

# Humanity and the Future



## About This Report



### **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

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Since the first Sustainability Report by Kyobo Life Co. in 2011 as the first life insurance company in Korea to do so, we have been publishing the Sustainability Report annually under our slogan of 'shared growth with all stakeholders' to communicate our sustainability related activities and performance to our stakeholders. This report is the sixth Sustainability Report published by Kyobo Life.

### **Report Period and Report Scope**

This report contains activities related to Kyobo Life's sustainability management in 2015 (Jan 2015~December 2015). Quantitative data of the previous three years are disclosed to display trends, and data beyond this period are indicated.

The scope of this Report covers the head office of Kyobo Life, its branch offices and customer PLAZAs, and excludes international locations. Environmental data does not include all domestic locations, and this is indicated where applicable throughout the report. The standard currency used in the report is the Korean Won (₩), however, when other currencies are used, they are quoted in converted Korean Won.

### **Reporting Principles**

This report has been published in accordance with the new G4 guidelines, which are the international guidelines of sustainability management reports, released by the GRI(Global Reporting Initiative). General standard disclosures are based on 'In Accordance' – Core option. The financial data included in the report was prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

### **Report Assurance**

This report has been subject to an assurance process by the Institute for Industrial Policy Studies (IPS) in accordance with the three principles (inclusivity, materiality, responsiveness) of AA1000AS(2008) Sustainability Report assurance standards, and the assurance type is Type II. Please refer to the Independent Assurance Report in the appendix.

## Contents

- 4 CEO Message
  - 6 Gwanghwamun Billboard
- 



### About Kyobo Life

- 8 Company Overview
  - 10 Business Overview
  - 12 Stakeholder Engagement
  - 14 Materiality Test
  - 16 Governance
  - 18 Kyobo Vision
- 



### Kyobo Life's Values

- 20 Kyobo Life's value chain and economic value creation and distribution
  - 22 Sustainability Management
  - 24 Sustainability Management Newsletter
  - 25 Kyobo Life's 2015 Top 5 Key Agenda
    - 25 - Enhance customer satisfaction activities
    - 30 - Increase support for Financial Planners
    - 35 - Expand employee training programs and self-development opportunities
    - 40 - Increase management transparency through ethical management
    - 45 - Social contribution activities reflecting the nature of the life insurance business
- 



### Kyobo Life's Performance

- 50 Economic Performance in Numbers
    - 51 - Economic Performance
  - 54 Environmental Performance in Numbers
    - 55 - Environmental Performance
  - 59 Social Performance in Numbers
    - 60 - Social Performance
- 

## APPENDIX

- 70 Third Party Assurance
  - 72 GRI G4, BEST, ISO26000 Index
  - 75 UN Global Compact
  - 76 Awards Regarding Sustainability Management
  - Association and Membership Regarding Sustainability Management
  - 77 Financial Highlights
-

## CEO Message



Greetings, Dear Stakeholders!

On behalf of Kyobo Life, I would like to express our gratitude for your unwavering support.

In 2015, the Korean economy was hit by both domestic and international challenges, including the MERS outbreak, depressed domestic demand, and the U.S. interest rate hike, all of which occurred simultaneously. However, despite such a challenging management environment, Kyobo Life has successfully carried out its management directive – ‘expansion of insurance coverage’ and ‘improvement in profit structure,’ and concluded its Vision2015 to become a company that provides ‘optimum insurance coverage and on-going services.’

Kyobo Life’s journey for the achievement of Vision2015, starting in 2011, was significant, and led to much acclaim and even recognition by awards. Consequently, Kyobo Life received the Consumer Grand Prize Award in 2013 and the Most Loved Companies President’s Commendation in 2014. In February of 2016, in recognition of our accomplishments in management transparency, management-labor stability, and social contributions, the Grand Prize Award in the 12th Management Transparency Awards was also bestowed upon Kyobo Life.

In the belief that all humans are precious beings and their values should be respected and realized, we have published our sixth Sustainability Report entitled ‘Humanity and the Future.’ This is intended to share the fruits of our endeavors in fulfilling the pledges of mutual growth with stakeholders, as well as reminding ourselves of the significance of those pledges.

Our pledges to our Stakeholders and the Results in 2015 are as follows:

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

We have differentiated the quality of our ‘Lifelong Care Service’ by providing ‘customized services’ that enable us to offer products best suited to our customers’ needs in the most effective ways. These services reflect a life insurance culture that emphasizes ‘policy persistency’ for insurance coverage over ‘new subscriptions.’ Also, we have improved our work processes from the customers’ perspective by strengthening and expanding our proactive measures to VOC and customer com-

plaints, and also by reflecting various customer opinions in our insurance marketing strategies, rules, and policies.

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

We have revamped our training support system for Financial Planners based on their experiences and feedback. We improved our training program for new Financial Planners with less than 12 months of experience, in order to help them develop as professionals capable of consulting for insurance coverage and executing 'Lifelong Care Service.' We have also expanded our training program and support system for existing Financial Planners with more than 13 months of experience. In order to improve Financial Planner-ship faithful to the basic principles of life insurance, and to strengthen the morale and motivation for their daily work, we hosted 'Kyobo MDRT Day.'

**We will become a company  
that grows together with our employees.**

Kyobo Life strove to become the 'most desirable company to work for' by securing great talent and creating a corporate culture that supports growth and offers performance-based rewards. In order to cultivate an advanced insurance business culture, we sponsored a number of our sales managers to attend the MDRT Annual Meeting and the MDRT Experience Meeting held in Hong Kong. In addition, through our quarterly Labor-Management Council we actively communicate with the labor union that represents our employees.

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

In order to become a company that shows sustainable growth, we have to maintain stable financial soundness in the long run, while continuing to improve our profitability even under a challenging management environment. We improved our liability structure, enhanced asset management returns, and strengthened our risk management in preparation for reinforced financial soundness regulations. In addition, we are also preparing proactive measures for impending changes in the management environment, such as the upcoming implementation of IFRS4 Phase II. As a result of these efforts, our favorable profitability, solid capital adequacy, and our excellent business profile, Kyobo Life has been recognized with an 'A1' rating by Moody's, a world-renowned credit ratings agency. Kyobo Life is the first company

in the life insurance industry to receive this rating.

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

Communities are where we continue to grow and develop, and the basis on which we fulfill our role as members of society. Kyobo Life contributes to the development of communities through partnerships with non-profit organizations that are professional and transparent, focusing on social contributions activities related to life insurance business. We also engage in various social contribution projects for communities by continuing to provide funds for the Kyobo Foundation for Education which supports youth education and scholarship programs, the Daesan Agriculture Foundation which provides support for rural development, and the Daesan Foundation which supports the development of Korean literature.

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

In January 2016, Kyobo Life announced its brand new Vision2020 to become 'Korea's most innovative life insurance company in product and distribution'—a clear and daring goal that requires the attention of our every capacity through 2020, and represents a new beginning with the mission of helping everyone confidently pursue their dearest dreams throughout their lives, overcoming every adversity by mutual support.

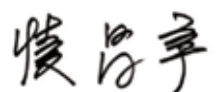
We ask for your continued support and interest in our bold journey toward a new vision.

Thank you.

March 2016

**Chang-Jae Shin**, CEO & Chairman

Kyobo Life





## SPECIAL PAGE

## Gwanghwamun Billboard

From poems to hip hop.. Hopes of the era in thirty letters :

**The beginning** | The Gwanghwamun Billboard was a brainchild of the Daesan Yong-Ho Shin, the founder of Kyobo Life. For 25 years, from 1991, with the change of each season the billboard conveys a message of love and hope to the public. It has become a noted landmark in Gwanghwamun in the heart of Korea, and acts as a breath of fresh air in the busy city center. In particular, since the financial crisis, the Billboard's messages convey beautiful, poetic thoughts of support and hope.

**Message Selection** | The selection process involves multiple discussions and votes of quotes recommended by the final selection is made with a vote by employees of Kyobo Life. comprised of poets, writers, media personalities, copywriters, and submissions by the public. Two finalists are selected, then the final selection is made with a vote by employees of Kyobo Life.



Four Seasons of 2015

## What people are saying about the Gwanghwamun Billboard

Selected as '100 People Who Lit Up the World'.

2007

Korea Green Foundation

The Billboard brings realization that our poems are always alive, in the light of day and darkness of night among the people.

Eun Goh, poet

The Gwanghwamun Billboard is the blue sky of Seoul. It is the breath of fresh air in the drudgery of daily life, and the cool blue stream that have been flowing in Gwanghwamun for over twenty years.

Yong taek Kang, poet

'A short Japanese poem is displayed at the Gwanghwamun Intersection in the center of Seoul. This sense of humor and relaxed atmosphere is something that is needed in Japan.'

2009

Sankei newspaper column –  
Kuroda Kashiro, Seoul Bureau chief

Introduced as 'cultural symbol of Seoul' in the quarterly "Koreana" magazine by the Korea Cultural Foundation, which is published in nine languages and over 160 countries.

Gwanghwamun Billboard provides the citizens with the relatable value of not just true sincerity, but true affection.

2015, thesis

Professor Bong-hyun Kim,  
Dongguk University

A black and white photograph of a person from behind, wearing a plaid shirt, with their arms outstretched towards a bright, cloudy sky. A faint rainbow is visible in the sky. A blue rectangular box is overlaid on the top right, containing the title. Three thin blue lines originate from the bottom-left corner of the box and extend towards the bottom of the page, framing the table of contents.

# About Kyobo Life

- 8 **Company Overview**
- 10 **Business Overview**
- 12 **Stakeholder Engagement**
- 14 **Materiality test**
- 16 **Governance**
- 18 **Kyobo Vision**



## Company Overview

Kyobo Life's core purpose (company mission) is to help people not to despair in the face of hardships in their lives. Since our inception in 1958 (founding philosophy: 'promotion of national education' and 'national capital formation') and change innovation proclamation in 2000, we have continued to uphold our company mission. This has been the foundation on which we continued to lead the life insurance culture through continued change and innovation over the last fifty years. Kyobo Life continued to work to achieve our vision to become the life insurance company that provides optimum insurance coverage and on-going services by 2015 (customer assurance no.1) by delivering emotional stability and financial guarantee beyond expectations through customer guarantee innovations.

### Organization

Head office	Branch office
4 Officers, 4 Profit Divisions, 4 Value Divisions, 49 Teams	11 Divisions, 2 Departments

### Personnel

Employee
 4,170 persons
Financial Planner
 18,085 persons

### Company Facts

Category	Content
Company Name	Kyobo Life Insurance Co. Ltd
Establishment Date	August 7, 1958
CEO	Chang-Jae Shin
Head office	Kyobo Building, 1, Jong-ro (Jongro 1-ga), Jongro-gu, Seoul, Korea



Type	Branch offices	Customer PLAZA
Seoul	166	13
Incheon	28	3
Gyeonggi	116	11
Gangwon	18	2
Chungnam	17	1
Chungbuk	17	2
Jeonnam	20	3
Jeonbuk	20	3
Gyeongnam	40	4
Gyeongbuk	35	4
Gwangju	15	2
Daejeon	15	2
Daegu	24	2
Ulsan	17	1
Busan	39	5
Jeju	10	1

### Operation Locations

Kyobo Life has 597 branch offices and 59 customer PLAZAs in Korea. (as of March)

### Ownership Structure

Kyobo Life maintains a sound and solid management organization with a transparent and clear ownership structure. The largest shareholder is Kyobo Life's CEO Chang-Jae Shin with 33.78%. There have been no changes in the largest shareholders in the previous three years.

### Shareholder Structure



Mr. Chang-Jae Shin	33.78%	Baring PE	5.23%
Ontario Teachers' Pension Plan	9.93%	Government of Singapore Investment Corporation	4.50%
Corsair Capital	9.79%	AXA	2.24%
Affinity	9.05%	Goldman Sachs	1.07%
Export-Import Bank of Korea	5.85%	Employee Stock Ownership Association	1.02%
Mr. In-Jae Shin and two others	5.65%	Meiji Yasuda Life Insurance Company	1.00%
Standard Chartered PE	5.33%	Others	0.33%
IMM	5.23%		



## Corporate History

Since beginning with the belief that 'education is the future of the nation', Kyobo Life continue to walk the way of a sound life insurance company based on 57 years of know-how from leading the history of Korea's insurance industry.



## Affiliates

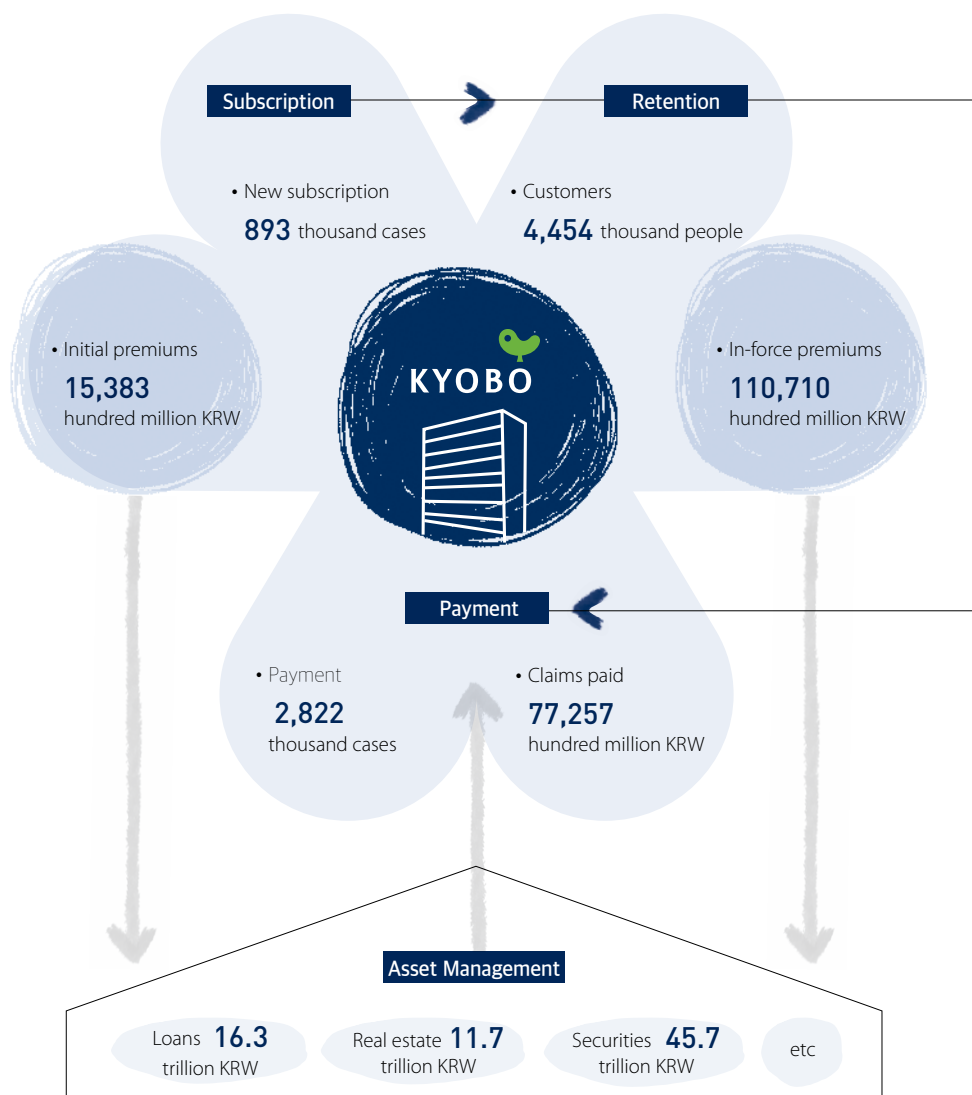
Kyobo Life has 11 affiliates focused on life insurance related businesses. The synergies created through organic interactions with the subsidiaries act to enhance the Kyobo corporate brand and value.

Category	Company Name	Industry	Ownership ratio(%)
Financial	Kyobo Securities Co., Ltd.	Financial investment	51.63
	Kyobo AXA Investment Managers Co., Ltd.	Asset management	50.00
	KCA Claim Adjustment Co., Ltd.	Other insurance and pension related services	100.00
	Saengbo Real Estate Trust Co., Ltd.	Real estate trust	50.00
	A&D Credit Information Co., Ltd.	Credit Check and Debt collection	19.50
	Kyobo Life Asset Management Co., Ltd.(America)	Securities investment	100.00
	Kyobo Life Planet Life Insurance Company	Life insurance	91.32
Non-Financial	Kyobo Book Centre Co., Ltd.	Books and magazines retail	100.00
	Kyobo Realco Co., Ltd.	Management of commercial real estate	100.00
	Kyobo Information & Communication Co., Ltd.	Integration computer system consulting and implementation services	89.83
	Kyobo Data Center Co., Ltd.	Leasing of commercial real estate	99.99

## Business Overview

### Life Insurance Business Process

The life insurance business process comprises of three stages; subscription, retention, and payment. In the subscription stage, we conduct life cycle planning and devise and recommend the best plan in accordance with the needs and financial abilities of our customers. In the retention stage, we provide understanding and handle related work regarding their insurance contracts and benefits. In the claim payment stage, benefits promised in the insurance contracts are paid to help customers in their times of need. The premiums paid by the customer is managed with a long-term strategy, focusing on stable returns. As of 2015, Kyobo Life closed a total of 893 thousand new contracts, provided retention services to 4,454 thousand customers, and paid out 77,257 hundred million KRW in 2,822 thousand claims.



## Key Products

Kyobo Life offers a full range of financial products for private and corporate clients, including insurance, loans, funds, trusts. In particular, we specialize in family life guarantee and senior citizen life guarantee products to help customers prepare for and manage future risks.

### Insurance products

#### Integrated CI Insurance

This product guarantees the family with a single contract, CI(Critical Illness) insurance combines the advantages of health insurance and life insurance. In case of an illness, a part of the benefits are paid and the rest is paid out at the beneficiary's time of death.



#### Pension · Deposit Insurance

Pension insurance is used to accumulate asset and maintain social security in the senior years. There are options for one-time payment at a certain time selected by the client or annuity payment until death. Deposit insurance is used for customers who wish to accumulate assets or to save a lump sum for a certain purpose.



#### Health · Accident Insurance

There are multiple types of products; health insurance which covers diagnosis, surgery regarding a disease, long term recuperation insurance which insures against illness and dementia, accident insurance and medical insurance which pays direct medical costs.



#### Whole Life-Term Insurance

This product pays benefits to the beneficiary at the time of insured person's death. There are different types, such as universal life insurance product, which allows premium adjustments and advance payment options, and periodic insurance which insures over a certain period of time.



#### Education · Child Insurance

Education insurance is used to save funds for tuition. Depending on the age of the child, client may receive benefits each year, and client may opt a special contract to insure against risk of accidents, diseases, and disabilities of the child. Child insurance is a product with high coverage of children's accidents, illnesses, and disabilities.



#### Retirement Pension Insurance

This product is provided under the Employee Retirement Benefit Security Act. We provide retirement pension management and asset management services with this product.







※ Details information on insurance products can be found on Kyobo Life corporate website ([www.kyobo.co.kr](http://www.kyobo.co.kr)).





## Stakeholder Engagement

Stakeholders are individuals or groups that influence and are impacted by Kyobo Life's activities. At Kyobo Life, we continue to listen to our stakeholders' opinions and strengthen communication with them to realize our sustainable management philosophy of 'pursuit of common growth with all stakeholders'. We gather opinions of our stakeholders through a diverse range of channels such as surveys, expert meetings, and meetings with customers, Financial Planners and employees.

### Stakeholder Survey

 <b>Customer</b>	<b>Subject</b> 3,300 life insurance subscribers between 20~64 years of age <b>Period</b> August to October 2015	<b>Method</b> Satisfaction <ul style="list-style-type: none"> <li>• Determine level of satisfaction versus competitors</li> <li>• Company image</li> <li>• Insurance subscription status and willingness to buy insurance</li> </ul>
 <b>Customer</b>	<b>Subject</b> 1,000 people between 20~64 years of age <b>Period</b> August to October 2015	<b>Method</b> Brand <ul style="list-style-type: none"> <li>• Company awareness and loyalty</li> <li>• Brand image of life insurance</li> <li>• Activity with life insurance</li> </ul>
 <b>Financial Planner</b>	<b>Subject</b> 950 Financial Planners from Kyobo Life insurance and other insurance companies <b>Period</b> August to October 2015	<b>Method</b> Satisfaction <ul style="list-style-type: none"> <li>• Assess Financial Planner satisfaction level</li> <li>• Derive competitive advantages/disadvantages factors regarding FP activities</li> </ul>
 <b>Investor, Government, Communities</b>	<b>Subject</b> 180 opinion leaders in insurance industry <b>Period</b> October to November 2015	<b>Method</b> Reputation <ul style="list-style-type: none"> <li>• Life insurance company and CEO reputation (level of recognition/ preference)</li> <li>• Information channels for insurance related topics</li> </ul>

### Experts Meeting

 <b>Date and Time</b> October 6, 2015 (Tue) 15:00~17:00	 <b>Location</b> Kyobo Life Gwanghwamun Head Office 17th Floor Council Chamber	 <b>Moderator</b> Representative Se-Woo Jung (THE CSR)
 <b>Participants</b> Jiseok Kim, senior climate change officer (British Embassy Seoul), Jongsun Park, Director (Sejong Education Institute), Seungpil Lee, Associate Director (Yuhan Kimberly), Eunkyung Lee, Team Leader (UN Global Compact Korea Network), Dr. Inwoo Jeon (Korea Small Business Institute), Executive Director Shin-Ae Hwang (Korea Association of Fundraising Professionals)		



## Key Messages from Experts Meeting



### Need feedback process from internal stakeholders

**Jongsun Park** Keeping internal stakeholders satisfied is very important as it can lead to customer satisfaction. Therefore it is imperative to implement a feedback process of internal stakeholders. The process will enable internal stakeholders to embody and internalize management philosophy and derive new ideas.



### Strengthen connection between sustainable management strategy and corporate strategy

**Eunkyung Lee** It is positive to see Kyobo Life's efforts to link stakeholder opinions and the company KPIs. It would be even more positive to take it a step further and link and combine sustainable management strategy and corporate strategy in one framework



### It is necessary to take interest in climate change in terms of investment performance

**Jiseok Kim** We need to take an interest in climate change not only for the environment but also from an investment performance perspective. It will be beneficial for the company to utilize the company's investment professionals and existing knowledge to expand investments into solar energy and related areas.



### Share specific targets along with performance

**Seungpil Lee** It is important to disclose performance in the report, but it is also equally important to disclose detailed performance targets. Good performance, along with future goals and plans, must be provided together for people to make the right judgement.



### Need explanations and details on changes of core issues on an yearly basis

**Shinae Hwang** There are changes to the core issues each year, but there is insufficient information on the reason and significance of the changes and therefore we can't see the important trends. It is necessary to provide context on changes and the new areas of focus.



### KPI analysis must be conducted in the perspective of the stakeholders

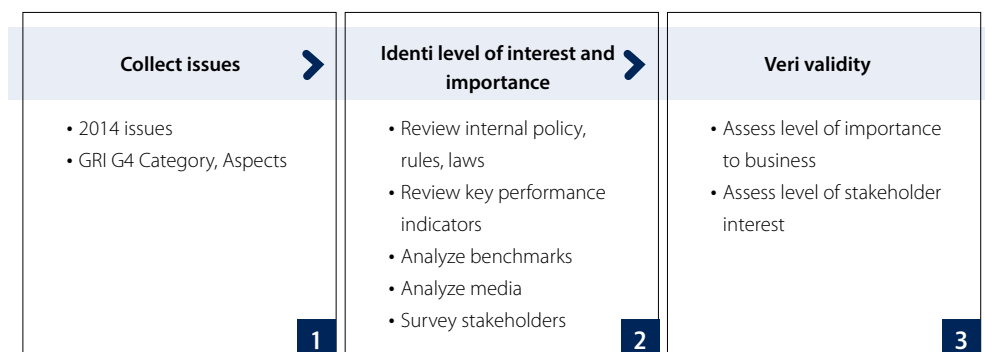
**Inwoo Jeon** It is not a simple task to establish sustainability KPIs as it can be limiting due to the broad nature of the indicator. In case of satisfaction survey, the current employees are surveyed, but there is no information being gathered on the complaints of ex-employees. We need to think about a way to establish KPIs reflecting those stakeholders.

## Materiality Test

Kyobo Life has identified items of interest to stakeholders and factors that will impact the business (including potential factors) and strived to incorporate the items in the course of managing our business. Kyobo Life drew issues material to the stakeholders and the business that need to be managed specially, and this Sustainability Report is created in a transparent manner, based on the key issues.

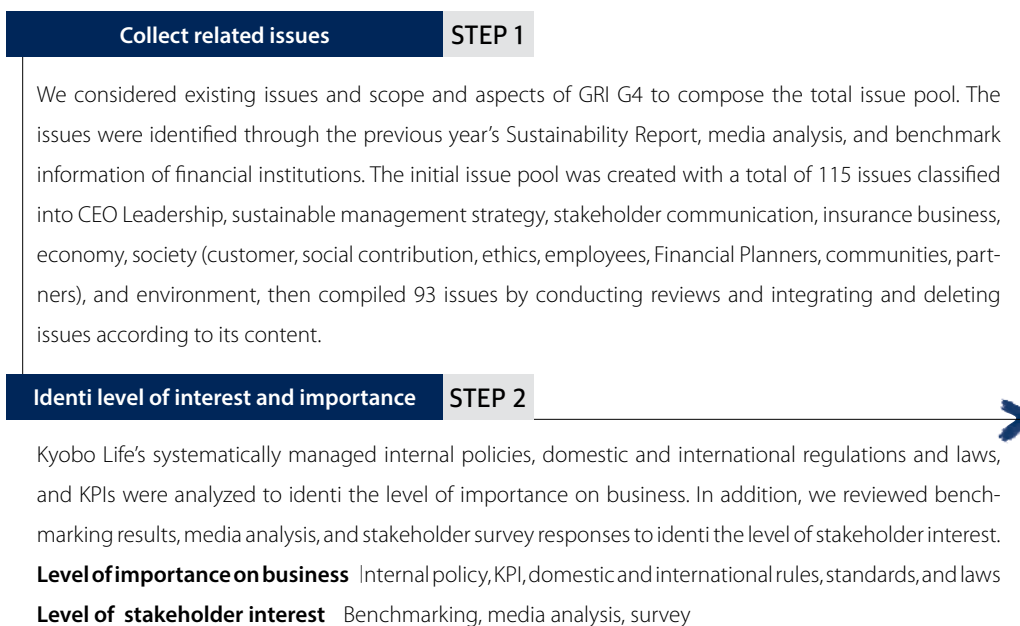
### Materiality Test Process

Kyobo Life collected issues that have impact on our business, then conducted the three step process of collecting issues, identifying level of interest and importance, and verifying validity to identify the level of stakeholder interest and importance to the business.



