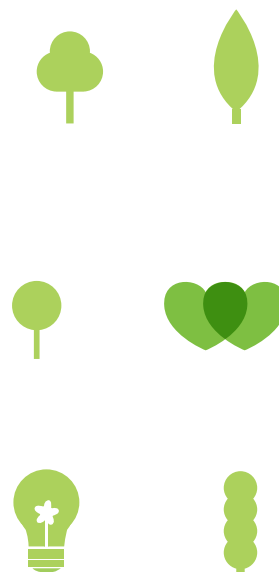




Sustainability Report 2014  
KYOBO Life

# HUMANITY AND THE FUTURE



About This Report

This is the fifth Sustainability Report published by Kyobo Life Co. (KLI). Under our slogan of ‘shared growth with all stakeholders’, we have been publishing this report annually since 2011, to disclose our sustainability related actions and performance to our stakeholders. Our latest sustainability report was released in March 2014.

Report Period

This report content is substantiated with detailed data, case studies, approach, actions and performance related to Kyobo Life’s sustainability management in 2014(Jan 2014–December 2014). We included the quantitative details on the progress of our performance over the previous three years to enhance readers’ understanding. Quantitative data beyond this period has been separately indicated.

Report Scope

The scope of the report covers the head office of Kyobo Life, its branch offices throughout the nation, customer PLAZAs, overseas offices were not included. Environmental data does not include all domestic workplaces; this is indicated so throughout the report. Kyobo Life is gradually exploring the possibility of broadening the scope of the report. The Korean Won(₩) is used as standard currency in this report however, when other currencies are used, they quoted with the converted Korean won.

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 10 principles of the UNGC(UN Global Compact).

Assurance

To increase the credibility of this report, the report has gone through an assurance process by the IPS, in accordance of the three principles(inclusivity, materiality, and responsiveness) provided by the AA1000AS(2008), and received by the GRI for Application Level Service. Please refer to the Independent Assurance Report in the appendix for their statement as well as the GRI application level icon.

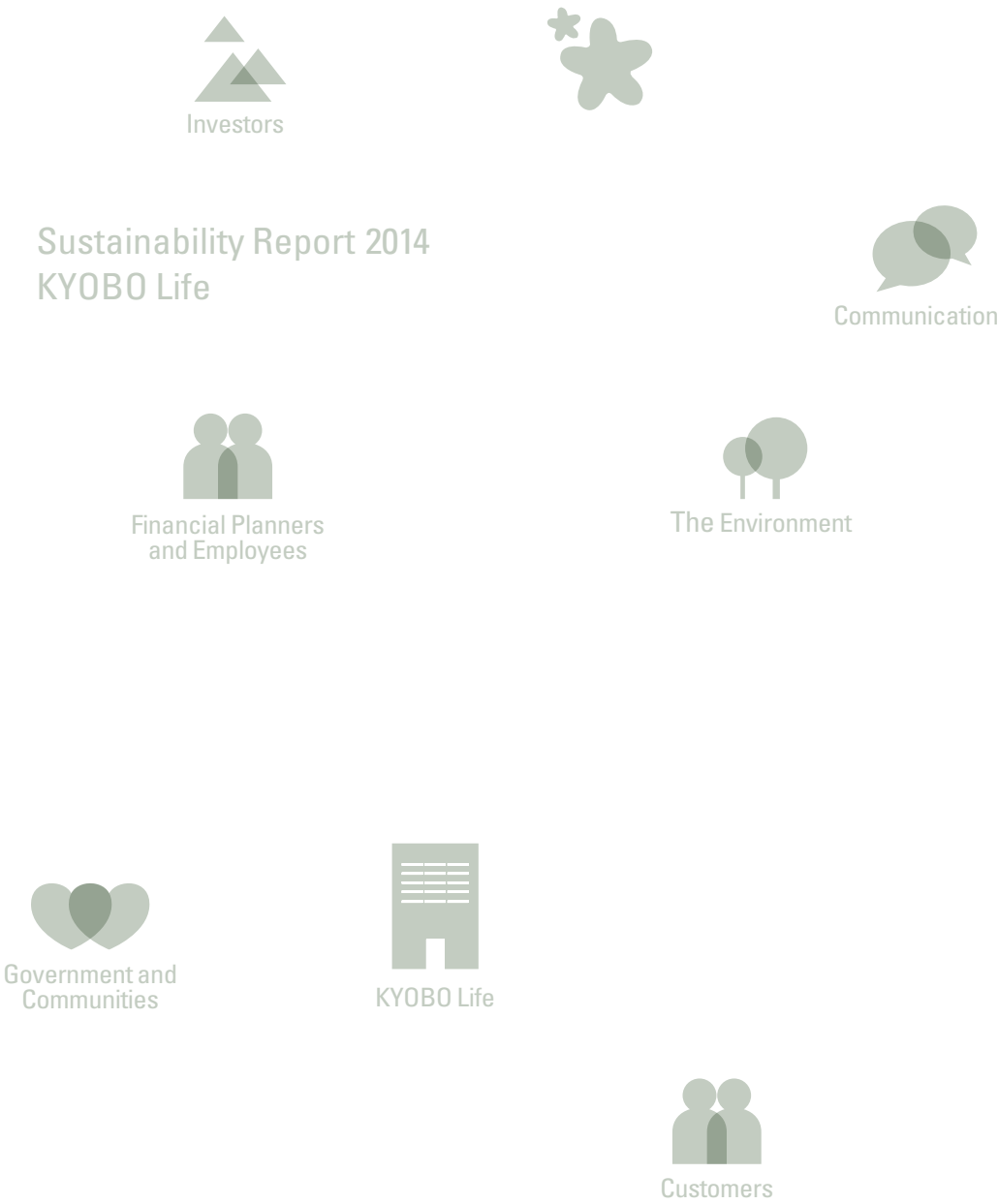


Humanity and the Future

People are the most precious beings in life, companies exist for people and thus Kyobo Life commits to doing people centric business. The cover of this report symbolizes our understanding of the true values of all stakeholders(customers, financial planners, employees, investors, the government and communities), which are shaped through sustainability management activities of Kyobo Life.

HUMANITY AND THE FUTURE

Sustainability Report 2014  
KYOBO Life



1 A company that provide optimum Insurance coverage and on-going services.



2 A company that succeed together with our Financial Planners.



3 A company that grow together with our Employees.



4 A company that is attractive to Investors.



5 A company that grow together with the Government and Communities.



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- 01 We will listen to the customers and manage the company from the customers' perspective.
- 02 We will enhance service quality throughout the policy life cycle, from underwriting to persistency and to benefits payment.
- 03 We will pay respect to and trust the Financial Planners as our business partners.
- 04 We will establish fair standards and help the Financial Planners engage in their sales and service activities with peace of mind.
- 05 We will support the Financial Planners to grow into the insurance experts.
- 06 We will continue on our corporate culture of joy, pride and trust.
- 07 We will provide equal opportunities and reward according to fair evaluations.
- 08 We will support our employees to grow and develop into the insurance experts.
- 09 We will continue to produce exceptional profit through the good growth.
- 10 We will increase the value of company through preemptive risk management.

- 11 We will actively carry out corporate social responsibility activities to grow together with our communities.
- 12 We will manage our business in nature-friendly way, reflecting the nature of our business.
- 13 We will grow together with our partners through fair competition.

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## CEO's Message



### Greetings Respected Stakeholders!

Greetings Respected Stakeholders!

On behalf of Kyobo Life, I would like to deliver our sincere appreciation for your constant support for and interest in Kyobo Life.

In the midst of a long global economic recession, along with many other countries distressed and struggling to recover, economic conditions in Korea in 2014 continued to be challenging due to slow economic growth, decelerating interest rates, and low consumer prices.

Despite such a challenging environment, over the year 2014, Kyobo Life took firm actions in relation to achieving our Vision 2015, 'To be the company that provides optimum insurance coverage and on-going services'. In particular, we put the upmost effort into accomplishing the two cornerstones of our core management target; namely, 'expansion of optimum insurance coverage to customers' and 'advancement of profit structure', along with practicing sustainability management that pursues shared growth with all stakeholders.

As we took firm action and made significant progress in these cornerstones, we were honored to receive the 2nd annual 'Most Beloved Company Presidential Award' in recognition of our efforts to promote sustainable management based on economic reliability, environmental soundness, and social responsibility. Therefore it is no co-incidence that Kyobo Life has maintained the top ranking in the Sustainability Index in the life insurance sector for five consecutive years.

We believe that all humans are born to be respected and to be valued by others. That is why we put respecting each person's values at the core of our mission and titled this fifth Sustainability Report, 'Humanity and the Future'. We are pleased to detail our sustainability activities and performance in our annual sustainability report, updating our progress to keep the pledges that we held to our stakeholders.

Our pledges to our Stakeholders and Performance in 2014 are as follows:

**We will become a company that provides optimum insurance coverage and on-going services.**

By operating 'Product Concept Proposal Task Force Team', we launched various new products including an annuity that acquired the exclusive rights for its use. The goal of this was to provide differentiated products in a timely manner to our customers with an innovative approach. Over the year 2014, we also strengthened the quality of our service by further advancing the 'Lifelong Care Service' that began in 2011. To embed customer protection culture into all departments of the organization, we have also enacted a new Customer Protection Charter. Our continuous efforts in providing advanced customer protection service led to Kyobo Life receiving the highest rating in the assessment by the Financial Supervisory Service.

**We will become a company that succeed together with our Financial Planners.**

We are continuously supporting the development of insurance professionals, including financial planners and managers, by strengthening our internal training system. Our training system allows us to select Financial Planners that can deliver good customer assurance service and put them on the fast track to develop early success in their careers. At the practical level, we support our financial planners with a real time information access system that instantly supports and supplies them with the knowledge needed for sales and service activities, particularly when talking to customers.

**We will become a company that grow together with our Employees.**

We have put the utmost effort into making Kyobo Life a top company to work for, by creating a better working environment and providing a variety of growth opportunities for professional talent. We have concentrated on continuously delivering insurance marketing training to our employees, so that they can disseminate the proper understanding of the life insurance industry. We provide even more development opportunities for our employees by rotating roles and expanding each employee's job scope.

**We will become a company that is attractive to Investors.**

Despite the challenging environment due to slow economic growth and long term low interest rate, Kyobo Life strengthened our firm-wide action to secure a solid financial soundness ratio

(RBC). We have strengthened our risk management system to actively tackle increasing household debts. We have also reinforced our market responsiveness in the asset management sector, which led to an improvement of asset yields. We have earned an A+ rating from Fitch Ratings for two consecutive years and maintained an A2 rating for seven consecutive years from Moody's which also enhanced the rating outlook to 'Positive'.

**We will become a company that grow together with the Government and Communities.**

Kyobo Life has proactively made a social contribution by implementing activities to help the less fortunate who are suffering from illnesses, financial hardships, and unequal access to education. Over the years, we have recognized and analyzed various environmental impacts of the life insurance industry. As a result, to minimize our direct and indirect impacts on the environment, we conducted a green remodeling project for our local headquarters, which was reborn as a modern eco-friendly building after renovation. In 2014, we continuously participated in socially responsible investment by broadening our SOC portfolio in sectors from renewable energy to waste management.

Kyobo Life recognizes the importance of Creating Shared Values(CSV) which recently emerged as a new paradigm in creating both economic and social values. By placing CSV as the core of our company-wide marketing strategy and thanks to some of the benefits of the related actions, we were awarded with the Porter Prize for Excellence in CSV by the Institute of Industrial Policy Studies among the private corporations. This is a year in which we plan to expand our CSV activities in consideration of the uniqueness of the life insurance business by taking on the role of social security, and following our founding philosophy; 'promotion of national education and formation of domestic capital'.

We would also like to take this opportunity to express our enduring support of the ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. As a participating member, we will continue to embrace, support and enact these ten fundamental principles within our sphere of business.

We anticipate that business conditions in 2015 will not be any easier than 2014. In the era of the so called 'New Normal', we will actively respond to and tackle a broad range of risks to deliver shared growth to all stakeholders.

We would like to thank all our stakeholders- our customers, our financial planners, our employees, our investors, the government and communities- for their support.

Thank you once again for your continued support.

March 2015  
Chang-Jae Shin, CEO & Chairman  
Kyobo Life

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# Sustainability at Kyobo

## Pursuit of Common Growth with All Stakeholders

### Pledges

**1** A company that provides optimum insurance coverage and on-going services.

**2** A company that succeed together with our Financial Planners.

**3** A company that grow together with our Employees.

**4** A company that is attractive to investors.

**5** A company that grow together with the government and communities.

### Main Initiatives of 2014

Innovative Work Process

Customer Valued Creative Product Development

Expand Complete Sign Up for Family Life Insurance Products

Advanced Practice of Lifelong Care Service



Spread Customer Protection Centered Culture in the Industry

Excellent Organization Structure to Provide Good Customer Guarantee

Company-Wide Response to Enhance RBC Ratio

Enhance Market Responsiveness for Asset Management

### 10 Key Issues in 2014

#### Customers

Reinforce customer information protection

Effort towards Protection of customer

Clear explanation and information on products and service

#### Financial Planners

Communication between Kyobo Life and Financial Planners

Inform better to financial planners in the incident of delay in new contract and payment screening process



#### Employees

Fair Performance Evaluation · Compensation

Eliminate Discrimination (sex, age, birth location, school etc.)

#### Investors

Fair distribution of created value

Prevent and expose insurance fraud

#### Government & Communities

Program for Raising Environmental Awareness

## Principles

## KPI<sup>1)</sup>



- 01** We will listen to the customers and manage the company from the customers' perspective.
- 02** We will enhance service quality throughout the policy life cycle, from underwriting to persistency and to benefits payment.

(13th Month) Policy holder Persistency Rate	<b>84.1%</b>
Customer Satisfaction Level	<b>72.7 points</b>
Market Share Rate	<b>11.4%</b>



- 03** We will pay respect to and trust the Financial Planners as our business partners.
- 04** We will establish fair standard and help the Financial Planners engage in their sales and service activities with peace of mind.
- 05** We will support the Financial Planners to grow into the insurance experts.

Level of Satisfaction of Financial Planners	<b>72.9 points</b>
(13th Month) Financial Planner Settlement Ratio	<b>39.9%</b>



- 06** We will continue on our corporate culture of joy, pride and trust.
- 07** We will provide equal opportunities and reward according to fair evaluations.
- 08** We will support our staffs to grow and develop into the insurance experts.

Level of Satisfaction by Employees	<b>-</b>
Training hour per employee	<b>77 hour</b>



- 09** We will continue to produce exceptional profit through the good growth.
- 10** We will increase the value of company through preemptive risk management.

Total Asset	<b>85.8 trillion won</b>
Return on Equity (ROE)	<b>7.8%</b>
Financial Soundness Ratio (RBC)	<b>271.3%</b>



- 11** We will actively carry out corporate social responsibility activities to grow together with our communities.
- 12** We will manage our business in a nature-friendly way, reflecting the nature of our business.
- 13** We will grow together with our partners through fair competition.

Social Contribution (Amount)	<b>2.3%</b> (12.1 billion won)
Weight of Social Responsible Investment	<b>8.8%</b>
Energy Consumption	<b>18,327 TOE</b>

1) Please refer to the bottom of 16~17p for the standard calculations.

## Top 10 News of Kyobo Life's 2014

We share our Top 10 sustainability achievements of the year, selected out of the 15 topics within the broad spectrum of sustainability. The 15 topics were narrowed down to 10 by our employees and financial planners through an electronic survey. This e-survey was participated by 1,531 employees and 4,365 financial planners, a total of 5,896 stakeholders. The top 10 achievements in 2014 are as follows.

### 0 1 First Place in Sustainability Index for 5 consecutive years, Winner of the 'Most Loved Company' Presidential Award

Last October, Kyobo Life continued to receive the highest ranking in the life insurance sector for Korean Sustainability Index, conducted by the Korean Standards Association, for five consecutive years. This outcome is meaningful, as it confirms that we are the leading practice for sustainable management in the industry, pursuing shared growth with all stakeholders. On the same month, we also received the 2nd 'Most Loved Company' presidential award hosted by the Ministry of Trade, Industry and Energy in a similar context underpinned by the systematic process for incorporating various stakeholders' opinions, pursuing balanced development for all stakeholders, implementing corporate social responsibility activities and other key sustainability efforts.

### 0 2 Retirement Pension Grand Award for Best Service and Long Term Profit Return

Kyobo Life earned the First Korea Pension Grand Award hosted by the Money Today in May followed by the First Korea Retirement Pension Grand Award from the Korea Economic Daily in November. The core competitive advantages that led to such achievement were our differentiated service and financial outcome such as 1:1 personalized consulting and highest long term profit return rate in the industry. At Kyobo Life, we provide comprehensive management reports with indication of profit return rates to each of our customers that signed up for DC type insurance, which are approximately 140,000 people. Over the past five years, Kyobo Life had the highest cumulative gross returns, among more than 50 retirement pension providers.



### 0 3 Health, Greatness & Intelligence! Sponsoring Athletics Competition for Young Dreamers for 30 Years

As of this year, the Kyobo Life Cup Youth Athletics Competition has met its 30th year. With our deep rooted belief on education; health is a key requirement for positive mind and good spirit, we have been sponsoring the national athletics competition for youngsters for 30 consecutive years since 1985. To celebrate the 30th anniversary of Athletics Competition for Young Dreamers, various events were held over the year 2014. In June 2014 for the 30th Anniversary Homecoming event, we invited alumni who participated in this competition over the last 30 years, who are now world sport stars and athletes, such as Seung-Hee Park and Suk-Hee Shim. On this day, we arranged various mini events like Mentor-Mentee Date, social contribution activities with FP supporting employees and FP, 30th Anniversary Photo Exhibitions and many others.

### 0 4 First Class Rating in FSS(Financial Supervisory Service)'s Civil Complaint Occurrence Evaluation

Kyobo Life earned the first class rating for the Civil Complaint Occurrence Evaluation conducted by the Financial Supervisory Service. This has a profound meaning because it is a reflection of continuous efforts of our financial planners and employees and our company-wide intention to protect customer data under the slogan of customer comes at the center of every part of our business. After receiving the third class rating in 2011, we reflected on ourselves and focused on recovering our reputation based on the trust that customers have in our integrity. So, we paid the utmost attention to customer data privacy and security to progressively improve this rating. A major enhancement in reducing uncompleted sales activities and expanding the receivers of the 'lifelong care service' enabled us to receive the second class rating in 2012 and furthermore upgraded to first class in 2013.

## 0 5 'Smart Portfolio System' to Analyze Guaranteed Financial Savings

At Kyobo Life, we developed and opened the 'smart portfolio system' in October to provide a smarter tool to analyze guaranteed financial savings. This system allows customers to measure the future guaranteed insurance payment by simply inputting their current living costs. This then helps customers find appropriate insurance products which will enable them to cover the lack of guaranteed money expected to receive in the future. This system can be used in FP.com, Kyobo Dream Planner and Kyobo Dream On and is available for Kyobo Life's flagship products such as Multi Plan Kyobo Integrated CI Insurance.

## 0 6 The CEO Award Winner by the Korean Academic Society of Business Administration

Following the Consumer Award by the Korean Society of Consumer Studies in 2013, last August, we unprecedentedly earned the 29th Business Scholars Selected CEO Award by the Korean Academic Society of Business Administration in recognition for outstanding business performance, social responsibility achievements and for being at the forefront of spreading the customer-centricity culture in Korean life insurance industry. This is a significant outcome in the sense it stands for an outcome of objective evaluation by the business administration scholars, going beyond the recognition of simply being the best practice in the industry. We have been particularly recognized for leading the industry in the areas of consumer centered business practices.

## 0 7 A+ from Fitch Ratings for Two Consecutive Years, One of the World's Three Renowned Credit Rating Agencies

Followed by the A+ acquired from Fitch Rating last July, Kyobo Life maintained A+ this year, which makes it two consecutive years. Fitch Ratings evaluates overall Insurer Financial Strength(IFS) which includes profitability, financial soundness and risk management skills. We are the first to receive the A+ rating among the insurance companies in Korea. Fitch Ratings quoted in its report that Kyobo Life has a strong market dominance and presence in the Korean insurance industry, as well as performs stable profitability and financial soundness.



## 0 8 Innovative Products to leverage Customers Values

Over the year, Kyobo Life has developed and offered innovative services in real time response to customers' needs and market trends. We introduced various new products starting from Kyobo LTC Life Insurance in January 2014, followed by Kyobo Senior Pension Plan Insurance, Multiplan Kyobo Variable Universal Life Insurance and others. In particular, Look Ahead Kyobo Variable was an innovative product that enhanced existing pension insurance products by creating new dimensions of relative policy. One month after the launch of this product, more than 13,000 people signed up.



## 0 9 Gwanghwamun Message Board Recreated with a touch of University Student's Design idea

Kyobo Life held a design competition for university students to change the design of the advertisement board in Gwanghwamun for the first time. Our intention lied on creating a stage to communicate with the young and raising interests towards the Kyobo Life's message board. The student's design that won the competition was presented in fall design. The design represented the classical virtues of modesty in nature through the imagery of falling leaves. This competition received 218 design submissions and these were reviewed and assessed for three weeks in July. The final award was selected for its high quality, expressiveness and novelty.



## 1 0 Increasing Customer Emotional Satisfaction on 'Nobiliaire Marketing'

We actively performed Nobiliaire Marketing to deliver our sincere gratitude and differentiated service to our customers. Starting with the Nobiliaire Hue concert in Daejeon and Gwangju in August last year, we held 2014 Asia Philharmonic Orchestra Concert in September in Seoul Arts Center, which the orchestra was led by Maestro Myung-Whun Chung. We invited 5700 VIP customers and the president of Kyobo Life, Chang-Jae Shin joined the concert to meet with the attended VIP customers. In October, Kyobo Nobiliaire Class was offered for VIP customers and their children who have dream to be musicians.



## Company Information

### Overview






As an insurer and investor, our ultimate goal(vision) is to help every single person to successfully manage their financial future by carrying out our responsibility to never put one in despair due to various financial hardships in life. Since our establishment in 1950 and since our firm declaration to 'pursue innovation' in 2000, we have been keeping our promise for 50 years, to be at the forefront of creating a sustainable life insurance market through proactive change and innovation. At the heart of our values are our vision that motivates us to be the life insurance firm that 'provides optimum insurance coverage and on-going services(Customer Assurance No. 1)', deliver 'emotional stableness' and 'financial guarantee' beyond our customers' expectations.

### Organization

The Kyobo Life provides services centered on the headquarters that is made up of 4 departments, 3 divisions, 45 teams, 5 centers. The sophisticated international branch network covering New York, Tokyo, and Beijing, allows us to offer our services to wider customers around the world. Kyobo Life also has a life asset-management firm as a local corporate body in the US.

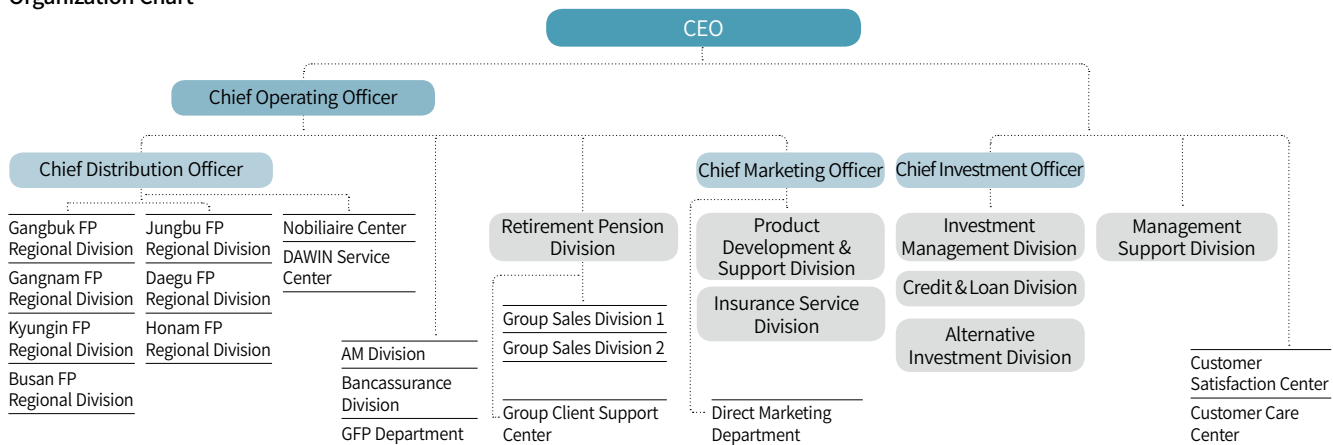
#### Key Business Figures

Company Name	Kyobo Life Insurance Co. Ltd
CEO	Chang-Jae Shin
Establishment Date	August 07, 1958
Headquarters Location	01, Jong-ro, Jongro-gu, Seoul, Korea

 Personnel <b>4,269</b>	 Number of Financial Planners <b>19,536</b>	 Equity <sup>1)</sup> <b>7.0 Trillion Won</b>	 Total Assets <sup>2)</sup> <b>85.8 Trillion Won</b>	 Premiums <b>12.3 Trillion Won</b>
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1), 2) Figures based on IFRS financial statement according to the International Accounting Standards

#### Organization Chart



### Operation Locations (Unit: place)

Kyobo Life has 605 branch offices and 65 customer Plazas in South Korea.

Category	Seoul	Incheon	Gyeonggi	Gwangwon	Busan	Gyeongnam	Daegu	Ulsan
Branch Office	168	29	116	19	41	40	25	17
Customer PLAZA	15	4	12	2	5	4	3	2

Category	Gyungbuk	Daejeon	Chungnam	Chungbuk	Gwangju	Jeonnam	Jeonbuk	Jeju
Branch Office	36	14	17	17	16	20	21	9
Customer PLAZA	4	2	1	2	2	3	3	1



## Primary Products

Kyobo Life offers diverse financial products for private customers and corporate entities, in terms of insurance, loans, funds, and trust. Particularly, we focus on offering 'family life guarantee' and 'elder life guarantee' life insurance products, to support customers to manage their foreseeable future risks sensibly.



**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 when 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, and periodic insurance type which a certain period is insured.



**Pension · Deposit Insurance** This deposit insurance helps customers to accumulate assets and to attain social security after retirement. The customer can choose from whether they wish to receive the payment at a certain period or to receive pension fund until death. This product is suitable for customers to accumulate their assets or to create a target amount of funds.



**Education · Child Insurance** This product helps customers to prepare funds for their children's academic propose. Depending on the children's age, customers can receive academic funds annually. In addition, customers can choose an extra special contract that covers fund in the event of the child suffering from disabilities, diseases or accidents, which is the strength of this product.



**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, covering retirement pension management and asset management services.

\*Please refer to Kyobo Life's webpage ([www.kyobo.co.kr](http://www.kyobo.co.kr)) for more details of each products.

