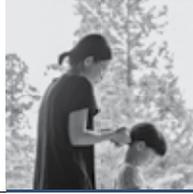


Humanity
and
the Future



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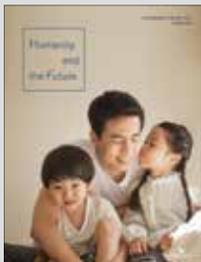
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About This Report



Cover Story Humanity and the Future

People are precious. Corporations exist for people. Rooted in this philosophy, the slogan "Humanity and the Future" expresses our commitment to people-centered management.

Since Kyobo Life published its first sustainability report in 2011, which also happened to be the first such report in the domestic life insurance industry, it has been releasing a sustainability report every year as a channel through which it communicates its sustainability management activities to its stakeholders under the banner of "shared growth with our stakeholders." This is Kyobo Life's 7th Sustainability Report.

Reporting Period & Scope The present report covers Kyobo Life's sustainability management activities from January through December 2016. As regards quantitative performance, the data for the most recent three years are disclosed to show trends, while quantitative data that do not match the 3-year period are indicated with notes. If data have been revised in the financial statements or errors found in the previous report have been corrected, such revisions or corrections are indicated with notes. The scope of this report includes the headquarters and branches of Kyobo Life, Customer PLAZAs, and other domestic operations, but overseas offices and branches are not included. The environmental data concern only certain domestic operations, which are indicated with notes. The report basically uses the Korean currency(₩), and other currencies are indicated with symbols next to figures, where applicable.



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Reporting Principles This report has been prepared based on the G4 Guidelines and the new reporting principles of the Global Reporting Initiative (GRI), with the use of the "In Accordance - Core" option. All financial data included in this report have been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Credibility of the Report In order to enhance its credibility, this report has been verified by the Korean Standards Association (KSA) according to the three principles of AS1000AS (2008), i.e. inclusivity, materiality, and responsiveness, and its verification level is Type II. The results of third-party assurance are available in the appendix at the end of this report.

Contact This report has been published in Korean and English, and is available at Kyobo Life's website (www.kyobo.co.kr). For inquiries or comments about this report, please contact us at one of the numbers below or email us.

CEO Message

Dear stakeholders (Customers, Employees, Investors, Communities, Government Officials, etc.)

The year 2016 presented major challenges for our corporate management, both at home and abroad, including the prolonged economic slowdown, the North Korean nuclear threat, Brexit, and Donald Trump's victory in the US presidential election, all of which had negative repercussions on the economy.

To respond proactively to these changes in the business environment, Kyobo Life established Vision 2020, under which we are striving to become Korea's most innovative life insurance company in product and distribution by 2020 through product and distribution innovation. We also declared "Start! Product & Distribution Innovation" as our key management policy, and concentrated the company's core competencies on producing the intended results.

As a result, Kyobo Life became the only insurance company to receive an A1 credit rating from Moody's for two consecutive years, an achievement which represents true global recognition of its solid earnings, financial soundness, and superior risk management ability. In addition, Kyobo Life was voted the best company in the Financial Consumer Protection Survey, and ranked number one in the life insurance industry in the Sustainability Index for the seventh consecutive year.

In the belief that all humans are precious beings and their values should be respected and realized, we have published our seventh Sustainability Report entitled 'Humanity and the Future.' The report is designed not only to share the outcome of our efforts to achieve 'shared growth with our stakeholders', just as we pledged to them, but also to serve as a reminder that we should continue working toward the same goal in the years to come.

Our pledges to our stakeholders and the results in individual areas in 2016 were as follows:

Becoming a company that provides optimum insurance coverage and on-going services.

Kyobo Life has led the industry in offering various types of products with optimum coverage and, as a result, the company now owns the largest number of exclusive rights to use. In an effort to effectively satisfy diverse customer needs and respond to the diversification of products and distributions, we launched Insurance System V3, a project to build a company-wide management infrastructure, and we are currently overhauling the entire process of our insurance business from subscription and retention of insurance contracts to benefits payment. Furthermore, we took actions to make customer protection an integral part of our corporate culture and to lay a firm foundation for VOC management while fulfilling our promise of 'Lifelong Care Services' to provide individually customized insurance services.

Becoming a company that succeeds together with our Financial Planners.

