



*10 Principles to
Stakeholders*

Humanity and the Future

Sustainability Report 2013
KYOBO Life



About This Report

This is the fourth Sustainability Report published by Kyobo Life Co. (KLI). Under our slogan of “pursuing co-development with all stakeholders” and to communicate with our stakeholders regarding Kyobo Life Co.’s sustainable development activities, we have been publishing this report annually since 2011. The most recent series of this report was released in June 2013.

Report Period

This report deals with Kyobo Life’s sustainability management activities during the 2013 fiscal year (April 2013 – December 2013) after applying the life insurance companies’ modification of their term of the fiscal year (Previous: April – March → Modified: January – December). To facilitate understanding of the progress in quantitative performances, the last three years’ worth of previous data has been enclosed, and the data outside of the report period has been separately labeled.

Report Scope

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

Publishing Standards

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

Accreditation

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



Humanity and the Future

People matter the most in the world, and corporations exist for people. Therefore, we are dedicated to people-oriented management. The image on the cover embodies and expresses Kyobo Life’s pledges and 10 principles to its stakeholders (customers, financial planners, employees, investors, the government and communities).



10 Principles to Stakeholders

Customers
& the Future

Investors
& the Future

Employees
& the Future

Financial Planners
& the Future

Government·Communities
& the Future

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KYOBO Life

Humanity and the Future

CEO Message



Greetings to the respected stakeholders!

2013 has been a year in which the Korean Economy highly dependent on export and import experienced many difficulties caused by domestic and overseas events, such as the reduced consumer spending, lukewarm growth of employment rate, and a decrease in corporate investment, due to the prolonged international recession.

Despite these difficulties, Kyobo Life strived to accomplish its business policy of “innovation of insurance coverage to customers and advancement of profit generation” through the hard work of all its employees. We focused on achieving our long-term goal of becoming the company that “provides the best insurance coverage to customers” by 2015. As a result, Kyobo Life became more competent in creating profit and maintaining financial soundness and subsequently earning greater level of trust from you. I am deeply grateful for our stakeholders’ unfailing trust and faith in Kyobo Life and give them all the credit for allowing us to achieve what we have until today.

Kyobo Life values human life and believes that their values should be respected and realized. In this respect, Kyobo Life is presenting its fourth edition of the Sustainability Management Report titled, the “People and Future.” This is to put in practice the basic process of listening to the stakeholders, focusing on their needs, delivering the pledges we made every year after listening and focusing with our utmost sincerity and sharing the results and progresses with all of you, the stakeholders.

Pledge: We will become a company that is good at providing insurance coverage to customers.

The continued promotion of the "Lifelong Care Project" started in 2011 to boost our competitiveness in providing insurance coverage to customers improved the quality of our insurance service, throughout all processes, including subscription, persistency, and payment, resulting in earning a higher grade in the customer complaint evaluation by the Financial Supervisory Service. This grade, however, is still not as high as we wish it to be: we will work harder to listen to the various opinions of customers and swiftly apply them to our service policies.

Pledge: We will become a company that succeeds together with its Financial Planners.

We accepted the requests of Financial Planners aspiring to become the expert in providing insurance coverage to customers and built training centers that offer programs that will help them develop the ability to design insurance coverage and sell and service the insurance policies. In addition, I, the CEO, myself frequently visited the fields of sales service and gathered their suggestions for improvements for better communication, to provide a greater opportunity to the Financial Planners and support their development into the experts.

Pledge: We will become a company that grows together with its employees.

We endeavored to cherish our human resources and build a company where employees are rewarded according to their performance and supported for their growth, so that they would enjoy working for the company. To this end, we strengthened our training on the marketing of insurance to help employees better understand the life insurance business, and promoted the rotation and expansion of positions to provide greater opportunity for the employees to develop their careers.

Pledge: We will become a company that is attractive to investors.

Kyobo Life has consistently increased its investment in long-term bonds in anticipation of prolonged low interest rates and focused on securing a steady flow of profit by increasing investment in high-yield assets within the limit of manageable risk. As a result, Kyobo Life earned an A+ rating from Fitch Ratings, one of the three major international credit rating agencies. Kyobo Life has also maintained a rating of A2 for six consecutive years from Moody's and the AAA rating, the highest rating by NICE Rating, a Korean credit rating agency, for seven consecutive years. We will maintain the momentum of growth supported by a healthy profitability, by securing new growth engines and more precise risk management.

Pledge: We will become a company that grows together with the government and communities.

In order to materialize the spirit of neighborly love inherent in the insurance business, we labored to practice the wisdom of coexistence, focusing on social contribution activities to help the less fortunate to overcome the difficulties caused by illnesses, financial hardship and lack of education. We will strengthen our partnership with expert and transparent nonprofit organizations and promote with them the projects that local communities need and at which Kyobo Life can excel.

Kyobo life's diligent work over the past year received much recognition, earning the top place among all life insurance companies for four consecutive years in the Korean Sustainability Management Competition sponsored by the Ministry of Commerce, Industry and Energy and Korean Standards Association. We were also awarded the 2013 Consumer Grand Award from the Korean Society of Consumer Studies and recognized as the best family-friendly corporation. These accomplishments encourage us to faithfully and continually honor our pledges with stakeholders and push ourselves to a higher standard.

Additionally, Kyobo Life would like to express its enduring support of the 10 Principles involving human rights, labor, environment and anti-corruption, suggested by the UN Global Compact, as a member of the Compact. The volatility of the global economy has risen higher than ever since the global economic crisis. Especially in the life insurance business, the negative spread due to prolonged low interest rate will have a negative impact for the next several years. Kyobo life, however, is determined to keep its business policy of growing together with all stakeholders under any circumstances, in pursuit of sustainable development. We will continue our journey to becoming "an admired company that will thrive for hundreds of years to come" with the help of all stakeholders.

Thank you.

Chang-Jae Shin, CEO & Chairman
Kyobo Life



Top 10 News of Kyobo Life's FY2013

Kyobo Life's Major Activities in Pursuit of Co-development with All Stakeholders

Sole Winner of "2013 Consumer Grand Prize"

Kyobo Life became the sole winner of the "2013 Consumer Grand Prize" in October 2013 from the Korean Society of Consumer Studies. It was nominated as the best company in protecting its consumers. Our "customer assurance" to protect customers and protect their rights through the development of customer-oriented products and marketing geared towards them was highly praised. Hang Sang-man, president of the society, shared that, "Kyobo Life is setting an example for other companies with its consistent promotion of the 'Lifelong Care Project' which is an after-care service for customers and the protection of its customers."



"Asia Best Customer Service Center" Awards

Kyobo Life's Customer Service Center was honored as the "2013 APCCAL Best Customer Service Center" in November 2013. APCCAL (Asia Pacific Contact Center Association Leaders) is an association of 12 customer service centers leaders from 12 Asian-Pacific countries. Kyobo Life was recognized for its speedy and accurate customer-oriented customer service and effective and advanced infrastructure.



Customer Satisfaction Hall of Fame Reopened

The physical veil that has been covering the customer satisfaction management grand prize hall of fame from the public since June, last year has been finally removed. It has been two years since November 2011 that a veil was put on the award to represent the company's resolve to recover its image as the best customer satisfaction management company. All financial planners and employees strived together to reduce the number of customer complaints, succeeding in securing First Place in the funds perfect sales evaluation last year and claiming First Place in the perfect sales evaluation of variable insurance. The Financial Supervisory Service awarded a higher grade in the Civil Appeals Evaluation to Kyobo Life, adding to the list of visible successes of its customer satisfaction management.

First Place in the Business for Variable Insurance Perfect Sales

The Financial Supervisory Service awarded Kyobo Life with First Place in the life insurance business for its perfect sales of variable insurance. Kyobo Life's financial planners' ability to make perfect sales of variable insurance was recognized as the best in the industry, another splendid feat that follows last year's accomplishment of being named as the best financial company in terms of perfect sales of funds. This is significant since Kyobo Life's customer-oriented business culture and its consultants' ability to make perfect sales of variable insurance gained recognition from in and out of the country as being the best in the industry.

Honoring the Entrepreneurial Spirit of Founder Yong-Ho Shin on the 10th Anniversary of his Death

The month of September 2013 was designated as the "month of remembering Founder", as the 10th anniversary of his death was approaching, to commemorate his business philosophy and entrepreneurial spirit. A company-wide memorial ceremony and photo exhibition were scheduled, followed by a series of various programs including an academic symposium, memorial dinner, and economic and educational volunteer works. The family of the founder along with visitors from the business, academic, cultural and art fields attended the memorial dinner to pay tribute to the life and accomplishments of the founder, who expressed his love for people through education. The Korean Insurance Academic Society held an academic symposium to highlight the accomplishments and entrepreneurial spirit of the founder.



Acquired A+ from Fitch Ratings, One of the Three Major International Credit Rating Agencies

Kyobo Life acquired a credit rating of A+ from Fitch Ratings, one of the three major international credit rating agencies, in November 2013. The credit evaluation calculates the general Insurer Financial Strength (IFS) in terms of profitability of insurance company, financial soundness and risk management skills. This achievement, earning a rating of A+, is a first among Korean life insurance companies. Fitch stated, "The rating incorporates Kyobo Life's strong market franchise, as well as its consistently sound financial fundamentals with stable profitability and manageable financial leverage."



Claiming First Place for Four Consecutive Years in Sustainability Index in the Field of Life Insurance

Kyobo Life was selected as the best company in the sustainability index among all life insurance companies in the 2013 Korea Sustainability Awards. Kyobo Life has secured First Place for four consecutive years since 2010, proving that Kyobo Life is renowned as a model company in sustainability management in pursuit of co-development with stakeholders. Kyobo was also acclaimed for its efforts in increased Socially Responsible Investment (SRI) this year and continued promotion of fair competition and co-development that are receiving much attention lately.

“The One I Am Deeply Thankful for”, Lifelong Care Project TV Commercial

A new Lifelong Care Project TV commercial aired on three major TV stations and radio stations for three months starting July 2013. The commercial had the theme, “the one I am deeply thankful for”, and was produced as a musical in which a customer visits a financial planner that provides lifelong care service and then expresses his gratitude with a surprise performance. World-famous conductor Myung-Whun Chung appeared in the series, giving a sense of legitimacy to the campaign. The narrated slogan, “The one I am deeply thankful for, financial planners of Kyobo Life will meet you”, in the commercial implies the meaning of our company’s lifelong care project.



IIS Seoul General Assembly, Relations with Global Insurance Industry Leaders

Kyobo Life actively interacted with global insurance industry leaders in the 49th Annual International Insurance Society General Assembly (IIS) held in Seoul, June 2013, 26 years since the last time this assembly was held in Seoul. This annual general assembly was attended by CEOs and employees of life insurance companies, insurance scholars, and major supervisory authority personnel from 50 countries around the world, totaling approximately 500 participants. CEO and Chairman Chang-Jae Shin joined the ‘global leadership panel discussion’ shortly after the opening ceremony and exchanged ideas about the future outlook of the insurance industry and risk management with international insurance industry leaders. The 30 IIS board of directors visited the Gwanghawmun headquarters to open doors to more global relations.

“Reading, Walking, and Experiencing in Gwanghawmun”, the Online Humanities Service

An Online humanities service, “Reading, walking, and experiencing in Gwanghawmun” was introduced in October 2013. This is Kyobo Life’s unique service to provide customers with high-quality humanities content in a digital environment. The website was created to thematically express a resting place, found in the free moments in daily lives. This is a place where one can refresh himself with wisdom and inspiration, as if strolling through Gwanghawmun. The service offers 10 different activities, including e-book “Reading”, web magazine “Walking”, and videos and offline lectures “Experiencing”.

*The Top 10 News of Kyobo Life were narrowed down to 15 news items among numerous articles after surveying organization leaders of Kyobo Life about the weighty issues of FY2013 and were finally selected reflecting the in-company electronic surveys. A total of 6,983 including 1,419 employees and 5,564 financial planners participated in the surveys.

Company Overview

Overview

Kyobo Life is a firm specializing in life insurance, striving to achieve its vision of becoming the company that “offers the best in customer assurance (Customer Assurance No. 1)” by providing “peace of mind” and “financial assurance” above all expectations. We are actively carrying out our mission of “helping all people overcome future ordeals”. The Kyobo Life headquarters is made up of 3 regions, 4 divisions, 3 departments, 52 teams (including 2 centers), and 1 office, and the company operates 650 branch offices and 66 customer PLAZAs nation-wide. We also operate foreign offices in New York, Beijing, and Tokyo, and an asset-managing local corporate body in the U.S.

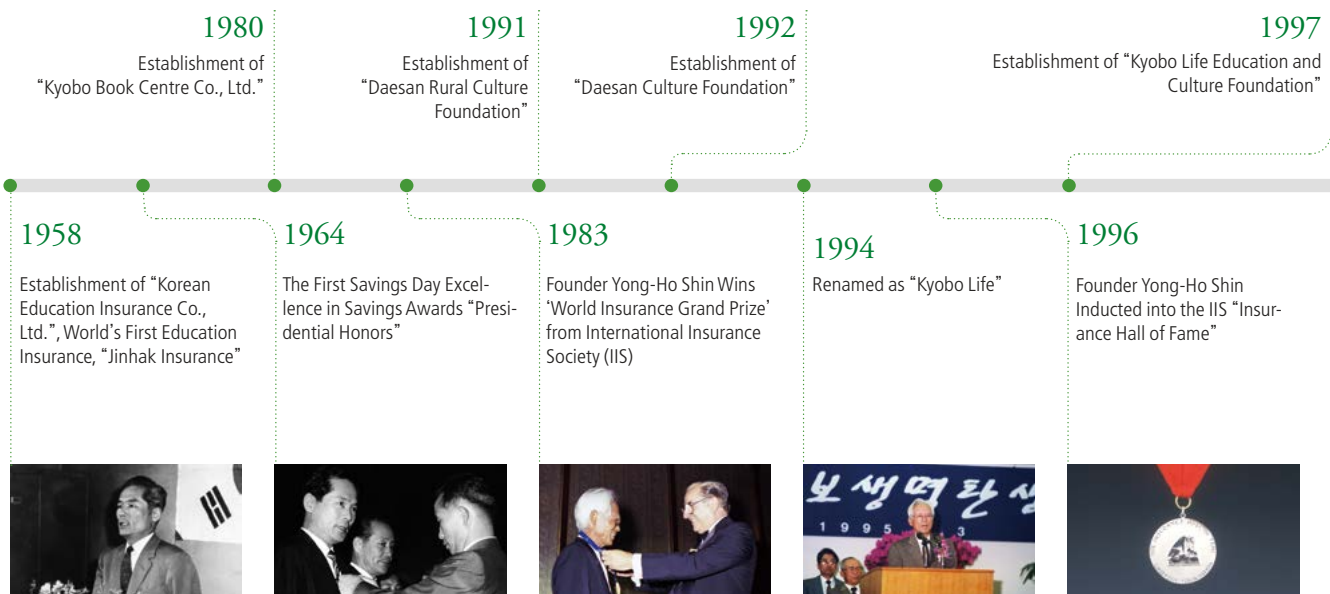


Primary Business Indexes

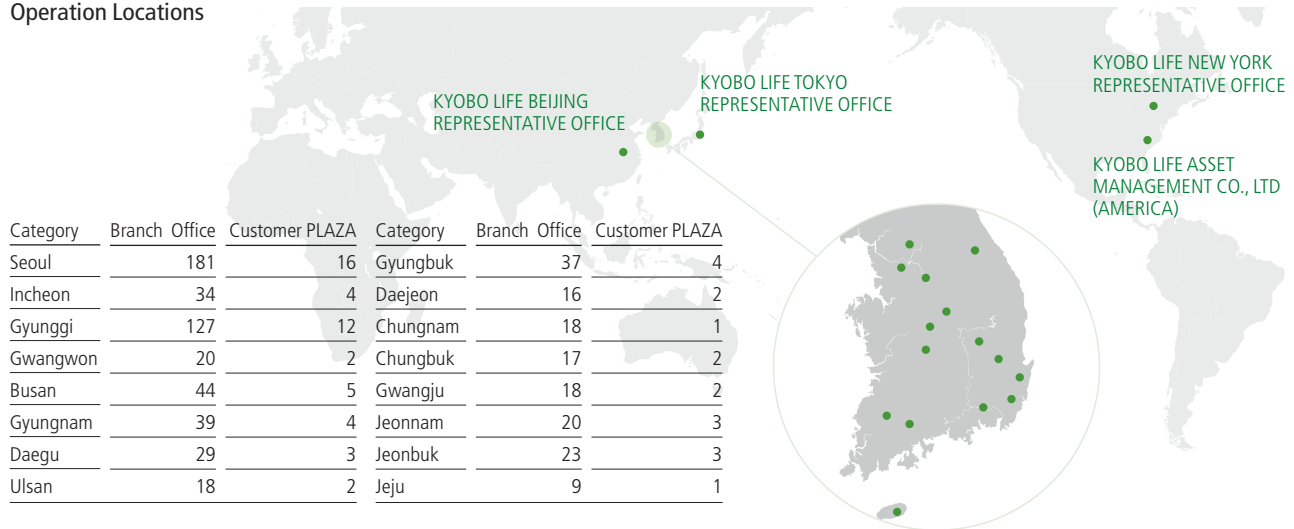
Establishment Date	August 07, 1958	Personnel	4,753
Headquarters Location	1, Jong-ro, Jongro-gu, Seoul, Korea	Capital	6.0 Trillion Won
CEO	Chang-Jae Shin	Total Assets	73.7 Trillion Won
Number of Financial Planners	20,602	Premium Income	8.7 Trillion Won

History

Kyobo Life is paving the way to the future as a strong life insurance company based on our 55 years of knowhow, leading the Korean insurance field under the principle of “Education is the future of a nation”.



Operation Locations



Organization Chart



Ownership

Kyobo Life maintains transparent and clear ownership for a stable management system. The largest shareholder is CEO Chang-Jae Shin with 33.78% of the share, and other primary shareholders include OTP (Ontario Teacher's Pension Plan, 9.93%), Corsair Capital (9.79%), Affinity (9.05%), and the Export-Import Bank of Korea (5.85%).

Shareholder Composition



Affiliates

Kyobo Life has 11 affiliates related to life insurance business. Together with them, we pursue synergy effects to enhance our brand and corporate values. Kyobo Life established "Kyobo Life Planet", an online insurance company in December 2013.

Affiliate Ownership

Financial				Non-Financial	
Kyobo Securities Financial Investment Date Founded 1949.11.22 Capital 1,800 Million Won Ownership 51.63% www.iprovest.com	Kyobo AXA Investment Managers Asset Management Date Founded 1988.7.7 Capital 300 Million Won Ownership 50.00% www.kyoboitm.co.kr	KCA Claim Adjustment Other insurance and pension related services Date Founded 2002.7.5 Capital 20 Million Won Ownership 100.00% www.kcasonsa.co.kr	Saengbo Real Estate Trust Real Estate Trust Date Founded 1998.12.8 Capital 100 Million Won Ownership 50.00% www.sbnet.co.kr	Kyobo Book Centre Retail in Books and Magazines Date Founded 1980.12.24 Capital 17 Million Won Ownership 89.55% www.kyobobook.co.kr	Kyobo Realco Management of Commercial Real Estate Date Founded 1979.11.15 Capital 22 Million Won Ownership 100.00% www.kyobobldg.co.kr
A&D Credit Information Credit Check & Debt Collection Date Founded 2002.2.28 Capital 50 Million Won Ownership 19.50% www.andamc.com	Kyobo Life Asset Management (US local corporate body) Marketable Securities Investment Date Founded 1996.10.21 Capital US\$ 1 Ownership 100.00%	Kyobo Life Planet Life Insurance Date Founded 2013.9.27 Capital 320 Million Won Ownership 74.50% www.lifeplanet.co.kr	Kyobo Information & Communication Computer System Integration Consultation and Creation Date Founded 1971.7.24 Capital 50 Million Won Ownership 89.83% www.kico.co.kr	Kyobo Data Center Leasing of Commercial Real Estate Date Founded 2008.10.8 Capital 360 Million Won Ownership 99.99%	

Kyobo Vision

The Vision of Kyobo is comprised of our core purposes, core values, and a visible future. The core purposes are what we must permanently pursue as long as Kyobo Life exists, and our core values are the foremost values that affect all personnel's decision-making processes and actions. The "visible future" is the basis of our strong objectives on which all employees must concentrate their best efforts to achieve during a certain period of time.

Kyobo Life's goal is to become a company that provides optimum insurance coverage and on-going services in Korea by 2015. "Provides optimum insurance coverage and on-going services" means providing "peace of mind and 'financial security'" above all expectations to actively fulfill our core purpose of "Help people not to despair with hardships in their lives". Kyobo Life will serve customers' benefits according to our core value, be honest and sincere, and meet bigger and bolder challenges through creative thinking.

Kyobo Life established a strong foundation to accomplish our vision in 2013 by focusing on "innovation of customer assurance" and "reinforced creation of profits" to realize Vision 2015.

Kyobo Vision 2015

Core Purpose

Our mission is to help people not to despair with hardships in their lives

Core Value

Customer Centricity

We give top priority to our customers

Challenge and Creativity

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

Honesty and Sincerity

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

Vision 2015

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

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

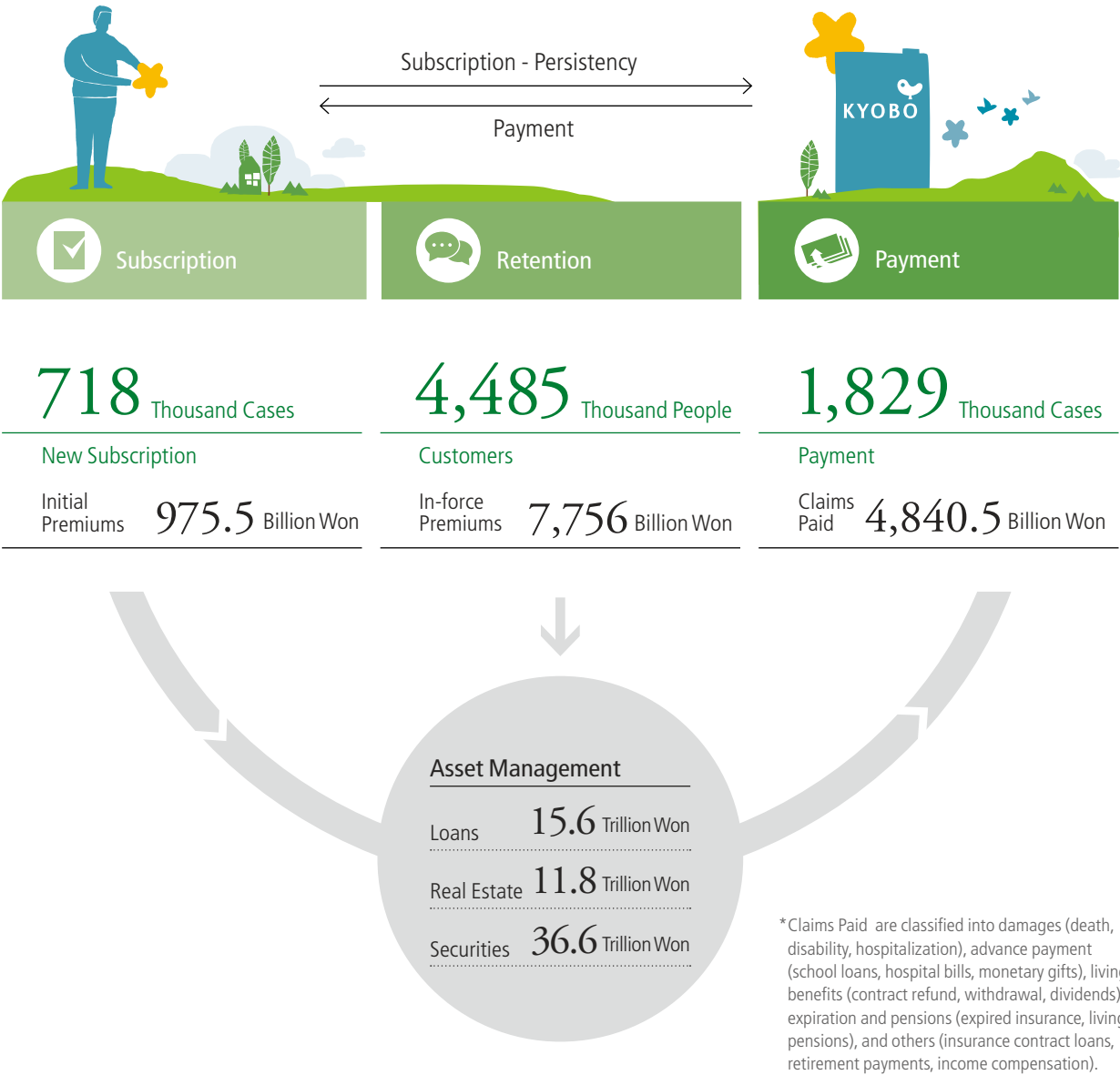
[No.1 Provider in Insurance Coverage and On-going Services]



Business Overview and Primary Products

The Life Insurance Process can be organized into 3 stages: sign-up, retention, and payment. The sign-up stage involves a recommendation of the best plan for customers, meeting their needs and budget with detailed explanations. The retention stage involves the introduction of contract terms and future coverage details to customers and handling of related matters. In the event of a case calling for payment, the benefits promised in the insurance contract will be paid to assist the customer to overcome ordeals during the payment stage. The premiums paid by customers are under stable management for a long-term basis. Kyobo Life entered into a total of 718 thousand cases of new contracts, provided retention service to 4,485 thousand customers, and paid 4.8 trillion won in 1,829 thousand cases as of the 2013 fiscal year.

FY2013 Life Insurance Business Process



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

Primary Products



Integrated CI Insurance

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



Whole life - Term Insurance

This product provides the beneficiary with benefits should the insured person die. There are diverse forms, such as universal lifetime insurance which allows the customer to change premiums or opt for advance payments, or periodic insurance in which a certain period is targeted.