## History

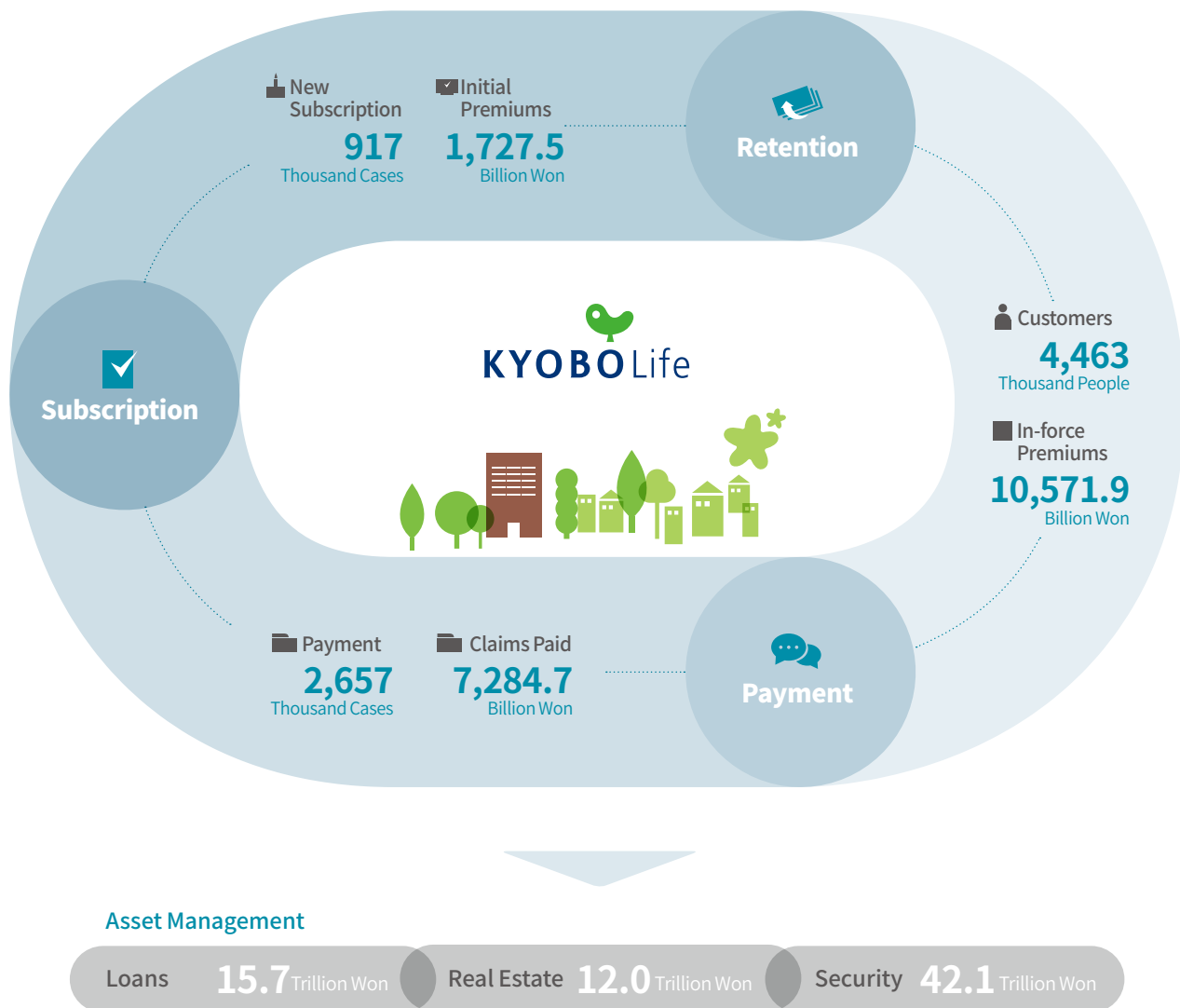
Kyobo Life has long been at the forefront of writing the history of life insurance in Korea with our 56 years of knowhow and understanding and with our firm belief that 'education is the future of a nation'.

2014	<ul style="list-style-type: none"> <li>· Wins the second 'Beloved Corporate Government' Presidential Award</li> <li>· Selected as the top 'Korea KSI' in the Life Insurance Sector for five consecutive years</li> <li>· Wins the first private corporation Prize for Excellence in CSV in the process sector</li> <li>· Received 'A2' from Moody's for seven consecutive years</li> <li>· Certified as 'A+' for Credit Rating from Fitch Ratings for two consecutive years</li> </ul>
2012	CEO Chang-Jae Shin wins the 2012 Grand Prize Asia Insurance 'This year's best insurance CEO' prize
2011	Proclamation of 'Kyobo VISION2015'
2010	International agreement for social responsibility of an industry and became the member of UN Global Compact
2009	Selected as '2009's Best Insurance Company' in the 2009 Asia Life Insurance Industry
2004	Wins 'Customer Satisfaction Grand Prize (For five consecutive years)' and dedicated the 'Hall of Fame'
2002	Foundation of 'Kyobo Dasomi Volunteer Service Center'
2001	Proclamation of 'Kyobo VISION2010' and 'CI'
2000	Proclamation of change innovation and establishment of 'Kyobo's ethics charter.'
1997	Establishment of 'Kyobo Life Education and Culture Foundation'
1996	Founder Yong-Ho Shin Inducted into the IIS 'Insurance Hall of Fame'
1994	Company renamed as 'Kyobo Life'
1992	Establishment of 'Daesan Culture Foundation'
1991	Establishment of 'Daesan Rural Culture Foundation'
1983	Founder Yong-Ho Shin Wins 'World Insurance Grand Prize' from International Insurance Society (IIS)
1980	Establishment of 'Kyobo Book Centre Co., Ltd.'
1964	The First Savings Day Excellence in Saving Awards 'Presidential Honors'
1958	Establishment of 'Korean Education Insurance Co. Ltd', World's First Education Insurance, 'Jinhak Insurance'

## Life Insurance Business Process

Our core business process comprises of three stages: Subscription, retention, and payment. In the sign up stage, we construct and recommend the best plan for each of our customers according to their needs and financial abilities. The retention stage aims to help increase the awareness of insurance products and benefits it bring to the customers. This stage deals with all handling of the related matters. In the payment stage, in the event of calling for payment, we deliver the promised benefits in accordance to the contract, to help customers overcome any hardships they faced. The premiums paid by customers are safely managed by us with a long term investment strategy to secure sound and stable long-term returns.

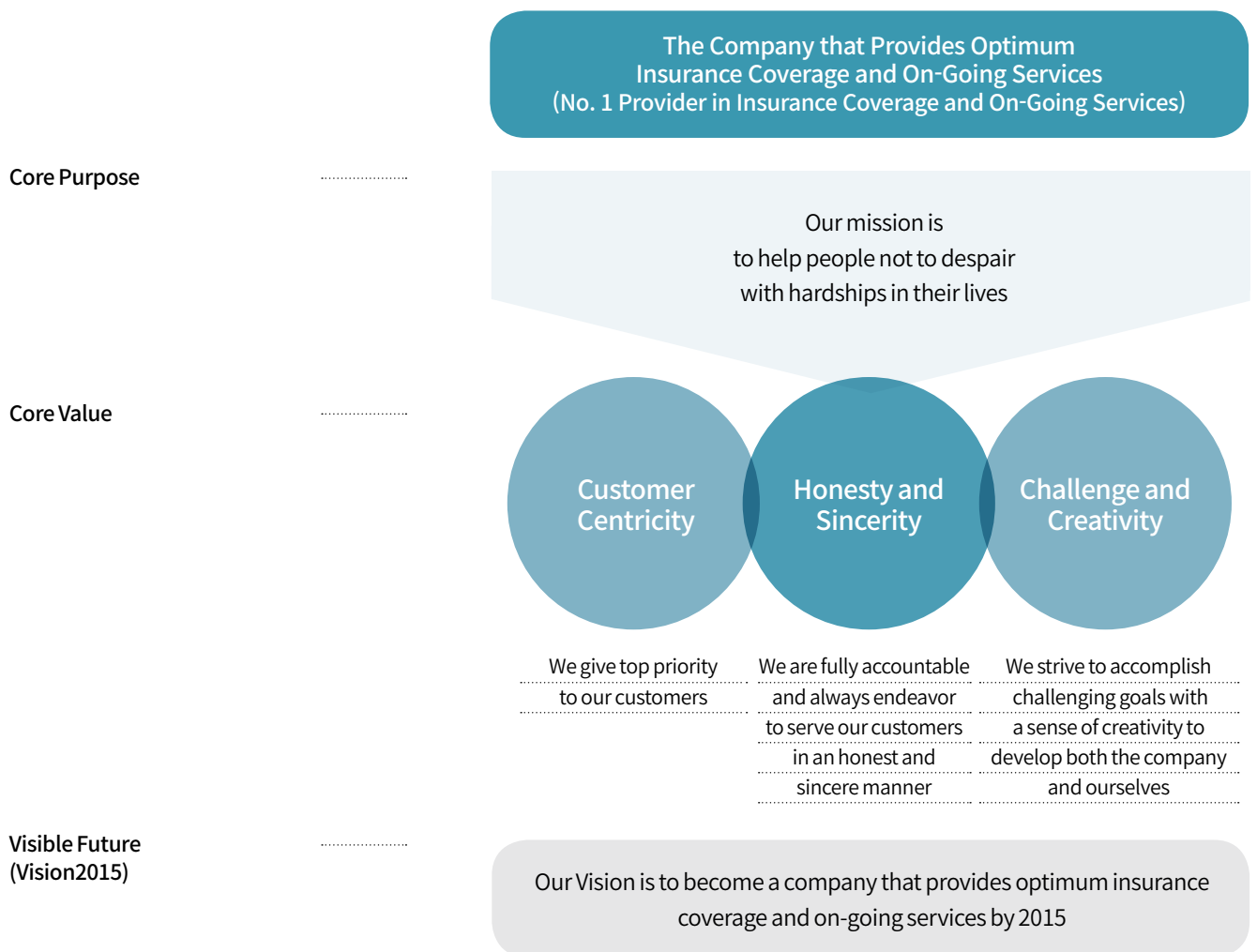
Kyobo Life successfully signed 917 thousand new contracts, provided retention service to: 4,463 thousand people and paid 7,300 billion won for 2,657 thousand cases as of FY2014.



## Kyobo Vision

The vision of Kyobo is comprised of our core purpose, core value and visible future. The core purpose is what we must consistently pursue as long as Kyobo Life exists, and our core values are the principal standards for decision-making and actions of all employees. The 'Vision2015' is our clear objective that all of our employees must focus on to offer their skills and time to achieve Kyobo Life's ultimate goal to be the best at providing optimum insurance coverage and on-going services in Korea by 2015.

### Kyobo Vision2015



This implies providing 'Peace of Mind' and 'Financial Protection' beyond customers' expectations so that 'we help people not to despair with hardships in their lives'. To achieve this, Kyobo Life will put customers' benefit at first, work hard and be honest, and challenge ourselves to think out of the box according to our core values.

In 2014, Kyobo Life established a strong foundation to step forward towards accomplishing our Vision 2015 by focusing on 'Expansion of Insurance Coverage to Customers' and 'Advancement of Profit Structure'.

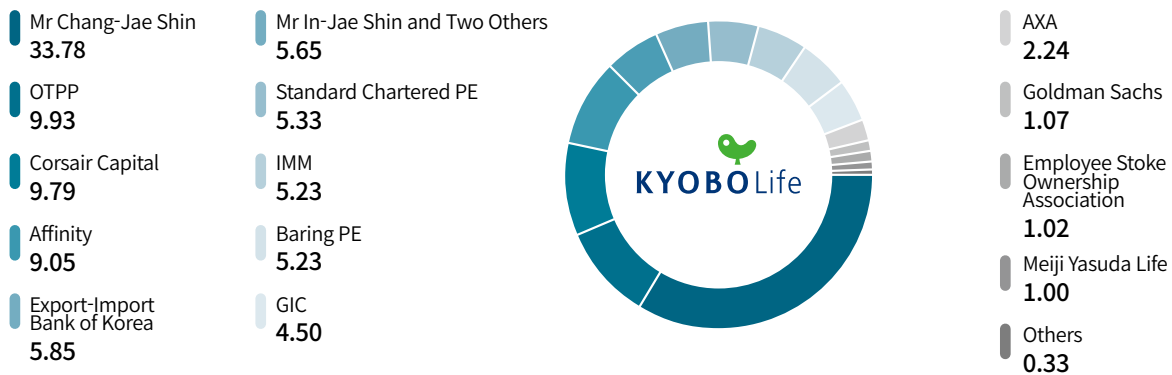


## Corporate Governance

### Ownership

Kyobo Life maintains transparent and clear ownership status for a substantial management system. The largest shareholder is the CEO Chang-Jae Shin with 33.78% of the share, while Corsair Capital(9.79%) and AXA(2.24%) are shareholders through recapitalization and share sales in 2007. In 2012, OTTP(Ontario Teacher's Pension Plan, 9.93%), Corsair Capital(9.79%), Affinity(9.05%), and few others became our new shareholders.

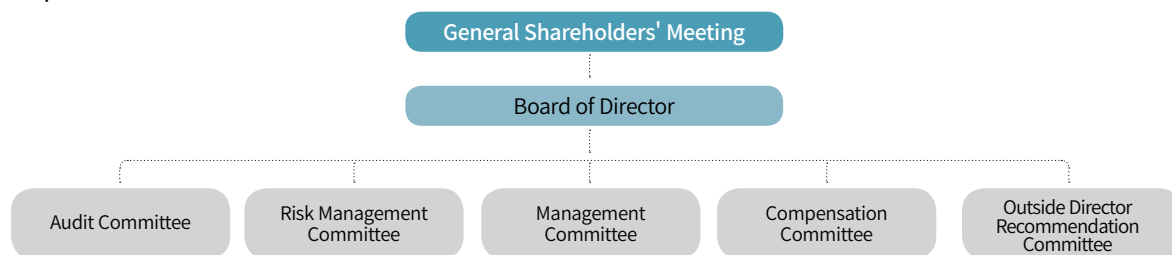
#### Shareholder Composition (Unit:%)



### Corporate Governance Status

Kyobo Life's main decision making bodies are the General Meeting of Stockholders and the Board of Directors. The external directors are actively involved in observing management activities. We are further improving our corporate value by placing a compliance officer and independent audit committee to perform thorough internal regulations.

#### Corporate Governance Chart



### Board of Directors

The Board of Directors are the final decision making body on issues designated in the legislation and articles, issues delegated by the General Meeting of Shareholders and those related to the company's basic policies and business operations. The body also supervises the directors' execution of their tasks.

**Board of Directors Composition** The Board of Directors consists of two executive directors and four outside directors; there are no female directors as of now. Each director is selected through the General Meeting of Shareholders by evaluating their qualifications signified in the related standards provided by insurance and other industry regulations. Outside directors in particular, are selected through a fair and strict screening process by the Outside Director Recommendation Committee regarding their expertise and stake holding status. The outside directors should not own any stake of the company as this allows increasing of the transparency of the management.

### Board of Directors Composition

Category	Name	Position	Expertise
Inside Directors	Chang-Jae Shin (Born 1953)	CEO and Chairman of the Board of Directors	-
	Seokki Lee (Born 1965)	CFO	-
	Pil Wha Yoo (Born 1954)	Dean of the Graduate School of Business, SungKyunKwan University	Marketing
Outside Directors	Hyong Chul Kim (Born 1953)	Former CEO and Vice President of Jeil Fire & Marine Insurance	Planning, Business Management
	Young Taeg Park (Born 1959)	Affinity Equity Partners, Managing Partner	Finance, Accounting
	Hari R. Rajan (Born 1977)	Managing Director and Partner of Corsair Capital	Finance

**Operation of the Board of Directors** Kyobo Life Board of Directors operates a regular board of directors meeting once every month but also runs temporary Board of Directors meeting when it is requested by the Chairman and Board of Directors. In the fiscal year of 2014, Kyobo Life held 7 BOD meetings. We disclose information about the participation of Board members for each committee, opinions of external directors on each agenda, and voting results, on our website every month ([www.kyobo.co.kr](http://www.kyobo.co.kr)>Notice>Corporate Governance).

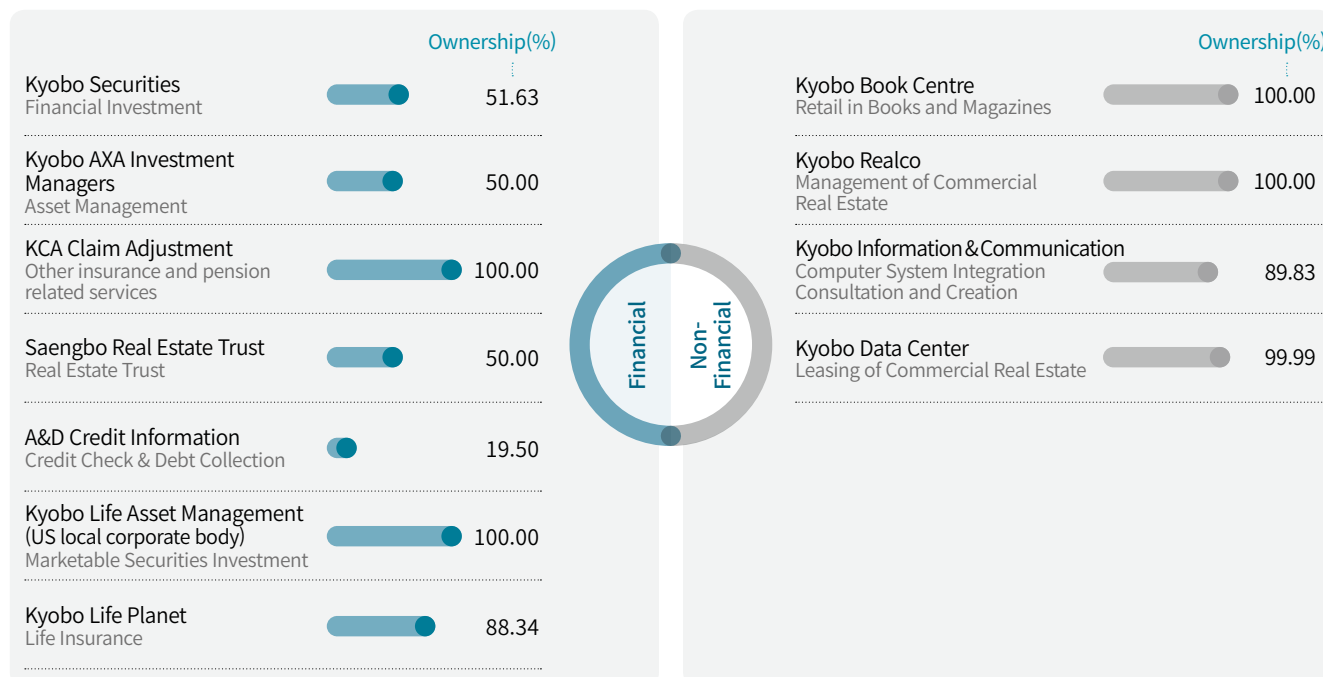
### Performance Evaluation and Compensation

The directors' compensation is based on the evaluation of directors' accomplishment to the annual goals reported to the Board of Directors at the end of each fiscal year. The executives' salaries are decided in the General Meeting of Shareholders, and the compensation for external directors are disclosed on our website ([www.kyobo.co.kr](http://www.kyobo.co.kr) > Notice > Corporate Governance).

### Affiliates

Kyobo Life has 11 affiliates related to life insurance business, which each of them play a key role in enhancing Kyobo's brand and corporate value by pursuing synergy effects through active interaction between businesses.

#### Affiliate Ownership

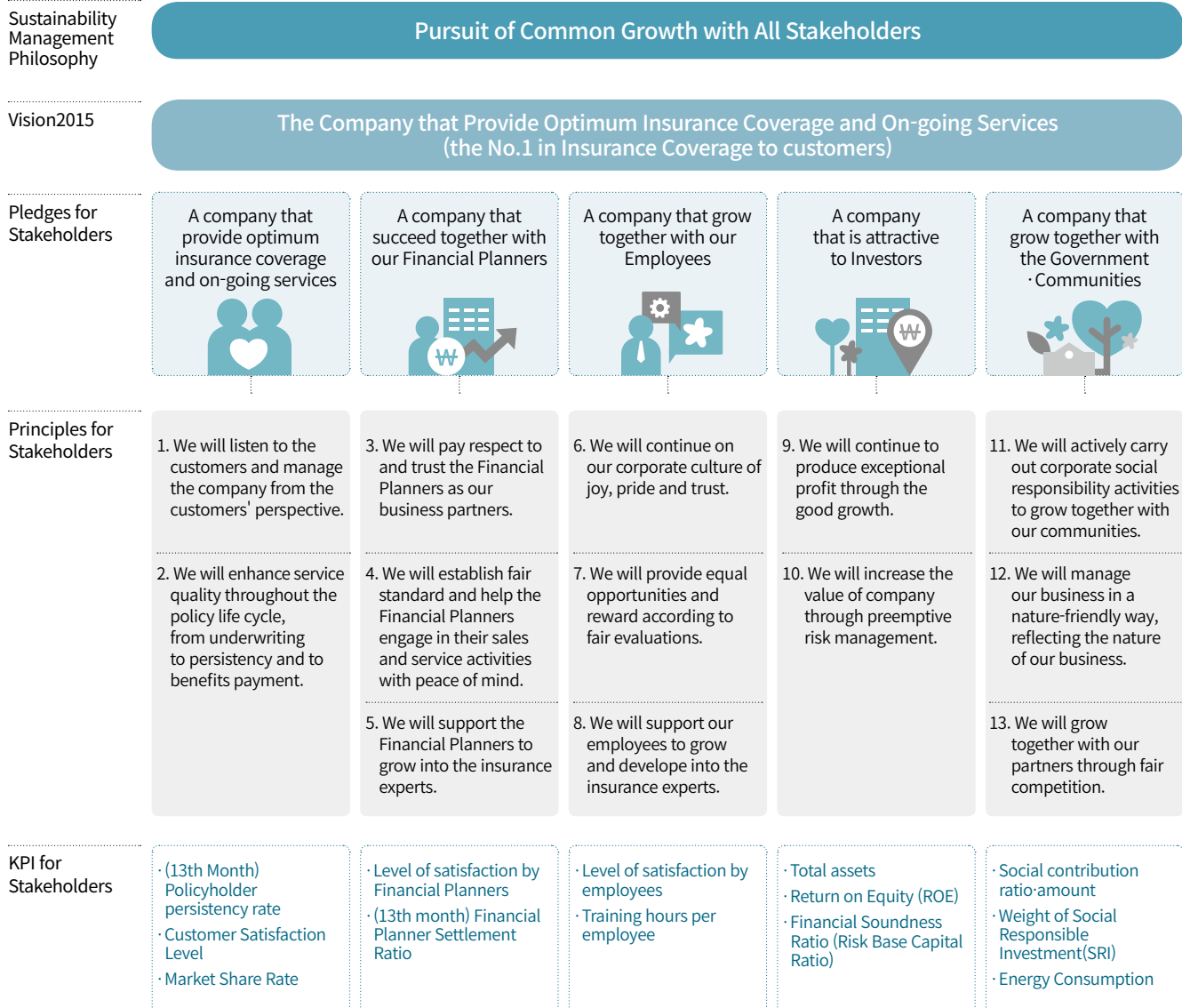


# Sustainability Management

## Sustainability Management Framework

As a sustainable insurer, sustainability management is at the core of our 'Vision 2015'. Our sustainability philosophy centers on striving for shared growth with all stakeholders and fulfilling our role to provide 'optimum insurance coverage and on-going services'. For Kyobo Life, different types of stakeholders are categorized and defined. These stakeholder groups are those that have tight connection to our business. We developed pledges for each stakeholder group and these pledges are our core sustainability management strategy. At Kyobo Life, we have our own sustainability management system which has built around these pledges, principles to implement these pledges and KPIs to evaluate implementation and outcomes.

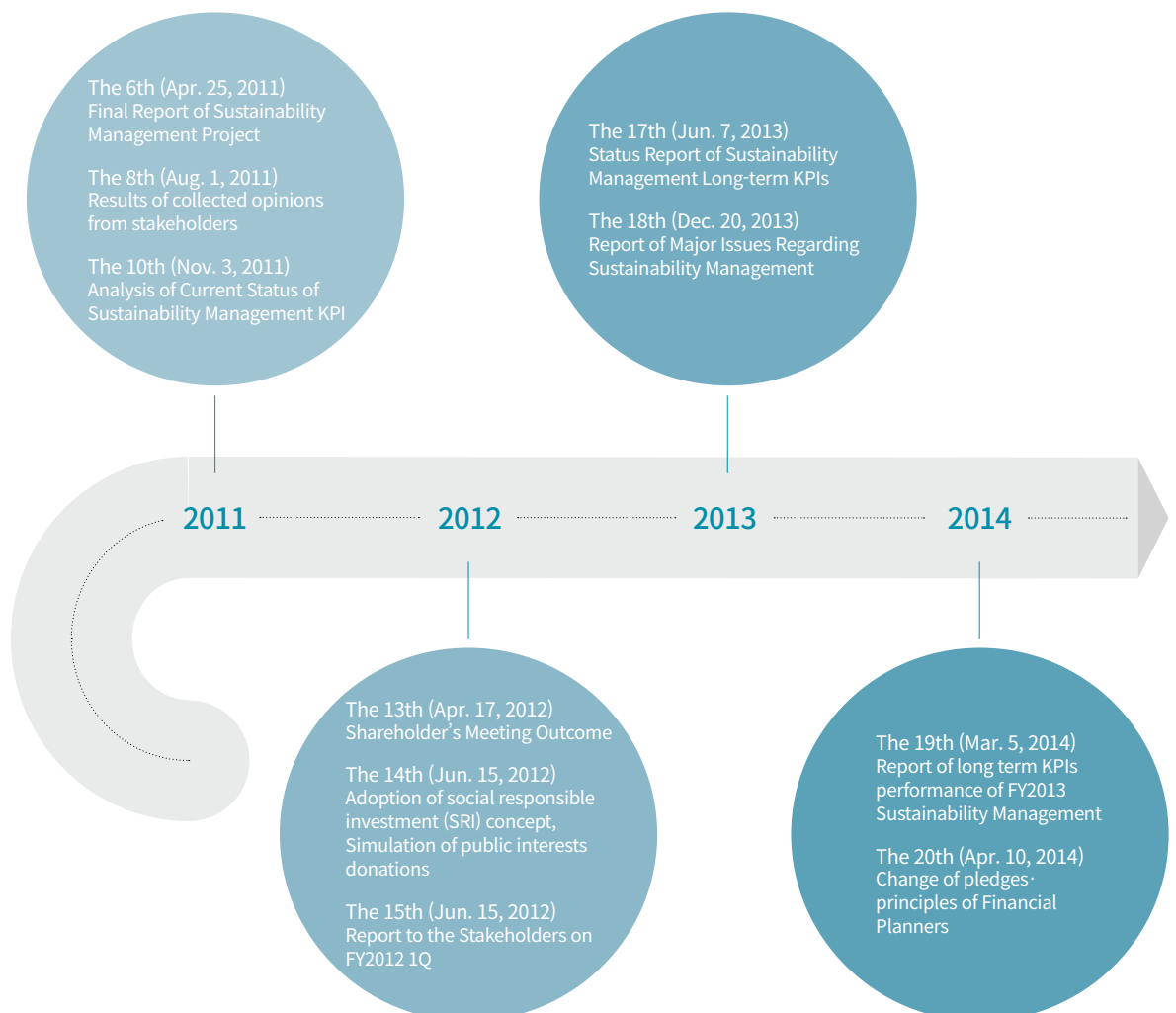
### Sustainability Management Framework



## Sustainability Management Council

Kyobo Life operates a sustainability management council to support the top management efforts to pursue sustainability management and to foster active communication on the related issues. The council discusses key sustainability management issues with the CEO and supports to lead to agreements and conclusion by the Chairman. Issues that are brought to discussions here are addressed in 'Sustainability Management' working-level meetings, which enables gathering of opinions of the heads of each department. This then maximizes the operation efficiency of the 'Sustainability Management' Council.

### Operation Status of the 'Sustainability Management' Council





# Sustainability Management Execution Performance

Kyobo Life established 13 principles centering on the five groups of stakeholders under the vision of becoming 'the company that provides optimum insurance coverage and on-going service'. For consistent evaluation and operation of the sustainability management system, we annually report our status in accordance to the key sustainability issues of each stakeholder groups and KPIs.

Stakeholders	Customers	Financial Planners
Pledges	A company that provide optimum insurance coverage and on-going services	A company that succeed together with our Financial Planners
Principles	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	3_ We will pay respect to and trust the Financial Planners as business partners 4_ We will establish fair standards and help the Financial Planners engage in their Sales and Service activities with peace of mind 5_ We will support the Financial Planners to grow into the insurance experts
KPI	<p>(13th Month) Policyholder Persistency Rate<sup>1)</sup> (Unit:%)</p> <p>2012  84.6</p> <p>2013  84.1</p> <p>2014  <b>84.1</b></p> <p>Customer Satisfaction Level (Unit:Point)</p> <p>2012  75.9</p> <p>2013  72.4</p> <p>2014  <b>72.7</b></p> <p>Market Share Rate<sup>2)</sup> (Unit:%)</p> <p>2012  11.1</p> <p>2013  11.3</p> <p>2014  <b>11.4</b></p>	<p>Level of satisfaction by Financial Planners (Unit:Point)</p> <p>2012  69.6</p> <p>2013  72.2</p> <p>2014  <b>72.9</b></p> <p>(13th month) Financial Planner Settlement Ratio<sup>3)</sup> (Unit:%)</p> <p>2012  39.2</p> <p>2013  41.1</p> <p>2014  <b>39.9</b></p>
Key Issues	<ul style="list-style-type: none"> <li>- Reinforce customer information protection</li> <li>- Effort towards protection of customer</li> <li>- Clear explanation and information on products and service</li> </ul>	<ul style="list-style-type: none"> <li>- Communication between Kyobo Life and financial planners</li> <li>- Inform better to financial planners in the incident of delay in new contract and payment screening process</li> </ul>
Key Activities in FY2014	<ul style="list-style-type: none"> <li>- Charter enacted to protect customers</li> <li>- Improve the Financial Supervisory Service Complaints ratings</li> <li>- Enhanced digital communication with customers</li> <li>- Rapport programs</li> <li>- Provide accurate insurance information</li> <li>- Strengthen customer identification when writing contract</li> </ul>	<ul style="list-style-type: none"> <li>- Operating 2014 Awards of insurance coverage to customers</li> <li>- Listen to various financial planner opinions</li> <li>- Offer study aboard programs for excellently performing financial planners' children</li> <li>- Operate Da-moa system to support sales and service activities</li> <li>- Run MDRT(Million Dollar Round Table) member day</li> <li>- Clearer guide to customers-financial planners on screening status of insurance sign up and payment</li> </ul>

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

2) Market share rate is based on Premium Income as of November 2014.