### Materiality test model

Materiality test is based on IPS's evaluation model, and conducted through various investigations and analysis.



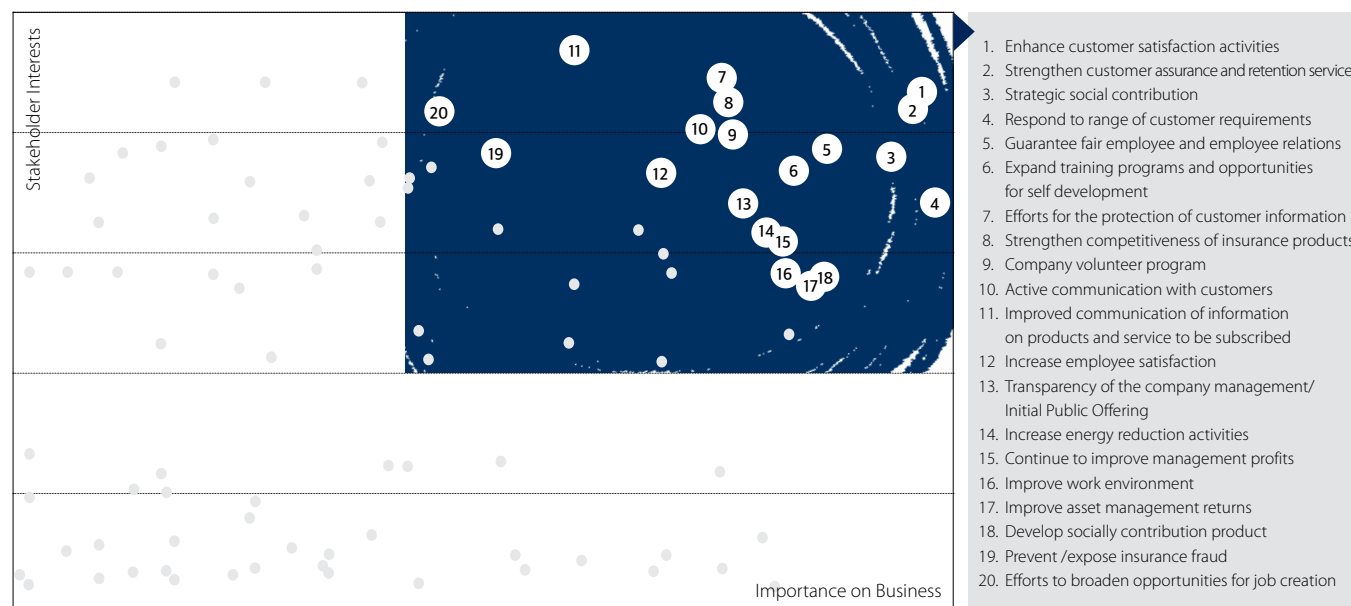
## Veri validity

## STEP 3






## Finalize issues

The validity was verified through an assessment of the level of importance on business and stakeholder interest.

Top 20 issues were derived from the level of importance on business and stakeholder interest based on matrix analysis, and key 5 agenda items were selected by Kyobo Life's stakeholders (customer, Financial Planner, employee, investor, government-communities).



## Changes in Kyobo Life key issues

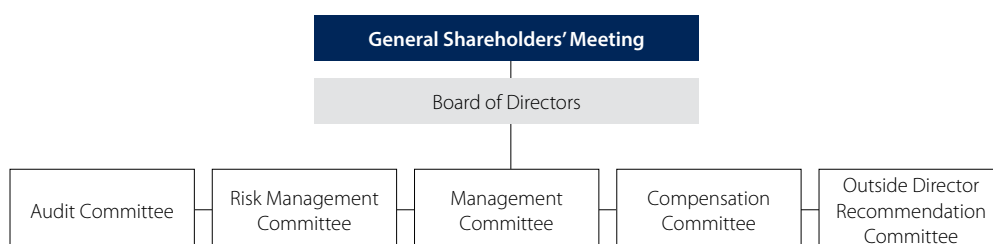
Stake - holders	Issue		
	2013	2014	2015 (Top 5 Key Agenda)
Customers 	<ul style="list-style-type: none"><li>Respond appropriately to customer complaints</li><li>Reinforce protection of customer information</li><li>Strengthen customer assurance and retention service</li></ul>	<ul style="list-style-type: none"><li>Strengthen protection of customer information</li><li>Improve communication of information on products and service to be subscribed</li><li>Efforts to resolve customer complaints</li></ul>	<ul style="list-style-type: none"><li>Enhance customer satisfaction activities</li></ul>
Financial Planners 	<ul style="list-style-type: none"><li>Increase Financial Planner satisfaction level regarding Kyobo product competitiveness</li><li>Improve communication on commission schedule</li></ul>	<ul style="list-style-type: none"><li>Improve communication between Kyobo Life and Financial Planners</li><li>Improve communication to Financial Planners in event of delays in new contract and claim evaluation</li></ul>	<ul style="list-style-type: none"><li>Increase support for Financial Planners</li></ul>
Employees 	<ul style="list-style-type: none"><li>Improve corporate culture and work life balance</li><li>Strengthen two-way communication</li><li>Expand labor rights</li><li>Fair performance evaluation/compensation</li><li>Job focused human resource management</li></ul>	<ul style="list-style-type: none"><li>Fair performance evaluation/compensation and eliminate discrimination (based on gender, age, birthplace, education, etc)</li></ul>	<ul style="list-style-type: none"><li>Expand employee training programs and self-development opportunities</li></ul>
Investors 	<ul style="list-style-type: none"><li>Improve asset management returns</li></ul>	<ul style="list-style-type: none"><li>Fair distribution of created value</li><li>Prevent/expose insurance fraud</li></ul>	<ul style="list-style-type: none"><li>Increase management transparency through ethical management</li></ul>
Government Communities 	<ul style="list-style-type: none"><li>Practice social contribution activities with the 'spirit of love' inherent in insurance</li><li>Increase trade transparency</li><li>Strengthen fair trade compliance program</li><li>Do not allow collusion among life insurance companies</li></ul>	<ul style="list-style-type: none"><li>Program for raising awareness on environmental issues</li></ul>	<ul style="list-style-type: none"><li>Social contribution activities reflecting the nature of the life insurance business</li></ul>

## Governance

Kyobo Life believes that a stable, transparent corporate governance structure is necessary for continued growth and fair advancement of stakeholder rights. Stable governance is established through internal checks and balances, effectiveness of the board is achieved by implementing a system where expert members are able to join and participate, and transparency is achieved by establishing operating standards and procedures. The disclosed results are used to establish and maintain the governance structure. Kyobo Life's key decision making bodies are general shareholder meetings and board of directors. The outside directors conduct management monitoring, and compliance officers and independent audit committee have been installed to focus on internal controls and increase company value.

※ Kyobo Life publishes 'Annual Report on Corporate Governance' in accordance with the 'Financial Corporate Governance Code'. The details of Kyobo Life's corporate governance can be found on the corporate website ([www.kyobo.co.kr](http://www.kyobo.co.kr)).

### Corporate Governance Chart



### Board of Directors

Kyobo Life's Board of Directors is responsible for deciding and controlling management targets and key strategies to conduct transparent management activities, which are the foundation of continued growth. The Board supervises the management's business activities and also provides support to the management team. To this end, the Board is comprised of experts in each area and work to facilitate communication, and outside directors with expert knowledge and risk management capabilities are available to maintain checks and balances. The Board reviews and decides on key 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, and the Board also supervises the directors' activities.

### Composition of the Board of Directors

Kyobo Life's articles of association requires the Board of Directors to have more than four directors. Currently there are 6 directors on the board (2 executive directors and 4 outside directors). Executive directors' term is 3 years, and the starting term of outside director is 2 years. Outside directors' term may be extended but the maximum term is 5 years. The term was decided based on the judgement that with too short a term responsible management is difficult and directors may pursue short term gains, but if the term is long, there are no appropriate mechanisms to keep the director in check. Each director is selected after evaluating qualifications based on the Insurance Business Act and related laws, then the appointment decision is made through a general shareholders' meeting. In particular, outside directors are selected through a strict and fair screening process by the Outside Director Recommendation Committee with candidates that are qualified and do not have any interests with the company, in order to maintain the transparency of the management team.



## Composition of Board of Directors

Category	Name	Position	Area of expertise
Directors	Chang-Jae Shin (Born 1953)	CEO and Chairman of the Board of Directors	-
	Seokki Lee (Born 1965)	CFO	-
Outside Directors	Pil Wha Yoo (Born 1954)	Dean of the Graduate School of Business, SungKyunKwan University	Marketing
	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, Chairman	Finance, accounting
	Hari R.Rajan (Born 1977)	Managing Director and Partner of Corsair Capital	Finance

## Committee meeting statistics

Committee	Number of meetings
Board meetings	9
Audit Committee	8
Risk Management Committee	6
Outside Director Recommendation Committee	3
Compensation Committee	6
Management Committee	4

## Attendance rate

100%

## Key Decisions made by Board of Directors and Committees

☐ Key Decisions
 ☐ Roles

Board of Directors				
<ul style="list-style-type: none"> <li>Implement first half 2015 business plan (proposal) and second half business plan</li> <li>Establishment of internet bank (Proposal)</li> <li>Board of directors and committee regulations amendment (proposal), amendments to Internal Control Standard (proposal)</li> <li>Internal control system status review, risk compliance assessment</li> <li>2016 business plan (proposal)</li> </ul>				
<ul style="list-style-type: none"> <li>Establish and implement Internal audit plan</li> <li>Approve selection of external auditor and evaluate audit activities</li> <li>Direction and plan of audit in 2016</li> </ul>	<ul style="list-style-type: none"> <li>Foreign currency asset risk management standard amendment (proposal)</li> </ul>	<ul style="list-style-type: none"> <li>Recommend outside director candidates (proposal)</li> </ul>	<ul style="list-style-type: none"> <li>Review compliance criteria of compensation system (proposal)</li> <li>Review assessment of performance evaluation of people subject to 2014 compliance criteria (proposal)</li> </ul>	<ul style="list-style-type: none"> <li>Adjustments to outside directors and executive compensation (proposal)</li> <li>Vision 2020 (proposal) and Vision2020 KPI (proposal)</li> </ul>
Evaluate and improve management performance and adequacy of overall internal control systems	Establish basic policy and key policies on risk management, and approve management strategy based on risk	Recommend outside director candidate with expertise and qualifications that fit the company's strategic targets	Design and implement compensation system in connection with risk	Decision-making on important issues such as long and short term management policies and establishment of management plan
Audit Committee	Risk Management Committee	Outside Director Recommendation Committee	Compensation Committee	Management Committee

## Performance evaluation and compensation of management

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

## Kyobo Vision

Kyobo Vision is comprised of core purpose(Mission), core values and Visible future(Vision2020). Core purpose is the driver of our existence, core values are the standard to which all employees adhere to in decisionmaking and actions. Visible future is a clear goal to which all employees focus capabilities for a specified time-frame. Kyobo Life established a new vision to be Korea's most innovative life insurance company in product and distribution by 2020. To be Korea's most innovative life insurance company in product and distribution by 2020 means to put our core purpose 'to help everyone pursue confidently their dearest dreams throughout their lives overcoming every adversity by mutual support' into action. To this end, we will always put our customers first in our thoughts and actions, always be honest and sincere in every respect, and always innovate, starting over again if at first we do not succeed.

### Kyobo Vision



**Core values** ———



# Kyobo Life's Values



20	<b>Kyobo Life's value chain and economic value creation and distribution</b>
22	<b>Sustainability Management Framework</b>
24	<b>Sustainable Management Newsletter</b>
25	<b>Kyobo Life 2015 Top 5 Key Agenda</b>
25	– Enhance customer satisfaction activities
30	– Increase support for Financial Planners
35	– Expand employee training programs and self-development opportunities
40	– Increase management transparency through ethical management
45	– Social contribution activities reflecting the nature of the life insurance business

## Kyobo Life's value chain / Economic value creation and distribution

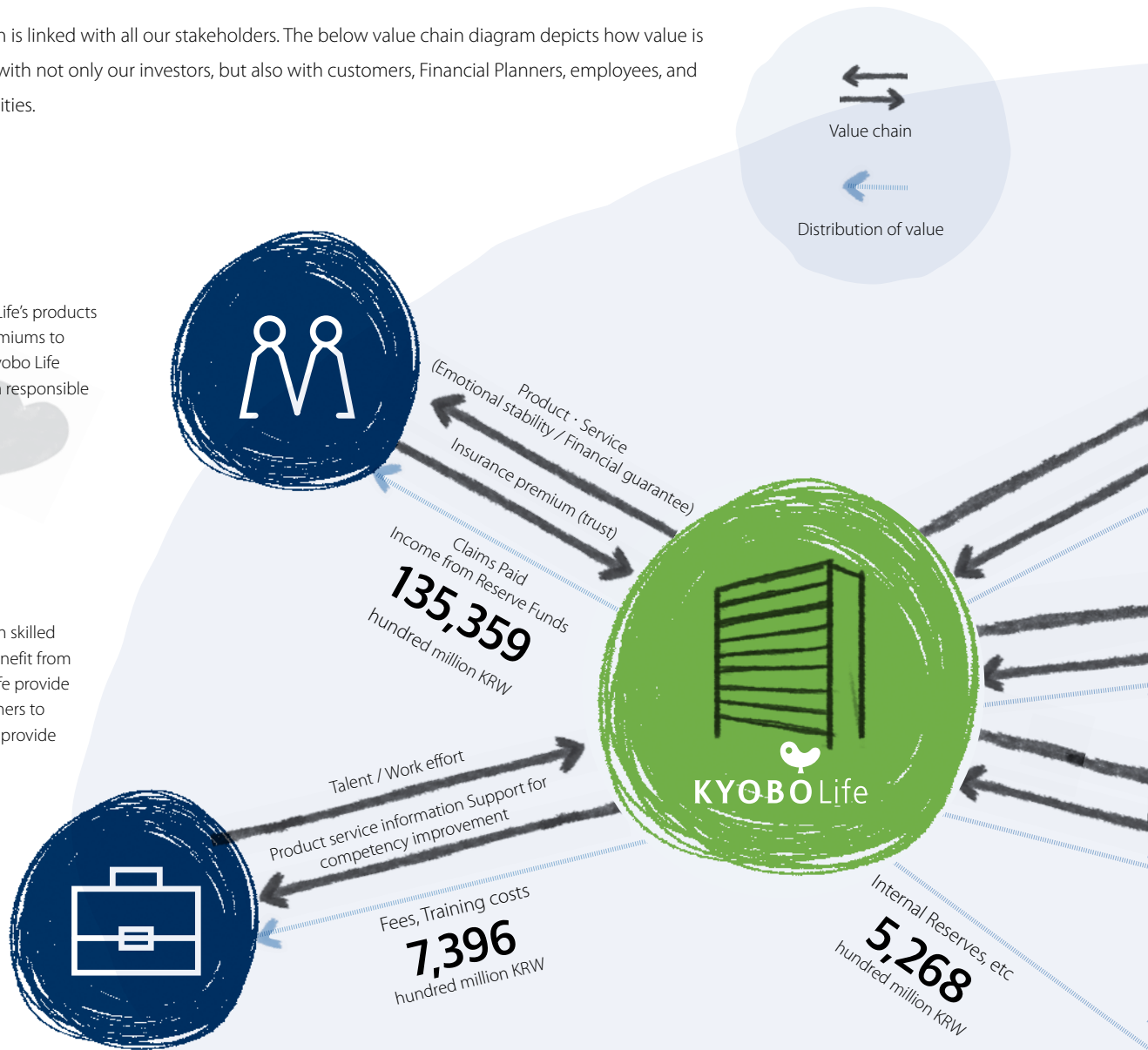
Kyobo Life's value chain is linked with all our stakeholders. The below value chain diagram depicts how value is created and allocated with not only our investors, but also with customers, Financial Planners, employees, and government- communities.

### Customer

Customers select Kyobo Life's products and services and pay premiums to express trust in us, and Kyobo Life invests the premiums in a responsible and safe way.

### Financial Planner

Kyobo Life cooperate with skilled Financial Planners and benefit from their talent, and Kyobo Life provide services to Financial Planners to enhance capabilities and provide information on products.



### Economic Value Created

Newly created economic value from business activities such as insurance premiums from life insurance sales and investment profit from asset management activities are distributed to Kyobo Life's key stakeholders.

Total Revenue  
**15.8**  
trillion KRW

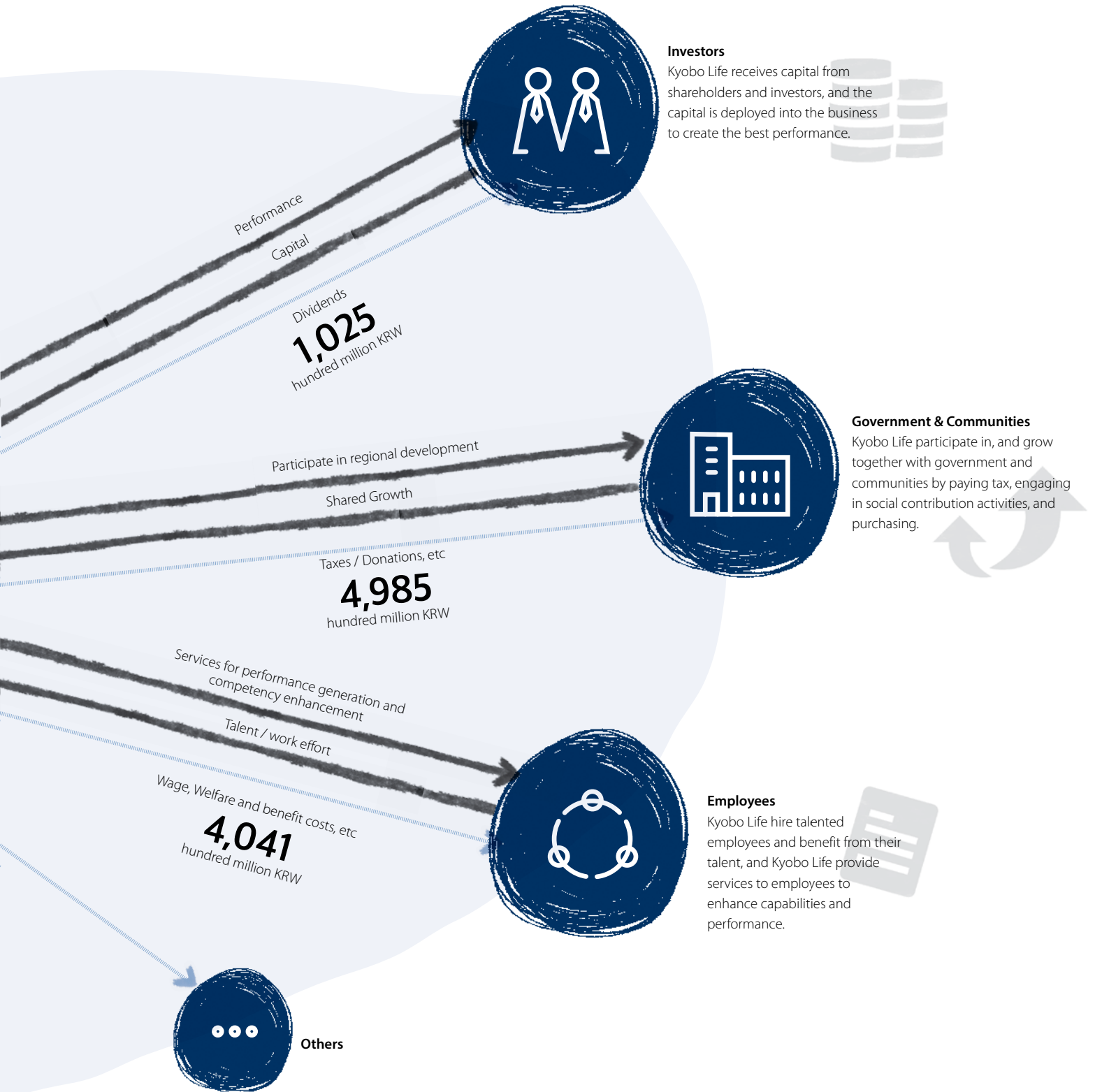
=

Investment profit  
**3.2**  
trillion KRW

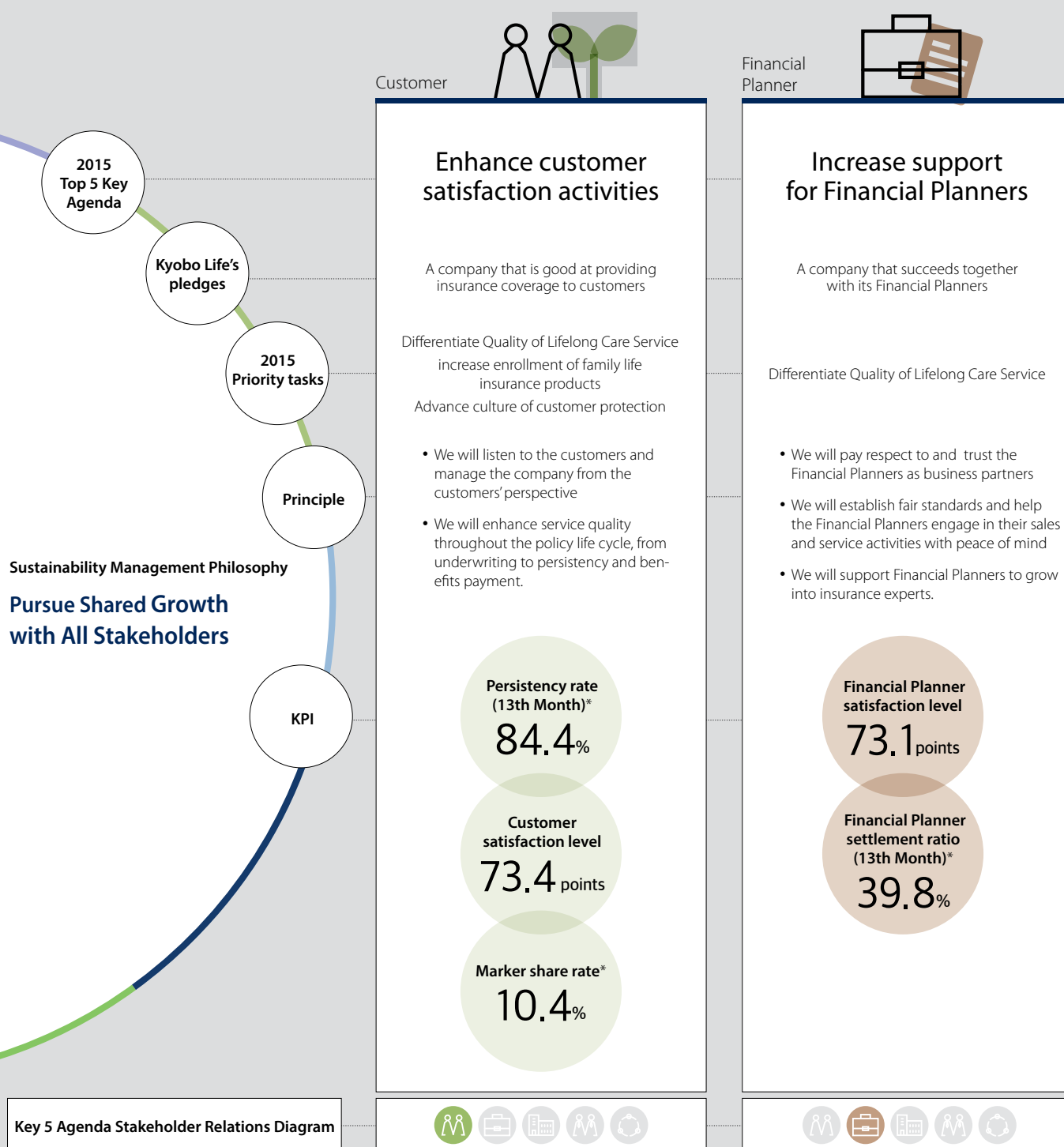
+

Premium Income  
**12.6**  
trillion KRW





# Sustainability Management Framework



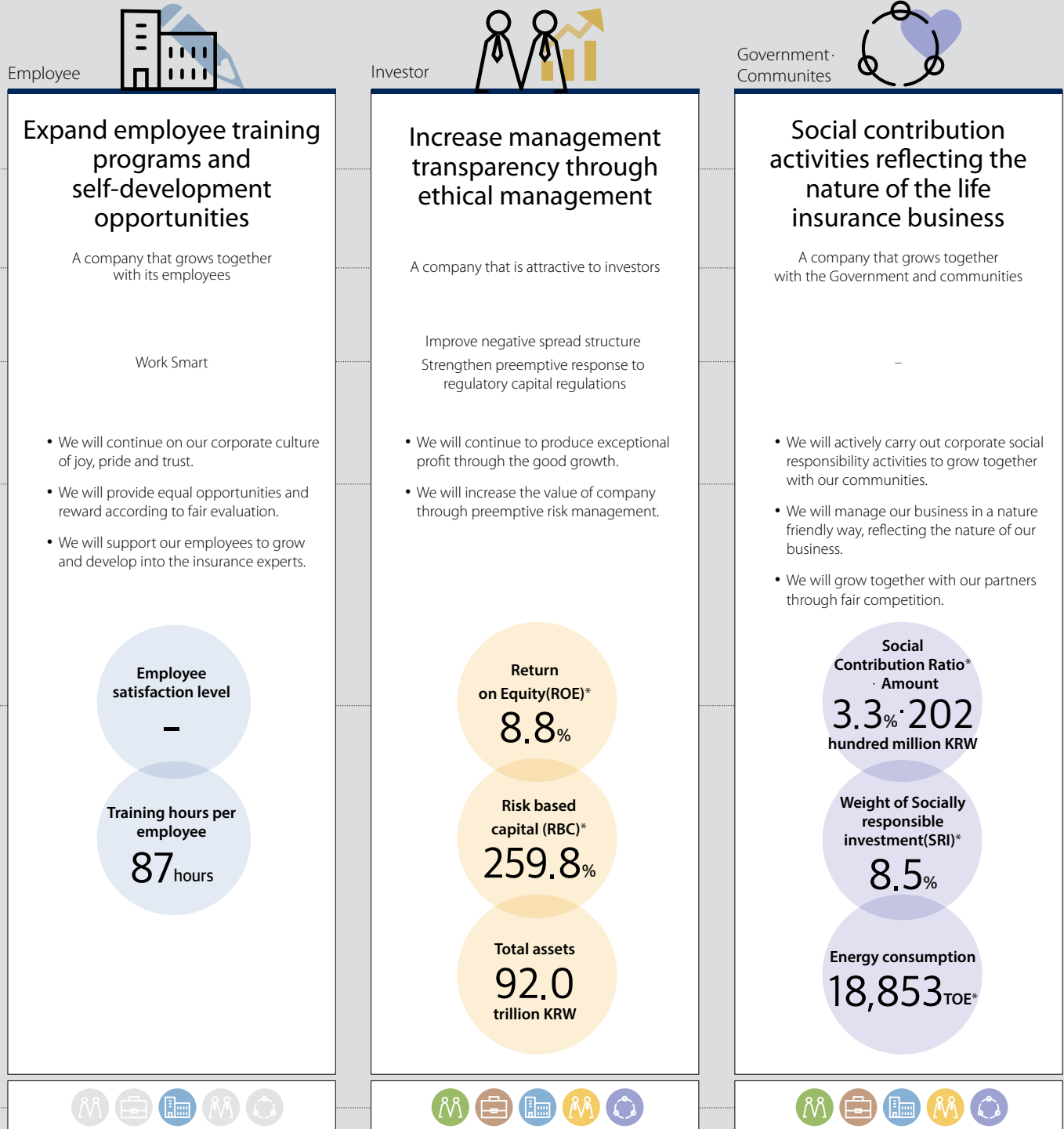
\* Persistency rate(13th Month) : (Contract maintenance fee / Underwriting fee)×100

\* Market share rate is based on Premium Income as of November 2015

\* Financial Planner Settlement Ratio : (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 sustainable management philosophy (pursue mutual growth with all stakeholders) is at the core of our 'Vison 2015' to be the best company that provides optimum insurance coverage and on-going services. Kyobo Life have categorized the stakeholder groups that have the closest connection with our company and developed pledges for each group. Fulfilling these pledges for each stakeholder group is Kyobo Life's sustainability management strategy. We implemented a sustainability management system constructed of the pledges, principles on which to implement the pledges, and KPIs to evaluate progress and outcomes.



