition of measures / skills per position

No	HRD 파트 지식 및 기술
1	연산전략 수립 Skill
2	적무분석 및 직무평가 Skill
3	HRD 기획/운영
4	노동법의 이해
5	조직설계방법론
6	조직개발 Skill
7	교육프로그램 개발
8	강의 SKILL
9	보험산업에 대한 이해
10	손해보험 업무 Process에 대한 이해

Statement indicating needed knowledge and technology per department for CDP

Employees

Major Issue

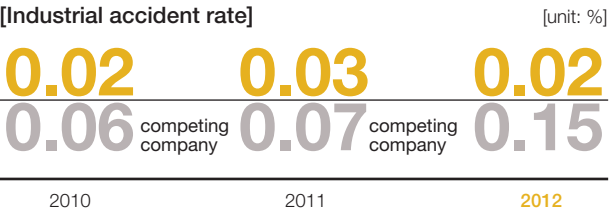
PROTECTION OF HUMAN RIGHTS AND COOPERATION WITH LABOR AND MANAGEMENT

12

Labor practices

1) Freedom of association

With the aim of developing a labor–management partnership bases on trust and cooperation, Dongbu Insurance maintains numerous open channels of communication. As a result, the Company has not experienced any labor disputes since 1994. (Industrial accident rate – 2012: 0.02% (industry average: 0.06%), 2011: 0.03% (industry average: 0.07%), 2010: 0.02% (industry average: 0.15%)). As of 2013, 96.3% of all employees are covered by collective bargaining agreements.



Dongbu Insurance guarantees the three labor rights of employees and conforms to all relevant laws and group agreements. In accordance with labor laws, we abide by regulations regarding maternity leave and childcare provision.

In addition, employees are given equal opportunities depending on their level of abilities and performances.

2) Notice of major operational changes

Senior management and executives of the Company provide employees with up-to-date information on overall management issues such as operating performance and business status through monthly companywide announcements. The Company also provides advance notice of proposed major operational changes such as HR and employee welfare to employees via the corporate intranet.

Respect for human rights and ban on discrimination

1) Respect for human rights

Dongbu Insurance conforms to Korean Labor Standard Laws and ILO regulations on forced labor and child labor. There have been no cases of child labor or forced labor at the Company.

(1) Human rights education

The Company conducts annual online education about sexual violence and harassment in the workplace. Any department can make use of video materials available on the intranet at all times.

Concrete examples of sexual harassment are provided to serve as guidelines and raise awareness among employees about violating human rights within the company.

Furthermore, security personnel stationed at the headquarters receive human rights education on an average of once a week (four times a month) for emergency evacuation measures, etiquette, and customer service to protect both customers and employees and make the workplace safer.

(2) Employees’ grievance settlement system

In order to improve employees’ work performance and quality of life outside the workplace, the Company provides an employee counseling system. In 2012, the system was used to resolve 10 grievances.

Counseling (Hot line)	Conflict between the manager, Conflict with the colleagues, Sexual harassment, Conflict in transferring departments
Psychological Counseling	Counseling through experts from Korea Psychological Research Center
Legal Counseling	Legal counseling through company lawyers on various aspects



Counseling System in HR Information Intranet

Cases solved by official grievance settlement system

[unit: case]			
Category	2010	2011	2012
	18	17	10

· These cases are all grievance settlement cases in overall personnel management such as personal transfers and sexual harassment.

2) Ban on discrimination

Although there are differences in employees’ positions, responsibilities, and roles, there is no wage or other discrimination based on social status or labor contract type. In addition, in compliance with recruitment regulations the Company does not discriminate on the basis of race, gender, age, religion, nationality, or disability. Moreover, in 2013, the company actively converted 904 part-time positions into regular positions before the enforcement of the Temporary Worker Act. This reduced the ratio of non-regular employees from 20% to less than 3%.

Conversion to regular employee status

[unit: person]				
Category	2010	2011	2012	Total
Converted workers	70	38	945	1,053
Conversion rate[%]*	100	100	100	100

\* Rate of employees who become regular workers from 2-year contract part-time workers. Currently, Dongbu is giving 100% opportunities for all part-time workers to become a regular employee, unless in cases of personal problems.

Employee Performance

Creation of job opportunities and employee status

As of the end of March 2013, the Company employed a total of 5,201 staff, including 37 executives. In professional fields such as insurance consulting, medical reviews, and so forth, female employees accounted for 59.9% of the workforce.

Over the past three years, we have contributed greatly to creating job opportunities through the recruitment of 933 people. In March 2013, we converted 904 part-time workers to regular workers. At our businesses and service networks around the country we give priority to locals when hiring junior and experienced workers. When there is a job vacancy, each local office receives letters of recommendation from its employers or conducts job interviews to fill the vacancy. New employees then undergo a one- or two-year probationary period before becoming eligible for full-time employment.

Status by rank and gender

Category	G.M. and D.G.M.	Manager	A.M. and workers	Professional and insurance consultant	Total
Male	484	458	818	328	2,088
Female	3	35	1,327	1,748	3,113
Total	487	493	2,145	2,076	5,201

Recruitment in recent three years

Category	College graduate	Experienced worker	Female clerk	Total
2010	129	31	141	301
2011	139	31	149	319
2012	166	27	120	313
Total	434	89	410	933

Recruitment in recent three years in local regions

Category	2010	2011	2012	Total
Mle	25	20	19	301
Female	23	37	20	319
Total	48	57	39	933

· As of March, 2013

Number of retirees and retirement rate\* in recent three years

Category	2010	2011	2012
Mle	131[7.3%]	137[7.3%]	94[4.8%]
Female	55[6.5%]	27[3.0%]	40[4.2%]
Total	186[7.0%]	164[5.9%]	134[4.6%]

\* No. of Retirees / End-of-year average employees x 100

Employee welfare and benefits

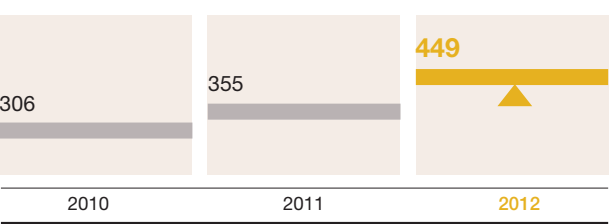
1) Retirement pension system

Dongbu Insurance applies a Defined Benefits pension plan. Pension funds are managed by Korea Investment & Securities, Kookmin Bank, Dongbu Life Insurance, Hana Bank, Shinhan Bank, Samsung Life Insurance, and others. We observe legal standards that stipulate the provision of over one month’s wage in severance pay to individuals who have worked for the company for one year.

2) Selective welfare and benefit system

Dongbu Insurance has enhanced employee satisfaction by implementing the Selective Welfare and Benefit System that allows individuals to select their own welfare items and level of benefits within welfare budgets. During the past three years, expenditure amounted to KRW 111 billion, of which KRW 44.9 billion was spent in 2012.

[Annual welfare spending]



3) Other welfare and benefit systems

Other welfare and benefit systems

Systems	Details
Scholarships	Giving scholarships to employees for their graduate school programs and their children
Company houses and supplementary living allowances	Providing company houses and supplementary living allowances to those who do not have their families or relatives
Loans for buying or renting houses	Giving financial support to employees who need to buy or rent a house
Holiday homes for summer	Operating free holiday houses for summer vacation for employees and their families
Overseas travelling for long-term employees	Operating to reward long-term employees as well as creating pride in working for Dongbu

Family friendly workplace

Dongbu makes every effort to provide an optimum work-life balance for its employees. Every Wednesday is designated Family Day, while other opportunities for families such as overseas travel, etc. are regularly provided. In celebration of our 50th anniversary, we held an event where the employees share their thoughts on changing and creating a better working environment. The Company is also planning to open an in-company kindergarten.

Returning rate of employees after three-year-long childcare leaves

Category	2010	2011	2012	Total
Female employees	96	60	81	137
No. of returnees	90	9	7	123
Returning rate[%]	93.8	85.0	91.4	89.8

· As of end of the FY

In principle, all employees who take childcare leave are permitted to return to work. We also make every effort to helping returnees re-adapt after leave through initiatives such as consultations before they return to work.

Family-friendly management programs

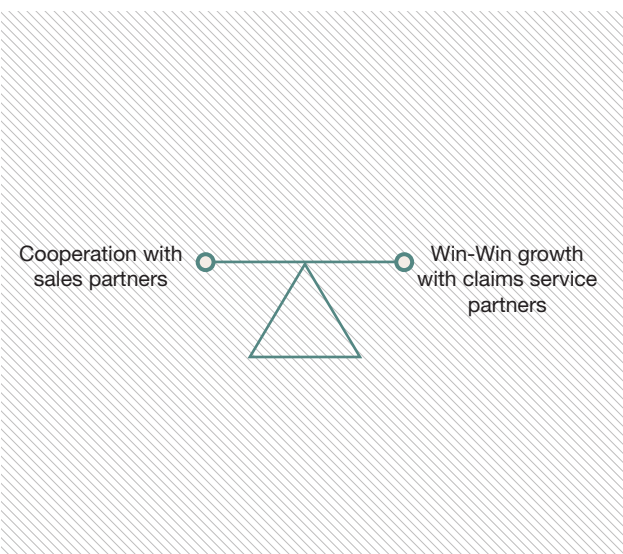
Programs	Content
Refresh holiday	Award, holidays, holiday expenses are provide to long-term employees [Every 5 years after 10th year of employment ]
Childbirth congratulatory system	Provides congratulatory bonus (KRW 200,000) to promote birthrate · Provides KRW 1 million on 3rd childbirth since July, 2009.
Sponsoring program for surviving dependents	Provides all educational fees and preferential hiring to surviving children (including those born after their fathers' death) of employees who worked for Dongbu for three or more years.
Holiday for spouse birthday	A half-day paid leave is provided to employees on their spouses' birthday
Dongbu family summer camp	A summer camp for employees' children (Elementary/middle school) at the Dongbu Insurance Academy offering English and science classes
Fetus diagnosis leave	A fetus diagnosis leave system has been managed for the health of female workers and their babies since July, 2009
Congratulatory party for promoted employees	Congratulatory party is held for employees promoted to assistant managers and their families





**Dongbu Insurance**  
strives for win-win  
growth with partners  
through mutual  
cooperation.

#### Major Issues



#### Major Achievements

##### 1. Educational Programs for High PA Efficiency

KRW **8.9** billion / Total Trainees **207,056** people  
[Statistics from Past 3 Years]

##### 2. Assisting Establishment of IT Sales Program

**6,300** pads  
[As of March 2013]

##### 3. Increasing the Number of Annual Awardees

**485** person  
[Number of Award Winners in 2012]

**22**%

[Ratio of Long-term Insurance Products Purchased by Mobile]

#### Plan

Expand educational programs to increase professionalism of Prime Agents, develop systems for partners (GA portal, GTMS, PRM, and Promy Car System)



#### Responsible Departments

Sales Planning Department, Sales Support Department, Business Management Department, Compensation Planning Department, Long-term Compensation Support Department, Auto Compensation Support Department

#### Strategy

Prime Agent growth, high-efficiency, establish effective system to support and communicate with partners



#### Vision

Establish trustworthy partnerships to maintain win-win growth





Yun Chan-yeo

[CEO of Songpa Motors] [Partners-Compensation]

DONGBU INSURANCE NOT ONLY MAKES PROFIT, BUT ALSO PROVIDES OPPORTUNITIES FOR WIN-WIN GROWTH WITH ITS PARTNERS WHILE ITS FULFILLING SOCIAL RESPONSIBILITIES. I THINK DONGBU INSURANCE IS THE FIRST IN ITS FIELD AND A TRUE GLOBAL ENTERPRISE. I LOOK FORWARD TO THE COMPANY MAINTAINING ITS WIN-WIN SYSTEM TO BECOME THE NO. 1 INSURANCE COMPANY GLOBALLY.

Yun Cheon-sik

[Prime Branch] [Partner (Sales)]

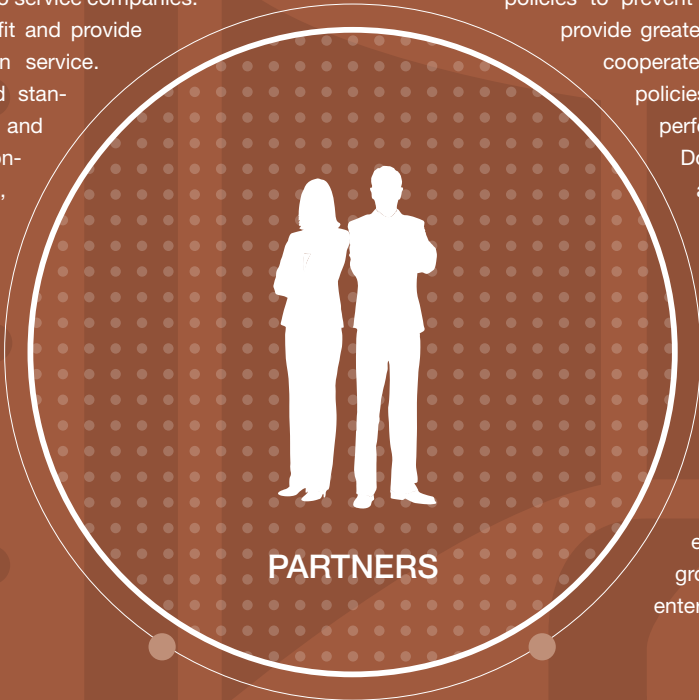
DONGBU IS AN ENTERPRISE THAT PURSUES QUALITY GROWTH THROUGH EFFECTIVE MANAGEMENT. I ASK PARTNERS TO TRUST IN THE COMPANY AND PARTICIPATE IN ACTIVE COMMUNICATION WITH THE COMPANY TO CREATE BETTER RELATIONSHIPS.

In order to co-exist with partners, Dongbu chooses outstanding clients by fair evaluation of auto service companies. We aim to create mutual profit and provide an outstanding compensation service.