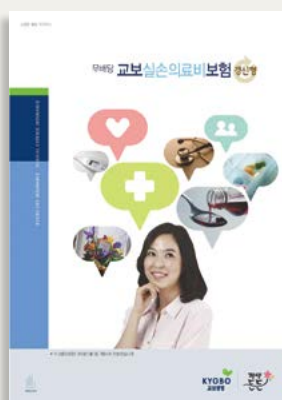
Pension · Deposit Insurance

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



Education · Child Insurance

This product helps customers prepare for their children's academic funds. Customers can be paid annual academic funds according to their children's age and choose a special contract that is prepared in the event the child suffers disabilities, diseases, or accidents. This is a product with more coverage for the child's illness and accidents.



Health · Accident Insurance

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



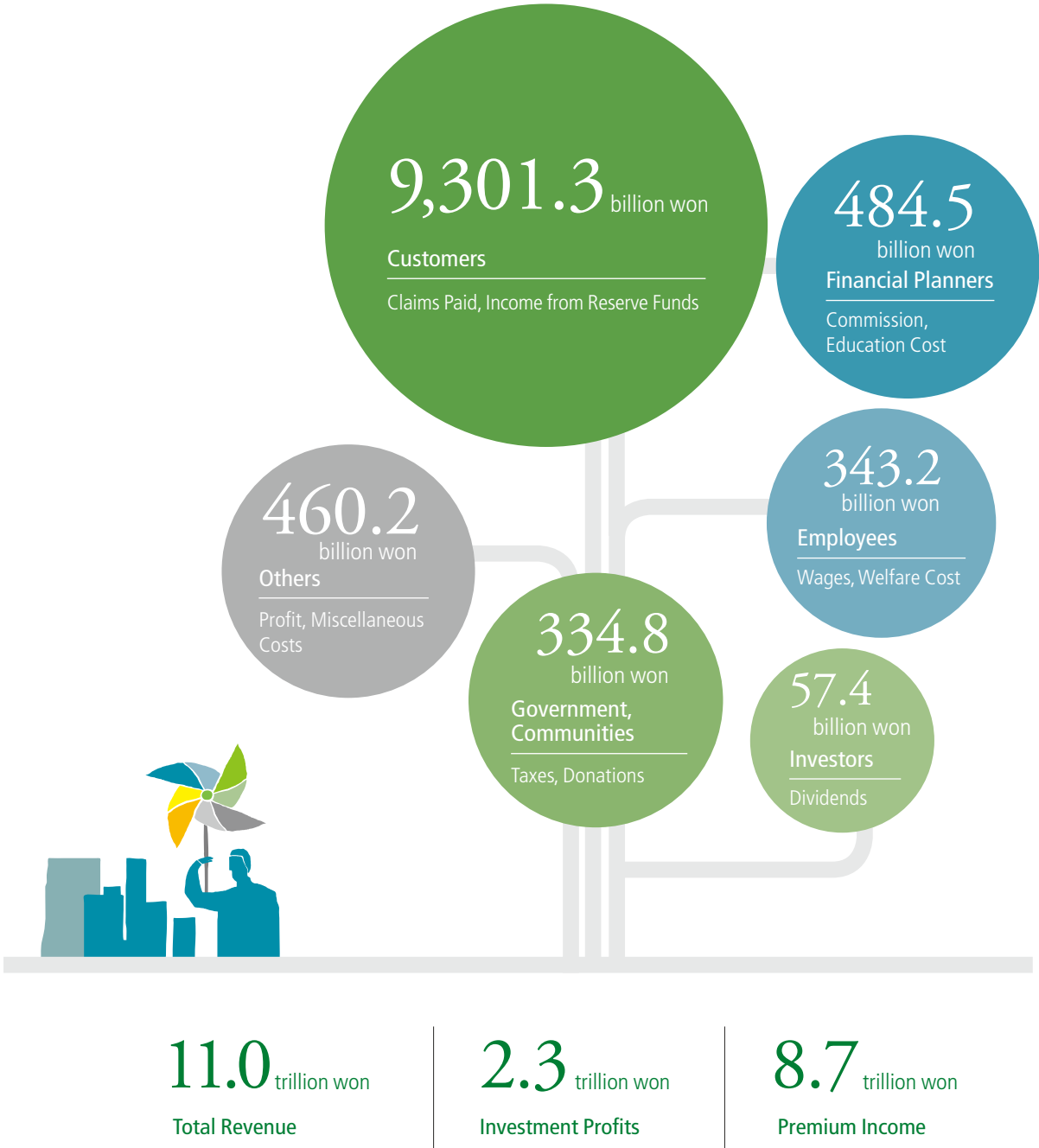
Retirement Pension Insurance

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

Creation and Distribution of Economic Value

New economic value created from insurance revenue from insurance operations and investment profits from asset management are distributed to Kyobo Life's primary stakeholders. The total revenue of Kyobo's 2013 fiscal year is 11.0 trillion won, and this has been distributed as 9.3 trillion won in insurance payment to our customers, 484.5 billion won for commissions paid to financial planners and education costs, 343.2 billion won for employee wages and welfare costs, 57.4 billion won for dividends paid to investors, and 334.8 billion won for taxes paid to the government and donations to communities.

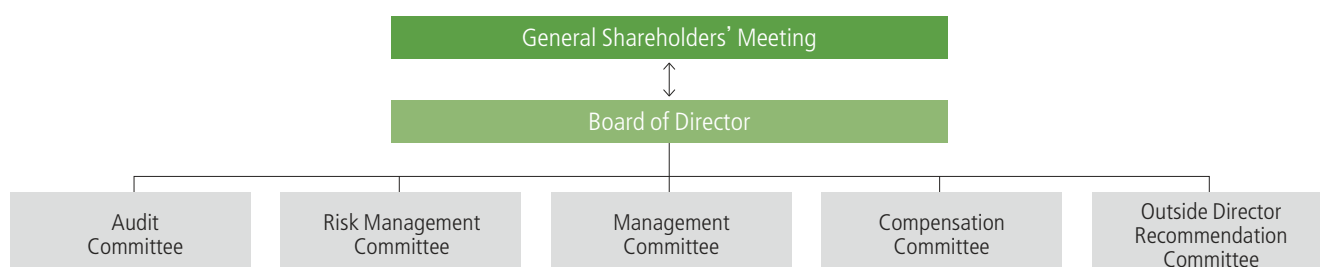
Creation of Economic Value and Distribution Among Stakeholders



Corporate Governance

Kyobo Life established a transparent governance structure to boost our corporate value. The General Meeting of Stockholders and the Board of Directors are the two main decision-making bodies of Kyobo Life. Active participation from outside directors secures a check on the management. A compliance officer and independent audit committee are in place, as well as operations to perform thorough internal regulations and improve our corporate value.

Corporate Governance Chart



Board of Directors

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

Board of Directors Composition The Board of Directors consists of three executive directors and four outside directors; there are no female directors as of now. Each director is selected through having their qualifications evaluated by the standards provided by the relevant industry regulations, and is then appointed through the General Meeting of Shareholders. Outside directors in particular are closely investigated by the Outside Director Recommendation Committee regarding their expertise as well as their stake in the management; this fair and thorough screening is intended to increase the management's transparency.

Board of Directors Composition

Category	Name	Position	Expertise
Inside Directors	Chang-Jae Shin (Born 1953)	CEO and Chairman of the Board of Directors	-
	Euisun Hwang (Born 1952)	Auditor	
	Seokki Lee (Born 1965)	CFO	
Outside Directors	Pil Wha Yoo (Born 1954)	Dean of the Graduate School of Business, SungKyunkwan University	Marketing
	Hyung Chul Kim (Born 1953)	Former CEO and Vice President of Jeil Fire & Marine Insurance	Planning, Business Management
	Nicholas B. Paumgarten (Born 1945)	President of Corsair Capital	Finance
	Young Taeg Park (Born 1959)	Affinity Equity Partners, Managing Partner	Finance, Accounting

Operation of the Board of Directors Kyobo Life's Board of Directors operates through annual January Regular Board of Directors Meetings and Special Board of Directors Meetings when the Chair or the Board requests them. There have been 25 board meetings during the 2011~2013 fiscal years. The Company posts the participation of Board members by committee, opinions of Outside directors regarding the agenda, and voting results on its website (www.kyobo.co.kr > Notice > Outside Directors).

Board of Directors Operation

Category	2011	2012	2013
Number of Meeting (Meeting)	9	10	6
Voted/Reported Agenda (Case)	17/33	28/27	19/19
Board of Directors Participation Rate (%)	84.9	92.4	93.0
Outside Directors Participation Rate (%)	80.0	88.0	90.5

Primary Board of Director Agenda Related to Sustainability Management

Category	Agenda
FY2011	1st (April 19, 2011) - Establishing Preventative Labor-Board Relationship Measures Following Changes in the Labor Environment
	2nd (May 19, 2011) - Results of Operation Evaluation of Internal Accounting Management System for FY2010
	9th (March 27, 2012) - Promotion Status of Anti-money Laundering Measures - Promotion Status of the Fair Trade Voluntary Compliance Program - Results of Internal Regulatory System Operation for the First Half of FY2011
FY 2012	8th (Nov. 20, 2012) - Revision of Internal Regulatory Standards
FY2013	1st (May 31, 2013) - Result of Performance Review of FY2012 Internal Financial Regulatory Management System
	4th (Oct. 08, 2013) - Revision of Internal Regulatory Standards
	6th (Dec. 13, 2013) - Providing FY2014 Operating Expenses to Public Corporations Established by Kyobo Life - Promotional Status of FY2013 Fair Trade Voluntary Compliance Program

Subcommittees Under the Board of Directors

Kyobo Life's Board of Directors delegates all business-related functions except for matters of General Meetings of Shareholders and matters falling under the directors and the Board to its subcommittees. All committees have outside directors on board to increase the expertise and efficiency of the decision-making process.

Subcommittees and their Meetings (Unit : Number of meetings)

Category	Role	2011	2012	2013
Audit Committee	Evaluates and improves the appropriateness and effectiveness of the Company's general internal regulatory system Plans various internal audits such as financial audit, business audit, compliance audit, management audit, and IT audit and evaluates the results to suggest subsequent measures and improvements - Three members out of four are composed of Outside in order to maintain independence from the Board and other executive institutions	6	6	5
Risk Management Committee	Sets up and confirms major policies concerning risk management - Regular briefing of risk analysis, management measures, and monitoring results to the Board	12	8	7
Management Committee	Establishes short & long-term management policies and plans, makes decisions regarding new business expansion, important business and finance issues, and evaluates the directors and executives' performance	6	5	3
Compensation Committee	Manages compensation and reward programs for those in the Board as well as certain employees, and makes decisions regarding its appropriateness of design and operation - All committee members are Outside directors in order to maintain its independence, and a member from the Risk Management Committee is on the committee to manage compensation programs in relation to risks - Designs compensation programs so that they abide by international guidelines and ultimately achieve soundness	3	3	2
Outside Director Recommendation Committee	- Searches for, evaluates, and nominates candidates for Outside directors - Outside directors are first nominated by the Outside Directors Recommendation Committee and are selected through the General Meeting of Shareholders	2	3	1

Performance Evaluation and Compensation

The management is compensated according to the evaluation of their accomplishments compared to the annual objectives reported to the Board at the close of each fiscal year. The executives' salaries are decided in the General Meeting of Shareholders and the compensation for Outside directors are disclosed on our webpage (www.kyobo.co.kr > Notice > Outside Directors).

Sustainability Management Framework

Kyobo Life's sustainability management means "the fulfillment of our pledge to grow together with all stakeholders". In last June's regular meeting of shareholders, the message of "the corporation pursuing long-term co-development with all stakeholders" was incorporated into the preface of the articles of association. The executive conference room of the Gwanghawmun Headquarters has two incense burners: one of them is supported by three balanced legs while the other one is tilted and in danger of collapsing because its three legs are all different lengths. This signifies Kyobo Life's resolve to carry out sustainability management, keeping in mind that the continuous and stable growth of corporation requires the balanced growth of all stakeholders.

Sustainability Management Framework

Sustainability Management Philosophy		Pursue Shared Growth with All Stakeholders				
VISION 2015		The Company that Provides Optimum Insurance Coverage and On-going Services [No.1 Provider in Insurance Coverage and On-going Services]				
For Stakeholders	Pledges	A company that is good at providing insurance coverage to customers	A company that succeeds together with its Financial Planners	A company that grows together with its employees	A company that is attractive to investors	A company that grows together with the government and communities
	Principles	We will listen to the customers and manage the company from the customers' perspective. We will enhance service quality throughout the policy life cycle, from underwriting to persistency and to benefits payment.	We will continue on our corporate culture of joy, pride and trust. We will provide Financial Planners with equal opportunities and reward them based on fair evaluation policies. We will help our Financial Planners to become the experts.	We will continue on our corporate culture of joy, pride and trust. We will provide employees with equal opportunities and reward them based on fair performance evaluation. We will help our employees to become the experts.	We will continue to produce exceptional profit through the good growth. We will increase the value of company through pre-emptive risk management.	We will actively carry out corporate social responsibility activities to grow together with our communities. We will manage our business in terms of conserving nature in a manner reflective of the nature of our business. We will grow together with our partners through fair competition.
	KPIs	Persistency (13th Month) Level of Satisfaction by customers Market Share	Level of satisfaction by Financial Planners Retention rate (13th month)	Level of satisfaction by employees Training hours per employee	Total assets Return on Equity (ROE) Financial Soundness Ratio (RBC)	Social contribution ratio/amount Weight of Socially Responsible Investment Energy Consumption




Operation of Sustainability Management Council

Kyobo Life operates a consultative group to support top management efforts to pursue sustainability management and to foster active communication. The "Sustainability Management" Council facilitates the executives' discussion of major issues related to sustainability management resulting in the drawing of agreements which supports the decision-making process of the Chairman. Issues that are brought to discussion are addressed in "Sustainability Management" working-level conferences to collect the opinions of the heads of each department to maximize the operation efficiency of the "Sustainability Management" Council.

Operation Status of the "Sustainability Management" Council

Category	Agenda
FY2011	The 6th (Apr. 25, 2011) Final Report of Sustainability Management Project
	The 8th (Aug. 1, 2011) Results of collected opinions from stakeholders
	The 10th (Nov. 3, 2011) Analysis of Current Status of Sustainability Management KPI
FY2012	The 11th (Jan. 3, 2012) Result of Shareholders' Meeting
	The 14th (Jun. 15, 2012) The adoption of socially responsible investment (SRI), simulation of aid for public interests
	The 16th (Nov. 2, 2012) Progress report of main issues following the collection of opinions from individual stakeholders
FY2013	The 17th (Jun. 7, 2013) Report of Sustainability Management Long-term KPI Status
	The 18th (Dec. 20, 2013) Report of Major Issues Regarding Sustainability Management

Promotion Status of Sustainability Management

	Major Issues	Stakeholders	Pledges	Principles
	<ul style="list-style-type: none"> - Appropriate Receipt and Treatment of Customer complaints - Strengthening Protection of Customer Information - Improved Retention Service of Customer Assurance 	Customers	A company that is good at providing insurance coverage to customers	<ol style="list-style-type: none"> 1. We will listen to the customers and manage the company from the customers' perspective. 2. We will enhance service quality throughout the policy life cycle, from underwriting to persistency and to benefits payment.
	<ul style="list-style-type: none"> - Increased Financial Planners Satisfaction Rate for Product Competitiveness - Strengthening Communication for Commission System 	Financial Planners	A company that succeeds together with its Financial Planners	<ol style="list-style-type: none"> 3. We will continue on our corporate culture of joy, pride and trust. 4. We will provide Financial Planners with equal opportunities and reward them based on fair evaluation policies. 5. We will help our Financial Planners to become the experts.
	<ul style="list-style-type: none"> - Increased Two-way Communication - Expansion of Corporate Culture Balancing between Work and Life - Fair Performance Evaluation/Compensation - Job-centered Human Resource System Management - Expansion of Labor Rights 	Employees	A company that grows together with its employees	<ol style="list-style-type: none"> 3. We will continue on our corporate culture of joy, pride and trust. 4. We will provide employees with equal opportunities and reward them based on fair performance evaluation. 5. We will help our employees to become the experts.
	<ul style="list-style-type: none"> - Developing New Market - Increased Profitability of Asset Management - Risk Management 	Investors	A company that is attractive to investors	<ol style="list-style-type: none"> 6. We will continue to produce exceptional profit through the good growth. 7. We will increase the value of company through preemptive risk management.
	<ul style="list-style-type: none"> - Social Service Works Practicing "the Spirit of Love" Inherent in the Insurance Industry - Supplying Social Good and Eco-Friendly Service - Increased Trade Transparency 	Government - Communities	A company that grows together with the government and communities	<ol style="list-style-type: none"> 8. We will actively carry out corporate social responsibility activities to grow together with our communities. 9. We will manage our business in terms of conserving nature in a manner reflective of the nature of our business. 10. We will grow together with our partners through fair competition.

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

2) Market shares are based on Premium Income, and 2013 is derived from data acquired up until November 2013.

3) Financial Planner Retention Rate = (Settled Number of Financial Planners / Registered Number of Financial Planners) × 100,
Financial Planners Settled in the 13th Month: Signed more than one more new contract and retained more than 10 contracts signed as of the 13th month

4) The Level of satisfaction by employees of the 2011 year was not surveyed due to internal circumstances.

Kyobo Life established 10 principles centering around five stakeholders under the vision of becoming “the best in customer assurance (Customer Assurance No. 1)” and continuously evaluated the performance result. We have also reported the annual promotion status of sustainability management regarding major issues for each stakeholder and KIP for a systematic management. Kyobo Life will enact constant efforts to be the financial corporation representing Korea, practicing social responsibilities at a higher level by communicating and sharing with stakeholders.

KPI						Major Activities of FY2013		Page		
						-Accelerating VOC Management -Recertification of Consumer-Oriented Management -Earning a higher grade in the Civil Appeals Evaluation by the Financial Supervisory Service -Operating Information Protection on Business Sites -Enhancing Customer Information Protection Education -Establishing and Operating Lifelong Care Support Centers		25		
Persistency (13th Month) ¹⁾ (Unit: %)		Level of Satisfaction by customers (Unit: Points)		Market Share ²⁾ (Unit: %)						
2011		84.6	2011		74.5	2011			12.2	
2012		84.6	2012		75.9	2012			11.0	
2013		84.1	2013		72.4	2013		11.3		
						-Establishment of Products for Risks of Each Life Cycle -Obtainment of Exclusive Right of Use for New Products (Kyobo Grandchildren Care Insurance) -Strengthening Communication for Commission on Business Sites		35		
Level of satisfaction by Financial Planners (Unit: Points)		Retention rate (13th month) ³⁾ (Unit: %)								
2011		70.0	2011		40.9					
2012		69.6	2012		39.2					
2013		72.2	2013		41.1					
						-Family-friendly Excellence Corporation Award -Variety of welfare and benefits for employees -Maintaining performance management system and work-centered human resources system. -Establishing Occupational Safety and Health Committee		41		
Level of satisfaction by employees ⁴⁾ (Unit: Points)		Training hours per employee (Unit: Hours)								
2011		-	2011		102					
2012		64.9	2012		110					
2013		63.7	2013		75					
						-Establishment of Kyobo Life Planet -Targeting Upper Class (Increased nobiliaire service) -Continuous finding of high-profitable asset -Increasing risk management activities		49		
Total assets ⁵⁾ (Unit: %)		Return on Equity (ROE) ⁵⁾ (Unit: %)		Financial Soundness Ratio (RBC) (Unit: Trillion Won)						
2011		11.3	2011		247.1	2011			62.4	
2012		10.6	2012		258.3	2012			70.0	
2013		8.8	2013		292.2	2013		73.7		
						-Continuing social contribution activities concerning health, finance, and knowledge related to life insurance industry -Continuous sales of small sum insurance, donation insurance, and products for the disabled -Clean Contract System, Strengthening Communication with Business Partners		55		
Social contribution ratio/amount ⁷⁾ (Unit: Hundred Million Won)		Weight of Socially Responsible Investment ⁸⁾ (Unit: %)		Energy Consumption ⁹⁾ (Unit: TOE)						
2011		2.6%	143	2011		7.6	2011			19,480
2012		3.2%	184	2012		8.1	2012			20,013
2013		3.2%	125	2013		8.6	2013		19,554	

5) Return on Equity (ROE) = Net Profit / [(Capital at the Start of Period + Capital at the End of Period) / 2] × 100

6) Risk Based Capital (RBC) Ratio = Usable Capital for Insurance Payment (Payment Capability) / Capital Needed for Risk Management (Total RBC Risk) × 100

7) Social Contribution Ratio = Social Contribution amount / Net Income

8) Weight of Socially Responsible Investment (SRI) : (SRI amount / Total Assets) × 100

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

* "Employee Training Hours per Head" and "Energy Use" was calculated based on CY(Calendar Year).

Stakeholders Engagement

Kyobo Life identified customers, financial planners, employees, investors, and the government and local communities as key stakeholder groups according to their legal responsibilities and influence on management. To realize the sustainable philosophy of “growing together with stakeholders”, Kyobo Life is collecting opinions from different stakeholders through diverse communication channels to analyze the major issues and apply them in the management activity.

Stakeholder Survey

Classification	Subject	Method	Period	Details	page
Customers	3,500 Life Insurance Policy Holders Who Applied in the Last Three Years (Including 2,500 Other Company's Policy Holders)	Customer Satisfaction		<ul style="list-style-type: none"> · Determining Satisfaction Levels Compared to Competitors · Determining of Customers' Needs · Analyzing Financial Planning Activities 	17,27
Financial Planners	1,500 Ordinary People (Ages 20~59)	Brand	Jul.~Aug., 2013	<ul style="list-style-type: none"> · Determining Recognition and Preference Indexes of Life Insurance Brands · Determining of Needs for Insurance (Company) · Examining the Images of Kyobo Life's Brand and its Financial Planners 	-
Employees	1,800 Financial Planners (Including 950 Working for Other Companies)	Financial Planners Satisfaction		<ul style="list-style-type: none"> · Examining Financial Planners' Satisfaction Rate Level · Discovering Comparative Advantages/Disadvantages Regarding Financial Planner Activities · Determining of Inconveniences and Needs of Financial Planners 	17
Investors	1,794 Employees (589 Headquarter Employees, 1,205 Sales/Service Employees)	Employees Satisfaction	July 08~16, 2012	<ul style="list-style-type: none"> · Employee Satisfaction Index (ESI): 14 factors · Corporate Vision, Competence Improvement, Performance Evaluation/Management, Welfare and Benefits, Working Environment 	17
Government-Communities	180 Opinion Leader in Insurance Industry	Reputation	Sept.~Oct., 2013	<ul style="list-style-type: none"> · Awareness toward Kyobo Life (CEO), positive image, respective reputation per aspect, methods to improve images 	-

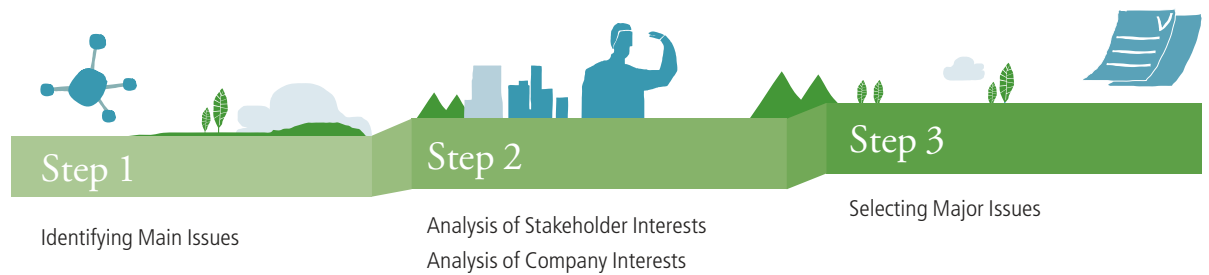
Meetings

Category	Participants	Method	Period	Details
Customers	Panel of Customers	Discussion	Open	<ul style="list-style-type: none"> · Gathering Ideas Regarding Improving Sign-Up Planning Forms · Ideas to Improve Retention Service Quality · Gathering Ideas Regarding Developing New Products
Financial Planners	Prime Leaders Club Members	Discussion, Workshop	Open	<ul style="list-style-type: none"> · Developing Capabilities of Financial Planners · Gathering Ideas Regarding Insurance Products · Gathering General Suggestions
Employees	Onsite Employees	Field Discussion	June, 2013	<ul style="list-style-type: none"> · Matters Regarding Human Resource Management
Investors	Credit Rating Company Personnel, Analysts	Interviews, Phone/Email Exchanges	Open	<ul style="list-style-type: none"> · Profitability/Potential/Stability Issues
Government-Communities	Recent Major Policies and System	Analysis and Monitoring of Major Issues	All-Year-Around Monitoring	<ul style="list-style-type: none"> · Improving Tax for Insurance Products and Deregulation · Modification of Insurance Product Operating Expense System · Enactment of Financial (Insurance) Laws · Strengthening Financial Soundness Regulations
	Nonprofit Organization Personnel, Professors in Social Service Field	Discussion	September, 2013	<ul style="list-style-type: none"> · Gathering Opinions on Kyobo Life's Social Contribution Activities · Gathering Opinions on Policies and Programs for Teenage Runaways

Materiality Test

Kyobo Life performed a materiality test based on the two axes of “stakeholder interests” and “company interests”, creating a two by two matrix analysis of the significance evaluation. The results drawn from the evaluation are the main contents of this report.

Materiality Test Process



Step 1 Identifying Main Issues

By analyzing internal and external environments, we have identified issues that Kyobo Life must consider during its promotion of sustainability management.