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

Kyobo Life's sustainability management aims to be the leading sustainability practice amongst the financial corporations in Korea by proactively communicating and sharing related information with the stakeholders.

Employees	Investors	Government·Communities
<p><b>A company that grow together with our Employees</b></p> <p>6_We will continue on our corporate culture of joy, pride and trust</p> <p>7_We will provide equal opportunities and reward according to fair evaluations</p> <p>8_We will support our employees to grow and develop into the insurance experts</p>	<p><b>A company that is attractive to Investors</b></p> <p>9_We will continue to produce exceptional profit through the good growth</p> <p>10_We will increase the value of company through preemptive risk management</p>	<p><b>A company that grow together with the Government·Communities</b></p> <p>11_We will actively carry out corporate social responsibility activities to grow together with our communities</p> <p>12_We will manage our business in a nature-friendly way, reflecting the nature of our business</p> <p>13_We will grow together with our partners through fair competition</p>
<p><b>Level of Satisfaction by Employees</b> (Unit:Point)</p> <p>2012  64.9</p> <p>2013  63.7</p> <p>2014  -</p> <p><b>Training hours per Employee</b> (Unit:hour)</p> <p>2012  110</p> <p>2013  75</p> <p>2014  77</p>	<p><b>Total Assets<sup>4)</sup></b> (Unit:Trillion won)</p> <p>2012  75.1</p> <p>2013  78.6</p> <p>2014  85.8</p> <p><b>Return on Equity (ROE)<sup>5)</sup></b> (Unit:%)</p> <p>2012  10.3</p> <p>2013  8.5</p> <p>2014  7.8</p> <p><b>Financial Soundness Ratio (RBC)<sup>6)</sup></b> (Unit:%)</p> <p>2012  258.3</p> <p>2013  292.2</p> <p>2014  271.3<sup>7)</sup></p>	<p><b>Social Contribution Ratio·Amount<sup>8)</sup></b> (Unit:billion won)</p> <p>2012  18.4</p> <p>2013  12.5</p> <p>2014  12.1</p> <p><b>Weight of Socially Responsible Investment(SRI)<sup>9)</sup></b> (Unit:%)</p> <p>2012  8.1</p> <p>2013  8.6</p> <p>2014  8.8</p> <p><b>Energy Consumption<sup>10)</sup></b> (Unit:TOE)</p> <p>2012  20,013</p> <p>2013  19,554</p> <p>2014  18,327</p>
<ul style="list-style-type: none"> <li>- Fair performance evaluation·compensation</li> <li>- Eliminate discrimination (sex, age, birth location, school etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Fair distribution of created value</li> <li>- Prevent and expose insurance fraud</li> </ul>	<ul style="list-style-type: none"> <li>- Program for raising Environmental awareness</li> </ul>
<ul style="list-style-type: none"> <li>- Launch on-site management workshops and management status seminars</li> <li>- Offer various welfare schemes</li> <li>- Build cooperate labor-management culture for win-win growth</li> <li>- Run a performance management system for high performance and cultural policy</li> <li>- Prohibits discrimination at workplace</li> <li>- Job centered HR system</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen competitiveness with differentiated retirement pension</li> <li>- Optimal asset management, establishment and operation of risk management system</li> <li>- Build scenario for all crisis that can happen for different types of risks</li> <li>- Fair allocation to create value</li> <li>- Strengthen prevention of financial accidents and insurance fraud</li> </ul>	<ul style="list-style-type: none"> <li>- Run adversity programs to overcome health·financial and knowledge difficulties</li> <li>- 30th anniversary of Kyobo Life Athletics Competition for Young Dreamers</li> <li>- Social contribution activities for environmental awareness</li> <li>- Social contributions through public foundations</li> </ul>

4), 5) Figures based on IFRS financial statement according to the International Accounting Standards

6) Risk Based Capital(RBC) = Available Capital for Insurance Payment (Payment Capacity)/Capital Required for Risk Management (RBC Total Risk) × 100

7) 2014 Risk Based Capital(RBC) figure decreased due to stricter calculation standard

8) Social contribution ratio: Social Contribution Expense/Net income

9) Social Responsible Investment(SRI) Ratio: (Amount of SRI/Total Asset) × 100

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

## Special Page

# Kyobo Life's CSV (Creating Shared Value)

## Creating Shared Value (CSV)

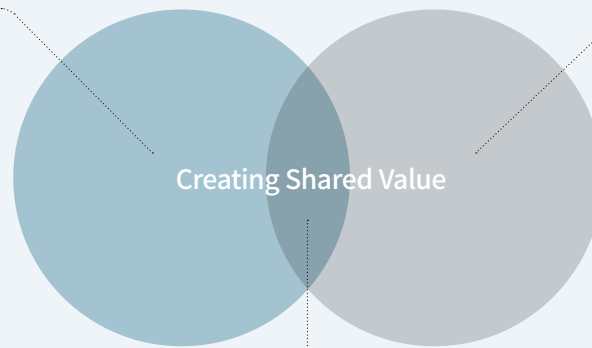
Creating Shared Value is a term for a new management practice which goes beyond the traditional notion of Corporate Social Responsibility(CSR), social contribution activities and sustainability. This term describes the new way to achieve both social and economic values and success by solving social problems in responding to the needs of the society. CSV has now become the core to our purpose.

### Social Value

Job creation for financial planners, unclaimed insurance payment information and deposit, deliver service knowhow and other

### Business Value

Marketing effects, customer satisfaction, rise of retention rate, and others



### Shared Value

Creating Shared Growth of Kyobo Life

## Kyobo Life's CSV\_ Lifelong Care Service

Kyobo Life's CSV efforts ensure that our business practices and policies create a win-win ecosystem with our customers. We strive to meet the expectation of our customers through customer centered management and to actively responding to the market changes in the markets we serve. Since 2011, Kyobo Life has introduced the 'Lifelong Care Service' based on the philosophy, 'offering valued service for existing customers comes before new contract making'. This service ensures all financial planners to visit retained customers on a regular basis to explain thoroughly on the insurance benefits described in the contract, making sure all customers fully utilize benefits and receive payments for accidents and illnesses. We have systemized this service from signing up stage to payment stage to deal with claims and complaints from all customers. This service is a way to uphold the promises made to customers, and represents our efforts to restore customers' trust towards insurance firms and to create a customer centered guarantee service. The Lifelong Care Service has now become a leading practice for many insurers. Past three years of experience offering this service, enabled us to enhance the service competitiveness and our execution capacity. This service is a good example of CSV practices in the insurance sector, which creates both economic and social values. Emphasizing the very nature of our business as insurers, this service enables customers to receive the maximum benefits and coverages from their life insurance, while creating more financial planner jobs.



### Kyobo Life's CSV\_ DAWIN Service



As our experience and knowledge accumulate, we are sharing our real life knowhow on customer care with the government, public organization, companies and health care agencies, where customer satisfaction is the key to success. Receiving 'Customer Satisfaction Management Award' for five consecutive years, being the first in the financial industry to achieve this, we have continuously increased our reputation in this area and been providing CS consulting and training since 2005. We called this service, DAWIN Service, meaning let us win together in Korean. Over the year 2014, we have provided a range of customized CS services to meet the needs of our clients including CS quality enhancement and organization revitalization programs. The DAWIN service is one of our key CSV practices, creating social and economic values based on win-win partnerships. This service enabled us to discover potential B2B market while supporting the success of our business clients through systematic training sessions, in-house expert training program and CS advisory services.

### Kyobo Life's CSV\_Dasomi Foundation

Kyobo Life is actively engaged in differentiated social contribution activities in line with the very nature of the business. We put our focus on helping people to overcome life time challenges due to lack of health, money and knowledge. To do this, we have created a sustainable social contribution model through a partnership with an NGO with extensive experience and capacity. Our effort allowed us to demonstrate a new way of implementing social contribution going beyond the traditional social contribution practices. The Dasomi foundation is a good demonstration of this. Dasomi Foundation became the first certified social enterprise in Korea for applying a practical CSV model. The foundation provides free nursing service for low income patients and provides jobs to the vulnerable female head households. The foundation can be seen as a representative job creation program to help the vulnerable earn financial independence.



Started as 'Kyobo Dasomi Nursing Service Team' in 2003, in October 2007 the service was recreated in the form of Dasomi Foundation which followed by getting certified as the first social enterprise in Korea a month after, in November. As of 2014, 400 caregivers are working for the foundation. The foundation can be viewed as a CSV best practice, which enhances the quality of lives of matriarch as well as offering social benefits to low income patients. The foundation creates jobs for matriarch with career discontinuity and provides nursing services to low-income patients. To make the foundation more self-reliant social enterprise, we are providing paid nursing service, training and consulting services to target 'normal' patients.

In recognition of our CSV activities including the ones above, Kyobo Life became the winner in the Porter Prize for Excellence in CSV organized by the Institute for Industrial Policy Studies and sponsored by Dong-A Newspaper in December 2014. This award signifies our breakthrough from implementing mere short-term social contribution projects. As part of our firm-wide commitment to practice CSV, this service represents our approach to offer greater social and economic impact with long term perspective, sincerity and objectivity.



## Stakeholder Engagement

To pursue our sustainable management philosophy, 'sharing growth with all stakeholders' growing together with stakeholders, and put it into practice, firstly Kyobo Life gathered the opinions of our stakeholders through diverse communication channels such as survey, expert meeting, and regular meetings with customer panel, financial planners and employees.

### Experts Meeting

Kyobo Life carried out a systematic meeting with outside sustainability experts to seek and receive advice on ways to increase efficiency of sustainability management. Issues discussed in the meeting are reflected in this report. The issues that are not reflected in this report are to be referred as guidelines for planning sustainability management in the future.

Meeting Summary	Agenda: FY2013 Sustainability Report review and future direction on sustainability management
	Date and Time: 2nd September 2014 (Tuesday) 14:00~16:00
	Location: Kyobo Life Headquarter in Gwanghwamun 17th Floor Council Chamber
	Moderator: Se-Woo Jung Representative (THE CSR)

### Highlight Kyobo's commitment for change

Sustainability report should not merely include good practices, but illustrate what lacked and what should be improved in the future. Overall content of the report is good but I hope that the report emphasizes the commitment to change for the better. In addition, the report should be a way of self reflection, and hopefully include a clear CEO commitment statement on internalizing sustainability.

**Security General Hong-Jae Im**  
UN Global Compact Korea Network

### Emphasis on Foundation's activities and achievements

There may be a need to emphasize and explain about the activities and achievements of the foundations including the Daesan Agricultural Foundation. Also, there seems to be a need to improve customer satisfaction. Customer protection is an important issue these days, thus, I hope the report highlights Kyobo Life's effort towards this issue.

**President Ja-Hye Kim** Consumers Korea



Security General Hong-Jae Im



President Ja-Hye Kim

### Stakeholder Survey

Classification	Method	Subject	Period	Details	Page
Customers	Customer Satisfaction	3,300 Life Insurance Policy Holders Aged Between 20~64 (Including 2,500 Other Company's Policy Holders)	Sep~Oct. 2014	· Evaluate satisfaction level compared to competitors · Analyze Customers' Needs · Understand activity conditions of financial planners	29
	Brand	1,012 Ordinary People (Ages 20~64)	Aug~Sep. 2014	· Discover brand awareness and preference rate · Determine the Needs for Insurance (Company) · Evaluate the brand Images of Kyobo Life and its Financial Planners	-

## Need for sustainability KPIs

After setting a target goal for Sustainability management, innovation activities need to take place. The overall structure of the sustainability report is good but there is a need for development of sustainability KPIs. Kyobo Life should analyze why some sustainability KPI figures are low and find ways to improve on these issues.

**Director Jong-Sun Park** Korea Business Ethics Institute

## Need to illustrate key characteristics of social contribution activities

It is good to consider various stakeholders, but merely narrating social contribution performance seems to be not the best approach. There is a need to illustrate the key characteristics of various social contribution activities and show Kyobo Life's clear social contribution concept, priority and sorting.

**Executive Director Shin-Ae Hwang**  
Korea Association of Fundraising Professionals

## Think hard towards Kyobo Life's role to create a better society

I understand that Kyobo Life's philosophy to pursue win-win development with all stakeholders but overly emphasizing 'No 1 customer guarantee' seems to be merely targeting a particular group of stakeholders. There is a need to think hard on how Kyobo Life can contribute in enhancing the lives of our society and how Kyobo Life's activities can be value-orientated.

**Chief Byung-Ok Ahn** Institute for Climate Change Action

## A period where upgraded version of Sustainability Vision is needed

Now is a good period to reflect back on the outcome and activities of sustainability management in the past. Kyobo Life should think hard on the ways to improve from the past. I hope Kyobo Life finds the role the society requires. As a company with good customer management service, more specific activities related to this could be introduced.

**Professor Hyung-Gu Moon** Korea University



Director Jong-Sun Park



Executive Director Shin-Ae Hwang



Chief Byung-Ok Ahn



Se-Woo Jung Representative

Classification	Method	Subject	Period	Details	Page
Financial Planners	Satisfaction	950 Financial Planners Working for Kyobo Life and Other Companies	Aug~Oct. 2014	· Analyze Financial Planners' Satisfaction Level · Discover Comparative Advantages·Disadvantages Regarding Financial Planner Activities · Determine Inconveniences and Needs of Financial Planners	16
Investors Government· Communities	Reputation	180 Opinion Leader in Insurance Industry	Oct~Nov. 2014	· Awareness towards Kyobo Life and the CEO, Desirability, Reputation per attributes, Issues to Improve for better reputation	-



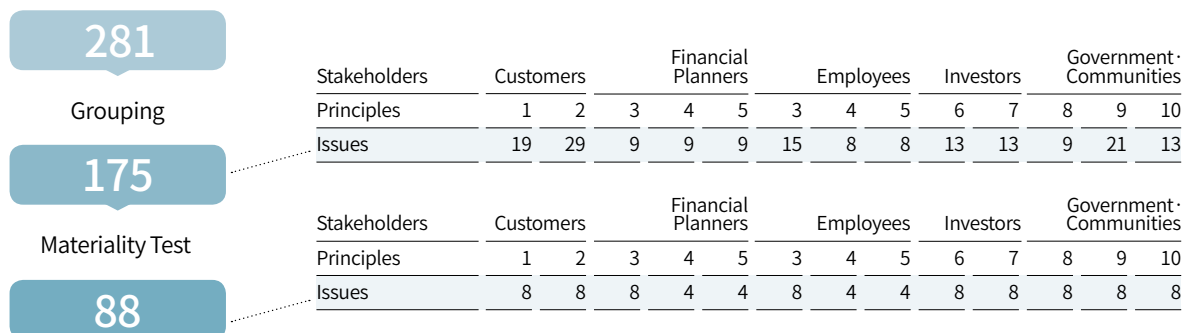
## Materiality Test Process



At Kyobo Life, we analyze both internal and external evaluation outcomes to identify issues that Kyobo Life must consider while implementing sustainability management.

Evaluation Method		Number of Identified Issues
Media Analysis	Media web search using ‘Kyobo Life’ as keyword - 4,046 articles between January-June 2014 (2,047 valid articles) - Grouping of issues that were handled at least 10 times	49
Financial Business Report Analysis	Analysis of Main Issues in Sustainability Reports of five other financial companies - S Life, S Fire Insurance, D Fire Insurance, H Fire Insurance, D Banking - Grouping of 56 identified issues	50
Related Index Analysis	Indicator Analysis of Sustainability Management indexes such as GRI and ISO 26000 - Grouping based on 2014 KSI (Korean Sustainability Index) issues (Impact 39, Trend 39)	78
Issues raised from the integrated Survey results	Incorporate issues to be improved from the integrated 2013 survey results	16
Issues from the Previous Report	Issues from the Previous Report	88
Total		281

281 issues identified from the previous stage of evaluation process were grouped into 175 issues considering the interconnection between issues. To narrow down again, we once again interconnected the issues that are directly or indirectly related, and grouped into 88 issues. In this process, we executed an internal materiality test and reflected each issue in accordance with 13 principles of Kyobo Life's sustainability management.





### STEP 3-1 : Analysis of Stakeholder Interests

'Stakeholder interests' were evaluated based on the response frequency of the survey questions for each group of stakeholders. To increase the credibility of this analysis, we only asked questions regarding particular sustainability management principles that were highly relevant to each stakeholder groups.

Stakeholder Survey				
Category	Customers	Financial Planners	Employees	Investors, Government·Communities
Content	Principles 1, 2, 11, 12, 13	Principles 3, 4, 5	Principles 6, 7, 8	Principles 9, 10, 11, 12, 13
Target	Online Customer Panel	Randomly Selected from Financial Planners	Randomly Selected from Employees	Opinion Leaders
No. of People	500	2,000	1,000	200
Method	E-mail	Intranet for Financial Planners	Intranet for Employees	E-mail
Period	2014. 9.17~22	2014. 9.11~12	2014. 9.23~10.8	2014. 9.23~29
Responses(response rate)	262 (52%)	549 (27%)	237 (24%)	34 (17%)

### STEP 3-2 : Analysis of Company Interests

To find out the issues that the company is highly interested in, we surveyed executives and team managers to gather their opinions on the issues for each principle that they believe are most important for the company.

Survey to Executives·Team Managers			
Number of Executives·Team Managers	Method	Period	Response (rate)
73	Intranet for employees	2014. 11. 5 ~ 11. 12	28 (34%)

### STEP 4 : Selection of Key Issues

Through the analysis of 'shareholder interests' and 'company interests', 10 out of the total 88 issues were selected as key issues. The details of each issue can be found in the respective pages in this report.

2013		2014	
Customers	· Receive and respond appropriately towards Customer Complaints	Customers	· Reinforce customer information protection 26p
	· Reinforced Protection of Customer Information		· <a href="#">Effort towards Protection of customer</a> 27-28p
	· Strengthen Customer Assurance and Retention Service		· <a href="#">Clear explanation and information on products and service</a> 33p
Financial Planners	· Increase Financial Planners' Satisfaction Rate for Product Competitiveness	Financial Planners	· Communication between Kyobo Life and Financial Planners 38p
	· Strengthen Communication for Commission System		· Inform better to financial planners in the incident of delay in new contract and payment screening process 39p
Employees	· Improve Corporate Culture Balancing between Work and Life	Employees	· Fair Performance Evaluation·Compensation 47p
	· Strengthen Two-way Communication		· <a href="#">Eliminate Discrimination (sex, age, birth location, school etc.)</a> 48p
	· Expansion of Labor Rights		
	· Fair Performance Evaluation·Compensation		
Investors	· Work focused human resource management	Investors	· <a href="#">Fair distribution of created value</a> 55p
	· Improving Asset Management Profitability		· <a href="#">Prevent and expose insurance fraud</a> 59p
	· Developing new market	Government·Communities	· Program for Raising Environmental Awareness 68p
Government·Communities	· Risk Management		
	· Practice social contribution with 'the spirit of love'		
	· Provide social goods and eco-friendly services		
	· Increase Trade Transparency		

\*Details of the ten key issues of 2014 are illustrated by each stakeholder group's pledges and principles

# 1 Customers & the Future

LOVE



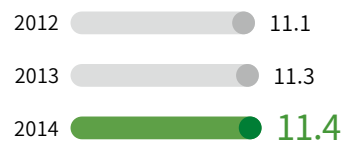
## KPI Status Related to Customers



**Policyholder Persistency Rate**  
(13th Month)<sup>1)</sup> (Unit: %)



**Customer Satisfaction Level** (Unit: Mark)



**Market Share Rate<sup>2)</sup>** (Unit: %)

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

2) Market share rate is based on Premium Income as of November 2014

**Pledge to Customers** A company that provide optimum insurance coverage and on-going services.

**Principles to Achieve the Pledges**

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.



### Key Issues and Reasons for Selection

- Due to financial information leakage crisis, 2014 was the year which customer data privacy was perceived to be important than ever before. This importance was emphasized throughout 2014 in media and financial analysis. In addition, managing customers' dissatisfaction and providing accurate information when underwriting were considered to be important in building customers' trust in insurance business.
- Kyobo Life distributes 85.5% of the economic value created in the form of claims paid and reserves.

### Materiality Test Result

#### 2014

- Reinforce customer information protection (26p)
- Effort towards protection of customer (27-28p)
- Clear explanation and information on products and service (33p)
  - Respond to various customer requests
  - Inform about insurance deduction policy
  - Enhance insurance product competitiveness

#### 2013

- Receive and respond appropriately towards customer complaints
- Reinforced protection of customer Information
- Strengthen customer assurance and retention service
  - Respond to various customer requests
  - Improve the quality of customer response service
  - Develop quality products that meets customer needs

#### 2014 Key Activities

- Customer protection charter establishment
- Improved financial supervisory service civil complaints evaluation result
- Strengthening digital communication with customers
- Operation of rapport programme
- Provision of accurate product information and strengthening of customer check in insurance subscription stage

#### Future Plans

- Differentiate the quality of lifelong care service
- Provision of customized customer Service
- Expand market share of family life insurance products
- Advance the customer protection culture

(Key Issues • General Issues ◦)

### Responsible Organization

Planning・Development

Marketing Planning Team, Channel Planning Team, Product Development Team etc.

Subscription・Retention・Payment

Channel Support Team, Nobiliaire Support Team, Policy Service Team, Customer Satisfaction Center, Customer Care Center etc.

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

## Strengthening of the Kyobo Life's Customer Data Protection

In 2014, the nation faced the financial data leakage crisis which the Korean credit card corporations held responsible. Protecting personal customer data received high attention from media and the public, and automatically led all financial sectors to put significant emphasis on the matter, more than ever. In response to such situation and concern, Kyobo Life set high standard and strict measures to strengthen customers' data protection.

### Our Measures to Data Privacy

Use of Company Protected USB The vulnerability of data leakage is high when an employee loses a normal USB they own. Thus, we regulated our employees to use company USBs which have higher protection and security capacity. This enables the data in the USB to be secured even when it is lost outside the company. Employees need approval from the team leaders to use this protected USB and a separate approval when using it outside the office.

Destroying Printouts with Company Information We strengthened our policy on destroying print outs within the company that contains company information after use. This way we aim to prevent customer data leakage and avoid company information getting out of the company. Undestroyed paper wastes are not thrown into garbage rather they are mounted in a large pile and are destroyed through a special process. (Visiting paper waste destroying trucks upon request)

Avoid Saving Customer Information in Office PCs Kyobo Life runs an automatic PC scanning program to check whether any customer information are saved in office PCs and how they are managed within the PC system. When we find customer data files in office PCs, we immediately deny access to these files. Our employees must receive approval to get access to certain customer data and is only available for granted specific purposes.

**Data Security Activities** We are living in a time of increasing social interests and customer demand towards customer data privacy. In response, Kyobo Life created a department that solely oversees customer data protection. Kyobo Life is also operating Digital Rights Management (DRM) and Green Zone System to control and manage processing of personal data within the company and as a result actively secure customer data.

Since 2011, we have a 'Customer Information Protection Voluntary Evaluation Policy' which designates a responsible information protection personal in each department. From 2013, we allocated onsite information protection personals, which enabled us to monitor data protection activities during sales and in service sites. Kyobo Life provides onsite data security education programs to employees teaching them how to monitor data, find threats to data privacy, and take measures when found something was wrong. Furthermore, we have been requesting evaluation reports related to data protection status of Kyobo Life from an outsourced company, going beyond managing the issue internally. Over the year 2014, we implemented job analysis for each step of handling customer data (each stages of the life cycle of data privacy). The analysis helped us turn issues into projects that we can execute at the practical level. The CEO himself provides education to all employees on customer data protection via live nationwide satellite broadcasting. Data protection responsible managers attend compulsory onsite training sessions every month.

Customer Data Protection Training Status  
(Unit:Hours)

Category	2012	2013	2014
Financial Planners	10	9	10
Executives	4	9	12
Employees	4	9	12
IT Personnel	4	14	14
Information Protection Personnel	4	16	15



Customer Data Protection Training

### Customer protection charter of Kyobo Life

to be the first in providing optimum insurance coverage and on-going services

Kyobo Life will practice the charter to help good customer avoid frustration in the future adversity.

To achieve this, we will achieve customer protection according to our core values 'customer centricity', 'honesty and integrity' and 'challenge and creation', and act as follows:

- One, we will listen to the Voice of Customers think and act from the customer's perspective.
- One, from product and service development process, we will actively reflect customer feedback.
- One, we will inform our customers about our products and services accurately so that they can make a reasonable choice.
- One, in the event of customer complaints, it will be handled promptly and fairly.
- We will comply with the laws and procedures to safely manage customer information and asset.

## Our Determination for Customer Information Protection

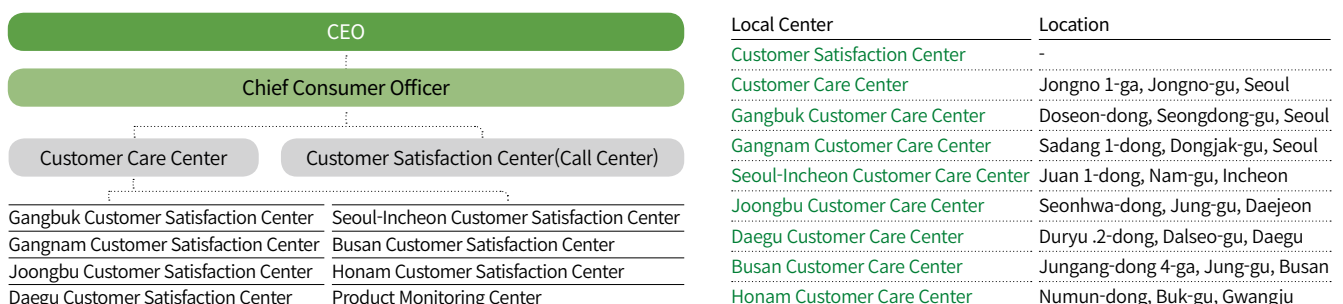
Our management principle set in 2014 was to 'expand customer coverage and enhance profit structure'. To achieve this, Kyobo Life has taken a leading role in embedding customer data protection into the insurance culture. This has been one of our core initiatives. Over the years, we have improved data protection policies and processes in each insurance business cycle from signup to payment stage. We continued with measures to further strengthen company-wide capacity to actively and promptly respond to customer dissatisfaction, claims and complaints. As a result of our continuous efforts, we have significantly decreased the rate of customer dissatisfaction and external claims or complaints compared to the year before (-15.4% for customer dissatisfaction, -5.9% for external complaints). It is significant that we are promoting a culture of reliability in safeguarding customer data in such time of concern towards data privacy in customer dealings.

**Establishment of Customer Protection Charter** In line with customer protection gaining more importance at both local and global level, we have concentrated in implementing customer centered management, customer protection and we announced our commitment to execute what we have promised. We enacted the 2014 customer protection charter which illustrates related issues of customer protection and our commitment towards it. The charter indicates basic directions of our customer protection management and the detailed principles are there to give us baseline for execution. The five core practices followed are what need to be considered when charter is put into practice based on Kyobo Life's core purpose and values.

**Customer Protection Organizations** Kyobo Life is committed to set up a nationwide independent department for a swift and fair customer protection. In addition to the customer protection center at the Headquarter, Kyobo Life operates service recovery centers in seven regions(Gangbuk, Gangnam, Gyungin, Busan, Jungbu, Daegu, and Honam) nation-wide to promptly deal and resolve customer complaints. As of December 2014, 63 employees work in each service recovery center. These employees visit customers who complained and have direct conversations with them to resolve their complaints in a swift and fair manner. This establishes an emotional connection between customers and insurance professionals, which usually gives more space for resolution. We concentrate on preventing complaints happening in the first place. However, we aim to reduce the number of complaints received via customer visiting service and the support of onsite training. In the end, our determination lies on spreading the right insurance culture through onsite coaching and guiding. Furthermore, we also operate the SRM(Service Recovery Manager) who is specialized in dealing with complaints in customer service centers. This is where most complaints and dissatisfaction are received. This systematic measure helps to prevent customers' complaints spreading into big problems by handling them at the first place with sensible response and intimate communication skills.

### Customer Protection Organization Structure and Contacts

Prevent customers' complaints through customer centered practice, however, when complaints do happen, we will handle them swiftly and fairly. Customer protection organization structure and contacts.