To maintain partnerships and standards with repair companies and dispatch centers, we hold conferences, make site visits, exchange information, and communicate with our partners. However, to provide more sincere customer services, three-way communication — that includes the customers themselves — is necessary.

Dongbu Insurance emphasizes the implementation of various policies to prevent customer claims and aims to provide greater satisfaction for customers. To cooperate with partners, onsite-orientated policies have become the foundation to perform better and more effectively.

Dongbu's mobile contract system and Promy Guide help to satisfy customers by providing various practical tools. In addition, through DBRT seminars and more, we reflect onsite complaints to establish better policy and make utmost efforts to communicate with the partners. We still hope to create more specialized experts and establish better educational system and wish to grow as a sustainable manageable enterprise.



2011 Excellent partnership conference



Dongbu Insurance is pursuing mutual communication with our partners for better cooperation

The first insurance company to promote electronic signature in standard insurance



In order to strengthen competency, Dongbu Insurance has expanded its "One-stop" electronic contract system

Partners

Major Issue

COOPERATION WITH SALES PARTNERS

13

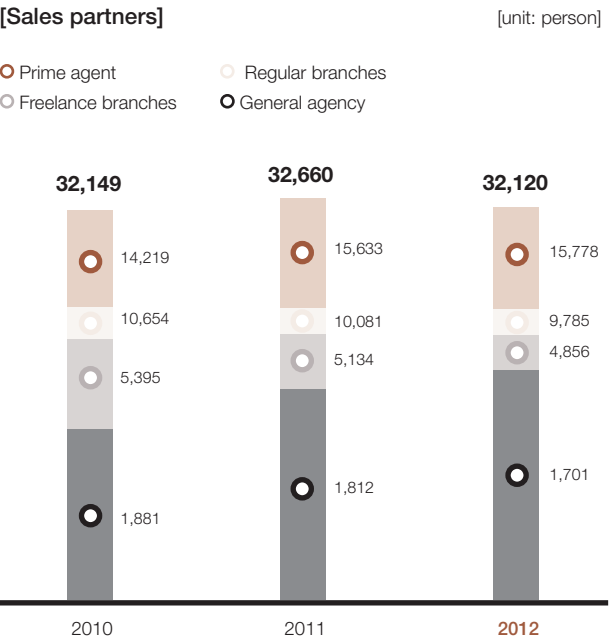
The Dongbu sales family

1) Sales partners

Dongbu sales partners continue to increase year on year despite rapid changes in the economy. In 2012, total sales organizations reached 32,120 and almost 100,000 employees.

Sales families are classified into Exclusive and Freelance channels. Exclusive channels comprise Prime Agents (PAs) and their branches as well as freelance branches. The Freelance channel comprises General Agencies (GAs).

Prime Agent solicitor firms are increasing annually; Freelance channel legal branches have decreased due to branch mergers.



2) Programs to improve PA loyalty

(1) Best in insurance industry, differentiated commission system

Our commission system offers diverse structures to enable unlimited growth for PAs. In FY13, Dongbu established a commission support system for the stable grounding of new subsidiaries, and a settlement support commission.

We allowed for activities with loyalty towards the Company through initial sponsorship funds. The commission reward system is maintained to reward sales families based on their abilities and performances.

(2) Systematic education programs to create consulting experts

Providing systematic education programs relevant to changing programs and financial consulting of the sales organization, we have invested KRW 8.8 billion in the past three years to improve the performance of our sales families. A total of 200,000 people received training, enabling them to meet the demands of customers in a rapidly changing economic environment.

Education and training in past three years [unit: KRW million]			
Category	2010	2011	2012
No. of programs	42	53	49
No. of trainees [person]	64,397	61,905	80,754
Total expenses	2,732	3,067	3,100

In 2013, DCC (Dongbu Communication Class), DLC (Dongbu Long-run Class) were established to develop the communication and customer management skills of sales organizations.



(3) Advanced programs for PA activities

In operation since December 2004, the Sales Consulting Program advances PA activities. Since April 2011, the Onsite Execution Strengthening program has enhanced problem-solving skills, strengthened areas of weakness, and improved performances.

In 2012, the Smart Sales Book was published to support sales activities and improve product knowledge. The book is available to sales families to refer to at any time.

Additional education is also provided related to finance, compensation, and sales.



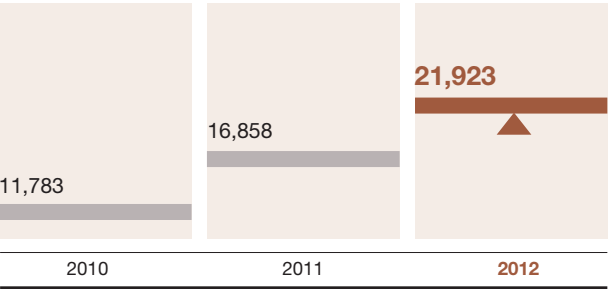
Smart Sales Book

(4) PA knowledge certification program

Dongbu Insurance has been providing opportunities for sales organizations to improve competitiveness through the PK (PA Knowledge) Certification Program.

As of FY2012 a total of 21,923 PAs were certified in long-term insurance, auto insurance, CS, standard insurance, and consulting under the Program. From 2013, long-term compensation and auto compensation will be added to create a total of seven certifications. We will also share model cases within the sales portal under the “Latest Info” category.

[Yearly PK certification issue(Accumulated)] [unit: person]



(5) IT-based advanced PA sales system

Dongbu Insurance utilizes a business-orientated system in its next-generation sales system. The Company has a high-tech, web-based system that supports sales activities by allowing PAs to access the system at any time. An advanced mobile-based sales system enables fast and efficient sales processing. We ensure that PA activity management is efficient, reinforce competitiveness through sales offices that allow PAs to set on their own targets, and support for knowledge sharing among PAs related to characteristics of regions and sites. In addition, we are advancing the PA Automation System by providing an e-Contact System for differentiated marketing.

A Promy Guide application and electronic signature system was developed and launched in August 2012 that allows greater efficiency while also providing customers access to necessary information on products. As the mobile industry continues to grow, we have distributed some 6,300 smart pads to PAs, with the total number increasing monthly. In addition to providing the devices, we train PAs in using our mobile system effectively. Currently, 22% of all long-term insurance products are contracted through mobile devices.



Promy Guide in Smart Pads

(6) Dongbu round table (DBRT) hall of fame

Every year, Dongbu Insurance awards prizes to excellent PAs, who are featured in the DBRT Hall of Fame in acknowledgement of their contribution to our growth and their exemplary activities.

Annual prizewinners [unit: person]					
Category	Total	Grand prize	New recruit award	Sales prize	DBRT
2010	403	190	23	2	188
2011	480	221	35	2	222
2012	485	233	29	2	221

2) Win-Win programs for freelance channel partners

(1) Freelance channel head office

The Company has established a Head Office for freelance channel partners in order to generate win-win management and sales performance through improved communication with its General Agents. We hold GA seminars quarterly to share information and operate the Dongbu Honors Club, which acknowledges outstanding GAs and fosters loyalty.

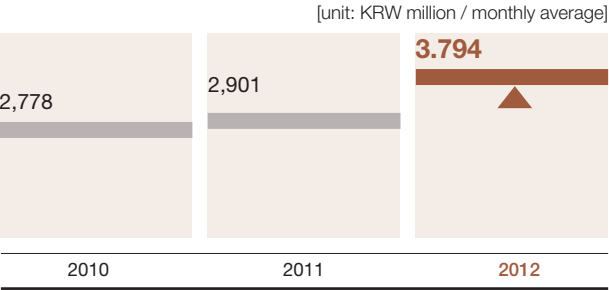
(2) Win-Win program for differentiated income

Dongbu Insurance operates a commission system differentiated by performance level. For GAs with exemplary management efficiency indices such as retention and collection rate we provide separate performance-based commissions. Moreover, experienced GA trainers offer education and support to freelance channels nationwide.

GA Trainers [as of March 2013] [unit: person]		
Category	Standard	Expert
Status	216	32

GA long-term insurance performance amounted to KRW 1.7 billion in 2008, of KRW 2.7 billion in 2010, and KRW 3.7 billion in 2012. We are aiming to maintain steady growth in freelance channels through our win-win system.

[Annual long-term insurance performances of GA]



(3) Support programs for cross-sales partners

Following the introduction of cross-selling between the non-life and life insurance sectors in August 2008, Dongbu Insurance is aiming to establish a cross-selling call center, a cross-selling team leader system, and expand cross-selling branches. In addition, we are expanding infrastructure to increase the income of cross-selling partners through the development of differentiated products.

[Cross-designer assistance system]



(4) PA ethical management program

As part of its customer satisfaction and consumer protection policy, Dongbu prevents unethical sales activities through its consumer protection department and SIU Department. Regular education and training is conducted in order to reinforce the standards of sales partners and sales managers complete sales and moral risk. In addition, Dongbu shares its ethical commitment with all sales partners through its Ethical and Legal Pledge.

Partners

Major Issue

WIN-WIN GROWTH WITH CLAIMS SERVICE PARTNERS

14

Cooperation with compensation partners

1) Present condition of compensation partners

Dongbu Insurance maintains close partnerships with compensation-related organizations such as hospitals, auto repair shops, and damage assessment companies, in order to provide an efficient compensation process. We also maintain strong partnerships with claims adjustment companies in order manage claims more accurately.

Medical and auto maintenance services are provided through partners across the nation, while the national Promy Network of sites provides quick customer service.

Present condition of compensation partner		[no. of partners]
Category		2012
Medical/repair service	Hospital	13,071
	Maintenance factory	5,385
Promy network	Emergency dispatch agency	469
	On-site dispatch agency	512
Compensation investigation corporation	Long-term damage assessment	18
	Common damage assessment	34

Partner numbers per year				[no. of partners]
Category	2010	2011	2012	
Hospital	10,274	11,367	13,071	
Maintenance factory	3,619	4,772	5,385	
Emergency dispatch agency	584	473	469	
On-site dispatch agency	532	488	509	
Long-term damage assessment	18	18	18	
Common damage assessment	33	34	34	

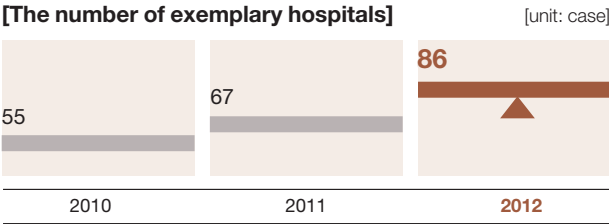
· Except for the nominal emergency/on-site dispatch agencies since 2011, because of the concentrated management of exemplary agencies

2) Win-Win growth with compensation partner program

(1) Win-Win growth with hospitals and auto maintenance centers

A. Supporting exemplary hospital and medical consulting network management

Dongbu provides special services to hospitals and doctors with a high assistance ratio. We provide our customers with the best possible medical service, and operate a system that prevents false and inaccurate medical checkups. We are reinforcing our system that precludes unethical acts, such as false or excessive premiums, through experts in medical auditing.



Mutual cooperation activity

Dongbu insurance	Exemplary hospitals
Provide exclusive compensation consulting service	Provide compensation/ medical consulting
Run exemplary hospital consultative group	Support medical education (twice a year)
Recommend and support exemplary hospitals/doctors	Report insurance fraud

Present condition and activities of medical consulting

Category	The number of members	Specialized subject
Automobile/general	104 person	neurology/orthopedic/cosmetic surgery/ dental/ internal medicine/psychiatry/ ophthalmology/otolaryngology etc.
Long-term	65 person	obstetrician/urology/streptococcus/ oriental medicine/forensic medicine etc.

Major Activities

- Advisory on medical opinions and assessments in relation to insurance accidents
- Assessment and reassurance of medical issues with the customers
- Sponsoring of education for the compensation officers and regional compensation centers

B. Win-Win growth partnership management with maintenance factories

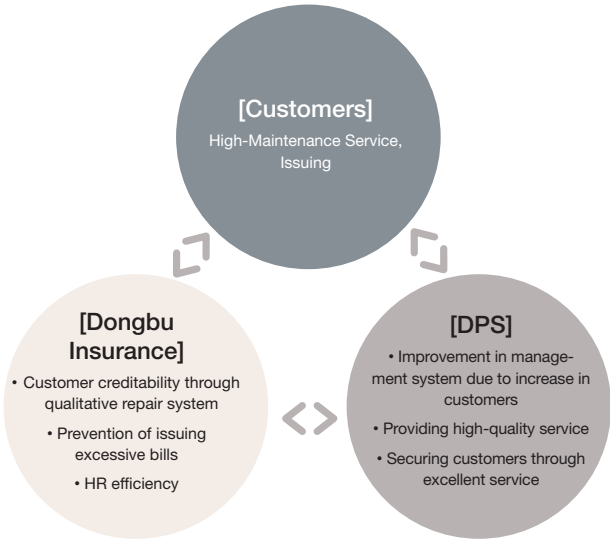
Dongbu Insurance is focusing on and creating synergies with outstanding partners to provide customers with superior service. As a result, the percentage of customers using our service centers increased by 31.9% in 2012.

Category	Contents
Exemplary maintenance factories* and the operation period	619 factories (since April, 2006) in 2010, 750 -> in 2011, 696 -> in 2012 623
Selection/Evaluation indicator	[2012 Selection Indicator] Repair Quality(50%)/Repair Speed(30%)/ Customer Satisfaction(20%)
Evaluation/Management	Parts exchange rate, average repairing period etc
Supporting activity	Assistance in moving the repaired cars Managing accident outline education
Achievement	The percentage of customers of exemplary maintenance factory constantly increased In 2010, 26.2% -> in 2011, 31.1% -> in 2012, 31.9%

\* Partner numbers have fallen since 2011 as a result of our focus on high-performing companies.

In addition, we use the **DPS\*** (Dynamic Partner Supporter) system to foster mutual growth and profit with those partners.

\* DPS: Used for exemplary partners to provide autonomous maintenance



(2) Expanding emergency dispatch partners through smart environment system

We have established the Mobile Promy Car System to increase the efficiency of our partners' emergency dispatch services. The system also helps customers to receive quick and convenient service and compensation.