Identifying Issues through Environmental Analysis

Method	Content	Number of Identified Issues
Media Analysis	Searching the web using the keyword “Kyobo Life” - 2,305 articles during April ~ July 2013 (1,583 valid articles) - Grouping 40 issues that were handled at least 10 times	33
Financial Business Report Analysis	Analysis of Major Issues from 5 Domestic Financial Corporations’ Sustainability Management Reports - S Life, S Fire Insurance, K Banking, S Banking, H Banking - Grouping of 52 Issues Identified	34
Related Index Analysis	Index Analysis of Sustainability Management such as GRI and ISO 26000 - Grouping Based on 2013 KSI (Korean Sustainability Index) and Issues (Impact 40 and Trend 39)	79
Issues from the Previous Report	Issues from the Previous Report	88
Total		234

After analyzing the contents of the 234 identified issues, they were grouped into 180 issues. Through an internal evaluation in consideration of the importance of these issues as well as the distribution of each stakeholder group, 88 issues were finally drawn in accordance with the 10 principles of Kyobo Life's sustainability management.

Issue by Principle

Category	Principle	Issue
Customers	Principle1	<ul style="list-style-type: none"> - Receiving customer dissatisfaction effectively - Strengthening customer information protection - Strengthening efforts for customer satisfaction - Improving customer response quality
	Principle2	<ul style="list-style-type: none"> - Active communication with customers - Customized customer control reflecting customer traits - Developing superb product that meet customer expectation - Fair supply of information and marketing
Financial Planners	Principle3	<ul style="list-style-type: none"> - Strengthening customer assurance and maintenance services - Making peremptory notice of payment clear - Simplifying paperwork for insurance payment demands and the process of its payment - Providing accurate information about products/service upon Signing
	Principle4/5	<ul style="list-style-type: none"> - Diverse and convenient insurance payment services - Providing easy-to-understand documents upon signing - Accurately guiding the rates of returns for equity-linked life insurance - Abiding by full-membership processes
Employees	Principle3	<ul style="list-style-type: none"> - Communication between the company and its financial planners - Welfare for financial planners - Better guidelines for financial planners if new underwriting/ payment evaluations are delayed - Increasing financial planners' satisfaction rate for product competitiveness
	Principle4/5	<ul style="list-style-type: none"> - Better working conditions for financial planners - B2B2C marketing support - Protection of financial planners' human rights - Operating programs to decrease conflicts between financial planners
Investors	Principle3	<ul style="list-style-type: none"> - Strengthening intra-company communication - Spreading corporate culture of balancing between work and life - Expansion of labor rights - Labor-management relations for coexistence
	Principle4/5	<ul style="list-style-type: none"> - Improving welfare system and working environment - Fair and appropriate consideration of quality of working conditions - Expansion of welfare and benefits - Developing and running retired employee management programs
Government-Communities	Principle6	<ul style="list-style-type: none"> - Fair performance evaluation/rewards - Operating a work-centered human resources system - Maintaining appropriate personal placement - Prohibiting discrimination
	Principle7	<ul style="list-style-type: none"> - Expanding opportunities for educational training and self-development - Job security - Guarantee of human resource development and training at work - Expansion of labor rights
Government-Communities	Principle8	<ul style="list-style-type: none"> - Targeting developing markets - Establishing on-line subsidiary companies - Developing new businesses - Improving brand value
	Principle9	<ul style="list-style-type: none"> - Increasing asset management profitability - Equal distribution of economic values created - Establishing and executing ways to increase profitability - Initial Public Offering (IPO)
Government-Communities	Principle10	<ul style="list-style-type: none"> - Transparency of corporate management - IT Security - Preventative risk management - Preventing financial accidents
	Principle11	<ul style="list-style-type: none"> - Risk management activities - Preventing/Discovering insurance fraud - Insurance payment ability AAA - Fair trade, Observation of rules and regulations
Government-Communities	Principle12	<ul style="list-style-type: none"> - Operating social contribution programs that support the "value of love" from insurance policies - College students' Northeast Asia trip - Operation of social service programs in support of family - Development/Operation of youth leadership program
	Principle13	<ul style="list-style-type: none"> - Operation of youth support program - Support of Kyobo Environmental Awards, Scholarly Awards, Scholarly Achievement Awards - Advertisement in Gwanghawmun - Providing social goods and ecofriendly service
Government-Communities	Principle14	<ul style="list-style-type: none"> - Increasing socially responsible investment (SRI) for environment-friendly areas - Strengthening efforts to decrease energy usage - Expanding environment-friendly contributions to society - Operating programs to expand environment protection perspectives
	Principle15	<ul style="list-style-type: none"> - Environment-friendly activities with stakeholders - Providing environment-friendly insurance and service - Efforts to prevent environment contamination - Efforts to use sustainable resources
Government-Communities	Principle16	<ul style="list-style-type: none"> - Participation of various stakeholder groups - Increasing transaction transparency - Communication efforts between partnering companies and agencies - Strengthening programs to voluntarily practice fair trade - Never fixing prices with other life insurance companies
	Principle17	<ul style="list-style-type: none"> - Spreading co-development with partners - Prohibiting discrimination against the venerable class - Maximizing job opportunities

Step2 Analyzing Stakeholder Interests

"Stakeholder interests" were evaluated based on the responses to surveys for each group of stakeholders. To increase the credibility of the surveys, we only asked questions regarding sustainability management principles that were relevant to each stakeholder group.

Survey of Stakeholders

Category	Customers	Financial Planners	Employees	Investors, Government - Communities
Content	Principles 1, 2, 8, 9, 10	Principles 3, 4, 5	Principles 3, 4, 5	Principles 6, 7, 8, 9, 10
Target	Online Panel of Customers	Randomly Selected from Financial Planners	Randomly Selected from Employees	Opinion Leaders
No. of People	500	1,000	1,000	200
Method	e-mail	Exclusive Intranet for Financial Planners	Exclusive Intranet for Employees	e-mail
Period	Sept. 24~28, 2013	Sept. 11~12, 2013	Sept. 23~27, 2013	Sept. 16~24, 2013
Responses	190 people (38%)	171 people (17%)	261 people (26%)	27 people (14%)

Survey of Corporate Interests "Company interests" were evaluated based on questions related to issues for each principle regarding their significance in the eyes of the company. The questions were asked to the executives and chiefs in the head office.

Analyzing Corporate Interests

Number of People	Method	Period	Responses
85 People	Exclusive Intranet for Employees	Oct. 1~7, 2013	33 people (39%)

Step3 Selection of Major Issues

Through the analysis of "shareholder interests" and "company interests", 16 out of the total 88 issues were selected as major issues. The details of each issue can be found in the respective pages in this report.

2012 Major Issues

Customers	- Appropriate Receipt and Treatment of Customer Complaints - Strengthening Customer Assurance and Retention Service - Reinforced Protection of Personal Information
Financial Planners	- Increasing Financial Planners' Satisfaction Rate for Product Competitiveness - Strengthening Communication for Commission System
Employees	- Strengthening Two-way Communication - Prohibiting Discrimination (Based on Gender, Age, Hometown, School) - Fair Performance Evaluation/Compensation
Investors	- Prevention of Financial Accidents - Preventing/Discovering Insurance Fraud - Risk Management Activities
Government - Communities	- Social Service Works Practicing "the Spirit of Love" Inherent in the Insurance Industry - Increasing Trade Transparency - Reinforced Operation of Voluntary Compliance with Fair Trade Program - Refusal to Fix Prices with Other Life Insurance Companies

2013 Major Issues

Customers	- Appropriate Receipt and Treatment of Customer Complaints - Reinforced Protection of Customer Information - Strengthening Customer Assurance and Retention Service	26p 27p 30p
Financial Planners	- Increasing Financial Planners' Satisfaction Rate for Product Competitiveness - Strengthening Communication for Commission System	37p 39p
Employees	- Improving Corporate Culture Balancing between Work and Life new - Strengthening Two-way Communication - Expansion of Labor Rights new - Fair Performance Evaluation/Compensation - Job-centered Human Resource System Management new	42p 43p 45p 45p 46p
Investors	- Improving Asset Management Profitability new - Developing New Market new - Risk Management	50~51p 50p 52p
Government - Communities	- Social Service Works Practicing 'the Spirit of Love' Inherent in Insurance Industry - Supply of Social Goods and Ecofriendly Service new - Increasing Trade Transparency	56p 59p 65p

Experts Meeting

Kyobo Life hosted meetings of outside sustainability experts to secure the efficiency of sustainability management. A part of the discussion is contained in the report while the remaining part will be used as a guide for the future sustainability management of Kyobo Life.

Meetings

Theme | FY2012 Review of Sustainability Management
Report and Future Direction of the Sustainability
Management and Report

Time | Oct. 1, 2013(Tue) 14:00~16:30

Place | Conference Room 17th floor, Kyobo Life Gwanghawmun Office

Host | Jae-Eun Kim Director (The Institute for Industrial policy Studies)



1. Eui-Chan Jeon
_ Sejong University
2. Tae-Hyung Leem, Chief
_ Korea National Council
_ Social Welfare Community
Relations Center

"Sustainability Management reports should be written with a sense of balance"

Eui-Chan Jeon, Professor
Sejong University

"Most of the report is about accomplishments and results. Sustainability management should focus on mistakes and shortcomings, and it would be a better report if it detailed both improvements and failures, though it is understandably not easy for the corporation to do so. The environmental management activities initiated by Kyobo Life are lacking. This can be resolved through active generation of ideas, which will help set new goals that must be followed through."

"We should demonstrate continuous results of social service work"

Tae-Hyung Leem, Chief
Korea National Council
Social Welfare Community Relations Center

"Three years of social service work is reported in terms of numbers, which is discouraging. If the specific performances are stated, then it will be easier for the stakeholders to understand. It is important whether social work is a one-time event or an ongoing commitment. The last 10 years of results, not the last three years, should be reported. It would also be easier to understand the consumption of water or energy if such information is accompanied by additional explanations for increases."

3. Hyung-Gu Jo, Director_ Welcomm Publicis Worldwide
 4. Young-Jae Ryu, CEO_ SUSTINVEST
 5. Dae-Chel Jang_ KAIST



"Communication in connection with Sustainability Management is necessary"

Hyung-Gu Jo, Director
 Welcomm Publicis Worldwide

"The Lifelong Care Project and its connection to sustainability management should be explained in the report. The advertisement should not exist separately from sustainability management; it should be included within the general communication strategies. The current reports are published in the print version and PDF version on the website, and it will be more interesting to stakeholders if pictures, graphs, and diagrams are added and the reports are published on the internet web-pages and in mobile versions. "

"There is not enough explanation on how socially responsibly investments are made. We should provide useful information from the point of stakeholders that is based on the strategies for socially responsible investment. The reasons and answers for sustainability management KIPs that are lacking or falling should also be provided. Kyobo Life's own values and philosophies embodied in the value chain appropriate for the life insurance industry should serve as the source for Kyobo Life's sustainability issues. Energy management of buildings and electricity saving are important, but an environmental screening in the outsourcing process can help realize better environmental management."

"We should provide useful information from the point of stakeholders"

Young-Jae Ryu, CEO
 SUSTINVEST

"We should lead the path to a sustainable future"

Dae-Chel Jang, Professor
 KAIST

"The word 'sustainable' should deal with preparation or direction for the sustainable future. On the contrary, the reports are mainly about the present management activities. The 'sustainable' report should talk about possibilities for the future. The question of higher sustainability or lower sustainability should be answered in a simple conclusion within the report, not posed as a question for readers to judge and interpret."

CUSTOMERS & THE FUTURE

Pledge to Customers

A company that is good at providing
insurance coverage to customers



Principle 1

We will listen to the customers and
manage the company from the
customers' perspective

Principle 2

We will enhance service quality
throughout the policy life cycle,
from underwriting to persistency
and to benefits payment





Kyobo Life's most precious assets are our customers. We will satisfy customers by faithfully providing insurance services regarding sign-up and throughout retention and payment to maximize their benefits and protect customer information and rights from their point of view.

Chief Marketing Officer, Your-Hyun Yun

Materility Test Results

* The outline of the significance evaluation can be found on page21.

2012

Major Issues

- Appropriate Receipt and Treatment of Customer Complaints
- Strengthening Protection of Personal Information
- Strengthening Customer Assurance and Retention Service

General Issues

- Strengthening Customer Satisfaction Efforts
- Improving Customer Response Service Quality
- Developing Superb Products Meeting Customer Expectations
- Compliance with Perfect Sign-up Process
- Providing Accurate Information about Products/Service upon Signing
- Various and Convenient Insurance Payment Service



2013

Major Issues

- Appropriate Receipt and Treatment of Customer Complaints (26p)
- Strengthening Protection of Customer Information (27p)
- Strengthening Customer Assurance and Retention Service (30p)

General Issues

- Improving Customer Response Service Quality
- Strengthening Customer Satisfaction Efforts
- Developing Superb Products Meeting Customer Expectations
- Providing Accurate Information about Products/Service upon Signing
- Clear Peremptory Notice of Payment of Premiums
- Exact Explanation of Variable Insurance Profit Rate



Major Activities of Year 2013

Accelerating VOC Management
Acquiring Consumer Centered Management System (CCMS) Certification
Earning a higher grade in the Civil Appeals Evaluation by the Financial Supervisory Service
Operating Information Protection on Business Sites
Enhancing Customer Information Protection Education
Establishing and Operating Lifelong Care Support Centers and Providing Combined Service in Lifelong Care for Each Generation

Future Plans

Development and Providing Project to Increase Customer Value
Leading Customer Protection Culture
Advancing Lifelong Care Practice

* Departments For Customer Management: Channel Support Team, Marketing and Planning Team, Product Development Team, Nobiliary Support Team, Customer Retention Support Team, Customer Satisfaction Center, Service Restoration Center, and Others.

We will listen to the customers and manage the company from the customers' perspective.

Financial Supervisory Service's Civil Complaints Evaluation Result

Unit	2011	2012
Grade	3 (Average)	2 (Satisfactory)
State of Other Companies in the Business	First Grade (Excellent): 0	First Grade (Excellent): 0
	Second Grade (Satisfactory): 5	Second Grade (Satisfactory): 4
	Third Grade (Average): 7	Third Grade (Average): 5
	Fourth Grade (Unsatisfactory): 2	Fourth Grade (Unsatisfactory): 5
	Fifth Grade (Poor): 5	Fifth Grade (Poor): 5

*Result of 2013 schedule to be released in July 2014

VOC Processing

Category	2011	2012	2013
Number of Cases Received (Number)	-	2,369	1,846
Average Processing Time (Days)	-	3.9	6.6
VOC Processing Satisfaction Rate (Points)	-	74	74.7

*According the regulations to unify the business notifications of insurance companies, the results have been disclosed since the 2012 fiscal year (www.kyobo.co.kr > Announcements > Business Announcement > Periodic Business Announcements)

*Processing for 2013 was delayed due to the exclusion of usual cases from the number of VOC cases received.



Reopening of Customer Satisfaction Hall



Asia Best Customer Service Center Awards

Receipt and Treatment of Customer Complaints

Kyobo Life received the Customer Satisfaction Management Grand Prize for five consecutive years from the Korea Management Association in 2004 and was inducted into the Hall of Fame, but the number of customer complaints dramatically increased compared to other companies. This led to the decision to physically veil the award for the Customer Satisfaction Management Hall of Fame in November 2011. We vigorously fulfilled our core value of "customer-orientation" by the end of fiscal year 2012 to greatly reduce the number of customer complaints for the purposes of restoring our reputation for customer satisfaction management and unveiling the award. Kyobo Life later regained the second grade in 2012 civil complaints evaluation through these efforts to improve our processes for resolving customer complaints resulting in the removal of the veil.

Related Organizations Kyobo Life has established and is operating service recovery centers whose job is to resolve customer complaints in seven regions (Gangbuk, Gangnam, Gyungin, Busan, Jungbu, Daegu, and Honam) nation-wide. The 45 employees that work in each service recovery center as of December 2013 directly visit customers so that the processing of their complaints takes place in a fair manner. Such service recovery activities allow speedy processing of customer complaints as well as experts' sympathetic responses to those with problems. Prevention measures as well as speedy and fair processing of complaints are promoted. Visiting customer protection services and field case studies are provided to prevent complaints from occurring, and on-site coaching and education ensure the establishment of a progressive insurance culture.

We have also started utilizing SRM(Service Recovery Manager) that are specialized in dealing with complaints in customer service centers that receive the most complaints (60% of all channels of complaints) in the hope of providing an active consultation of early customer complaints to prevent the spread of discontent among customers. Kyobo Life's efforts earned recognition with the honor of being awarded "2013 APCCAL Best Customer Service Center Award in November 2013. Kyobo's effective and advanced infrastructure providing speedy and accurate customer-oriented consultation service with excellent human resources was highly praised producing fruits for our continuous efforts to protect customers and improve customer service.

Accelerating VOC Management VCO management involves establishing VOC reception channels to collect customer opinions in and out of the company, quickly responding to the collected VOC, storing and analyzing them in a systematic way, and applying them to the management to raise the customer value based on their needs. Kyobo Life runs "Soritgwi", which is an integrated system for handling the opinions of customers from various channels such as the customer satisfaction center, company intranet, and webpage. The VOC issues assessed through the system are fully applied to the management for the improvement of products and services. Additionally, the annual on/offline panel of customers identifies the needs and issues of customers to be applied to the company policy.

Recertification of Consumer Centered Management (CCM) Kyobo Life earned the recertification of the Consumer Centered Management (CCM) from the Fair Trade Commission in July 2013. CCM evaluates corporate activities from the consumer perspective to certify if they have designed and improved on a continuous basis from a consumer-centered standpoint. The Fair Trade Commission examined Kyobo Life's leadership, consumer-centered management system, consumer information system, consumer complaint management process, and performance management and made the certification decision.



Reading, Walking, and Experiencing in Gwanghawmun



Increased Education of Customer Information Protection

Reinforced Digital Communication with Customers (Reading Gwanghawmun)

Kyobo Life is providing distinct customer service by utilizing the ever evolving digital environment. We operate "Reading, Walking, and Experiencing in Gwanghawmun" (www.kyobostory.co.kr) to help customers educate themselves and provide high-level customer service and communication by offering high-quality "humanities" content that cannot be ordinarily accessed. "Reading Gwanghawmun" is comprised of content that allows customers to enjoy the "humanities" while traveling in both past and present Gwanghawmun. The major content includes steady sellers in literature, history, and philosophy, prominent areas of the humanities, and users can check out books out of the digital library in the "Reading" section. The 'Walking' section offers literature to spark the imagination and stories about philosophy and history to cultivate judgment and personal values in the format of an easy-to-read web magazine. The last "Experiencing" section uses the latest trend of digital media with videos and lectures for fun and hassle-free enjoyment of the humanities to avoid the pitfalls of boredom.

Customer information Protection Efforts

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

Customer Information Protection Education Results (Unit: Hours)

Category	2011	2012	2013
Financial Planners	4	10	9
Executives	4	4	9
Employees	10	4	9
IT Personnel	13	4	14
Information Protection Personnel	13	4	16

Satisfaction Rate in Each Field (Unit: Points)

Category	2011	2012	2013
Corporate Image	76.9	77.2	71.8
Insurance Products	73.9	76.0	70.3
Sign-up Procedure	74.4	76.2	72.4
Loan Products	74.0	76.0	75.5
Attitude in Customer Response	77.9	79.0	74.9
Retention Service	73.9	77.1	72.5
Insurance Payment	76.5	77.9	78.7
Response in Customer PLAZA	77.4	83.7	79.3
Environment in Customer PLAZA	78.0	82.9	77.8
Response from Call Center	74.5	80.3	77.1

After designating information protection personnel for each department from the 2011 fiscal year and implementing "Customer Information Protection Evaluation" throughout the entire company from January 2013, we have assigned "Information Security Personnel" to protect customer information in workplaces where the information is actually handled. Each information security personnel member placed in the workplace carries out tasks such as monitoring information security measures in the business and service sites, on-site information security education based on monitoring data, finding threat factors to information security, and more. The performance analysis of customer information protection according to their life cycle from July through November 2013 was conducted, and the results will be established into tasks to be realized in 2014. We also reinforced the management of customer information when it is offered to outside contractors. A uniform investigation of all consignments were conducted, and the outside contractors also checked their management of customer information. The CEO provided education on customer information protection via live nation-wide satellite broadcasting in January 2014, and monthly education will follow. No complaints regarding customer information leakage or violation of information protection laws were reported during the covered period of this report.

Customer Satisfaction Rate Survey

Kyobo Life has been carrying out annual customer satisfaction surveys since 2000 to effectively carry out our core value of being "customer-centered", which can be realized through analyzing the extent to which the needs of customers are satisfied and quickly responding to the changes in the market.

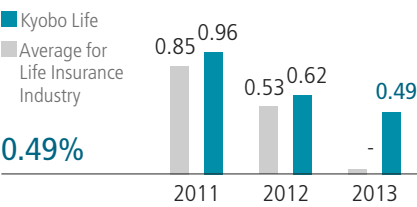
The customer satisfaction survey of the 2012 fiscal year was conducted on 3,500 men and women that signed up for life insurance in the past three years in the country. The results showed a satisfaction rate of 72.4, which is a 3.5 point decrease from the last year, continuing the trend of minimal decrease since 2010. Opportunities for improvement in terms of corporate image, insurance products, and the attitude in customer response were confirmed in the survey, and we are establishing measures to enact such improvements.

We will enhance service quality throughout the policy life cycle, from underwriting to persistency and to benefits payment.

Practice of Perfect Sign-up

Category	Details
Compliance with the Three Principles	- Signing by the Contracting Party and Insurance Applicants - Delivery and Comprehensive Explanation of Contract Terms - Delivery of Application Forms for Applicants
Sincere Notice of Requirements before Contract	Guiding the Customers to Fill out Requirements Before Signing the Contract
Explanation of All That Customers Need to Know	Detailed and Accurate Explanation about Products and their Benefits

Rate of Incomplete Sales (Unit : %)



* 2013 Average of Life Insurance Companies Scheduled to Be Released in July

Examination of Product Advertisement/ Brochures (Unit : Cases)



* The numbers for 2013 are from April through December, 2013.

Accomplishing Vision 2015 begins with the practice of perfect sign-up

Kyobo Life’s Vision 2015 of becoming the best in customer assurance begins with perfect sign-up. First, we help customers accurately recognize the value of life insurance and sign up for products meeting their needs. Perfect sign-up involves practicing compliance with the three principles, explanation of everything that customers need to know, and convenient notice of requirements before the contract.

Kyobo Life set “Renovation of Customer Assurance” as one of our business principles of 2013 to offer the best suggestions for customers. Kyobo Life’s idea of customer assurance entails “customers receiving financial security and peace of mind through life insurance products and service”. Customers can prepare for lifelong financial security and earn peace of mind by signing up for systematic family life insurance, health insurance, and retirement insurance.

Kyobo Life has repeatedly educated all our financial planners about perfect sign-up and assisted with the sufficient practice to achieve perfect sign-ups with the application system as many times as necessary. In-company censorship for the full sign-up is implemented to enforce faithful compliance with the process. As a result, the rate of incomplete sales has been on the continuous decline annually.

Reinforced Customer Confirmation during Sign-up Kyobo Life established a confirmation system in response to the increased responsibility for customer confirmation following the revision of the Financial Transaction Report Act and to fulfill effective customer confirmation requirements on business service sites by improving the customer confirmation process during the sign-up and verification process. All new contracts are thoroughly scrutinized to check whether the requirements for customer confirmation were fulfilled, not just parts of new contracts. The managers on business sites, not the Observance of Law Department from headquarters, are handle the duty of checking. Monitoring by using the newly-developed customer confirmation verification management system ensures reduced risks of legal disputes.

Education for customer confirmation requirement is also provided, not only to a portion of financial planners who made incomplete sales, but also to all financial planners who failed to fulfill the customer confirmation requirements and new financial planners to reinforce the process of perfect sales.

Product Advertisement/Brochure Examination System Insurance products are intangible, and therefore advertisements and brochures for insurance are very important when we explain our services to customers. It is essential that we use advertisements and brochures that provide accurate and unexaggerated information.

Kyobo Life operate an advertisement examination system to seek authorization for products, civil complaints, and legal departments from law-abiding motoring agents from the initial stage of making brochures and advertisements financial planners use. The examination system checks if the product advertisements and brochures satisfy the requirements of the relevant regulations and revises the fine print into much more legible large print, rephrasing difficult terms so that they are easy to understand. Our advertisements and brochures are written and designed from the customer’s perspective.

Efforts for Convenient Insurance Payment

Insurance payments require a separate submission of documents proving the cause for payment, unlike other financial products. Customers tend to feel uncomfortable in receiving insurance payments for this reason. Kyobo Life is endeavoring to make convenient and accurate insurance payments to customers.

Operation of Reception Offices in Addition to CustomerPLAZA 66 locations of Customer-PLAZA in the country are in charge of receiving and sending insurance payments. When customers, however, do not live near a Kyobo Life's CustomerPLAZA or cannot visit the location for personal reasons, they will have a difficult time requesting and receiving insurance payments. Kyobo Life operates 92 offices that receive insurance payment requests in addition to CustomerPLAZA to resolve these situations. The payment request papers received in the offices are forwarded to the nearest CustomerPLAZA to send the payments. 43 of these offices are capable of making simple payments to increase customers' convenience.

Reception Offices Opened in Each Region (Unit : Number)

Category	Reception Office (Sending Payments)	Category	Reception Office (Sending Payments)	Category	Reception Office (Sending Payments)
Seoul	3 (1)	Gwangju	-	Chungnam	9 (6)
Incheon	1 (0)	Jeonnam	10 (2)	Chungbuk	3 (1)
Gyeonggi	19 (12)	Daegu	1 (1)	Jeonbuk	7 (3)
Gangwon	9 (4)	Ulsan	2 (0)	Jeju	2 (1)
Busan	2 (1)	Kyungbuk	13 (6)	Total	92(43)
Gyungnam	11 (5)	Daejeon	0		

Visiting Service Financial Planners visit customers, collect payment request papers, and deliver them to CustomerPLAZA on behalf of customers under the "Financial Planners' Reception of Payment Requests as Agent" system. When Customers cannot visit CustomerPLAZA and make a request, employees or financial planners visit the customers and make payments as part of the "Visiting Service of Insurance Payment" to help customers that have difficulty visiting the offices for personal reasons.