**Management of Customer Data Privacy Protection Committee** Kyobo Life provides a VOC service to customers in order to help them protect their data privacy and allow them to voice their concerns. The CCO(Chief Consumer Officer) heads this committee and oversees customer service within Kyobo Life, protecting the privacy of its customer information. The customer privacy protection committee addresses customer complaints and is made up of team leaders and management level employees. They work towards addressing major issues affecting customers as well as sharing resolutions on-line.

**VOC Hotline Management** Kyobo Life's new VOC system manages a VOC HOT-LINE that immediately sends all customer-related issues to the CCO in order for all customer reports and incidents to be addressed immediately. Through this VOC Hot-line, the customer information is immediately sent to the relevant team where the issue is resolved and reported to the CCO. Moreover, the CCO sends the VOC information and resolution to management to ensure that this issue does not occur again.

**Management of Customer Suggestion Program** Kyobo Life listens to all customers' concerns and tries to address these concerns to management. This service via the internet, phone, customer service center and other routes aim to send customers' voices to management for it to be heard. The VOC system is a substantial management tool that incorporates customers' requests to the company's business management and connects customers and employees for synergetic business results.

**Management of an Effective VOC** Kyobo Life's VOC stands for 'voice of communication' and is interpreted as an intuitive listening device that listens carefully to another's song or story. The VOC system is meant to be a management tool that is a direct line to its customers and shows the company's intent to provide customer-focused products and quickly address any concerns that customers may have. The voice of communication system quickly gathers all the information received from the customers without any gaps and provides a statistical database that analyzes the information to provide better service and solutions to its customers. In the VOC system main page, the 'uncomfortable truth' of listening to customer's voices is reflected without filtration to bring it directly to management and have those concerns addressed immediately. Moreover, by strengthening early warning alerts, increasing customer complaints and new complaints can be addressed before it becomes a bigger issue.

**Improved Financial Supervisory Service Civil Complaints Rating** In 2013, Kyobo Life earned first class rating for the Civil Complaint Occurrence Evaluation conducted by the Financial Supervisory Service. This has a profound meaning because it is a reflection of the efforts of our financial planners and employees to promote customer protection under the slogan of customer centrality. After receiving third class rating in 2011, we reflected on ourselves and focused on recovering our reputation. As a result, in 2012, we earned the second class rating and eventually achieved first in 2013. This is a meaningful progress over the three years which demonstrates our consistent effort to do better. Specifically, reducing uncompleted sales activities and implementing the 'lifelong care service', lie on the core for this success. As a result, we were able to resolve customer complaints promptly and systematically through face-to-face communication between customer and team managers, and improve overall customer complaint process. In achieving the first class rating, we are now able to use the best financial corporation mark offered by the Financial Supervisory Service for one year.

#### Financial Supervisory Service Civil Complaints Evaluation Result

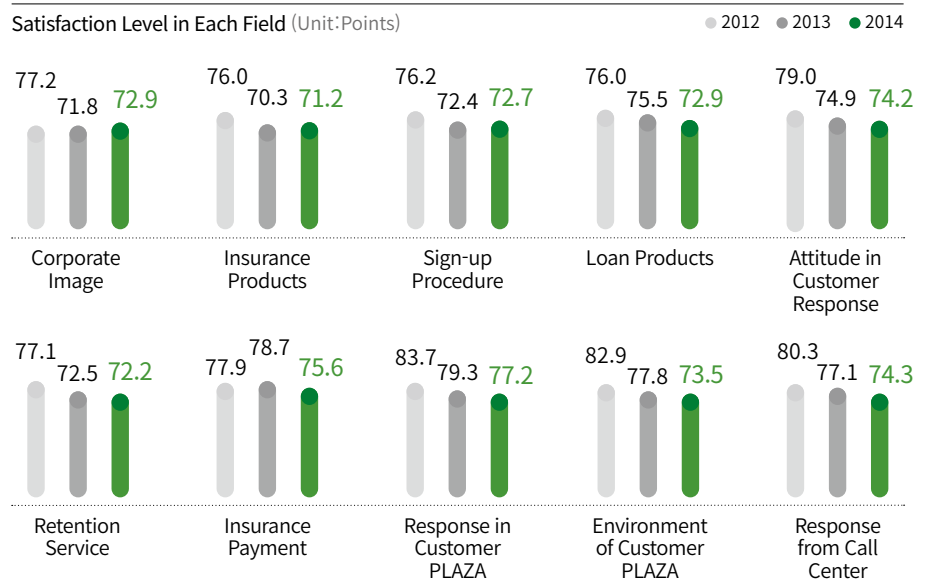
2012	• First Grade (Excellent):0 • Second Grade (Satisfactory):5 • Third Grade (Average):7 • Fourth Grade (Unsatisfactory): 2 • Fifth Grade (Poor): 5
3 Average	
2013	• First Grade (Excellent):0 • Second Grade (Satisfactory):4 • Third Grade (Average):5 • Fourth Grade (Unsatisfactory): 5 • Fifth Grade (Poor): 5
2 Satisfactory	
2014	• First Grade (Excellent):2 • Second Grade (Satisfactory):7 • Third Grade (Average):4 • Fourth Grade (Unsatisfactory): 2 • Fifth Grade (Poor): 5
1 Outstanding	

## Customer Satisfaction Level Survey

Kyobo Life has been carrying out annual customer satisfaction surveys since 2000, to analyze the extent to which the needs of customers are satisfied and quickly responding to the changes in the market. This is to ultimately carry out our core value of being 'customer centricity' in a more practical and efficient way.

The FY2014 customer satisfaction survey was conducted on 3,300 men and women in Korea that signed up for life insurance within the past three years. The results for the survey showed a satisfaction rate of 72.7, which was a slight increase from a year before.

Satisfaction Level in Each Field (Unit: Points)



## Reinforcing Digital Communication with Customers (Reading Gwanghwamun Website)

Kyobo Life provides distinct customer service in line with ever digital integrated environment and surrounding. We operate 'Reading, Walking, and Experiencing' in Gwanghwamun ([www.kyobostory.co.kr](http://www.kyobostory.co.kr)) to help customers avoid adversity from lack of knowledge, and to deliver high quality customer service and communication through a website with humanities content. The Reading, Walking and Experiencing of Gwanghwamun allows people to enjoy the humanities sector which allows one to the past and the present coexists. Reading Gwanghwamun offers steady sellers in literature, history, and philosophy, prominent areas of the humanities, and users can check out books out of the digital library. The Walking section offers easy-to-read web magazine literatures to spark imagination and stories about philosophy and history to cultivate judgment and Last but not least, the Experiencing section uses the latest trend of digital media with videos and lectures to make humanities content more enjoyable and easy to understand.



1. Gwanghwamun Reading, Walking, Experiencing  
2. Rapport Programme

**'Rapport' Programme for CEO and Customer's Direct Communication** Rapport (based on trust to form an intimate relationship) is a programme where the CEO meets customers directly, in order for the CEO to enhance the understanding of Kyobo Life's customers and to support the on-site employees in maintaining the connection with existing customers. It is aimed at exchanging values between customer and the company at a regular basis to form a firm shared growth partnership over a lifetime.



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

## Insurance Product Development

Kyobo Life develops products based on scientific rationale reflecting upon our customer needs. Newly developed insurance products are offered to customers after receiving confirmation by the Financial Supervisory Service for its fair product design. After the release of new products, these products are evaluated for the difference between expected experiential rate and actual experiential rate over a certain period of time, and then they undergo 'repricing' process to maintain the fairness of the new product designs.

Number of Product Development  
(Unit: Cases)



### Product Development Management Process



1. Product concept proposal T/F  
2. Preview of Kyobo Variable Insurance

**T/F Operation to Propose Product Concept for Customer Value innovation** Kyobo Life has been operating a 'T/F to purpose product concept for customer innovation' to develop and offer more innovative and differentiated new products at the right timing. This T/F regularly holds meetings and workshops, and benchmark leading insurance companies, to regularly monitor and analyze a variety of product ideas. This process enables the integration of product ideas and humanity stories, so that a new product is developed that can move the hearts of the customers. In doing so, we can play a role in delivering better customer value to offer innovative product concepts.

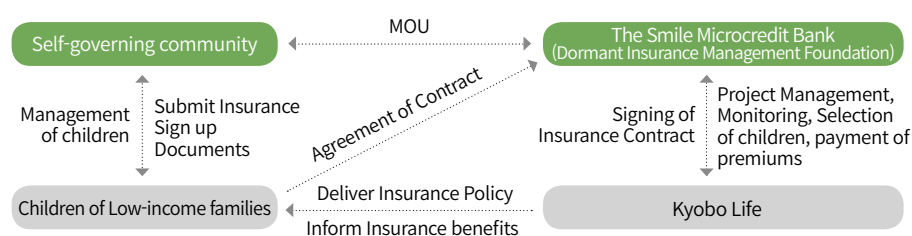
**Exclusive license for New Products** Exclusive license refers to a kind of patent which prevents other companies to not sell similar products for a certain period of time to protect the profit of the company that developed the new product. In 2014, Kyobo Life launched Kyobo variable product that can be previewed by the customer. This insurance product was recognized in terms of creativity, as it offered the minimum pension guarantee for definite at the time of joining and for warranty, we deducted the contrast pension reserve amount ratio rather than contractor's reserved amount. Kyobo Life acquired a total of 11 exclusive licenses for our insurance products which is the highest number in the industry. As we are widely recognized for our excellence, we will provide innovative products and services to our customers as well as elevate the satisfactory level of our FPs with our product competitiveness.

## Development of Social Products

Kyobo Life strives to support government policies in helping the underprivileged and develop insurance products that shares social value. We developed various insurance products for the disadvantaged group of the society and we are making sure that they receive the benefits and optimum insurance coverage they should receive. As an insurance company, Kyobo Life is taking a forward-thinking approach to social contribution.

**Small Insurance Products for Children of Low-Income Families** Kyobo Life Hope Love Insurance is developed to provide insurance benefits to the children of low income families by utilizing dormant insurance. The Smile Microcredit Bank([www.mif.or.kr](http://www.mif.or.kr)) selects target children and notifies to Kyobo Life. 95 percent of insurance premium for this product is paid with dormant insurance managed by the dormant insurance management foundation. This products was developed in 2008, and as of 2014, 6,795 insurance contracts were signed and 2,610 million won of premiums were paid so far.

Micro-insurance Business: Kyobo Hope Love Insurance Overview



**Products for the Disabled** Kyobo Life does not discriminate against the disabled in signing up for an insurance product with us. We determine various insurance risks that follow with the disabled person and based on the evaluation we offer appropriate insurance product. This is the same procedure as when non-disabled person underwrites an insurance product. However, understanding that the disabled receive less insurance benefits compared to other non-disabled people, we offer special products for the disabled.

Sales figure of Products for the Disabled (Unit: Cases)

Category	2012	2013	2014
Number of Products Sold	244	144	171



Kyobo Health Care Service

## Providing Specialized Service

Kyobo Life has developed and provided various specialized services for its customers. Kyobo Health Care Service offers health service support to our customers who pay more than certain amount of premium. Kyobo Edu Care Service is an education service for the customers with children related insurance products which helps parents evaluate whether the customers' children are growing up well in line with the normal standard at each different stages of growth. We also provide Kyobo Silver Care Service which helps to prepare a happy and healthy retirement for the elders.

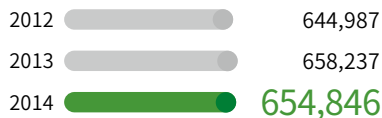
Kyobo Edu Care Service Status (Unit: person)

2012	<div></div>	171,307
2013	<div></div>	157,660
2014	<div></div>	132,923

Kyobo Silver Care Service Status (Unit: person)

2012	<div></div>	82,408
2013	<div></div>	82,701
2014	<div></div>	81,221

#### KoyboHealth Care Service Status (Unit: person)



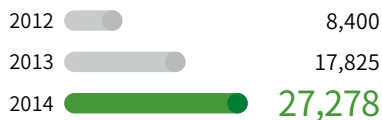
#### Benefits of Health Care Service



Usual Health Management Service	Health Consultation (Phone Consultation with Professional Doctors), Health Information Service (via Internet, Text Messages, E-mails), Health Examination Reservation Service
Treatment Assistance Service	(When diagnosed with cancer·cardiac·cerebrovascular·high-blood pressure diseases), Hospital·medical team recommendation, nurses' visit, secondary opinion, medical law consultation (cases for medical malpractice)
Treatment and Education Service	Nurses Visit for Education about Disease Treatment (Provided before and after surgery to reduce implications and side effects), Provide the Latest Information on Each Disease
Family Support Service	Nursing of Premature Babies by Visit, Health Examination Reservation Service Preferential Treatment, Update on Information related to Cancer

Kyobo Life has developed and offered the Mom's Care Service since July 2012 to provide a mentoring service to teach women about pregnancy, delivery, and nursing for a healthy child. This 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 license that plays a role of acquiring a patent, in July, 2012 in recognition of its excellence.

#### Kyobo Mom's Care Service Status (Unit: person)



#### Benefits of Kyobo Mom's Care Service



Reliable Phone call 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 if a baby)
Mentoring Service	Customized 1:1 Management Service at the stages of Pregnancy, Delivery, and Nursing (Regular Customized E-mails and Phone Calls from Nurses)
Click-Mom Service	Information Regarding Pregnancy, Delivery, and Nursing (Sign-Up and individual Use of the Webpage <a href="http://www.kyobomoms.com">www.kyobomoms.com</a> )
Help-Mom Service	Professional Nurse Visit and Education for Premature, Smaller, and Sick babies (Information on Hospitals and Reservation)

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

#### Kyobo Women's Care Service Status (Unit: person)



#### Benefits of Kyobo Women's Care Service



Health	Health Management according to Menstrual Cycle, Women's Self health Examination, Women specialized health Examination·Benefits, Nurse Visit for sick women, Second Opinions and Medical Legal Consultation Service, Information on Pregnancy and before and after 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

## Providing Accurate Information about Product and Service

Kyobo Life's Vision 2015 of becoming the best in providing optimum insurance coverage and on-going services begins with achieving complete underwriting with customers. It starts with helping customers accurately recognize the value of life insurance and sign up for products that meets their needs. Complete sign-up involves practicing compliance with the three principles, explanation of everything that customers need to know, and accurate notice to the customers throughout the contract signing stage.

**Delivering of Accurate Product information** Kyobo Life makes sure that our product advertisements and PR activities are in compliance with related laws and regulations. We protect customers' interests and financial institution users by preventing occurrence of unfair business activities such as stealing customers from other competitors by following the 「Insurance Business Law」 Article 95(Insurance introduction documents and need for explanation etc.), Article 95-4(Applied advertising compliance etc.), 「Insurance Business Practice Law」 Article 42(description of insurance introduction documents and key issues for explanation obligation etc.), Article 42-4(Applied advertising compliance etc.), 「Insurance Business supervision regulation」 Article 4(Application), Article 7(Supervision), 「Fairness of Advertisement Law」.

**Following Complete Underwriting Process** Kyobo Life is continuously educating the act of complete sign-up, and is continuously revising subscription service to help the rate of complete sign up achieve higher numbers. In addition, we have a strict compliance to follow as we have reflected complete sign up failures in the internal censure standards.

### Practice of Complete Sign-up

#### Compliance with the Three Principles

Signing by the Contracting Party and Insurance Applicants, Delivery and Comprehensive Explanation of Contract Terms, Delivery of detailed contract for Applicants' use

#### 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

### Product Advertisement・Brochure Checks (Unit: Cases)



**Product Advertisement・Brochure Checking System** Insurance products are intangible thus, the contents of product advertising and instructions are essential in delivering correct and unexaggerated information to customers. In doing so, Kyobo Life operates the advertisement checking system. All of the advertisement and brochures that FPs use, are initially checked for its appropriateness in terms of products and civil complaints and check whether they are in line with the inspector's confirmation as well as the review of the judicial affairs division. This system checks if the product advertisements and brochures satisfy the requirements of the relevant regulations. We also make information that may be disadvantaged to our customers, stand out in the content by highlighting or using bigger font size. We rephrase difficult terms or if needed add more explanation in advertisement and brochures so that it is easy to understand to the customers.

## Lifelong Care Service

Kyobo Life has promoted the Lifelong Care Service for customer assurance innovation since 2011, to achieve our Vision 2015 of offering the 'The Company that Provides Optimum Insurance Coverage and On-going Services'. Over the four years, 'Lifelong Care Service' was benchmarked by other insurance companies and played a catalyst role in changing the culture of the insurance industry into more maintenance centered service than signing up centered services which focused on acquiring more new customers.

The 'Lifelong Care Service' 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', by financial planners regularly visiting retained customers. This way, insurance company can keep the promises of the customer guarantee value when signing of the contract, which leads to better satisfaction from the customers. The Lifelong Care Service ultimately leads to our core business objective, 'to help people not to despair with hardships in their lives', which is part of the customer satisfaction management which Kyobo Life has been pursuing to the present.

**Business implementation for FY2014** In FY2014, we focused on promoting advancement of Lifelong Care Service practice, as one of our key initiatives. In doing so, we put the utmost effort to introduce Lifelong Care Service to customers who have not yet experienced the service and upgraded our service competitiveness and execution capacity based on our knowhow for over three years. To achieve this, we selected key 14 MOT for the Lifelong Care Service. Moment of Truth(MOT) refers to the ultimate moment when customers evaluate Kyobo Life, and Lifelong Care Service MOT itemizes itself as key customer contact service. The core purpose of MOT selection is that we can provide systematic Lifelong Care Service through FP's choice and concentration.

#### Application Process via Homepage



#### FY2014 Lifelong Care Service MOT elements


Key Service	Basic Service (1)	Information Service (7)	Business process service (3)	Anniversary service (3)	Policy elements (3)
MOT	Visit on the contracting month · Inform change of responsible consultant · Inform on universal product payment · Inform on human insurance · Inform on payment completion · Information about the arrival of insurance benefit payments (upon expiration, partition) · Inform on renewal of special agreement · Inform about unpaid premiums	· Inform change of responsible consultant · Inform on universal product payment · Inform on human insurance · Inform on payment completion · Information about the arrival of insurance benefit payments (upon expiration, partition) · Inform on renewal of special agreement · Inform about unpaid premiums	· Reopening account guide·subscription · Subscribe through FP as agent · Subscription of reissue of securities	· Birthday · Wedding Anniversary · Admission·Graduation	· Information and timely payment of leftover insurance amount · Register for auto banking transfer of insurance payment · Guide on highest premium paid and termination
	Key MOT 14 elements				Policy elements (3)

## Efforts for Convenient Insurance Payment

Insurance payments require a separate submission of documents proving the cause for payment, unlike other financial products. For this reason, customers tend to feel inconvenient and uneasy to request for insurance payments. Understanding this pain, Kyobo Life is endeavoring to deliver more convenient and accurate insurance payment service to our customers.

**Operation of Receptions in Addition to Customer PLAZA** Customer-PLAZAs distributed in 65 locations of the country are in charge of receiving claims and dealing with insurance payments. However, when customers do not live near a Kyobo Life's Customer PLAZA or cannot visit the location for personal reasons, customers face barriers in requesting and receiving insurance payments. Thus, we help to remove such inconvenience and difficulty in requesting and receiving insurance payments. Kyobo Life operates 84 receptions that receive insurance payment requests in addition to Customer PLAZA to resolve these situations. The requests received in these receptions, are delivered to the nearest Customer PLAZA so that the payments are sent to the customers. 39 of them have the capacity to make simple payments quickly which increases customers' convenience.

Reception Offices Opened in Each Region (Unit: Number)

 Total <b>84(39) Unit</b>	Category	Reception Office (Sending Payments)	Category	Reception Office (Sending Payments)
	Seoul	2 (0)	Kyungbuk	11 (6)
	Incheon	1 (0)	Daejeon	-
	Gyeonggi	18 (10)	Chungnam	9 (6)
	Gangwon	8 (4)	Chungbuk	3 (1)
	Busan	1 (1)	Gwangju	-
	Gyeongnam	11 (5)	Jeonnam	10 (2)
	Daegu	1 (1)	Jeonbuk	5 (2)
	Ulsan	2 (0)	Jeju	2 (1)

**Visiting Service** Under the 'Financial Planners' Reception of Payment Requests as Agent system', Financial Planners visit customers, collect payment request papers, and deliver them to Customer PLAZA on behalf of customers. At Kyobo Life, we also have the 'Visiting Service of Insurance Payment', which helps customers that have difficulty visiting the Customer Plaza to request for insurance payment for personal reasons. This system helps customers to receive the payment through a visit of a employee or financial planner.

Number of Visits and Visiting Service of Insurance Payment

Category		2012	2013	2014
Financial Planners' of Payment Requests as Agent	Number of Use(Cases)	364,603	405,862	451,285
	Paid Amount (Hundred Million Won)	3,818	4,357	4,580
Visiting Service of Insurance Payment	Number of Use(Cases)	63,513	50,382	71,819
	Paid Amount (Hundred Million Won)	264,694,354	166,978,471	277,047,878



## 2 Financial Planners & the Future



### KPI Status Related to Financial Planners



1) Financial Planner Settlement Rate = (Number of advanced Financial Planners / Newly Registered Number of Financial Planners) × 100  
 :Financial Planners Settled in the 13th Month includes those signed more than one more new contract and retained more than 10 contracts signed as of the 13th month

### Pledges to Financial Planners

A company that succeed together with our Financial Planners.

### Principles to Achieve the pledges

3. We will pay respect to and trust the Financial Planners as business partners.
4. We will establish fair standard and help the Financial Planners engage in their sales and service activities with peace of mind.
5. We will support the Financial Planners to grow into the insurance experts.



### Key Issues and Reasons for Selection

- Financial Planners are Kyobo Life's partners for creating revenue, and are stakeholders who have critical roles in communicating with our customers.
- Communication between FPs and Kyobo Life is as important as the communication between FPs and customers at stages of signing up, maintenance and payment. Particularly, when signing new insurance contracts, there are times Kyobo Life directly contacts customers however, it is important for FPs to accurately be aware of the content, process and issues related.
- Kyobo Life shares 5.0% of the economic value created with our FPs, and this amount is distributed in form of commission and training expenses.

### Materiality Test Result

#### 2014

- Communication between Kyobo Life and financial planners(38p)
- Inform better to financial planners in the incident of delay in new contract and payment screening process (39p)
  - Program for resolving conflict between FPs improve support for FPS activities
  - Enhance working environment for FPs
  - Strengthen support of on-site support for FPs

#### 2013

- Increase Financial Planners' Satisfaction Rate for Product Competitiveness
- Strengthen Communication for Commission System
  - Better Guidelines for Financial Planners for delays in new contract·payment evaluations
  - Training Program for New Financial Planners
  - Customized Education for Each Financial Planner

#### 2014 Key Activities

- 2014 customer reassurance award
- Listen to various opinions of FPs
- Support child study abroad program for good performing FPs
- Operate Da-moa system to support sales and service activities
- MDRT(Million Dollar Round Table) membership day
- Strengthen guidance to customers and FPs on the screening status for signing up and payment

#### Future Plans

- Strengthen insurance retention activities
- Provide Lifelong reassurance program through selection and concentration
- Continue strengthening communication with FPs

(Key Issues ● General Issues ○)

### Responsible teams

Planning	Support	Education
Marketing Planning Team, Channel Planning Team etc.	Channel Support team, Organization Net Support team, FP Protection Centers etc.	Training Team, HRD Training Center etc.

## We will pay respect to and trust the Financial Planners as business partners.

### Communication with Financial Planners

Kyobo Life is strengthening its ties with FPs through various communication channels, to create mutual trust with FPs and respecting them as business partners.

**2014 Customer Reassurance Award: 'People Giving Happiness'** Kyobo Life holds Customer Reassurance Award ceremony annually to reward FPs with high performance. This aims to inspire FPs to build up pride and ambition as part of the Kyobo Life family. The 2014 Customer Reassurance Award was held in Ilsan Caltex in March where 1100 FPs and employees attended, and the theme centered on 'people giving happiness'. This was a stage where we thank and congratulate our FPs for their efforts and work over the year in providing good insurance services to our customers. Also this is a stage where we once again committed ourselves to our mission to achieve vision 2015 and insurance coverage innovation.



1. 2014 Customer Reassurance Award  
2. Meeting with Prime Leaders Club

We conveyed thank messages to each of our FPs and their family in each channel, introduced FPs with longest performance years and showed videos that moved the hearts of many FPs to restore their vitality.

**Listen to Various Financial Planners' Opinions** Kyobo Life operates various meetings to support on-site business and to listen to voices of FPs. This way, we are vitalizing the communication between FPs and our management. Our various communication channels include meetings with honorary FP executives, regular workshops with 'Prime Leaders Club', meetings with FPs in each FP developments. The opinions of FPs are reflected in the policy making or in other ways by considering its importance and urgency.

### Supporting Policy for Financial Planners' Activities

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

#### Supporting Programs for Financial Planners

● For FPs    ● For FPs' children

<b>Accident and Injury Insurance Support</b> 100~120 million won payment for death during employment, 10~100 million won for injuries and disability during employment	<b>Scholarship Support</b> Maximum 1.4 million won payment in scholarship annually for the children of financial planners meeting requirements for more than 13 months of appointment	<b>Funeral Supplies Support</b> Funeral Supplies for Financial Planners, Spouse, and Immediate Family Members	<b>Congratulations and Condolences Support</b> 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	<b>Veteran Financial Planners Support</b> Prize worth 200~1000 thousand won to financial planners with more than five years of recorded excellence
<b>Holiday Gifts</b> Annual Gifts to All Financial Planners on New Year's Day	<b>Happiness Preparation</b> Exclusive saving insurance to financial planners meeting certain requirements	<b>Child Support</b> Support for new financial planners with less than one year of appointment that meet certain requirements	<b>Overseas Language Course</b> Support for children of financial planners with less than one year of appointment and excellent recruiting financial planners	



Overseas Language Course for Excellent  
FPs' Children

**Overseas Language Course for Excellent FPs' Children** Kyobo Life has been running the 'Overseas Language Course' for the children of Financial Planners with high performance, every summer and winter since 2004. In January 2014, 63 children of Financial Planners travelled to New Zealand to attend overseas language course and in July, 59 went to Vancouver, Canada. This program is one of the representative programs to encourage our FPs for higher performance, enhancing their pride and satisfaction while working at Kyobo Life.

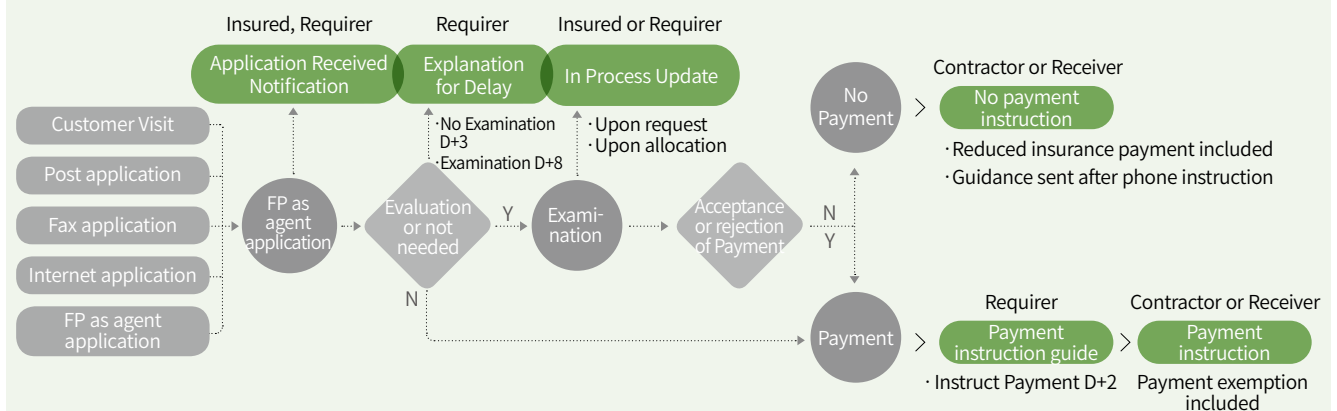
## Guide on Review Status of Insurance Sign up and Payment

At Kyobo Life, we update our customers with their status on review process of insurance sign up and payment. We track and inform registration and approval status to our customers after signing up while we also provide information on follow-ups of insurance payments by each claims. In this process, FPs are informed with the important details related so that they are aware of the situation and customer status. Therefore, after the customers are informed with their registration and payment approval status, Kyobo Life or FPs provide more detailed information, making communication flow more easy between FPs and customers.

### Main Information Notice to Customer and FP

Category	Information
Customers	· Registration and approval status of new contracts
	· FP change during maintenance stage
Financial Planners	· Status on premium paid, insurance loans, advent expiration
	· Process at underwriting stage (Reviewing, Approval, Disapproval etc.)
	· Guide to Customer inquires (contract changes, due payment and dividends, reissuing of certifications etc.) all at the same time.