[Mobile promy car system]

A one-stop system for accident and breakdown assistance using a smart environment system.

[Major contents of the system]

Customer Info. Management	Protection of customer info. through the latest security modules
Checking Connection Status	4 step auto adjustment [Utilizing the location information]
Dispatching	Dispatching through ARS, call centers and Apps
Assessment of the accident	Contacting available dispatch workers Onsite assessment of the accident through mobile app
Checking Results	Reports on the dispatch results and service monitoring
Management of Dispatch workers	Education and communication through mobile promy car system

Its low-cost, high-efficiency strategy helps our partners to provide assistance to customers in emergency situations throughout the nation.

Content of the mutual assistance with our partners

Category	Content
Co-operative customer service	Promy Car World service in highway stops
	Free service at Promy Car World in highway stops
	Development of establishing service centers in areas with its absence
	Autocare service through co-operation with the telecommunication services

3) Fulfillment of social responsibility activities through compensation partners

(1) Insurance fraud reporting system

Dongbu operates a reporting system to share with partners any cases of insurance crime. Reports can be made through the Company's Special Investigation Unit and its website. Information is passed to partners, customers and potential customers with the aim or eradicating insurance crime completely.

Report from outside sources			[unit: case]
July-Dec. 2012	Jan.-June 2013	Report channel [reported route]	
182	185	Promy emergency dispatch service, repair service, company website, phone calls etc.	



(2) Insurance fraud detection system (IFDS)

IFDS is a statistics analysis system designed to assist detection of insurance fraud in the process of compensational measures. IFDS plays a major role in fraud detection by calculating indices on insurance assessment and compensation. All Dongbu employees play a role in promoting this system, along with partners who assist Dongbu customers.

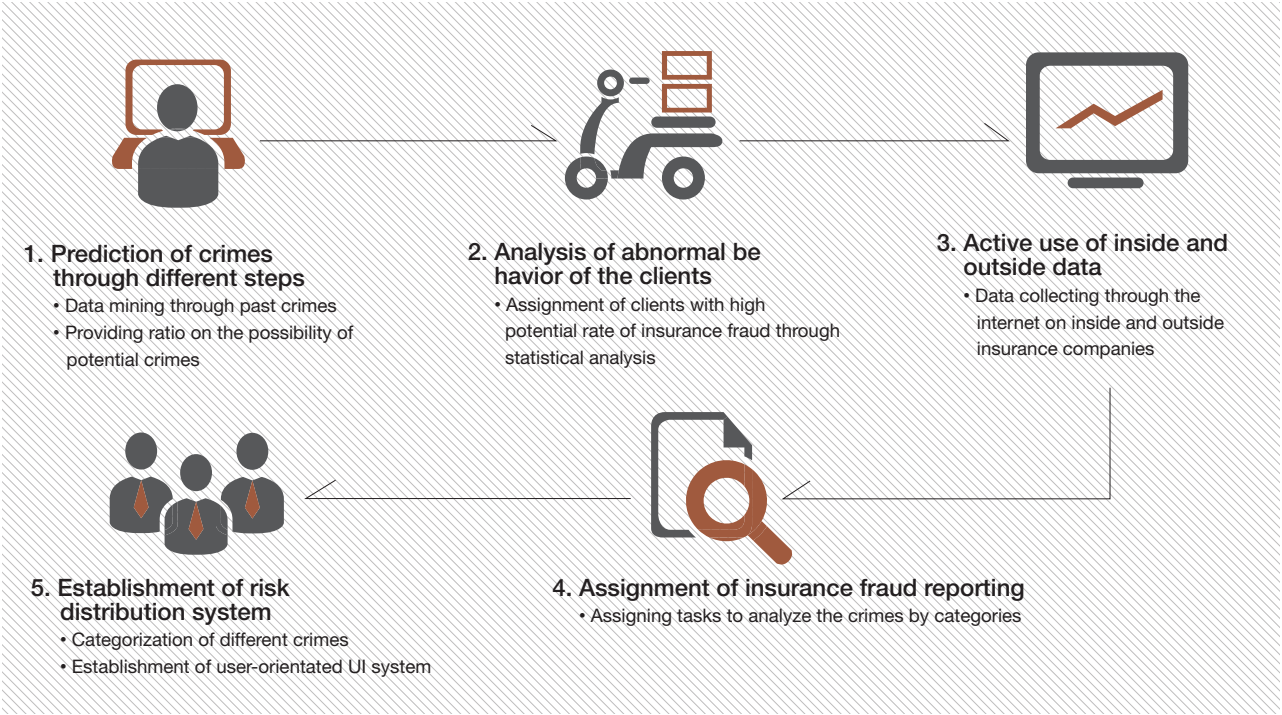
(3) Education for safety and emergency training

Dongbu educates all relevant employees on emergency measures and safety in the workplace through agreements with the Korean Red Cross and runs Rescue and Emergency Measures training with the aim of fulfilling social responsibilities and saving lives.

[Agreement highlights]

- In-company education seminars for compensation service offices
- Qualitative and quantitative education data provided as well as lectures by Korean Red Cross executives
- Mutual advertisements and activities on emergency measures and blood donation / victim rescue
- Mutual effort to activate fundraising
- Mutual assistance given as necessary

IFDS [Insurance fraud detection system]



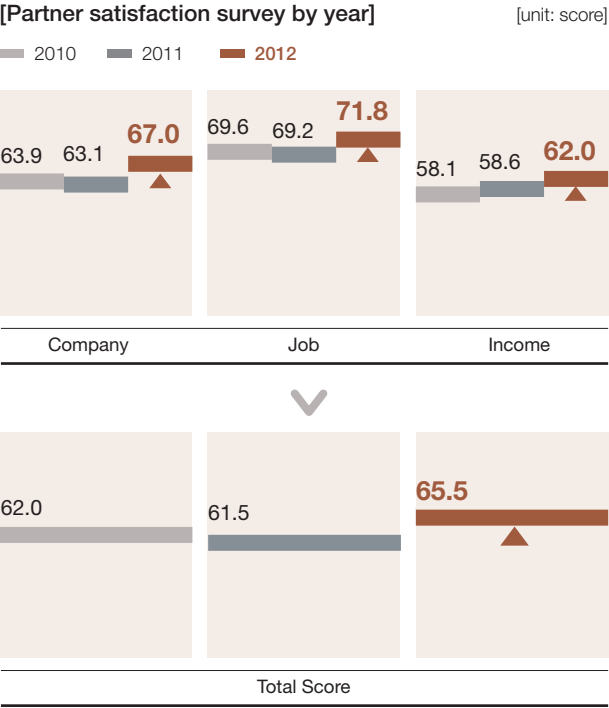
Partner Achievements

Partner communication

1) Communication with sales partners

(1) Prime agent satisfaction survey

We have been conducting an annual Prime Agent (PA) satisfaction survey called the Family Satisfaction Index (FSI) since 2004. The survey monitors nine areas such as overall satisfaction, work environment, products, sales support, and training. Overall satisfaction has risen steadily. In 2012 the overall index reached 655 points, while job satisfaction and company satisfaction indices also rose compared to the previous year.



(2) PA suggestion system

The PA suggestion system invigorates communication with Prime Agents. Adopted suggestions are integrated into the Company's policies and systems.

2) Communication with compensation partners

The company strives to offer a strong foundation for communication and diverse partnership services with its PAs. We pledge loyalty and communication with co-expansion and, through win-win partnerships, aim to achieve customer services that benefit all. As a socially responsible company, Dongbu Insurance also shares value with its local communities.

Category	Communication
Medical/repair service	<ul style="list-style-type: none"><li>· Visiting and conference of outstanding and failing business partners, chosen by the center or team leaders.</li><li>· Holding medical conference<ul style="list-style-type: none"><li>- Attendance of medical advice twice a year</li><li>- Sharing and discussing medical affairs regarding insurance</li></ul></li></ul>
Promy network	<ul style="list-style-type: none"><li>· Holding "Run Together Partner Conference" (180 companies participate in national Promy network)</li><li>· Outstanding company receives a reward and shares future plans</li><li>· Regular conferences with award-receiving teams<ul style="list-style-type: none"><li>- Attendance of regional representative once a year</li><li>- Sharing and solving of problems occurring in work places</li></ul></li></ul>
Investigation	<ul style="list-style-type: none"><li>· Holding conference of adjustment of damage department</li><li>· Outcome diagnosis and future goal sharing</li></ul>



Medical Conference-Awarded with a certificate on excellent medical advice in May 2013



Education at Medical Conference



Partnership Conference





**Dongbu Insurance**  
shares true values  
as socially responsible  
company with  
the local society.

#### Major Issues

Social contribution  
activities

Communication  
with local  
communities

#### Major Achievements

##### 1. Increase of social contribution of company

**“Companywide Social Contribution Day”** was  
designated in 2012 to celebrate 50th Anniversary

##### 2. Increase in promy fund expenses

KRW **670** million was donated as of 2012

(out of total KRW 960 million)

#### Plan

Vitalization of social  
contribution organization,  
execution of Promy support  
corps activities, talent  
donation regarding insurance  
business characteristics

#### Vision

Sharing with local  
communities to fulfill  
our responsibility as  
a social enterprise.

#### Responsible Departments

CSR Office, HR, General  
Affairs, Risk Management  
Institute, Promy Basketball Team.

#### Strategy

Systematic construction of  
enterprise for social  
contribution, continuous  
Promy support corps  
activities, social contribution  
related to insurance business  
characteristics.



Jang Seok-hun

[SRC Sponsoring Division Planning Manager]

DONGBU INSURANCE HAS CHANGED THE IMPRESSION OF THE INSURANCE COMPANY BY DEVELOPING SUSTAINABILITY MANAGEMENT INTO MORE SYSTEMATIC AND STRATEGIC MEANS. I WISH TO SEE DONGBU ACTIVELY MAKING SOCIAL CONTRIBUTIONS AND ALLOWING THE TARGET AUDIENCE OF SOCIAL CONTRIBUTION TO BE THE LONG-TERM CUSTOMER FOR THE COMPANY.

Dongbu is making an important contribution to local communities by specialized social contribution programs, regular sponsorship with social welfare associations and employee Promy Voluntary work. In order to grow as a sustainably manageable insurance company, under the vision of 'Global Insurance Financial Group pursuing Happy Society with the Customers', we aim to continue our social contribution for foreign workers and multicultural families, and create products and opportunities for the disabled.



Helping multicultural families



Dongbu Insurance is putting utmost effort into supporting multicultural families and the closer integration of social groups

Promy Basketball Team contributing to society



Dongbu Promy Basketball team and the volunteer team help out at farms on the outskirts of Wonju every year during busy times of year. They also run basketball classes for children.

Staff Social Contribution Day



Every year, we invite executives and staff from our branches and partner companies to perform volunteer work, through which we share the art of sharing with others.

Local Communities

Major Issue

SOCIAL  
CONTRIBUTION  
ACTIVITIES

15

Social contribution activities

Dongbu social contribution activities are supervised by the Sustainability Management Commission. The Administrative Work Committee makes major decisions and consults with the other commissions.

tion, where all subsidiary companies, executives and staff members worked together to contribute to society. The event is now held annually.

1) Current state of social contribution

Our social contribution activities corps Promy and our Promy Heart Fund both encourage Prime Agents to make social contributions and do voluntary work. Based on this, we not only support disabled and underprivileged neighbors, but also support the environment, cultural and sporting activities, and talent donations. In 2012, we dedicated the Company's 50th anniversary foundation day to social contribu-

2) Social contribution activities and progress direction

With the slogan, "Sharing is happiness! To a future together", the Promy Support Corps and Promy Heart Fund promotes the participation of executives and staff in social contribution activities such as helping the families of bereaved by car accidents.

[Direction of pursuit]

Vision	A global insurance financial group which pursues a happy society with customers		
	Shared happiness! future together!		
Social contribution promoted	1.Volunteer work by the employees	2. Activities reflected upon the attributes of the industry	3. Cultural / Sports sponsoring
	Nationwide promy volunteer workers are operated; donated promy heart fund is utilized to support the people in need	Regular operation of campaigns/educational activities/ sponsoring which best suits the characteristics of insurance industry	Sponsoring various sports activities based on running the Promy Basketball team since 2005
	Promy Volunteer Activities	Preventing traffic accidents	Running Dongbu Promy Basketball Team
	Rescue activities in disasters (Tae-an / flooded damage restoration etc) Self-conducted volunteer work	Traffic safety education/reducing traffic accident campaign Special vehicle maintenance service	
	Construction of Promy Heart Fund	Preventing / reporting of insurance crimes	Sports Sponsoring
	Income from the work of promy volunteers Utilization of revenues through specialized social contribution work	Risk evaluation of welfare organizations	Sponsored KPGA 2006~2012 Sponsored Deagu Universiad 2003 FIFA U-17 World Cup Korea 2007 Sponsored Senior Bowling Competition 2009 Appointed sponsor of 2014 Incheon Asian Games
	Volunteer work group activity	Sponsoring firefighters	
	Operation of companywide social contribution day	Aiding families of the victims of traffic accidents	4. Other various donation activities

3) Social contribution activities for insurance business

(1) Safe driving and road accident prevention

In order promote a safer road culture, we not only share our specialized knowledge of vehicles accumulated over 50 years, but also implement regular and extensive safety education.



Traffic Broadcasting Network

Radio traffic broadcasting network  
- over 30 times monthly (TBN, YTN, KBS) → over 1,000 times annually



Education for companies and institutions on safety issues

Education for public office(public officials, fire officers, post office) and private companies à 130 times annually, more than 3,000 members



Fire Officer Support

Since 2003, we have been sponsoring the fire officers and have encouraged fire fighters to let the civilians aware of the risks and safety issues with KBS 119 award.