\* Return on Equity (ROE) :  $\text{Net Income} / \{(\text{Capital at the Start of Period} + \text{Capital at the End of Period}) / 2\} \times 100$ , based on consolidated financial statements

\* Risk Based Capital (RBC) :  $\text{Available capital for insurance claim payments (payment capacity)} / \text{Required capital for risk management (RBC total risk)} \times 100$ , based on consolidated financial statements

\* Total assets : Based on consolidated financial statements

\* Social contribution ratio :  $\text{Amount of social contribution} / \text{Net Income}$ , based on consolidated financial statements.

\* Weight of Socially responsible investment(SRI) ratio:  $\text{SRI investment} / \text{General account assets} \times 100$

\* TOE (Tonnage of Oil Equivalent) : Amount of energy produced when burning one ton of oil, standardized in calorie units.

Kyobo Life's monthly 'Sustainable Management Newsletter' aims to deliver sustainable management knowledge and information, and to increase communication with Financial Planners and employees on the company's sustainable management activities. The newsletter has three sections (Kyobo Story, Neighbor Story, Classical Concert), and there are surveys and comments gathered from areas of interest from the employees, and feedback on key issues are provided in each newsletter.

**Kyobo Story**

- Introduces and explains Kyobo Life's latest activities in sustainability management

**KYOBO**

**Classical Concert**

- Introduces helpful, inspirational quotes from classical stories

**Neighbor story**

- Domestic and international case studies in sustainability management



	January ~April	May	June	July	August	September	October	November	December
What comes to mind when you hear 'sustainable management'	<p>'People', 'Social responsibility', 'Co-existence', 'Future', 'Shared value', 'Trust', etc</p>		<p>Reason the company can overcome the crisis and continue grow</p> <p>Founding philosophy and Vision, honest management/ ethical management/ sustainable management, honesty and integrity, risk management, achieve financial soundness, stay true to the essence of the business</p>		<p>Examples of when an altruistic act turned out to be beneficial to me, or when a selfish act was helpful to someone else</p> <p>Volunteering to provide food at an orphanage improved my cooking skills</p>		<p>Lessons learned from MERS outbreak</p> <p>Importance of early response, transparent and efficient communication of information, basics and principles, establishing systematic and seamless system, be prepared</p>		<p>Sustainable companies in Korea (other than your company)</p> <p>Yuhan-Kimberley (Yuhan Corporation), Samsung, Google, LG, Amore-Pacific, Hanmi Pharma, Pulmuone</p>
Key questions and answers	<p><b>Social contribution activities based on the nature of life insurance business</b></p> <p>A Scholarship program based on the company's founding philosophy (promotion of national education), hospice business, insurance products related to 'organ donation', support program for children with rare diseases</p>		<p><b>Examples of 'when I felt I would regret it if I did (or did not) do something' in my daily life</b></p> <p>Take better care of myself when I am healthy, continue to pursue self-development, take care of parents, too much talking and too much drinking</p>		<p><b>Questions on sustainable management</b></p> <p>Examples of environmentally friendly activities by our company and definition of sustainable management</p>		<p><b>Requirements for your organization to be a 'winning organization'</b></p> <p>Organization where everyone has the same goals, aligning vision and target, trust between members</p>		



# Kyobo Life 2015 Top 5 Key Agenda

Kyobo Life's management method for our customers

## 1 Performance management framework for customers

### Our pledges with our customers

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

- We will listen to our customers and manage the company from the customer's perspective
- We will enhance service quality throughout the policy life cycle, from underwriting to persistency and benefits payment

## 4 Key Activities in 2015

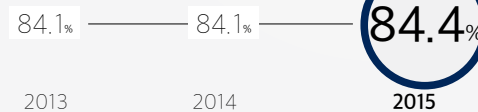
- Differentiate quality of Lifelong Care Service
  - Actively carry out top four activity
  - Provide services tailored to customer needs
- Increase market share of Family Life Guarantee Insurance
  - Enhance competitiveness of core competencies through strengthened insurance product and retention services
- Advance customer protection culture
  - Establish and implement customer protection culture in daily work
  - Review insurance marketing related institutions and process

## 2 Key Customer related Issues

- Enhance customer satisfaction activities
- Strengthen customer assurance and retention service
- Respond to range of customer requirements
- Strengthen competitiveness of insurance products
- Efforts for the protection of customer information

## 3 Key Customer related Performance

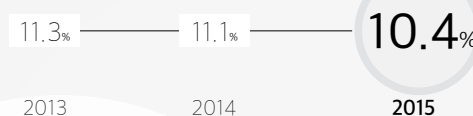
### Persistency rate (13th Month)\*



### Customer satisfaction level



### Market share rate\*



## 5 Future Areas of Focus

- Efficient delivery of customer tailored products
  - Creative products and additional services
- Obtain sales channel competitiveness that wins customers trust
- Accelerate efforts in increasing complete enrollment of family life insurance
- Accelerate efforts in differentiated Lifelong Care Service
- Continue dissemination culture of customer protection and solidi VOC management basis



\* Persistency rate(13th Month) : (Contract maintenance fee/Underwriting fee)×100, 2014 Numbers adjusted

\* Market share rate is based on Premium Income as of November 2015

## Enhance customer satisfaction activities

- The customer is the core stakeholder for Kyobo Life's financial gain and continued growth. In 2011, we designated as our mid term goal (Vision2015) that to become a company that provides optimum insurance coverage and on-going services and this goal has consistently been the focus of our efforts to generate performance.
- Kyobo Life continue to focus on listening to our customers to deliver higher customer satisfaction, and manage our company from the customer's perspective. We continue to focus on enhancing our service quality throughout the policy life cycle, from underwriting to persistency and benefits payment.
- In 2014, customer protection has become a very important factor in sustainable management, especially in light of the hacked information in the financial sectors. In addition, financial crimes targeting financial institutions have become increasingly sophisticated, which has made information protection not only an issue of protecting the rights of each and every customer, but also an important issue that impacts a company's sustainability.

### Lifelong Care Project

For the past five years since 2011, Kyobo Life has offered the Lifelong Care Service, a program that has launched based on our philosophy that 'service to existing customers comes before new business'. As part of the service, Financial Planners regularly visit customers to explain the benefits of the policy they are under, and check for any accidents or illnesses that can be covered by their policies. This service aims to resolve customer complaints on the lack of care from Financial Planners post-subscription to insurance policy. The Service symbolizes the system of services throughout the lifecycle of life insurance, from subscription, to persistency and to payment. In 2015, our priorities were to select and focus on customers for enhanced efficiency, to provide differentiated service for each customer, and to establish a system to strengthen implementation of services. Going forward, we will continue to focus on delivering our promise on 'customer guarantee', and customer tailored services to provide satisfaction beyond your expectations.

### Key KPI

category	unit	2013	2014	2015
Customers visited per FP (monthly average)	Person	12.0	11.2	11.6

#### Service experience rate (annual accumulation)



#### Effective termination rate (annual accumulation)

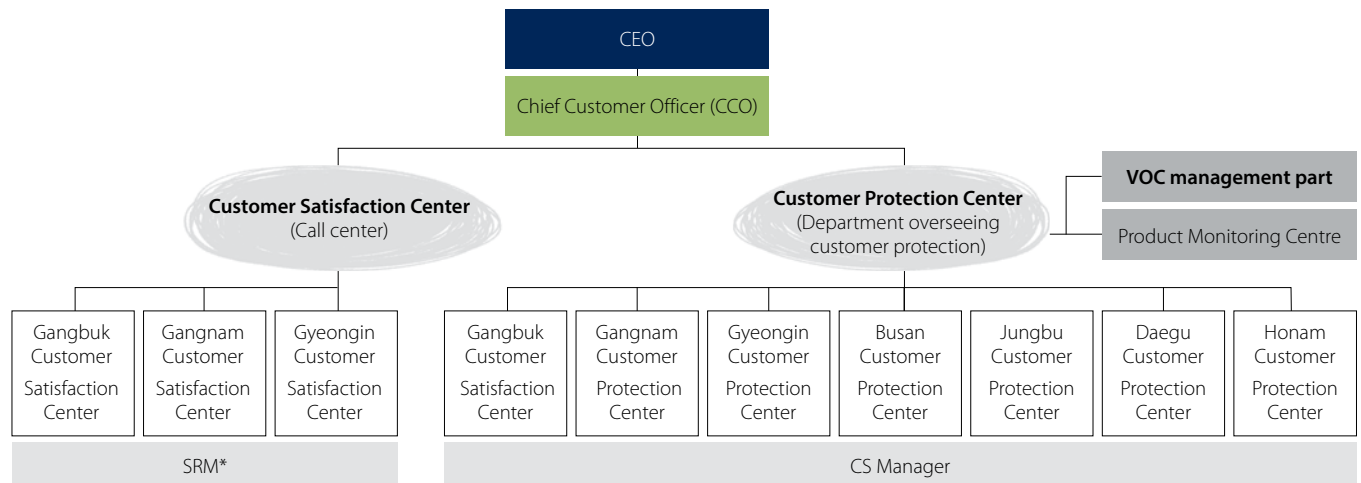


### Our active efforts in customer protection

Kyobo Life's management focus in 2015 was 'expansion of insurance coverage to customers and improvement of profit structure, and as a part of this focus was to 'strengthen the customer protection culture'. This project went beyond a simple customer protection system, and we strengthened our preventive measures on customer complaints and revisited and revamped our systems and processes from the customer's perspective, and improved our response time to customer protection issues.

#### Independent dedicated customer protection team directly reporting to CEO

To optimize the customer protection team, we installed an independent team reporting directly to the CEO, headed by the CCO, and reporting to the CCO are the Customer Protection Center (department overseeing customer protection) and Customer Satisfaction Center (call center), and the Customer Satisfaction Center is overseen by VOC management part and Product Monitoring Center, to provide dedicated services to our customers.

**Organizational Structure for pre-emptive response to VOC**

\* SRM: Efficient response to customer requests, Respond to black consumers Handle difficult, complicated consultations, Early response to customer complaints

\* VOC Management Part: Establish VOC management process, VOC analysis and firmwide response system

**VOC Hotline** | We have a hotline to make efficient and systemized responses in case of new type of VOC, increasing VOC, and group complaints.

**Introduction of system improvement process using VOC** | Voices of Customer (VOC) from various channels are collected through the system, handled and the results are recorded. The collected VOC are analyzed to identify areas of improvement, and tasks for improvement are prepared through council and implemented to improve the system and process.

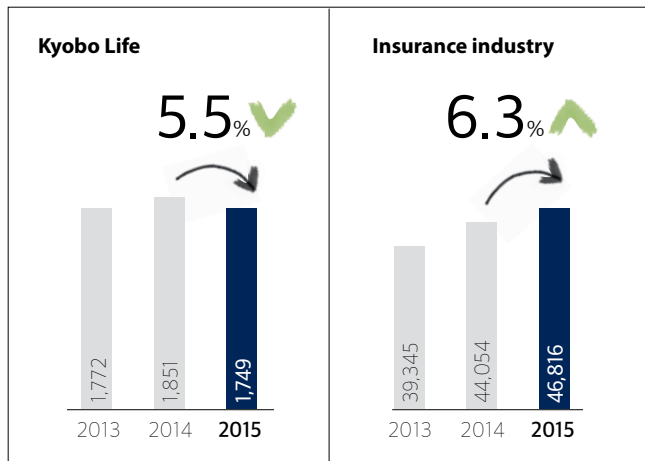
**Sharing VOC firmwide** | Collected Voices of Customer (VOC) are analyzed by the department overseeing customer protection, and through that they are communicated to all the employees through in-house broadcast, customer protection reports and other channels. By doing so, we enhance awareness and find measures to improve the system and process.



**'Ranked first grade for two consecutive years' in Customer Complaints Review by Financial Supervisory Service** | Our efforts in customer protection resulted in the reduction of customer complaints, and our customer satisfaction level on services performed better relative to other companies, and we won the first grade rank for two consecutive years.



#### Customer Complaints at the Financial Supervisory Service



Category	Unit	2013	2014	2015
Kyobo Life		1,772	1,851	1,749
Insurance industry	cases	39,345	44,054	46,816

**Won the 2015 4th 'Financial Consumer Protection Award'** | The Award is implemented and sponsored by Korea Economic Daily (FSS Chairman Award) in order to assess financial companies' efforts in protecting financial consumers and advancing customer rights, and to increase society's interest and awareness in the issue. Kyobo Life was awarded this prize as the first company in the insurance industry, and was recognized as a leading company in consumer protection and customer centric management practices.



금융소비자보호대賞  
Financial Consumer Protection Awards

#### Efforts in providing customer centric products and services

Kyobo Life works to develop insurance products according to the needs for the customer's each life stage, and we develop and provide specialized services for our insurance customers.

**Insurance product development process** | In the product development process, we try to incorporate opinions of our customers by conducting customer panels, FGI(Focus Group Interview), and customer needs survey. In 2015, we also instituted "Customer-Centered Product Development Guideline" to regulate basic principles and compliance rules of the product development department in order to ensure customer protection in insurance product development. We are also using this guideline as a product development department manual and part of internal compliance policy.

#### Product Development and Management Process



**Obtained exclusive rights for use of new products** | Exclusive rights for use is a patent right for insurance products, prohibiting other companies from selling similar products for a specific period of time (three months) to protect the profits of the company that developed the new product. 'Love Me Love Family Kyobo New Life Insurance (no dividend)' launched by Kyobo Life in 2015 was recognized for its advantageous characteristics by a panel of judges of professors and industry experts, specifically on the product's characteristic which reflects the true essence of a life insurance product for the first time in the insurance industry, that allows customers to individually plan the timing of their claims, and helps customers to manage health related expenses post-retirement. In addition, this product was commended as a third generation life insurance product, as it enables people to use their payment at death to be used earlier for medical and other expenses post retirement, in light of the changing environment as we face an aging society. By obtaining the exclusive right for this product, Kyobo Life has a total of 12 patents, making Kyobo Life with the highest number of patented products in the industry.

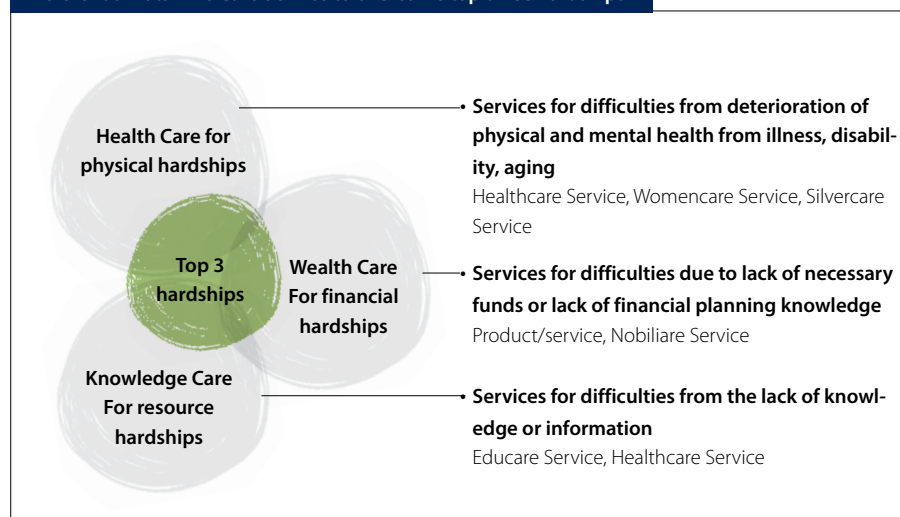


Love Me Love Family Kyobo New Life Insurance

**Specialized service** | Kyobo Life provide differentiated services based on customer needs and aim to help our customers overcome possible hardships at all stages of life for a total life care service.

## Service overview

### Preferential Total Life Care Service to overcome top three hardships



#### Kyobo Educare Service

Education diagnostic service on child's development stages for customers subscribed to child related insurance products

#### Kyobo Silvercare Service

Care service to prepare for any unexpected illness at advanced age

#### Kyobo Healthcare Service

Healthcare service for customers subscribed to eligible insurance product

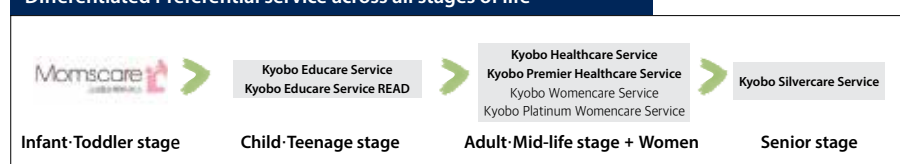
#### Kyobo Momscare Service

Mentoring service on child health, from pregnancy to birth and childcare

#### Kyobo Womenscare Service

Healthcare service specialized for female customers, designed as 'Health & Life' concept.

### Differentiated Preferential service across all stages of life



# Kyobo Life 2015 Top 5 Key Agenda

Kyobo Life's management method for Financial Planners

## 1 Performance management framework for Financial Planners

### Our pledges with Financial Planners

A company that succeeds together with our Financial Planners

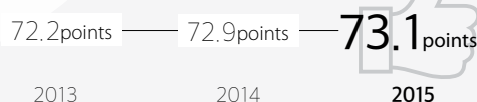
- We will pay respect to and trust the Financial Planners as business partners.
- We will establish fair standard and help the Financial Planners engage in their sales and service activities with peace of mind.
- We will support the Financial Planners to grow into insurance experts.

## 2 Key Financial Planners related Issues

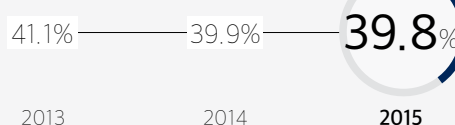
- Increase support for new Financial Planners
- Strengthen expertise of Financial Planners
- Improve work environment for Financial Planners
- Communication between company and Financial Planner

## 3 Key Financial Planners related performance

### Financial Planner satisfaction level



### Financial Planner settlement ratio\*

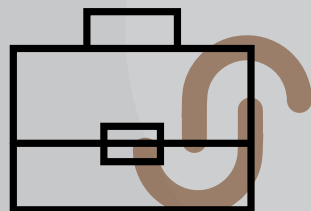


## 4 Key Activities in 2015

- Provided training to develop Financial Planner expertise
- Supported Financial Planner activities
- Implemented various communication activities with Financial Planners

## 5 Future Areas of Focus

- Ensure Financial Planners gain the competitiveness that wins customer trust
- Train true insurance-minded people that can clearly and accurately convey the value of life insurance
- Provide differentiated training programs to enhance the quality of customer guarantee consulting
- Support development of sales culture through MDRT culture
- Support sales process focused on Financial Planner activities



\* Financial Planner Settlement Ratio : (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



# Increase support for Financial Planners

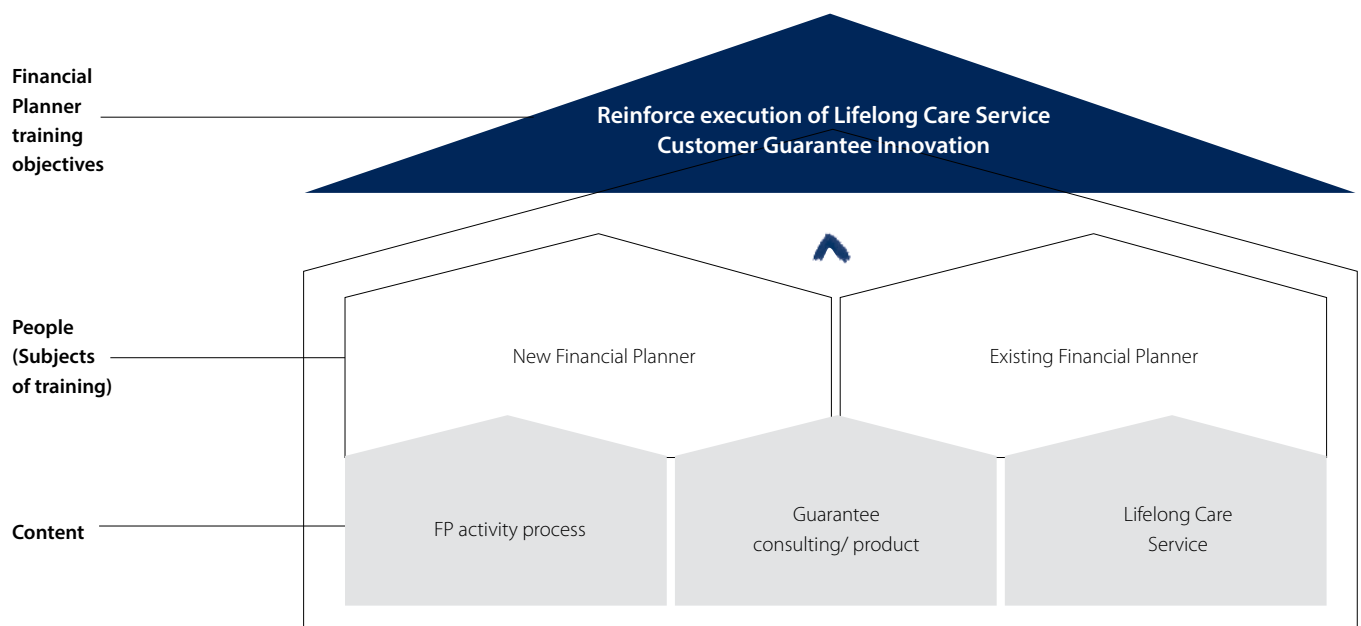
- Financial Planners are Kyobo Life's allies and partners in profit generation, and they are Kyobo's stakeholders who play a central role in communicating and connecting Kyobo Life's products and services with the customers. In other words, Financial Planners work as a medium who connects Kyobo Life products with customer's needs, and in the retention and claim payment stages, they continue to act as a bridge between the customer's needs and Kyobo Life.
- In order to provide financial consulting services and explain the intricacies of the increasingly complex insurance products to customers, it is very important for Kyobo Life to support Financial Planners to continue developing their knowledge and assist in their activities. In particular, eradicating any risk of incomplete sales in the subscription stage, and ensuring that our Financial Planners fully understand the structure of our products and services so that they may help our customers in the retention and payment stages are prerequisite factors in providing customer satisfaction and achieving Kyobo Life's sustainable growth.

## Training for development of Financial Planner expertise

Kyobo Life runs a diverse range of training programs for the development of financial consulting expertise for our Financial Planners. Since 2013, we have installed development centers for all national FP support groups for all Financial Planners to grow as 'customer guarantee experts'. We are designing training concepts in line with the changes in the management environment so that our Financial Planners may develop into reliable experts for our clients.

**Direction of Financial Planner training in 2015** | In 2015, based on Financial Planner activity process, we focused on guarantee consulting and product presentation, and reinforcing execution of lifelong care service. This was conducted based on study of theories and repeated practice. We also provided customized training programs for new and existing Financial Planners.

### Direction of Financial Planner training



**Implemented customized training for Financial Planners** | New Financial Planner competency strengthening program: To develop our Financial Planners into an expert Financial Planner, we need to provide systemic training from the beginning of their careers. In 2015, we reinforced training for our new Financial Planners regarding the provision of Lifelong Care Service and guarantee consulting services for complete enrollment.

**Criteria for new Financial Planner competency strengthening program**

Stage 1 Competency strengthening	Stage 2 Competency strengthening	New FP Competency strengthening
1~3 month	4~6 month	7~12 month
When achieved monthly sales in excess of a specified criteria		
<ul style="list-style-type: none"> <li>• Licensing period: 4th month</li> <li>• Licensing requirement: Complete 1~3month training program</li> <li>• During 1~3 month period</li> </ul>	<ul style="list-style-type: none"> <li>• Licensing period: 7th month</li> <li>• Licensing requirement: Complete 4~6 month training program</li> <li>• During 4~6 monthperiod</li> </ul>	<ul style="list-style-type: none"> <li>• Licensing period: 13th month</li> <li>• Licensing requirement: Complete 7~12 month training</li> <li>• During 7~12 monthperiod</li> </ul>

➤ **Financial Planner education program** Kyobo Life provide support to Financial Planners with more than one year experience to complete regular continuing education and intensive courses on financial planning to develop themselves into a specialized Financial Planner.

➤ **Education program for Manager Financial Planner (FP Chief) in charge of recruiting and training** FP(Financial Planner) chiefs conduct consulting services, and at the same time, recruit talented Financial Planners' and help them develop and settle into their roles. Therefore FP Chiefs, who are at the manager level, are provided opportunities to grow under Kyobo Life's reliable education program, and at the same time, they play an important role in training and helping new and experienced Financial Planners.