### Customer Update Process at Each Insurance Payment Stage



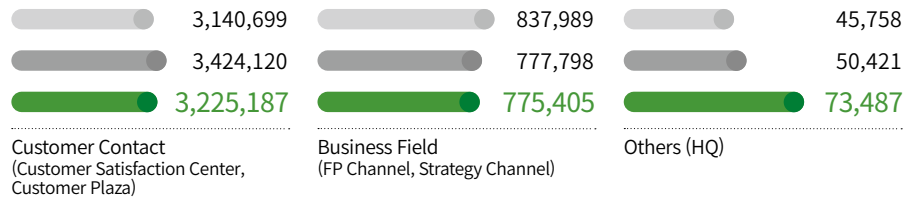
We will establish fair standard and help the Financial Planners engage in their sales and service activities with peace of mind.

### Da-moa System to Support Sales and Service Activities of FPs

Kyobo Life's Da-moa system is offered to all FPs to support their sales and service activities. Da-moa system is a systematic knowledge management platform with a variety of practical guidelines and manuals, which FPs can utilize in real-time to find required knowledge and information. This system enables FPs to offer higher quality services to customers. In 2003, we offered a counselor dedicated system in customer satisfaction center, and in 2006 this service was offered to all of Kyobo Life's employees. In November 2010, this system was upgraded as a search engine package available for all Kyobo Life's FPs.

Da-moa System utilization status (Unit: Cases)

● 2012 ● 2013 ● 2014



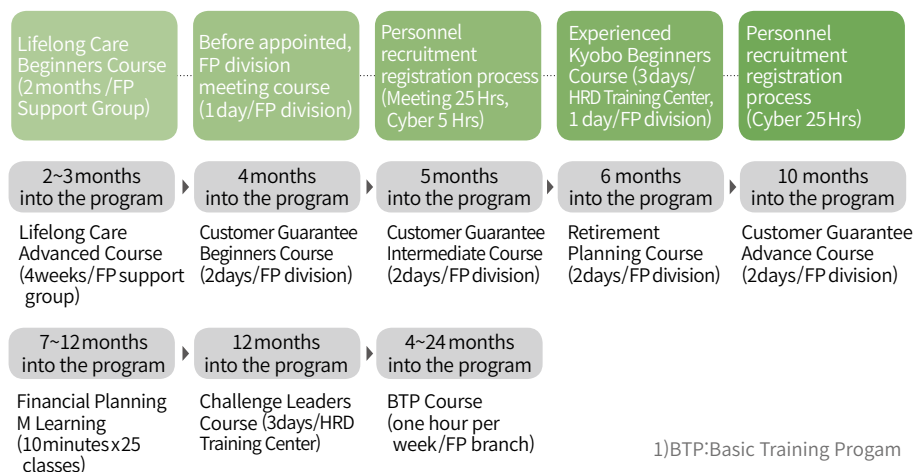
Customer guarantee professional FP development centre admission ceremony

### Financial Planners Development System

Kyobo Life offers a systematic education program for FPs, making sure that FPs have the best working environment to support them and develop as professional experts. Throughout 2014, we supported in strengthening the capacity of our field staffs, particularly sales managers and sales trainers, as well as OJT in order to see more active field sales activities. An improved standard of training sessions has been offered throughout the year in order to elevate customer competitiveness by increasing more onsite-orientated education.

**Education Program for Financial Planners** After joining Kyobo Life, all Financial Planners undergo systematic regular training program for 24 months. The training courses and content differ each month or months during the 24 months. After the 24 months of training, we aim to develop FPs as insurance professionals. We also support FPs to acquire qualifications to be insurance sales manager, fund investment advisor and others.

Monthly Education System for Financial Planners



1)BTP:Basic Training Program

We will support the Financial Planners to grow into the insurance experts.

### Financial Planners Recruiting and Key Training of FP Chief

Financial planner managers at Kyobo Life, support customer reassurance innovation activities through the Lifelong Care Service, while also helping to recruit talented financial planners and help them develop and settle as insurance professionals. FPs joined Kyobo Life, grow as insurance professionals under systematic internal training program and with the help of FP branch managers and mentoring from the FP chief, who is the manager of all FPs. FP chief plays a key role in developing and settling down new and experienced FPs, while the FP chief develops his/her own skills by also undergoing the efficient Lifelong Care education system.



1. Workshop for FP Chief  
2. MDRT Membership Day

#### Education System by Manager Level



### MDRT Membership Day

Kyobo Life launch the Kyobo MDRT membership day to help drive FPs' vitality. On this day, we focus on sharing best practices and lectures. We integrated the key characteristics of the Global MDRT (Million Dollar Round Table) annual meeting so that the Kyobo MDRT membership day is more encouraging to FPs. In July 2014, 500 people participated in this event including those who have achieved the first MDRT standard as well as those with lifetime memberships. This event's theme centered around 'Customers' Success is Ours', which reflected one of our business principles of 2014; to achieve shared growth with customers by providing optimum insurance coverage and ongoing services.

#### MDRT Annual Meeting

The Global MDRT started in 1927 with the purpose of sharing knowledge and information between excellent FPs in the insurance field around the world. As of today, it consists of around 38,000 members. MDRT annual meeting holds in June every year in different parts of US and Canada. This event is a world festival for insurance and financial advisors, where world's famous lecturers attend to improve professional and sales skills of the members and elevate the pride and value of MDRT.



### 3 Employees & the Future

# GROWTH



#### KPI Status Related to Employees



Level of satisfaction by employees  
(Unit: Points)

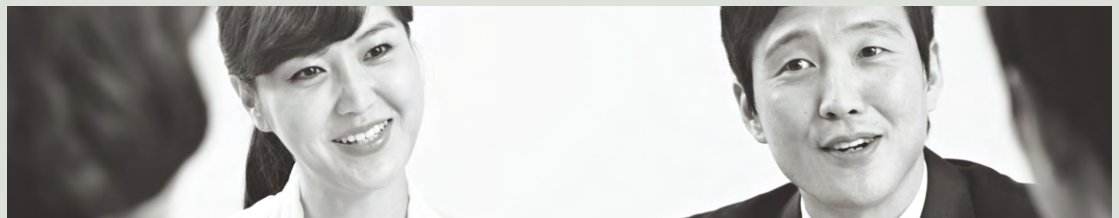


Training hour per employee (Unit: Hours)

## Pledge to Employees A company that grow together with our Employees.

### Principles to Achieve the pledges

6. We will continue on our corporate culture of joy, pride and trust.
7. We will provide equal opportunities and reward according to fair evaluations.
8. We will support our Employees to grow and develop into the insurance experts.



### Key Issues and Reasons for Selection

- Employees are Kyobo Life's Stakeholders as well as members of Kyobo Life. Thus, fair evaluation and rewards toward our employees and providing them with fair opportunity are extremely important issues.
- 3.4% of economic value created by Kyobo Life is divided amongst our employees in the form of wages and welfare benefits.

### Materiality Test Result

#### 2014

- Fair performance evaluation·compensation (47P)
- Eliminate discrimination (sex, age, birth location, school etc.)(48P)
  - Promote work-life balance workplace
  - Labor-management relations for coexistence
  - Job centered human resource structure

#### 2013

- Improve corporate culture balancing between work and life
- Strengthen two-way communication
- Expansion of labor rights
- Fair performance evaluation·compensation
- Work focused human resource management
  - Labor-management relations for coexistence
  - Improve welfare policy and working environment
  - Expansion of welfare and benefits

(Key Issues ● General Issues ○)

#### 2014 Key Issues

- Establish on-site management workshop and management status briefing seminar
- Operate various welfare schemes
- Build a win-win structure with cooperative labor-management culture
- Performance management system for high performance and cultural policy
- Prohibits discrimination at work
- Operate job centered human resource structure

#### Future Plans

- Work Smart
- Embed high performance work culture
- Continue to operate job centered human resource structure
- Strengthen capacity development of employees

### Responsible Organization

#### Planning·Support

Human Resource Operations Team,  
Labor-management cooperation Team

#### Human Resource Development

Human Resource Development Team,  
HRD Training Center etc.

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



1. On-site Management Workshop  
2. Business Performance Briefing

#### Business Performance Briefings in 2014

Date: Nov. 20, 2014

Location: HRD Training Center

##### Details:

- Business performance and work environments
- Policy direction of managing low interest rate in an annual rate of interest
- CEO Communication
- Life Insurance industry performance in Japan

## Improving Communication between Senior Executives and Employees

Kyobo Life have launched initiatives to strengthen the tie and communication channels between employees in HQ and in sales offices. This represents our effort to create a better and new work culture that centered around joy, pride and trust between one another.

**Organizing an on-site Management Workshop** The CEO and managing executives of Kyobo Life visited various offices and service centers to participate in onsite management workshops. These workshops engages senior executives and employees, helping to create a unified team spirit. This company-wide teamwork is known to provide better customer service. Managing executives visits service centers and directly engages with customers, allowing them to hear feedback on a range of customer satisfaction issues. In August last year, the CEO and managing executives visited Daejeon and Honam regional offices and received feedbacks from employees on current problems and ways to improve Kyobo Life's service to customers. Customers were invited to a separate meeting with the CEO and managing executives, for a gathering to hear their views and recommendations. The annual hosting of such work is mere one example of the many efforts that our managing executives make, to enhance customer service and experience.

**Business Performance Briefing** Kyobo Life business performance briefing session was held with employees to deliver changes in new management structure and discuss ongoing issues of the company. This briefing aimed to improve the communication between management and employees and focused on delivering the following two issues; 1) management results and policy direction of managing low interest rate in an annual rate of interest; and 2) explaining the difference between Korean life insurance market and Japanese life insurance market, specifically the Meiji Yasuda Life Sekiguchi hearing.

**CEO Recognition Luncheon** Kyobo Life hosts the annual CEO Recognition luncheon which is an event that recognizes the achievements of selected employees. The luncheon is a way of selecting and awarding employees for their hard work and performance and sharing their achievements. This event cultivates a corporate culture of encouragement and respect, and brings synergy effect between management and employees based on trust and respect. In 2014, two separate recognition luncheons were hosted in April and September which recognized a total of 16 excellent employees. The CEO recognition luncheon is the fifteenth of its kind as of this year and will continue to be an annual traditional event for Kyobo Life that brings positive spirit for all employees.

#### Management of the Recognition Corner : Connecting Employees for Nomination

The 'recognition corner' site on company intranet allows an effective communication tool for employees to nominate employees for the award. On the site, employees nominate their colleagues for the award by describing their hard work and specific achievements. Every fiscal quarter, employees are selected by the nominations and invited to the CEO luncheon to recognize their efforts and achievements. From 1999 to 2014, a total of 787 employees have been recognized for their hard work in Kyobo Life.



1. Recognition Luncheon  
2. Company broadcast

**Company Broadcast and Newsletters** Kyobo Life's broadcasting network and newsletters are key communication tools to deliver issues about the company business to employees and financial planners. In particular, the broadcasting network is known as an effective tool to inform employees about the latest news about Kyobo Life. The 'Kyobo Community' newsletter, since the beginning of the publication, has published 281 volumes till December 2014 and they are openly shared with employees and financial planners.

## Diverse Benefits Package

Kyobo Life created an excellent benefits package system for employees. In doing so, Kyobo Life aims to provide a stable work-life balance environment, which is essential part of cultivating a working culture of pride, fun and trust. We will manage to reduce the working hours of employees and continue to be active in meeting the needs of employees by improving benefits package. Ultimately in doing so, we wish to enhance the lifestyle of our employees so that their performance at work enhances along with it.

**Management of the Recreation Room and Café** Kyobo Life has prepared sophisticated recreation room and cafés accessible to all employees as part of the company's offering of an excellent benefits system. All employees can freely utilize the facilities which will constantly be improved based on the needs of employees.

Annual personal benefit expenses which are separate from direct wages and years of service are given to employees as part of their benefits package. It is deposited on a personal expense card that can be used at all of the company's recreational facilities. Management of the benefits package is restricted to the recreational facilities within the company building and external recreational activities that are related to promoting self-development, health services, fitness, and cultural activities. Total expense amount of benefits card used in external activities: 48.68 million won.

### Main Use of the Recreational Facilities



**Pension Plan for Stable Retirement** In accordance with the Employee Retirement Benefit Security Act and 50% of employees' national pension fee, the company invests an employees' average one month's salary annually in a stable financial institution. The company manages the account and provide the employee with full compensation (defined benefit retirement pension and defined contribution retirement pension) and package upon retirement. In addition, Kyobo Life supports 50% of the private pension insurance premiums in accordance with the support standard by the position of employees.

### Employee Benefits System

Category	Description
Stable lifestyle	Major insurance plans (4 major insurances), scholarships, travel expenses, life insurance, personal pension plan support, family bereavement expenses, gifts for retirement, shelter during natural disaster, childcare benefits, employees' daycare facilities, financial assistance
Stable Housing	Mortgage and leasing loans, company housing and dormitories, rental assistance
Healthy Cultural Lifestyle	Health & fitness, R&R, company fitness competitions, company social circles



1. Social Clubs for Employees  
2. Dasomi Nursery

## Creating a Fun and Bright Workplace

In order to create a fun work environment and camaraderie among colleagues, the company created social clubs for employees to participate in. The 'social circle program' was launched in 2008 and all employees are encouraged to join a social circle. Each social circle promotes active exchange between employees and is organized into regional areas. Currently, there are 23 social circles nationwide and the company supports these activities by footing the bill for facilities usage, lecture fees, and event expenses.

**Creating a Favorable Workplace** As an insurer, employees at Kyobo Life are not at high risk for any physical accidents or diseases at work places. We do not discriminate and provide fair and equal pay to all its employees. In the December 2014 report, the average wage for our full-time entry-level employees was paid 281%(39,740won) more than the lowest wage indicated in Korea. In addition to the wage, we operate a variety of benefit plans to improve the quality of life of our employees and to increase their productivity through enhanced commitment.

**Strengthening of a Family-friendly Culture** Kyobo Life provides various programs that support the growth of its employees and a healthy family lifestyle for its employees. We run 'Kyobo Life Dasomi Nursery' for our employees and we also offer paternity-maternity leave and allowances, spouses maternity leave(paid 3 days), prenatal checkup day off, pregnant employee protection, and parental information platform in order to foster maternal protection culture within our working environment.

### Applicants for Childcare Leave and Their Return Rates

Classification		2012	2013	2014
Maternity·Paternity Leave (person)	Male	2	2	4
	Female	130	95	166
Return from childcare leave(%)	Male	100	100	100
	Female	91.2	97.5	86.2

\*These figures and percentages of post-maternity leaves were based on 2014 figures

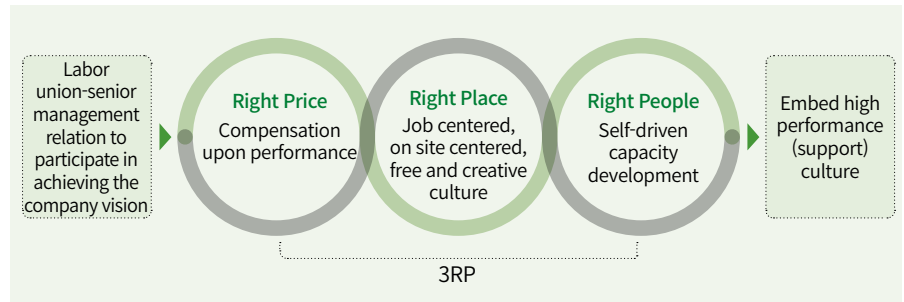
## Building Better Relations with Labor Unions

Building a more cooperative relationship with labor unions is the basic foundation to competitiveness and Kyobo Life has developed a structure that allow better communication between senior management and labor unions. Kyobo Life is striving to open the business management information of its company thereby creating a strategic partnership between the two sides. Moreover, Kyobo Life's membership to the UN Global Compact which promotes the freedom to associate and the right to bargain collectively shows its support for its employees to join a union. In December 2014, the total number and percentage of employees joining labor unions were 68.3% and 3,161 employees. Kyobo Life and labor unions work toward issues including employment, safety, benefits and welfare by holding quarterly meetings that discuss these issues. Every year, the company and labor unions meet to negotiate on employee wages and collective bargaining and both work toward ensuring that these changes are applied to all employees. When there are major changes within the company, the company must notify the labor unions as specified in Article 7 of the labor agreement. Any information regarding company-wide meetings are shared beforehand with the labor unions. In fiscal year 2014, various company activities including business performance, corporate work environment, workforce, implementation of key marketing strategies were discussed with the labor unions.

We will provide equal opportunities and reward according to fair evaluations.

## Human Resource Vision

Kyobo Life demands to promote a better workplace where employees are rewarded and grow in terms of their career and personal life.



## Fair Evaluation and Results

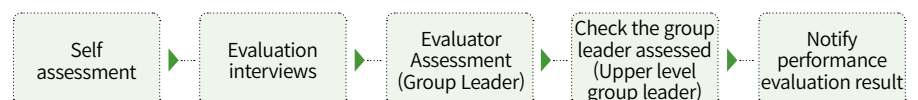
Kyobo Life introduced the results-driven incentive system in 2003 and merged those results on-line to create a database of job performances in 2009. The company continues to help employees achieve great results by cultivating an environment that ensures that each employee has a good understanding of their vision, strategy, goals and results that lets them earn great results.

### A management System that Cultivates a Culture of Performance-driven Results

Kyobo Life is a structure corporate company that continues to strive for high performance and defining goals and results in each of its functioning arms. Additionally, the company has introduced a performance program that provides employees the confidence to achieve their goals while providing a work environment that allows each employee to achieve their goals using a step by step approach.

Additionally, all employees' capabilities are measured and evaluated on their performance periodically. Performance is measured based on knowledge, skills, and attitude of each employee. Measurements are on a personal basis in addition to the performance results from the company and teams that the employees are a part of. Results can be appealed by dissenting employees which creates a fair and equal evaluation of job performance.

#### Evaluation Process



#### Upon raising an appeal





## Anti-discrimination in the Workplace

Kyobo Life strives to protect the basic rights of all its employees and maintains adherence to rules of the UN Global Compact since participated as member in September 2010.

**Creating a Fair Workplace and Anti-Discrimination** Kyobo Life provides equal opportunity employment regardless of sex, age, religions and regional affiliation. Decisions regarding promotion, compensation, educational opportunities, and retirement are based on fair evaluation of job performance and results. At the beginning of the fiscal year, every employee including the CEO is made to understand all anti-discrimination laws. Moreover, an additional law has been included that will look down upon bullying in the workplace.

**Anti-child Labor Law and Forced Labor Prevention** Kyobo Life adheres to labor laws and does not employ employees younger than 15 years of age. We limit the number of employees hired who are 18 years of age and adheres to all labor laws that go against basic rights and outlaws illegal forced labor.

**Respect of Basic Human Rights for All** Kyobo Life recognizes that incidents that violate human rights such as sexual harassment can happen in the workplace. Kyobo Life is working hard to reduce such incidents from happening in the workplace. During compliance training, all employees, teams, financial planners are educated in sexual harassment laws. Moreover, training manuals, comics, animations, and other communications tools are used to convey the seriousness of sexual harassment laws.

**Management of the Occupational Safety and Health Committee** In accordance with Article 19 of the Occupational Safety and Health Act, Kyobo Life created and manages an occupational safety and health committee under the 2013 Wage and Protocol Agreement. The occupational safety and health committee looks into any and all issues affecting the safety and health of their employees. This includes improvement of work environment, employees' health and welfare, maintenance of employee health, and so on. The committee also manages physical examinations and health & fitness of all its employees and is made up of three representatives from senior management and labor unions. The draft of the Occupational Safety and Health Act that is established by the Occupational Safety and Health Committee, has been introduced as key agenda for discussion in 2014.



Sexual Harassment Prevention Training



Lectures by Invited Authors

We will support our Employees to grow and develop into the insurance experts.

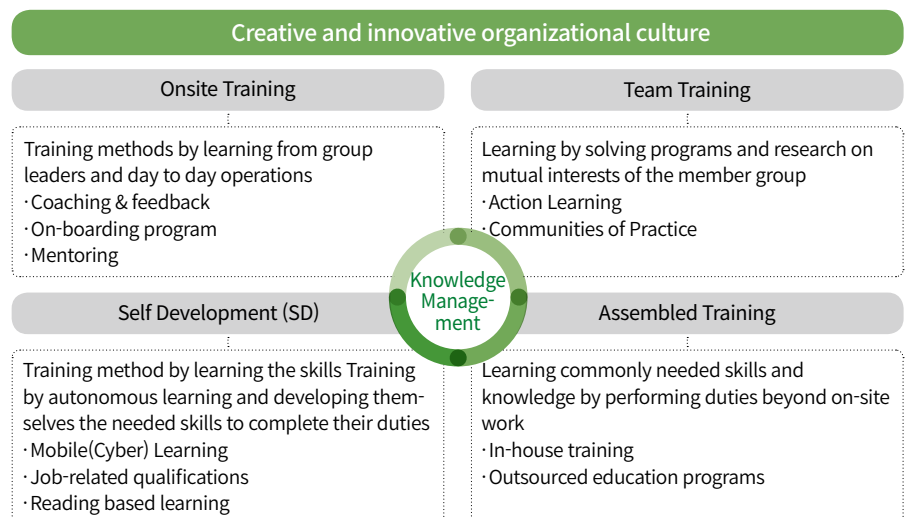
## Competency Development

Kyobo Life promotes a competency development program for its employees that provides a mid-to long term plan for employees to develop competency on-line in line with Vision 2015. The program is designed to train and educate all employees to be knowledgeable on all of the company's products and provides programs at various levels from an introductory training session to entry level employees to advanced level classes for full-time employees. Since 2014, understanding of all products was necessary for all employees being considered for promotions and the company has supported these endeavor by providing these training courses. By online courses and 'Smart Academy', all employees can access various learning materials that consist of management · leadership · liberal arts · job understanding. The company strives to support all their employees' efforts to develop their professional career through self-development.

### Employee Training System



### Capacity Development Model



**Employees' Competency Development Program** Kyobo Life runs the 「compulsory education program」 that consists of courses for understanding company's products and services, courses to teach qualifications needed for promotion, courses to build employees' competency and others. We also promote learning culture by solving problems within the organization through teamwork such as via action learning and Community of Practice. Our competency development program also promotes 「self-directed learning」 which involves cyber・book reading・acquiring of professional qualification・smart academy courses. Last but not least, we run the 「workplace learning program」 which consists of strengthening on-site training, outsourced education course, sales manager love flower course. In addition, we run the 「knowledge activity program(knowledge submit, knowledge advice)」 to share ideas, knowhow and knowledge between employees within the organization. Executive・manager book club and book clubs by departments also support company-wide capacity building.

#### Learning Process of Capacity Development



#### Job Management System



HRD Training Center

### Management of a Job Responsibility Personnel System

Kyobo Life stands by the motto, 'Place by capability, Compensation by Performance'. From 2002, the company started the system that measures job performance by capability. In 2006, Kyobo enhanced the results-driven mindset of all its employees through the cultivation of the high performance-driven culture. Moreover, the company improved the bonus system by improving the evaluation, compensation, promotion system to improve the work environment. This was further developed in 2010 by focusing on a personnel system that focuses on job responsibility. In 2011, the new personnel system was set firmly in place and manages placement, promotion and compensation to all employees. Job Responsibility Personnel system is a system that divides job duties to separate teams and sets job performance goals according to those duties. Compensation is based on those set goals and evaluated based on their performance and duties to obtain superior results.

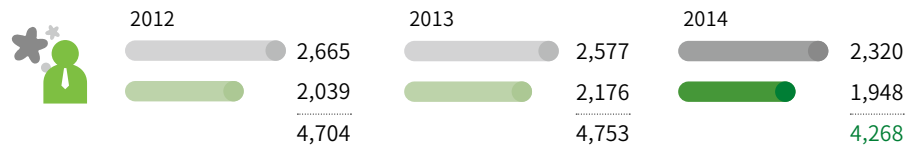
**Core Talents Management** Kyobo Life understands the importance of developing core talents in order to build company's competitiveness, thus we established a company-wide system to select these core talents and grow them as core professionals and representatives of Kyobo Life. We are providing more of these opportunities for our current employees as well as by hiring new experienced professionals in areas such as product・actuary, asset management, and risk management, where professional experts are needed the most.

**Training Facility for Human Resource Development, HRD Training Center** Kyobo Life's training facility, 'HRD Training Center', is a location for training new talents by learning the life rules of things and renewing their core minds and hearts, which we acknowledge are the basis of business management. 'To eat well, to sleep well, to rest well, play well, and understand' are five simple phrases that convey the '5 management methods' that helps to ease the minds of trainees while training in this facility that will maximize the effect of the trainings and minimize the uneasy feelings.

## Employee Status

## Regular Workers (Unit: Person)

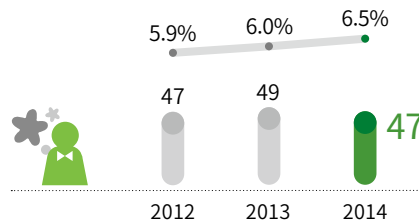
● Male  
● Female



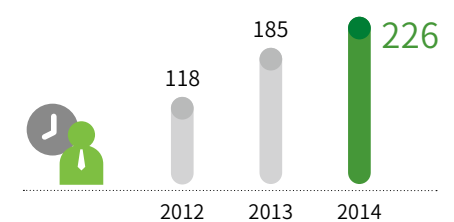
\*Number of Male-Female Regular Workers has been fixed from last year's Sustainability report 2013

\*In 2014, the number of employees were reduced due to the voluntary resignation

## Female Managers (Ratio) (Unit: Person)



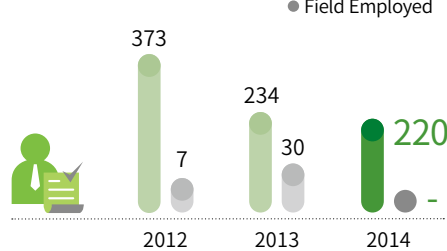
## Non-regular Workers (Unit: Person)



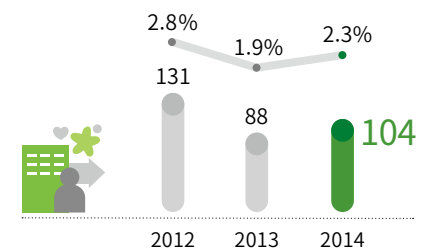
## Disabled employees (Unit: Person)



## Employed (Unit: Person)



## Retired (Unit: Person)



## Employee Education (Unit: Hour)

## Competency Development Support Costs (Unit: Thousand Won)

Category	2012	2013	2014
Total Amount	850,909	694,328	356,703
1 Per Person	245	206	110

Category	2012	2013	2014
Annual Learning Hours	507,100	355,559	267,615
Learning Hours Per Person	110	75	77
Male	115	89	88
Female	104	64	75
Organization Leaders	44	30	50
Organization Members	110	75	79
1 Educational Expenses Per Person	1,040	987	920

# 4 Investors & the Future



## KPI Status Related to Investors



Total Asset<sup>1)</sup> (Unit: Trillion Won)



Return on Equity[ROE]<sup>2)</sup> (Unit: %)



Financial Soundness Ratio[RBC]<sup>3)</sup> (Unit: %)

1), 2), 3) Figures based on IFRS financial statement according to the International Accounting Standards

3) Risk Based Capital(RBC) = Available Capital for Insurance Payment(Payment Capacity)/Capital Required for Risk Management(RBC Total Risk) × 100

4) 2014 Risk Based Capital(RBC) figure decreased due to stricter calculation standard

## Pledge to Investors

A company that is attractive to Investors.

## Principles to Achieve the pledges

9. We will continue to produce exceptional profit through the good growth.
10. We will increase the value of company through preemptive risk management.



## Key Issues and Reasons for Selection

- Investors are key members of Kyobo Life who share the corporate performance by being owners of Kyobo Life or capital investors. As a result, it is important for us to share fairly of the economic values we created and prevent · uncover financial accidents to protect our customers, which these issues are closely related to enhancing our corporate value to our investors.
- 0.5% of economic value created by Kyobo Life was distributed to the investors in terms of dividends.

## Materiality Test Result

### 2014

- Fair distribution of created value(55p)
- Prevent and expose insurance fraud(59p)
  - Continuously increase business profitability
  - Improve profitability of asset management
  - Transparency of corporate management

### 2013

- Improving asset management profitability
- Developing new market
- Risk management
  - Target new markets
  - Improve brand value
  - Fair distribution of economic values created

(Key Issues ● General Issues ○)

### 2014 Key Activities

- Find competitive advantages via differentiated retirement pension
- Develop and run optimal asset management and risk management system
- Build crisis scenarios for each risk type
- Fair distribution of economic values created
- Strengthen preventative measures for financial accidents and insurance frauds

### Future Plans

- Improve structure of secondary unprofitable margin
- Reduce cost of debt and improve profitability with holding asset
- Improve sales of interest rate linked products
- Reinforce response measures in relation to regulatory changes for financial stability
- Enhance profitability of holding assets

## Responsible Organization

### Planning · Support

Relevant Team under Chief Investment Officer, Insurance Service Division etc.