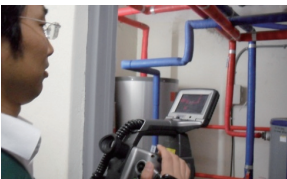


Special Vehicle Service

Compensation service during vacation  
- 2010: 707 vehicles  
- 2011: 477 vehicles  
- 2012: 286 vehicles  
- 2013: 1,430 vehicles

(2) Talent donation

Supervised by the Institute for Risk Management, we are visiting social welfare facilities to provide safety checks and first aid kits. We also actively volunteer in other tasks in this field.



Welfare Facilities Safety Checkup

22 places visited in 2010, service provided with safety aid kit  
12 places visited in 2011, service provided with safety aid kit  
Disaster Status Control Center volunteer work in 2012

(3) Supporting families and children of car accident victims

In each region of the country, the bereaved family of a car accident victim receives financial support and regular visits to provide support. The Road Traffic Safety Authority also provides regular financial support.



Supporting families

Supporting total of 24 members currently, March 2013

(4) Fundraising in association with campaigns

Our new products are part of a new campaign called “Gathering Hope, Bingo” where we accumulate a certain price per product and donate to children with incurable diseases.

In addition, we donated funds gathered via our website e-services through the "Love More Event". Donations are also being made all across the nation to care for sufferers of diseases.



4) Executive and staff participation in social contribution activity programs

(1) Promy social contribution corps

Promy was established in 2006 as a voluntary program for executives and staff. Headed by the CEO, the Corps is organized regionally in order to fulfill the beauty of sharing. In 2013, we plan to expand the seven main regional bases and add 29 more regional bases.



Coal briquette sharing

Delivery of briquette to senior citizens living alone [15,000 briquettes]



Rice sharing

Since 2006, we have been delivering rice and needy products to families with low income [About 3,000 families]



Kimchi making

Since 2006, we have made kimchi for our neighbors every November and December and have delivered them personally [About 1,400 families]



Anti-smoking campaign

Have participated in campaigns on the streets along with volunteer partners



Dongbu Dream School Project

We have reconstructed schools and supported teaching in regions of Vietnam (Dongbu Dream School number 1, 2)



Love House with the Promy Basketball Team

Since 2011, helped reconstruct houses for multicultural families (Total of 15 houses)



Purification of environment and protection of nature

- Picking up litter in mountains and down streams of rivers.  
- Honam Volunteer Group at Suncheon-man purification activities, volunteer work at the Amsa Ecological Park, Daegu, Shincheon and nationwide

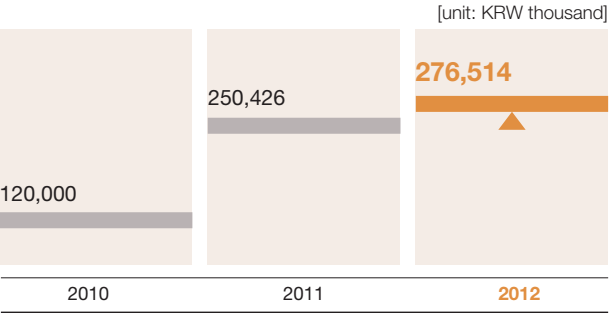
· In May, 2011, MOU was signed with the Wonju Multi-Cultural Support Center, and many programs such as multicultural flea market, multicultural harmony camp, Love House, Multicultural Band are in progress.

(2) Promy heart fund

Under the voluntary Promy Heart Fund, executives and employees donate a percentage of their salaries for social contribution. The Company then matches the total donation with its own contribution as a matching grant.

Staff provide not only financial donation, but also undertake volunteer activities as well. Since 2010, donors to the Promy Heart Fund have increased consistently. As of March 2013, there are 2,931 participants. As of 2012, total funds raised amounted to KRW 960 million of which KRW 670 million has so far been donated.

[Current stand of the promy heart fund]



(3) Voluntary group activities

Our executives and employees do voluntary work and provide support for a variety of social causes.

Voluntary group activities

Name of association	Major activities
Dongbu Love Sharing	Voluntary work association: Samyook Rehabilitation (In Gwangju, Gyeonggi Province) Regular volunteering and donations (4 places)
Dongbu Save Culture	Voluntary work association: Jongmyo Advertises the importance of cultural assets preservation and environmental work

(4) Sales of society-friendly insurance products

As part of its duties as a socially responsible company, Dongbu develops and manages products related to social issues. Products include car insurances for the handicapped, a merchandise discount for the disadvantaged, products that donate a proportion of income, micro-credit products for children of low-income families, and products associated with local government to encourage childbirth.

We are continuing to do our best to promote products that make a closer society.



Products of society-friendly insurance	
Product	Details
Promy Gomduri Auto Insurance	<ul style="list-style-type: none"><li>· Insurance for the disabled, targeting cars owned by the disabled</li><li>· Provides special guarantees for the disabled: Health care expenses and subsidies for the purchase of prosthetics</li></ul>
Promy Heart Insurance	<ul style="list-style-type: none"><li>· Insurance specially designed for the recipients of basic living and people with lower income</li><li>· Offers the same guarantee as the existing products</li><li>· Gives 8% discount when accepting a special contract (sold since April 2011)</li></ul>
100-Year-Old Youth Insurance	Holds an organ donor campaign and operates death-benefit-donation system to encourage advanced donation culture
Dream Love Insurance	Supports small-amount financial guarantee for children of the marginalized classes bu utilizing dormant insurance money
Colorful Children Safety Insurance	Provides insurance support for family's third child to overcome low birthrate

Society-friendly insurance sales performance			
	2010	2011	2012
Promy Gomduri Auto Insurance	130	177	255
100-Year-Old Youth Insurance	8,694	7,843	6,987
Dream Love Insurance	131	119	173
Colorful Children Safety Insurance*	35	0.2	-

\* Colorful Children Safety Insurance was stopped from sales in 2011.

Local Communities

Major Issue

COMMUNICATION WITH LOCAL COMMUNITIES

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Efforts to communicate with local communities

1) Social services in local communities

(1) Electronic display boards for prevention of road accidents

To raise public awareness of traffic accidents, we have supported the purchase of electronic display boards in Seoul, Gyeonggi province, and the capital area.

(2) Donations for disasters

Through various donations, we are helping those who have suffered loss from disasters. In 2012, we donated a total of KRW1.05 billion, including contributions to relief funds for the Cheonan-ham incident, the Yeonpyeongdo incident, and a major earthquake in Japan.

(3) Companywide social contribution day with local communities

United in their support for voluntary work, more than 4,000 executives and employees perform voluntary activities on Social Contribution Day, which was launched in 2012 to mark the 50th anniversary of the Company's foundation. Volunteers visited 105 locations across the nation to perform duties including cleaning scenic areas, supporting nursing homes, and holding events for the disabled.



Company-wide Social Contribution Day Volunteering

2) Sports sponsorship

In order to promote the development of leisure activities, the Company sponsors a number of sporting events.

(1) Pro basketball team

Created in October 2005 and based in Wonju, Gangwon province, the Dongbu Promy Pro Basketball Team contributes to the promotion of sport in the region and brings joy to its supporters.

The Promy Basketball Team has been actively participating in volunteer work since 2011, when Dongbu Insurance and Wonju City made an agreement to help the low-income families and multi-cultural homes with housing and living conditions.



Promy Basketball Team [Love House] Volunteering

(2) Golf tournament sponsorship

Dongbu sponsors golfing events including the KPGA Champions Invitational and Matchplay Championship.

· Love Buddy Event

The Love Buddy event is held during the Dongbu Insurance Promy Open. KRW 50,000 per buddy is collected and donated to marginalized neighbors. In 2012, 1,140 buddies participated and a total of KRW 57 million was donated to residents who suffered from the Samcheok gas explosion in Gangwon province.



Through these events, we were able to promote a more open and fair sporting environment and show local residents that golf tournaments can benefit the people and environments where they are held.



Donation made for the victims of the Samcheok gas explosion accident

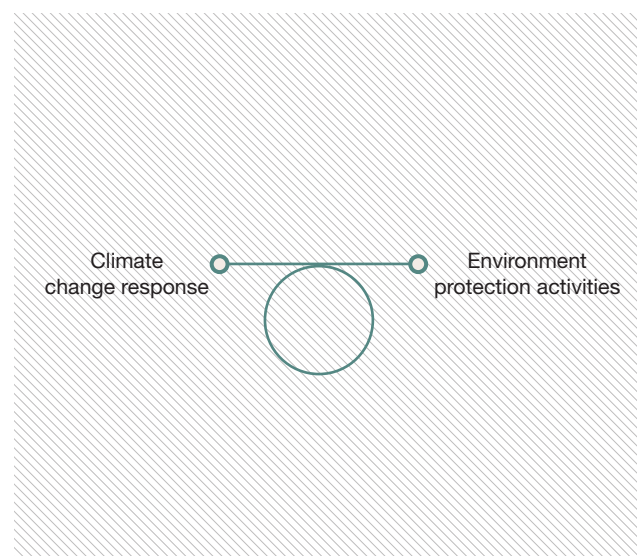




**Dongbu Insurance**  
aims to maximize finite  
global resources through  
specialization  
in environment  
management.



#### Major Issues



#### Major Achievements

##### 1. Active sales of eco-friendly products [No. of sales in 2012]

**318,699** cases

[Evergreen Special Contract]

**159,515** cases

[Driving-Distance Special Contract]

##### 2. Result of energy reduction [Electricity usage in 2012]

**1.7%** reduction compared to the previous year

[211,672 kwh/1000m<sup>2</sup>]

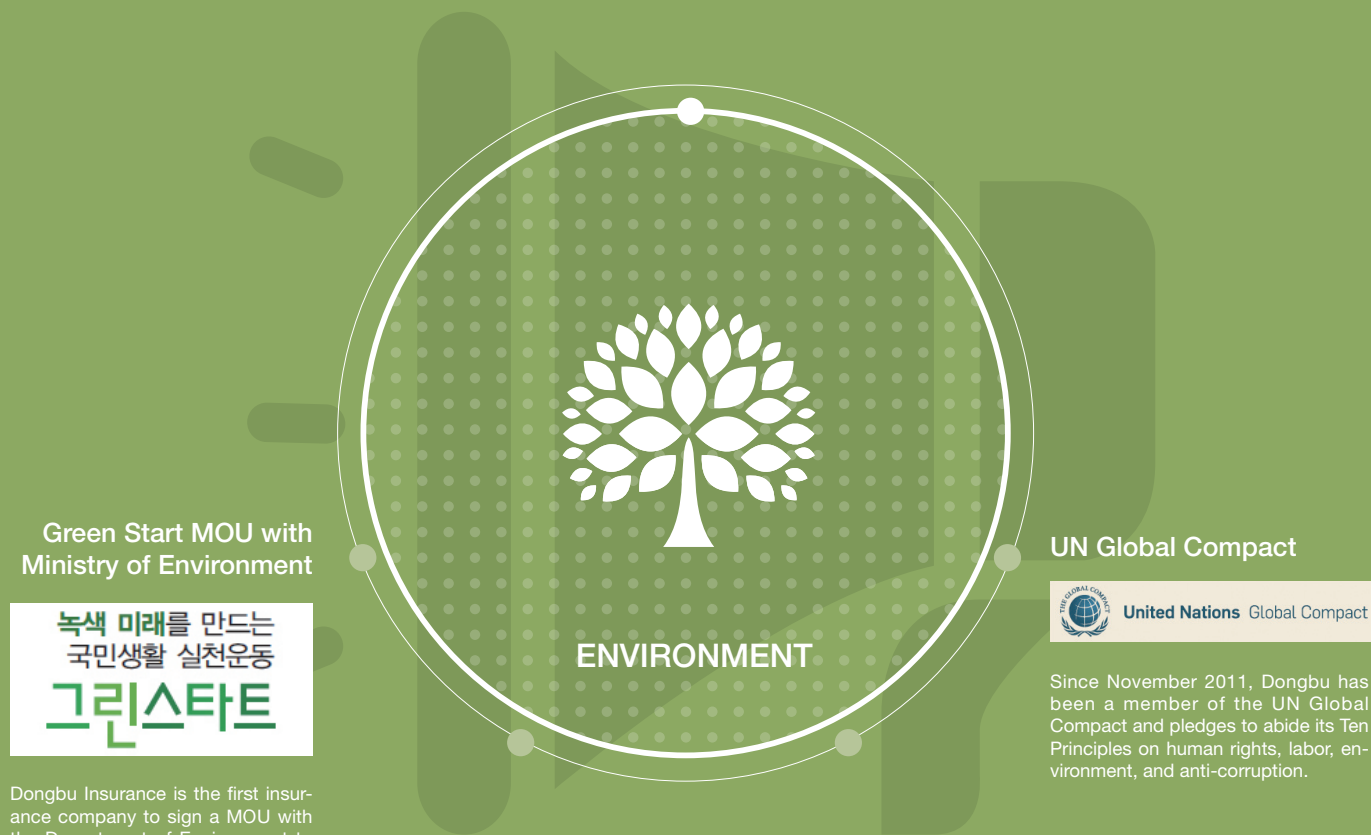


## Kim Hyun-jin

[Professor of Seoul National University of Science]

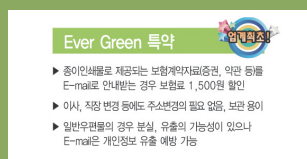
DONGBU HAS BEEN ACKNOWLEDGED BY DJSI IN 2013 FOR ITS SUSTAINABILITY MANAGEMENT. WE HOPE DONGBU PUTS INTO PRACTICE ORIGINAL STRATEGIES FOR SUSTAINABILITY MANAGEMENT.

The Company should consider invigoration of environmental insurance when developing environment management. The risk of environmental pollution and the range of its side effects are so vast that Dongbu should prioritize the creation of insurance that will properly compensate for accidents caused by environmental disasters. In order to do so, we need professionals and public organizations that will not only establish strategies for green finance, but also continuously and systematically implement programs. The core purpose of environment management for indemnity insurance is to correctly identify the client's message and respond to it. To develop sustainably, Dongbu should seek profit through customer satisfaction management and pro bono social contribution. Hence, Dongbu should devote effort to responding to clients' demands and innovate products.