To help its financial planners achieve long-term success on a continuing basis, Kyobo Life either organized or supported various MDRT-related events, including MDRT annual meetings and Kyobo MDRT Day. In addition, an FP education center was set up to establish a sales culture in which process-oriented sales efforts and a hard-working attitude among financial planners are actively encouraged and appreciated. A new specialized FP channel was created to enable female financial planners in their 30s and 40s, whose career was interrupted due to family demands, to resume their career development and grow as insurance sales specialists.

Becoming a company that grows together with our employees.

We have endeavored to make Kyobo Life a company for which talented people, who dream of becoming insurance specialists and achieving continuing success in the future, would most like to work above all others by connecting and striking a realistic balance between the corporate vision and the goals of individual employees, and by improving HR management, work processes and management infrastructure in such a way that both the company and employees can win. Our education and training programs are designed to effectively and systematically enhance the competencies of our employees in particular. Furthermore, we keep our channels of communication wide open at all times and create opportunities to relate to our employees so as to keep employees up to date with major corporate developments and the industry outlook.

Becoming a company that is attractive to investors.

Financial soundness is crucial for an insurance company to stay in business. As the new accounting standard IFRS17 and the new prudential regulation regime Solvency II will take effect in a few years, we are implementing measures to minimize the negative impact that the new rules could have upon the company's financial position. With benchmark interest rates reaching record lows, we continued our efforts to improve the negative margin structure caused by the gap between return rates on assets under management and interest rates applied to existing insurance contracts, while trying to enhance returns by diversifying our asset portfolio and thereby distribute the risks. We are also managing our assets in a way that can achieve stable returns by keeping a risk-return balance.

Becoming a company that grows together with the government and communities.

Kyobo Life is committed to fulfilling its social responsibilities and its role as a good corporate citizen. Our social contributions activities related to life insurance business are carefully designed to help people overcome their difficulties and lead a healthy and happy life. Our efforts and resources will be concentrated on social contribution projects that can take advantage of our expertise, experience, and resources as a life insurance business. Kyobo Life is also expanding its green social overhead capital investments to promote the public interest.

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 all our spheres of management.

Amid prolonged trends of low growth and low interest rates, the life insurance industry is under growing pressure to undertake fundamental changes and innovation to survive and grow. Under the rapidly-changing business circumstances, Kyobo Life is committed to meeting any challenges head-on and constantly seeking 'shared growth with all stakeholders.'

Finally, I would like to express my gratitude for your continued interest and ongoing support. Thank you.

March 2017

Chang-Jae Shin, CEO & Chairman Kyobo Life

愼昌寧



Highlight 2016

Top 10 News

1

Kyobo Life declares its Vision2020 for becoming 'Korea's most innovative life insurance company in product and distribution'

In January 2016, Kyobo Life launched the ship named 'Vision2020.' A ceremony was held at the Gyeseongwon training center to celebrate the declaration and adoption of Vision2020, the new vision that would guide the management of Kyobo Life for the next five years. Under Vision2020, Kyobo Life intends to become the Korea's most innovative life insurance company in product and distribution. Product innovation refers to making our products and services more competitive, while distribution innovation means expanding Kyobo Life's pool of highquality human resources who are capable of delivering Kyobo Life's products and product-related services and of performing other services.



2

Kyobo Life, the first financial services company to win the Transparent Management Award

In February 2016, Kyobo Life became the first financial services company to be recognized with the grand prize for transparent management awarded by the country's five leading economic organizations. The prize attests to Kyobo Life's leadership in transparent and ethical management. The prize recognizes Kyobo Life's efforts to promote board of directorsled management, share information with stakeholders, ensure accounting transparency, and implement the highest standards in compliance and fair trade.



4

Kyobo Life voted best company by leading financial consumer protection survey

Kyobo Life's financial consultants and employees remain dedicated to protecting customers and, as a result, Kyobo Life was voted the best life insurance company for three consecutive years in the annual financial consumer protection survey conducted by Financial Supervisory Services. Kyobo Life received the top rating in 8 out of 10 categories - including the number of complaints addressed, and organization and programs for consumer protection, thereby placing itself ahead of its competitors and gaining a reputation as the best company in the field of customer protection.