### Risk Management

Product Development & Support Division, Business Support Division etc.

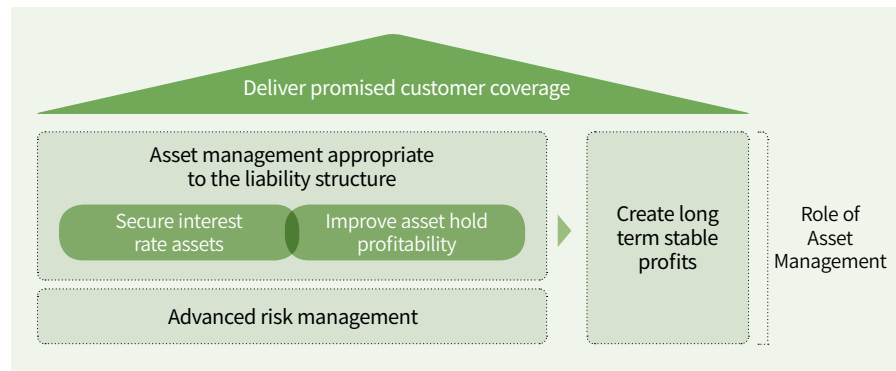


We will continue to produce exceptional profit through the good growth.

### Basic Principles of Asset Management

To ensure our continuous steady profitability in asset management, we place an optimal asset portfolio within the boundary of our corporate risk management policy consisting of issues such as risk limit, average payback period of investment and others. Based on the Asset Liability Management(ALM) strategy, suitable for long term insurance products of life insurance, we created excessive profit via pursuit of stable profit with long term perspective while responding actively to financial market changes with temporary perspective.

**Role of Asset Management** Our key role is to create long term steady profits via asset management with appropriate liability structure and active risk management. This way we can guarantee our customers what we have promised.



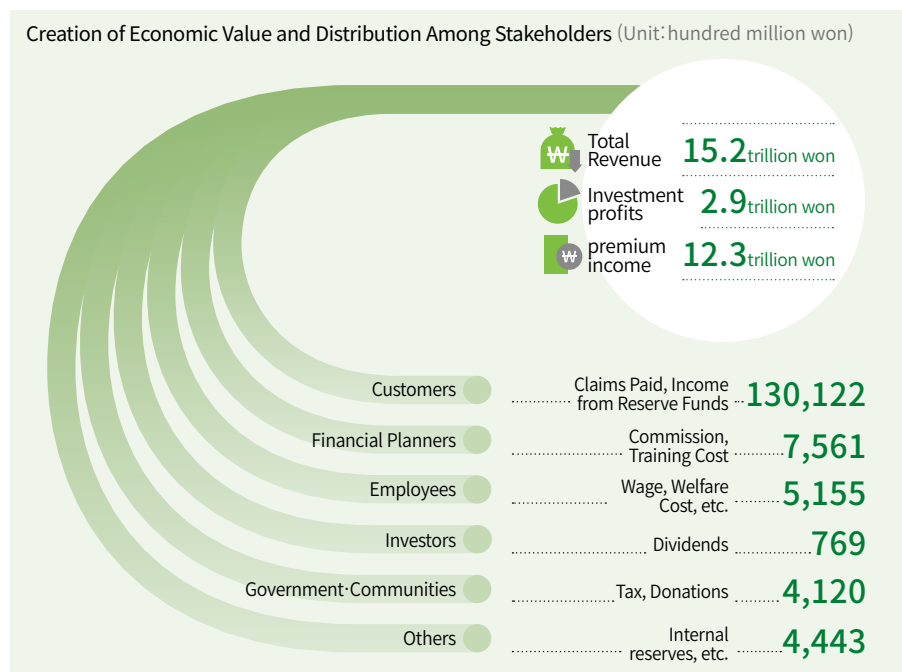
**Asset Management Strategy for Year 2014** In terms of asset management in 2014, we put our effort to achieve our mid-long term goal which is to secure long term and sustainable profitability by improving the profitability of currently holding assets. We also consistently looked for opportunities that support our obligations for enhanced risk management, such as extending bond duration in case of stricter regulations against RBC. We have also taken steps to invest in long term bonds to ensure stable long-term future earnings and expanded our portfolio in alternative investment and foreign asset investment. This strategy had the advantage over investing in domestic bonds under low interest rate environment. As a result of effective and strategic asset investment approach, we succeeded in preventing profitability rate decline. Our alternative investment approach focused on selecting the safest and strongest assets while in terms of foreign assets, we focused on diversifying investment sectors and regions.

For retail mortgage loan assets, we improved the loan structure focused on offering safer loans and to safer customers. We also expanded relatively safe payment guaranteed loans to liquidate long term debt assets and to proactively respond to household debt risks.

For the variables, the asset management process is based on 'strategic asset location-tactical asset allocation-outsourcing to asset management firms'. This way, we strengthened our market responsiveness over the year, improving operation structure by specific style and promoting competition between asset management firms. In addition, we improved our communication with partnered asset management firms, to make sure that Kyobo Life's asset management philosophy and strategy are incorporated; pursuing long term and stable profitability. As a result of these various efforts, the long term profitability of the variable asset management is high and this profitability rate is ranked as one of the top in the industry.

## Distribution and Creation of Economic Values

New economic value created from premium income and asset management via insurance operation, are distributed to Kyobo Life's key stakeholders. The total revenue of Kyobo's 2014 fiscal year is 15.2 trillion won, and this has been distributed as 13.0 trillion won in insurance payment to our customers, 756.1 billion won for commissions paid to financial planners and education costs, 515.5 billion won for employee wages and welfare costs, 76.9 billion won for dividends paid to investors, and 412.0 billion won for taxes paid to the government and donations to communities.



## Differentiated Retirement Pension Fund for Competitive Advantage

Kyobo Life aimed to build trust with customers with its professional advisory capacity and excellent management of funds based on 38 years of retirement pension management knowhow. In doing so, we have continuously put our efforts to build retirement pension funds related to infrastructures including retirement pension consulting, accounting, communication and education. In particular, we are the only one in the industry with retirement pension fund professional FPs directly visiting customers to provide 1:1 consulting services. In addition, we report our progress and outcome on retirement pension fund management and brief on pension related issues on quarterly basis, targeted for C-level management and employees executing at the practical level.

## Received the First Korea Pension Grand Award for Retirement Pension Sector

Kyobo Life received the First Korea Retirement Pension Grand Award hosted by the Korea Economic Daily in Nov 2014. The core competitive advantages that led to such award, were capacity to deliver differentiated service such as 1:1 personalized consulting service, Open Platform\* for products which is first of its kind in the industry, and excellent monitoring of best products to offer which led to highest long-term profit returns. To further build trust between customers and Kyobo Life, we will continue to offer the best retirement pension products and services, helping our customers to prepare for the upcoming era of population ageing, '100 year old era'.



Grand Award for Retirement Pension

\*Open Platform refers to providing all financial products beyond the company's products, in relation to retirement pension such as insurance, deposit, fund

## Optimal System for Asset Management and Risk Management

Kyobo Life runs an optimal system for various asset and risk management in order to create long term stable profit and to monitor and take into account all the risks vulnerable to the nature of life insurance business. In particular, we established the K-Finance system for better integrated management of alternative investment assets in June 2014. Alternative investment includes investing in SOC, office buildings, alternative energy and other, and it is the representative investment approach in generating stable profitability in low interest rate and low growth market.

### Asset Management-Risk Management System

K-Credit System	A system for management of company's overall credit risk. This system supports enhancing of financial soundness and steady profit making through credit assessment related to investment, examination of transaction terms, monitoring of transaction subjects.
K-Loan System	A comprehensive loan management system that supports loan marketing, loaning, loan bond management, and others for profit making via loan asset management.
K-Portfolio System	A system that provides information on the overall asset management such as key market indicators, portfolio management performance, performance analysis, monitoring, compliance and others.
K-Finance System	A system to support integrated management of efficient alternative investment assets.
Risk Data Integrated Management System	A system for evaluating soundness of Risk Assessment and Application System (RAAS) for risk management.
Credit Risk Management System	System that manages potential loss of asset (loans, securities, etc.) due to decline of credit rating, default on a monetary debt and downhill of business situation of trading personal.
Market Risk Management System	A system to manage risks that may affect corporate value such as shares, and bonds due to the change of market prices of interest rates, stock prices, exchange rates and others.

## Financial Status\*

**Growth** Despite the uneasy financial market, Kyobo Life has offered differentiated new products, advance service to existing customers on retention benefits, innovative sign up procedure on Family Life Guaranteed Products based on customer centricity. As a result, our total premium income increased 3.4% compared to the previous year and accumulated to be 12.3 trillion won. In 2014, Kyobo Life's total shareholder's equity was 7.0 trillion won, 10.8% increase from the previous year while total asset mounted to 85.8 trillion won which is an increase of 9.2% from the previous year.

**Profitability** In 2014, Kyobo Life achieved net profit of 517.5 billion won which demonstrated our capacity to create stable profits in the mist of economic depression and low interest rates. In FY 2014, ROE and ROA decreased to 7.8% and 0.6%, however, we have achieved the highest level of net income amongst the three largest insurance companies in Korea. This represents Kyobo Life's ability to implement efficient asset management and administration.

**Stability** Since the introduction of RBC ratio as insurance company's financial soundness index, the Financial Supervisory Authority has elevated the RBC standard, based on the road map for strengthening regulation of insurer's financial soundness. In 2014, the interest rate risk expectation level elevated and correlation efficiency was further elaborated. However, Kyobo Life's RBC ratio was 271.3% when applied with the new standard, far above 150% required by the Financial Supervisory Authority and this figure is a 9.8%p increase in comparison with the previous year when compared with same criteria.

\*Figures based on IFRS financial statement according to the International Accounting Standards

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

### Systematic Risk Management for Business Stability

Kyobo Life runs a proactive risk management system to reduce or prevent losses caused by sudden changes in the financial markets. The systematic management system aims to monitor the changes of risks and respond appropriately through the following ways; preliminary review by company-wide risk management team for important decision makings, monitoring and revising the adequacy of risk compliance, managing set and limit of securities loss, regular monitoring of each risk issues.

### Scenario Building in Preparation for Each Risk Types in Preparation for Worst Situations

In preparation of the worst situations that can happen via rapid financial market changes, we built worst case scenarios for each risk types and prepared appropriate response measures for each of them. To check the adequacy of these response measures, after a year of testing we now report the outcome to the Risk Management Committee at a regular basis, which would have been once a year in the past.

**Promotion of ALM Policy for Long-term Risk Management** Kyobo Life promotes ALM policy to safely manage financial risks despite changes in financial market and to secure profit and loss on interest rates. To continually improve structures of assets and debts, we are managing a product portfolio of equity products and are continuously improving the ALM system by elevating our accuracy in calculating the flow of asset, debts, and cash.

### Strategic Risk Management to Maximize Corporate Value

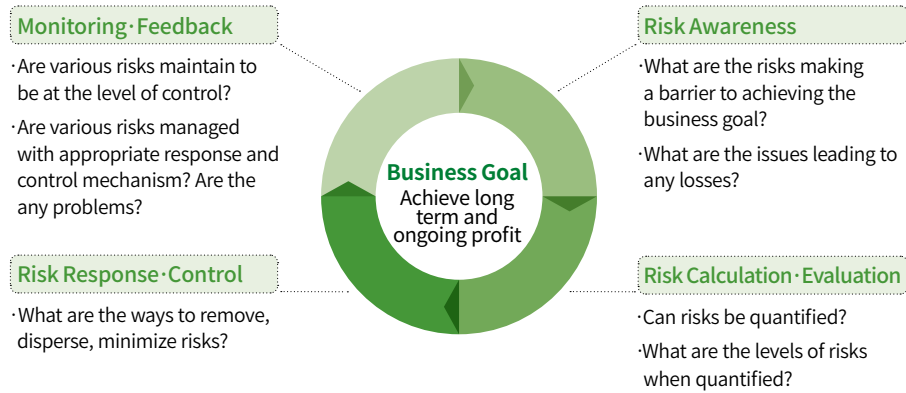
Kyobo Life is monitoring compliance to risk limits that may impact the corporate asset, to secure and maintain financial soundness. In addition, non-financial risks such as management · strategy · reputation risks are incorporated into management subjects for regular risk control assessment which is implemented by each business unit. This way, we are building and improving relevant policies and infrastructures to operate a company-wide risk management system. In 2014, we rebuilt the market risk system which enabled to improve the speed of market risk calculation as well as we sophisticated our risk measurement tool.

**Risk Management Organization** The risk management committee, the highest authority in the area of risk management, consists of one internal director and two external directors. The committee makes decisions on major risk management issues. In FY2014, we have held 6 meetings, and agendas and voting results from these meetings can be seen on our homepage([www.kyobo.co.kr](http://www.kyobo.co.kr) > public announcements > outside director public announcements). The risk management committee is an organization that discusses issues regarding the agreements within the risk management committee and other relevant factors, while the ALM(Asset Liability Management) Committee examines main issues regarding interest rate risks and interest rate margins. The 'Plan' and 'See' part of risk management is the responsibility of Risk Management Support Team, and 'Do' part is executed by risk management department by each risk type.

#### Risk Management Organization



## Risk Management Process



## Risk Types

Classification	Definition
Market Risk	Possibility of losing profits due to decline of stock holding or bond prices
Credit Risk	Possibility of loss due to counterparty defaults, etc.
Interest Rate Risk	Possibility of losing net asset value due to interest rate changes or negative margin due to low profitability of lower than expected interest rates
Liquidity Risk	Possibility of causing losses when selling assets at inappropriate time due to lack of fund, when unable to pay claims in a timely manner and to raise limited funds
Variable Insurance Guarantee Risk	Potential loss caused by additional expenses occurred due to lack of reserves for warranty obligations in variable insurance
Non-financial Risks	Potential loss from inadequate or incorrect internal processes, people and system or external events
Insurance Risk	Potential loss from paying more for insurance coverage than expected

## Risk Management Structure


	Asset		Asset+Liability				Liability
	Market Risk	Credit Risk	Interest Rate Risk	Liquidity Risk	Variable Insurance Guarantee Risk	Non-financial Risks	Insurance Risk
Risk Issues	Interest rates, Stock Price,	Distressed Assets, Degrading of Credit Rating	Interest rates, Cash Flow	Withdrawal Cancellation, Liquidity Position	Minimum guarantee options based on stock price and interest rate fluctuations	Management, business process, reputation, legal issues	Danger risk profit (rate)
Ways to Manage	Set annual limit Manage the limits	Set annual limit Manage the limits	Set annual limit Manage the limits	Manage liquidity target balance limit based on cash flow forecast	Set annual limit Manage the limits	Set annual limit Manage the limits	Set annual limit Manage the limits

## Internal Control

‘Internal Control’ refers to all systems, procedures, and tasks carried out by all employees to achieve our business goals. Kyobo Life makes all employees to abide ‘internal control standards’ which are necessary for law compliance, sound financial management, and protection of insurance policy holders. We also appointed an auditor to manage internal control structure and policy, to monitor whether the internal control standards are followed by the employees and to report the investigation result of violations to the audit committee.

**Preventing Financial Accidents** Financial accidents are referred to law violations and unlawful acts that result damages to corporation or insurance policy holders as well as they disturb the financial order. Kyobo Life carries out thorough internal regulatory activities and offers related training to prevent financial accidents from happening. The person who is responsible for financial accidents is punished according to internal regulations.

### Financial Accident Occurrence


	Category	2012	2013	2014
	Number of Cases(Cases)	2	-	3
	Amount(Million Won)	21	-	226

## Prevention and Uncovering of Insurance Fraud

Insurance fraud refers to when one requests claims payment for the accidents that did not occur or intentionally occur(soft insurance fraud). It also includes cases when one claims for excessive insurance payment for disease and accident that has occurred(hard insurance fraud). These soft and hard frauds can provide an adverse effect on insurance business's financial management soundness and unintentionally build an atmosphere for mammonism expansion, labor motivation decrease and other negative social influence. More recent years, soft insurance frauds are increasing due to the global economic recession and slow growth rate of the Korean economy. Such situation is becoming a big threat to the national health insurance finances.

From 2006, Kyobo Life maintains its effort to prevent any leakage of insurance payment at preliminary stage. We also try to uncover insurance frauds after insurance payment is completed through the operation of the Special Investigation Unit(SIU). In 2009, we established the insurance fraud prevention regulation to eliminate all issues triggering insurance frauds. In 2012, we strengthened our insurance fraud prevention capacity to effectively respond to expansion of hard insurance frauds. We emphasize the importance of fraud prevention to all employees through internal broadcasting as well as in training sessions for newly joining FPs.

### Insurance Fraud Exposure Status

	Category	2012	2013	2014
	Insurance Fraud Exposure Amount(Million Won)	10,454	11,999	11,228



**Business Auditing** We carry out audit processes for our business activities, this way we protect customer's valuable assets and evaluate our company's internal regulatory system for the purposes of minimizing management risks and finding rational solutions. The audit processes are systematically and periodically conducted on an annual basis under the authorization of the Audit Committee. The audit efficiency is improved by selecting central observation points on which to focus through screening and reviewing based on the risks. To ensure the objectivity of the audit, the audit results are regularly reported to the audit committee and board of directors, this allows to secure the independence of the auditing body. In addition we receive regular inspections from the financial authorities.

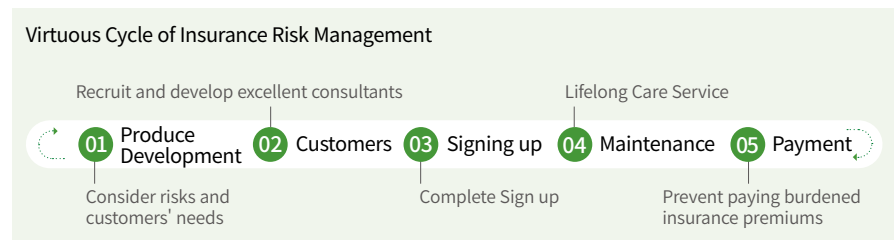
#### Audits from Financial Authorities and its Results

Category	2012	2013	2014
Fines (Million Won)	366	-	-
Penalty(Million Won)	-	-	-
Censures(Person)	6	-	-

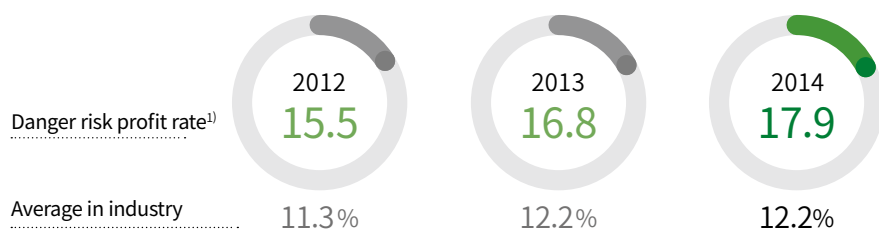
## Insurance Risk Management

Insurance risk refers to the potential loss from paying more than initially calculated(in accordance with the predicted risk rate) when the actual accidents occur. The predicted risk rate is a basic requirement for calculating the probability of an accident occurring by the law of large numbers. Insurance risk management ensures to keep in compliance with the basic principles of life insurance. Kyobo Life recognizes the importance of insurance risk management and manages insurance risks on a company-wide level to protect the interests of its customers.

**Virtuous Cycle of Insurance Risk Management** Kyobo Life pursues virtuous cycle of insurance risk management system based on excellent insurance risk management capacity at all stages including product development, service provision, sign up, retention to payment stage.



#### Insurance Risk Management Performance (Unit: %)



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

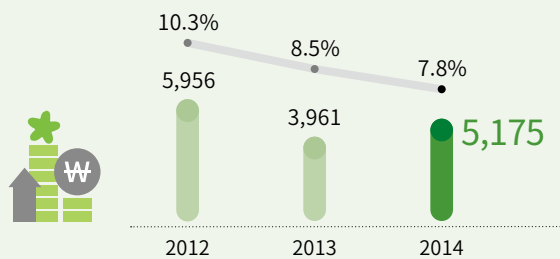
\*Risk Insurance Fee: Fees given from customers for the company to pay them insurance when accidents that require insurance payment occur \*2014's number is as of September 2014

\*Source of Industry Average: Financial Supervisory Service

## Investor Associated Data\*

Profitability Indicators  
(Unit: Hundred Thousand Won)

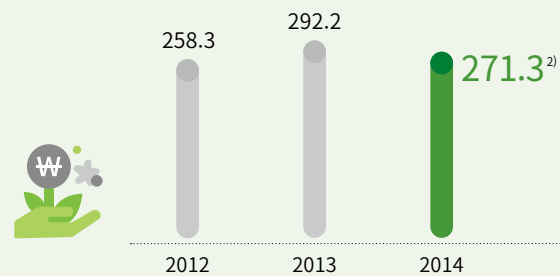
● Return on Equity(ROE)  
● Net Income

Growth Indicators  
(Unit: Trillion Won)

● Operating Revenues<sup>1)</sup>  
● Equity



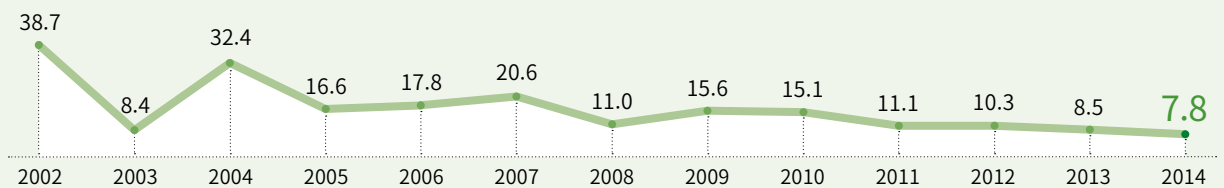
Stability Indicator\_RBC ratio (Unit: %)

Asset Management Profitability  
(Unit: %)

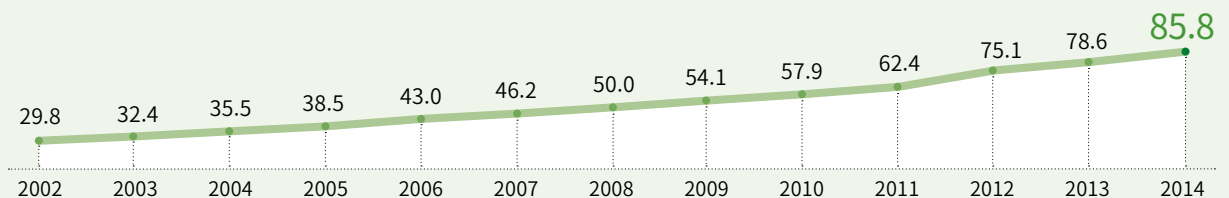
● Kyobo Life  
● Three years of average government bond yields



Return on Equity (ROE) (Unit: %)



Total Asset (Unit: Trillion Won)

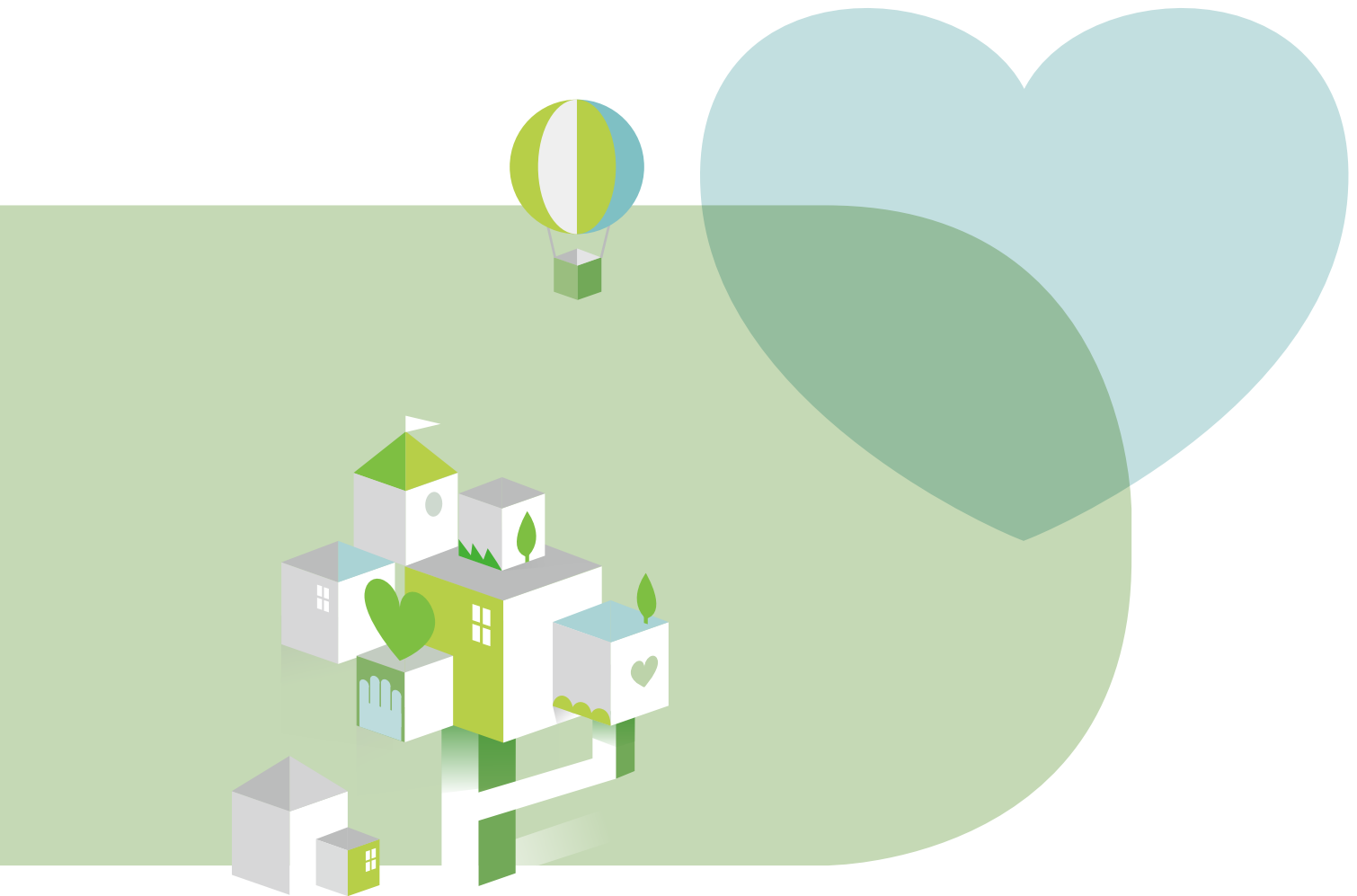


\*Figures based on IFRS financial statement according to the International Accounting Standards

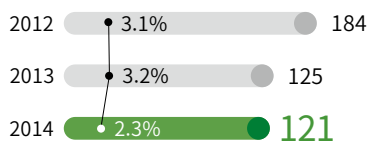
1) Operating Revenues = Premium Income + Investment Income, and etc.

2) 2014 Risk Based Capital(RBC) figure decreased due to stricter calculation standard

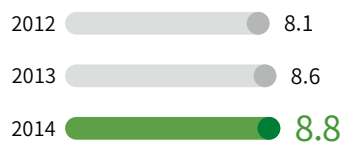
# 5 Government·Community & the Future



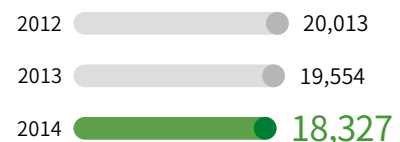
## KPI Status Related to the Government&Community



**Social Contribution Ratio·Amount<sup>1)</sup>**  
(Unit: %, Hundred Million Won)



**Weight of Socially Responsible Investment<sup>2)</sup>** (Unit: %)



**Energy Consumption<sup>3)</sup>** (Unit: TOE)

1) Social contribution ratio: Social Contribution Expense / Net income

2) Social Responsible Investment (SRI) Ratio: (Amount of SRI / Total Asset) × 100

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

### Pledge to the Government and Communities

A company that grow together with the Government and Communities.

### Principles to Achieve the pledges

11. We will actively carry out corporate social responsibility activities to grow together with our communities.
12. We will manage our business in a nature-friendly way, reflecting the nature of our business.
13. We will grow together with our partners through fair competition.