Dongbu Insurance is the first insurance company to sign a MOU with the Department of Environment to support the advancement of a green lifestyle culture.

### Eco-friendly Insurance product development (Auto Insurance Ever-green Special Contract)



Money saved from reduced paper usage is donated to create a better environment and to support schools promoting eco-friendly policies.

### CDP Participation



We are participating in creating a cleaner environment by being responsible for greenhouse gas emissions and by openly providing relevant information.

## Environment

Major Issue

### ENVIRONMENT PROTECTION ACTIVITIES

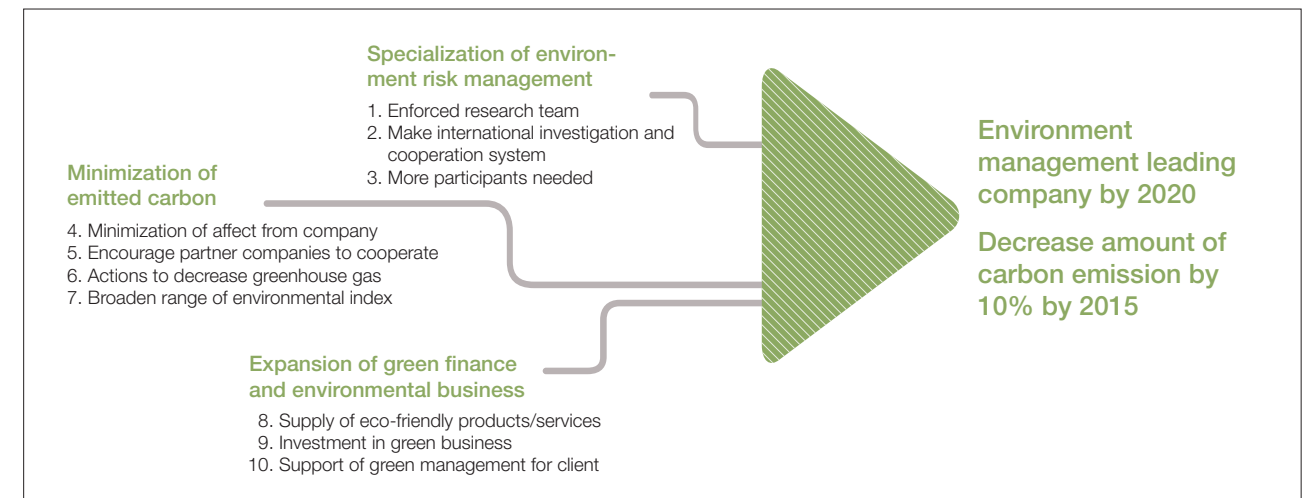
# 17

## Environment management system

### 1) Environment management strategy

Dongbu is an environment-conscious company that uses energy efficiently and minimizes carbon emissions and environmental pollution as part of its social and ethical responsibilities.

Environment risk management, minimizing carbon emissions, and expanding environmental business are the three principles that we will strive towards to reach our goal of becoming a global green finance business by 2020.



### 2) Environment management principles

The Company has formulated environment management guidelines for the promotion of the sustainable use of resources. Its other purposes are to prevent environmental

pollution caused by the Company's activities, products, and services. Environment management aims to define guidelines, decisions regarding the environment, and actions to be taken by executives and staff.

Guideline for Environmental Management						
1	2	3	4	5	6	7
<b>Effectuated Range</b>	<b>Management Principles</b>	<b>Environmental Organizations</b>	<b>Management of Environmental Index</b>	<b>Eco-friendly Products</b>	<b>Prevention of Pollution</b>	<b>Stakeholders</b>
Employees (domestic & international) Products & Service Stakeholders etc.	Establishment of 7 Environmental Business Principles	Foundation of New Department on Environmental Specialists [Environment Subcommittee] R&R Grants	Environmental Performance Index Environmental Performance Evaluation Environmental Management Assessment	Products & Service Designation of 6 Fields	Management of Energy and Resources Strengthening Environmental Activities	Participation of Stakeholders Establishment of Process



3) Environment management certifications

2009-2010

In 2009, the Dongbu Insurance Environment Management System was ISO 14001 certified for risk management. The System not only conforms to ISO 14001 regulations and standards, but also evaluates environmental management through its policy, planning, management, assessment, corrective measures, management evaluation and continuous improvements.

2011-2012

In 2011, we trained environment experts such as ISO 14001 Environment Management System Auditors.

2013

In 2013, Dongbu received Green Management System KSI 7001/7002 certification for the first time in the insurance industry. The Company is effectively managing resources and energy, reducing greenhouse gas emissions and pollution, and fulfilling its role as a social and ethical enterprise.

Certificate of Green Management System

동부화재(주) 위험관리연구소  
(1100-7962) 서울특별시 중구 남대문로 35

한국품질재단은 위 회사/기관의 녹색경영시스템이 아래에 기재된 규격에 적합함을 인증함

KS I 7001:2011 / KS I 7002:2011

인증명령

주요내용의 부속과제: 서비스 제공 (보험금 지급, 보험금 청산, 보험금 지급)

Certificate of Environment Management System

동부화재(주) 위험관리연구소  
(1100-7962) 서울특별시 중구 남대문로 35

한국품질재단은 위 회사/기관의 환경경영시스템이 아래에 기재된 규격에 적합함을 인증함

KS I ISO 14001:2009 / ISO 14001:2004

인증명령

주요내용의 부속과제: 서비스 제공 (보험금 지급, 보험금 청산, 보험금 지급)

Certificate of Safety and Health Management System

동부화재(주) 위험관리연구소  
(1100-7962) 서울특별시 중구 남대문로 35

한국품질재단은 위 회사/기관의 안전보건경영시스템이 아래에 기재된 규격에 적합함을 인증함

K-OHSMS 18001:2007 / OHSAS 18001:2004

인증명령

주요내용의 부속과제: 서비스 제공 (보험금 지급, 보험금 청산, 보험금 지급)

Certificate of Product Quality Management System

동부화재(주) 위험관리연구소  
(1100-7962) 서울특별시 중구 남대문로 35

한국품질재단은 위 회사/기관의 품질경영시스템이 아래에 기재된 규격에 적합함을 인증함

KS Q ISO 9001:2009 / ISO 9001:2008

인증명령

주요내용의 부속과제: 서비스 제공 (보험금 지급, 보험금 청산, 보험금 지급)

Environment management achievements

1) Evaluation of research and environmental effect

Dongbu uses research data on heavy rainfall, typhoons, and other environmental risk when developing insurance products and services in all fields. Recently, Dongbu over-

seas branches conducted research into contract screening and managing risk caused by natural disasters and climate change.



2) Eco-friendly management activity



3) Green start

Dongbu has participated the Department of Environment's Green Start Movement since 2010.

(1) Environmental education sponsorship

We have been supporting environmental education for teenagers since 2011. The programs include education on climate change, extracurricular activities, and a summer school for climate change. We also support management, staff, and parents with workshops that provide environment, energy saving experiments, and environment conservation certificates.

The Company runs a drawing competition every year for kindergarten and elementary students. We encourage children to take an interest in saving the environment and provide them with opportunities to experience environmental management.



(2) Eco-friendly special contract development and environment fund management

Customers who purchase Dongbu Car Insurance are billed by email. Money saved from mailing is donated to an environment fund for Green Start\*

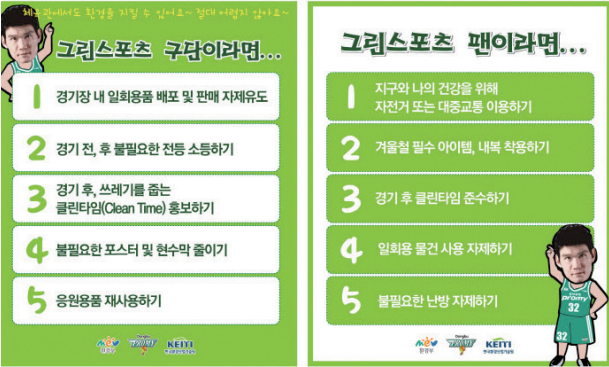
\* Green Start: The Green Start Movement is a government initiative promoting green management by government, society and enterprises to minimize carbon emissions.



4) Green sports

Dongbu has contributed to a 2011Ministry of Environment and Green Sports alliance with campaigns to collect recycled items for cheering its basketball team. The Company has also run campaigns targeted at sports fans to reduce greenhouse gases. Broadening its campaigns, in 2012 the Dongbu Green Bicycle competition encouraged citizens to ride bicycles to basketball games. It also encouraged the wearing heat-tech clothing to conserve energy.

Through the team’s website and social network sites, Dongbu has encouraged fans to abide by “Green Sports Rules” and in 2013 built a sports centre in Wonju using technologies that reduce greenhouse gas emissions. The basketball team also runs basketball camps where children are taught about the importance of the environment.



Posters Promoting Green Sports



Posters on Green Sports Bicycle Rides Wall Posters inside the Stadium



Children's Basketball Camp

5) Green purchasing policy

In 2012, Dongbu signed an agreement with the Ministry of Environment to purchase office products, printed matter, and office furnishings that have been certified green and bear an environment mark.

As outlined in its Contract Practice Guidelines, the Company purchases only environmentally friendly products from wholesalers. If those companies fail to abide by environmental regulations, Dongbu may exclude them from its partner company list or limit business conducted with them.

Dongbu also purchases products from companies that have obtained Energy Star (EPA) – (DOE) and Energy Save (Korea Energy Management Corporation) certification for their electronic equipment such as computers, laptops, and laser printers. Also, extra points are awarded to companies that sell printers bearing the Energy Star Mark.

FY’12 Number of purchase and price of energy efficiency testing equipment

	[unit: KRW thousand]		
Category	Desktop	Laptop	Laser printer
Number	3,437	874	1,061
Total price	2,132,315	878,273	559,939

Environment



Carbon Disclosure Project [CDP]

Dongbu has been actively participating in the Carbon Disclosure Project (CDP) for the reduction of green gases since 2009. Around 4,000 companies worldwide currently participate in the project. For Dongbu, CDP is not only a matter of reducing carbon, but also a way to raises awareness of environmental issues and help to address them. It is a global initiative that makes managing of environmental risks and sustainable investment possible.

By 2015, the Company is aiming to reduce its carbon emissions by 10% of its figure for 2012.

Green finance

Dongbu Insurance’s eco-friendly products and services aim to encourage clients to conserve nature and support green industries. We are also supporting the insurance industry by vitalizing green finance and reducing vehicle costs by operating a green gas system.



1) Fire insurance

The special stipulation of fire insurance regarding damage from storm and flood states that the insurance shall only be compensated when client is affected by typhoon, tornado, storm, rainstorm, flooding, or tsunami. The special stipulation of the fire insurance regarding damages from earthquakes states that only cases of fire caused by earthquakes or eruption, damages due to fire, destruction, being buried under decoys of eruption.

2) Technical insurance

Comprehensive Policy Insurance compensates for most damage caused by natural disasters and different from fire insurance for it compensates for also hail or snow damage.

3) Storm and flood insurance

In the case of public damage caused by typhoons, floods, heavy rains, tsunamis, gales, high waves, heavy snow, storms or floods, storm and flood insurance takes effect immediately.



4) Agricultural insurance

In order to stabilize the income of those in the agricultural sector, this products covers crop damage caused by typhoons and hail, damage from freezing and frost in the spring and fall, and damage caused by localized heavy rain-fall in certain rural areas.

5) Bicycle insurance

This product was planned to protect cyclists from accidents and to promote protection of the environment.

6) Car insurance

Clients who subscribe to this product receive the policy and terms by email under the Company's Evergreen program, which provides clients with a discount on insurance fees based on savings the Company makes by not using paper.

Customers can also receive discounts when they agree not to drive on a day specified in the contract. Discounts are also offered according to annual mileage. Mileage policy states that when customers drive within an agreed annual mileage, they may receive 4.7%–13.2% refund. In addition, if an insured vehicle uses an eco-friendly component, the customer will receive a portion of the cost of the component back in cash when replacing it. Overall, the policy is contributing to a reduction in greenhouse gas emissions and road congestion.

Performance on eco-friendly products [unit: KRW 100 million]				
		2010	2011	2012
Car Insurance	Evergreen (case)	305,929	358,222	318,699
	Distance Driven Special Contract (case)*	-	50,193	159,515
Agricultural Insurance		81	110	106

\* Distance driven contract was sold since 2011.

7) Renewable energy investment

Dongbu is investing in the Gimchun solar energy plant (KRW 10 billion), the Hampyung solar energy plant (KRW 6.1 billion) and other renewable energy industries.

Environmental Achievements

Energy savings

Dongbu Insurance has minimized energy consumption by setting and meeting strict goals on energy use. While its overall energy consumption has increased due to continuous expansion of offices, CO<sub>2</sub> emissions have been consistently reduced. The Company has monitored and managed its energy use at all office buildings including headquarters since 2008.