Financial Planners' Reception of Payment Requests as Agent

Paid Amount (Unit : Hundred Million Won)		Number of Use (Unit : Cases)	
2011	3,189	306,534	
2012	3,818	364,603	
2013	4,357	405,862	

* Financial Planners' Reception of Payment Requests as Agent Calculated Based on Calendar Year (CY)

Visiting Service of Insurance Payment

Paid Amount (Unit : Thousand Won)		Number of Use (Unit : Cases)	
2011	222,749,014	47,740	
2012	264,694,354	63,513	
2013	166,978,471	50,382	

* The numbers of visiting insurance payments are from April ~ Dec., 2013

Lifelong Care Project

Kyobo Life has promoted the "Lifelong Care Project", an innovative service project for assurance retention, since the 2011 fiscal year to achieve Vision 2015 of offering the "best in customer assurance". The three years of promoting the "Lifelong Care Project" resulted in other insurance companies following Kyobo Life's example, starting a shift in the life insurance industry from focusing on sales to retention.

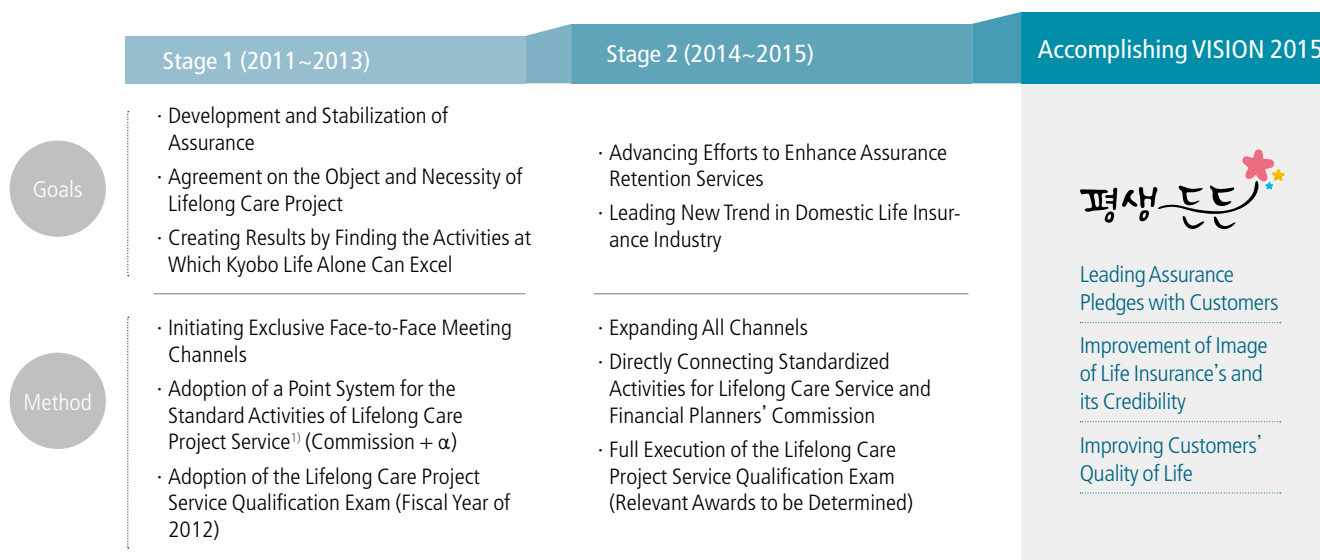
The "Lifelong Care Project" broke the long-standing norm of the insurance industry that concentrated on securing new contracts, and started to provide a standardized service, a "lifelong care service", through which financial planners regularly visited retained customers. In this way, companies can honor the value of "customer assurance" promised when customers signed the contract, and this satisfies customers beyond their expectations. This is ultimately in line with Kyobo Life's core purpose of "helping customer to recover from future ordeals, and not be defeated by them", which is also part of Kyobo Life's pursuit of our management policy of meeting customer's expectations.

Kyobo Life established the four assurance retention principles and a roadmap by which financial planners can successfully fulfill the project.

Four Assurance Retention Activities

Category	Details
Explanation of Existing Contract Terms	Reminding Customers of Contract Terms
Notice and Explanation of Unrequested Insurance Payments	Confirming and Paying Missed Insurance Payments
Organizing Customer Information	Confirming and Correcting Changed Customer Information
Notice of Assurance Analysis and Product/Service	Suggestion of Optimal Product/Service for Changed Life Cycles

"Lifelong Care Project" Roadmap



1) Point System for the Standard Activities of Lifelong Care Project: Awarding points for activities in each field of assurance retention and calculating points into payment of cash.

Business Projects for the Fiscal Year of 2013 During the 2013 fiscal year, we focused on increasing the number of customers to experience the value of lifelong care service by targeting the group of customers that have not had the opportunity. In addition, new customers to be contacted were additionally developed so that the individual retention service was transferred into an integrated service for each generation to increase satisfaction. Customers that had difficulty visiting service centers benefited from the operation of “lifelong care support centers” and various retention services, including online loyalty programs that do not require face-to-face meetings. Such programs were provided to meet the different needs of customers for the purpose of acquiring a distinct competitive edge.

After promoting the lifelong care project through 2013, a total of 2.19 million customers experienced lifelong care service; 78.8% of them responded that they were “satisfied” with it.

Lifelong Care Project's KPI (Unit : %)

Rate of Experience with Lifelong Care Service ¹⁾		Satisfaction Rate in Lifelong Care Service ²⁾	
2011	<div><div></div></div> 41.1	2011	<div><div></div></div> 75.2
2012	<div><div></div></div> 51.7	2012	<div><div></div></div> 80.9
2013	<div><div></div></div> 41.1	2013	<div><div></div></div> 78.8

1) Rate of Experience with Lifelong Care Service: Rate of customers who experienced the standard activities of lifelong care service

2) Satisfaction Rate in Lifelong Care Service: The rate of responses of 'satisfactory and very satisfactory' among customers who experienced the standard activities of lifelong care service



Lifelong Care Project Ombudsman



Consumer Grand Prize

Lifelong Care Project Support Center and Ombudsman The Lifelong Care Support Center is established in Gangnam Customer Satisfaction Center that exclusively deals with non-face-to-face retention service. 20 consultants performed the four assurance retention activities to customers. Their purpose was to find parts that are easy to miss to continually provide high-quality assurance retention service to more customers by developing various tools and a consultation system for lifelong care service such as a new DM and script. Furthermore, a regular quarterly meeting is held to gather opinions from the field and suggestions while an ombudsman is operated to perform on-site monitoring and find excellent examples.

Winning Consumer Grand Prize Kyobo Life became the winner of the 2013 Consumer Grand Prize from the Korean Society of Consumer Studies. The Consumer Grand Prize is awarded by a team of judges consisting of consumer studies professors organized by the Korean Society of Consumer Studies to the most consumer-oriented organization of the year. It is the most prestigious award in the academic field of consumer studies.

The criteria were the development of consumer-oriented products, customer satisfaction, consumer-oriented strategies, social responsibilities and execution, and brand image. Kyobo Life won the highest reviews in each category out of all corporations. This adds to the series of Kyobo Life's accomplishments, including winning the Financial Consumer Protection Award from the media at the end of 2013 and earning CCM certification from the government agencies in 2013. Kyobo become the first company in the industry to win recognition for consumer protection and consumer-oriented management from the fields of academia, media, and government.

Product Development

Kyobo Life develops products based on scientific rationale including the Law of Large Numbers¹⁾ and Balance of Earning and Expenditure²⁾. The fair design of the newly developed products is approved by the Financial Supervisory Service. The expected experiential rate and actual experiential rate are compared over a certain period of time after the release of products for repricing to maintain fairness in product design.

1) Law of Large Numbers: Under the law, the increase in which an event is observed leads to a certain probability of occurrence and an average probability. This principle helps define the uncertain individual probability of events.

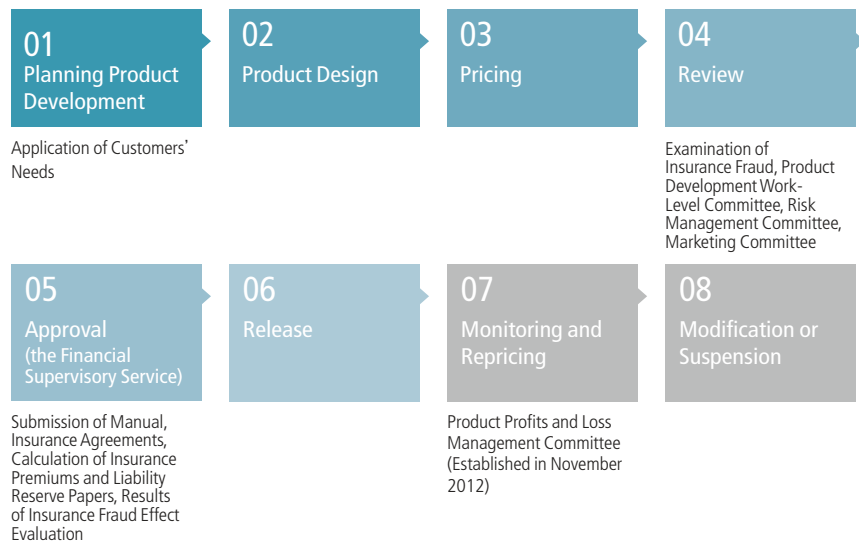
2) Law of Balance of Earning and Expenditure: The law determining the amount insurance premiums to match the insurer's total amount of premiums and the insurance company's payment of benefits and expenses.

Product Development (Unit : Cases)

Release of Main/Special Products

2011	16
2012	17
2013	14

Product Development/Management Process



Kyobo Health Care Service (Unit : Person)

2011	612,340
2012	644,987
2013	658,237

Kyobo Edu Care Service (Unit : Person)

2011	160,265
2012	171,307
2013	157,660

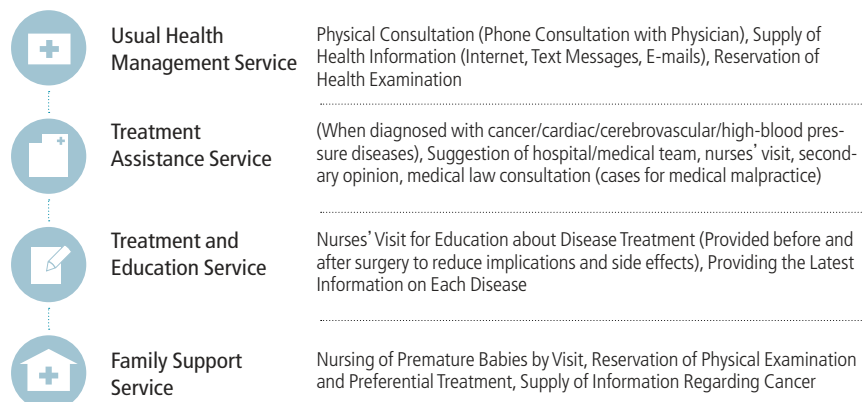
Kyobo Silver Care Service (Unit : Person)

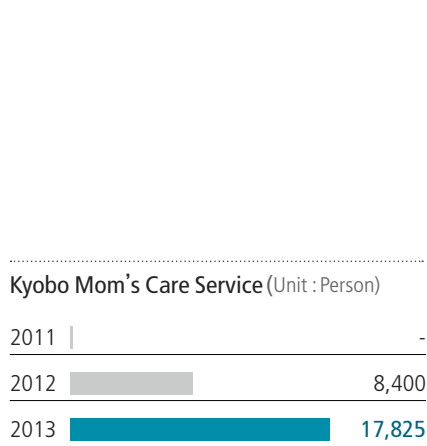
2011	77,201
2012	82,408
2013	82,701

Providing Specialized Service Kyobo Life has developed and provided various specialized service for our customers. Kyobo Health Care Service offers supplementary health service to our customers who regularly pay a certain amount of premiums. Kyobo Edu Care Service examines the education of the children of our customers who hold a policy according to their developmental stages. In addition, Kyobo Silver Care Service helps to prepare for happy and healthy retirement.

Benefits of Health Care Service

교보헬스케어서비스
Kyobo Healthcare Service






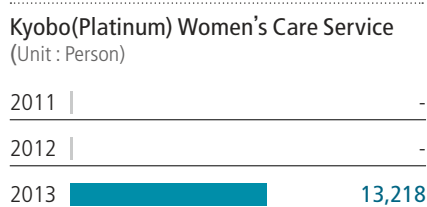
Kyobo Life has developed and offered the Mom's Care Service since July 2012 to provide a mentoring service to teach about pregnancy, delivery, and nursing for a healthy child. The service was designed to meet the need of customers that have difficulty finding a nursing specialist nearby due to the increasing age of the pregnant women and rapidly dwindling size of families. This service obtained an exclusive use right that is similar to patents in financial products and services in July, 2012 as a recognition of its excellence.

Benefits of Kyobo Mom's Care Service






- 
Reliable Phone Service Phone Consultation Regarding Pregnancy, Health of Fetus, Babies, and Children, and Nursing (Explanation of Hospital Treatments and Reservation when Necessary)
- 
Alarm Service Alarm Service for Pregnancy, Delivery, and Nursing (Weekly Information on Pregnancy, Customized Information after Delivery)
- 
Mentoring Service Customized One and One Management Service for Pregnancy, Delivery, and Nursing (Regular Customized E-mails and Phone Calls from Nurses)
- 
Click-Mom Service Supply of Information Regarding Pregnancy, Delivery, and Nursing (Individual Sign-Up and Use of the Webpage www.kyobomoms.com)
- 
Help-Mom Service Nurses' Visit and Education for Premature, Smaller, and Sick Children (Explanation of Hospitals and Reservation)

Kyobo(Platinum) Women's Care Service This service is exclusively for women to provide health care service based on the concept of "Health & Life". With the increase of women's diseases and social issues lately, this product was developed in October 2013.



Benefits of Kyobo(Platinum) Women's Care Service



- 
Health Health Management according to Menstrual Cycle, Women's Self Examination, Women's Physical Examination/Benefits, Nurses' Visit, Second Opinions and Medical Legal Consultation, Information on Pregnancy and Delivery
- 
Life Stress Management (School/Education/Job/Prenatal & Postpartum Depression), Safe Way Home Service (SMS Alerts for Missing Women), Emergency SOS (Current Location Notification), Healthy Family Diet Planning (Diet, Family Health)
- 
Women Help Housemaids for Hospitalization due to Serious Surgeries, 16-Week Health Programs in Each Field, Car Rides for Serious Surgeries, Overseas Medical Care

FINANCIAL PLANNERS & THE FUTURE

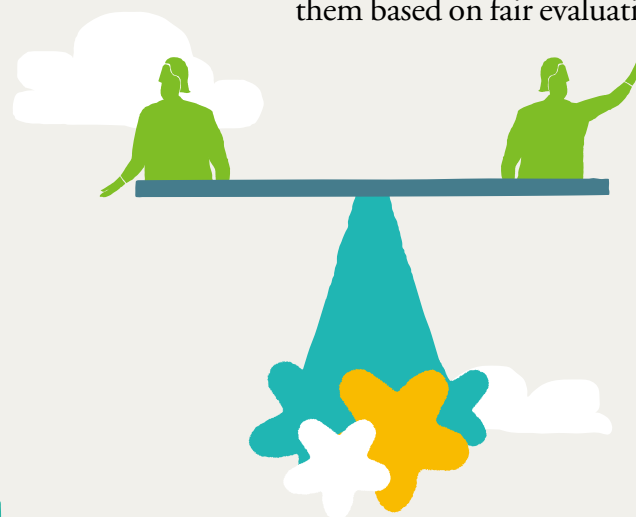
Pledge to Financial Planners

A company that succeeds together with its
Financial Planners



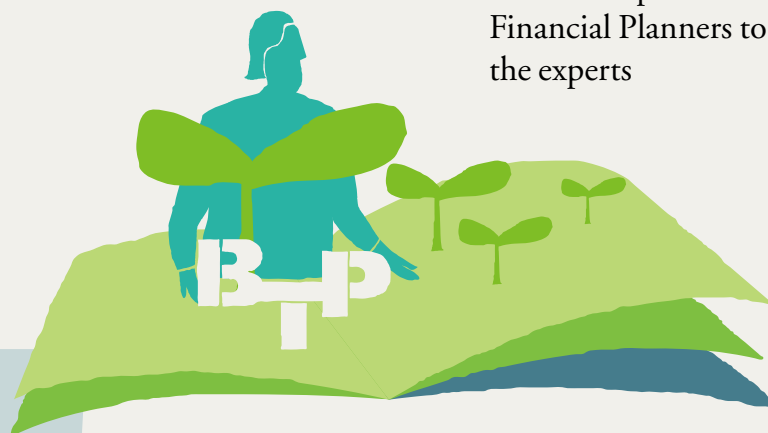
Principle 3

We will continue on our
corporate culture of joy,
pride and trust



Principle 4

We will provide Financial Planners
with equal opportunities and reward
them based on fair evaluation policies



Principle 5

We will help our
Financial Planners to become
the experts



Kyobo Life will respect its financial planners as business partners and trust them to help them grow into experts by safely carrying out sales and service activities.

Chief FP Distribution Officer, Byung Seong Lee

Materility Test Results

* The outline of the significance evaluation can be found on page21.

2012

Major Issues

- Increasing Financial Planners' Satisfaction Rate for Product Competitiveness
- Strengthening Communication for Commission System

General Issues

- Support for Financial Planners
- Communication between the Company and its Financial Planners
- Better Guidelines for Financial Planners for delays in new contract/payment evaluations
- Strengthening Onsite Employees' Support of Financial Planners
- Providing Special Financial Education
- Education Programs for Financial Planners



2013

Major Issues

- Increasing Financial Planners' Satisfaction Rate for Product Competitiveness (37p)
- Strengthening Communication for Commission System (39p)

General Issues

- Communication between the Company and its Financial Planners
- Protection of Financial Planners' Human Rights (Preventing Sexual Harassment, and etc.)
- Better Guidelines for Financial Planners for delays in new contract/payment evaluations
- Training Program for New Financial Planners
- Customized Education for Each Financial Planner
- Providing Finance-Specific Education



Major Activities of Year 2013

Establishment of Products for Risks of Each Life Cycle

Obtainment of Exclusive Right of Use for New Products (Kyobo Grandchildren Care Insurance)

Strengthening Communication for Commission on Business Sites

Future Plans

Development and Supply of Products to Increase Satisfaction Rate for Product Competitiveness

Reinforcing Process to Suggest and Executing Creative Ideas

Strengthening Communication with Financial Planners

* Departments for Financial Planners: Channel Support Tem, Organization Profit Earning Support Team, Sales Education Team, Financial Planner Protection Center, Gyeseongwon and Others.

We will continue on
our corporate culture
of joy, pride and trust.

1. Prime Leaders Club
2. Honorary Executive Meetings
3. Overseas Language Course for Children of Excellent Financial Planners



Supporting Financial Planners' Activities

Kyobo Life is striving to create a culture of joy, confidence, and trust through communication between the management and financial planners. There is a total of 20,602 financial planners working for Kyobo Life as of the end of FY2013, and 85.4% of them are female.

Status of Financial Planners (Unit : Person)

■ Female ■ Male

2011	3,050	16,430	19,480
2012	2,956	17,237	20,193
2013	3,011	17,591	20,602

Communication with Financial Planners Kyobo Life regularly participates in the workshops of excellent financial planner's meetings called the "Prime Leaders Club" to directly listen to their opinions. The workshop is a quarterly meeting of approximately 100 members to share difficulties and ideas about the major corporate issues with the management. The matters discussed are applied to the policies according to their significance and immediacy. The Honorary Executive System of financial planners system is implemented to hold biannual meetings with the management, and employee ID cards are delivered as an expression of a resolve to pay more attention to financial planner's opinions.

Honorary Executive System of Excellent Financial Planners



The Honorary Executive System of financial planners is implemented to provide more challenging opportunities to excellent financial planners and to raise their self-esteem. The financial planners that set examples in light of Kyobo Life's core purposes and values are named "FP Honorary Executives" and treated accordingly to build ideal models of excellent financial planners and to establish a culture of result and performance. FP Honorary executives are selected after an impartial review of performance, effectiveness, experience, and result. They are provided with certification from the CEO, a nameplate and name card, business expenses, capability growth programs, and the benefits including being invited as guests to major corporate events.

Support System for Financial Planners Kyobo Life supports regular rallying events of financial planners to boost their confidence for insurance sales and operates various support programs for financial planners and their children.

Support for Financial Planners

- Support for Financial Planners
- For the Children of Financial Planners



Support of Accident and Injury Insurance

100~120 million won payment for death during employment, 10~100 million won for injuries and disability during employment



Support of Scholarship

Maximum 1.4 million won payment in scholarship annually for the children of financial planners meeting requirements for more than 13 months of appointment



Support of Funeral Supplies

Funeral Supplies for Financial Planners, Spouse, and Immediate Family Members



Support of Congratulations and Condolences

100~200 thousand won payment for the weddings of financial planners and their children, the 60th birthdays of financial planners and their spouse, the 70th birthdays or death of parents



Support of Veteran Financial Planners:

Prize worth 200~1000 thousand won to financial planners with more than five years of recorded excellence



Holiday Gifts

Annual Gifts to All Financial Planners on New Year's Day



Happiness Preparation

Exclusive saving insurance to financial planners meeting certain requirements



Child Support

Support for new financial planners with less than one year of appointment that meet certain requirements



Overseas Language Course

Support for children of financial planners with less than one year of appointment and excellent recruiting financial planners

Increasing Financial Planners' Satisfaction Rate for Product Competitiveness

Kyobo Life offers various insurance products for risks of each life cycle. To suggest the optimum product meeting customers' needs, Kyobo Life analyzes insurance in terms of the specifics of each product to educate financial planners on customized insuring methods. By offering education opportunities such as this, we can provide authentic customers assurance to help them overcome life's ordeals.



Kyobo Grandchildren Love Insurance

Acquiring Exclusive Right of Use of New Products An exclusive right of use is a type of patent right prohibiting other companies from selling similar products for a certain period of time to protect the pioneering profits of the companies that develop such new products. Kyobo Life released "Kyobo Grandchildren Love Insurance" in 2013 and was recognized for introducing a product and service that contributes to the growth of the insurance industry by expanding into a new market, following changes in social structures and family relationships and improving customer's understanding of insurance products. Kyobo Life now has 10 exclusive rights of use in total, earning them to become the company with the largest number of patented products and gaining recognition for its superiority. We will increase financial planners' satisfaction rate for product competitiveness and continue to provide innovative products and services.

Products for Risks of Each Life Cycle

Major Life's Risks		Products Group	Products
Early Death/Fatal Disease <ul style="list-style-type: none"> Impact on Entire Family Signing Up Out of Concern for Family 		Assurance of Family Life <ul style="list-style-type: none"> Whole life Insurance Term Insurance CI Insurance Children's Insurance 	<ul style="list-style-type: none"> Kyobo Primer Life Insurance, and Others More Trustworthy Kyobo VUL Integrated Life Insurance, and Others More Trustworthy Kyobo Integrated CI Insurance, and Others More Trustworthy (Non-dividend) Kyobo My Child's Insurance, and Others
Old Age <ul style="list-style-type: none"> Preparing for Old Age Signing Up Out of Concern for Oneself or Spouse 		Assurance of Life After Retirement <ul style="list-style-type: none"> Pensions Variable Annuities 	<ul style="list-style-type: none"> Pension Saving Kyobo Pension Insurance, and Others The Dream Kyobo Pension Insurance, and Others The Dream Kyobo Variable Annuities Insurance, and Others
Health <ul style="list-style-type: none"> Treatment for General Sickness and Injury 		Assurance of Healthy Life <ul style="list-style-type: none"> Health Insurance Accident and Injury Insurance 	<ul style="list-style-type: none"> Kyobo Dream Insurance, and Others Kyobo Silver Care Insurance, and Others Kyobo Cancer Insurance (Renewable), and Others Kyobo Group Insurance, and Others
Reserve Fund <ul style="list-style-type: none"> Saving for Reserve Fund 		Forming Reserve Fund <ul style="list-style-type: none"> Investment (UVL Accumulation) Saving (Education Saving) 	<ul style="list-style-type: none"> Kyobo Variable Saving Insurance, and Others Kyobo Big Plus Saving Insurance, and Others Kyobo My Child Education Insurance

We will provide
Financial Planners
with equal
opportunities and
reward them based on
fair evaluation policies.

We will help our
Financial Planners to
become the experts.

Improving Education Program for Customer Assurance Innovation

Kyobo Life offers systematic education programs that are essential for the growth of professional financial planners. To improve the education programs for “Customer Assurance Innovation”, one of the management principles of the 2013 fiscal year, the education system was improved with better customer assurance concepts for each month of the education program of financial planners.

Education Program of New Financial Planners Financial planners need to receive systematic education for their level from the beginning to gain expertise and provide the best customer assurance. The new financial planners that completed the “life-long care beginner’s course” receive monthly systematic education along with the BTP (Basic Training Program) for two years in each location.

Monthly Education Program System for New Financial Planners

Lifelong Care Beginner's Course 2 Months/ FP Support Center	Draft Process in the FP Head- quarters before Appointment 1 Day/FP Head- quarters	Application Registration Meeting 25H, Cyber 5H	Experienced Worker's Kyobo Entry Course 3 Days/Gyeseong- won, 1 Day/FP Headquarters	Application Registration Cyber 25H
<u>2~3 Months</u> Lifelong Care Extensive Course (4 Weeks/FP Support Center)	<u>4 Months</u> Customer Assur- ance Elementary Course (2 Days/ FP Headquarters)	<u>5 Months</u> Customer Assur- ance Intermediate Course (2 Days/ FP Headquarters)	<u>6 Months</u> Retirement Prepa- ration Course (2 Days/ FP Headquarters)	<u>10 Months</u> Customer Assur- ance Advanced Course (2 Days/ FP Headquarters)
<u>7~12 Months</u> Financial Planning M-Learning (10 Minutes × 25 Sessions)	<u>12 Months</u> Challenge Leaders Course (3 Days/ Gyeseongwon)	<u>4~24 Months</u> BTP Course (Weekly 1H/ FP Regional Office)		

Education of Experienced Financial Planners Financial planners with more than a year of appointment grow into experts by completing regular improvement and in-depth education to increase their financial planning ability.