### Key Issues and Reasons for Selection

- The government and communities are the foundation for Kyobo Life's growth and they provide a ground to play a role as a communities member.
- Enhancing environmental awareness is a key issue as it is crucial to share our healthy planet with current and future generations.
- 3.0% of the economic values Kyobo Life has created are distributed to the government and communities in the form of taxes and donations each year.

### Materiality Test Result

#### 2014

- Program for raising environmental awareness (68p)
- Youth support programs
- Social responsibility activities in relation to the nature of life insurance enhance energy saving activities

#### 2013

- Practice social contribution with 'the spirit of love'
- Provide social goods and eco-friendly services
- Increase trade transparency
- Support of Kyobo environmental awards, academic awards, academic achievement Awards
- Eco-friendly activities with stakeholders
- Never fixing prices with other life insurance Companies

#### 2014 Key Activities

- Programs to overcome health·finance·knowledge related hardships
- 30th Kyobo Life cup youth sports competition
- Social responsibility activities for enhancing environmental awareness
- Social responsibility activities through public foundations

#### Future Plans

- Continue social responsibility activities concerning health, finance and knowledge related to life insurance industry
- Continue to increase trade transparency

(Key Issues ● General Issues ○)

### Responsible Organization

#### Planning・Support

Corporate Planning Team,  
General Affairs Team etc.

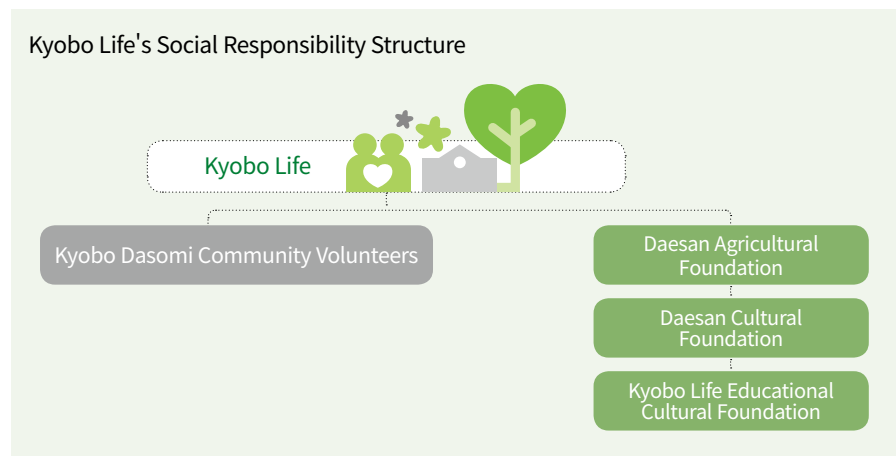
#### Execution

Real estate Operation Team(Environment),  
Kyobo Dasomi Volunteer Service Center(Social responsibility) etc.

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

### Social Responsibility Structure

Kyobo Life's social responsibility activities do not aim to provide a mere one-time support, but aims to provide a firm foundation for the beneficiaries to develop their own capacities to work to overcome various sufferings in life with their own strength and determination. We especially focus on delivering support programs to help overcome hardships due to lack of health, lack of finance and lack of knowledge which are closely associated with nature of life insurance business. It is our aim to help the people to live healthier, happier and fruitful lives.

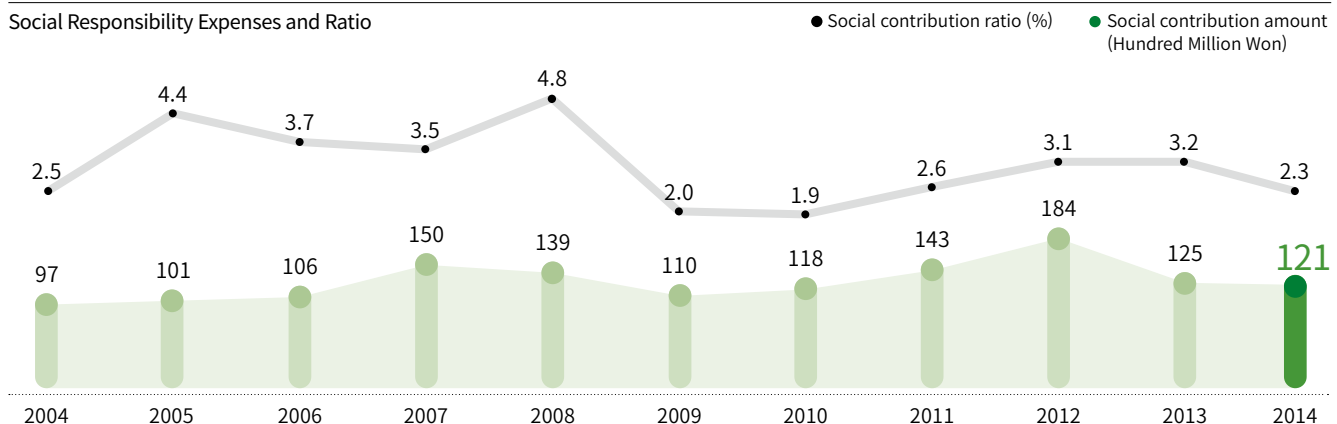


Social Responsibility Expenses by Area (Unit: Million Won)

Area	2012	2013	2014
Social Welfare	14,191	7,305	7,640
Education	2,470	3,032	2,819
Culture	1,247	1,785	1,267
Environment	296	75	45
Other (Citizen Finance)	176	258	320
Total	18,380	12,455	12,091

\*Life Insurance Association joint social responsibility activities and global CSR activities are all included in the Social Welfare

Social Responsibility Expenses and Ratio



## Helping to Overcome Health Adversity

Kyobo Life supports various health programs such as family love program, to help people overcome health adversities and sufferings.

**Dasomi Save a Small Breath** ‘Dasomi Save a Small Breath’ is the only private program in existence that supports premature babies born in low-income households in areas of hospital and rehabilitation costs, and emotional support for the babies’ families. Along with the financial support, we also provide emotional support through family camps and Dasomi hope center, and awareness enhancement programs in the form of parenting guidebook, memoirs book publishing, and premature baby supporting system symposiums. Partnering with the non-profit organization ‘Areumdaun Foundation’, the funds for the ‘Dasomi Save a Small Breath’ program are gathered together with Kyobo Life’s financial planners’ periodic funds, donations from Kyobo Life, and public donations to the ‘Areumdaun Foundation’. Between September 2004 and December 2014, ‘Dasomi Save a Small Breath’ has raised 6,172 million won and has supported the healthy growth of 1,908 premature babies.



Premature Baby



Dasomi Hope Santa



Forest Jarami

## Helping to Overcome Financial Adversity

Kyobo Life support various job creation activities to help neighbors overcome financial adversity through community participation. This way, they can create and design their own hopeful future ahead.

**Kyobo Dasomi Nursing Service Team** Kyobo Life operates ‘Kyobo Dasomi Nursing Service Team’ which aims to provide both job opportunities and social services to the vulnerable low-income households. While we provide free care-giving services to low income families or deserted elderly patients, we recruit and develop caregivers who are female head households, so that they get paid for their jobs and get social benefits. In doing so, we strive to enhance the quality of people’s lives. As of today, a total of 415 caregivers are in operation and since 2004, approximately 208 thousand patients received free nursing services. In 2007, the Dasomi Foundation was certified as the first social enterprise in Korea and received the presidential award in 2008 for being the best practice for social contribution and job creation in the nation.

**Kyobo Dasomi Forest Tour Guide Volunteers** We train retired elders over 55 to work as forest tour guides, so that they get involved in social contribution activities while enjoying their daily life with meaningful job opportunity. The forest tour guides provide education on ecology to children and teenagers, explaining about ecology, various theories about communication between human and the environment and providing field experiences.



### 1:1 Community Volunteering Service



We actively participate in solving the issues of underprivileged households and communities, to do so, we operate the 1:1 community volunteering services. The 1:1 community service promotes delivering social contribution activities at the village(dong) level. 20 in-house Kyobo Life volunteering teams have partnered with 17 village centers in Jong-Ro district in Seoul, which allows to serve people in need in 600 dosshouses and 2,300 low income households by delivering food and daily necessity, improving housings, performing other various social contribution activities by account.

## Helping to Overcome Adversity due to Lack of Knowledge

Kyobo Life nurtures a culture that delivers dream and hope to our future generations and helps bright teenagers to grow as outstanding talents in the future. We also govern a variety of programs that allows respecting and implementing of core social values.

**Love Spreading Program** Kyobo Life operates the 'Love Spreading Program' which helps disadvantaged children of underprivileged households such as children without parents or with single parent, to overcome their difficult environments. We provide them a better environment to learn and focus on their education. Our employees sponsor these children by voluntarily donating a part from their monthly salary and these donations are gathered with the corporate donation to create a fund to be delivered.

**Hope Dasom Scholarship** Kyobo Life has supported university tuition fee for children from disadvantaged backgrounds such as those grown up in orphanage or with a single parent. This is our intention to convey a message to the children, to never loose hope even in the midst of adversity rather focus on studying to be talented personals who can draw various positive impacts to the society. As of today, we have supported 257 university students, while we also supported individual communities like Hope Dasom Camp, Local Meetings, Alumni Meeting so that these students can form a network and understand better meaning of a family.

**Northeast Asia Run for Undergraduate Students** Kyobo Life has various leadership programs for undergraduates. These programs aims to help students develop new vision and construct better goals, eventually enabling them to grow as impactful future leaders. The Northeast Asia Run for Undergraduates, one of the global traveling programs, selects a number of undergraduate students to travel to countries in Northeast Asia. It is significant to visit these countries because they are Korea's historic and economic partners as well as competitors. In 2014, this program met its 13th anniversary, with the slogan of 'Youngsters, Let us go to the northern part of the continent, the place that we are originated from'. The students visited the first capital of Koguryo, now known as the Liaoning Province in China and following, the students visited Mont Wunu, Jian Shi where the Koguryo ruins are found and Dunhua Shi where Balhae Donggyeong Sung is found. This visit helped students to understand the history and culture of Koguryo and Balhae, the two of the ancient Three Kingdoms of Korea. The students also climbed the Baekdu mountain.

**Kyobo Life-JA Economic Education Volunteers** At Kyobo Life, we promote volunteering program that utilizes the knowledge of employees and FPs. As a financial corporation, our employees and financial planners have financial knowledge that they can certainly share with the community. Kyobo Life-JA Economic Education Volunteers, in joint effort with JA Korea, a non-profit organization, strives to provide education on market economy and enterprise management to children and youth so that they can better understand the basic concepts of economy and finance. Such volunteering activities are meaningful and rewarding because, we are building up a firm bond between local schools and Kyobo Life.

**Global Social Contribution Program: Vietnam Ben Tre Volunteering Program & 'Hope Tree Project'** Kyobo Life ran a social contribution program to enhance the local environment in Ben Tre, which was possible by initially forming a tie with the communities through the previously held school construction volunteering projects. We helped to train the locals on agricultural skills, distributed seedlings(grapefruit, coconut) for low income farmers and improved distribution channels to sell for them. The seeds we distributed allowed to increase the farmers' income from US \$9.8 to \$16.4 per seed, and now our program is becoming a platform for farmers to leap out of the poverty line.



1. Hope Dasom Scholarship
2. Northeast Asia Run for Undergraduate Student
3. JA Economic Education Volunteers

## Special

### Kyobo Life Youth Athletics Competition 30th Anniversary



1. Kyobo Life Cup Youth Athletics Competition
2. Homecoming Day

Kyobo Life hosts various events to help the youth, who are the dream and hope of our society, to grow into future leaders. The annual Kyobo Life Youth Athletics Competition is held to find and foster youth talents to lead Korea's sports in the near future. We have sponsored youth national competitions in 7~10 unpopular fields for 30 consecutive years since 1985 and awarded scholarships to outstanding athletes and organizations. As of 2014, About 120,000 young athletes participated in the competitions, and over 350 athletes participated in this group were selected to the representatives of our 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 are now all representative sports persons in their fields, building huge international reputation for Korea.

**Kyobo Life Cup Youth Athletics Competition Homecoming Day** As of this year, the Kyobo Life Cup Youth Athletics Competition has met its 30th year. This event was held so that alumni who are now Korean representative sports stars can meet the young athletes and convey them encouraging messages. Short track athletes Seung-Hi Park and Suk Hee Shim, judo players Min-ho Choi and Ki-Chun Wang, table tennis players Sang Eun Oh and Sung Min Yoo, field athletes Jin Taek Lee and Jin-ill Lee and many others from each field participated in the event, which must have mesmerized their old days. They cheered and encouraged the youngsters who are now running for their dreams, and delivered a clear message to never give up. They delivered written down cheering messages to Chang-Jae Shin, the CEO of Kyobo Life and these messages are exhibited in arenas for each fields.

### DaeSan Agricultural Culture Award

The Agricultural Culture Award is the highest authority granted to farmers who have contributed significantly to sustainable social development and increasing the value of agriculture and rural areas. Through a rigorous screening process, we select the personnel with outstanding achievements in four categories: agricultural technology, agricultural management, rural development, and agricultural public service. The DaeSan Agricultural Culture Award Community Network is a voluntary meeting of the winners who received the award. This network goes beyond a mere social gathering rather, it aims to implement social responsible activities by participating in onsite training sessions to give back their expertise and knowledge to the community.

## Professional Social Contribution Activities through Public Foundation

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

**Daesan Agricultural Foundation** This is the first agriculture public foundation established in Korea in 1991. This foundation sponsors the Daesan Agricultural Award, the highest honor in the field, and engages in various related public projects such as research projects, overseas agricultural training, agricultural experiencing activities, scholarships, cultural events and education to raise the value of agriculture and to bridge the gap between urban and rural areas so that these areas develop in hand in hand.

**Daesan Cultural Foundation** The Daesan Cultural Foundation established in 1992, contributes to the globalization of Korea literature. The foundation supports translation of Korean literature, international research on Korean literature, and international literature exchange. It also sponsors the Daesan Literature Award and Daesan Youth Literature Award, which are the highest honors in the field in Korea to elevate the level of creative literature culture of Korea. The foundation is also engaged in a variety of public cultural projects such as the Daesan Youth Literature Award, the College Students North East Asia Trip, the Seoul International Literature Forum, the East Asia Literature Forum, and the Book Loving Movement.

**Kyobo Life Educational Foundation** Established in 1997, the Kyobo Life Education Foundation is an education focused public foundation to promote better national education and develop talents through improved education. The foundation supports various education programs such as scholarship program, character building education, leadership training, life education program, Kyobo education award business and others.

We will manage our business  
in a nature-friendly way,  
reflecting the nature of our business.

## Raising Environmental Awareness

Kyobo Life understands that the environment protection is an important issue, and that the environment directly and indirectly affects the nature of the life insurance business. Environmental impacts on health and life are more serious than one would think. We acknowledge this environmental implications, so we are willing to respond via various related activities and share this awareness with our stakeholders.

**Kyobo Life Environmental Award** The Kyobo Life Environmental Award is an integrated environmental award which is given to individuals who have contributed in inspiring citizens to protect the environment while creating social value through environment conversation activities. We select award recipients in four different fields; environmental education, life culture, ecological solution and global environment protection, in consideration of their consistent actions, social meanings, impacts and tangible outcomes.

### 2014(16th) Kyobo Life Environmental Award Recipients and Their Activities

Category	Winner	Reason for award
Environmental education	Duck-Sung Kim (teacher of Chil Sung high school)	Awarded in recognition for participating in culture conservation activities for 14 years and providing environmental education through art
Cultural life	Mudeungsan landscape Sound	Awarded in recognition for leading a cultural peace movement for over 10 years through the 'Mudemgsan' landscape sound' concerts, going beyond the arena of religion and art
Ecological solution	Korean Women's Environmental Network	As the nation's solitary women's environmental initiative, awarded for developing and implementing various environmental conservation activities that touch the hearts of women
International	UDYAMA	As an NGO located in Orissa province in India, the organization was awarded for its activities in helping environmental disaster victims to settle down and gain independence again



Eco-friendly Dasomi Family Volunteer

**Eco-friendly Dasomi Family Volunteers** Kyobo Life practice various volunteering activities to preserve the environment. We support eco-friendly family volunteering programs for the general public, to enhance their awareness in preserving the environment and reminding them of family values.

### 2014 Eco-friendly Dasomi Family Volunteer Activities

Category	Date	Participated Families	Location	Activity	Amount Supported
Sweet and Sour, five kinds of hope planting	3.29(Sat)	15Families (54 people)	Jeonbuk Jangsu district, Beonam town	· Lecture on enneagram (Family Coaching) · Korean traditional play for children · Planting Omija with the disabled	6,500,000 Won
Urban Forest Soil restoration	4.26(Sat)	16Families (56 people)	HunIn tomb (Seocho District, Seoul)	· Education on the importance of soil and restoring soil · Neutralizing acidic soil (soil restoration) · Walking HunIn tomb forest	6,665,000 Won
Greener Neighborhood	6.7(Sat)	13Families (46 people)	Nodule garden (Yongsan District, Seoul)	· Lecture: Eco-friendly urban living · Vegetable garden tour and drawing a map of ecosystem · Creating sunlight dryer utilizing appropriate technology	6,500,000 Won
Greener Neighborhood	8.30(Sat)	15Families (58 people)	Munrae Youth Training Center (Yeongdeungpo, Seoul)	· Lecture: Appropriate eco-friendly technology for my home · Drawing neighborhood ecosystem map · Creating a chair for a rest in the vegetable garden	6,500,000 Won
Fly away! urban bees	9.13(Sat)	16Families (63 people)	Sunset Part (Mapo District, Seoul)	· Lecture: Understanding the importance of bees and the urban ecosystem restoration · Honey plant ingredients · Ecology game and family ecology workshop	6,665,000 Won
Wildlife as my friend	11.8(Sat)-11.9(Sun)	14Families (58 people)	Chungnam Wildlife Rescue Center (Chungnam District Budget)	· Introduction to wildlife rescue center · Cleaning of wildlife mooring and activity zones · Opening family hearts: family happiness graph, making endangered animals characters, family tracking in Magoksa	11,765,000 Won

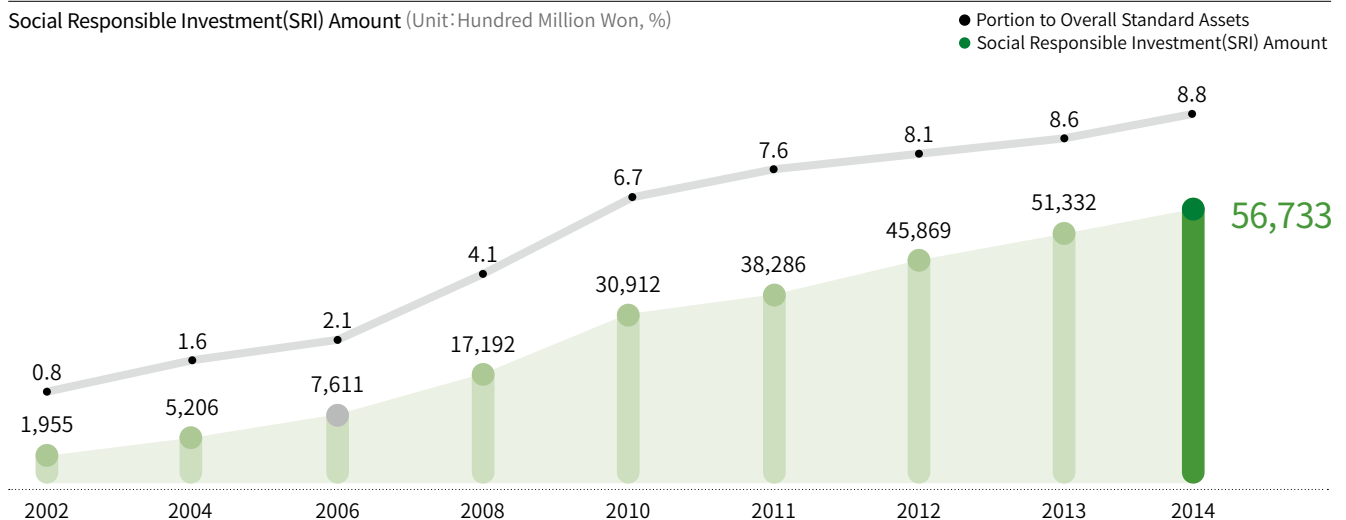
## Environment Considered Management Activities

Kyobo Life has been recognized for its quality management system by obtaining the ISO 9001 certification in all production processes of goods and services. We also attained the ISO 14001 certification for our environmental management system based on basic principles of our corporate management. We regulate our structure and process and establish a management system accordingly. Kyobo Life also practices eco-friendly activities in reflection of the nature of the business and follows the principles provided by the UN Global Compact, which includes supporting of preventive environmental measures, environment responsible activities and development and expansion of eco-friendly technologies.

**Increase Social Responsible Investment(SRI)** Kyobo Life is continuously practicing social responsible investment to create long term and stable profits. We are applying social responsible investment principles in our asset management, in doing so, it is enabling us to achieve the ultimate goal of a sustainable insurer as well as contribute to public goods. As part of this practice, we are expanding our investment towards eco-friendly social infrastructure such as water treatment plants, waste incineration facilities, renewable energy development. In the investment screening process, we consider both financial outcome as well as social values to be created from the targeted investment.

As of 2014, SRI portion to overall standard assets are 8.8%, which is an increase of 0.2%p in comparison to FY2013. Environment related investment amount and its portion in overall SRI are steadily increasing.

Social Responsible Investment(SRI) Amount (Unit:Hundred Million Won, %)



Environment-related Investment (Unit:Hundred Million Won)



Portion to Overall Social Responsible Investment (SRI) Amount (Unit:%)



**Efforts to Decrease Energy Use** Our headquarter building in Gwanghwamun and Kyobo Tower building are designated as high-energy consumption buildings, thus we suspended all electricity at lunch time in summer seasons, banned from using personal air-conditioning equipment and encouraged to use the stairs for the people located below fifth floor. In addition, we keep the temperature of the Gwanghwamun headquarter building, alike other national wide office buildings, above 26 Celsius during summer and below 20 Celsius during winter to reduce energy usage in air conditioning and heating.

All employees are practicing the 'three voluntary energy and supplies saving campaigns' which consists of turning off unnecessary lighting, turning off computers that are not in use, and use less of office supplies and are participating in 'lights-out' campaign on the 22nd of each month.

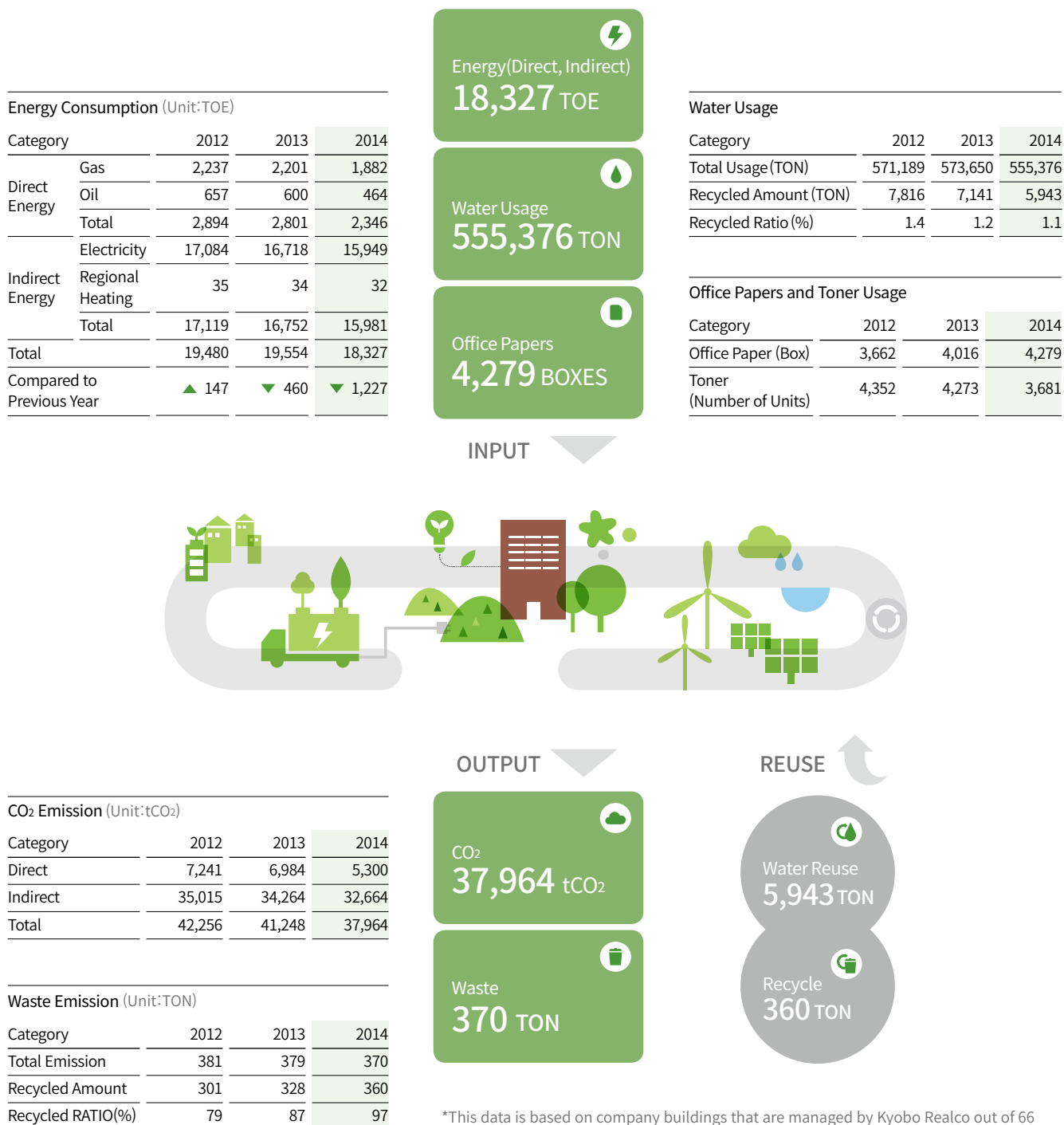
**Eco-friendly Remodeling Project of Company Buildings** Following the eco-friendly remodeling of the headquarter in 2010, we completed the same remodeling project for Daejeon and Gwangju Numundong company buildings in 2013. In 2014 we started this project for Incheon and Jeonju company buildings which is still in progress. Last year, in 2015 we planned and started to apply this project to Ulsan, Busan Bujeon-dong and Daegu Suseong-dong buildings to further reduce our company's energy consumption around the nation. By December 2015, we scheduled to remodel seven more local company buildings by going through three necessary steps.

**Minimizing Emission through improved Transportation Activity** At Kyobo Life, as part of the various activities to reduce energy usage, we encourage our employees to use eco-friendly transportation services and reduce frequent traveling in order to minimize direct emission of greenhouse gas. In specific, we installed a satellite broadcasting system in all business service sites in the country to allow employees participate in major corporate events such as new fiscal year assembly by watching via satellite instead of attending in person. In addition, 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. The training institute(HRD Training Center) located in Cheonan pays for employee's travel expenses based on KTX fare to reduce usage of their own cars when attending training sessions to reduce CO<sub>2</sub> emissions and energy usage which leads to minimizing overall environmental impact.

**Electronic Subscription System in Consideration of the Environment** In the process of insurance subscription, a large amount of paper is consumed, thus, Kyobo life uses an electronic subscription system during this process allows reducing of paper consumption as well as paper cost and carbon emission. At Kyobo Life, we improved business efficiency and customer convenience by operating a one-stop method from planning to subscription stage and delivering relevant document to customers via email, which would have been a large amount of paper in the past. In addition, considering that there are more people using tablet PCs these days, we have built an electronic system exclusive for tablet PCs to revitalize the paperless campaign.

## Environmental Data Management

Compared to other industries, life insurance industry is less vulnerable to the impact of climate change risks and opportunities. Despite, through systematic environmental data management, Kyobo Life is putting the utmost efforts to minimize costs and decrease negative impact on the environment.



\*This data is based on company buildings that are managed by Kyobo Realco out of 66 company buildings of Kyobo Life. However, data on office paper, toner and waste was only collected for the headquarters.

\*TOE: Amount of energy produced when burning a ton of oil, standardized in calorie units



We will grow together with our partners through fair competition.

## Shared Growth Program with Partners

Kyobo Life pursues win-win partnership with our partners in every aspect of our business activities. By promoting shared growth with our partners, we are creating a virtuous economic circle of win-win growth.