## Support for Financial Planners' activities

Kyobo Life provide support for Financial Planners to increase their pride in the company and to help them to focus on their work activities without worries. We sponsor Financial Planners' Family Love, Happiness Preparation, Child support programs to create a balanced worklife environment. We also run programs for boosting morale and

hold regular team building events.

## Motivational activities for high performing Financial Planners

As compensation and incentive for excellent performance by Financial Planners, Kyobo Life sponsor overseas language course for Financial Planner or their children.

➤ **FP children overseas language course sponsorship** Kyobo Life have been running 'Overseas Language Course Program' for children of high performing Financial Planners, twice a year since 2004. In its 11th year in 2015, a total of 2300 children of Financial Planners participated in the program, making this program the most popular motivational program for Financial Planners. In January 2015, 131 students, and in July 2015, 90 kids travelled to Auckland, New Zealand and Canada, respectively. This program is designed to motivate Financial Planners, and increase satisfaction and pride.



Overseas language course for FP children

➤ **Overseas language course sponsorship for Customer Reassurance Award Recipient** Kyobo Life hold the annual Customer Reassurance Award and reward the recipient of the Main Prize or Rookie Prize with an overseas language program. In 2015, 168 Financial Planners attended courses in Eastern Europe, Switzerland, Germany, and Southeast Asia (Phuket, Danang) and the 102 Financial Planners that did not participate in the course were given opportunities to participate at the MDRT annual meeting or equivalent monetary awards.



Overseas language course for Customer Reassurance Award Recipient FPs

**Honorary Executiveship for Outstanding FP** | Kyobo Life run an honorary executive program for Financial Planners in order to give them new challenges and strengthen their pride in the company. We select Financial Planners that embody Kyobo Life's core purpose and values and inspire others, and provide the title of 'honorary executive' and relevant benefits, in order to establish the profile of a model Financial Planner and instill an exemplary performance culture. The honorary executive who is selected under strict rules of performance, efficiency, experience, and qualitative criteria, is given a certificate issued by the CEO, name plate and business card, expense account for activities, development and training programs, and VIP invitations to major corporate events.

### Communication with Financial Planners

Kyobo Life runs a communication program to keep our Financial Planners, who are our business partners, well and accurately informed of company news and related topics. These include communication with all Financial Planners through internal broadcasts, company newsletter (Kyobo Community), and communication with high performing Financial Planners through the 'Prime Leaders Club'. In addition, the Kyobo MDRT Day provides development and training for Financial Planners to enhance their skills for higher performance.

**Financial Planner Prime Leaders Club** | Kyobo Life run the Prime Leaders Club, which is an exclusive club consisting of high performing Financial Planners that have contributed highly to Kyobo Life. The program is designed to provide privileges to recognize the Financial Planners for their contribution to the company and thereby strengthen their loyalty to Kyobo Life. Prime Leaders Club is newly formed annually with the highest performing Financial Planners. Being a member is significant in that their achievements and experience are shared and they are recognized as leaders in the effort to realize the company's vision. In 2015, 127 members who fit the criteria were selected. The members are given benefits that enhance their sense of pride, and support for professional development and activities. In 2015, with the inaugural meeting in March, the club has hosted internal meetings, meetings with the management, and regular workshops.

### Prime Leaders Club

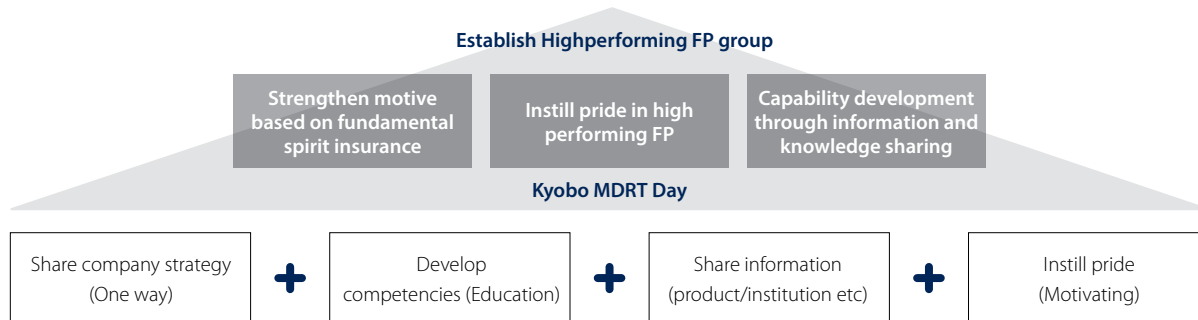
<b>Support for enhancing sense of pride</b>	Member Certificate, support physicals
<b>Support for strengthening competency</b>	Regular workshops, seat MDRT general meeting Executive business program sponsorship
<b>Support for activities</b>	Membership card, activity expenses, provision of office space, supplies



① Prime Leaders Club Workshop ② Prime Leaders Club Initiation Group

**Kyobo MDRT Day** | MDRT means Million Dollar Round Table, which started in 1927 in Memphis, Tennessee to share information and knowledge among talented insurance and financial advisors. Today it is a global organization of insurance experts with 42,000 members from 450 life insurance companies in 80 countries all over the world. Since 2014, Kyobo Life has hosted the 'Kyobo MDRT Day'. The two-part 2015 event was held at the company training facility (Gyesungwon) in July, with the theme of 'Kyobo Financial Planners: Leading Customer Assurance', with 1000 Financial Planners in attendance, including those selected under the MDRT criteria, as well as lifetime members. The main purpose of this event is to learn and grow by sharing information and knowledge among insurance minded people.

## Kyobo MDRT Day Program Overview



## 2015 Kyobo MDRT Day Highlights

Sharing corporate strategy	Capability development		Information sharing	Instilling pride
				
<b>CEO Lecture</b> <ul style="list-style-type: none"><li>• Corporate strategy</li><li>• Share management principles and recent issues</li></ul>	<b>Main Lectures</b> <ul style="list-style-type: none"><li>• Talks by external lecturers</li><li>• Instill FP-Ship</li></ul>	<b>Optional Lecture Sessions</b> <ul style="list-style-type: none"><li>• Optional lectures by theme</li><li>• Focus on best case examples</li></ul>	<b>Information sharing sessions</b> <ul style="list-style-type: none"><li>• Team booths</li><li>• System / criteria overviews</li><li>• Product/activity Tool underwriting</li></ul>	<b>Bridging Event</b> <ul style="list-style-type: none"><li>• Ceremony</li><li>• Session of encouragement</li><li>• Donation events</li></ul>

## International MDRT Day Financial Planner Participant Notes

### “I want to attend for the next 10 years and become a lifetime member”

MDRT! Place of my dreams. I went to MDRT annual meeting again, my second time in two years. Looking back on my first ever annual meeting in 2014, I was more concerned than excited. I've heard secondhand from the branch managers but the feeling of attending in person is unforgettable. I didn't need to worry about how I would listen to all those lectures without getting tired, as I did at the orientation prior to the event. It was an amazing opportunity to watch and learn from the seniors and volunteers, who did not miss even a small detail. There were world renowned participants in attendance, and just listening to their stories and taking pictures with them was an honor. I listened to tips on building a career as a Financial Planner for over a decade, and shared challenges and felt proud of my occupation, and came away loving my job even more. If at last year's event I felt awed by the passion and its sheer size and felt ecstatic just by being there, then at this year's meeting I was able to take in more details. With a broader perspective and a more relaxed attitude, I was able to consider this

opportunity as a valuable moment to improve upon my weaknesses as an FP and I was able to enjoy the event more. After the MDRT, the most noticeable change in myself was that my personal goals became more ambitious. As the target changed, my actions and sales practices changed accordingly. In particular, seeing senior people working and being treated with respect, I thought 'I want to grow that way.' I was able to meet some very impressive people, even generations of the same family attending together, and people who have been working for decades. It was hard to believe but meeting such people and shaking their hand was enough to recharge my FP-ship. I hope to continue to attend MDRT for the next ten plus years and become a lifetime member. I can be a model FP and volunteer to help first timers by then. It is my job now to digest everything I have heard learned and felt and make it my own. I will work hard toward my goal each day and keep the spark of MDRT alive.



Songpa Central FP Branch /  
Jungmi Kim Prime Leader

# Kyobo Life 2015 Top 5 Key Agenda

Kyobo Life's management method for employees

## 1 Performance management framework for employees

### Our pledges to employees

A company that grows together with our employees

- We will continue on our corporate culture of joy, pride and trust.
- We will provide equal opportunities and reward according to fair evaluation.
- We will support our employees to grow and develop into the insurance experts.

## 4 Key Activities in 2015

- Reinforce employee training and development
- Increase opportunities for employee competency development
- Job centered HR management

## 2 Key Employee related Issues

- Expand training programs and self development opportunities
- Guarantee fair employee and employee relations
- Increase employee satisfaction
- Improve work environment
- Strengthen internal communication

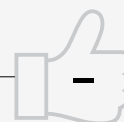
## 3 Key employee related performance

### Employee satisfaction level

63.7points

2014

2015



### Training hours per employee

75hours

77hours

87hours

2013

2014

2015

## 5 Future Areas of Focus

- Attract quality talent in a timely manner, develop a formal systematic training program
- Continue job-centered HR management practices
- Increase development support for employees
- Support high performance culture to take hold



## Expand employee training programs and self-development opportunities

- Our employees are our internal clients as well as members of Kyobo Life. Therefore employee' happiness is Kyobo Life's happiness, and furthermore, they are essential to fulfilling our promise to our clients, Financial Planners, investors, government communities and necessary to our growth.
- As the importance of human capital continue to rise, attracting quality talent and providing diverse growth opportunities to foster experts is beneficial not only in enhancing employee capabilities but also strengthening Kyobo Life.
- Financial Planners are important to provide appropriate high quality products and services to our clients, the drivers of Kyobo Life's growth and development, Kyobo Life employees are important to development of the Financial Planners, therefore it is very important to support our employees to understand and develop Kyobo Life's products and services.

### Talent Management Framework

Kyobo Life designed a firmwide talent management framework and a mid-to-long term talent development plan to develop competencies and performance generating abilities of our employees to realize Vision2015. Our talent management program aims to equip all our employees with the knowledge required of an insurance professional, and also to support them in their development into experts in their functions.

**Our People** | Kyobo Life's talent management framework is based on the profile of a 'Kyobo professional', who embodies the five virtues ('EXCEL'), which stands for 'Excellent Kyobo professional'.

### Our People





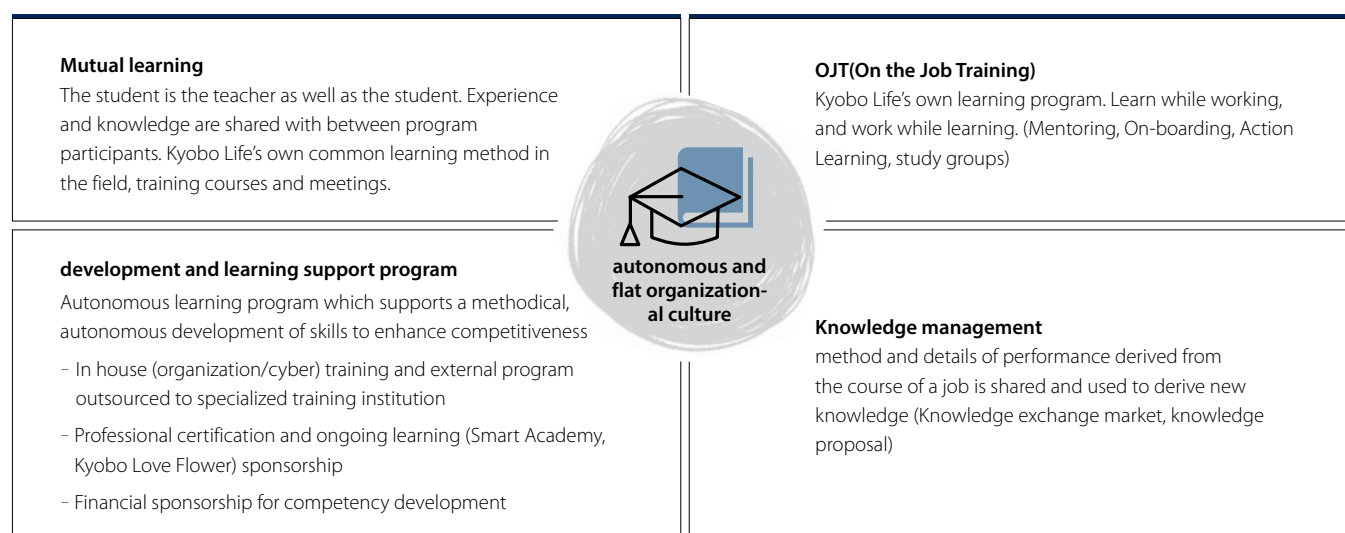
**Kyobo Professional Talent Management Framework** | Kyobo Life's talent management program is based on providing a better working environment, diverse growth opportunities, and fostering experts in their field.



## Supporting programs for skill development

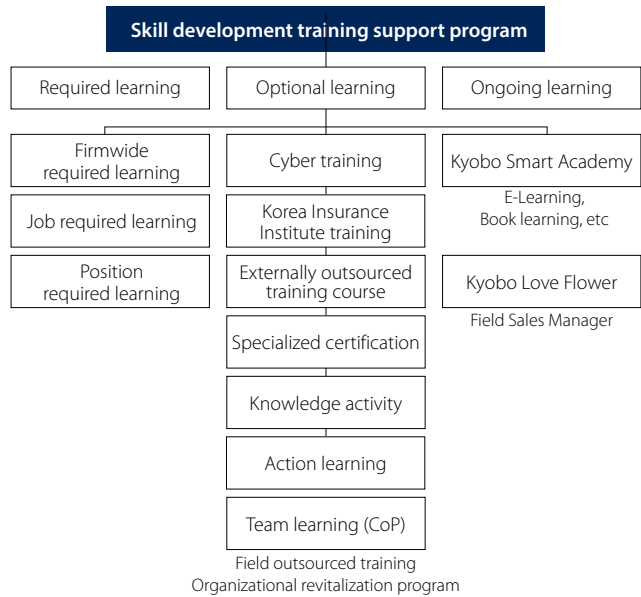
Based on Kyobo Life's autonomous and flat organizational culture, Kyobo Life has multiple programs to support training and development: mutual learning where the student is the teacher as well as the student and shares experience and knowledge; 'On the job training' (OJT) where one learns while working and works while learning, development and learning support program which supports a methodical, autonomous development of skills, and 'knowledge management system' where the method and details of performance derived from the course of a job is shared with the employees.

### Supporting model for skill development

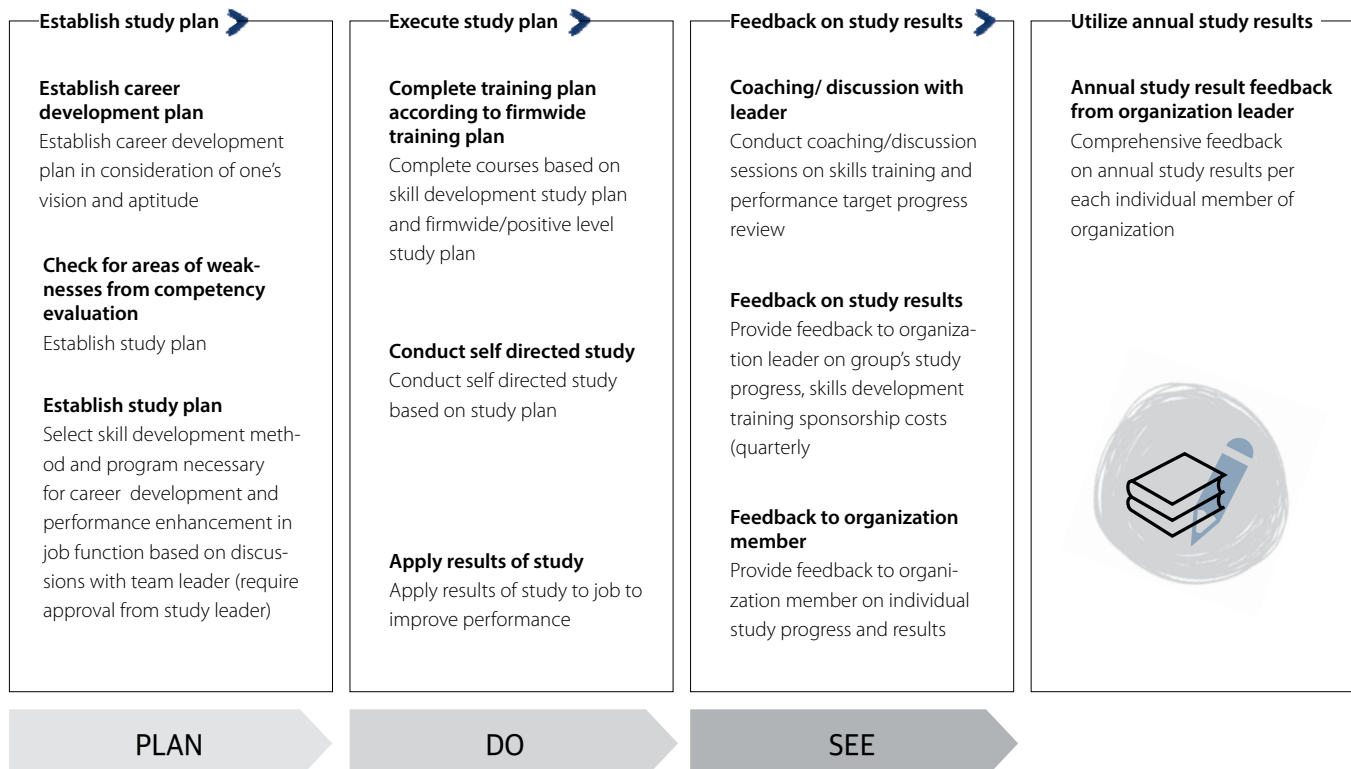


**Skill development training support program** | Kyobo Life actively provide support to develop competencies of departments that are necessary to realize Vision2015, 2015 management principles, and key tasks, and to support development of competencies of sales organizations and members in order to continue to develop future engines for growth. All employees establish and implement skill development training plans, and annual requirements are to complete a minimum of three required and optional courses. Each head of organizations acts as training leaders, and the results of competency training program for each individual, such as completion rate of required learning, are included under training requirement items in selecting candidates for promotion (evaluation). Each head of organizations has the authority to execute sponsorship costs for skill training classes, and each program has support programs for each type of training.

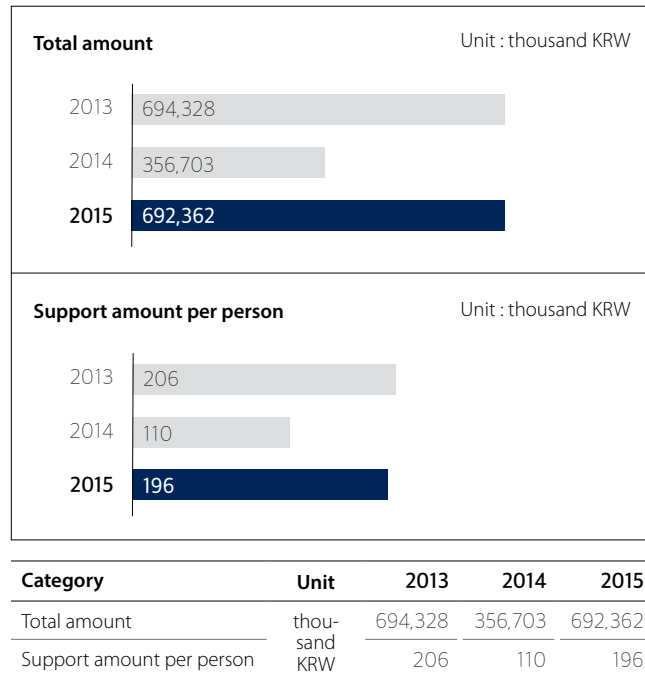
#### Skill development training support program



#### Skill development training process



## Costs for skill development study support



## Employee training hours



**Specialized certification support** | Kyobo Life designate, recommend, and support specialized certifications by function (marketing/support, asset management, management support, system support). Regarding 35 types of specialized certifications, Kyobo Life support costs for training, textbooks, and examinations within a certain limit.

## Job focused HR management

Job focused HR management deals with all activities related to the systematical classification of work and clarifying the responsibilities by function, then recruiting talent and analyzing the individual competencies of the personnel and matching the work to the individual, for the purpose of maximizing performance and developing the competencies of each individual.

## Job Management System



# Kyobo Life 2015 Top 5 Key Agenda

Kyobo Life's management method for investors

## 1 Performance management framework for investors

### Our pledges to investors

#### A company that is attractive to investors

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

## 2 Key Investor related Issues

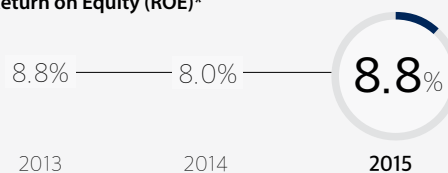
- Transparency of the company management/ Initial Public Offering
- Continue to improve management profits
- Enhance returns from asset management  
Prevent/ expose insurance fraud
- Strengthen internal controls and protect whistleblowers

## 3 Key Investor related Performance

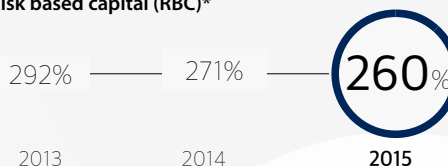
### Total Assets



### Return on Equity (ROE)\*



### Risk based capital (RBC)\*



## 4 Key Activities in 2015

- Increase transparency of the company management through ethical management
- Improve negative margin structure
  - Reduce debt costs and improve returns on assets
- Enhance preparation and responsiveness to changes in regulatory capital regulations
  - Prepare for stricter regulations

## 5 Future Areas of Focus

- Enhance returns by diversifying asset portfolio
  - Increase investment in overseas markets and actively search for new sources of returns
- Enhance preparation and responsiveness to changes in the business environment
  - Prepare for introduction of Capital requirement for insurance companies (Solvency II)
  - Establish infrastructure and organizational resources for stricter regulatory controls
- Continue focus on improving negative margin structure



\* Return on Equity (ROE) :  $\text{Net Income} / \{(\text{Capital at the Start of Period} + \text{Capital at the End of Period}) / 2\} \times 100$ , based on consolidated financial statements, 2013/2014 Numbers adjusted

\* Risk Based Capital (RBC) :  $\text{Available capital for insurance claim payments (payment capacity)} / \text{Required capital for risk management (RBC total risk)} \times 100$ , based on consolidated financial statements

# Increase management transparency through ethical management

- The investor is a shareholder of Kyobo Life or an investor of capital, and a partner that shares in the performance of the company. Kyobo Life's management team, which has been delegated by the investors to manage the company, generate performance through managing the company ethically, and share in the performance with the stakeholders.
- Recently there have been more focus on ethical standards in the international community such as social responsibility international standards (ISO26000), international financial reporting standards (IFRS), and the impact of companies on society has increased, which has put more responsibility on companies to pay attention to corporate social responsibility and ethical management. Consumers are increasingly assessing whether the company is an ethical company in selecting products and services. Therefore Enhancing transparency of management through ethical management has become a requirement for companies to maintain long term competitiveness.
- In addition for financial companies which have traditionally had more emphasis on ethics compared to any other industry, have

faced reliability issues from stakeholders due to private information leakages, racketeering cases by employees, and other financial crimes. Therefore there is more focus on companies efforts to enhance transparency in managing the company.

- A sustainable company is founded upon transparent management practices. Kyobo Life strives to enhance transparency of our governance structure to protect the interests of our investors and stakeholders, and works to instill a sound ethical management culture with reliable and advanced governance structure.

## CEO's will for ethical management

Kyobo Life has a history of fair and transparent organizational culture stemming from the founder's philosophy that 'there are no such things as a free lunch and true secrets.' One of the core values of a Kyobo professional, which is used to guide decision and actions, is 'honesty and sincerity' and the CEO's will for ethical management is well represented in our internal and external communications to our employees and stakeholders.

### CEO's will for ethical management

#### Daesan Yong-Ho Shin Founder

"I realized, as a way for survival in this world, that there are no such things as free lunch and secrets. I tell younger people this truth. This means that at all times, one must do the right thing and take the correct path.

"If things just happen, we keep wishing for free things and luck, and try to get things without putting in effort. This causes people to deceive or have anger at the world, and become depressed and lose will."



#### Ethical Charter Proclamation CEO Chang-Jae Shin (April 15, 2000)

"In the upcoming open society, we need to earn the customer's and society's trust with ethical management. Our company was founded and achieved growth upon the principle of honesty and sincerity since our inception. It is our foundation and our value. The right way may be difficult to navigate, but it is important to remember that the final winner will be the one who takes the right way.

#### Executive Directors Regular Meeting comments : CEO Chang-Jae Shin (May 19, 2015)

Ethical management is 'winning without cheating'. A company's function is to benefit customers and society with products and services. I hope our society will be one where a company is encouraged and recognized is 'win' without cheating. The financial industry should be a more honest and ethical industry than manufacturing. Because, if not, we can greatly inconvenience our customers.

#### YunkyungSM Forum CEO Pledge Ceremony Congratulatory message : CEO Chang-Jae Shin (March 17, 2015)

For a company, ethics and profit making are not contradictory terms. A company must find a way to generate both corporate profits and social benefits, and if a company successfully fulfills its objectives while contributing to resolving social issues and creates value that can be shared among all stakeholders, then the benefits will come back in a much more significant way. Financial companies especially have a bigger social responsibility to manage a company well, given we have a lot of assets to return to customers (liabilities). We have the obligation to maintain financial soundness and protect our customers by increasing profits while adhering to exceptional ethical standards.



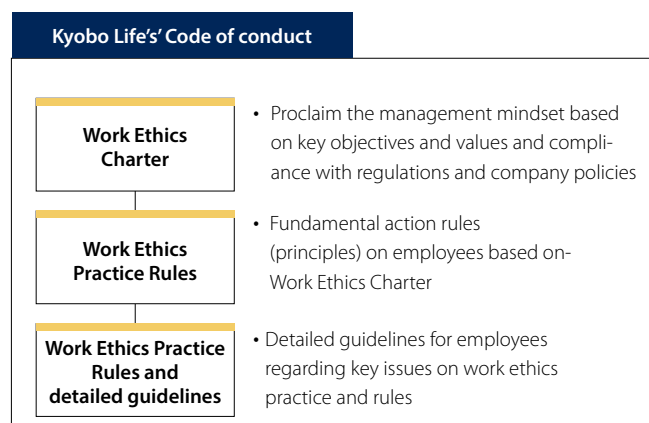


## Ethical Management Framework

Kyobo Life continue to engage in ethical management practices, in order to provide better products and services to our customers and satisfy their expectations; provide fair evaluation, appropriate compensation, and competency training to employees and create an enjoyable work environment; generate high profits to provide expected returns to investors; and pay taxes, create jobs, and engage in social contribution activities for the government and communities and fulfill our role as a corporate citizen and thereby contribute to the betterment of society.