Education System of Experienced Financial Planners

Customer Assurance Specialized FP Course 6 Weeks/FP Support Team	Applicant Maintenance Course Biennial/Cyber 25H	Financial Planning Advanced Course 3 Days/Gyeseongwon	Veteran FP Conference 2 Days/Gyeseongwon	
Retirement Pension Specialized FP Retirement Pension System Applicant Registration Education Meeting 8H, Cyber 12H	Retirement Pension Specialized FP Retirement Pension System Applicant Continuing Education Meeting 4H, Cyber 6H	Variable Exam Applicants Entire Process of Variable Insurance Qualification Exam 20H/Meeting, Cyber	Successful Candidates of Variable Examination Perfect Sign-up of Variable Insurance Improvement Course 6H/FP Headquarters	Variable Insurance Sale FP Variable Insurance Sale Manager Improvement Course Yearly 4H/FP Support Center
Prestige Course Weekly 6 Session/ FP Headquarters	VIP Marketing Specialized FP VIP Marketing Specialized FP Course (Semiannually 3 Days/ Gyeseongwon)	VIP Marketing Specialized FP VIP Marketing Specialized FP Improvement Course Semiannually 1 Day/FP Headquarters)	More than 3 Years as Prime Leaders Business Administration Course for Executives Outside/6 Months	

Operation of Customer Assurance Specialist Financial Planners Course

Kyobo Life established a "Customer Assurance Specialist Financial Planners Training Center" to offer a "Customer Assurance Specialist Financial Planners Course" at all support centers in the country to faithfully fulfill our goal of "offering customer assurance value" through perfect sign-ups of life insurance by improving the ability of financial planners.

The "Customer Assurance Specialist Financial Planners Course" intends to produce legitimate customer assurance specialists that are committed to the essence and basics of the job of financial planners and equally equipped with our four established virtues of knowledge, attitudes, skills, and habits. The 6-week course for each class emphasizes improving execution ability of the life cycle planning process for perfect sign-ups and getting familiarized with the execution process based on improving professional mindsets, such as a personal sense of duty and challenge. Five classes completed the course during the fiscal year of 2013.

Contents of Customer Assurance Specialist Financial Planners Course

Knowledge

Increasing Comprehension Regarding Products
 - Understanding the Strengths and Weaknesses of the Product
 Increasing Signing Up Ability of Family Life Insurance Products
 Life/CI Insurance Sign-up Expansion Method
 Health Knowledge Regarding CI Insurance

Attitude

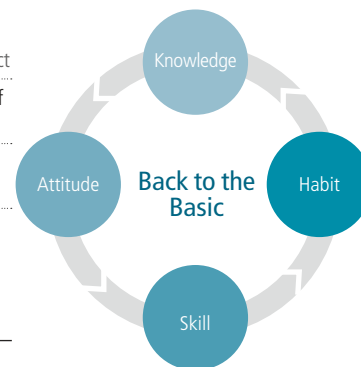
The Essence of Job, FP-SHIP
 Establishment of Objectives
 Sense of Ownership
 7 Habits of Successful People

Habit

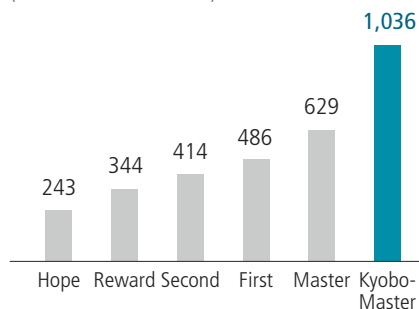
Competencies for Execution Process
 - Selecting Customers
 - Preparing for Visits
 - Visits
 - Feedback

Skill

Capability for Life Planning Process Execution
 - Phone Calls, Analysis of Original Contract, Analysis of Family Insurance
 - Lifelong Care Service
 Capability to Plan for Each Customer's Characteristics



Status of Financial Planners' Commission
 (Unit: Ten Thousand Won)



*Based on the performance of financial planners with more than one year of experience in Dec., 2013 commission payment

*Hope, Reward, Second, First, Master, and Kyobo-Master are categories of financial planners according to their individual performances

Communication for Financial Planner Commission System

Financial planner commissions are paid based on previously set rates, so it is extremely important that financial planners accurately understand the commission system during their employment. Financial planner commission systems are occasionally revised according to changes in the business service environment. When this happens, diverse methods are used to share information about its purpose, direction, and details through the intra-company communication methods such as satellite broadcasting, education provided by business managers, and communication by the relevant departments from headquarters.

In 2013, Gyeseongwon (Company Training Institute) communicated the details during its educational orientation process for the convenience of financial planners, and future communication with sites will continually remain active.

EMPLOYEES & THE FUTURE

Pledge to Employees

A company that grows together
with its employees

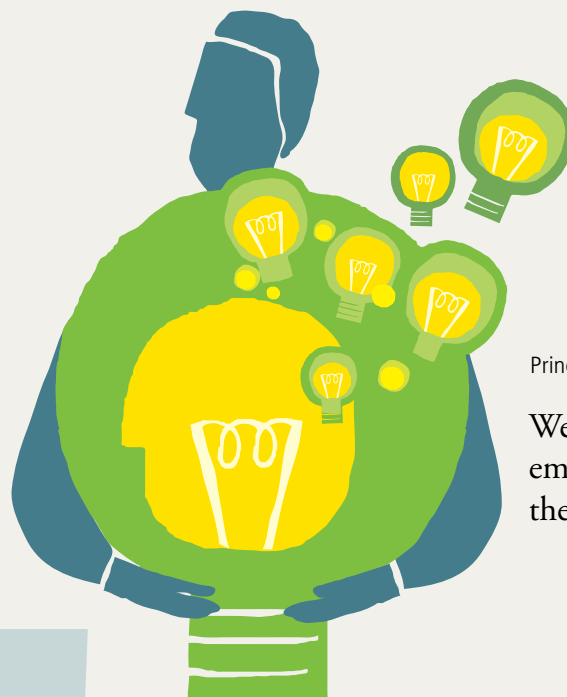


Principle 3

We will continue on our
corporate culture of joy,
pride and trust

Principle 4

We will provide employees with
equal opportunities and reward
them based on fair performance
evaluation



Principle 5

We will help our
employees to become
the experts



Employees are important stakeholders developing together with Kyobo Life. Kyobo Life will provide diverse opportunities for growth and fair evaluation and rewards based on a corporate culture of 50 years to become a company that “grows together with its employees” in earnest.

Head of Management Support Division, Seokki Lee

Materility Test Results

* The outline of the significance evaluation can be found on page21.

2012

Major Issues

- Strengthening two-way communication
- Fair performance evaluation/rewards
- Prohibiting discrimination (Based on gender, age, hometown, and academic background)

General Issues

- Spreading corporate culture of balancing work and life
- Human rights protection
- Labor-management relations for coexistence
- Expanding opportunities for educational training and self-development
- Maintaining appropriate personal placement
- Operating a work-centered human resources system



2013

Major Issues

- Spreading corporate culture of balancing work and life (42p)
- Strengthening two-way communication (43p)
- Operating a work-centered human resources system (45p)
- Fair performance evaluation/rewards (45p)
- Expansion of labor rights (46p)

General Issues

- Labor-management relations for coexistence
- Improving welfare system and working environment
- Expansion of welfare and benefits
- Maintaining appropriate personal placement
- Prohibiting discrimination (Based on gender, age, hometown, and academic background)
- Job security



Major Activities of Year 2013

Family-friendly Excellence Corporation Award
Variety of welfare and benefits for employees
Maintaining performance management system and work-centered human resources system
Establishing Occupational Safety and Health Committee

Future Plans

Creation of desirable working environment
Settling work-centered human resources system
Increasing communication with employees

* Departments for Employees: Human Resource Support Team, Labor-Management Cooperation Team, Human Resource Development Team, and Others

We will continue on our corporate culture of joy, pride and trust.

Number of applicants for childcare leave (Unit : Person)

Classification	2011	2012	2013
Male	-	2	2
Female	119	130	95

Return rates of applicants of childcare leave (Unit : %)

Classification	2011	2012	2013
Male	-	100	100
Female	93.6	91.2	97.5

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

Healthcare Support

Classification	2011	2012	2013
Flu Vaccines (Person)	2,207	1,682	1,583
Utilization of the "Healthcare Counseling Channel" (Case)	20	10	13

Employee Health Checkups (Unit : Person)

2011	2,734
2012	3,614
2013	3,669



Family-Friendly Excellence Corporation Certification Ceremony

Balance between Work and Life

Kyobo Life is striving for employees to maintain a balance between work and life to produce a culture of joy, confidence, and trust.

Family-friendly Excellence Corporation Kyobo Life operates diverse programs so that employees can maintain a balance between work and family, allowing the individual and the organization to grow together. We opened a workplace childcare facility, "Kyobo Dasomi Nursery", to create an environment where employees with young children can alleviate the burden of childcare and enjoy greater work stability. We also allow holidays for long-term employment and half-day leaves. By adopting telecommuting, we allow employees to manage their working hours themselves to increase autonomy and satisfaction. We also provide childcare leave, payment of child fostering costs, spousal maternity leave (paid, three days), fetus checkup leaves, protection of pregnant workers, and operation of childcare information centers to create a working environment that emphasizes the protection of expectant mothers and their children.

These efforts earned recognition by earning a recertification as a 2013 family-friendly excellence corporation. The family-friendly certification system evaluates corporations that operates example cases of family-friendly policies and awards certifications. Kyobo Life also received an award from the Minister of Gender Equality and Family for producing a family-friendly working environment and raising the standard for employee benefits.

Desirable Working Environment Given the nature of our business, none of our employees work in a job that has a high rate of accident or disease outbreak, and there is no discrimination against gender regarding wage systems. The basic wage levels of new college-graduate employees as of December 2013 was 314% compared to the minimum wage rates of 2013. In order to increase productivity through full employee concentration of work and improve the quality of life, many welfare systems are available.

Employee Welfare Systems

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

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

Supporting Healthcare of Employees and Family We have all employees take an annual health checkup, and we also support employees, their spouses, and children to receive flu vaccinations at a reasonable price. We have also opened a "healthcare counseling channel" where employees can easily seek advice from Kyobo Life's healthcare center experts.

Two-way Communication

Kyobo Life is reinforcing two-way communication between the company and its employees to create a culture of joy, confidence, and trust.

Participation for “Compliment Corner”

Classification	2011	2012	2013
Number of Participants (Person)	4,451	4,115	4,106
Points (Point)	136,059	157,160	175,214
Participation Rate (%)	98.3	87.5	86.4

Operation of Compliment Corner By running a “Compliment Corner” on the company’s Intranet, where it is possible to send “compliment points” along with the reason for compliments, we are facilitating mutually sound communication between employees. We also invite employees with the most compliment points to the “Compliment Luncheon” supervised by the CEO. From 1999 to December 2013, a total of 770 employees were invited to this event. Employees who agreed to donate their annual complement points have been donating 10 won per point. These donations totaled 6.06 million won from 2008 through 2013, and 1.41 million won was donated to the “Purume Foundation” in 2013 to help construct rehabilitation hospitals for handicapped children.

Business Performance Briefing Kyobo Life has held business performance briefings to increase comprehension and strengthen communication regarding current issues of the company by employees. This fiscal year, the main issues were the company’s policies and tasks under the environment of increased volatility of the financial market and tightened regulations of financial soundness following the outlook of the decreased U.S. quantitative easing.

Business Performance Briefings in 2013

First	Second	Details
Sept. 10, 2013	Sept. 12, 2013	· Business performance and business environments
Location : Resom Spa Castle	Location: Headquarter	· Communication of Policies Regarding Insurance Policies
		· CEO communication

Intra-company Satellite Broadcasting System and Newspaper Through producing and broadcasting in the intra-company satellite broadcasting system and publishing company newspapers, we are sharing important company issues and information with our financial planners and employees. The inter-company broadcasting system communicates major company policies and issues without delay, and the company newspaper, “Kyobo Community”, published its 266th edition in December 2013 to provide various information to financial planners and employees.

Labor-Management Relations for Coexistence

The advancement of the labor-management relationship is the foundation of corporate competitiveness. Kyobo Life established the infrastructure for this purpose and actively communicated management information so that labor and management can become strategic partners. Through Kyobo Life’s membership of the UN Global Compact, the company has made it clear that it supports the right to create unions and the right to collectively bargain. The number of members in the labor union is 3,481 as of December 2013, which accounts for 73.3% of all employees.

Kyobo Life’s laborers and management hold quarterly councils and seminars to discuss important issues for employee working conditions such as employment, safety, and welfare. Annual wage negotiations and biennial collective negotiations take place, and all employees are affected by their results. If major changes occur in the company, then Article 7 of the Collective Regulations stipulates that the labor union be swiftly notified of the changes. By sharing the progress of major issues beforehand, a cooperative labor-management relationship is maintained. In the 2013 fiscal year, agendas such as the adoption of incentives on the organizational level and the development of employees’ experience were discussed through the labor-management committee.



Compliment Luncheon



Business Performance Briefing

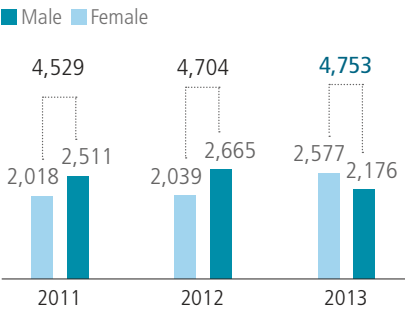
We will provide employees with equal opportunities and reward them based on fair performance evaluation.

Current Personnel

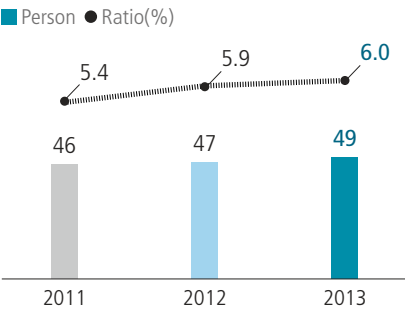
As of the end of the 2013 fiscal year, the number of regular workers employed in Kyobo Life is 4,753. 45.8% of the regular workers are female, and there are 57 employees with disabilities. During the 2013 fiscal year, 88 employees retired, showing a retirement rate of 1.9%.

The personnel needed at the nation-wide business service sites are “field employed”: they undergo a part of the process in the relevant area before they are finally employed.

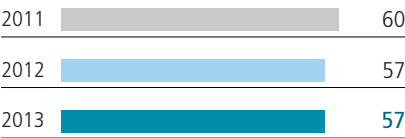
Regular Workers (Unit : Person)



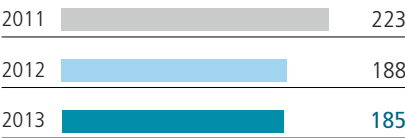
Number of Female Managers



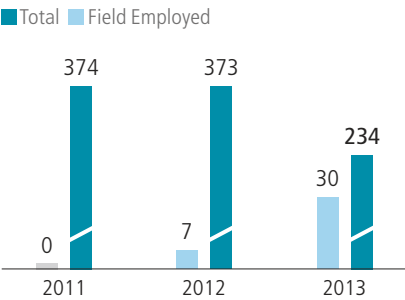
Regular Workers_Disabled (Unit : Person)



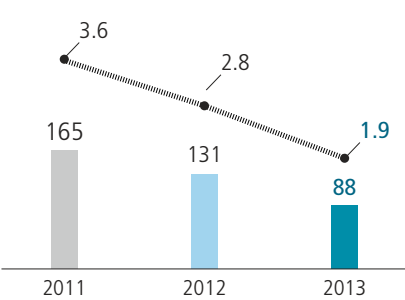
Non-regular Workers (Unit : Person)



Employed (Unit: Person)



Retired



Expansion of Labor Rights

Kyobo Life strives to uphold the human dignity of workers and basic labor rights protection, and supports and respects the internationally declared human rights by joining the UN Global Compact in September 2010.

Abolishing Discrimination in Employment and Work Kyobo Life offers fair opportunities in employment regardless of applicants' gender, age, religion, and place of origin. We provide fair opportunities in promotion, rewards, education, and retirement without discrimination in terms of anything other than individual competencies and results.

Programs to Prevent Sexual Harassment in the Workplace By recognizing sexual harassment as one of the major cases of human rights violations in the workplace, Kyobo Life is doing its best to prevent it from happening. When training surveillance personnel, we put special emphasis on this issue, and we carry out prevention programs for all financial planners and employees under the supervision of each organization's head.

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

Establishing Occupational Safety and Health Committee Kyobo Life established the Occupational Safety and Health Committee under Article 19 of the Occupational Safety and Health Law according to the supplementary agreement on wages and regulations in 2013. The committee is in charge of matters concerning worker's safety and health, evaluation and improvement of the working environment, and worker's health management such as physical examinations. This committee consists of three members from the labor union and three members from management.



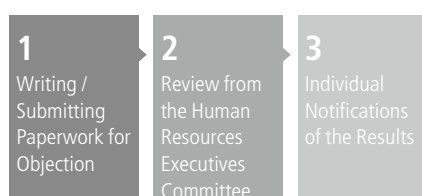
Law Observance Personnel Communication

Evaluation Process



* By High Executives

When Objections are Raised



Fair Evaluation

Kyobo Life introduced our performance-centered human resource system in 2003 and established a company-wide integrated performance-centered system in 2009. Our field-oriented high-performance culture reminds employees of our vision, strategies, and performance responsibilities and objectives and encourages them to devote themselves to their work to produce the best results. We also hold periodic evaluations regarding the competencies and performance for all employees. Competency measurement deals with individually demanded competencies for achieving goals and executing tasks such as knowledge, technology, and attitude. Performance evaluations assess the results of fulfilling individual objectives that are set in accordance with the objectives of the company or high-level executives. It is possible to raise objections against the process and results of the evaluation for fairer outcomes.

Performance Management System for the Establishment of High-performance Culture

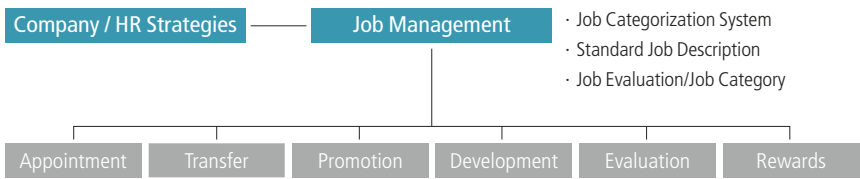
Kyobo Life is executing continuous performance management led by the head of the organization, along with the top executives, to clearly determine the performance responsibilities for each position. We support the members to establish a performance management system and gradually establish the program, from setting performance objectives to evaluations, so that they may find joy in their jobs and develop dedication to their work.

We will help our employees to become the experts.

Operation of Work-centered Human Resources System

Kyobo Life has operated our capabilities and result system since 2002 under the human resources principle of “placing people in positions according to capabilities and rewarding according to results”. The results-oriented awareness was improved through the establishment of our high-performance culture in 2006, and the evaluation, rewards, and promotion system were also improved to help renovate our corporate culture and work methods. This was expanded and developed into a human resource system centered on position in 2010 and was strengthened into the foundation of our human resource management system based on rotated placement, promotion, and compensation management according to each position in 2011. Work-centered means that work can be systematically divided to clarify which responsibilities are assigned to each position. This system is implemented to secure excellent human resources, analyze individual capabilities, and match (appointment, transfer, and promote) the right work (position) with the right person (person taking the position). We also carry out the relevant activities to create the best results and support members to develop their capabilities. We will continue to increase our efforts in building a fair and objective “work-centered human resources management system” and “result-oriented compensation system”.

Job Management System

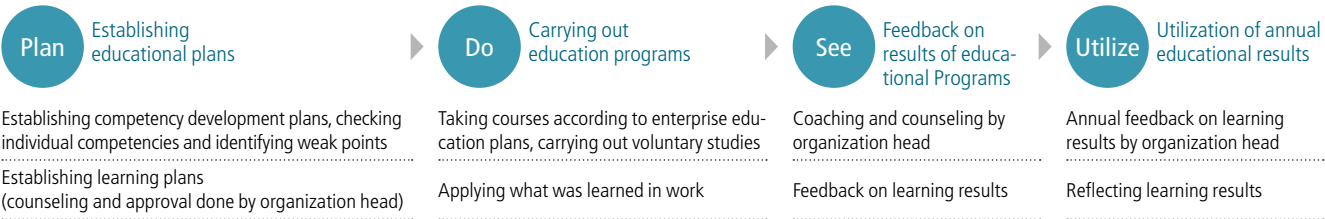


Core Personnel Management Kyobo Life is clearly aware of the importance of core personal management to our organization’s competitiveness. We have established a system of selecting and growing core personnel and introduced and operated the “Assessment Center” to objectively examine their capabilities in hiring from outside and promoting within. For cases in which experts are required, such as products/accounting, asset management, and risk management, an internal open call and outside hiring are both used to increase opportunities for finding and growing talented employees in and out of the company.

Systematic Competency Development System for Employees

Kyobo Life seeks to develop all employees’ capabilities and maximize their performance for the purpose of fulfilling Vision 2015 by establishing a company-wide system of competency development and middle and long-term human resources development plans. Educational processes for all levels, from new employees to executives, voluntary competency development, a learning support sys-

Competency Development and Learning Process

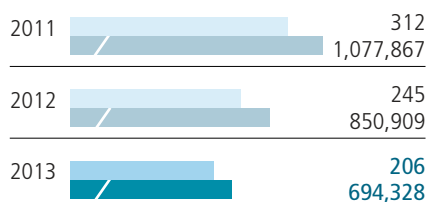


Competence Development Programs

Compulsory Education Programs	For All Employees or a Certain Class or Level of Employees
Team Learning Programs	Action Learning Learning Club Socio Drama
Voluntary Learning Programs	Cyber Course Reading Communication Courses Acquiring Special Licenses, Etc.

Competency Development Support Costs (Unit: Thousand Won)

■ 1 Per Person ■ Total Amount



* The data for 2013 was converted in terms of years (numbers for 9 months modified to numbers for 12 months), and 2012 was readjusted.

tem, and a domestic MBA program to produce core and special talents are provided. We will lead the efforts to reinforce the development of core personnel and support employees to take the initiative to systematically and continually develop their capabilities.

Employees' Competency Development Program Kyobo Life has "Compulsory Education Programs" for all employees, as well as specialized classes for certain classes and levels of employees. We also have "Team Learning Programs" that instruct through Action Learning: these programs deal with the organization's current issues through mutual learning, Community of Practice (CoP), a learning club about the company's performance and production, and Socio Drama, where intra-company conflicts and solutions are demonstrated through role play. Furthermore, we also established and operated "Voluntary Learning Programs" that include cyber courses, reading communication courses, programs at insurance training institutes, programs for acquiring special licenses, and business organization revitalization programs provided by the company.

Employee Education (Unit : Hour)

Category	2011	2012	2013
Annual Learning Hours	472,056	507,100	355,559
Learning Hours Per Person	102	110	75
Male	110	115	89
Female	85	104	64
Organization Leaders	58	44	30
Organization Members	102	110	75
Educational Expenses Per Person (Thousand Won)	880	1,040	987

* The data for 2013 was converted for an annual approximation.

Continuous Training Courses for Business Managers Working in the Headquarters

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

The Birthplace of Human Resources Development, Gyeseongwon Kyobo Life's training institute, Gyeseongwon, means "a birthplace of new talents that are the foundation of management by encouraging voluntary understanding of reason and renewing the roots of the mind". The common sense yet unique "Five Management Principles" - "eat well, rest well, sleep well, play well, and know well" - are used to reduce the discomfort of trainees and maximize the effect of the education.



Kyobo Life Socio-Drama



Learning Club



Gyeseongwon

INVESTORS & THE FUTURE

Pledges to Investors

A company that is attractive to investors

Principle 6

We will continue to produce exceptional profit through the good growth



Principle 7

We will increase the value of company through preemptive risk management



Creating long-term and stable results is a crucial principle in Kyobo Life's management. Kyobo life will continue to create exceptional profits through positive growth and raise corporate value by not only administering profitability in all business sectors, but also preemptively dealing with risks to become a "company that is attractive to investors".

Head of Management Support Division, Seokki Lee

Materility Test Results

* The outline of the significance evaluation can be found on page21.

2012

Major Issues

- Preventing financial accidents
- Risk management
- Preventing and uncovering insurance fraud

General Issues

- Establishing and executing ways to increase profitability
- Improving asset management profitability
- Targeting developing markets
- Maintaining sound corporate governance
- Responding to the expansion of reverse margins stemming from low interest rates
- Strengthening IT security



2013

Major Issues

- Developing new business (50p)
- Improving asset management profitability (50~51p)
- Risk management (52p)

General Issues

- Targeting new markets
- Improving brand value
- Equal distribution of economic values created
- Transparency of corporate management
- Preventative risk management
- Preventing financial accidents



Major Activities of Year 2013

Establishment of Kyobo Life Planet
Targeting Upper Class (Increased nobiliaire service)
Continuous finding of high-profitable asset
Increasing risk management activities

Future Plans

Reinforcing response to asset management market
Company-wide response to improve RBC ratio

* Departments for Investors: Relevant organizations under asset management, insurance service support team, management support team, and business support team.

We will continue to produce exceptional profit through the good growth.



1 Nobiliaire centers
2 Nobiliaire Quartet
3 Launching of Kyobo Life Planet Life Insurance

Asset Management Profitability (Unit : %)

Category	2011	2012	2013
Asset Management Profitability Index	5.47	5.05	4.75

Developing New Business

Kyobo Life strengthened the Nobiliaire service for the upper-class market with huge growth potential to actively and voluntarily respond to rapid market changes. We connected retirement and pension customers with financial planners to expand the B2B2C market. We also established a new subsidiary (online life insurance company), reflecting customer's needs and market trends to develop distinctive products and services.