1. DAWIN Service Partnership  
2. Family Love Rural Experience

**Shared Growth Program with Partner : DAWIN Service** Receiving 'Customer Satisfaction Management Award' for five consecutive years, first in the financial industry, we have increased our reputation on customer satisfaction. Based on our experience and knowhow, we are sharing our accumulated know-how on CS via consulting and training to governmental and public organizations, companies and health care agencies where customer satisfaction is key to business success. This is our DAWIN Service, meaning let us win together in Korean. This service enabled us to discover big clients (corporation-organization) and support their success by providing systematic training sessions, developing in-house experts and CS advisory service, which is ultimately creating social and economic values through win-win partnerships.

### DAWIN Service Provision and Outcome

Category		Unit	2012	2013	2014
Treaty Company		Number	1,021	854	1,094
Service Provision		Person	60,148	53,111	77,668
performance	Contract Cases	Cases	7,507	5,957	7,107
	Contract Amount	Million Won	1,819	1,445	1,882

**Family Love Rural Experience** We have donated 0.25 million won to 16 villages and pastures to bring rural experiences for family trips. This has laid a foundation for mutual development and better interaction between the rural and urban. The Family Love Rural Experience project was participated by 2,800 families with preschool and elementary school kids. The program is significant in the way that it promotes the key characteristics of each 16 villages. 98% of the participated families claimed they were extremely satisfied with the program.

## Increase Trade Transparency

Kyobo Life strives to grow together with its partnered companies by establishing transparent trade customs. We select our partners by considering not only price, quality and conditions but over looking their efforts for ethical business and audit reports to see their observance of law, personal information management standards and Code of Conduct. All purchase and contracts are paid in cash so that we help our partners' cash flow.

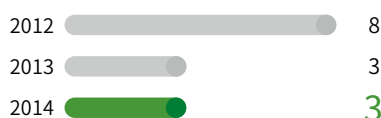
**Cyber Purchase System** With a cyber purchase system, Kyobo Life manages a transparent and fair purchase process for managing business partners, announcement of estimates and bids, submission of estimates, bidding participation, contracting, and making payments. Cyber purchase system allows our business partners to process and manage their purchase without spatial and time limits. Non face to face bidding process enhances transparency when selecting our business partners.



**Purchase from Communities** Kyobo Life contributes to creating profits by purchasing goods from communities when involved in various social contribution activities. In case of the Family Love Farm Life Experience Program, we purchased goods and services in the amount of approximately 250 million won from farming experience towns and farms. We have increased the boundary of our 'Dasomi Family Volunteer' service so that we support the purchase activities of local goods and services in other local areas which also leads to vitalizing various local NGOs. In addition, we are aiming to promote more communities based purchase through branches scattered throughout the country and customer PLAZAs.

**Clean Contract** Kyobo Life strives to achieve transparency and fairness when contracting with our business partners. Clean contract system eliminates receiving presents or other treats in the contracting and implementing processes of purchasing products, bidding, construction service and any other dealings with business partners. We established the 'Clean Contract System Operation Guidelines' internally and reflected it in the related provisions in standard contracts. Also, for New Year Holidays and Thanksgiving Day, we send out notices about the Clean Contract system to our partners with more than 20 million won of business volume as of past one year basis.

Present Returns (Unit: cases)



**Present Return Center** Our 'Kyobo Life's Code of Professional Ethics' clearly states that we cannot accept any presents from outside stakeholders and if this occurs inevitably, it is mandatory to return them right away. If direct returning is difficult, then one should return to the 'Present Return Center' which will be registered to send the present back to the giver with polite comments and introduction to the policy. If the giver refuses to take it back or returning the present is impossible in any way, then we donate it to social organizations in need.

**Fair Trade Voluntary Compliance Program** Kyobo Life declared our practice towards fair trade voluntary compliance in September 2006 and we operate a fair trade voluntary compliance program to nurture a transparent culture for competition since then. The 'Fair Trade Voluntary Compliance Program (CP: Compliance Program)' is an overall operating system that encourage voluntary observance of fair trade regulations, policies and systems. The program is operated by the fair trade voluntary compliance manager, who has been appointed by the recommendation by the CEO with the agreement of the Board of Directors.

**Reporting Violations** Reporting violation is an internal reporting system where employees can report directly to the CEO of law observance manager, when illegal or unjust conducts in the course of business are discovered or employees are ordered to engage in unfair · illegal business activities or become aware of them. This system is to discover and prevent hidden or potential unjust and illegal activities within the company so that our company can build a core-value oriented culture.

**Preventing Collusion** Since June 2006, Kyobo Life has banned the sharing of information with competitors about applied interest rates, and other data that can imply prices or insurance claim conditions, in other words any information 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 related to fair trade regulations.

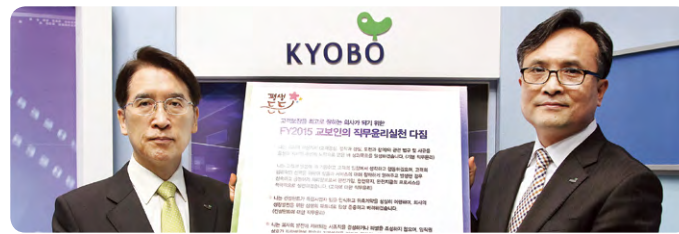
Fair Trade Violation Reports (FY2012~2014)

Item	Date	Measure	Reasons
Collusion	Mar. 21, 2013	Fines of 4.1 Billion Won	Fixing prices for equity-linked variable insurances

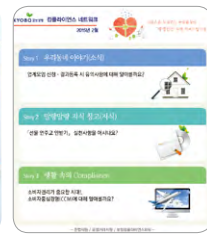
**Industry Meeting Reporting System** Industry meetings include all regular or irregular (including onetime meetings) meetings with more than two competitors where employees participate to discuss issues of corporate business and their roles, regardless of any objectives. This includes meetings supervised by the governmental supervisory agencies which leave room to be misunderstood as collusion. Kyobo Life applied its internal regulatory process in these industry meetings to prevent any risks occurring in terms of collusion and unfair trade activities in advance.

## Practicing Workplace Ethics

Kyobo Life has 'Kyobo Life Employees' Code of Professional Ethics' in accordance of Kyobo Life's core objectives and values. Based on this, we also provide 'Kyobo Workplace Ethics Practice Rules' and detailed explanation of the rules. In addition, beginning of each fiscal year, we launch the 'Kyobo Life Employees' Code of Work Ethics' event where all of our employees including our CEO attend, to reaffirm our work ethics culture at all levels of Kyobo Life.




Kyobo Life Employees' Code of Work Ethics



Compliance Network

**Work Ethics Education** To encourage employees to practice work ethics, we operate diverse education programs for work ethics. Regular conventions and tours are held to increase communication between management and employees as well as to encourage our employees. Every week, our management shares key issues on compliance and work ethics by operating the 'education for law observance and ethics' which consists of showing related cartoons and animations. In FY2014, we provided the 'compliance network' and compliance managers workshops (twice a year, April, November) to compliance officers in each department to help them implement internal control activities and encourage their co-workers to practice right work ethics.

### Workplace Ethics Education (Unit: Hours)

	Category	2012	2013	2014
	Manager <sup>1)</sup>	12.4	9.2	16.7
	Non-manager <sup>2)</sup>	13.2	9.6	13.6

### Educating Company Guards

	Category	2012	2013	2014
	Number of Guards	192	182	172
	Education Participation Rate	100	100	100

1) The figure includes field sales manager training, an executive workshop and compliance manager training.

2) The figure includes 'education for law observance and ethics' and cartoon and animation education.

# APPENDIX

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## Third Party Assurance

### To the Management of the '2014 Kyobo Life Sustainability Report'

The Institute for Industrial Policy Studies (hereafter 'Auditor') was engaged by Kyobo Life to review information specified in its '2014 Kyobo Life Sustainability Report' (hereafter 'Report') to provide an independent third-party assurance on the reported content. On the basis of the above, the Auditor presents the following independent statement of assurance.

### Responsibility and Objective

Kyobo Life is responsible for all information and claims contained in the Report regarding the establishment of its sustainability management goals, performance management etc. The responsibility of the Auditor is to deliver the findings from its assurance undertaking to the management of Kyobo Life. The key objective of the assurance is to check whether there are any material bias or errors present in the Report; assess whether the underlying data collection system is in proper working order; while undertaking in an overall review of the Company's process for identifying issues of material importance to sustainability management as well as the produced results so that the Auditor may deliver recommendations that can help improve the quality of future reporting.

### Assurance Type and Level

The Report was reviewed against the following criteria and guidelines: AA1000 Assurance Standards (2008)<sup>1)</sup>; Global Reporting Initiative's (GRI) G3.1 Sustainability Reporting Guidelines<sup>2)</sup> and B.E.S.T Sustainability Reporting Guidelines<sup>3)</sup>

Assurance Scope	Contents of the '2014 Sustainability Report' by Kyobo
Assurance Type & Level	Type II, Moderate
Assurance Criteria	<ul style="list-style-type: none"> <li>· 'IPS Assurance Manual' to verify compliance against AA1000AS (2008) standard's three core principles</li> <li>· 'IPS Performance Indicators Assurance Criteria' to assess the reliability of performance indicators</li> <li>· GRI G3.1 Guideline and B.E.S.T Guideline's 'reporting level'</li> </ul>

### Work Undertaken and Scope

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

<ul style="list-style-type: none"> <li>· Review of the Company's processes for identifying material issues and outcomes</li> <li>· Review of the Company's stakeholder engagement processes</li> <li>· Interviews with persons responsible for each performance dimension and the collection of performance data to determine the adequacy of the reported content</li> <li>· Review of the Report's compliance against GRI/B.E.S.T reporting guidelines</li> </ul>	<ul style="list-style-type: none"> <li>· On-site review of Kyobo Life's Head Office to assess 'raw' sustainability performance data as well as systems and processes for data collection and reporting</li> <li>· Review of underlying reference data on key economic, social, and environmental performance</li> <li>· Review of Kyobo Life's financial data vs. FY2014 financial statements contained in the Auditor's Report to check for consistency</li> <li>· Sample testing of materiality issues to ascertain the completeness and accuracy of information contained in the Report</li> </ul>
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### Limitations

<ul style="list-style-type: none"> <li>· Interviews with individuals responsible for different performance dimensions and the collection of performance data; review of the adequacy of the reported data</li> <li>· On-site review of Kyobo Life's Head Office</li> </ul>	<ul style="list-style-type: none"> <li>· Assurance based on relevant data and information available for the relevant reporting period</li> <li>· Review of the reliability of reported performance data</li> <li>· This undertaking does not include data on green-house gas emissions, which is subject to a separate review</li> </ul>
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### Assurance Findings

The Auditor did not find any material misstatements or bias contained in the Report.

#### Inclusivity

#### Is the Company's stakeholder engagement strategy-setting and related processes adequate?

It is the Auditor's view that Kyobo Life is aware of the importance of stakeholder engagement in its sustainability management initiative and has worked to build a process for stakeholder engagement in order to incorporate the collected views toward its business management activities. The Auditor took particular note of various communication channels being run by the Company, which are designed to suit different stakeholder groups. Meanwhile, the sustainability management deliberation council and expert panel carried out roundtable meetings on a yearly basis, to assess key issues while also reflecting them toward the Company's management activities.

1) AA1000AS is a sustainability assurance standard developed by the UK-based Institute of Social and Ethical Accountability (AccountAbility) in November 1999 to assure organization-wide sustainability performance and accountability by improving the quality of accounting, auditing and reporting practices in the social and business ethics domain. The revised 2008 version has been in effect since 2010

2) The GRI G3.1 Guideline was established by the GRI, convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. Following the G3 Guideline, which was introduced in Oct. 2006, the G3.1 Guideline was released in Mar. 2011, with expanded and supplementary guidance on human rights, gender, and the communities. The 4th revised G4 version was introduced in May 2013

3) The B.E.S.T Guideline was jointly developed by the Ministry of Commerce, Industry, and Energy (MOCIE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) in 2006 as a sustainability reporting and assurance guideline, and provides for five levels of reporting rigor (Level 1~5)

### Materiality

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

It is the Auditor's view that the Report does not omit or exclude issues of importance to the sustainability management activities of Kyobo Life. Notably, the Auditor noted efforts by the Company in carrying out environmental analysis and internal reviews, while categorizing them in accordance with stakeholder-specific 'principles' defined to be relevant for different groups, while also working to provide a fuller account of its sustainability management activities and outcomes in its Report, all which are in line with the principle of materiality.

### Responsiveness

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

The Auditor found Kyobo Life to be responding adequately to issues of concern and interest to its stakeholders. It has established various communication channels specific to relevant stakeholder groups, while trying to report on the Company's response to issues identified to be important via stakeholder engagement well as their end results. In particular, the Auditor noted efforts to stay aligned to the principle of responsiveness, regularly assessing the demands and views of its financial planners (FPs) as well as executives and staff in order to be more responsive in addressing identified concerns; working to provide transparent disclosure on how the Company has been addressing customer data protection, a topic that is inherently important to the Company and its business, which has recently become an emergent issue.

### Level of Compliance to Reporting Guidelines

The Auditor found the Report to correspond to an 'A+' reporting level relative to the GRI G3.1 Guidelines.

### Reliability of Performance Indicators

Upon review of data contained in the Report, which represent key issues under each of the Company's 5 top stakeholder commitment categories, the Auditor found the data collection system to be adequate, and failed to discover any material errors that can compromise data reliability, thereby biasing the Company's judgment. The following performance indicators were reviewed.

Commitment	Key Issues	Performance Indicator	
A company that provide optimum insurance coverage and on-going services.	Working to resolve customer complaints	Customer satisfaction	72.7points
A company that succeed together with our Financial Planners.	Communication btw the Company and FPs	FP satisfaction	72.9points
A company that grow together with our Employees.	Non-discrimination	Pledge to practice job ethics	Review
A company that is attractive to Investors.	Fair allocation of created value	Total income Fair allocation(Stakeholder)	15.2 trillion won 13.8 trillion won
A company that grow together with the Government and Communities.	Environmental awareness enhancement program	Environment-related investments	1,615billion won

### Recommendations

The Auditor found the '2014 Sustainability Report' by Kyobo Life commendable in the following respects. The Report (1) reflects a sustainability management philosophy and system that is linked with the overall Company-wide vision that is continuously being applied;(2) manages key issues and KPIs by stakeholder ('principle'); and (3) reflects efforts by the Company to disclose its response to feedback collected from external stakeholders via outside discussions.

·Redefine the Company's sustainability management system by applying the new global sustainability management framework	·Strengthen management and reporting of quantitative indicators including key (material) issues
·Enhance application of new guidelines and DMA disclosure levels	·Strengthen responsiveness toward stakeholder engagement channels and stakeholder expectations

### Independence

Apart from this independent assurance undertaking, the Auditor was not involved in the preparation of any part of the Report, and has no commercial affiliation with Kyobo Life that might compromise our independence.

### Qualifications of the Auditor

Commissioned by Kyobo Life as the Auditor for this assurance undertaking, the Institute for Industrial Policy Studies (IPS) was established in 1993 and has since developed into a specialized institution with broad expertise in the areas of business ethics, CSR, and sustainability management since 2002.



## GRI G3.1 and ISO 26000 Application Standard

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

GRI	Description	Page	ISO26000	BEST	Reporting Level
<b>Strategy and Analysis</b>					
1.1	Statement from the most senior decision-maker of the organization	2~3	6.2	A_1	●
1.2	Description of key impacts, risks, and opportunities	2~3, 57~60	6.2	A_2	●
<b>Organizational Profile</b>					
2.1	Name of the organization	8		A_3	●
2.2	Primary brands, products, and/or services	9~10		A_4	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	8	6.2	A_5	●
2.4	Location of organization's headquarters	8		A_7	●
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	8		A_7	●
2.6	Nature of ownership and legal form	12~13		A_8	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	8~10		A_9	●
2.8	Scale of the reporting organization	8, 55		A_10	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership	About This Report, 9,12~13		B_8	●
2.10	Awards received in the reporting period	83		CO8	●
<b>Report Parameters</b>					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	About This Report		B_3	●
3.2	Date of most recent previous report (if any)	About This Report		B_8	●
3.3	Reporting cycle (annual, biennial, etc.)	About This Report		B_6	●
3.4	Contact point for questions regarding the report or its contents	85		B_9	●
3.5	Process for defining report content	20~23		B_4	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	About This Report		B-1	●
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	About This Report		B-2	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	-		A_6	-
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	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)	About This Report		-	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About This Report		B_5	●
3.12	Table identifying the location of the Standard Disclosures in the report	78~81		B_10	●
3.13	Policy and current practice with regard to seeking external assurance for the report	76~77	7.5.3	B_7	●
<b>Governance, Commitments, and Engagement</b>					
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	12~13	6.2	GR1	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	13	6.2	GR1, GR3	●
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	13	6.2	GR2	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	12~13, 44	6.2	GR12	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	13	6.2	GR7	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	12~13	6.2	GR13	●
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	12~13	6.2	GR4	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	1, 11, 14, 16~17, 73	6.2	-	●
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	12~15	6.2	GR5	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	12~13	6.2	GR6	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	53~54, 56~60	6.2	GR11	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	82~83	6.2	GR10	●
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	83	6.2	A_11	●
4.14	List of stakeholder groups engaged by the organization	20~21, 23	6.2	C_1, C_2	●
4.15	Basis for identification and selection of stakeholders with whom to engage	20~21	6.2	C_1	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	20~21	6.2	C_2	●
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	20~21, 25, 37, 53, 63	6.2	C_3	●

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

GRI	Description	Page	ISO26000	BEST	Reporting Level
<b>Economic(Disclosure on Management Approach)</b>					
Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	55	6.8/6.8.3/6.8.7/6.8.9	EC1 ●
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	63, 69	6.5.5	EC2 ●
	EC3	Coverage of the organization's defined benefit plan obligations	45	6.4.4/6.8	EC3 ●
	EC4	Significant financial assistance received from government	-	EC5	-
Market Presence	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	46	6.4.4/6.8	EM4 ●
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	72-83	6.6.6/6.8/6.8.5/6.8.7	EC4 ●
	EC7	Procedures for local hiring and proportion of senior management hired from the communities at locations of significant operation	48, 51	6.8/6.8.5/6.8.7	EC4 ●
Indirect economic impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	18-19, 31-32, 64-65	6.3.9/6.8/6.8.3/6.8.4/6.8.5/6.8.6/6.8.7/6.8.9	EC6 ●
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	62-67	6.3.9/6.6.6/6.6.7/6.7.8/6.8/6.8.5/6.8.6/6.8.7/6.8.9	EC7 ●
<b>Environmental(Disclosure on Management Approach)</b>					
Material	EN1	Materials used by weight or volume	71		EV10 ●
	EN2	Percentage of materials used that are recycled input materials	71		EV11 ●
Energy	EN3	Direct energy consumption by primary energy source	71		EV7 ●
	EN4	Indirect energy consumption by primary source	71		EV8 ●
	EN5	Energy saved due to conservation and efficiency improvements	70-71		EV5 ●
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	-	6.5/6.5.4	EV5 -
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	68-71		EV5, EV25 ●
Water	EN8	Total water withdrawal by source	71		EV9 ●
	EN9	Water sources significantly affected by withdrawal of water			EV20 -
	EN10	Percentage and total volume of water recycled and reused	71		EV18 ●
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-		EV22 -
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	6.5/6.5.6	EV22, EV26 -
	EN13	Habitats protected or restored	-		EV27 -
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	-		EV6, EV26 -
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-		EV28 -
Emissions, effluents and waste	EN16	Total direct and indirect greenhouse gas emissions by weight	71		EV12 ●
	EN17	Other relevant indirect greenhouse gas emissions by weight	-	6.5/6.5.5	EV13 -
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	69-71		EV4 ●
	EN19	Emissions of ozone-depleting substances by weight	-		EV14 -
	EN20	NO, SO, and other significant air emissions by type and weight	-		EV15 -
	EN21	Total water discharge by quality and destination	-		EV17 -
	EN22	Total weight of waste by type and disposal method	71	6.5/6.5.3	EV16 ●
	EN23	Total number and volume of significant spills	-		EV21 -
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-		EV29 -
Products and Services	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	-	6.5/6.5.4/6.5.6	EV19 -
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	68-70	6.5/6.5.4/6.6.6/6.7.5	EV23 ●
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	-	6.5/6.5.4/6.7.5	EV24 -
compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	-	6.5	EV31 -
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	70	6.5/6.5.4/6.6.6	EV30 ●
Overall	EN30	Total environmental protection expenditures and investments by type	69	6.5	EV1 ●



# Sustainability Report 2014 KYOBO Life

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

GRI	Description	Page	ISO26000	BEST	Reporting Level
<b>Social: Labor Practices and Decent Work(Disclosure on Management Approach)</b>					
Employment	LA1	Total workforce by employment type, employment contract, and region, broken down by gender	6.4/6.4.3	EM1	●
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region		EM5	●
	LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	6.4/6.4.3/6.4.4	EM20	●
Labor/management relations	LA4	Percentage of employees covered by collective bargaining agreements	6.4/6.4.3/6.4.4/6.4.5/6.3.10	EM12	●
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	6.4/6.4.3/6.4.4/6.4.5	EM13	●
Occupational health and safety	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	EM14	●
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		EM19	-
	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	EM18	●
	LA9	Health and safety topics covered in formal agreements with trade unions	6.4/6.4.6	EM15	●
Training and education	LA10	Average hours of training per year per employee by gender, and by employee category	6.4/6.4.7	EM27	●
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4/6.4.7/6.8.5	EM28	●
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender	6.4/6.4.7	EM29	●
Diversity and equal opportunity	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	EM2	●
	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	EM3	●
<b>Social: Human Rights(Disclosure on Management Approach)</b>					
Investment and Procurement Practices	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	PN2	○
	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	PN3	○
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	6.3/6.3.5	EM30	●
Non-discrimination	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	EM7	●
Freedom of association and collective bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3/6.3.3/6.3.4/6.3.5/6.3.8/6.3.10/6.4.3/6.4.5	EM8	●
Child Labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	EM9	●
Prevention of forced and compulsory labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	6.3/6.3.5/6.4.3/6.6.6	EM10	●
Security practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	6.3/6.3.6/6.3.7/6.3.8/6.6.7	EM31	●
Indigenous rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	-	CO2	-
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	-	-	●
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	-	-	-

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

GRI	Description	Page	ISO26000	BEST	Reporting Level
<b>Social: Society (Disclosure on Management Approach)</b>					
Communities	SO1	Percentage of operations with implemented community engagement, impact assessments, and development programs	64-67	6.3.9/6.8/6.8.5/6.8.7/6.6.7	CO2 ●
	SO2	Percentage and total number of business units analyzed for risks related to corruption	72-75		CO5 ●
Corruption	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	74	6.6/6.6.3	CO5 ●
	SO4	Actions taken in response to incidents of corruption	73-74		CO5 ●
	SO5	Public policy positions and participation in public policy development and lobbying	-		CO6 -
Public Policy	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	CO7 -
Anti-Competitive Behavior	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	73	6.6/6.6.5/6.6.7	CS3 ●
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	73	6.6/6.6.7/6.8.7	CO9 ●
	SO9	Operations with significant potential or actual negative impacts on communities	-		- -
Communities	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on communities	-		- -
<b>Social: Product Responsibility (Disclosure on Management Approach)</b>					
Customer health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	31-32	6.3.9/6.6.6/6.7/6.7.4/6.7.5	CS4 ●
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	-		CS11 -
Product and service labelling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	33-35	6.7/6.7.3/6.7.4/6.7.5/6.7.6/6.7.9	CS5 ●
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-		CS12 -
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	27-29	6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	CS9 ●
Marketing communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	33		CS13 ●
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	33	6.7/6.7.3/6.7.6/6.7.9	CS14 ●
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	26-27	6.7/6.7.7	CS15 ●
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	-	6.7/6.7.6	CS12 -

GRI	Description	Page	Reporting Level
<b>Financial Services Sector Supplement</b>			
FS1	Policies with specific environmental and social components applied to business lines	18-19	●
FS2	Procedures for assessing and screening environmental and social risks in business lines	30, 57-60	●
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	30-35	●
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	26, 38, 40	●
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	15, 28-29, 53, 72-73	●
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	9, 10, 18-19	●
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	18-19, 31	●
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	69	●
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	57-60	●
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	69	●
FS11	Percentage of assets subject to positive and negative environmental or social screening	69	●
FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	-	○
FS13	Access points in low-populated or economically disadvantaged areas by type	35	●
FS14	Initiatives to improve access to financial services for disadvantaged people	35	●
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	66	●

## Signing and Support of the UN Global Compact

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



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.

Principles	Report Contents	Page
1. All internationally proclaimed human rights shall be supported and respected.	· Kyobo Life's Code of Professional Ethics	74
	· Employee Education of Preventing Sexual Harassment	48
2. Businesses shall make efforts to not be complicit in human rights abuses.	· Education of Company Guards	74
	· Activities aimed at protecting Information of Customers	26
3. The freedom of association and collective bargaining rights shall be upheld,	· Labor-Management Activity for coexistence	46
4. All forms of forced and compulsory labor shall be prohibited.	· Anti-Forced labor prevention	48
5. Child labor shall be prohibited.	· Anti- child labor	48
6. Employment and occupation discrimination shall be eliminated.	· Anti- discrimination in the workplace and employment	48
	· Fair Performance Evaluation	47
7. Preventive approach to environmental problems shall be supported.	· Ecology Tour Educational Institution 'Supjarami'	68
	· Eco-Friendly Dasomi Family Volunteer	
8. Initiatives to support greater environmental responsibility shall be encouraged.	· Efforts to Decrease Energy Usage	69
9. The development and diffusion of environmentally friendly technologies shall be encouraged.	· Investment for Environment as part of Social Responsible Investment(SRI)	69
	· Kyobo Life Environmental Award	68
10. All forms of corruption in business, including extortion and bribery shall be opposed.	· Workplace Ethics Education	74
	· Reporting Violations of Core Values	73
	· Clean Contract	73
	· Present Return Center	73

## Awards Regarding Sustainability Management

Date	Content
Dec. 2014	Wins the first private corporation Prize for Excellence in CSV in the process sector
Oct. 2014	Wins the 2nd 'Most Loved Company' presidential award
Oct. 2014	First place in the life insurance sector for Korean Sustainability Index (KSI) for 5 consecutive years
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)	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
LIMRA(Life Insurance Marketing & Research Association)	Research and Consulting on Life Insurance, Providing education	2007
UN Global Compact Korea Chapter	Exchange of information on Korean member corporation's social responsibility practice	2010

## Financial Highlights

### A Balance Sheet\* (Unit:Hundred Million Won)

Category	FY2014	FY2013	FY2012
<b>Assets</b>	<b>857,622</b>	<b>785,705</b>	<b>751,486</b>
Cash and Deposits	14,439	16,260	8,695
Financial Assets <sup>1)</sup>	462,451	401,949	388,873
Loans	163,721	161,939	156,539
Other Assets	64,386	64,072	64,580
Separate Account Assets	152,626	141,486	132,799
<b>Liabilities</b>	<b>788,051</b>	<b>722,908</b>	<b>689,626</b>
Policy Reserve	557,430	513,206	483,058
Other Liabilities	73,918	63,416	72,130
Separate Account Liabilities	156,703	146,286	134,438
<b>Equity</b>	<b>69,571</b>	<b>62,798</b>	<b>61,861</b>
Capital Stock	1,025	1,025	1,025
Capital Surplus, and etc.	4,181	4,127	4,125
Accumulated Other Comprehensive Income	11,161	9,086	11,590
Retained Earning	50,168	45,565	42,199
Non-Controlling Interests	3,036	2,995	2,921
<b>Liabilities and Equity</b>	<b>857,622</b>	<b>785,705</b>	<b>751,486</b>

### Income Statement\* (Unit:Hundred Million Won)

Category	FY2014	FY2013	FY2012
Operating Revenues	137,057	100,207	146,128
Premium Income	80,780	56,144	88,267
Investment Income, and etc.	56,276	44,063	57,861
Operation Expenses	130,520	94,360	139,896
Liability from Insurance Contract	43,959	30,025	51,970
Claims Paid <sup>2)</sup>	65,541	45,986	62,261
Other Expenses	21,020	18,349	25,664
Operating Income	6,537	5,847	6,233
Non-Operating Revenues	327	87	206
Non-Operation Expenses	572	643	209
Income Before Tax	6,292	5,292	6,229
Income Tax	1,117	1,330	273,042
Net Income	5,175	3,961	5,956

\*Figures based on IFRS financial statement according to the International Accounting Standards

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

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

# HUMANITY AND THE FUTURE

Sustainability Report 2014  
KYOBO Life

This report was published in Korean and English and can be viewed from our Kyobo Life's Webpage ([www.kyobo.co.kr](http://www.kyobo.co.kr)). If you have any inquiries or suggestions, please contact us as below.

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