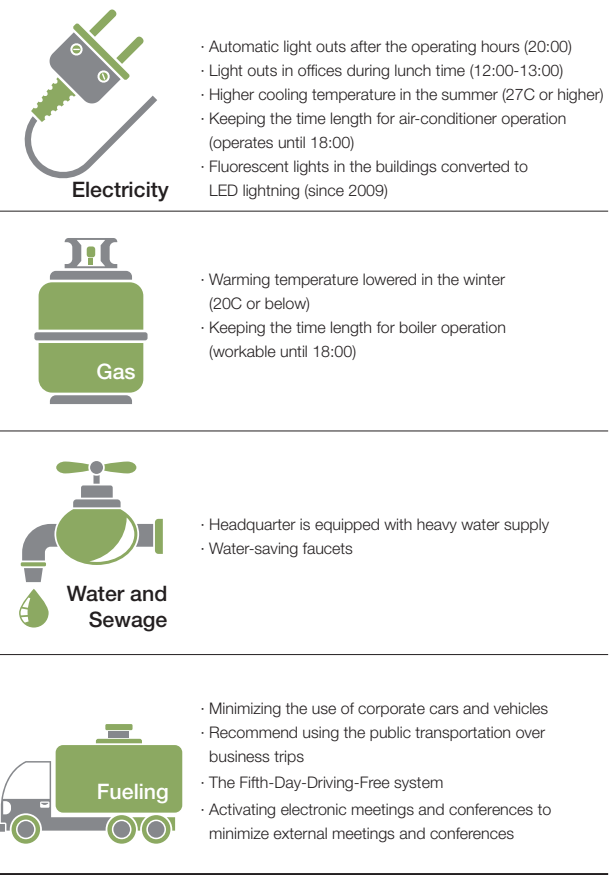
Trend in energy use [Corporate building owned by the company]

Category	Unit	2010	2011	2012
Electricity	kwh/1,000㎡	211,732	215,347	211,672
Gas	㎡/1,000㎡	7,366	7,440	7,432
Kerosene	liter/1,000㎡	965	918	908
Tap water	ton/1,000㎡	1,447	1,604	721
Indirect CO <sub>2</sub> emissions (electricity)	ton/1,000㎡	94	103	100
Direct CO <sub>2</sub> emissions (gas and kerosene)	ton/1,000㎡	19	19	19
CO <sub>2</sub> systems	ton/1,000㎡	113	122	119
Total floor area	㎡	167,976	167,976	167,976

· Calculation standard: The amount of use per unit size of buildings of Dongbu Insurance. Because Korea is in the process of developing its own national emissions factor, Dongbu Insurance is utilizing the IPCC's carbon emissions factor. The IPCC advises the application of the net heating value when calculating CO<sub>2</sub> emission.

· CO<sub>2</sub> emissions per area decreased from 2008 to 2010, but increased during 2011, which is due to the surge of electricity consumption with the completion of Dongbu Insurance's Data Center in 2010.

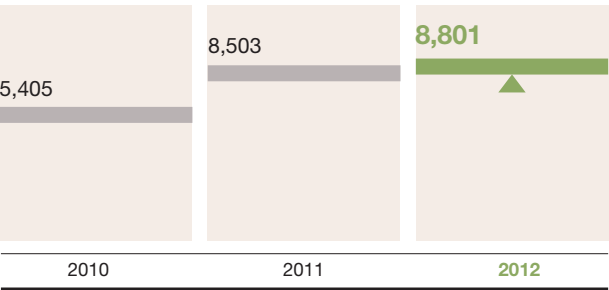
[Status of energy saving]



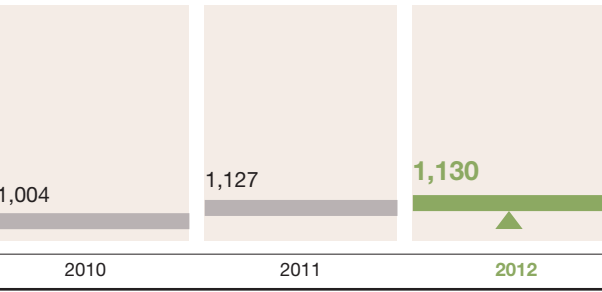
Waste and pollutant management

All Dongbu Insurance offices recycle. Recyclable waste produced in 2011 and 2012 amounted to 887 tons and 888 respectively, while landfill waste produced in the same years totaled 1,127 tons and 1,130 tons respectively. Additionally, the Dongbu Insurance Education Institute, located outside the capital region, has filtering apparatus installed to prevent contamination of the water supply that feeds into the metropolitan area, enabling the water BOD (Biochemical Oxygen Demand) to be maintained at 7–10 PPM.

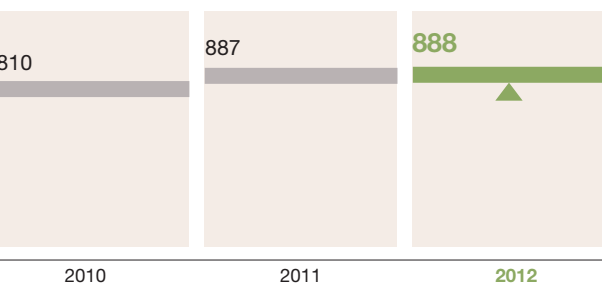
[Annual sewage purification discharge rate] [unit: 1,000 m³]



[Landfill waste discharge rate ] [unit: tons]



[Recycling waste discharge rate] [unit: tons]



· The 2011 report on wastes indicates that landfill waste massed up to 651, recyclable waste as 586 tons; these numbers were results of excluding the waste produced by newly acquired office buildings to match the equity of previous records. Since there were no additions of office buildings since 2010, the data included the numbers of all offices including new office areas.

Using public transportation to prevent air pollution

Dongbu Insurance is committed to minimizing vehicle emissions, a major source of air pollution.

The company encourages employees to take public transportation when commuting by regulating the use of personal vehicles and providing incentives such as daily allowances for business trips.

Distance of public transportation used during business trips [unit: 1,000 km]

Category	2010	2011	2012
Air transportation	1,161	1,808	1,386
Public transportation (Train/Bus)	121	188	2,999

· The increase in usage of public transportation (trains & buses) in 2012 compared to previous years is because of the increase of in-house training for all employees, and the installation and implementation of the per diem allowance system that tracks travel distance via real-time map, a means to measure carbon emission.



# A GLOBAL INSURANCE FINANCIAL GROUP THAT PURSUES A HAPPY SOCIETY WITH CUSTOMERS

Dongbu Insurance, as a truly honest company,  
fulfills its social responsibility and is growing and  
developing with society

Preparation for  
the future creating shared value



# Creating shared value

The essence of insurance is to promote individuals' recovery from physical or financial loss that may occur at any time. Dongbu aims not only to be profitable, but also to make every effort to communicate with, understand, and assist local communities by participating in social activities.

The Company aims to take a step into the social problems and create relief by creating shared value. This means we take extra measures to become integrated into society rather than merely make donations.

The Company believes in solving social problems through Creating Shared Value.

## [Major evaluation categories]

1  
Themes related to Dongbu Industry

2  
Evident output

3  
Themes not overlapping with the competing companies

4  
Promotable social interests and issues

5  
Alliance with trustworthy stakeholders

6  
Sustainable themes

- Promoting shared value creation method through the use of related and professional know-how in the fields of insurance, asset management and finance IT.
- Discovering issues which can lead to active participation of the stakeholders (government, supervisory organizations, NGO etc.)
- Designating items capable of creating financial performances in relation to sustainability management
- Discovering business opportunities which does not only benefit the company, but also the local society and the stakeholders
- Allow for efficient sustainability management through setting financial goals and its performance in relation to sustainability management
- Promoting unique and differentiated strategies through development of CSV items which represents the company
- Responding in forehand on sustainability issues through collecting and analyzing the needs of the stakeholders
- Achieving differentiation with the competing companies through exclusive sustainability management strategy (Yoochan Kimberly etc.)
- Responding in forehand on sustainability issues through collecting and analyzing the needs of the stakeholders
- Enhancing the company image through corresponding practically in the areas of social issues such as moral and ethical activities by to company
- Maximizing the efficiency level through co-operating with the sustainability management experts from NGO, NPO\*
- Co-operating with the government authorities, organizations for disabled, consumer groups to improve relationship and work collaboration
- Assigning themes which allow for mid to long-term plans, not one-time donation nor non-volunteer activities
- Marketing the company as the best and the representative sustainability management based company through promoting CSV items

\*NPO: None Profit Organization

## [CSR vs CSV]

CORPORATE	1. Voluntary work, making donations	CREATING	1. Liaison with the company value and social value
SOCIAL	2. Differentiated from making profit for the company	SHARED	2. Re-establishment of company's total budget
RESPONSIBILITY	3. Limited by the direction of the company and CSR budget	VALUE	3. Issues combined with the annual financial report of sustainable management

# Efforts to creating shared value

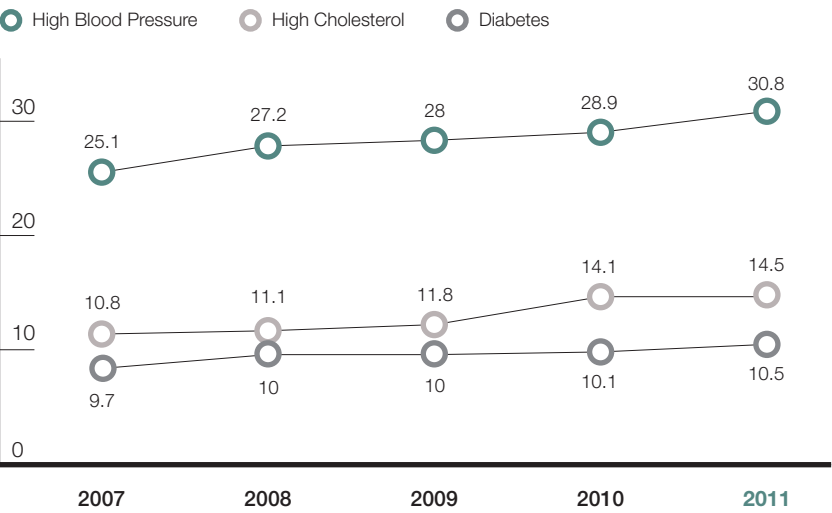
Dongbu Insurance is always thinking of solving social problems through Creating Shared Value. Unlike other industries where they sell physical products, financial product which has no physical norm needed something in relevance to its own kind. Many efforts were made to create value shared with social problems.

## Development of product for “uninsurable” customers

Dongbu has proposed a product for customers who are unable to be insured due to severe medical conditions. Customer-orientated products in consideration of uninsurable customers were created.

High Blood Pressure Plan	Diabetes Plan	Gold Age Plan
Consists of high blood pressure only assurance (Over 80% of diseases leave after effect, the first in the industry to provide support for coronary artery by-pass operation)	Provides various guarantees on financial assisting the cost of diabetes complications and cancer diagnosis (Over 80% of diseases leave after effect, the first in the industry to provide support for coronary artery by-pass operation)	Made for the customers who have difficulties being insured due to their high age or accidents suffered etc.
Death after effect, 3 common disease diagnosis, CI diagnosis, CI operations, hospitalization support, living risk, medical insurance	Death after effect, cancer diagnosis, CI diagnosis, CI operations, diabetes complications, living risk	Death after effect, cancer diagnosis, CI diagnosis, CI operations, operations on various diseases, living risk

## [Prevalence rate of people over the age of 30]

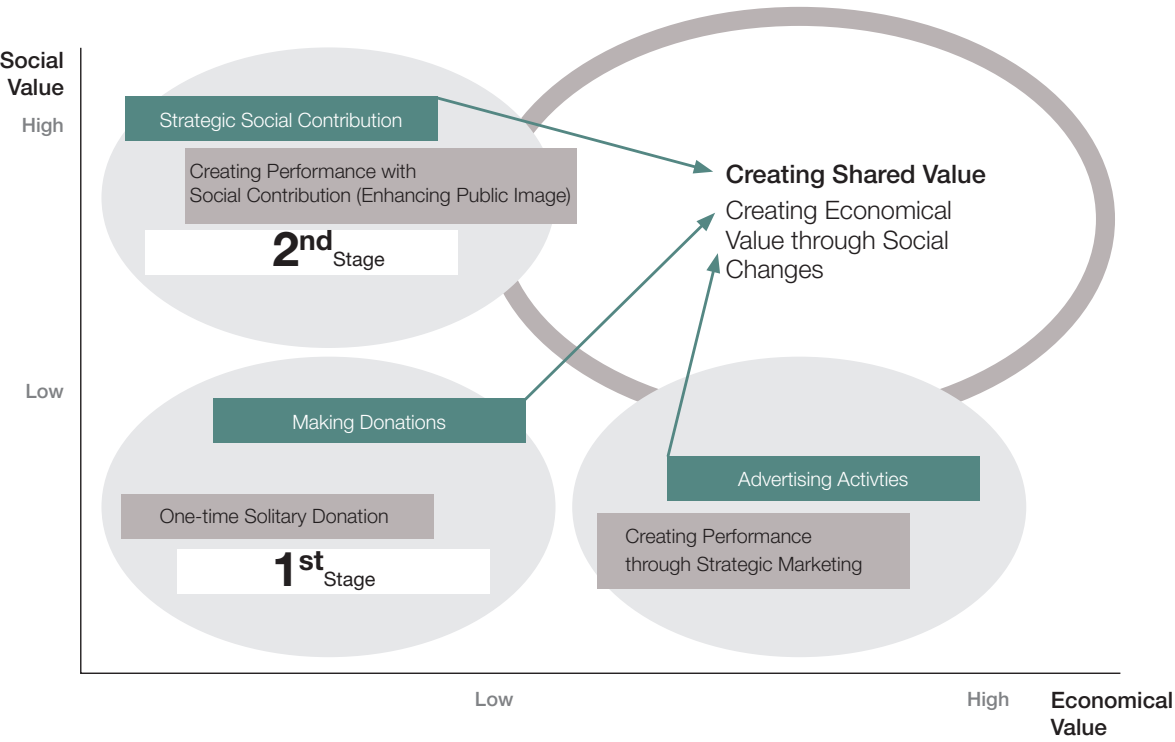


Source: Ministry of Health and Welfare, 2011 Public Health Statistics



# Plans to creating shared value

Dongbu is making steady progress in planning mid- and long-term goals for the creation of sustainable, shared values. We will strive to coexist with society and remain aware of our responsibilities within it.