Targeting the Upper Class Market: Nobiliaire Service Kyobo Life established distinctive marketing strategies targeting the upper-class market, and created the Nobiliaire Support Team in charge of providing general financial consulting service in regard to insurance and inheritance for the upper class from the national Nobiliaire centers in 2011. We are providing our loyal customers with asset management consulting service (tax, real estate, inheritance, investment, retirement plan) and Nobiliaire programs (art and cultural events, golf tournaments, gifts, Nobiliaire Society).

Employee Quartet Kyobo Life founded an employee quartet to support the field by building harmony amongst employees and is led by the CEO. The quartet is conducted by the CEO, accompanied by Myung-Whun Chung, and consists of 15 employees from the headquarters. They performed in Nobiliaire chamber concerts for loyal customers in Daegu and Daejeon in August, Gwangju in September, and Seoul and Busan in December as special guests at the end of the concerts featuring Conductor Myung-Whun Chung and international-acclaimed musicians. The CEO himself held the baton to conduct the team to express our thanks to customers and deliver a message of working in harmony with all employees.

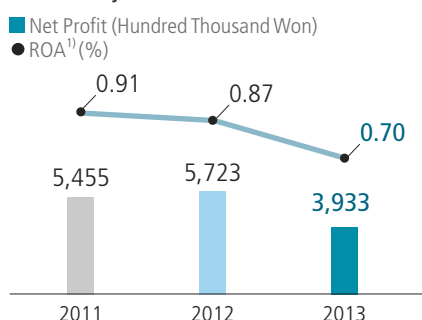
Supporting B2B2C Marketing B2B2C is a combined abbreviation of Business to Business (B2B) and Business to Customer (B2C) and describes a form of transaction in which corporations become the primary customers and the employees working for the company become secondary customers. When Kyobo Life becomes a primary customer, the employees in the organization become secondary customers receiving service from Kyobo Life's financial planners. The strengthening of B2B2C marketing expands the scope of result-producing activities of financial planners to retired pension customers. The employees who have applied for B2C were assigned B2B tasks to improve business efficiency in 2013.

Online Life Insurance Company Kyobo Life established and operated Kyobo Life Planet Life Insurance Inc. (www.lifeplanet.co.kr) in December 2013 to actively and voluntarily respond to market changes, such as increased online financial transactions following the global advances in IT development and an increase of consumer-initiated rational sales. Kyobo Life Planet Life provides better insurance products at more reasonable prices through the renovation of our distribution system and assists customers in signing up for insurance anytime and anywhere, easily and conveniently through the internet. All processes including sign-up, retention, and payment are completed on the internet, and it provides the most basic life insurance products such as life and retirement insurances. Other various services include five-second insurance design in which customers can quickly and conveniently check insurance premiums at a glance and target pension pacemaker service, a new concept for the retirement preparation service.

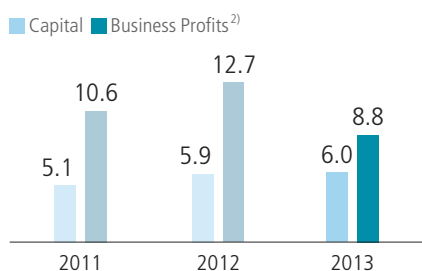
Improving Asset Management Profitability

With the high ratio of bonds in the assets held by life insurance companies, the difficulty of managing assets directly affected by the long term low interest rates since 2009 is worsening. Therefore, the principles of long-term asset management should be abided while still mindfully maintaining

Profitability Index

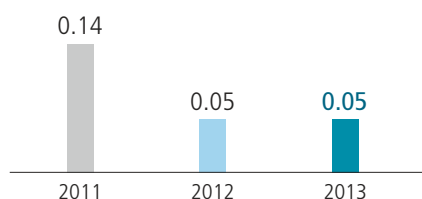


Growth Index (Unit: Trillion Won)



Stability Index

Weighted weak asset ratio³⁾ (Unit : %)



1) ROA(Return on Assets) = net profit for period / {total assets at the start of period) + (total assets at the end of period) / 2} × 100

2) Business Profits(Insurance Profits + Investment Profits), equivalent of sales for regular companies

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

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

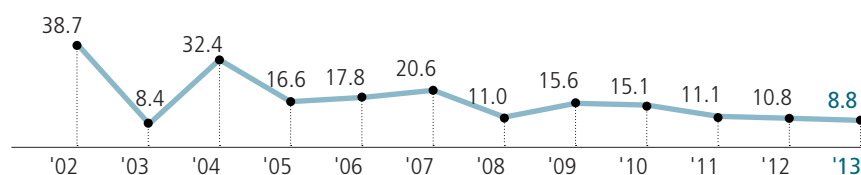
* Weak Assets: The total value of 20% of "fixed assets", 75% of "questionable for collecting" assets, and 100% of "assumed to be lost" assets

the flexibility for responding to changes in the market situation. The decrease of retained profitability should be continuously prevented, and the source of capital profits should be secured and diversified. The financial authorities are tightening regulations including the increased rate of financial soundness out of a fear of insurance companies lacking capital. The balance between profit maximization and risk management in the area of asset management will bring about corporate financial soundness and improvement of net profits. Kyobo Life is seeking sustainable growth through these asset management strategies and is striving to preserve the assets entrusted by our customers in a secure manner. The uncertainty in and out of the country following the global financial crisis is leading to volatility in the financial market, so we are focusing on increasing our readiness in the asset management market. The quantitate reduction of the U.S. is leading to the rise in interest, which can be used as an opportunity to improve the retained profitability. Asset management of domestic and international stocks in a preemptive response to the market volatility to secure excess profits will result in enhanced asset management profitability. Selective merging of domestic assets in good standing and establishing international alternative investments will secure the source of future asset management profits. The ratio of apartment security loans will be maintained at an appropriate level, and our credit loan portfolio will be improved to actively respond to family loan risks.

Profitability

Kyobo Life has achieved the top levels of net profits in the industry since the 2008 global financial crisis through excellent risk management and long-term and stable asset management, one of our major strengths in profitability. Despite the management challenges in and out of the company, Kyobo Life recorded a Return on Assets (ROA) of 0.70% and a net profit of 393.3 billion won in FY2013.

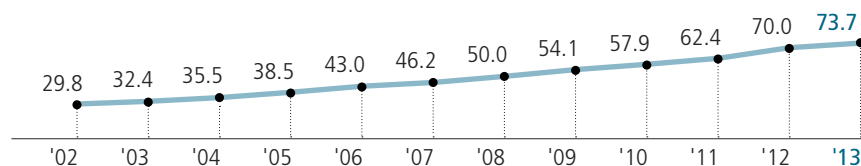
Return on Equity (ROE) (Unit : %)



Growth

In 2013, the Korean economy that relies heavily on the international market suffered less consumer spending, low employment rates, and reduced corporate investments following the long-term global economic recession. Kyobo Life, however, constantly increased its assets through growth based on profitability to achieve a total asset of 73.7 trillion won, capital of 6.0 trillion won, and sales profit of 8.8 trillion won as of the 2013 fiscal year, proving it is one of the top businesses in the country.

Total Asset (Unit : Trillion Won)



Stability

The new financial soundness ratio (risk based capital ratio) that was implemented in 2011 was 292.2% in the 2013 fiscal year, a 33.9%p increase from the previous year, and is far above 100%, which is the supervisory regulatory standard. The weighted weak asset ratio, an index that shows the soundness of asset management, was 0.053% which was the lowest among all companies.

We will increase the value of company through preemptive risk management.

Risk Management

Risk Management is one of our core competitiveness strengths in the life insurance industry. By quantifying risks and systematically integrating and managing them, we strive to reduce and improve management uncertainties in advance and improve stability. Kyobo Life’s strict risk management has contributed to the middle and long-term improvement of corporate value, and we will continue to create new business opportunities in the future.

Strategic Risk Management to Maximize Corporate Value Kyobo Life set the extent of risks possibly impacting the corporate capital and monitored our compliance with it to secure and maintain financial soundness. General corporate non-financial risks such as management/strategy/ reputation risks are incorporated into management subjects for risk control evaluation for each business unit as a part of the efforts to build and improve relevant policies and the infrastructure to smoothly operate our company-wide risk management system.

Systematic Risk Management Activities Measuring risks that can potentially appear in regular management activities such as insurance business and asset management can give estimates of acceptable risk levels for sustainable and continuous management activities within a company’s ability to pay. Even when various risks occur simultaneously, we have established and operated guidelines to secure the minimum amount of regulatory capital required by the supervisory authorities. Preventative risk management methods such as risk acceptance, reduction, transfer, and avoidance are used, and periodic propriety checks, monitoring, and limit regulating process are executed to control and manage the total and separate risks within the limit and at an appropriate level set by the guidelines.

Risk Management Organization and Risks

Risk Management Committee	
Decision-making regarding risk management and final responsibilities	
ALM Committee	Risk Management Council
Financial Affairs Team	Risk Management Support Team
ALM Integrated Management	Integrated Risk Management
Asset Portfolio Management Team	
Market Risks	
Investment Asset Evaluation Team	
Credit Risks	
Financial Affairs Team	
Interest Rate Risks, Volatility Risks	
Insurance Risk Manger Team	
Insurance Risks	
Equity-linked Products Team	
Equity-linked Insurances Guarantee Risk Team	
Each Department	
Non-financial Risks	

Risk Management Process

Monitoring/Feedback

Are all risk factors at a manageable rate?
Are risk response/control mechanisms appropriately operated? Are there any problems?

Response/Control

What are some ways to eliminate, spread, minimize, and transfer risk?

Risk Management Organizations The risk management committee, the highest authority in the area of risk management, consists of one internal directors and two external directors and makes the decisions on major risk management issues. We have held 7 meetings in the 2013 fiscal year, and the agendas and voting results can be seen on our homepage (www.kyobo.co.kr > public announcements > outside director public announcements).

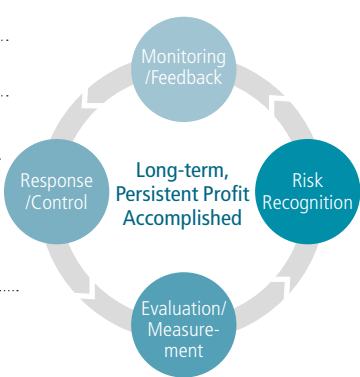
The risk management committee is an organization that discusses factors regarding the agreements within the risk management committee and other relevant factors, and the ALM(Asset Liability Management) Committee examines main issues regarding interest rate risks and risk margins. The “Plans (blueprints)” and “Sees (evaluation)” for risk management is the responsibility of the Risk Management Support Team, and “Do (execution)” takes place in each risk management department.

Risk Recognition

What are some risks that deter business objective accomplishment?
What factors cause losses?

Evaluation/Measurement

Can risk be quantified?
If it can be quantified and/or measured, then how much risk do we have?



Status of Financial Accident Occurrence

Category	2011	2012	2013
Number of Cases	3	2	-
Amount (Million Won)	56	21	-

Audits from Financial Authorities and its Results

Category	2011	2012	2013
Penalty (Million Won)	-	-	-
Fines (Million Won)	-	366	-
Censures (Person)	2	6	-

Insurance Risk Management (Unit : %)

Category	2011	2012	2013
Danger rate profit rate ¹⁾	16.4	15.5	18.1
Danger rate profit rate (average in industry)	10.7	11.3	13.2

1) Danger Rate Profit Rate = (Risk Insurance—accident insurance) / risk insurance fee × 100

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

* 2013's number is as of September 2013.

* Source of Industry Average: Financial Supervisory Service

Promotion of ALM Policy for Long-term Risk Management Kyobo Life promotes the ALM policy to safely manage financial risks despite the changes in the financial environment and to secure gain and loss on interest rates. To continually improve the structures of assets and debts, we are managing a product portfolio of equity products and result-distributed products in the field of debts and an asset portfolio of increased scales and duration of interest rates with higher asset management profitability in the field of assets. We are continuously improving the ALM system by improving our accuracy in calculating the flow of asset, debts, and cash.

Internal Control

"Internal Control" is related to all systems, procedures, and tasks carried out continuously by all employees to fulfill our business objectives. Kyobo Life has designated the basic items necessary for compliance with laws, sound financial management, and protection of insurance policy holders as the 'internal control group', and abides by them. We check whether we follow the internal regulatory standards, and we also appoint an auditor to report the investigation result of violations to the audit committee for incorporation of our internal regulatory system and institution.

Preventing Financial Accidents Financial accidents are law violations and unlawful acts that result in damage to the corporation or insurance policy holders and acts and accidents that disturb the financial order. Kyobo Life carries out thorough internal regulatory activities and doubled its efforts to provide prevention education to prevent financial accidents from happening. When they do actually happen, the person responsible is dealt with according to internal regulations.

Money Laundering Prevention "Money laundering" is an activity through which people falsify their acquirement or disposal of assets to avoid taxes or to hide their assets altogether. Money laundering prevention activities refer to preventing financial companies from being used in money laundering practices that increase social risks. Kyobo Life thoroughly carries out activities that are deemed necessary by the "special financial transaction reporting law", such as "duty to check customers" to check the status of customers that provide transaction and services, "reporting suspicious transactions" in any cases of transactions that seem like money laundering activities, and "large transaction reports" in which all transactions that exceed 20 million won are directly reported to the Korea Finance Intelligence Unit. The law observance personnel is in charge of reporting activities of money laundering prevention, and we educate our employees about money laundering once a year so that realistic actions to respond to money laundering are maintained.

Business Auditing Activities We carry out procedures to audit our business activities to protect customer's valuable assets and evaluate our company's general internal regulatory system for the purposes of minimizing management risks and suggesting rational solutions. The audit procedures are systematically and periodically conducted on an annual basis under the authorization of the Audit Committee. The audit's efficiency is improved by selecting central observation points on which to focus through screening and reviewing based on the risks. Periodic reporting of the audit results to the audit committee and board of directors ensure the independence of the auditing body, and objectivity is secured through impartial audit activities. We also undergo regular inspections from financial authorities.

Insurance Risk Management

Insurance risks are the possibility of losses that occur when insurance is paid at a higher level compared to when the insurance payments were initially calculated. Insurance risk management ensures complete compliance with the basic principles of life insurance to protect the interests of good customers. Kyobo Life recognizes the importance of insurance risk management and manages insurance risks on a company-wide level.

GOVERNMENT · COMMUNITIES & THE FUTURE

Pledge to the Government and Communities

A company that grows together with the gov-
ernment and communities



Principle 8

We will actively carry out
corporate social responsibil-
ity activities to grow together
with our communities

Principle 10

We will grow together
with our partners
through fair competition



Principle 9

We will manage our business in
terms of conserving nature in a
manner reflective of the nature
of our business



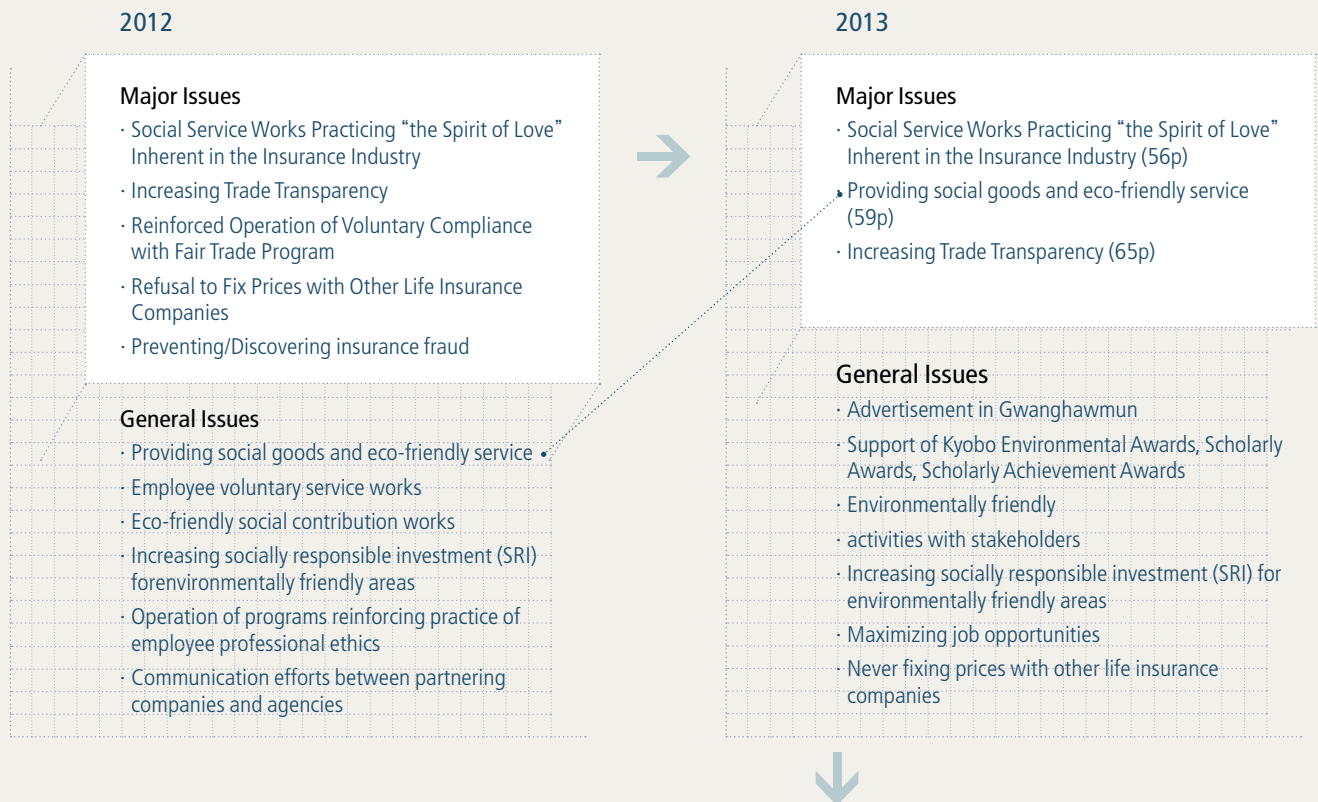


Kyobo Life will practice “the spirit of love” inherent in the insurance industry and carry out long-term and continuous social service works for the beneficiaries to acquire a basis for self-sustenance. We will actively participate in activities that benefit the public in a meaningful way to become “a company growing together with the government and local communities”.

CSR Director, Chi Soo Park

Materility Test Results

* The outline of the significance evaluation can be found on page21.



Major Activities of Year 2013

Continuing social contribution activities concerning health, finance, and knowledge related to life insurance industry.

Continuous sales of small sum insurance, donation insurance, and products for the disabled.

Clean Contract System, Strengthening Communication with Business Partners

Future Plans

Continuing social contribution activities concerning health, finance, and knowledge related to life insurance industry.

Continuously increasing trade transparency

* Departments for the Government and Communities: Management Planning Team, General Affairs Team, Kyobo Dasomi Support Center, and Others

We will actively carry out corporate social responsibility activities to grow together with our communities.

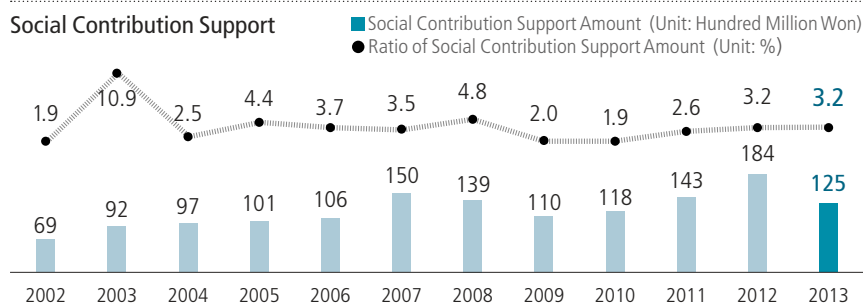
Social Contribution Activities Practicing “The Spirit of Love” Inherent in the Insurance Industry

Kyobo Life is improving the value of coexistence by focusing on the areas of health, finance, and knowledge related to the life insurance business and carrying out social contribution and public interest activities to practice “the spirit of love” inherent in the insurance industry. We will strengthen our partnership with nonprofit organizations possessing expertise and transparency to concentrate our efforts in the projects that local communities need and at which Kyobo Life can excel.

Kyobo Dasomi Volunteer Work Kyobo Life’s financial planners and employees participated in various volunteering activities to help people facing ordeals due to lack of money, knowledge, and health to encourage them through their ordeals. The volunteering activities are individual choices, and the 261 volunteer teams consisting of financial planners and employees carry out their activities by working with national social welfare institutes.

Leadership Education of Volunteer Activities Annual leadership education that supports the revitalization of voluntary management of each volunteer team is provided. Case presentations of exemplary volunteer activities, lectures by guest speakers, and discussions foster the capabilities of the participants as volunteer leaders while they seek the right guidance in their volunteer activities.

Social Contribution Support



Volunteer Leader Education

2011

2011. 5. 24~25

Gyeseongwon

80 volunteer leaders and social welfare specialists

Issue | Creating beneficiary-centered volunteer programs

2012

2012. 9. 19~20

Yang Pyeong, Gyeonggi-do

40 volunteer leaders

Issue | Strengthening competencies to increase volunteer program quality

2013

2013. 6. 12~13

Nami Island, Chuncheon

44 volunteer leaders

Issue | Strengthening competencies to increase volunteer program quality

2013 Expenses by Area (Unit: Million Won)

Social Welfare



7,305

Education



3,032

Culture



1,785

Environment



75

Other (Citizen Finance)



258

Expenses by Area (Unit: Million Won)

Category	2011	2012	2013
Social Welfare ¹⁾	9,762	14,191	7,305
Education	1,442	2,470	3,032
Culture	1,528	1,247	1,785
Environment	487	296	75
Other (Citizen Finance)	1,103	176	258
Total	14,322	18,380	12,455

¹⁾Social Welfare includes joint social contribution of life insurance association and global social works.

* 2013's numbers are from April through December 2013

Kyobo Dasomi Volunteering Activities

Category	2011	2012	2013
Registered Number of Volunteer Teams (Number)	217	232	261
Annual Volunteer Hours (Hours)	52,465	45,087	37,457
Annual Participants (Number)	12,134	10,900	9,880
Employee Participation Rate (%)	50.1	51.1	50.1

Caregiving Volunteer Team Activities

(Unit: Number of People)

Category	2011	2012	2013
Caregivers	296	319	390
Beneficiaries	10,591	12,375	14,260
Annual Number of Beneficiaries	111,553	138,602	150,735

Kyobo Dasomi Nursing Volunteer Team Kyobo Life provided job opportunities to female heads of families to work as caregivers and free nursing service to low-income patients neglected by the medical community with the operation of the "Kyobo Dasomi Nursing Service Team". Female heads of families who want to work as caregivers are paid for the jobs, and low-income families or deserted elderly patients can benefit from their free nursing and care service.

The "Kyobo Dasomi Nursing Service Team" was started in 2004, and was selected as the first social corporation in Korea with the establishment of the Dasomi Foundation in 2007. It also won a Presidential Award in the group category of the Job Opportunity Creation Awards in 2013. The Dasomi Foundation provides nursing and caregiving service for a fee to general patients as well as the existing free caregiving service while also actively promoting education and consulting projects. A total of 390 caregivers are in operation as of 2013, and 150,735 patients received their service annually.

Kyobo Life Cup Youth Athletics Competition Kyobo Life hosts various events to help the youth, the dream and hope our society, to grow into excellent talent leading the future. The annual Kyobo Life Youth Athletics Competition is held to find and foster youth talent to lead Korea's sports. It has sponsored a youth national competition of 7~10 unpopular fields for 29 consecutive years since 1985 and awarded scholarships to outstanding athletes and organizations. 110,000 young athletes were recorded in the participation of the 2013 competition, and over 300 athletes from this group were selected to play for the country. Tae-Whan Park, who won the gold medal for the first time in the history of Korean swimming, Jae-Beom Kim and Gi-Chun Wang in Judo, Hong-Cheol Yeo and Han-Seok Yang in gymnastics, and Sang-Wha Lee and Soong-Heun Lee in ice skating all represented their fields and competed in the competition, building the international reputation of Korea's athletes.

Kyobo Life - JA Economic Education Volunteer Work Results

Category	2011	2012	2013
Volunteers (Number of People)	192	245	521
Institution beneficiaries (Case)	7	80	12
Class beneficiaries (Case)	130	299	353
Students beneficiaries (Number)	4,550	8,977	9,468

Kyobo Life - JA Economic Education Volunteers Kyobo Life promotes volunteer work utilizing the financial expertise of our financial planners and employees. Kyobo Life -JA Economic Education Volunteers, in a joint effort with JA Korea, a non-profit organization, strives to help children and adolescents understand the basic concepts of the economy and finance through education regarding the market economy, business management, and so on. Such activities form bonds between Kyobo Life and local schools, improving the sense of reward and meaning of volunteer work.

Operation of Global Social Contribution Program Kyobo Life operated the "Hope Tree Project" supporting the self-sustenance of poor Vietnamese farmers by developing a civil-government cooperative project with Korea International Cooperation Agency (KOICA). To increase extremely poor Vietnamese farmer's profits, improved breeds of economic crops (palm trees and grapefruits) were sowed and advanced agricultural technologies were taught to provide a stable harvesting environment. The first harvests of the farmers were jointly sold and manufactured into specialty products to secure price competitiveness, thus contributing to increased profitability by 20%. 1,400 farming families (5,320 people) in Ben Tre Province, Vietnam benefited from the program to increase their quality of life and educational opportunities.



Dasomi Nursing Volunteer Team



Youth Athletics Competition



JA Economic Education Volunteers



Hope Tree Project



Undergraduate Northeast Asia Run 2013

“Dasomi Jageun Sumgeul Saligi” Results

Category	2011	2012	2013
Financial planner participants (Number of People)	5,834	5,500	5,580
Support fund amount (financial planner funds + donations from Kyobo Life) (Hundred Million Won)	6	6	6
Supported babies (Number of Babies)	145	146	147

*The numbers of supported babies for 2011 and 2012 were readjusted.

- 1 Dasomi Jageun Sumgeul Saligi
2 Community Sharing Award



Undergraduate Northeast Asia Run To provide undergraduates a chance to travel to the countries of our historic/economic partners and rivals in northeast Asia and by supporting their leadership and fellowship, we are operating an “Undergraduate Northeast Asia Run” program. A total of 100 college students have participated since 2002, all of whom have broadened their vision for the future.