Kyobo Life ranked 1st in Korea Sustainability Index's life insurance business category for 7 consecutive years

Kyobo Life was once again rated No. 1 in the Korea Sustainability Index's life insurance business category in 2016. The rating indicates that Kyobo Life sets an example for the rest to follow in sustainability management, and it is particularly noteworthy that the company has won first place in the Index for the past seven years, ever since the life insurance business became subject to the evaluation in 2010. Kyobo Life's key attributes include its leadership in customer protection, and its efforts to eliminate potential sources of customer complaints and to enhance transparency in the conduct of its corporate activities.



3

Moody's awards Kyobo Life industry's highest credit rating with A1 for two consecutive years

Moody's, a leading global rating agency, rated Kyobo Life as A1 (stable) in 2015 and again in 2016. The rating is meaningful because Kyobo Life Insurance was rated A1 once again despite prolonged low interest rates and the global economic slowdown, indicating that the company is globally recognized for its financial soundness and risk-management ability. Major global financial companies such as Goldman Sachs and Morgan Stanley were also rated A1. Kyobo Life is the only insurer in Korea to be assigned such credit rating.

Proactive responses to the scheduled introduction of IFRS17 and Solvency II

Ahead of the adoption of International Financial Reporting Standard 17 (IFRS 17), a new set of insurance contracts standards, in 2021, the industry is concerned about the scope and the impact of the new standards, and how it will respond to them. In addition, the financial regulators have announced that capital regulation will be further tightened with the scheduled implementation of Solvency II, a new and stricter set of capital requirement rules. In response to the upcoming change, we set up a task force in April 2015 to deal with the impact of the IFRS in a proactive manner,

6 and is currently in the process of creating a new management infrastructure to accommodate the changes and requirements that the new standard will entail.

Kyobo Life launches a string of innovative products and possesses the largest number of exclusive rights for use*

In 2016, Kyobo Life's focus remained firmly centered on developing innovative products and making product-related services even more competitive. As a result, the company rolled out a series of new products, including Kyobo Hybrid Variable Whole-Life Insurance (no dividend), Kyobo Premier CI Insurance (no dividend), and Kyobo Health Plus Variable Whole-Life Insurance (no dividend). These products were considered original and innovative, enabling Kyobo Life the right to acquire the proprietary right to use them. Kyobo Annuity Insurance II (no dividend) developed under the slogan, 'The plan that keeps your dream alive', and Kyobo Premier CI Insurance added two more exclusive rights for use in 2016 alone. With a total of 14 exclusive rights for use, Kyobo Life is No. 1 in the industry.

* Refer to details in page 27.

8

'Kyobo Smart On' makes customer protection mobile

In 2016, Kyobo Life released 'Kyobo Smart On', an upgraded version of the existing smart sales support application. The most salient feature of the new application is that customers' consent can be obtained via a smart phone. Previously, sales agents had to obtain the customers' consent via Kyobo Dream On or on paper on 7 separate occasions, including applications for customer services and insurance plans. The new application makes it possible for customers to give their consent via a smart phone. It also makes it easier for customers to review the details prior to giving their consent, and provides higher security and reliability in using the key sales support features of the previous application.



Kyobo Life's proven asset management know-how wins it the Korea Asset Management Award

Kyobo Life won the grand prize at the Korea Asset Management Awards in June 2016. The award represents recognition from the financial authorities and experts in academia of the company's superior ability to effectively manage assets and thereby generate consistent profits. This recognition is a result of strenuous efforts to adhere to the principle of ensuring stability and creating longterm profit in managing assets, and to strike a sound balance between risk management and profit generation. Kyobo Life was also chosen as the winner of the award because it maintained the lowest nonperforming asset ratio while maintaining profits from its invested assets at a steady rate, and because, unlike any other company in the industry, it operates an independent compliance unit for its asset management business.

Smarter Business Environment - ezNet and Mobile ezMore

10 Kyobo Life's Internet-based business environment was made even smarter and safer with the launch of Mobile ezMore, which allows employees to access, from anywhere and anytime, ezNet and ezMore, which separate Kyobo Life's external Internet network and internal business network. Now, Kyobo Life's employees can access external Internet services via ezNet instead of their personal computers in order to protect customer data and other sensitive business data from hacking attacks. In addition, Kyobo Life launched an expanded and upgraded version of mobile ezMore that all employees can to work and communicate faster and more efficiently.