## Introductory Phase

2014

- Expanding social contribution activities (CSV discovered)
- Establishing yearly plans on social contribution per department
  - Promoting a case of CSV business

## Growing Phase

2015

- Activation of CSV
- Expanding CSV business (1 → 2)
  - Promoting evaluation on the ideas of social enterprises

## Maturing Phase

2016

- Creating Shared Value (CSV)  
Business's Core Strategy
- CSV Core Business Designated → Core Strategy
- Establishing status as social enterprise
- Expanding and discovering B.P from the existing CSV
  - Establishing TF team
  - Promoting after legislative and social evaluation

# Appendix



## Third party’s assurance report

### To the management of the dongbu insurance 2013 sustainability report

Upon request of Dongbu Insurance, the Institute for Industrial Policy Studies as a “third party assurance provider” (hereinafter referred to as the “Assurance Provider”) presents the following third party’s assurance report on the “Dongbu Insurance 2013 Sustainability Report (hereinafter referred to as the “Report”)”

### Accountability and objective

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

### Independence

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

### Criteria for assurance

The Assurance Provider assessed the Report against the following guidelines:

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

Scope of Assurance	Compliance with the three core AA1000S (2008) principles of Inclusivity, Materiality, and Responsiveness	GRI-checked GRI reporting level
Assurance Type/ Level	Type II	Moderate Level
Assurance Criteria	The three AA1000AS (2008) principles and IPS Assurance Manual standards IPS Performance Indicators Assurance Criteria ™	GRI G3.1 Sustainability Reporting Guidelines

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

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

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

### Work undertaken and scope

The Auditor confirmed 1) the inclusivity, materiality, and responsiveness of the reported content; 2) the reliability of the reported performance data; 3) the Report’s level of compliance against GRI G3.1 Sustainability Reporting Guidelines, and 4) the level of compliance relative to the B.E.S.T Reporting Guidelines through the process outlined below.

- Interviews with persons responsible for the respective performance dimensions and performance data collection in order to assess the adequacy of the Report’s content
- Review of the Company’s materiality testing process and findings
- Review of processes in place for stakeholder engagement
- On-site review of the Company’s head office to assess “raw” performance data as well as systems and processes for data collection and reporting
- Review of supportive reference data in the economic, social, and environmental dimensions
- Review of the completeness and accuracy of reported content by sample testing key material issues

### Limitations

This scope of this undertaking was limited to:

- Interviews with persons responsible for the respective performance dimensions and data collection; a review of the adequacy of reported information and content
- On-site review of Dongbu Insurance’s head office
- Assurance based on available data and disclosed information for the relevant reporting period
- Review of the reliability of reported performance information

### Conclusions

Based on the assurance scope, methodology, and assessment criteria presented herein, the Auditor did not find the Report to contain any material misstatements or bias. With regard to the reliability of the reported data, The Auditor did not find any data errors or data otherwise deemed to have been collected under inappropriate conditions that could have a material impact on the data contained in the Report. Key assurance findings from the Auditor are included herein, and detailed account of all assurance results and recommendations have been submitted to the management of Dongbu Insurance.

#### [Inclusivity] Are the stakeholder engagement strategies and relevant processes at Dongbu Insurance adequate?

The Auditor took note of efforts by the Company to establish a system for stakeholder engagement as well as relevant stakeholder engagement channels, in recognition of the importance of stakeholder participation in implementing sustainability management. The Auditor also noted efforts by the Company to better utilize and broaden its stakeholder engagement channels in order to incorporate those findings in its business management activities.

The following points were found to be particularly commendable.

- In response to the changing communications environment, the Company has made efforts to broaden the scope of its engagement activities to also include SNS and other new channels of communication in order to build greater mutual trust with its stakeholders; and
- The Company provides an account of stakeholder engagement findings by channel, while adequately addressing stakeholder-specific expectations, based on its categorization of stakeholder groups.

Going forward, however, the Company is advised to make sure that the engagement findings from various stakeholder channels are better reflected toward actual business management, while also providing a current status update on those activities as well as actual case study examples.



## Third party’s assurance report

### [Materiality]

#### Does the Report contain information of the highest material importance to Dongbu Insurance stakeholders across the economic, social, and environmental dimensions?

It is the Auditor's view that the Report does not omit or exclude issues of key importance to the stakeholders of Dongbu Insurance. The Company was found to enforce a six-step materiality testing process to identify internal and external issues of material importance to its organization. The Company also structured its reporting around these key issues to ensure that the Report adequately reflected topics of interest to its stakeholders.

The following points were found to be particularly commendable.

- Key materiality findings were distinguished by stakeholder group so that readers can determine what issues the respective groups are most interested in; and
- The Report was structured around the core-most of the identified material issues, to highlight the current environment faced by Dongbu Insurance, its activities, as well as its achieved outcomes.

Going forward, the Auditor recommends keeping track of and managing not only the high-priority issues but also the low-to-mid priority issues as well, while also continuously improving upon its materiality testing methods to better reflect a more diverse breadth of stakeholder perspectives and views.

### [Responsiveness]

#### Does the Report provide an adequate response to stakeholder demands and interests?

The Auditor confirmed efforts by Dongbu Insurance to incorporate engagement findings in its management activities, while reporting on how it has addressed the identified concerns. The Company also provided an account of its long-term action plans, response measures and achieved outcomes specific to the respective issues in an effort to be more responsive in addressing the demands and concerns of its stakeholders.

The following points were found to be particularly commendable.

- The Report highlights examples of efforts by the Company to reflect stakeholder views in its management activities such as “Getting to Know Our Customers,” and “Tong Tong Tong with the CEO” event, the company-wide “Social Contribution Day;” etc., and
- Highlights the key-most priority issues as well as their outcomes, providing an account of the Company’s response to the main needs and concerns of its stakeholders.

Going forward, however, the Auditor suggests establishing a clearer plan outlining its intended response as well as target levels and goals, while also providing a mid-to-long term update on its achieved outcomes. Moreover, in the interest of greater responsiveness, the Company should strengthen reporting on how it has addressed the needs and concerns of its stakeholders.

### [GRI application level]

The Assurance Provider found the Report to apply to GRI G3.1 Reporting Framework at the level of A+.

### [BEST fulfillment level]

The Assurance Provider found the Report to fulfill 94.1% of the reporting requirements necessary to qualify for a Level 4 Report (from among Level 1~5).

#### Trend of the Dongbu Sustainability Report Fulfillment

Reporting Year	2009	2011	2013
Publications	2nd	3rd	4th
Level	Level 3	Level 4	Level 4
Fulfillment	95.6%	93.9%	94.1%

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

## Recommendations

The Auditor found the “2013 Sustainability Report” by Dongbu Insurance commendable in the following respects. The Report (1) is structured around issues of main interest and concern to Company stakeholders and highlights focus on the “core” stakeholder issues for the given reporting year; (2) represents stronger DMA disclosure, broadening the reporting scope of sustainability management plans and outcomes for respective stakeholder groups; and (3) reflects efforts by the Company to respond more preemptively to sustainability management by applying newly introduced framework guidelines.

For future reports, the Auditor recommends considering the following.

- Collect and reflect stakeholder feedback on the Company’s stakeholder engagement activities as well as its achieved response
- Apply new stronger reporting criteria in future sustainability management reports
- Develop and report on case studies showcasing Company strategies or initiatives where stakeholder engagement findings were incorporated
- Consider the balance between quantitative and qualitative information, while enhancing the accuracy of reporting by presenting case studies and other evidence-based data

## Qualifications of the auditor

Commissioned by Dongbu Insurance as the Auditor for this assurance undertaking, the Institute for Industrial Policy Studies (IPS) was established in 1993 and has since developed into a specialized institution with broad expertise in the areas of business ethics, CSR, and sustainability management since 2002. The Auditor is composed of experts in business management, accounting, and environmental science including professors at Korea’s top universities and practitioners with professional accreditation and extensive experience in sustainability management.

November 22, 2013

Kim Jae-eun

President, The Institute for Industrial Policy Studies



AA1000  
Licensed Assurance Provider  
000-24





GRI G3.1 Index

● Reported   ● Partially Reported   ○ Unreported   ◇ None					
Category	No.	Description	Reported	Pages	BEST
Corporal overview					
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization	●	2	A_1
	1.2	Description of key impacts, risks and opportunities	●	13, 15~16	A_2
Organization Profile	2.1	Name of the organization	●	7	A_3
	2.2	Primary brands, products and/or. services	●	7, 9	A_4
	2.3	Operational structure of the organization, including, main divisions, operating companies, subsidiaries and joint venture	●	6~7	A_5
	2.4	Location of the headquarters	●	6	A_7
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	7~8	A_7
	2.6	Nature of ownership and legal form	●	6~7	A_8
	2.7	Markets served (Including geographic breakdown, sectors served and types of customers/beneficiaries)	●	7	A_9
	2.8	Scale of the reporting organization	●	6~8	A_10
	2.9	Significant changes during the reporting period regarding size, structure or ownership	●	6~8	B_8
	2.10	Awards received in the reporting period	●	111	CO8
Report Parameters	3.1	Reporting period	●	Inside Cover	B_3
	3.2	Date of most recent report	●	Inside Cover	B_8
	3.3	Reporting Cycle	●	Inside Cover	B_6
	3.4	Contacts for questions regarding the report or its contents	●	Back Cover	B_9
	3.5	Process for defining report content	●	20~21	B_4
	3.6	Boundary of the report	●	Inside Cover	B-1
	3.7	Statement on any specific limitations on the scope or boundary of the report	●	Inside Cover	B-2
	3.8	Basis for reporting on joint ventures , subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	●	Inside Cover, 6~8	A_6
	3.9	Data measurement techniques and the calculation methods	●	Inside Cover, 60, 64, 92	-
	3.10	Explanation of the effect of any re-statement of Information provided in earlier reports, and the reasons for such re-statement	●	No re-usage	-
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	Inside Cover, 20~21	B_5
	3.12	Table identifying the location of the Standard Disclosures in the report	●	104~108	B_10
	3.13	Policy and current practice with regard to seeking external assurance for the report	●	100~103	B_7
Governance, Commitments and Engage-ments	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	●	10	GR1
	4.2	Indication on whether the Chairman of the highest governance body is also a CEO	●	10	GR1 GR3
	4.3	For organizations that have a unitary board structure, statement of the number and gender of members of the highest governance body that are independent and/or non-executive members	●	10	GR2
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	11, 56	GR12
	4.5	Relation between compensation for the members of the highest governance body, senior managers, executives, and the organization's performance	●	12	GR7
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	11~12	GR13
	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	●	11~12	GR4
	4.8	Internally developed statements of mission or values, code of conducts and principles relevant to economic, environmental and social performance and the status of their implementation	●	12, 27	-
	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	●	11~12	GR5
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	●	12	GR6
	4.11	Explanation on whether and how the precautionary approach or principle is addressed by the organization	●	13~15	GR11
	4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	12, 22~23	GR10
	4.13	Memberships in associations and/or national/international advocacy organizations	●	112	A_11

● Reported   ● Partially Reported   ○ Unreported   ◇ None					
Category	No.	Description	Reported	Pages	BEST
Governance, Commitments and Engage-ments	4.14	List of stakeholder groups engaged by the organization	●	18	C_1, C_2
	4.15	Basis for identification and selection of stakeholders with whom to engage	●	18	C_1
	4.16	Approaches to stakeholder engagement, including frequency or engagement by type and by stakeholder group	●	18~19	C_2
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns including through its reporting	●	18~19, 21	C_3
Economic performance					
	EC	Disclosure on Management Approach	●	42~43	-
Economic Performance	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 governemnts	●	46	EC1
	EC2	Financial complications and other risks and opportunities for the organization's activities due to climate change	●	88~89, 91~92	EC2
	EC3	Coverage of the organization's defined benefit plan obligations	●	65	EC3
	EC4	Significant financial assistance from the government	●	9	EC5
Markets	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	56	EM4
	EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operations	●	49, 65, 90	EC4
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operations	●	49, 64	EC4
Indirect economic impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	80~81	EC6
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	81, 91~92	EC7
Environmental performance					
	EN	Disclosure on Management Approach	●	84~85	
Materials	EN1	Materials used by weight or volume	●	92	EV10
	EN2	Percentage of materials used that are recycled Input materials	●	93	EV11
Energy	EN3	Direct energy consumption by primary energy source	●	92	EV7
	EN4	Indirect energy consumption by primary source	●	92	EV8
	EN5	Energy saved due to conservation and efficiency improvements	●	92~93	EV5
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	91~93	EV5
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	92~93	EV5 EV25
Water	EN8	Total water withdrawal by source	●	92~93	EV9
	EN9	Water sources significantly affected by withdrawal of water	◇	None	EV20
	EN10	Percentage and total volume of water recycled and re-used	●	93	EV18
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	◇	None	EV22
	EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	◇	None	EV22 EV26
	EN13	Habitats in needs of protection or restoration	◇	None	EV27
	EN14	Strategies, current actions and future plans for managing impacts on biodiversity	◇	None	EV6 EV26
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	◇	None	EV28



GRI G3.1 Index

			● Reported	● Partially Reported	○ Unreported	◇ None
Category	No.	Description	Reported	Pages	BEST	
Emissions, Effluents and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	●	92	EV12	
	EN17	Other relevant indirect greenhouse gas emissions by weight	●	92	EV13	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	89–93	EV4	
	EN19	Emissions of ozone-depleting substances by weight	◇	None	EV14	
	EN20	NOx, SOx, and other significant air emissions by type and weight	◇	None	EV15	
	EN21	Total water discharge by quality and destination	●	93	EV17	
	EN22	Total weight of waste by type and disposal method	●	93	EV16	
	EN23	Total number and volume of significant spills	◇	None	EV21	
	EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	◇	None	EV29	
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	◇	None	EV19		
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	88–89, 91–92	EV23	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	◇	None	EV24	
Compliance	EN28	Monetary volume of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	No Violations	EV31	
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	93	EV30	
Overall	EN30	Total environmental protection expenditures and investments by type	●	90	EV1	