Undergraduate Northeast Asia Run

Category	2011	2012	2013
Date	Aug. 04~11, 2011 (8 days)	Aug. 06~14, 2012 (9 days)	Aug. 01~08, 2013 (8 days)
Venue	China, Tibet	Mongolia, Russia	From Downstream to Source of Hwangha River
Participants	78	100	100
Catchphrase	Embrace dreams toward the future in Mongolia, where challenges and open cultures await!	Interact with new visions of the future from the plateaus of Mongolia, in Lake Baikal where our people originated!	Open the civilization's map in the Hwangha with a 5,000km long river in the land with 5,000 years of history.

Dasomi Jageun Sumgeul Saligi “Dasomi Jageun Sumgeul Saligi” is the only program that supports premature babies born in low-income families. This support includes hospital and rehabilitation costs, and emotional support for the babies’ families. Partnering with the non-profit “Areumdaun Foundation”, the funds for the “Dasomi Jageun Sumgeul Saligi” program are supported by Kyobo Life’s financial planners’ periodic funds, donations from Kyobo Life, and donations from citizens to the “Areumdaun Foundation”. From September 2004 to December 2013, “Dasomi Jageun Sumgeul Saligi” has raised 5,572 million won and has supported the healthy growth of 1,708 premature babies. Our efforts earned recognition by receiving the “Best Practice Award” in the 2013 Value Grand Prize sponsored by the UN Global Compact.

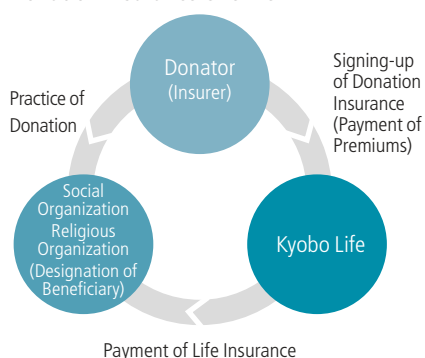
Hope Factory Senior Social Contribution Project Kyobo Life and the Life Insurance Social Contribution Committee sponsor Hope Factory’s “Senior Social Contribution Project” for retirees (or people scheduled to retire), not only giving them job opportunities simply based on work, but by using their experience and abilities. The retirees can come up with ideas, seek methods of execution, and participate in social corporations, collaborative agencies, and volunteer groups, or establish their own organizations. The expertise of retirees, in areas such as accounting, management, translating, and writing, can be utilized in the areas demanded by local communities. Major projects include senior non-profit organization education and support and senior social contribution ideas and support.

Professional Social Contribution Activities through Public Foundation

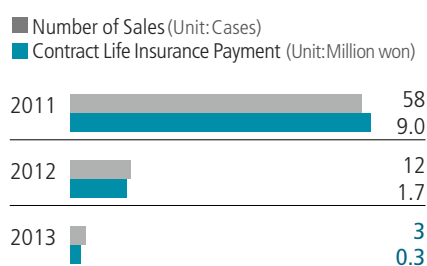
Kyobo Life is expanding more professional and efficient social contribution projects through three public foundations: the Daesan Agricultural Foundation, Daesan Cultural Foundation, and Kyobo Life Educational Cultural Foundation.

Daesan Agricultural Foundation This is the first agricultural, agricultural support public foundation established in Korea in 1991, and it is the sponsor of the Daesan Agricultural Award, the highest honor in the field. It also engages in various public interest projects such as research projects, overseas agricultural training, agricultural experience, scholarships, cultural events, and education to raise the value of our agriculture and towns so that urban and rural areas can grow happy together.

Donation Insurance Overview

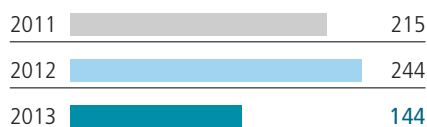


Donation Insurance Sales



*Numbers for 2011 and 2012 were readjusted.

Sales of Products for the Disabled (Unit: Case)



Daesan Cultural Foundation This foundation was established to contribute to the globalization of Korean literature in 1992 and supports literature translation and international research of Korean literature, as well as international relations. It sponsors the Daesan Literature Award and Daesan Youth Literature Award, which are the highest honors in Korea.

Kyobo Life Educational Cultural Foundation Established in 1997, this foundation builds a society where the value of life is respected, learning opportunities are fairly distributed, and happiness is shared together. It is striving to restore ethics and morality that have been declining after the nation's advancement into an industrial society and to achieve a rich and sound mental culture in our society.

Developing Social Products and Providing Ecofriendly Service

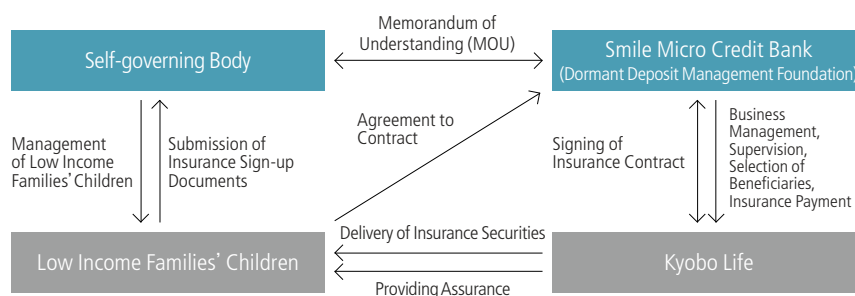
Kyobo Life is making efforts to develop insurance products to satisfy the government policy of supporting the neglected class and sharing social value. In this regard, we are indirectly contributing to society by developing various insurance products for the socially disadvantaged and providing practical insurance to more customers. We are also promoting a variety of eco-friendly activities.

Donation Insurance Donors choose organizations they want to sponsor and the insurance payment after the death of the donor goes to the organization. By making small insurance premium payments, a large amount of insurance money can be donated to the organization of their choice without undergoing other legal processes.

Small Amount Insurance for Children in Low Income Families (Non-Divined) Kyobo Life Hope and Love Insurance uses dormant insurance payments to benefit children in low income families. Smile Micro Credit Bank (www.mif.or.kr) selects the beneficiary children and notifies Kyobo Life, and 95% of the insurance payments are paid by dormant insurance payments by the Dormant Deposit Management Foundation for the sign-up. This product was developed in 2008 and has signed a total of 5,343 cases of contracts as of 2013 and made insurance payments of 1.87 billion won.

Products for the Disabled Kyobo Life does not discriminate against the disabled at the signing of insurance. They are equally treated in terms of deciding acceptance. We have, however, developed and sold products for the disabled in consideration of the fact that they receive relatively fewer insurance benefits.

Small Amount Insurance Business: (Non-Divined) Kyobo Life Hope and Love Insurance



We will manage our business in terms of conserving nature in a manner reflective of the nature of our business.

What is ISO 14001?

When an organization (corporation) receives ISO 14001, it means that the organization adopted environmental management of one of its principles of corporate management, based management on the requirements of ISO 14001, set specific and detailed objectives, redefined its structure and process to achieve the objectives, distributed material resources effectively, built a system to systematically manage, and continued to improve the environment.

Supjarami Activities

Category	2011	2012	2013
Education Participants (Number of People)	20,319	31,476	84,194
Supported Expenses (Million Won)	300	280	50



Supjarami Orientation

Conservation Activities

Kyobo Life understands that the environment is a pressing material issue that directly and indirectly has significant impact on life insurance. The environment has substantial effect on the health and life of people. Kyobo Life obtained ISO 9001 certification for our quality management system from goods and service to process. Kyobo Life also attained ISO 14001 for establishing environmental management as one of our basic principles of corporate management by defining its structure and process and operating the organization according to it. Kyobo Life also carried out eco-friendly activities reflective of the life insurance business and supports the principles provided by the UN Global Compact, which involves preventive environmental measures, increasing environment responsibility, and the development of eco-friendly technology and their expansion.

Ecology Tour Educational Institution: "Supjarami" Kyobo Life trained retired workers to be forest experts in 2003 and launched the "Kyobo Dasomi Forest Expert Volunteer Association" to educate teenagers about the environment. The forest experts explain various facets about ecology, living in environmental harmony, and the relationship between the forest and humans and help teenagers experience this firsthand. The retired workers were provided jobs as forest experts so that they could enjoy a worthwhile retired life while the teenagers were able to experience nature's beauty, developing a deeper appreciation for the environment. "Supjarami" is an educational institution focusing on the ecology experience that was developed from the "Kyobo Dasomi Forest Expert Volunteer Association".

Eco-friendly Dasomi Family Volunteers Kyobo Life carried out various volunteer activities to preserve the environment. Kyobo Life supported eco-friendly family volunteer programs and offered this opportunity to the public so that participating families can understand the value of family and learn the importance of protecting the environment.

FY2013 Eco-friendly Dasomi Family Volunteer Activities

Program	Date	Location	Details	Participating Families	Supported Expenses (Million Won)
Planting Tree of Hope	2013.4.13	Jeonju	Planting trees with the disabled as family	15	7.5
Reviving City Soil	2013.4.20	Seonung, Gyunggido	Building a healthy ecosystem by restoring polluted forests	15	5.6
Green Town Guard	2013.5.11	Youngdeung-po-gu, Seoul	Drawing town environmental maps, Creating recyclable plant pots	15	6.6
Green Town Guard	2013.8.31	Youngdeung-po-gu, Seoul	Cultivating healthy town, Drawing murals	15	6.6
Making Friends with Wildlife	2013.11.16 ~ 17	Chungnam Wildlife Rescue Center	Feeding and monitoring winter birds	15	11.2

Electronic Subscription System in Consideration of the Environment A large amount of paper is consumed in the process of insurance subscription. Kyobo Life uses an electronic subscription system to reduce the consumption of paper during the subscription process not only reducing costs, but also carbon emissions. Everything from the planning stage and the subscription is handled in a one-stop method, and the papers are delivered to customers through e-mail to improve business efficiency and customer convenience. In addition, more people are using tablet PCs, and so an electronic system exclusive for tablet PCs was built to revitalize the use of paperless documents.

Efforts to Reduce Greenhouse Gas Emission

Kyobo Life is actively participating in energy conservation activities as a part of the efforts to reduce greenhouse gas emission.

Efforts to Decrease Energy Usage The buildings designated as high-energy consumption buildings (more than 2,000toe) such as Gwanghawmun Building and Kyobo Tower Building are subject to 30 minutes of air conditioning suspension each hour in turn from 14:00~17:00, and the electricity consumption during the peak hours are capped.

The headquarters has limited the number of elevators in operation to a minimum outside of rush hours and lunch hours during the summer, and the temperatures in buildings nation-wide, including Gwanghawmun headquarters, are kept above 26°C during the summer and below 20°C during the winter to reduce energy usage in air conditioning and heating. The luminosity of areas closer to windows is relatively higher, so florescent lights near windows are uniformly turned off with the option of turning them on when necessary. All employees are practicing the “three main voluntary saving of energy and supplies campaign” which consists of turning off unnecessary lighting, unused computers, and saving office supplies.

Promotion of Eco-friendly Remodeling of Office Buildings To create eco-friendly offices, we remodeled our headquarters in 2010 to be more eco-friendly. The Daejeon and Gwangju Numundong company buildings were remodeled in the same way in 2012. Furthermore, the ecofriendly remodeling is in progress for the Incheon and Jeonju company buildings in 2013 and scheduled for Ulsan, Busan Bujeon-dong, and Daegu Suseong-dong buildings in 2014 to reduce energy consumption.

In particular, Gwangju Numundong company building won the highest honor of ‘the Minister of Industry, Commerce, and Resources Award’ in 2013 Korea Green Building Competition. The Korea Green Building Competition selects and awards green buildings that use recyclable energy and minimize greenhouse gas emission. The Numundong company building, finished in March 2013, was recognized for its ecofriendly design and energy-saving effect. Kyobo Life plans to promote ecofriendly remodeling of its seven branch office buildings by 2015 over the course of three stages.

Minimizing Emission through Improved Transportation In addition to various activities to save energy, Kyobo Life is working hard to reduce the travel of employees and encourages them to use eco-friendly means of transportation to reduce direct emissions of greenhouse gas. For this, all business/service sites in the country have installed a satellite broadcasting system to participate in major corporate events, enabling employees to remotely watch new fiscal year assemblies instead of attending in person. The video conferencing system built on the third floor of the headquarters is used to hold major business meetings such as board of directors meetings, and the training institute (Gyeseongwon) located in Cheonan pays for employee’s travel expenses based on KTX fare and prohibits them from using their own cars during training to reduce CO₂ emissions occurring during travel and save energy by minimizing environmental impact.

Earth Hour Support and Participation Kyobo Life has participated in and supported the launching of the “Earth Hour” campaign, designed to increase awareness regarding climate change. This event began in Sydney in 2007 and is one of the largest sustainable development campaigns to have international participants from all over the world. We are participating in the light-out campaign in offices and landscape from 20:00~22:00 every month.



Honam Company Building
(Numundong)



"Earth Hour" Campaign

Managing Environmental Data

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



Energy Consumption (Unit: TOE)

Category	2011	2012	2013
Direct Energy	Gas	2,114	2,237
	Oil	757	642
	Total	2,871	2,879
Indirect Energy	Electricity	16,554	17,084
	Regional Heating	38	35
	Total	16,592	17,119
Total	19,463	19,998	19,539
Compared to Previous Year	130	535	-459

*Modification of oil TOE output coefficient resulted in adjustment of numbers for 2011 and 2012.

CO₂ Emission (Unit: tCO₂)

Category	2011	2012	2013
Direct	6,575	6,499	6,270
Indirect	35,627	34,948	34,199
Total	42,202	41,447	40,469

*Modification of CO₂ emission calculation method (application of output coefficient) resulted in adjustment of numbers for 2011 and 2012.

Office Papers and Toner Usage

Category	2011	2012	2013
Office Paper (Box)	3,819	3,662	4,016
Toner (Number of Units)	3,921	4,352	4,273

Water Usage

Category	2011	2012	2013
Total Usage (TON)	545,169	571,189	573,650
Recycled Amount (TON)	13,295	7,816	7,141
Recycled Ratio (%)	2.4	1.4	1.2

*Numbers for 2011 and 2012 are partly readjusted.

Waste Emission

Category	2011	2012	2013
Total Emission (TON)	703	381	379
Recycled Amount (TON)	281	301	328
Recycled Ratio (%)	40	79	87

*Waste refers to standard office waste from company buildings.



Kyobo Environmental Awards

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

15th Kyobo Life Environmental Award Recipients and Their Activities, 2013

Category	Recipients	Activities
Environmental Education	Daegu Guimal Nature School	Environment and ecosystem school as a community activities model by ecosystem and agriculture education
Life Culture	Ji-Seung Shin	Movie director, producing movies about communities, life, and nature
Ecological Alternatives	Wetland and Friend of Birds	Wetland conversation group in Busan contributing to public awareness
Global	CNIC	Playing a critical role since the Hokushima Nuclear Power Plant Accident

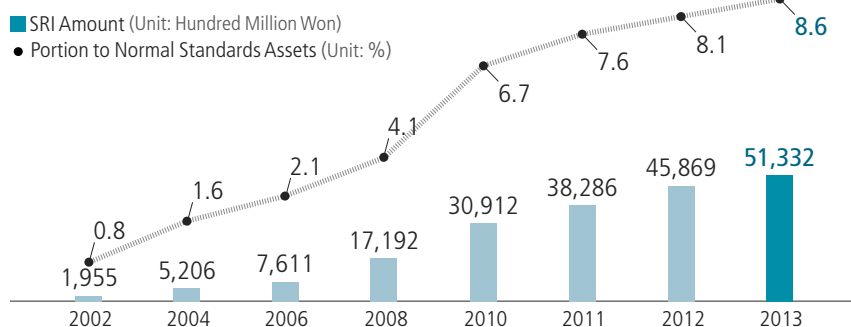
* CNIC: Citizens' Nuclear Information Center

Strengthening SRI (Social Responsible Investment)

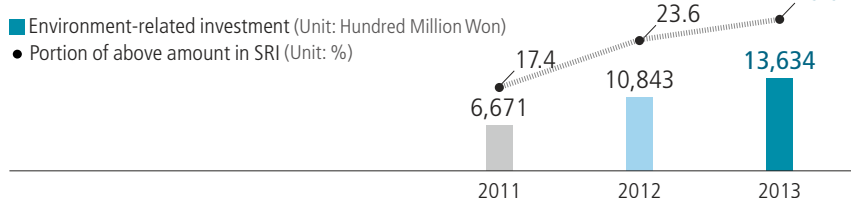
Kyobo Life is continually participating in SRI (Social Responsible Investment), and applying social responsibility investment principles to its asset management to create long-term and stable profits and contribute to the public good. As part of social responsibility investments, we are expanding investments in ecofriendly social infrastructure such as water treatment plants, waste incineration facilities, and development of new recyclable energy. Social value is continually considered as well as financial outcome in reviewing investment targets.

As of FY2013, SRI investment portions to normal standards assets are 8.63%, which showed an increase of 0.53%p compared to FY2011. Investments for the environment as well as the portion of SRI are all steadily increasing.

SRI Investment Amount



Environment-related Investments



We will grow together with our partners through fair competition.

Fair Trade Voluntary Compliance Program

Kyobo Life established a fair and transparent organizational culture based on the founder’s philosophy that “nothing is for free nor remains a secret in the world”. Building on this culture, we declared voluntary compliance with fair competition in September 2006 and operated a fair trade voluntary compliance program to nurture a transparent competitive culture. The “Fair Trade Voluntary Compliance Program” is a series of mechanisms that encourage voluntary observance of fair trade regulations and systems.

Contents of the Fair Trade Compliance Program

Improving Systems and Processes	<ul style="list-style-type: none">- Strengthening advertisement review through advertisement review regulations (August, 2013)- Improving internal regulatory process in industry meetings (November 2013)- Disclosing current progress of fair trade voluntary observance operation on the webpage (September 2013)
Education	<ul style="list-style-type: none">- Education of Employees: Voluntary observance personnel (twice a year), organization head (annual), new employees (upon recruitment)- Collusion Prevention Education: Head office organization heads, primary employees in the product development and accounting teams- Education to Prevent Violations of the “Life Insurance Advertisement Law”<ul style="list-style-type: none">: Personnel for advertisement projects- Education Regarding Kyobo Becoming a “Mutual Investment Restriction Company”<ul style="list-style-type: none">: Employees in subsidiaries and other relevant personnel
Monitoring	<ul style="list-style-type: none">- Monitoring meetings to prevent collusion (monthly)- Monitoring procedures that inspect advertisements for retirement pensions- Prior auditing of illegal trade activities when trading with subsidiaries

Workplace Ethics Education (Unit: Hours)

Category	2011	2012	2013
Manager	16.5	12.4	9.2
Non-managers	18	13.2	9.6

Educating Company Guards

Category	2011	2012	2013
Number of Guards (Number)	198	192	182
Education Participation Rate (%)	100	100	100

Realizing Workplace Ethics Kyobo Life provided “Kyobo Life’s Code of Professional Ethics” to employees based on Kyobo Life’s core objectives and values, as well as a rulebook, “Kyobo Workplace Ethics Practice Regulations”. In February of 2013, we have also enacted “special rules for workplace ethics practice” regarding presents, entertainment, and expenditures for congratulatory and condolence events between employees and between employees and stakeholders to provide more specific and clear guidelines for action on this issue.

Workplace Ethics Education To increase the power of execution for employees, we are operating diverse programs for workplace ethics. Periodic conventions and tours are held to increase communication between management and employees as well as encourage them. An organizational level “education for law observance and ethics” course is operated monthly to share compliance and workplace ethics issues as well. In FY2013, we operated cyber learning programs about practice of workplace ethics and field-oriented internal regulatory activities for law observance personnel in each department.

Reporting Violations Reporting violations is an internal reporting procedure of Kyobo Life where illegal or unjust conducts in the course of business are found or employees are ordered to engage in unfair/illegal business activities or become aware of them. They can report it the CEO or law observance personnel. It is to find and prevent hidden or potential unjust and illegal activities within the company and to build core-value oriented culture.

Preventing Collusion

Since June 2006, Kyobo Life has banned the sharing of information such as applied interest rates, and other data that can imply prices or insurance claim—conditions that may be seen as collusion. When participating in business meetings, it is mandatory to get advance approval from the law observation personnel. We will further fine tune our internal control processes and continue to educate and monitor our employees regarding fair trade regulations.



Kyobo's Resolve to Practice Workplace Ethics

Fair Trade Violation Reports (FY2011~2013)

Item	Date	Measure	Reasons
Collusion	Dec. 15, 2011	Fines of 1,34.7 Billion Won	Colluding in interest rates individual insurance and publicly announced rates
	March 21, 2013.	Fines of 4.1 Billion Won	Fixing commissions for equity-linked insurances

Industry Meeting Reporting System Industry meetings are regular or irregular (including one-time meetings) meetings of more than two competitors where employees participate to run the business of corporations, regardless of any objectives. This includes meetings supervised by the governmental supervisory agencies and leave room to be misunderstood as collusion. Kyobo Life applied its internal regulatory process in these industry meetings and prevented risks in terms of collusion and unfair trade activities in advance.

Increasing Trade Transparency

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




Cyber Purchase System Kyobo Life manages a transparent and fair purchase process by using a cyber-purchase system for managing business partners, notifying estimates and bids, submission of estimates, participating in bids, entering contracts, and making payments. Cyber-purchase system is free from physical limits of time and space and process purchases. Non face-to-face bidding secures a transparency in selecting businesses.

Community Purchase Kyobo Life purchases goods from local communities to contribute to profit creation in the communities as part of its various social contribution efforts. We are purchasing service and goods in the amount of approximately 282 million won from farming experience towns and farms through the Family Love Farm Life Experience Program. “Dasomi Family Volunteers” was expanded into other areas to support the purchase of local goods and service and to vitalize local non-profit organizations. The 650 local branch offices and 66 CustomerPlazas are also promoting community-based purchase campaigns.

Business Partners Communication Kyobo Life communicated to the representatives and sales managers from 67 business partners in July 2013 about the purchasing policies of Kyobo Life, importance of information security, and operation of Clean Contract system. This signifies Kyobo Life’s resolve to publicize its transparent and fair purchase process and to grow together with its business partners. Kyobo life will continue to find promising business partners and communicate with them to establish a foundation of co-development.

Clean Contract Kyobo Life strives to observe transparency and fairness in entering contracts with business partners. ‘Clean Contract’ system means that we will not request or receive good or other treats during the process of purchasing products, labor, construction service, and any other period of contract performance. We have established ‘Clean Contract System Operation Guidelines’ internally and reflect them in standard terms of contract. The law observance personnel provides explanations about the system during the bidding process. Also, we sent the notices about the Clean Contract system to companies with more than 20 million won of trade volume as of the past over year over the New Year Holidays and Thanksgiving Day.

Present Returns (Unit: Cases)

2011		14
2012		8
2013		3

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

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Third Party Assurance Report

Messrs. Kyobo Life's Board of Directors and Stakeholders

Foreword

The Korean Standards Association (hereafter 'Assurance Provider') was asked for an independent assurance request regarding its 'Kyobo Life 2013 Sustainability Management Report (hereafter 'the Report')'. The Assurance provider provides an independent assurance opinion based on the data included in the Report and the validity of the evidence related to performance and relevant systems. The Assurance Provider's responsibility is to provide to the Board the results that came from the assurance procedures. The purpose of this assurance report is as follows: to investigate the existence of serious mistakes or prejudice in the Report, to investigate whether or not the information collection system works, and to review the selection process and results of the sustainability management materiality test in order to provide opinions that can increase the quality of the Report. The accountability for all assertions in the Report as well as the collection, analysis, and organization of data for publishing the Report lies with Kyobo Life.

Independence

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

Assurance Standards and Levels

With the AA1000AS 2008 Assurance Standards at the core, the Assurance Provider has also applied GRI G3.1 guidelines as well as ISO 26000. We have identified the scope of inclusivity, materiality, and responsiveness according to the assurance standards of AA1000AS 2008 as well as the credibility of the data that was included in the 2013 Report. The credibility of the data included in Kyobo Life's Sustainability Management Report was found to be of a 'Moderate Level' of assurance.

Assurance Types and Scope

The Assurance Provider carried out Type 2 assurance according to the AA1000 Assurance Standards (AA1000 AS). Type 2 assurance means that the exactness and quality of the sustainability management performance information and Kyobo Life's assertion were evaluated under the accountability principles of AA1000 2008 Assurance Standards. The scope of assurance was during FY2013 (April 1st, 2013 to December 31st, 2013). The Assurance Provider has carried out assurance activities regarding Kyobo Life's sustainability management policies, objectives, business activities, standards, and performances, mostly within their systems and activities. We have also assured its environmental, social and financial data relating to its broad sense of performance, and the involvement of the Assurance Provider regarding stakeholder participation was limited to the review of the materiality tests.

Assurance Methods and Performance

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

- Reviews of the selection process of major issues used in sustainability management performance improvement and the Report
- Review of the selection of Kyobo Life's major stakeholder groups and stakeholder participation process
- Analysis of major issues in sustainability management through benchmarking of companies in the same industries or those with excellent sustainability management
- The gathering of performance information and written questions and answers to evaluate the coherence of reported information
- On-site interviews with personnel that manage the sustainability management team and work-site departments by visiting Kyobo Life's Headquarters
- Evaluation of the correspondence of the financial performance data and FY2013 audit reports in the sustainability management report with the publicly announced data
- Compliance with the reporting principles of content and quality based on GRI G3.1 guidelines and application standard
- Tracing and reviewing of internal documents and basic data

Assurance Results and Opinion

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

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

The Assurance Provider has confirmed that Kyobo Life has recognized the importance of core stakeholder participation within its pursuit of sustainability management and is putting efforts into the creation of a participation process. It has selected core stakeholder groups such as customers, financial planners, employees, investors, government and local communities and has operated customized channels for each stakeholder trait, and we would like to specifically give credit to how the committee regarding sustainability management is operated so that collecting the Board's opinions and supporting its decision-making process is carried out on a periodical basis. The Assurance Provider has not found a major group of stakeholders excluded from the participation process of stakeholders operated to promote Kyobo Life's sustainability management.