Ethical Management	Code of conduct	Kyobo Employee's Work Ethics Charter, Kyobo Employee Work Ethics Practice Rules
	Institution and system	Executive work integrity agreement system, Clean contract system, Present return center, reporting violation channel
	Training and sharing/spreading	CEO's ethical management communication, Compliance and Ethics Education Day, employee pledge for work ethics

**Kyobo Life's Employees' Code of conduct** | In April 2000, as a first company in the insurance industry, implemented the first charter relating to work ethics (Kyobo Employee's Work Ethics Charter) and proclaimed our will to carry out ethical management, and instituted the Work Ethics Practice Rules, Work Ethics Practice Rules and detailed guidelines in order for employees to follow, and we continue to improve and update our Work Ethics codes in accordance with changes in internal and external environments.



**Ethics education program** | Kyobo Life employees run various work ethics education and practice programs in order to enhance execution of work ethics and guidelines.

### Work Ethics Education Program

Category	Description
Compliance and Ethics Education Day	One day of every second week of the month designated as 'Compliance and Ethics Education Day' to strengthen work ethics practices in the workplace, and conduct voluntary compliance/ethics training by each team under the oversight of each organizational head
Compliance and Ethics Education and Communication	Regular onsite work ethics practice training by compliance officers for heads of teams and compliance support teams in order for ethics management to be instilled in all teams
Weekly comic strip 'Yes Compliance! OK! Ethics'	Adapt work ethics issues into comic strips and deliver every Monday morning via internal mail in order to garner interest and effectiveness of ethics education
'Yes Compliance! OK! Ethics' animated show	Summarize content requiring emphasis from weekly cartoon in a flash animation form and broadcast on internal satellite broadcast every Monday
Compliance two work magazine	oheadsoforganizationandcompliance Send monthly column on work ethics issues officers via internal mail

### Work Ethics Practice Program

<p><b>'Work integrity contract system'</b></p> <p>Pledge to carry out the obligation of maintaining integrity in their work by all the executives, and reflect such content in the management appointment agreement, in order to encourage compliance from the topmost echelons of the company</p>	<p><b>Kyobo Life Employee's 'Pledge for Work Ethics Practice'</b></p> <p>At the beginning of every fiscal year, employees pledge on the company intranet to adhere to the core values of the company and Kyobo Life Employee's Work Ethics Practice Rules in all work activities to achieve performance targets.</p>
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#### Awarded '2015 Outstanding Ethical Management Financial Institution' by Director of Financial Supervisory Service

In December 2015, Kyobo Life was recognized for implementing Work Ethics Codes, preparing and implementing ethical management practice programs, continuing to reconfirm dedication to practice ethical management, sharing ethical management issues and training employees on ethical management, and won the FSS Director Award on '2015 Outstanding Ethical Management Financial Institution'. The winners of this award was selected jointly by FSS and six associations and federations (Korea Federation of Banks, Korea Financial Investment Association, Korea Life Insurance Association, General Insurance Association of Korea, Korea Federation of Savings Banks, Credit Finance Association) by reviewing the ethical management practices of financial companies. Kyobo Life had the honor of winning the award, along with MiraeAsset Securities.

### Internal Control System

Internal control refers to all system, procedures, and activities carried out by all employees to achieve business goals. Kyobo Life requires all employees to comply with 'internal control standards' which are necessary for legal compliance, sound asset management, and protection of our insurance policy holders. We also appointed an auditor to oversee internal control framework and policy, to monitor whether the internal control standards are adhere to by the employees and report investigations of any violations to the Audit Committee.

**Operating internal control evaluation process** | Kyobo Life voluntarily evaluate current state of internal control of each department according to specified check list and operate 'internal control evaluation process' which enhances the effectiveness of Kyobo Life's management by rectifying and supplementing identified vulnerable parts and problems.

#### Internal control evaluation process



**Internal control assessment and improvements by Audit Committee** | Kyobo Life regularly hold Audit Committee meetings at least once a quarter, and through audit of internal control assessments

to evaluate the company's internal control assessments and require improvement of weaknesses in the system, and continue to make revisions and improvements on the internal accounting management system through annual internal evaluation by management audit team and by external accounting firm.

#### 2015 Internal Control Assessment Report and Recommendations for Improvement

Recommendations for Improvement	Related department
Strengthen control of storage media to protect customer information	Information security team
Strengthen application form and bill collection reporting process to prevent financial accidents	Subscription review team
Systemize payment process to reduce accounts payables	Customer maintenance support team

#### 2015 Internal accounting management system assessment report

Recommendations for Improvement	Reported issues
Overall assessment on internal accounting management system	<ul style="list-style-type: none"> <li>Obligations under Act on External Audit of Stock Company and other related regulations: No weaknesses</li> <li>Evaluation on firmwide level/work process : No weaknesses</li> <li>Effectiveness of the internal accounting system design: No weaknesses</li> <li>Effectiveness of the internal accounting system operation: minimal weakness found, no significant weakness (identified weakness : document date error etc)</li> </ul>
Future direction	<ul style="list-style-type: none"> <li>Review control items for sales/service teams (change to accounting terminology familiar to sales/service teams, etc)</li> <li>Strengthen communication and training on internal accounting procedures</li> <li>Inspect internal accounting system</li> </ul>

**Teams to ensure management transparency** | Kyobo Life regularly review management transparency through management audit activities from the shareholder's perspective, and risk management and compliance (ethical management) activities from the senior management perspective. In addition, employees are designated in roles as fair trade voluntary compliance manager, customer protection manager, internal accounting manager, non-financial risk manager, branch auditor to oversee management transparency.

## Efforts to increase trade transparency

Kyobo Life have a fair and transparent organizational culture based on the founder's philosophy that there are no such things as free lunch and true secrets', and promote mutual growth through transparent trade practices with partner companies. In addition, we run various programs to instill a fair and transparent culture of competition with the partner companies.

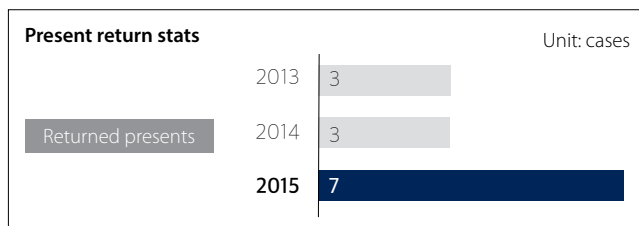
**Fair Trade Voluntary Compliance Program** | Kyobo Life established a system and installed a dedicated team and a fair trade voluntary compliance manager in order to implement voluntary compliance with the fair trade regulations. We also conduct continued training and monitoring. The Compliance Program (CP) refers to a comprehensive operating system that encourage voluntary observance of fair trade regulations, policies, and systems.

**Clean contract** | Kyobo Life prohibit collusion and unfair trade practices in the contracting and execution process including purchase of all company goods, services, and construction orders. We have also set guidelines not to request or receive goods and services, and operate the 'Clean contract system, which is a system to encourage a win-win co-existing relationship with stakeholders.

**Cyber Purchase System** | In order to operate a transparent fair process, Kyobo Life operate a cyber purchase system to maintain the whole purchase process from partner company management, quote and bidding announcements, submission of quotes, bid participation,

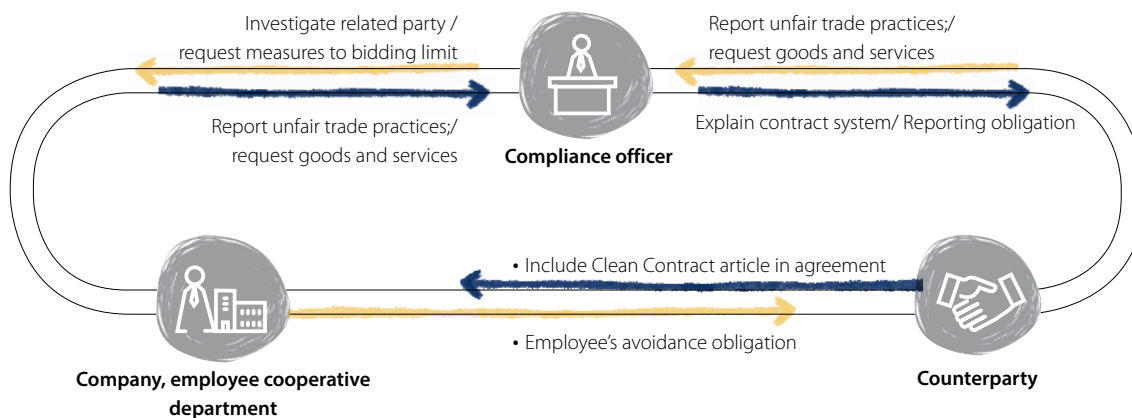
contracting, and payment. The cyber purchase system enables the partner companies to handle purchase related work online without any time or location constraints, and Kyobo Life ensures transparency in the partner company selection process through non face-to-face competitive tender.

**Present Return Center** | Kyobo Life's Code of Professional Ethics clearly state that we cannot accept any presents from external stakeholders, and if received inevitably, it is mandatory to return them right away. If direct return is difficult, then the Code states that the present is submitted to the 'Present Return Center' which will be registered and sent back to the gifter with polite comments and explanation to our policy. If the gifter refuses to take back the gift or returning is impossible, then the gift is donated to charity organizations in need.



**Violation reporting** | Violation reporting is an internal reporting system where employees can report directly to the CEO or compliance officer when they become aware of, or instructed to undertake unjust or illegal conducts in the course of business. This system was set up to discover and prevent hidden or potential unjust and illegal actions within the company and create a core value oriented corporate culture.

## Clean Contract Process



# Kyobo Life 2015 Top 5 Key Agenda

Kyobo Life's management method for government and communities

## 1 Performance management framework for government and communities

### Our pledges to government and communities

A company that grows together with the government and communities

- We will actively carry out corporate social responsibility activities to grow together with our communities.
- We will manage our business in terms of conserving nature in a manner reflective of the nature of our business.
- We will grow together with our partners through fair competition.

## 4 Key Activities in 2015

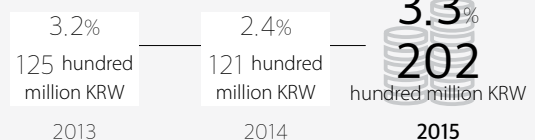
- Provide support to overcome hardships due to lack of health, finance, knowledge, which are closely associated with the nature of life insurance
- Pursue specialized social contribution activity

## 2 Key government and communities related Issues

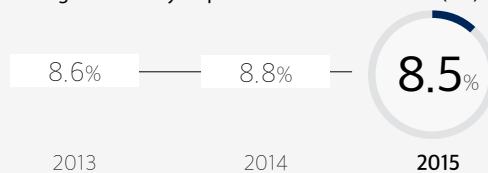
- Strategic social contribution
- Company volunteer program
- Develop socially contribution product
- Efforts for job creation
- Increase energy reduction activities

## 3 Key Government and Community related Performance

### Social Contribution Ratio\*



### Weight of socially responsible investments ratio (SRI)\*



### Energy Consumption



## 5 Future Areas of Focus

Continue to provide support for people overcome hardships due to lack of health, finance, knowledge, which are closely associated with the nature of life insurance

\* Social contribution ratio : Amount of social contribution / Net Income, based on consolidated financial statements, based on consolidated financial statements, 2013/2014 Numbers adjusted

\* Weight of Socially responsible investment (SRI) ratio : SRI investment / General account assets)x100

\* TOE (Tonnage of Oil Equivalent) : Amount of energy produced when burning one ton of oil, standardized in calorie units.

## Social contribution activities reflecting the nature of the life insurance business

- Government·community is where we grow and develop, and the base for where we fulfill our role as a member of society. In this respect, it is an important value to be a part of society and spread a culture of sharing and make real contributions to resolving problems in the communities.
- Life insurance is a business based on a 'one for all, and all for one' mindset. In other words, it is a result of helping together and working for each other. Therefore, the companies in the life insurance business generate performance through business activities, and the generated performance should be shared with all stakeholders including customers, and pursue mutual development. This is the reason that Kyobo Life, as a corporate citizen, need to develop with the communities.
- Kyobo Life aim to engage in activities that reflect the essence of the life insurance business, and by engaging in activities that is not a one-time event but sustained activity to strengthen the bond with our communities.

### Kyobo Life's vision of social contribution

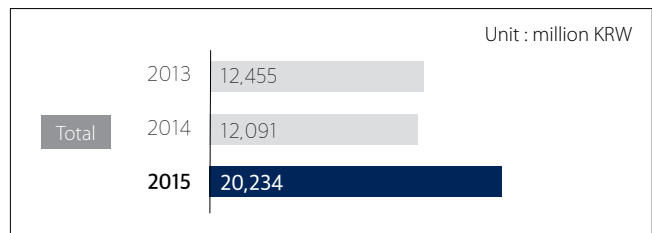
Kyobo Life work to realize the value of mutual growth by engaging in social contribution activities reflecting the nature of our business.

**Objective of social contribution activities** | Kyobo Life respect precious values pursued by man, and believe that helping everyone realize these values is our mission. Kyobo Life social contribution activities are implemented by all employees, led by Kyobo Dasomi Volunteers established in December 2002, and focus on helping our neighbors overcome their hardships caused by the lack of health, finance, and knowledge.

**Direction of social contribution activities** | First, we prioritize activities in the areas of health, finance, and knowledge that is connected to our business and company business philosophy. Second, we enhance social values of mutual growth through partnerships with non-profit organizations that have expertise and transparency. Third, we pursue structural improvement in our society by engaging in long term projects aimed to benefit large number of members of society.

### Support for social contribution activities

Category	Unit	2013	2014	2015
Social welfare	million KRW	7,305	7,640	16,235
Education		3,032	2,819	2,563
Culture		1,785	1,267	1,112
Environment		75	45	30
Other (Small loan finance etc)		258	320	294



### Providing help to overcome hardships due to lack of health, finance, knowledge

Kyobo Life's socially responsible activities are not limited to simple support, but aim to provide a sound basis for people to develop their own capabilities through various programs and help with social opportunities to overcome various sufferings in life with their own strength and determination. In particular, we are focused on activities which reflect the nature of life insurance, which is helping people overcome hardships due to lack of health, finances, knowledge so that they may lead bright, healthy happy lives.

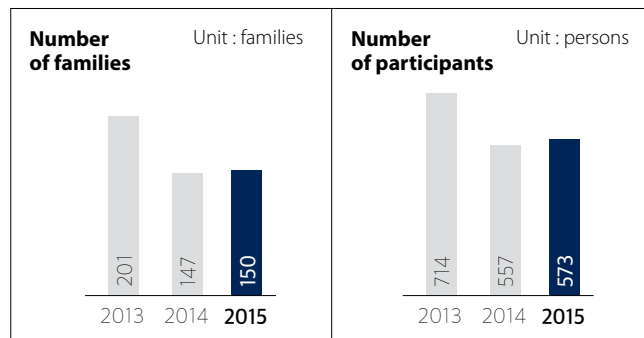
**Helping to Overcome Health Adversity** | Kyobo Life supports various health programs such as family love program which promotes love and sharing with one's loving family, to help people overcome health adversities so that all people may lead bright and healthy lives.

➤ **Dasomi Save a Small Breath program** This program helps with hospital and rehabilitation costs for premature babies born in low-income households so they may grow into healthy citizens. The fund is collected from regular collections from Kyobo Life Financial Planners and Kyobo Life donations, and 1% donations from public citizens. From the inception of the program until December 2015, we have raised 6.772 billion KRW, and 2,199 premature babies have grown into healthy children.



➤ **Dasomi Family Love Camp** We run a two-day program for families to strengthen and maintain their bond and reinforce the value of a family, which is an important value in life insurance. The families participate in will writing and experience coffin entering to reinforce the preciousness of life as the head or member of the family.

#### Support for Dasomi Family Love Camp



**Helping to Overcome Financial Difficulties** | Kyobo Life support job creation projects to help people overcome financial difficulties. they are able to create their own bright future by participating in society.

➤ **Dasomi Nursing Volunteer Group** This program provides female heads of households with nursing training and employment to provide them with stable jobs, and also to provide free nursing services to low-income senior patients who have no one to depend on. As the first certified social enterprise in Korea and as a leading corporate citizen in the social service business, we continue to strive to increase the value of social service by employing people with disabilities and the elderly, and continue to expand the social service market through sponsorships of social service forums. Since the start of the nursing group in 2004, there are 414 nurses are actively working and 217,777 people have received free nursing services, as of 2015.

#### Dasomi Nursing Volunteer Group Activities

Category	Unit	2013	2014	2015
Nurses	persons	390	415	414
Beneficiaries		14,260	10,516	10,209

**Helping to Overcome Adversity due to lack of knowledge** | KyoboLife support teenagers, the future of our society, to have hopes and dreams and grow into talented adults.

➤ **North east Asia Runfor Under graduate Students** Kyobo Life-support university students to develop into global leaders with training / visits / interaction and other activities to gain experience. We provide leadership and followership experience across all stages of the program.

#### Northeast Asia Run for Undergraduate Students Process



Northeast Asia Run for Undergraduate Students

#### Status of Northeast Asia Run for Undergraduate Students

Category	2013	2014	2015
Date	8.1~8.8	7.30~8.6	7.24~8.1
Location	Area around Yellow River	3 provinces in the Northeast	Uzbekistan, Kazakhstan
Number of participants	100	100	100
Catch-phrase	Land with 5000km of waterway, and history of 5000 years –Follow the Yellow River and create a new map of civilization	Youngsters, Let's go to the North! To the land of our beginning, and where we were most prosperous	The People who have overcome fate, The Kareiski, pioneers of Eurasia

➤ **Ties of love:** This program helps children who are heads of households, single parent households, and other underprivileged children to overcome difficult environments and grow up to be healthy and be in good educational environments. Through this program, employees voluntarily donate a part of the monthly wage. We create the Fund of Love with these funds and company sponsorships.

#### Ties of Love donation status

Category	Unit	2013	2014	2015
Donators	person	1,937	1,643	1,723

### Specialized social contribution activities

**Kyobo Life Youth Athletics Competition** | Since 1985 for 31 years, Kyobo Life have been sponsoring track and field, swimming, gymnastics and other basic categories, in order to find and foster young athletic talents that will lead Korea's future in sports. In 2015, the athletic competition was held in Gangwondo(Chuncheon, Yanggu, etc). The Kyobo Life Youth Athletics Competition has helped young athletes compete and develop into national team athletes, and contributed to the development of athletics.



KyoboLife Youth Athletics Competition (track)

#### Global social contribution 'Hope Tree Project'(Ben Tre, Vietnam)

| This program, which started in the second half of 2013 through a previous farming community volunteer program in Ben Tre province in Vietnam, supports low-income agricultural communities to increase income by distributing enhanced strain of trees (grapefruit/coconut), teaching agricultural skills, and improving distribution networks. By adding another source of income in addition to the main source from rice farming, we have helped the Vietnamese households with a passion for education form an economic foundation so that they may invest in higher education. In 2015, the program supported 700 households.

### Specialized social contribution activities through foundations

Kyobo Life operate specialized and effective public interest project through three public welfare foundations, Daesan Foundation for Rural Culture and Society, Daesan Foundation and Kyobo Life Education Foundation.

**Daesan Agriculture Foundation** | Established in 1991 as a public welfare foundation in Korea as the first foundation to support agricultural communities and industry, the Foundation engages in an array of projects including support for field research, promotion of rural culture, nurturing of quality farmers and fostering scientific farmers.



Daesan Agricultural Awards


**Daesan Foundation** | Established in 1992 in order to contribute to the globalization of Korean literature, the Foundation sponsors creative literary activities such as translation of literature, research on Korean literature in overseas and international literature exchanges. It also sponsors Daesan Literary Award, the most prominent Korean literary award, and Daesan Literary Award for Youths.



Daesan Literary Awards

**Kyobo Foundation for Education** | Established in 1997 in order to promote national education, the Kyobo Life Education Foundation is a professional public interest foundation, and engages in a variety of education support projects for personality education, leadership training, and bioethics education, and sponsor Kyobo Education Grand Award, in order for our youth to develop into considerate, compassionate and life cherishing adults.





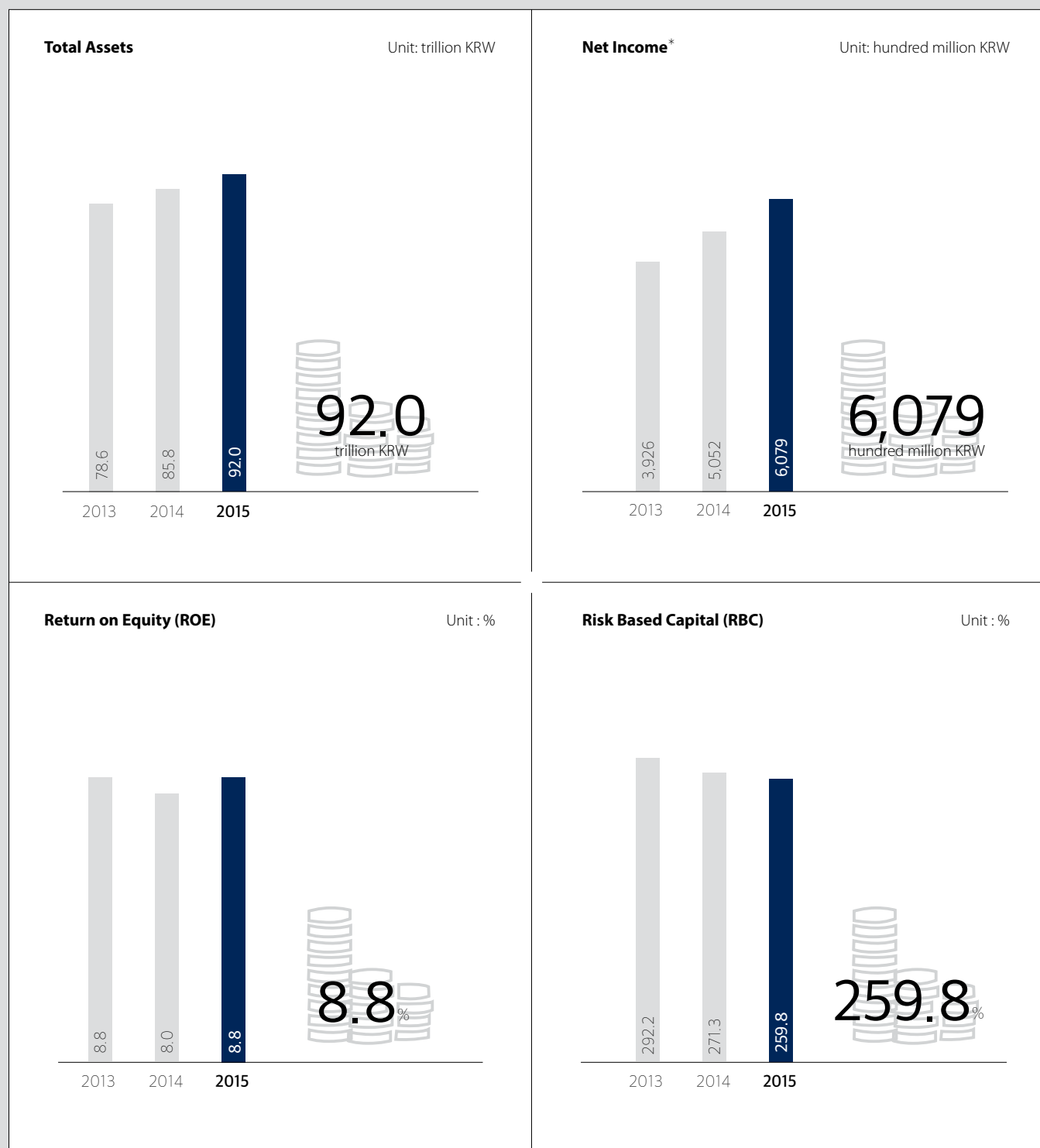
# Kyobo Life's Performance

50	<b>Economic Performance in Numbers</b>
51	— Economic Performance
54	<b>Environmental Performance in Numbers</b>
55	— Environmental Performance
59	<b>Social Performance in Numbers</b>
60	— Social Performance



# Key Economic Performance in Numbers\*

Kyobo Life's key economic performance in 2015 is as below.



\* Numbers : Based on consolidated financial statements

\* Net Income : Figure based on controlling interests

## Economic Performance

Under sluggish recovery of domestic consumption, exports also suffered due to the drop in China's economic growth rate, aggravating difficulties for 2015. In addition, in the midst of lingering low interest environment, volatility in financial markets has risen due to the U.S. interest hike and fears of a Chinese hard landing.

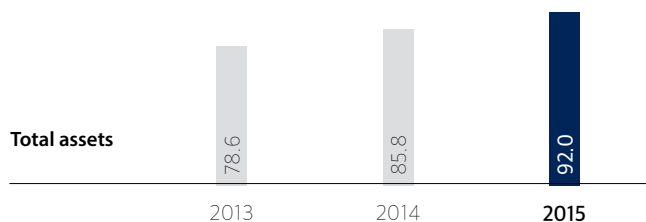
Under such a challenging economic environment, however, Kyobo Life posted a decent performance in all areas of growth, profitability, and stability by consistently carrying out insurance business faithful to the nature of the life insurance business, stable asset management for the generation of long-term profit, and systematic risk management. Premium income for 2015 has increased to KRW 12.6 trillion, and net income has increased to KRW 574.4 billion. Moreover, despite the increased risk caused by market situations and strengthened regulation on financial soundness, RBC (Risk-based Capital) ratio stood at 259.8%.

**Growth** | Despite the difficult market conditions in 2015, Sales of protection products, however, increased thanks to the launching of new whole life insurance product which pays benefits even during a policyholder's lifetime and corporate pension sales also showed a steady increase, which resulted in premium income growth by 2.5% from last year to KRW 12.6 trillion. Total assets increased by 7.3% compared to 2014 to KRW 92.0 trillion thanks to increased premium income and continued generation of net income.