9

The Gwanghwamun Billboard Heralds the Changing of the Seasons

Originally set up at the Gwanghwamun intersection in 1991, the Kyobo Life message billboard displays messages of love and hope with the changing of the seasons. In addition to the board set up on the Kyobo Life building in Gwanghwamun, similar boards can be found on the Kyobo Tower in Gangnam, Seoul and on the Kyobo Life building in Jeju, serving as an effective medium for sharing Kyobo Life's ideas with citizens.

The Four Seasons in Gwanghwamun 2016



Spring

The message on the board expresses the idea that as life gets busier, we should take the time to recognize and appreciate everything that is precious to us, and always remain modest and considerate of others in our life.



Summer

In this modern age, people are obsessed with convenience and speed. In order for us to be able to feel and appreciate what is beautiful and precious in our hectic lives, what we need is the wisdom to pause for a moment and take a good look around us.



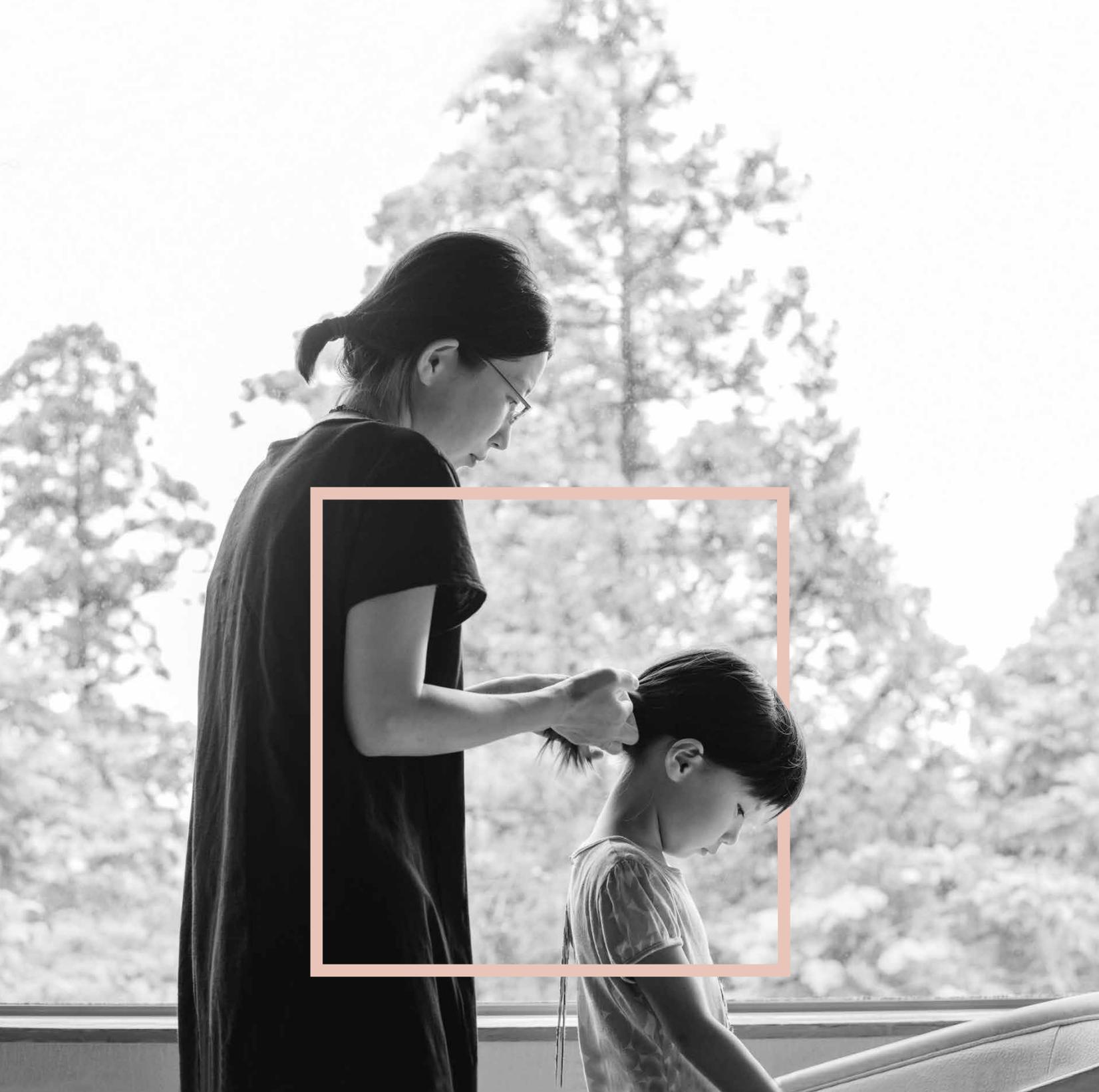
Autumn

Sometimes the things we are so familiar with, and which as a consequence we allow to pass us by without paying them any attention, can suddenly look very different and give us much consolation. The message says that we need to be more aware of the small things in our everyday life and be grateful to them for being there, as these small things constitute our days and our very life.