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

The Report has examined the issues that need to be considered in the promotion of sustainability management through internal and external environmental analysis and drew major issues according to the core groups of stakeholders and 10 principles of sustainability management. The Assurance Provider has decided that Kyobo Life has not omitted nor excluded any important information from the stakeholders. As a recommendation, Kyobo Life should precisely complement the materiality test process so that it reflects daily tasks in the current business and sustainability trends that can create future value appropriately to promote Kyobo Life's sustainability management strategies in connection with such issues.

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

The Assurance Provider has confirmed that Kyobo Life has carried out diverse activities to appropriately respond to issues related to sustainability management and they were adequately stated in the Report. It is worth noting that sustainability management tasks were reported by connecting them to pledges, principles, and KPIs for individual stakeholders, and DMA (Disclosure on Management Approach) performances were reported in a time series development, which is worth highly positive remarks in that Kyobo Life continuously responds to stakeholder opinions and interests. As a recommendation, we believe that Kyobo Life lacks the connectivity between reporting issues to stakeholders and suggest building the structure of future stakeholders' expectations and demands, pledges (responsibilities), and accomplishing plans to publish reports based on stakeholders' principles.

Opinions by Area and Recommendations for Improvement

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

Sustainability Management Processes

- We think highly of Kyobo Life's efforts in its promotion of company-wide sustainability management by establishing major sustainability management issues in terms of pledges to the core groups of stakeholders, principles, and KPIs to produce and disclose results and future plans. We advise Kyobo Life to include global sustainability management trend issues in the selection of future reporting issues and engage in more in-depth communication with stakeholders to reflect their demands directly and publish the results in the reports for the completion of a two-way reporting process.

Sustainability Management Results

- Kyobo Life obtained an A+ Credit Rating from the Fitch Ratings for the first time among domestic life insurance companies by maintaining a sound financial structure. We advise Kyobo Life to publish objectives and rate of accomplishment in each field to reveal their efforts in honoring their pledges with stakeholders in the reports.
- In consideration of the promotion of financial corporation's sustainability from the point of ESG, an explanation of the governance structure is essential. Kyobo Life's sustainability management is based on the CEO's strong resolve and the founder's philosophy, which is different from other domestic corporations, and it is advisable to be more specific and to put more emphasis in the reporting and reporting standard of the governance structure.
- Kyobo Life is not directly related to the industry dealing with greenhouse gas and energy, but is leading efforts to manage energy consumption and CO₂ emission. We hope to see Kyobo Life develop and manage quantitative indexes for the reduction of greenhouse gas as part of direct regulatory measures to strengthen its position as the leader in the field of climate change.

GRI G3.1 and ISO 26000 Application Standard

● Reported ● Partially Reported ○ Not Reported - N/A

Profile Disclosure	Description	ISO 26000	ISO 26000 Core Social Responsibility Subjects & Themes	Page	Reporting Level
Stakeholder Inclusiveness Principle		6.8.2	Community involvement	18	●
Boundary Protocol		6.6.5	Promoting social responsibility in the value chain	About this Report	●

Strategy and Analysis

1.1	Statement from the most senior decision-maker of the organization.	6.2	Organizational Governance	2~3	●
1.2	Description of key impacts, risks, and opportunities.	6.2		2~3, 52~53	●

Organizational Profile

2.1	Name of the organization.			6	●
2.2	Primary brands, products, and/or services.			10~11	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6.2	Organizational Governance	6~8	●
2.4	Location of organization's headquarters.			6	●
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.			6~7	●
2.6	Nature of ownership and legal form.			8	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			6~7, 10~11	●
2.8	Scale of the reporting organization.			6~7, 50~51	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership.			8	●
2.10	Awards received in the reporting period.			Appendix	●

Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.			About this Report	●
3.2	Date of most recent previous report (if any).			About this Report	●
3.3	Reporting cycle (annual, biennial, etc.)			About this Report	●
3.4	Contact point for questions regarding the report or its contents.			About this Report	●
3.5	Process for defining report content.			19~21	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.			About this Report	●
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).			About this Report	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.				—
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.			About this Report	●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).				—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.				—
3.12	Table identifying the location of the Standard Disclosures in the report.			Appendix	●
3.13	Policy and current practice with regard to seeking external assurance for the report.	7.5.3	Verification	Appendix	●

Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	6.2	Organizational Governance	13~14	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	6.2		13	●
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	6.2		13	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6.2		43	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	6.2		14	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	6.2		13~14	●
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.	6.2		13~14	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	6.2		9, Appendix	●
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.	6.2		13~14	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	6.2		14	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6.2		64~65	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	6.2		Appendix	●
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	6.2		Appendix	●

● Reported ● Partially Reported ○ Not Reported - N/A

Profile Disclosure	Description	ISO 26000	ISO 26000 Core Social Responsibility Subjects & Themes	Page	Reporting Level
4.14	List of stakeholder groups engaged by the organization.	6.2	Organizational Governance	18	●
4.15	Basis for identification and selection of stakeholders with whom to engage.	6.2		18	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	6.2		18, 21~23	●
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.	6.2		25, 35, 41, 49, 55,	●

Economic (Disclosure on Management Approach)

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	6.8/6.8.3/6.8.7/6.8.9	Community involvement and development / Community involvement / Wealth and income creation / Social investment	12	●
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	6.5.5	Climate change mitigation and action	60, 63	●
EC3	Coverage of the organization's defined benefit plan obligations.	6.4.4/6.8	Conditions of work and social protection / Community involvement and development	42	●
EC4	Significant financial assistance received from government.				-
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	6.4.4/6.8	Conditions of work and social protection Community involvement and development	42	●
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	6.6.6/6.8/6.8.5/6.8.7	Promoting social responsibility in the value chain / Community involvement and development / Employment creation and skills development / Wealth and income creation	44, 65	●
EC7	Procedures for local hiring and proportion of senior management hired from the community at significant locations of operation.	6.8/6.8.5/6.8.7	Community involvement and development / Employment creation and skills development / Wealth and income creation	44	●
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	6.3.9/6.8/6.8.3/6.8.4/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights / Community involvement and development / Community involvement / Education and culture / Technology development and access / Wealth and income creation / Social investment	56~59	●
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	6.3.9/6.6.6/6.6.7/6.7.8/6.8/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights / Community involvement and development / Community involvement / Education and culture / Employment creation and skills development / Technology development and access / Wealth and income creation / Social investment		○

Environmental (Disclosure on Management Approach)

EN1	Materials used by weight or volume.			62	●
EN2	Percentage of materials used that are recycled input materials.			62	●
EN3	Direct energy consumption by primary energy source.			62	●
EN4	Indirect energy consumption by primary source.			62	●
EN5	Energy saved due to conservation and efficiency improvements.			61~62	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	6.5/6.5.4	The Environment / Sustainable resource use		-
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.			61~62	●
EN8	Total water withdrawal by source.			62	●
EN9	Water sources significantly affected by withdrawal of water.				-
EN10	Percentage and total volume of water recycled and reused.			62	●
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.				-
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	6.5/6.5.6	The Environment / Protection of the environment & biodiversity, and restoration of natural habitat	It is not relevant to Kyobo Life's business	-
EN13	Habitats protected or restored.				-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.				-
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.				-
EN16	Total direct and indirect greenhouse gas emissions by weight.			62	●
EN17	Other relevant indirect greenhouse gas emissions by weight.	6.5/6.5.5	The Environment / Climate change mitigation and action		-
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.			61~62	●
EN19	Emissions of ozone-depleting substances by weight.				-
EN20	NOx, SOx, and other significant air emissions by type and weight.				-
EN21	Total water discharge by quality and destination.				-
EN22	Total weight of waste by type and disposal method.	6.5/6.5.3	The Environment / Prevention of pollution	62	●
EN23	Total number and volume of significant spills.				-
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.				-
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	6.5/6.5.4/6.5.6	The Environment / Sustainable resource use / Protection of the environment & biodiversity, and restoration of natural habitat		-
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	6.5/6.5.4/6.6.6/6.7.5	The Environment / Sustainable resource use / Promoting social responsibility in the value chain / Sustainable consumption	61~63	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	6.5/6.5.4/6.7.5	The Environment / Sustainable resource use / Sustainable consumption		-
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	6.5	The Environment	No violations	●

GRI G3.1 and ISO 26000 Application Standard

● Reported ● Partially Reported ○ Not Reported - N/A

Profile Disclosure	Description	ISO 26000	ISO 26000 Core Social Responsibility Subjects & Themes	Page	Reporting Level
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	6.5/6.5.4/6.6.6	The Environment / Sustainable resource use / Promoting social responsibility in the value chain	61	●
EN30	Total environmental protection expenditures and investments by type.	6.5	The Environment	63	●

Social: Labor Practices and Decent Work (Disclosure on Management Approach)

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	6.4/6.4.3	Labour Practices / Employment and employment relationships	44	●
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.			44	●
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	6.4/6.4.3/6.4.4	Labour Practices / Employment and employment relationships / Conditions of work and social protection	42	●
LA4	Percentage of employees covered by collective bargaining agreements.	6.4/6.4.3/6.4.4/6.4.5/6.3.10	Labour Practices / Employment and employment relationships / Conditions of work and social protection / Social dialogue / Fundamental principles and rights at work	43	●
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	6.4/6.4.3/6.4.4/6.4.5	Labour Practices / Employment and employment relationships / Conditions of work and social protection / Social dialogue	43	●
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	6.4/6.4.6	Labour Practices / Health and safety at work	43~44	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.				○
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8	Labour Practices / Health and safety at work / Community involvement and development / Community involvement / Education and culture / Health	42, 57~58	●
LA9	Health and safety topics covered in formal agreements with trade unions.	6.4/6.4.6	Labour Practices / Health and safety at work	42, 45	●
LA10	Average hours of training per year per employee by gender, and by employee category.	6.4/6.4.7	Labour Practices / Human development and training in the workplace	47	●
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	6.4/6.4.7/6.8.5	Labour Practices / Human development and training in the workplace / Employment creation and skills development	38~39, 46~47	●
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	6.4/6.4.7	Labour Practices / Human development and training in the workplace	44~45	●
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	6.3.7/6.3.10/6.4/6.4.3	Discrimination and vulnerable groups / Fundamental principles and rights at work / Labour Practices / Employment and employment / relationships	13, 44	●
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	6.3.7/6.3.10/6.4/6.4.3/6.4.4	Discrimination and vulnerable groups / Fundamental principles and rights at work / Labour Practices / Employment and employment relationships / Conditions of work and social protection	42, 45	●
LA15	Return to work and retention rates after parental leave, by gender.	6.3.7/6.3.9	Discrimination and vulnerable groups / Economic, social and cultural rights	42	●

Social: Human Rights (Disclosure on Management Approach)

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	6.3/6.3.3/6.3.5/6.6.6	Human Rights / Due diligence / Avoidance of complicity / Promoting social responsibility in the value chain		○
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	6.3/6.3.3/6.3.5/6.4.3/6.6.6	Human Rights / Due diligence / Avoidance of complicity / Employment and employment relationships / Promoting social responsibility in the value chain		○
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	6.3/6.3.5	Human Rights / Avoidance of complicity	64	●
HR4	Total number of incidents of discrimination and corrective actions taken.	6.3/6.3.6/6.3.7/6.3.10/6.4.3	Human Rights / Resolving grievances / Discrimination and vulnerable groups / Fundamental principles and rights at work / Employment and employment relationships	No discrimination	●
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.	6.3/6.3.3/6.3.4/6.3.5/6.3.8/6.3.10/6.4.3/6.4.5	Human Rights / Due diligence / Human rights risk situations / Avoidance of complicity / Civil and political rights / Fundamental principles and rights at work / Employment and employment relationships / Social dialogue	No violations	●
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	Human Rights / Due diligence / Human rights risk situations / Avoidance of complicity / Discrimination and vulnerable groups / Fundamental principles and rights at work	45	●
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.	6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	Human Rights / Due diligence / Human rights risk situations / Avoidance of complicity / Discrimination and vulnerable groups / Fundamental principles and rights at work	45	●
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	6.3/6.3.5/6.4.3/6.6.6	Human Rights / Avoidance of complicity / Employment and employment relationships / Promoting social responsibility in the value chain	64	●
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	6.3/6.3.6/6.3.7/6.3.8/6.6.7	Human Rights / Resolving grievances / Discrimination and vulnerable groups / Civil and political rights / Respect for property rights		-
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	6.3.3/6.3.4	Due diligence / Human rights risk situations		○
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	6.3.6	Resolving grievances	No complaints filed	●

● Reported ● Partially Reported ○ Not Reported - N/A

Profile Disclosure	Description	ISO 26000	ISO 26000 Core Social Responsibility Subjects & Themes	Page	Reporting Level
Social: Society (Disclosure on Management Approach)					
SO1	Percentage of operations with implemented community engagement, impact assessments, and development programs.	6.3.9/6.8/6.8.5/6.8.7/6.6.7	Economic, social and cultural rights / Community involvement and development / Employment creation and skills development / Wealth and income creation / Respect for property rights	56–59	●
SO2	Percentage and total number of business units analyzed for risks related to corruption.			64–65	●
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	6.6/6.6.3	Fair Operating Practices / Anti-corruption	64	●
SO4	Actions taken in response to incidents of corruption.			64–65	●
SO5	Public policy positions and participation in public policy development and lobbying.				○
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	6.6/6.6.4/6.8.3	Fair Operating Practices / Responsible political involvement / Community involvement		○
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	6.6/6.6.5/6.6.7	Fair Operating Practices / Fair competition / Respect for property rights	64–65	●
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	6.6/6.6.7/6.8.7	Fair Operating Practices / Respect for property rights / Wealth and income creation	64–65	●
SO9	Operations with significant potential or actual negative impacts on local communities.		Community involvement and development		-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		Community involvement and development		-

Social: Product Responsibility (Disclosure on Management Approach)

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	6.3.9/6.6.6/6.7/6.7.4/6.7.5	Economic, social and cultural rights / Promoting social responsibility in the value chain / Consumer Issues / Protecting consumers' health & safety / Sustainable consumption	32–33	●
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.				-
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	6.7/6.7.3/6.7.4/6.7.5/6.7.6/6.7.9	Consumer Issues / Fair marketing, factual and unbiased information and fair contractual practices / Protecting consumers' health & safety / Sustainable consumption / Consumer service, support and complaint and dispute resolution / Education and awareness	28–31	●
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.			No violations	●
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	Consumer Issues / Protecting consumers' health & safety / Sustainable consumption / Consumer service, support and complaint and dispute resolution / Access to essential services / Education and awareness	26–27	●
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.			28	●
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.	6.7/6.7.3/6.7.6/6.7.9	Consumer Issues / Fair marketing, factual and unbiased information and fair contractual practices / Consumer service, support and complaint and dispute resolution / Education and awareness	28	●
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	6.7/6.7.7	Consumer Issues / Consumer data protection and privacy	27	●
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	6.7/6.7.6	Consumer Issues / Consumer service, support and complaint and dispute resolution	No violations	●

GRI	Description	Page	Reporting Level
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Financial Services Sector Supplement

FS1	Policies with specific environmental and social components applied to business lines.	15	●
FS2	Procedures for assessing and screening environmental and social risks in business lines.	52–53	●
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	28–30	●
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	28, 39, 56, 60	●
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	58–60	●
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	10–11	●
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	59	●
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	63	●
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	52–53	●
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	63	●
FS11	Percentage of assets subject to positive and negative environmental or social screening.	63	●
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.		○
FS13	Access points in low-populated or economically disadvantaged areas by type.	29	●
FS14	Initiatives to improve access to financial services for disadvantaged people.	29, 59	●
FS15	Policies for the fair design and sale of financial products and services.	30–33	●
FS16	Initiatives to enhance financial literacy by type of beneficiary.		○

Signing and Support of the UN Global Compact

Kyobo Life joined the UN Global Compact(UNGC) in September 2010, thereby makes public its will to abide by the 10 principles of the UNGC. This sustainability management report contains practice principles for 24 criteria required by the Advanced level of the UN Global Compact.

UNGC Field	Criterion	Report Content (or Future Plan)	Page
Strategy, Governance and Engagement	1. Discussion of Strategic Side of UNGC Practice on the Top Management and Executive Level 2. Sustainability Decision Making Process and Governance System 3. Participation of Major Stakeholders	- Announcing the Resolve, Results, and Future Plans of Sustainability Management through CEO's Message.	2~3
		- Establishment of Company-Wide Sustainability Management System and Promotion Organization(Sustainability Management Support Team)	15
		- Defining Major Stakeholder Groups and Collecting Opinions (External Experts Meetings, Stakeholders Meetings)	18
		- Application of Stakeholders' Opinions in Establishing Management Strategies	16~17
		- Drawing and Reflecting Major Sustainability Issues from Stakeholders	19~21
UN Goals and Issues	4. Activities to Support UN Objectives and Issues	- Providing Fair Development of Human Resources	45
		- Programs for Socially Vulnerable Class	45
Human Rights Implementation	5. Pledges, Strategies, and Policies in Human Rights	- Application of Human Rights Protection Principles in Kyobo Life's Code of Professional Ethics, Regulations to be Practiced, and Employment Rules	67
	6. Efforts to Incorporate Human Rights Principles into Management System	- Discussion of Labor Rights through Management-Labor Meetings	43
	7. System to Monitor and Evaluate Integrated Results of Human Rights Principles	- Internal Reporting System, Counseling Center	64
	8. Application of Standardized Index of Results in Human Rights	- Gathering Opinions through Regular Meetings with Business Partners - Employee Education of Preventing Sexual Harassment (Supporting Observance with the Law/Free Trade Part)	65 45
Labour Principles Implementation	9. Pledges, Strategies, and Policies in Labor 10. Efforts to Incorporate Labor Principles into Management System 11. System Monitoring and Evaluating Integrated Results of Labor Principles 12. Application of Standardized Index of Results in Labor	- Observing ILO Labor Agreement, Domestic Labor Law, and Social Security Law - Clear Statement of Mutual Right and Duty through Collective Agreements - Deciding Major Labor Agenda through Labor-Management Meeting - Reporting System of Unfair Labor Practice - Open Communication between CEO and Employees (Communication through CEO's Field Trips, Complementary Luncheons, and Intercompany Mails) - Prohibition of Child Labor and Forced Labor by Employment Rules - Establishment of Occupational Safety and Health Committee by Labor-Management Agreement - Promoting Family-Friendly Management (Guaranteeing Women's Rights through Intercompany Child Care Facility)	42~45
Environmental Stewardship Implementation	13. Pledges, Strategies, and Policies in Environment	- Clear Statement of Compliance with Pledge to the Government and Local Communities Reflecting Characteristics of Corporation	15,60
	14. Efforts to Incorporate Environmental Principles into Management System	- Promotion of Regular Energy Saving Activities	61
	15. System Monitoring and Evaluating Results of Environmental Leadership	- Regular Monitoring of Environmental Index(Energy consumption) by Environmental Departments	62
	16. Application of Standardized Index of Results in Environment	- Announcement of Environmental Results Index(Energy Consumption) through Sustainability Management Reports and Webpage	17



Kyobo Life signed the UN Global Compact, the international compact for corporate social responsibility, and supports the 10 principles in the 4 fields of human rights, labor, environment, and anti-corruption.

Human Rights	1. All internationally proclaimed human rights shall be supported and respected. 2. Businesses shall make efforts to not be complicit in human rights abuses.
Labor	3. The freedom of association and collective bargaining rights shall be upheld. 4. All forms of forced and compulsory labor shall be prohibited. 5. Child labor shall be prohibited. 6. Employment and occupation discrimination shall be eliminated.
Environment	7. Preventive approach to environmental problems shall be supported. 8. Initiatives to support greater environmental responsibility shall be encouraged. 9. The development and diffusion of environmentally friendly technologies shall be encouraged.
Anti-Corruption	10. All forms of corruption in business, including extortion and bribery shall be opposed.

UNGC Field	Criterion	Report Content (or Future Plan)	Page
Anti-Corruption Implementation	17. Pledges, Strategies, and Policies in Anti-Corruption	- Clear Statement of Growing Together with Partners through Fair Competition as a Principle to Observe Pledges to the Government and Local Communities under Sustainability Management System - Operation of Fair Competition Voluntary Compliance Program - All Employees' Annual Signing of Code of Professional Ethics	15,64
	18. Efforts to Incorporate Anti-Corruption Principles into Management System		
	19. System Monitoring and Evaluating Results of Anti-Corruption		64
	20. Application of Standardized Index of Results in Anti-Corruption		64
Value Chain Implementation	21. Practice of UNGC Principles within Value Chain	- Regular Meetings with Business Partners - Considering business Partners' observance with the Law, personal information management standards, and enactment of ethical rules as well as price, quality, and conditions in selecting business partners - Clean Contract	65
Transparency and Verification	22. Disclosing Information on Organizational Profiles and Management Backgrounds	- Providing General Corporate Information on Governance, Management Methods, Major Products and Service, and Stakeholder's' Participation	6~23
	23. Application of External Standards for Disclosing Transparency Results	- Accreditation of System and Results through Independent 3 rd Party Agencies - Use of GRI G3.1 and ISO 26000 as Report Guidelines	68~69 70~73
	24. Securing Accreditation from Trustworthy 3 rd parties	- Earning GRI Application Level Check 'A+' - Annual Management of Results and Plans in Areas of Pledges to Stakeholders (5), Principles(10), and KPI(13)	77 16~17

Awards Regarding Sustainability Management

Date	Content
Nov. 2013	Consumer Grand Prize by the Korean Society of Consumer Studies
Nov. 2013	Best Practice Award by the UN Global Compact
Nov. 2012	Grand Award in the life insurance category for Financial Customer Protection awards sponsored by The Korea Economic Daily (Financial Supervisory Service award)
Oct. 2012	Personality of the Year Award from the IRC, Chang-Jae Shin
Oct. 2012	First place in the KSA '2012 Korean Sustainability Index' in the life insurance category (3 consecutive years)
May. 2012	Official commendations from the President for those merited for Children's Day, hosted by the Ministry of Health and Welfare
Nov. 2011	Minister's Award from the Ministry of Knowledge Economy's 'Sustainability Management Awards' (Awarded Best First Sustainability Management Report)
Feb. 2011	A Ministry of Health & Welfare Award in recognition of promoting welfare for the disabled
Sep. 2010	Grand Award in the financial product and service innovation category of '2012 Korea Financial Innovation Award' for (Non-Divided) Kyobo Life 100 Year Life Variable Pension Insurance
May, 2010	'Korea CEO Award' for Chairman Chang-Jae Shin'
May, 2010	'Mont Blanc Cultural Art Supporter Award', Chairman Chang-Jae Shin
March 2010	'50 Respected Korean Corporations', Fortune Korea, No. 1 in the insurance industry

Association and Membership Regarding Sustainability Management

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

GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that **Kyobo Life** has presented its report “Humanity and the Future” (2014) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 5 March 2014



Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because **Kyobo Life** has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Highlights

- The GRI has reviewed the FY2013 sustainability management report that Kyobo has submitted, and certifies that the requirements for Application Level A⁺ were met.
- The GRI Application Levels show the extent to how the G3.1 guidelines were applied regarding this sustainability management report.
- The GRI Checks confirm that the material that were to be revealed have been fully reflected, and the GRI Contents Index prove that the material demanded to be revealed have been identified according to the G3.1 guidelines.
- Application Levels do not suggest opinions on the quality of information provided by or the outcomes of the company’s sustainability management.

Financial Highlights

A Balance Sheet (Financial Position) (Unit: Hundred Million Won)

Category	FY2013	FY2012 ²⁾	FY2011
Assets	736,626	699,615	623,616
Cash and Deposits	11,117	6,427	9,557
Financial Assets ¹⁾	366,039	347,687	295,287
Loans	156,349	152,070	141,311
Other Assets	61,064	60,162	58,870
Separate Account Assets	142,057	133,269	118,591
Liabilities	676,960	640,680	572,237
Policy Reserve	513,209	483,058	430,984
Other Liabilities	16,894	22,713	21,149
Separate Account Liabilities	146,857	134,909	120,104
Equity	59,666	58,935	51,379
Capital Stock	1,025	1,025	1,025
Capital Surplus, and etc.	4,228	4,228	4,228
Accumulated Other Comprehensive Income	8,219	10,866	8,213
Retained Earning	46,194	42,816	37,913
Liabilities and Equity	736,626	699,615	623,616

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

2) The Introduction of IFRS (International Financial Reporting Standards) Phase 2 (insurance contract) financial standards resulted in adjustment of numbers for 2011 and 2012.

Income Statement (Separate Statements of Comprehensive Income) (Unit: Hundred Million Won)

Category	FY2013	FY2012 ⁴⁾	FY2011
Operating Revenues	88,002	127,135	106,615
Premium Income	56,144	88,269	68,153
Investment Income, and etc.	31,858	38,866	37,862
Operation Expenses	82,444	121,116	99,032
Liability from Insurance Contract	30,029	51,970	34,541
Claims Paid ³⁾	46,318	62,793	57,645
Other Expenses	6,097	6,353	6,846
Operating Income	5,558	6,019	6,983
Income Before Tax	5,199	6,113	7,232
Income Tax	1,266	268	1,724
Net Income	3,933	5,845	5,508

3) Claims Paid=Paid insurance + costs for reinsurance + working expenses + depreciation for new contract

4) The Introduction of IFRS (International Financial Reporting Standards) Phase 2 (insurance contract) financial standards resulted in adjustment of numbers for 2011 and 2012.

Humanity and the Future

Sustainability Report 2013
KYOBO Life

This report was published in Korean and English and can be viewed at Kyobo Life's Webpage (www.kyobo.co.kr). If you have any inquiries or suggestions, then please contact by referring to the following information.

Sustainability Management Team Kyobo Life, 1, Jong-ro, Jongro-gu, Seoul, Korea
Tel_ +82 2 721-2529, 2530, 2531, 2532 Fax_ +82 2 721-3172 E-mail_ kyobocsr@kyobo.co.kr

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