### Growth indicators

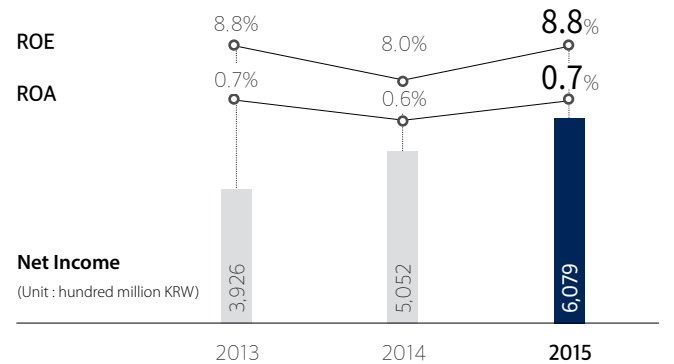
Category	Unit	2013*	2014	2015
Premium Income		8.7	12.3	12.6
Shareholder's equity	trillion KRW	6.0	6.7	7.2
Total assets		78.6	85.8	92.0

\* 2013 : From April to December 2013



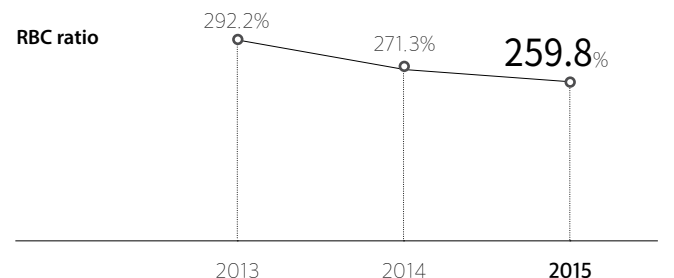
**Profitability** | 2015 was filled with negative environmental effects for the life insurance business including economic slump, rising household debt and a slowdown of population growth. Amid the unfavorable situation, however, Kyobo Life recorded KRW 6,079 hundred million of net income, through insurance business practices focused on highly profitable protection products, improvement of underwriting capability and expense rationalization.

### Profitability indicator



**Stability** | Kyobo Life has managed RBC ratio (Risk-based Capital) effectively with continuous generation of net income, improvement of asset and liability structures and thorough risk management since the introduction of the RBC ratio, the financial soundness indicator for insurers. With application of strengthened regulations, Kyobo Life's RBC ratio was 259.8%, which was still much higher than the regulators' recommended level of 150%.

### Stability indicator

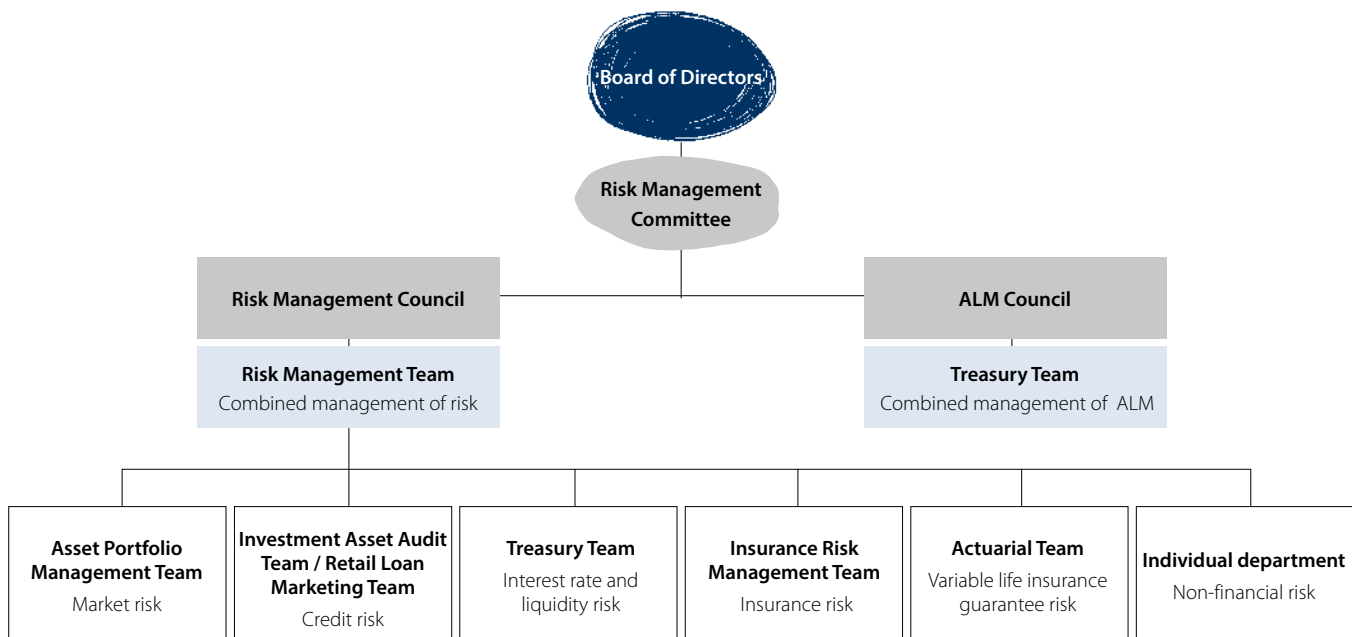


## Strategic Risk Management

Kyobo Life establish risk limits that can impact the company capital in order to achieve and maintain financial soundness, and continue to monitor compliance of the limits. In addition, we adopted an ALM policy that considers both liabilities and assets in order to grow the company value in the mid to long term. In particular, we established and improved related systems and infrastructure in order for the firm-wide risk management system to function smoothly, by adopting non-financial risks including operational/strategic/reputational risks as factors for management and implementing risk control assessment by business unit.

**Risk management organization** | A rigorous risk management process is a key competitive factor for a life insurance company. The Risk Management Committee, which is the highest decision-making body in risk management, is installed as a subcommittee under the Board of Directors, to manage risk in a sophisticated and disciplined process. The Risk Management Committee establishes basic principles and key policies regarding risk management, approve key management strategies from a risk perspective, conduct risk analysis and establish management plans, and report monitoring results to the Board of Directors. The Risk Management Committee is comprised of two outside directors and one internal director. In 2015, the committee held six meetings. The agenda and voting results from the meetings are available on our website ([www.kyobo.co.kr](http://www.kyobo.co.kr) >> Notice >> Corporate Governance Notice).

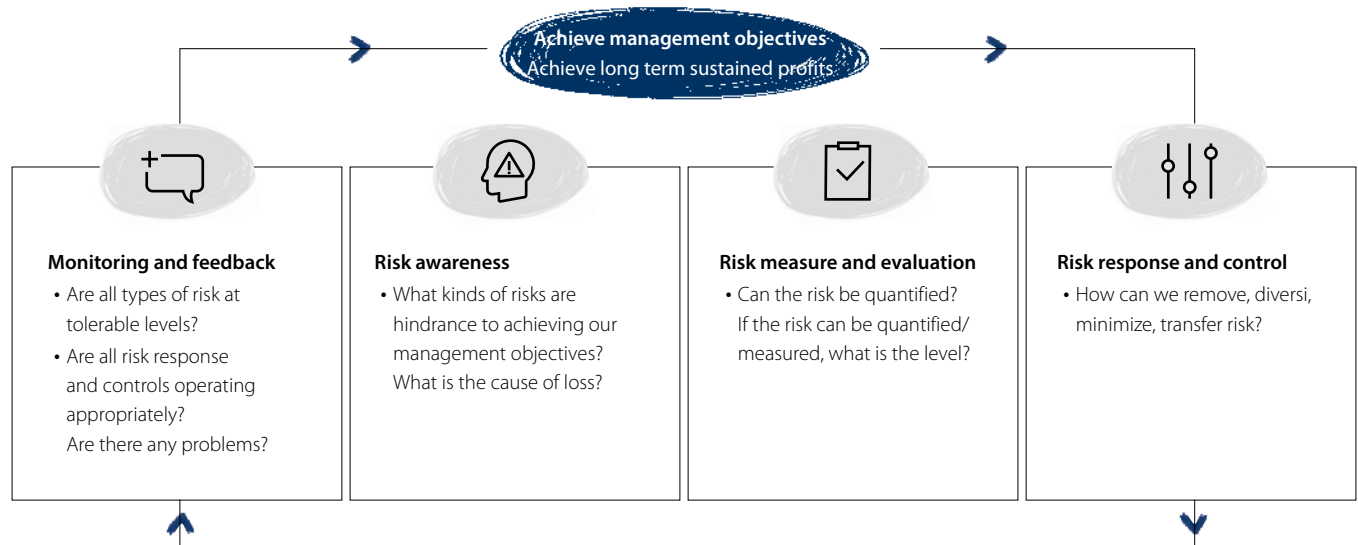
### Risk Management Organization



**Risk management system** | Kyobo Life have put in place a pre-emptive risk management system to prevent or reduce losses from drastic changes in financial markets. Our risk management system is designed to identify changes in risk in advance and respond appropriately by having an organization dedicated to the management of firmwide risk. The main tasks include conducting preliminary inspection of risks on key managerial decisions, managing risk limit preliminarily and by level, monitoring and adjusting appropriateness of risk limit, setting and managing loss limits of securities, and regularly monitoring various risk factors.



## Risk Management Process



## Kyobo Life's credit ratings

Moody's, the global credit rating agency, upgraded Kyobo Life's credit ratings from A2 to 'A1'. This rating was the result of the insurance financial strength (IFS) assessment, a comprehensive evaluation of the company's profitability, financial stability, and risk management capabilities. The A1 rating is the highest rating received by a Korean life insurance company, and is on par with Goldman Sachs, Morgan Stanley, Bank of America (BoA) and comparable global financial institutions. Domestically, this rating is on par with Samsung Electronics, and KB Bank, which has a government loan guarantee, KEB Hana Bank and other large domestic banks. This rating upgrade is significant as it occurred during a difficult time in the market with prolonged low interest rates and worsening negative margins, and it signifies that Kyobo Life has received international recognition for our financial stability and risk management capabilities. For a customer, credit ratings are significant indicators of a company's financial soundness and stability, and a measure of confidence that the company will 'protect my assets, and pay my claims going forward'. We expect that this ratings upgrade will enhance the level of trust our customers and investors have in us, and have a positive impact to our marketing campaigns and company value. In 2013, our company was also rated A+(Stable outlook) by Fitch Ratings for the first time as a Korean life insurance company, and we continue to maintain the rating for three consecutive years. We are

also maintaining the highest 'AAA' rating from the top three domestic credit ratings company.



Moody's is a top three global credit rating agency in the world along with Standard & Poor's and Fitch Ratings. With its competitor Standard & Poor's, Moody's currently give ratings to 40% of all rated companies in the market.

## Moody's credit ratings of key companies

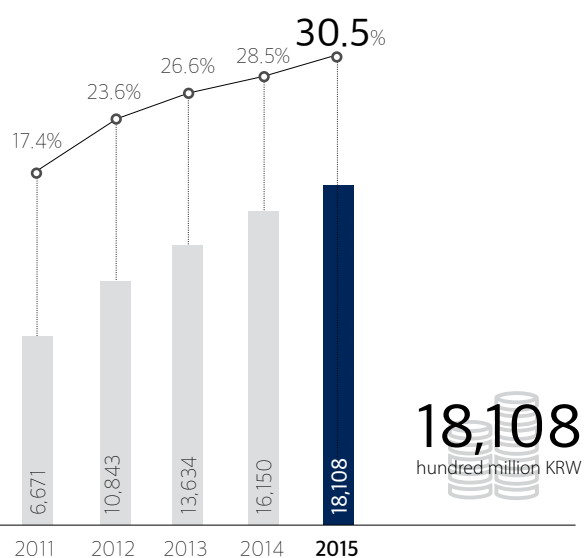
<p>As of December 2015</p> <p><b>Credit rating</b></p> <p><b>A1</b></p>	<p><b>KYOBO</b></p> <p>Samsung Electronics, Goldman Sachs, Bank of America, Morgan Stanley</p>
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# Key Environmental Performance in Numbers

Kyobo Life's key environmental performance in 2015 is as below.

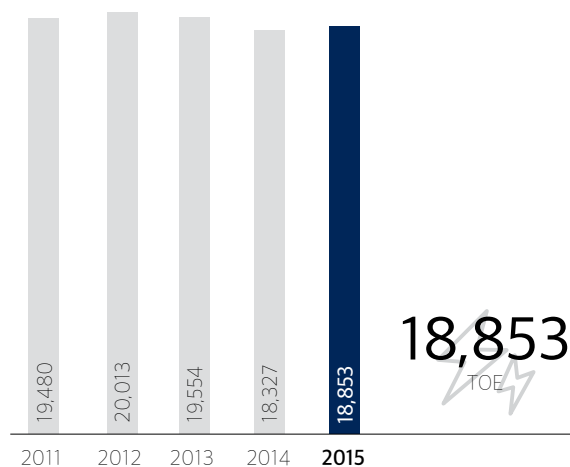
**Environmental-friendly financial investment trend**

Unit : hundred million KRW, %



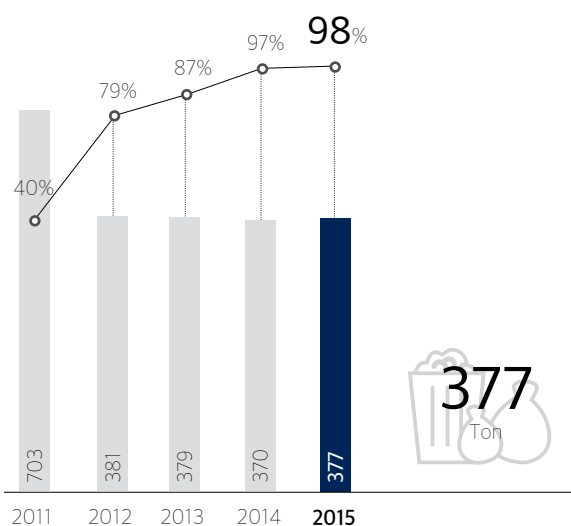
**Energy consumption**

Unit: TOE



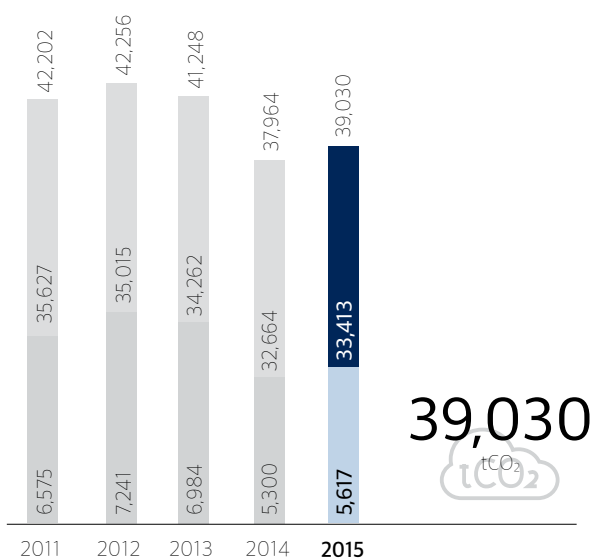
**Waste emissions / Recycling rate**

Unit : Ton, %



**Carbon dioxide emissions**

Unit : tCO<sub>2</sub>



## Environmental performance

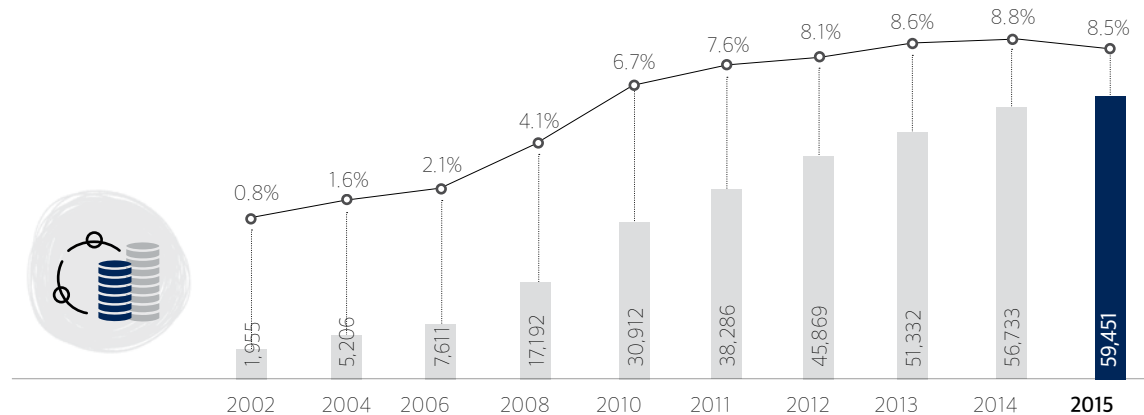
As climate change becomes a real risk globally, responding to environmental issues is also becoming an important factor in our business activities. Moreover, consumers are increasingly requiring companies to conduct eco-friendly management activities. Amid this change, there are more and more companies realizing that the environment is not a limitation to growth but a new source of opportunity. Kyobo Life, as a company conducting business in life and health risks in the life insurance industry, by nature, the scope of product development is limited relative to casualty insurance. However, we continue to increase our investments into eco-friendly companies in our asset management activities.

### Expanding environmentally-friendly financial investments : Socially Responsible Investment

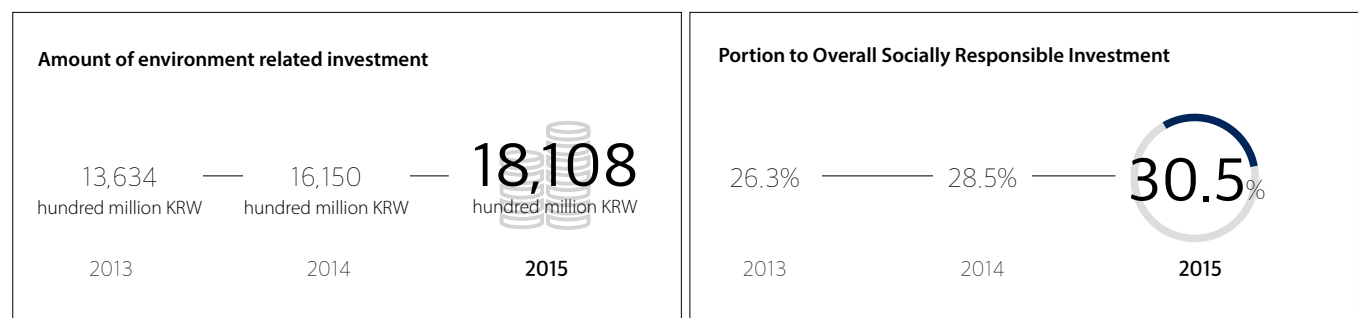
Kyobo Life, as a life insurance company with a long term investment horizon, is expanding investment into environmentally- friendly targets in order to generate stable income and contribute to public interest. Socially responsible investment program which started with roads, ports and social infrastructure was expanded to environmentally-friendly socially responsible investments such as sewage treatment facility, waste incineration facility, and renewable energy development projects. We expect that our expansion into eco-friendly socially responsible investment will not only generate profits for the company, but also be beneficial to local communities. Financial investment amounts into green investments are increasing continuously along with socially responsible investments.

Investment amounts and weight trend in socially responsible investments

Unit : hundred million KRW



Trend of investment into green financial investment of socially responsible investments (SRI)



## Business activities in consideration of environment impact

Kyobo Life conduct environmentally friendly activities reflecting the nature of the life insurance business. Kyobo Life support the implementation of environmental principles provided by the UN Global Compact (preventive approach to environmental issues, measures to increase accountability for the environment, promoting the development and dissemination of eco-friendly technologies)

**Electronic subscription system** | Kyobo Life use an electronic subscription system to reduce the amount of paper usage in the insurance subscription process to reduce costs and also to minimize environmental impact. In addition, we improved business efficiency and customer convenience by implementing a one-stop method from insurance planning to subscription and delivering documents to customers via email. Moreover, considering the increase in tablet usage, we have built an electronic subscription system exclusively for tablet PCs.



Launch of Kyobo Life Mobile Window

**Eco-friendly company building remodeling projects** | Following the eco-friendly remodeling of the head office in 2010, we completed eco-friendly remodeling of our Daejeon and Numundong Gwangju buildings in 2013, and Incheon and Jeonju company buildings in 2014, and Ulsan office building, Bujeon-dong Busan and Suseon-dong Daegu buildings.



Completion ceremony of Numundong Building

**Energy saving activities** | Our head office buildings in Gwanghwamun and Kyobo Tower have been designated as high-energy consuming buildings. As a result, we have set a maximum amount for energy use during energy peak hours. In the Gwanghwamun head office, we have implemented energy saving policies in the summer seasons such as turning off lights in the office areas during lunch time, banning all personal air conditioning equipment, and encouraging the use of stairs for people located below the fifth floor. With the exception of lunch hours and clock in and off times, we minimized the number of elevators in operation, and in order to reduce the energy used to cool and heat the building, we aim to maintain the temperature of all our buildings to a minimum of 26°C in the summer, and under 20°C during the winter season. In addition, all employees continue to participate in the 'three voluntary energy and resource saving campaign', which includes turning off unnecessary lights, turning off computers not in use, and using less office supplies, and take part in the "lights out day" campaign on the 22nd of each month.

### 'Stairs for Health Day'

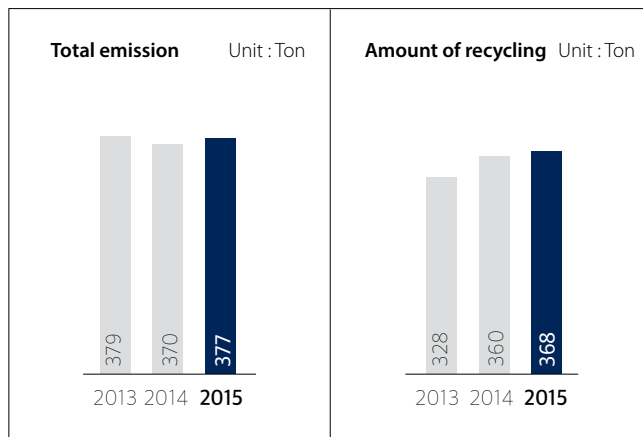
Kyobo Life instituted the "Stairs for Health Day" for employees to take an interest in their health and fitness and to help them create a healthy habit and thereby contribute to better performance. The weekly "Stairs for Health Day" started on a Friday in October 2015. We reduced the operation of employee elevators in the mornings and recommended employees to use the stairs. By putting helpful health related tips and information on the stairs, we were able to achieve our double objective of reducing energy usage and encouraging employees to exercise.



Kyobo Life Stairs for Health

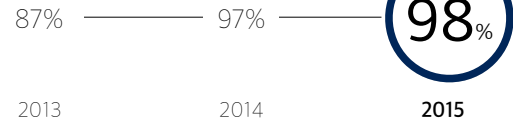
**Waste management** | Kyobo Life treat waste generated from the office through a licensed waste management company. The recyclable waste from head office and other major buildings are sorted before being thrown out, and the amount of waste generated are recorded on an annual basis.

#### Waste\* emission



\* Waste refers to general office waste thrown out from office buildings.

#### Recycling ratio



### Eco-friendly social contribution activities

Kyobo Life engage in eco-friendly social contribution activities that reflect the nature of the life insurance business.

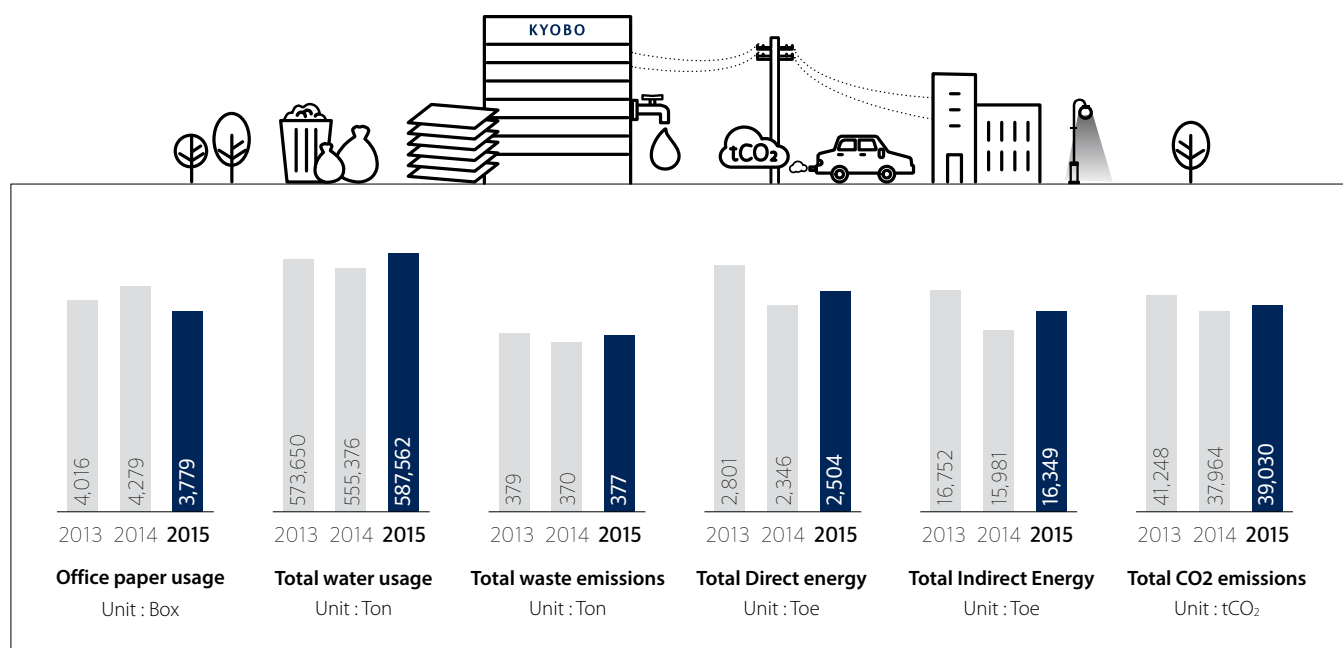
**Green Dasomi Family Volunteer Group** | Kyobo Life conduct volunteer activities for environmental conservation. We support eco-friendly family volunteering programs for our employees to enhance awareness in the importance of environment conservation as well as the importance of family.