Labor performance

Employment	LA	Disclosure on Management Approach	●	52–53	
	LA1	Total workforce by employment type, contract and region, broken down by gender	●	64	EM1
	LA2	Total number and rate of new employees hires and employee turnover by age group, gender and region	●	64	EM5
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	65	EM20
Labor/ Management relations	LA4	Percentage of employees covered by collective bargaining agreements	●	63	EM12
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	●	63	EM13
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs	●	63	EM14
	LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region and by gender	●	59, 63	EM19
	LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	●	59	EM18
	LA9	Health and safety topics covered in formal agreements with trade unions	●	59	EM15
Training and Education	LA10	Average hours of training per year per employee by gender, and by employee category	●	60–62	EM27
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	59–62	EM28
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	55–56	EM29
Diversity and Equal Op- portunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, monitory group membership, and other indicators of diversity	●	10, 64	EM2
	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	55–56	EM3
	LA15	Return to work and retention rates after parental leave, by gender	●	65	-

● Reported   ● Partially Reported   ○ Unreported   ◇ None					
Category	No.	Description	Reported	Pages	BEST

Human rights performance

Abolishment of Discrimi- nation	HR	Disclosure on Management Approach	●	66–67	
	HR1	Percentage and total number of significant investment agreements and contracts that includes clauses Incorporating human rights concerns, or that have undergone human rights screening	●	34, 39–40	PN2
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken	●	71	PN3
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	63	EM30
	HR4	Total number of incidents of discrimination and corrective actions taken	●	64	EM7
Freedom of Association and Collective Bargaining	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	●	63–64	EM8
Child Labor	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	●	63	EM9
Prevention of Force and Compulsory Labor	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	●	63	EM10
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operation	●	63	EM31
Indigenous Rights	HR9	Total number of incidents of violation involving rights of indigenous people and action taken	◇	None	CO2
Human Rights	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	●	63–64	-
		Number of grievance related to human rights filed, addressed and resolved through formal grievance mechanisms	●	64	-

Social performance

Local Communities	SO	Disclosure on Management Approach	●	76–77	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	39–40, 79–80	CO2
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption	●	39–40, 71	CO5
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●	27	CO5
Public Policy	SO4	Actions taken in response to incidents of corruption	●	25	CO5
	SO5	Public policy positions and participation in public policy development and lobbying	●	26	CO6
Competition Inhibiting Behavior	SO6	Total value of financial in-kind contributions to political parties, politicians, and related institution by country	●	26	CO7
Anti- Competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	24	CS3
Violation of Law	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	24	CO9
Compliances	SO9	Operations with significant potential or actual negative impacts on local communities	◇	None	-
		Prevention and mitigation measures implemented In operations with significant potential or actual negative impacts on local communities	●	34, 39–40	-



GRI G3.1 Index

			● Reported	● Partially Reported	○ Unreported	◇ None
Category	No.	Description	Reported	Pages	BEST	
Product responsibility performance						
	PR	Disclosure on Management Approach	●	28~29		
Customer Health and Safety	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	●	34, 39~40	CS4	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety Impacts of products and services during their life cycle, by type of outcomes	●	26, 39	CS11	
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	34, 37~38	CS5	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type and outcomes	●	26, 34	CS12	
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	31~33	CS9	
Marketing Communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	●	34, 39~40	CS13	
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	●	34, 39~40	CS14	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	36~38	CS15	
		Total number of complaints filed due to breaches of customer privacy	●	36	CS12	
Financial Industry Extra Indices	FS1	Policies with specific environmental and social components applied to business lines	●	39~40, 87~88		
	FS2	Procedures for assessing and screening environmental and social risks in business lines	●	13~15, 88~89		
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	●	34, 39~40, 88~89		
	FS4	Processes for improving staff competency to Implement the environmental and social policies and procedures as applied to business lines	●	25~27, 33		
	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	●	39~40, 82, 91~92		
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g micro, SME, large) and by sector	●	6~9		
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	●	81		
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	●	91~92		
	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	●	39~40, 87~89		
	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	●	81, 91~92		
	FS11	Percentage of assets subject to positive and negative environmental or social screening	●	72~74, 87~89		
	FS12	Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	●	16~17		
	FS13	Access points in low-populated or economically disadvantaged areas by type	●	81		
	FS14	Initiatives to improve access to financial services for disadvantaged people	●	81		
	FS15	Policies for the fair design and sale of financial products and services	●	34~35		
	FS16	Initiatives to enhance financial literacy by type of beneficiary	●	37~40, 59~61		

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



Statement  
GRI Application Level Check

GRI hereby states that **Dongbu Insurance Co.,Ltd.** has presented its report “2013 Sustainability Report” 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](http://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, 28 November 2013



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because **Dongbu Insurance Co.,Ltd.** 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](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 November 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



History

1962-1995

1962. 03
1968. 11
1976. 05
1983. 05
1984. 02
1984. 10
1995. 10
- Founded Korea Public Automobile Insurance Company
- Dissolved Korea Public Automobile Insurance Company and established Public Automobile Insurance Co.
- Introduced, for the first time in Korea, unlimited coverage liability insurance for car owner indemnity, a precursor of current automobile insurance
- Dongbu Group acquired the managerial right of the company
- Began selling all lines of non-life insurance products except for guarantee insurance
- Opened a branch in Guam
- Renamed to Dongbu Insurance Co. Ltd

2001-2006

2001. 10
2002. 09
2004. 02
2004. 05
2004. 07
2005. 01
2005. 10
2006. 04
2006. 05
2006. 07
- Rated A-(Excellent) by A.M.Best
- Adopted PROMY as its auto insurance brand
- Launched motorbike-based "PROMY SOS Speed Service" (the industry's first)
- Declared the New Management Innovation 'Change & Challenge No. 1 (C&C No.1)'
- Sales of direct automobile insurance commenced as a strategic alliance with Tesco Homeplus
- Launched Best Life Accident Insurance through Hyundai Home Shopping
- Established the Dongbu Promy Basketball Team
- Opened the Hawaiian branch
- Introduced Promy Life, a long-term insurance brand
- Established an office in China

2007-2009

2007. 01
2007. 12
2008. 01
2008. 01
2008. 08
2008. 09
2008. 12
2009. 01
2009. 02
2009. 04
2009. 04
2009. 08
2009. 09
2009. 10
2009. 12
2009. 12
- Opened Call Center in Jeonju
- Acquired patent of BM (Business Method) in claim handling
- Rated 'BBB+' by S&P for two consecutive years and Rating Outlook was adjusted upward from 'Stable' to 'Positive'
- Certified of 'Excellence in Consumer Complaints Management System, CCMS' for H2, 2007
- Took over Dongbu Securities as a subsidiary
- The Risk Management Research Center obtained an ISO 14001 certificate, a first for an insurance company in the world
- Rated A (Excellent) by A.M.Best
- Certified as 'the Best Financial Company with Outstanding Consumer Protection Program' by FSS
- Won an ISO 27001 certificate
- Rated First Grade of Customer Complaints Handling by FSS for five consecutive years
- Dongbu commercial claims handling service acquired ISO 9001 certification, a first for a Korean non-life insurance company
- The Risk Management Research Center acquired OHSAS 18001 certification, a first for the risk management area in the world insurance industry
- Included as a member of the 70 companies in the SRI of the Korea Stock Exchange
- Selected as 'the Best Industry Company in Korea of Dow Jones Sustainability Index'
- Opened the LA branch
- Rated 'BBB+' by S&P for four consecutive years and Rating Outlook of 'Stable'

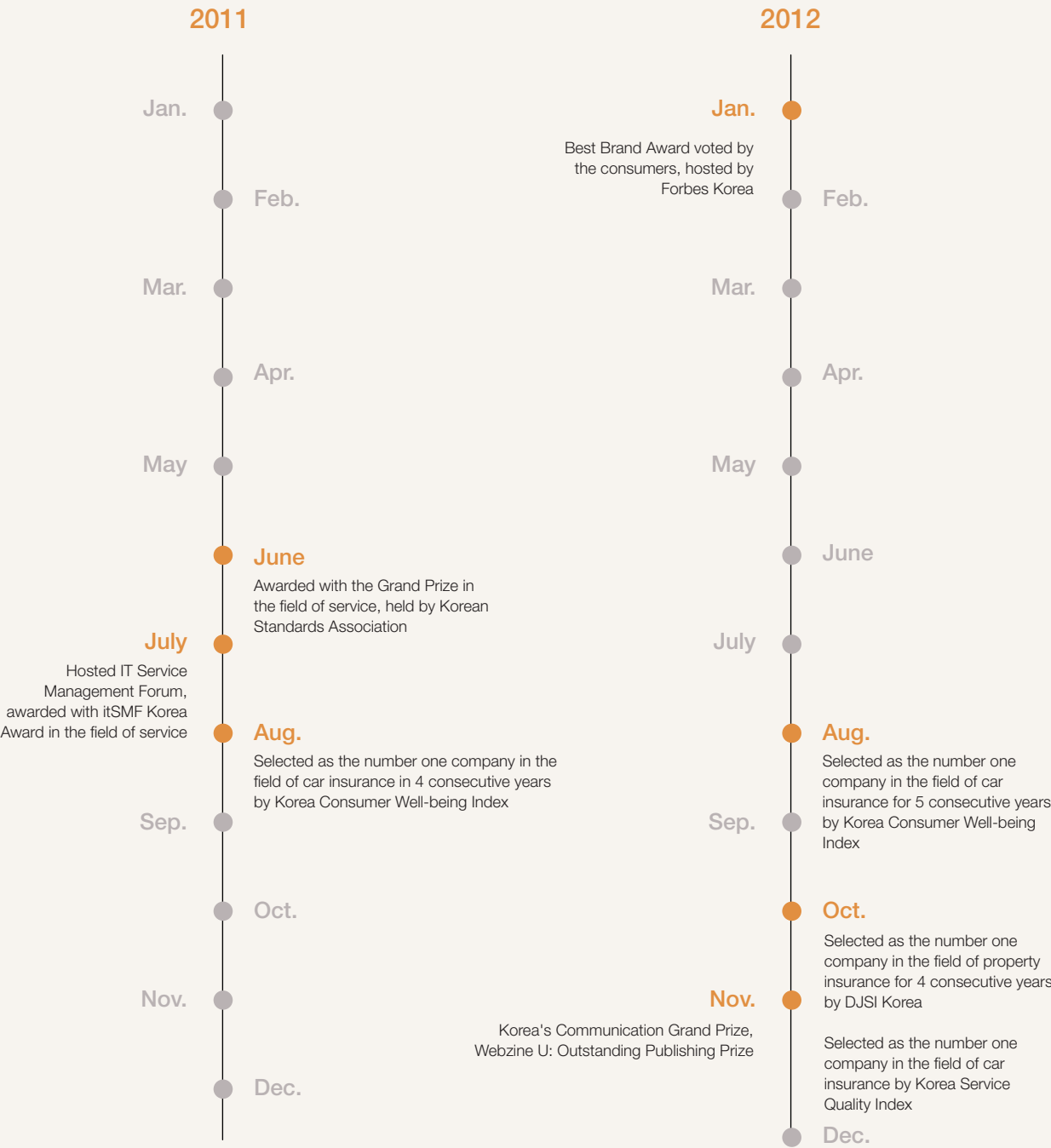
2010-2011

2010. 01
2010. 01
2010. 02
2010. 10
2010. 10
2010. 12
2011. 05
2011. 09
2011. 10
2011. 10
2011. 11
- Completed the construction of the Jukjeon Data Center
- Certified as '2010 Excellent Company in Customer Complaint Management System (CCMS)' by Fair Trade Committee
- Completed construction of its Risk Based Capital (RBC) system
- Announced a new slogan, "Dynamic Dongbu"
- Selected as 'the Best Industry Company in Korea of Dow Jones Sustainability Index' for two consecutive years
- Rated A (Excellent) by A.M.Best for 3 consecutive years
- Approved to start business in New York
- Established office in Vietnam
- Selected as 2011 Asia's 50 rising enterprise by Forbes
- Opened New York branch
- Joined UN Global Compact

2012-2013

2012. 01
2012. 02
2012. 09
2012. 10
2012. 10
2012. 10
2013. 01
2013. 03
2013. 04
2013. 06
2013. 07
2013. 09
- Certified CCM (Customer Centered Management)
- Selected as a global leader group, "Bronze Class" by SAM
- Made a green consuming agreement with the Department of the Environment
- Total asset reached KRW 20 trillion
- Announced new vision, "A global insurance finance group who pursues happy society with the customers"
- Selected as 'the Best Industry Company in Korea of Dow Jones Sustainability Index' for 4 consecutive years.
- First in the nation to be selected as Asia-Pacific Index
- Selected as a global leader group, "Bronze Class" by SAM (2 consecutive years)
- Certified with Green Management System KSI 7001/7002 (First in the domestic insurance industry)
- Reached KOSPI 200
- Rated A- by S&P
- Certified with WA (Web Approach) in relation to banning discrimination on the disabled
- Selected to be in the World Index by Dow Jones Sustainability Index (First in the domestic insurance industry)

Awards and recognitions





## Memberships in associations and organizations

### Federation of Korean Industries

Exchanges of opinions and networking among companies

### Korean Non-Life Insurance Association (KNIA)

Deals with industry issues and pushes for joint projects for public good

### Korean Fire Protection Association

Prevents fires, checks fire warning facilities, offers research and education on fire-related issues

### CFO Forum

Builds global CFO networks, suggests opinions on company management and capital market, implements ethical management

### Korea Personnel Improvement Associate

Builds networks to share information on personnel and education and training issues

### Association of Listed Firms in Korea

Exchanges opinions and protects rights and interests

### National Quality Award (NQA) Winners

Builds a network of companies which won world-class national quality prizes Benchmarks global standards

### Korean Association of Business Ethics

Shares examples of excellent ethical management

### BESTForum

Shares examples of excellent ethical management and conducts research on sustainable management

### Korean Insurance Academic Society

Studies theories, laws, regulations, and actual operations of the insurance industry / collects and applies research data

### Korea Management Association

Exchanges information for management innovation and stronger competitiveness

### Korea Employers Federation

Exchanges opinions on major issues including labor relations

### Financial Security Agency

Exchanges various information protection activities such as preventing and coping with financial security accidents

### Korea Financial Information Protection Council

Exchange opinions with financial institutions and supervising organizations to protect information

More information on this report is provided through the home page and the corporate planning part of the Management Innovation Team

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