Winter

As the year nears its end, let's look around to see if there are people who need our attention and help. Reach out a helping hand first and give hope to those in need.



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Company Overview

Kyobo Life was founded in 1958 under the philosophy of promoting education for people and creating national capital. Kyobo Life has been guided by its founding mission of 'helping people to overcome future adversities through mutual assistance and thereby fulfill their life-long dreams.' Under Vision2020, Kyobo Life is striving to become 'Korea's most innovative life insurance company in product and distribution.'

Company Facts

General Information

Company Name

Kyobo Life Insurance Co. Ltd

Establishment Date

August 7, 1958.

CEO

Chang-Jae Shin (慎昌宰)

Head Office

Kyobo Building, 1, Jong-ro
(Jongro 1-ga), Jongro-gu, Seoul,
Korea

Personnel



4,275 persons



17,870 persons

Organization



Head Office

3 Officers 4 Profit Divisions
5 Value Divisions 52 Teams

Sales

11 Divisions 2 Departments

Operation Locations

Kyobo Life has 588 branch offices and 59 customer PLAZAs in Korea.

588
Offices

59
Customer
PLAZAs

Credit Ratings

International

A1

Moody's

A+

Fitch

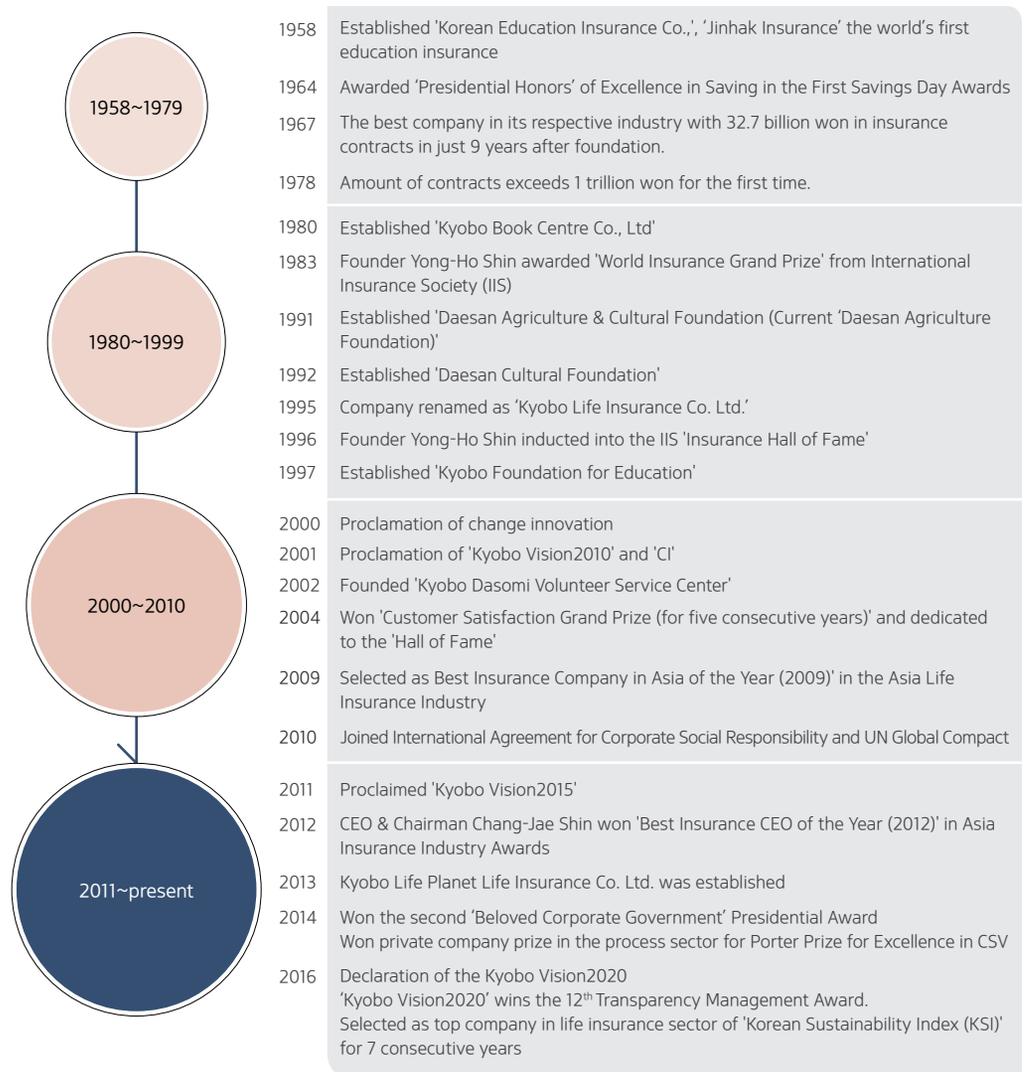
Domestic

AAA

National Information & Credit Evaluation
| Korea Investors Service | Korea Ratings

Corporate History

Firmly rooted in the belief that “education is the key to the future of the nation”, Kyobo Life has been leading Korea’s insurance industry for the past 58 years, and continues to blaze a trail with its know-how.



Affiliated Companies

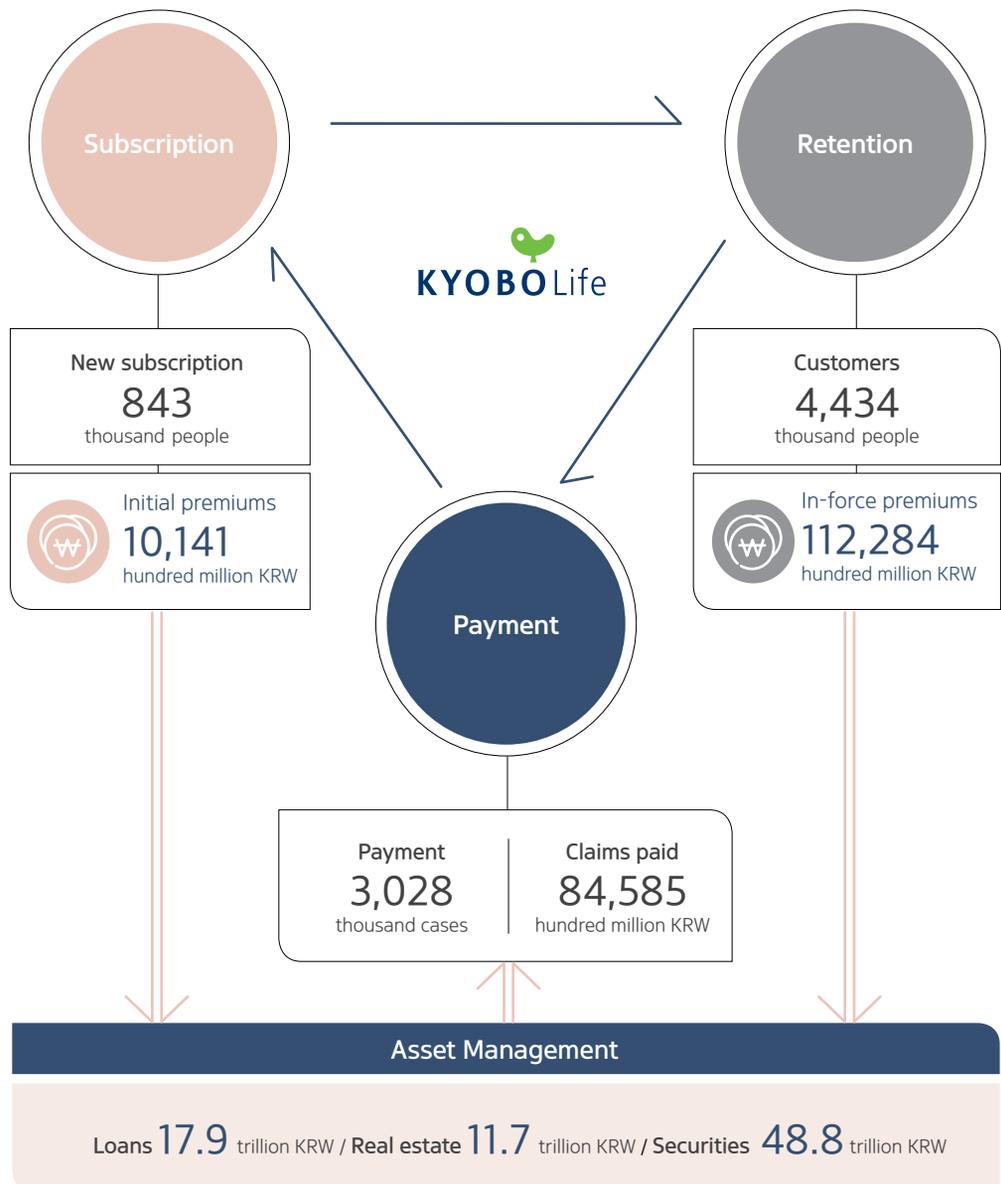
Kyobo Life has twelve affiliated companies that operate mainly in the life insurance sector. The synergistic effects that Kyobo Life and its affiliated companies create through organic exchanges help enhance the brand value and corporate value of Kyobo.