#### Dasomi Family Volunteer Activities

Date	March 28 (Sat) Noeul (Sunset) Park	May 16 (Sat) Oido Island	Sept 12 (Sat) Seoul Energy Dream Center	Nov 14 (Sat) Namhansanseong Provincial Park
Location				
Program	<b>Honeybees that save the earth, honeybee trees that save the bees. Tree planting.</b>	<b>Move! Protectors of the ocean</b>	<b>Home for the birds Bird nests in city parks</b>	<b>Wild animals are my friends!</b>
Key activities	Understand importance of honeybees and bee plants, Kyobo Life Green Dasomi Family Love Create honeybee forest (plant trees)	Protect ocean and garbage monitoring, training on importance and examples of damage	Make nest boxes and create space for birds to breed within city parks In order to create a healthy ecological environment for various species of birds flourish	Lecture on Namhansanseong ecosystem and wild birds, make feeders for winter migratory birds and wild birds bird feeding activity
Participants	Total 59 families			

## Environmental data

Data based on 45 company buildings managed by Kyobo Realco, out of 47 company buildings owned by Kyobo Life. Note, office paper, toner, and waste data are collected only from head office



### Office paper and toner usage

Category	Unit	2013	2014	2015
Office paper	Box	4,016	4,279	3,779
Toner	Units	4,273	3,681	3,919

### Water usage

Category	Unit	2013	2014	2015
Total usage		573,650	555,376	587,562
Recycled amount	Ton	7,141	5,943	1,745
Recycled ratio	%	1.2	1.1	0.3

### Waste emissions

Category	Unit	2013	2014	2015
Total emission		379	370	377
Recycled amount	Ton	328	360	368
Recycled ratio	%	87	97	98

### Energy usage

Category	Unit	2013	2014	2015
Direct energy	Gas	2,201	1,882	2,062
	Oil	600	464	442
	Subtotal	2,801	2,346	2,504
Indirect Energy	Electricity	16,718	15,949	16,314
	Regional heating	34	32	35
	Subtotal	16,752	15,981	16,349
Total		19,554	18,327	18,853
Compared to previous year		-460	-1,227	526

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

### CO<sub>2</sub> emissions

Category	Unit	2013	2014	2015
Direct		6,984	5,300	5,617
Indirect	tCO <sub>2</sub>	34,264	32,664	33,413
Total		41,248	37,964	39,030

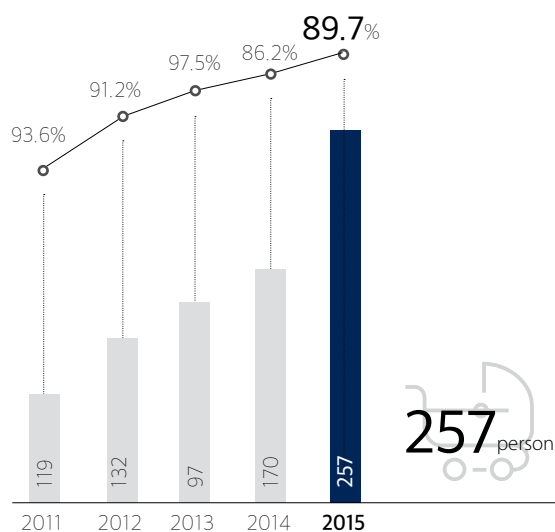


# Social Performance In Numbers

Kyobo Life's key social performance in 2015 is as below.

**Parental Leave Application and Return Rates**

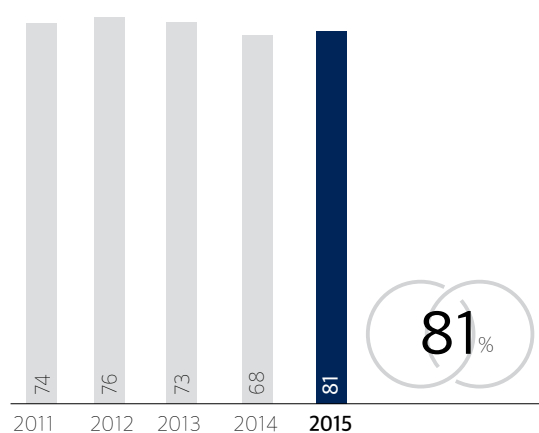
Unit : %, person



\* Return rates pertain to female return rates

**Labor union membership rates**

Unit : %



**Dawin Service Status (Accumulated)**

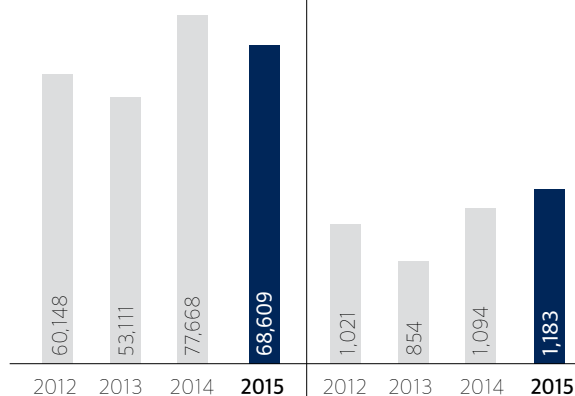
Unit : person, companies

Number of service recipients

68,609 person

Number of service receiving companies

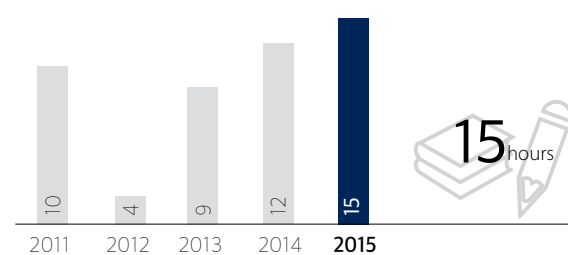
1,183 companies



**Customer Information Protection Training Status**

Unit : hour

Employee Training Status



Category	2011	2012	2013	2014	2015
Financial Planner	4	10	9	10	12
Executive	4	4	9	12	15
IT employees	13	4	14	14	16.5
Employee in charge of Information management protection	13	4	16	15	16.5

## Social Performance

Kyobo Life, as a member of the community, strive to fulfill all roles required of a corporate citizen. We hire high quality talent and provide training and opportunities for advancement to foster them into even more talented people, guarantee all basic human rights and labor rights so our employees can maintain a good work life balance, and provide wide range of benefits and a safe working environment. To our customers, we provide competitive insurance products and services, and operate a system to respond to various customer requests, so that we can contribute to a society where all stakeholders can grow and develop together.

### A Great Place to Work

Kyobo Life continue to work to create an enjoyable working culture of fun, pride, trust, where employees have a good work life balance and have fun working at Kyobo Life.

**Employee status** | As of end 2015, there are 4,170 people employed by Kyobo Life, which is a 2.3% decrease from the previous year. Female employees are 45.6% of the total, and there are 146 new hires. In 2015, 94 people retired, which is a retirement ratio of 2.3%. There are 50 employees with disabilities, which is a 1.2% hiring ratio of disabled persons. Female managers account for 7.9%, which has been increasing steadily over the last six years.

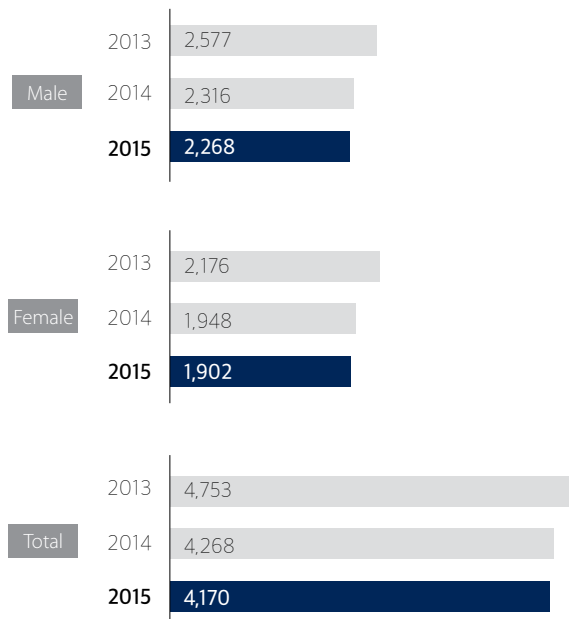
#### Employee status and headcount

Category	Unit	2013	2014	2015
Permanent	Number of people with disabilities (ratio)	57(1.2)	51(1.2)	50(1.2)
	%			
Permanent	Number of female managers(ratio)	49(6.0)	47(6.5)	59(7.9)
	%			
Employed	Total	234	220	146
	Locally employed	30	-	-
Retired	Number	88	104	94
	Ratio	1.9	2.3	2.3
Temporary	Person	185	226	223

Number of employees with disabilities : 20 Customer Satisfaction Center operators, 3 persons in IT, 14 persons in the field, 13 persons at head office

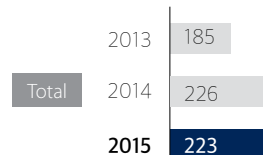
#### Permanent employees status by gender

Unit : Persons



#### Temporary employees status

Unit : Persons



#### Safe working environment : Occupational Safety and Health

**Committee** | Due to the nature of the insurance business, Kyobo Life do not have any employees in positions that are exposed to a high risk or possibility of accidents or diseases. Items regarding employee safety and health are reflected and monitored in the employment regulations (Chapter 6 Safety and Health), and under the 2013 Wage and Protocol Agreement, we installed Occupational Safety and Health Committee under Chapter 19 (Occupational Safety and Health Committee) of the Occupational Safety and Health Act, Occupational Safety and Health Committee is responsible for health management items such as items on safety and health training for workers, items regarding review and improvement of working environment, and health diagnosis of workers. The Committee is comprised of three representatives from senior management and the labor union.

## Response to MERS (Middle East Respiratory Syndrome) outbreak

Special

Middle East Respiratory Syndrome

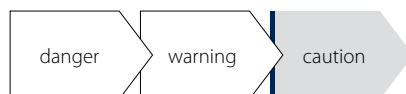
Kyobo Life installed a response team to quickly respond to the Middle East Respiratory Syndrome (MERS) outbreak, which hit Korea during the first half of 2015, and focused on preventing impact to Financial Planners, employees including our affiliates, and large scale outbreaks

### Establishing and operating the 'MERS response team'

On June 4, at the senior management meeting, Kyobo Life created the "MERS response team" led by the marketing department (headed by Senior Executive Vice President Young Gyu Park), and oversaw and managed the firmwide response and progress, and selected the Insurance Risk Management Support Team under the oversight of the marketing team as the main acting department and established a firmwide daily reporting system

### Preventative actions implemented

- Kyobo Life Healthcare Center Director's satellite broadcast on prevention and response measures to all employees
- Group and training events cancelled or delayed : Gyesungwon training facility, head office, sales channel etc
- Prioritized preventative support to customer contact points : Placed masks, cleansers, prevention guideline posters, etc
- Office building : Installed infrared cameras in Gyesungwon, Gangnam Kyobo Tower Building, and installed hand sanitizers and cleansers in head office and sales offices
- Established KCA Claim Adjustment Company Guideline : investigation personnel at hospital monitoring standards (in 3 stages : danger/warning/caution)



### Support for quarantined employees and Financial Planners

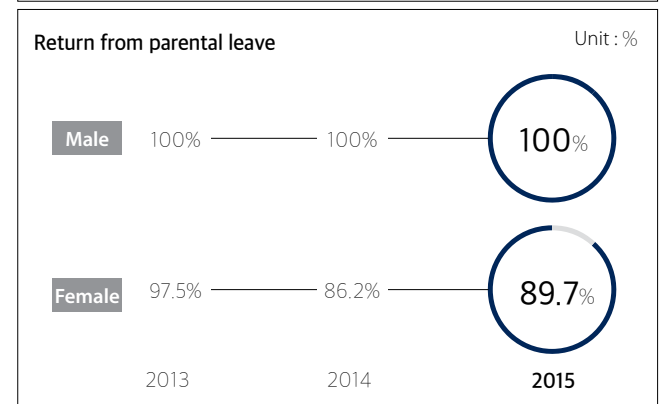
- Of Kyobo Life and related company employees and Financial Planners, there were no confirmed MERS patients, and to employees who were home quarantined were given special holidays and they were back at work without any symptoms (8 persons home quarantined: 7 Kyobo Life and related company employees, 1 Financial Planner)

### Support for customers and sales channels

- Support measures for Small and medium sized companies that have damages from MERS : Three month grace period on interest and principal repayment for loans, simplified making claim and payment process
- Contributed purchase of supplies for areas with high rates of outbreak
- For customers that work in medical institutions with high risk of MERS, changed the assessment method for new contracts from 'in person visit' to 'tele interview'

**Family friendly company** | Kyobo Life provide various programs to create a family friendly culture to support the development of the company and the individual. We run 'Kyobo Life Dasomi Child Care Center' for employees so that our employees can focus on work without worrying about childcare, and we also provide parental leave and allowances, spouse parental leave, holidays for prenatal check up, shortened working hours during the child's young years, pregnant employee protection, and child information sharing platform to foster a working environment that emphasizes a culture of maternal protection.

### Parental Leave and Return Rates



\* Return from parental leave is based on people that returned within the financial year

**Employee Benefits** | Kyobo Life provide various employee benefit programs to enable our employees to maintain a balanced work home life. To this end, we focus on lifestyle stability, housing stability, and healthy and cultural lifestyle.

## Employee Benefits System

<b>Stable lifestyle</b>	Insurance plans (4 major insurance plans), scholarship, travel expenses, life insurance, pension plan support (including National Pension Service), family congratulatory and bereavement gifts, retirement gift, shelter during natural disasters, childcare benefits, Kyobo Life Dasomi Daycare, funeral service assistance
<b>Stable housing</b>	Mortgage loans, leasing loans, company housing and dormitories, rental assistance
<b>Healthy and Cultural Lifestyle</b>	Health & fitness, R&R, company athletic meet, company social groups
<b>Cafeteria system</b>	Can freely select benefits according to needs (Options : self-development, health management, cultural activities, fitness)

**Communication with employees** | At Kyobo Life, the senior management leads the effort in strengthening communication between head office and sales and service offices.

<b>CEO's Recognition Luncheon</b>	<b>On-site management Workshop</b>
The CEO's Recognition Luncheon is an event for employees to find and share each other's achievements so that they will feel a sense of achievement for their jobs well done. This event strengthens the bond of trust between employees and has the synergistic effect of cultivating a corporate culture of encouragement and respect.	Annual workshop for the CEO and managing executives to visit sales offices and points of contact for customers, allowing them to directly receive feedback on a range of customer issues.



Recognition Luncheon



Onsite Management Workshop

**Employee health campaign : 'Healthy body, healthy mind'** | Kyobo Life implemented the 'Healthy body, healthy mind' campaign to increase employee interest and action in health issues, and created culture of sharing for public interest by linking health management issues and donations.

## Campaign overview

<b>Slogan</b>	Health body, healthy mind (subtitle: donation is bonus)
<b>Period</b>	Jan to June 2015
<b>Description</b>	Individual employees set health goals and when the targets are met, the company matches the employee donations to be donated to a fund for people lacking access to health related resources.

## Key programs

<b>Category</b>	<b>Description</b>
Healthy body class	Lecture by external expert on changes in lifestyle habits, health problems and risks, health and exercise, etc.
Implement Stairs for Health campaign	Designate Stairs for Health, 'Green Volunteer' program, post progress on energy saving campaign, encourage use of stairs to incorporate exercise in daily life
Healthy body, healthy recipe contest	Provide venue for employees to share healthy recipes for healthy eating habits
'Healthy body, healthy mind' Volunteer Program	Make healthy snacks using submissions from healthy recipe contest, run booths for activities for social adjustment and emotional safety for kids with disabilities
Donation delivery	Awards for weekly mission, mid-term outstanding achievement, completion of mission, select and deliver donations to charity



'Healthy body, healthy mind' poster

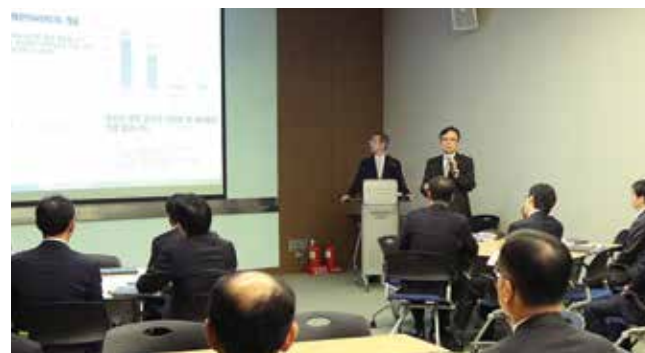
## Anti-discrimination in the workplace

Kyobo Life place high importance on maintaining the dignity and guaranteeing the rights of all employees, and express our utmost support for the rules on human rights and labor of the UN Global Compact (protect and respect human rights, prevent infringement of human rights, freedom of association and collective bargaining, prohibit forced labor, eliminate child labor, eliminate employment and occupation discrimination).

**Eliminating employment and occupation discrimination** | Kyobo Life provide equal employment opportunities regardless of gender, age, religion, and hometown. All opportunities and decisions in promotions, compensation, training, and retirement are made fairly and solely based on individual performance and capability. At the beginning of every fiscal year, all employees including the CEO participate in a ceremony, and we have included an item on eliminating cliques and bullying, and raised awareness on discrimination that can happen unintentionally. In addition, wages are given equally to both genders. As of 2015, new, full-time regular college graduate employees are 265% of the minimum wage (40.15 million KRW).

**Protect and respect human rights** | Kyobo Life recognize that violations of human rights in the form of sexual harassment do occur in the workplace and work hard to prevent incidences of such cases. The compliance officer training emphasizes this important fact, and we conduct sexual harassment training sessions for all Financial Planners and employees under the oversight of the head of the organization. In addition to the regular group training, we provide additional resources on intranet and in-house satellite broadcast in comic, animation and other forms of media to convey the seriousness of the topic.

**Prevention of child labor and forced labor** | Kyobo Life prohibit employment of people under 15 years of age, in accordance with labor laws, and also limit number of employees under 18 years of age. We also prohibit all forms of forced labor that goes against the free will of employees.



Sexual Harassment Prevention Training

## Building a cooperative labor management culture

Recognizing that advancing relations between labor and management is the foundation for a company's competitiveness, Kyobo Life established a system to facilitate better communication with labor unions regarding company management information, thereby creating a strategic partnership between the two sides. As of December 2015, there are 3,161 members, which is 81.4% of total employees that joined the union.

### Open communication channel between labor and management:

**Labor Management Council** | Kyobo Life's Labor Management Council share information on current issues and make decisions on key policies (specified in Article 7 of the Labor Agreement) in an informal discussion to find the best results. Labor Management Council is comprised of seven members of management (including CEO and other senior management) and seven members of the labor union (head of labor union and six members), and they meet on a quarterly basis.

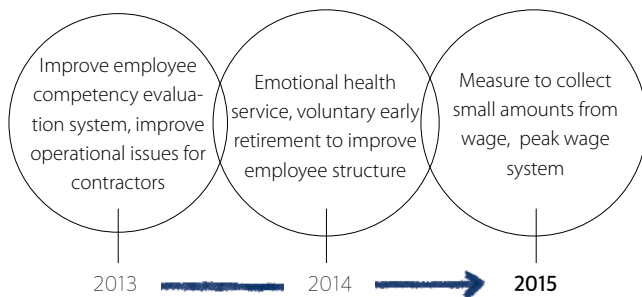


Labor Management Council

### Labor Management Council and Agenda

Agenda	Matters for resolution
<ul style="list-style-type: none"> <li>• Company policy</li> <li>• Increase in productivity and allocation of performance</li> <li>• Improve employee benefits and better working conditions</li> <li>• Issues related to company and members</li> </ul>	<ul style="list-style-type: none"> <li>• Establish basic plan for training and skill development for employees</li> <li>• Establish and manage benefit facilities</li> <li>• Items not decided by Grievance Committee</li> <li>• Install Labor Management-Joint Committee etc</li> </ul>

### Labor Management Key Item



DA-WIN Service

### Shared growth with partners and communities

Kyobo Life pursue shared growth with our counterparties, our partners and communities, of our management activities. Kyobo Life maintain a virtuous cycle of mutual development by pursuing our own development and shared growth with partners and communities.

**DA-WIN Service for growth with partners** | Kyobo Life, as the first financial company to win the 'Customer Satisfaction Management Award' for five consecutive years, have continuously worked to improve in this area and as part of this effort, we have been providing the DA-WIN Service in order to share our customer satisfaction know-how and pursue mutual growth with our partners. This program shares Kyobo Life's CS know-how by providing CS training and consulting to public and administrative institutions, general companies, medical institutions requiring customer satisfaction management. We call this service DA-WIN, meaning 'let us win together'. In addition, this service generates additional value while building relationships with potential clients by entering into agreements with large companies (corporations) and supporting the success of business clients through systematic training sessions, in-house expert training program and CS advisory services.

### DA-WIN Service Status and Performance

Category		Unit	2013	2014	2015
Number of service receiving companies		companies	854	1,094	1,183
Number of service recipients		persons	53,111	77,668	68,609
Financial performance	Contract	Case	5,957	7,107	8,493
	Contract amount	million KRW	1,445	1,882	2,058

**Community programs : Family Love Farm Stay** | Kyobo Life support 'Family Love Farm Stay, Family Love Ranch Stay' program in order to establish framework for co-existence between healthy and sustainable cities and farming villages by facilitating interaction between cities and agricultural villages. In 2015, we provided a total of 240 million KRW to 18 farms and ranches. This program was participated by 2,700 people with elementary school children under five years of age.



Family Love Farm Stay



### Economic education for the community reflecting the characteristics of financial company : Kyobo Life-JA Economic Education

**Volunteers** | As a financial institution, Kyobo Life promote volunteer programs that utilize the knowledge of employees and Financial Planners. Kyobo Life-JA Economic Education Volunteers, a joint group with non-profit organization JA Korea, teach children and teenagers market economy and business management to help them understand the basic principles of economy and finance. In 2015, the program was conducted at six schools (Shindang Elementary, Moonrae Elementary, Cheong-un Elementary, Mokdong Elementary in Seoul, Suan Elementary in Busan, Pyeongdong Elementary in Namyangju).



Economic Education Volunteers

### Responsibility for insurance products and services

Kyobo Life's Vision 2015 of becoming the best company in providing optimum insurance coverage and on-going services starts from taking full accountability regarding insurance products and services. This begins with us helping our customers fully and accurately understand the value of life insurance and subscribe to products that fit their needs. Kyobo Life work tirelessly to provide better quality services to customers, from subscription to retention, and payment.

**Complete underwriting process** | Kyobo Life frequently provide repeated training to all our Financial Planners on the full underwriting process, and continue to review our process to ensure smooth implementation. In addition, we have a strict compliance policy in this area and non-compliance can be grounds for censure. In the sale of financial investment products and variable insurance products, we are obligated to first confirm the investor's age, financial status, investment experience, investment objectives prior to recommending the most appropriate product.

### Complete subscription process for insurance products

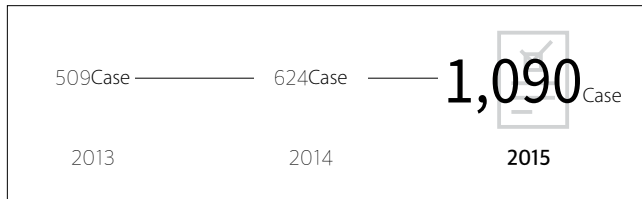
<b>Compliance with The 3 Basics</b>	<ul style="list-style-type: none"> <li>• In-person signatures by contracting party and insurance subscriber</li> <li>• Provision and detailed explanations of terms</li> <li>• Delivery of subscriber copy of contract</li> </ul>
<b>Notice of requirements before signing</b>	<ul style="list-style-type: none"> <li>• Advise customers to complete requirements on form prior to signing the contract</li> </ul>
<b>Full explanation of information customers need to know</b>	<ul style="list-style-type: none"> <li>• Detailed and accurate explanation of important information on product, terms, benefits, etc</li> </ul>

### Protection of Customer Rights and Prevention of Unfair Trade Practices

| Kyobo Life ensure compliance with related laws and regulations in product related advertising and PR activities. We prevent unfair business activities such as stealing customers from competitors, and protect our institutional and private customer interests by following 「Insurance Business Act」 Article 95 (Insurance prospectuses and duty, etc to explain), Article 95-4(Matters to be Observed in Relation to Solicitation Advertisements);「Enforcement Decree of the Insurance Business Act」Article 42 (Matters to be Entered in Insurance Guide Data and Matters of Importance for explanation duty, etc), Article 42-4 (Matters of Compliance regarding Advertisement for Solicitation), 「Regulations on the Insurance Business Supervision」Article 4 (Solicitation), Article 7 (Supervision), Fair Labeling and Advertising Act.

**Product Advertisement · Brochure Review System** | Kyobo Life operate the advertisement review system which requires review from products, civil complaints, legal departments and approval from the compliance officer from making the product advertisement or insurance information materials that our FPs use. Product advertisement review system checks if the advertisements satisfy the requirements of the relevant regulations, and if there are information that may be disadvantaged to our customers, we highlight the content with larger fonts and colors, and rephrase difficult terms into easy to understand words or add explanations in advertisements or brochures to make them easier to understand by customers.

### Overview of Product Advertisement · Brochure Review



**Efforts for Convenient Insurance Claim Payments** Unlike payment applications for financial products, insurance claims require the submission of separate documents to substantiate the claim. For this reason, customers tend to find the claim process inconvenient. Kyobo Life aim to make this process more convenient and accurate for our customers.

#### ➤ Operation of Reception Offices in addition to Customer PLAZA

Insurance claims and claim payments are handled by 59 Customer PLAZAs in 65 locations across the nation. However, there are customers who do not live near a Kyobo Life Customer PLAZA or cannot visit the location for personal reasons. In order to resolve this issue, we have 84 reception windows in operation to receive insurance payment claims. The claim documents received through the reception windows are delivered to the nearest Customer PLAZA and the insurance claims are paid. Of the 87 offices, 35 offices have the ability to make simple claim payments to enhance customer convenience.

### Reception offices in each region

Category	Reception office (with payment function)	Unit	Category	Reception office (with payment function)
Seoul	2(0)	num- ber of units	Gyeongbuk	11 (6)
Incheon	1 (0)		Daejeon	0
Gyeonggi	19 (9)		Chungnam	9 (6)
Gangwon	8 (3)		Chungbuk	3 (1)
Busan	1 (1)		Gwangju	-
Gyeongnam	11 (3)		Jeonnam	10(2)
Daegu	2 (2)		Jeonbuk	5(1)
Ulsan	3 (1)		Jeju	2(0)
Total : 87(35)				

#### ➤ Application for insurance payments by agent and payment by

**visit service** We operate a 'Financial Planner as Agent for Application Service', whereby a Financial Planner submits claim documents to a Customer PLAZA on behalf of a customer, and a 'Payment by Visit Service' where an employee or Financial Planner visits a customer to deliver a claim payment at the request of the customer. These services are designed to make it more convenient for the customers who cannot visit a location in person.

### Application by agent and Visiting Service of Insurance Payment Claims Status

Category		Unit	2013	2014	2015
Financial Planner as Agent for Accident Claim Application Service	No of use of service	Case	405,862	451,285	517,473
	Paid amount	Hundred million KRW	4,357	4,580	4,686
Payment by Visit Service	No of use of service	Case	50,382	71,819	72,854
	No of use of service	Hundred million KRW	1,670	2,770	2,755

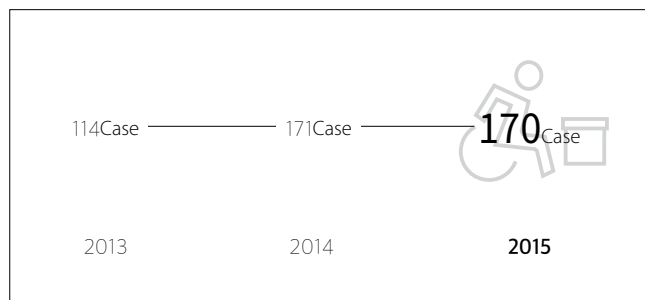
**Development of social products** Kyobo Life work to develop insurance products that are in line with the government policy that supports disadvantaged classes and share social values. We develop insurance products for the socially marginalized and help them receive benefits and thereby indirectly contributing to society.

#### ➤ Small insurance products for children of low-income families

Kyobo Life Hope Love Insurance is a product designed to provide insurance benefits to children from low-income households by utilizing dormant insurance. The Smile Microcredit Bank ([www.mif.or.kr](http://www.mif.or.kr)) selects eligible children and notifies Kyobo Life, and we subscribe to the products and pay 95% of the premiums with the dormant insurance funds managed by the Microfinance Foundation. This product, developed in 2008, has closed a total of 7,928 contracts and 3.37 billion KRW of claims were paid as of 2015.

#### ➤ Products for the disabled

Kyobo Life do not discriminate customers on the basis of disabilities. We assess the various risks in the same process and make the underwriting decisions. However, understanding that persons with disabilities may be eligible for less benefits, we have developed and manage an exclusive product for people with disabilities.

**Sales figure of products for the disabled****Responsibility for the customer**

Kyobo Life's definition of customer service is not simply limited to 'insurance sales'. We think from the customer's perspective, we consider our customer a lifelong partner and communicate with them accordingly, and work to fully protect customer rights and support them in their success.

**Re-certification of Customer Centered Management (CCM)**

Kyobo Life received certification for Consumer Centered Management (CCM) by the Fair Trade Commission (FTC) in July 2015, for the fifth consecutive year (2007 to 2015). CCM is a system certified by the FTC for companies that have established and operate a customer centered

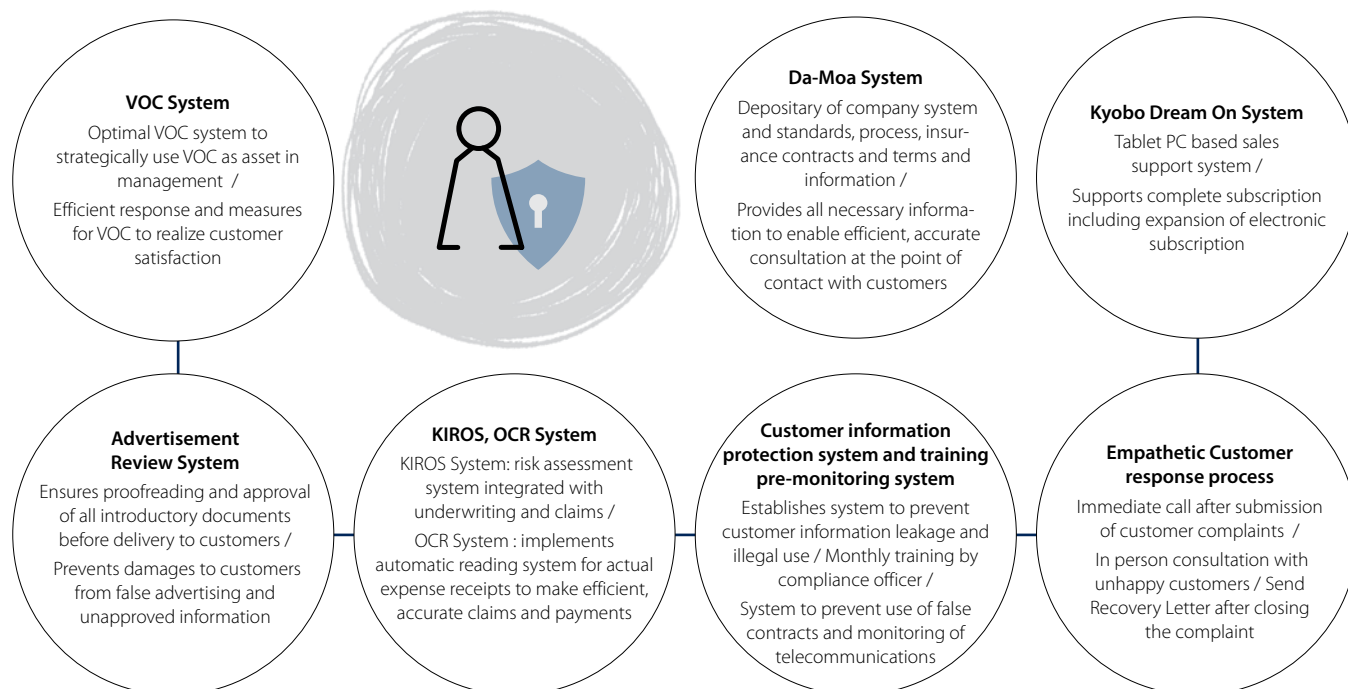


CCM Certification Mark

management framework thereby contributing to creating a customer focused management culture and increasing benefits to the customer.

**Operation of Customer Protection System**

Kyobo Life have in place multiple customer protection systems and processes in order to incorporate customer opinions in company management policies and to ensure smooth consultations with our customers.

**Customer Protection System Overview and Process**

### Digital era, strengthening literary communications with customers ('Reading, Walking, and Experiencing Gwanghwamun' website)

Kyobo Life provide differentiated customer service, following the increasingly evolving integrated digital environments. We run the 'Reading, Walking, and Experiencing Gwanghwamun' website (hereafter 'Reading Gwang-hwamun', [www.kyobostory.co.kr](http://www.kyobostory.co.kr)) which focuses on the humanities that is in line with our brand philosophy of respecting the value of human nature. Since January 2016, we launched the mobile service so our users can gain access to all content and services anytime, anywhere. 'Reading Gwanghwamun' is structured for people to enjoy 'humanities' while touring Gwanghwamun, a place where past and the present co-exist. The website contains 'Reading', which gives delightful and warm knowledge in literature, 'Walking history' which offers new insight and perspectives on stories in history, and 'Feeling'

which offers experience of the wonderful world of philosophy, where one question has ten different answers. We also offer video, webtoons, lectures and other multimedia for viewers to easily enjoy contents on humanities topics that can sometimes be boring or dry. In addition, Kyobo Life customers can check out steady sellers in literature, history, and philosophy in the digital library. 'Reading Gwanghwamun' is a cultural playground where our customers can fulfill their thirst for knowledge and culture through sophisticated and advanced content in literary arts. The mobile app will expand our humanistic connection with our customers.



Reading Gwanghwamun



## APPENDIX

70	Third Party Assurance
72	GRI G4, BEST, ISO 26000 Index
75	UN Global Compact
76	Awards regarding Sustainability Management Association and Membership Regarding Sustainability Management
77	Financial Highlights

## Third Party Assurance

### To the Management of the "2015 Kyobo Life Sustainability Report"

The Institute for Industrial Policy Studies (hereafter "Auditor") was engaged by Kyobo Life to review information specified in its "2015 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) G4 Sustainability Reporting Guidelines<sup>2</sup>; and B.E.S.T Sustainability Reporting Guidelines<sup>3</sup>

Assurance Scope	Contents of the "2015 Sustainability Report" by Kyobo
Assurance Type & Level	Type II, Moderate level
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"<sup>TM</sup> to assess the reliability of performance indicators</li> <li>• GRI Guideline's "in accordance" options</li> <li>• B.E.S.T Guideline's "reporting level"</li> </ul>

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 G4 Guideline was established by the GRI, convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. After the first universal GRI sustainability reporting guidelines for multinationals was released in 2000, the latest G4 version was introduced in May 2013, with enhancements in supply chain, governance, ethics & integrity, anti-corruption, GHG emissions & energy disclosures.

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).

### 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 G4 Sustainability Reporting Guidelines; and 4) the level of compliance relative to the B.E.S.T Reporting Guidelines through the process outlined below.

- Review of the Company's processes for identifying material issues and outcomes
- Review of the Company's stakeholder engagement processes
- Interviews with persons responsible for each performance dimension and the collection of performance data to determine the adequacy of the reported content
- 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
- Review of underlying reference data on key economic, environmental and social performance
- Review of Kyobo Life's financial data vs. 2015 financial statements contained in the Auditor's Report to check for consistency
- Sample testing of materiality issues to ascertain the completeness and accuracy of information contained in the Report
- Review of the Report's compliance against GRI/ B.E.S.T reporting guidelines

### Limitations

- Interviews with individuals responsible for different performance dimensions and the collection of performance data; review of the adequacy of the reported data
- On-site review of Kyobo Life's Head Office
- Assurance based on relevant data and information available for the relevant reporting period
- Review of the reliability of reported performance data
- This undertaking does not include data on green-house gas emissions, which is subject to a separate review

### 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 recognizes the importance of stakeholder participation in terms of its sustainability management, and has put in place certain processes for stakeholder engagement to better reflect relevant findings in its business management activities. The Auditor noted efforts by the Company to put its sustainability management philosophy as well as underlying principles specific to different shareholder groups into practice, making use of different channels of communication to assess internal and external needs and identify key material issues to be incorporated into its management activities - all very much in line with the principle of inclusivity.

### 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 key importance to the sustainability management activities of Kyobo Life. The Company has established a three-step process (collection of related issues, assessment of level of stakeholder interest and importance, validation of relevance) to identify its uppermost top 20 issues, reflecting the level of interest among internal and external stakeholders and their potential business impact. Consistent with the principle of materiality, the Auditor noted efforts by Kyobo Life to provide a full account of the current status of its sustainability management efforts and achieved outcomes - i.e. defining the core scope of reporting to reflect not only the top 20 overall issues of concern but its top 5 stakeholder-specific agenda items as well, also reflecting them in the Report's table of contents.



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

The Auditor found Kyobo Life to be providing an adequate response to issues of concern and interest to Company stakeholders. To this end, it has established various channels of communication for different stakeholder groups, while also outlining its subsequent response to stakeholder feedback within the scope of its sustainability Report. The Auditor noted efforts to stay aligned to the principle of responsiveness, i.e. carrying out stakeholder-specific surveys to collect feedback and reinforce the Company's response, while carrying out in-house surveys of management and employees to assess internal issues of interest and better respond to recommended input, as well as external roundtable forums to assess the future direction for sustainability management while exploring the Company's future response.

**GRI "In Accordance" Criteria** The Auditor found the Report to be consistent with the "in accordance" Core option of the GRI G4 Guidelines with respect to its General Standard Disclosures and Additional Disclosures (materiality aspects, DMA, performance indicators) as indicated in the G4 Guidelines.

**Reliability of Performance Indicators** After reviewing the performance data stated in the Report, the Auditor found its underlying data collection system to be adequate and failed to find any material errors that can either bias the Company's judgment or compromise the reliability of the data. The following performance indicators were reviewed for the purpose of this assurance.

Top 5 Agenda Items	Key Issues	Performance Indicator	
Strengthening customer satisfaction activities	Strengthened customer satisfaction activities	Customer satisfaction level	73.4 pts
	Strengthened services to maintain in-force persistency	Persistency rate(13th Month)	84.4%
Strengthening support for Financial Planners	Enhanced professionalism of Financial Planners	FP satisfaction level	73.1pts
	Greater support for new FP's	FP Settlement ratio	39.8%
Expanding employee training and self-development opportunities	Improved management and employee satisfaction	Employee satisfaction level	NA
	Expanded education/ training and self-development opportunities	Training hours per person	87 hrs
Acquiring management transparency through ethical management	Transparent corporate management	Present return stats	7cases
	Continued improvement of business earnings	ROE	8.8%
Social contribution activities that suit life insurance industry profile	Strategic social contribution	Social contribution ratio	3.3%
	Corporate volunteer service program	Monetary support for farm-experience program	KRW 240 mn

Although performance indicators pertaining to the top 5 agenda items and top 20 issues were reviewed and validated, only a partial sub-set of most relevant indicators are presented above

**Level of B.E.S.T Guideline Application** In view of the coverage and reliability of the information provided, the Auditor finds the Report to qualify for a Level 4 Report (Levels 1 to 5) relative to the B.E.S.T Guidelines, which is indicative of a level of sustainability consistent with the "anchoring" phase.

**Recommendations** The Auditor found the "2015 Sustainability Report" by Kyobo Life highly commendable in the following respects. The Report (1) goes beyond simply outlining how financial value is created and allocated across Company stakeholders, by accounting for the inter-relationship between the values that are provided versus those that are received, providing insight into additional values being created; (2) although inclusive of Kyobo Life's commitment and principles, also reflects effort to incorporate key aspects of the Global GRI Reporting Guideline and Framework; and (3) is structured to highlight key issues, while providing a snapshot view of its economic, environmental, and social outcomes in an easy to understand way.

### For future reports, the Auditor recommends considering the following.

- Strengthen analysis and reporting on stakeholder-specific needs assessed through various communication channels
- Provide a fuller account of the current status of its response to stakeholder needs
- Center the Report to be more focused on the given reporting period

**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.



March 16, 2016

Lee, Yoon-Cheol Chairman,  
The Institute for Industrial Policy Studies





Indicator of the sufficient level : ● Reported, ● Partly reported, ○ Non-reported, ◇ N/A

2. Specific Standard Disclosures			2015	Page	BEST 2.0	ISO26000
a. Disclosures on management approach (DMA)	G4-DMA	a. Why the Aspect is material. Report the impacts that make this Aspect material b. How the organization manages the material Aspect or its impacts c. Evaluation of the management approach	●	25,30,35,40,45	D_1, D_2, D_3, EC_DMA, EM_DMA1, EM_DMA2, CS_DMA, CO_DMA, EV_DMA	
b. Indicators on issue						
Economic						
Economic Performance	G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government	●	51	EC1	6.8.1-6.8.2
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	55	EC2	/6.8.3/6.8.7/6.8.9
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	63	EM4	6.3.7/6.3.10/6.4.3/6.4.4/6.8.1-6.8.2
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	●	55,64	EC6	6.3.9/6.8.1-6.8.2/6.8.7/6.8.9
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	●	55	EC7	6.3.9/6.6.6/6.6.7/6.7.8/6.8.1-6.8.2/6.8.5/6.8.7/6.8.9
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	○	-	-	
Environmental						
Materials	G4-EN1	Materials used by weight or volume	●	58	EV10	6.5.4
	G4-EN2	Percentage of materials used that are recycled input materials	●	58	EV11	
Energy	G4-EN3	Energy consumption within the organization	●	58	EV7	6.5.4
	G4-EN6	Reduction of energy consumption	●	58	EV5	
Water	G4-EN8	Total water withdrawal by source	●	58	EV9	6.5.4
	G4-EN9	Water sources significantly affected by withdrawal of water	●	57	EV20	
Biodiversity	G4-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	6.5.3, 6.5.5
	G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	57	EV22, EV26	
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	●	58	EV12	6.5.3, 6.5.4, 6.5.6, 6.6.6, 6.7.5
	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	●	58	EV12	
Effluents & Waste	G4-EN22	Total water discharge by quality and destination	●	57	EV17	6.5.3, 6.5.4, 6.5.6, 6.6.6, 6.7.5
	G4-EN23	Total weight of waste by type and disposal method	●	57	EV16	
Products & Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	●	55~58	EV23, EV25	6.5.4, 6.7.5
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	◇	-	EV31	
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	●	55	EV30	
Environmental Investments	G4-EN31	Total environmental protection expenditures and investments by type	●	55	EV1	
Supplier Environmental	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	◇	-	PN4	
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	●	26,27	-	
Social						
Labor Practices & Decent Work						
Employment	G4-LA1	Total workforce by employment type, employment contract and region	●	60	EM5	6.4.3
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	60~63	EM20	6.4.4/6.8.7
	G4-LA3	Return to work and retention rates after parental leave, by gender	●	61	-	6.4.4
Labor/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	●	60	EM13	
Occupational Health & Safety	G4-LA5	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	●	60	EM14	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	●	60	EM15, EM17	
Training & Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	●	35	EM27	6.4.7
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	37~39	EM28	6.4.7/6.8.5

Indicator of the sufficient level : ● Reported, ◐ Partly reported, ○ Non-reported, ◇ N/A

2. Specific Standard Disclosures				2015	Page	BEST 2.0	ISO26000
Social							
Social	Diversity	G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	●	61	EM2	6.2.3/6.3.7 /6.3.10/6.4.3
	Equal Pay for Women & Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	60,63	EM3	6.3.7/6.3.10/ 6.4.3/6.4.4
	Supplier Assessment for Labor Practices	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	◇	-	PN4	
	Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	●	26,27	PN5	
Human Rights	Human Rights Investments	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	36~38	EM30	
	Non-discrimination	G4-HR3	Total number of incidents of discrimination and actions taken	●	63	EM7	
	Freedom of Association	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	●	63,64	EM8	
	Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	63	EM9	
	Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	63	EM10	
	Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	○	-	EM31	
	Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	◇	-	CO2	
	Human Rights Assessments	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	●	63	-	
	Supplier Human Rights Assessments	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	◐	44	PN4	
	Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	26,27	-	
Society	Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	45~48,64,65	CO1, CO2	
	Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	●	42~44	CO5	
	Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	◇		CO7	
	Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	44	CS3	
	Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	44	CO9	
	Supplier Assessment for Impacts on Society	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	●	44	PN4	
	Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	●	26,27	-	
Product Responsibility	Customer Health & Safety	G4-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	●	28,29	CS4	
	Product & Service Labeling	G4-PR5	Results of surveys measuring customer satisfaction	●	25,26	CS6, CS9	
	Marketing & Communications	G4-PR6	Sale of banned or disputed products	◇	-	CS10	
	Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	◇	-	CS10, CS15	
	Product Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	◇	-	CS12	

Indicator of the sufficient level : ● Reported, ● Partly reported, ○ Non-reported, ◇ N/A

Financial Services Sector Supplement			Page
FS1	Policies with specific environmental and social components applied to business lines	●	22,23,25,30,35,40,45
FS2	Procedures for assessing and screening environmental and social risks in business lines	●	16,17,43,61
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	●	25~29
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	●	30~33,35~39
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	●	24,27,28,33,34
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	●	9~11
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	●	29,66,67
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	●	29,55
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	●	43,44
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	●	55
FS11	Percentage of assets subject to positive and negative environmental or social screening	●	55
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	○	-
FS13	Access points in low-populated or economically disadvantaged areas by type	●	65,66
FS14	Initiatives to improve access to financial services for disadvantaged people	●	65,66
FS15	Policies for the fair design and sale of financial products and services	●	65,66
FS16	Initiatives to enhance financial literacy by type of beneficiary	●	47,48

## UN Global Compact



Kyobo Life joined the UN Global Compact (UNGC) in September 2010 and declared our will to follow the principles of the UNGC. This Sustainability Management Report contains the practices of ten principles.

	Principles	Key Report Content	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	• Kyobo Life Employees Code of Professional Ethics	42
	2. Businesses should make sure that they are not complicit in human rights abuses.	• Protection and respect of human rights • Promote activities for customer protection	63 26
Labor Standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,	• Cooperative labor-management culture	63
	4. Elimination of all forms of forced and compulsory labor,	• Prevention of forced labor	63
	5. The effective abolition of child labor;	• Prevention of child labor	63
	6. The elimination of discrimination in respect of employment and occupation	• Prevention of discrimination in the workplace	63
Environment	7. Businesses should support a precautionary approach to environmental challenges;	• Environmentally-friendly social contribution activities	57
	8. Undertake initiatives to promote greater environmental responsibility;	• Energy saving activities	56
	9. Encourage the development and diffusion of environmental friendly technologies	• Expand green financial investments	55
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Ethical education and implementation program	42
		• Fair trade compliance program	44
		• Clean Contract System	44
		• Cyber Purchase System	44

## Awards regarding Sustainability Management

Date	Content
Feb 2016	12th Transparent Management Grand Prize jointly hosted by the five economic organizations
Oct 2015	Grand Prize in the 2015 4th Financial Customer Protection Grand Award (Financial Supervisory Service Director Award)
Oct 2015	First place in the life insurance sector of 'Korea Sustainability Index (KSI)' for six consecutive years
Dec 2014	Private Corporation Award in the process sector for Excellence in CSV in the 1st Potter Award
Oct 2014	2nd 'Most Loved Company' Presidential Award
Nov 2013	Consumer Grand Prize sponsored by Korean Society of Consumer Studies
Nov 2013	UN Global Compact Best Practice Award
Nov 2012	Grand Prize in the life insurance category for Financial Customer Protection Awards sponsored by the Korea Economic Daily (Financial Supervisory Service Director Award)
Oct 2012	Chairman Chang-Jae Shin selected Personality of the Year from International Reinsurance Conference (IRC)
Oct 2012	residential commendation for those merited on Children's Day hosted by the Ministry of Health and Welfare
Nov 2011	Minister Award from the Ministry of Knowledge and Economy '6th Sustainability Management Awards' (Grand Prize in First Sustainability Management Report category)
Feb 2011	Minister Award from the Ministry of Health & Welfare in recognition of promoting welfare for the disabled
Sep 2010	Grand Award in financial product and service innovation category in '2010 Korea Financial Innovation Award' for (No dividend) Kyobo Life 100 Year Life Variable Pension Insurance'
May 2010	Chairman Chang-Jae Shin selected for Korea Management Association (KMA) '2010 Korea CEO Award'
May 2010	Chairman Chang-Jae Shin, 19th 'Mont Blanc Cultural Art Supporter Award'
Mar 2010	No. 1 ranking in the insurance industry as '50 Respected Korean Corporations' by Fortune Korea

## Association and Membership Regarding Sustainability Management

Organization	Key Activities	Year joined
Life Insurance Association	Promotes healthy insurance culture, support information sharing for rational insurance policy formation	1958
Korea Insurance Society	Researches insurance related theories, laws, practices	1964
The Institute of Actuaries Korea	Introduces insurance policies, hold seminars, exchange information with international actuary institutes	1978
Life Office Management (LOMA)	Shares reliable insurance industry data and knowledge	1978
Insurance Development Institute	Offers information on fair and rational insurance prices, rates and other related issues	1990
Financial Safety Forum	Consultation regarding information protection policy directions with other financial institutions and Financial Supervisory Service	2002
Ethical Management (Yunkyung)SM Forum	Shares ethical management practices of Korean companies and conduct research sustainability management	2005
Financial Safety Agency	Conducts various activities aimed at preventing, countering and reviewing hacking, and other information protection activities	2006
Korea Fair Competition Federation	Shares information to promote awareness and understanding of fair trade practices	2006
Korea Risk Management	Researches risk recognition and loss, and offer information through business exchange	2006
Life Insurance Marketing & Research Association (LIMRA)	Research, consulting and education on life insurance	2007
UN Global Compact Korea Chapter	Exchange of information on implementation of corporate social responsibility	2010



# Financial Highlights

## Balance Sheet (Statement of Financial Position)

Unit : Hundred million KRW

Category	2015	2014	2013
<b>Assets</b>	920,084	857,622	785,705
Cash and deposits	17,287	14,439	16,260
Financial assets*	499,767	462,451	401,949
Receivables	168,201	163,721	161,939
Other assets	66,123	64,386	64,072
Separate account assets	168,707	152,626	141,486
<b>Liabilities</b>	844,850	788,051	722,908
Policy reserves	596,517	557,430	513,206
Other liabilities	74,818	73,918	63,416
Separate account liabilities	173,515	156,703	146,286
<b>Equity</b>	75,234	69,571	62,798
Capital	1,025	1,025	1,025
Capital surplus and others	4,166	4,181	4,127
Accumulated other comprehensive income Retained earnings	11,152	11,161	9,086
Retained earnings	55,519	50,168	45,565
Non-controlling interest	3,372	3,036	2,995
<b>Liabilities and equity</b>	920,084	857,622	785,705

\* Financial assets = Short-term trading financial assets + Available for sale financial assets

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

## Income Statement (Statement of Comprehensive Income)

Category	2015	2014	2013
<b>Operating revenues</b>	142,552	137,057	100,207
Premium income	78,356	80,780	56,144
Investment income, etc	64,196	56,276	44,063
<b>Operating expenses</b>	133,400	130,520	94,360
Increase in insurance contract liabilities Insurance expense*	38,629	43,959	30,025
Insurance expense*	67,822	65,541	45,986
Other expenses	26,949	21,020	18,349
<b>Operating income</b>	9,152	6,537	5,847
<b>Non-operating revenues</b>	233	327	87
<b>Non-operating expenses</b>	610	572	643
Income before tax	8,775	6,292	5,292
Income tax	2,334	1,117	1,330
<b>Net income</b>	6,441	5,175	3,961
Share of controlling company	6,079	5,052	3,926
Share of non-controlling company	363	122	35

\* Insurance expense = Paid claims + reinsurance cost + insurance expense + amortization of deferred acquisition expense

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

## Vision2020 Proclamation

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Our mission is  
To help everyone pursue confidently  
their dearest dreams throughout their lives  
overcoming every adversity by mutual support.

To this end, we will  
Always put our customers first in our thoughts and actions,  
Always be honest and sincere on every respect  
Always innovate, starting over again if at first we do not succeed.

Our company's Vision2020 is,  
'To be Korea's most innovative life insurance company  
in product and distribution by 2020.  
In order to become the most innovative life insurance  
company in product and distribution,  
We must actively respond to changes in the market and our  
customers, And provide differentiated insurance products and services.

When we achieve our company's Vision2020,  
Kyobo Life will be the best company in the insurance industry  
That does not falter in any environment,  
And all employees will be recognized as the best insurance  
experts in the industry

Through this process,  
Kyobo Life will grow together with our customers,  
Financial Planners, investors, communities, and all our stakeholders,  
And contribute greatly to the national economy and  
enhancing the public's welfare.

If we all come together with strong teamwork,  
we will definitely be successful in achieving our vision.

## Sustainability Report 2015 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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Humanity  
and  
the Future