Business Overview

Life Insurance Business Process

The life insurance business process comprises the following three stages: subscription, retention, and payment. In the subscription stage, Kyobo Life conducts life cycle planning, and devises and recommends the best plan in accordance with the needs and financial abilities of our customers. In the retention stage, Kyobo Life explains the details of a contract and the benefits of the contract, and helps customers to handle contract-related matters. In the claim payment stage, the benefits promised in the insurance contracts are paid to help customers in their times of need. The premiums paid by customers are managed according to a long-term strategy with the focus on stable returns. As of the business year 2016, Kyobo Life closed a total of 843 thousand new contracts, provided retention services to 4,434 thousand customers, and paid out 84,585 hundred million KRW in 3,028 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, Kyobo Life specializes in family life guarantee and senior citizen life guarantee products which pertain to Kyobo's roots in life insurance industry to help customers prepare for and manage future risks.

Insurance Products



Integrated CI Insurance

Integrated CI Insurance covers a whole family with a single contract. CI (Critical Illness) insurance combines the advantages of health insurance and life insurance. It pays out part of the benefits in the event of illness and the rest upon the insured's death.



Pension · Deposit Insurance

Pension insurance is used by customers who wish to accumulate assets and enjoy a better life after retirement. Policy holders can either determine the payment period or choose to receive a pension up until death. Deposit insurance can serve as an instrument to build assets or save money for specific purposes.



Whole Life · Term Insurance

Whole Life · Term Insurance pays benefits to the beneficiary at the time of the insured person's death. There are different types, such as universal whole life insurance, which provides premium adjustments and advance payment options, and term life insurance, which covers a specific period of time.



Education · Child Insurance

Education insurance is intended to help parents save money for their children's education. The policy holder can receive benefits each year to support education according to the age of the child, and special options may be included in the contract to protect the insured child against such risks as disability, accident and illness. Child insurance offers stronger coverage for accident, illness, or disability.



Health · Accident Insurance

Health insurance pays benefits when the insured is diagnosed with an illness or undergoes surgery. Long-term care insurance provides protection for the conduct of daily life or dementia. Accident insurance covers risks against accident or disaster. Fee-for-service health insurance covers the actual cost of medical services.



Retirement Pension Insurance

Retirement Pension Insurance 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).

Stakeholder Engagement

Kyobo Life has identified five major groups of stakeholders according to their legal responsibility and impact on business activities, and is striving to fulfill Kyobo Life's philosophy of "pursue shared growth with all stakeholders."

Channels of Communication with Stakeholders

Kyobo Life operates various channels of communication to gather opinions from its five key stakeholder groups, namely, customers, financial planners, employees, investors, and government · communities.

Stakeholders	Communication Channels
 Customers	Website, customer panel, special events for premium customers, etc.
 Financial planners	Website exclusively for financial planners, support for high-performing financial planners, various meetings for financial planners, etc.
 Employees	Intranet, newsletter, labor-management meetings and council, etc.
 Investors	IR section on the company website, shareholders' meetings, board of directors' meetings, IR activities, etc.
 Government & Communities	Website (social contribution section), Kyobo Dasomi Volunteer Service Center, meetings with business partners, etc.

Experts Meeting



Meeting Overview

Date and Time October 17 (Mon), 2016, 15:00~17:00
Location Council Chamber, 17th Floor, Kyobo Life Gwanghwamun Head Office
Moderator Representative Se Woo Jung (THE CSR)
Participants Jae-Seong Gwak (Professor, Kyung Hee University); Jong-Sun Park (Director, Sejong Education Institute); Jong-O Lee (Director General, Korea Sustainability Investing Forum); Jong-Hui Han (Senior Manager, CJ Logistics); Mi-hui Hong (Director General, Meerae Forum); Shin-Ae Hwang (Executive Director, Korea Association of Fundraising Professionals)
Topics Kyobo Life's sustainability management system and future strategies, review of the FY2015 Sustainability Report.

Jae-seong Gwak

"Kyobo Life needs to conduct global CSR activities that are compatible with the nature of its business..."
 "Kyobo Life's impressive global SCR activities are best represented by the Hope Tree Project in Vietnam. Kyobo Life has unique stories to tell, based on the founder's legacy as a national independence activist, the founding philosophy of developing human resources for the nation through education insurance, and superior financial planning ability. Now, Kyobo Life must take one step further and raise its international profile by making specific moves to let the global community know about its core strengths."

Jong-Sun Park

"Partnership with local governments in performing CSR programs..."
 "I am impressed by Kyobo Life's dedicated efforts to communicate with stakeholders according to the principles of sustainability management. If Kyobo Life can find a common denominator that can bring together the company and local governments, and create a system of closer cooperation on CSR activities involving government and local communities, both parties can share their resources and save costs, further enhancing efficiency."

Stakeholder Survey

Category	Method	Purpose	Period	Content Summary
 Customers	Satisfaction	To assess customer satisfaction with Kyobo Life and major rivals, and to work out ways to enhance the level of satisfaction.	Sept.- Oct. 2016.	<ul style="list-style-type: none"> Assessment of customer satisfaction with Kyobo Life vs competitors Corporate image Satisfaction with insurance products
	Brand	To measure the company's brand power and obtain data that can be used for strategic brand management.	Sept.- Oct. 2016.	<ul style="list-style-type: none"> Company awareness and customer loyalty. Brand image of life insurance Survey on how customers use life insurance companies
 Financial planners	Satisfaction	To assess the competitiveness of planners' activities and devise ways to improve customer satisfaction.	Sept.- Oct. 2016.	<ul style="list-style-type: none"> Assessment of customer satisfaction with financial planners Identification of strengths and weaknesses that affect the competitiveness of financial planners' activities Identification of complaints and needs of financial planners
 Investors  Government & Communities	Reputation	To improve the company's reputation, based on the results of surveys on the company and the CEO.	Oct.- Nov. 2016	<ul style="list-style-type: none"> Reputation of life insurance companies and CEOs (awareness/likability) Channels through which insurance-related information can be obtained

Management Information Session for Employees

Kyobo Life holds management information sessions to explain key business issues to employees and thereby improve their understanding of those issues and to facilitate two-way communication between the management and employees.

Date and Time	2 July 15, 2016 (Two sessions at 10:00~11:00 and 15:00~16:00)
Location	Convention Hall, 23 rd floor, Head Office
Content	H1 2016 results and business environment



Jong-Hui Han

"A specific roadmap for socially responsible investment is necessary..."
 "Kyobo Life's unique principle of focusing on family, money and health seems idealistic. However, socially responsible investment (SRI) should entail investments in areas that can bring about desirable social changes. It seems necessary to create a manual and a roadmap that show how the company's businesses and CSR are linked, and to think about how issues of sustainability management should be reflected in the way the company is managed."



Mi-hui Hong

"A comprehensive review of all CSR programs is necessary..."
 "Kyobo Life conducts its CSR activities in a consistent manner according to its promises and principles. Nevertheless, Kyobo needs to link its management goals to the performance targets of its stakeholders, and monitor how these two sets of goals interact. Since many resources are invested in SCR programs, a comprehensive review is required to ensure that due efforts are being made to design and implement new projects in tandem with the changing trends of the time."



Jong-O Lee

"Issues of diversity warrant attention..."
 "Kyobo Life provides the support that people need to reach their potential instead of simply offering financial assistance, and does so on a continuing basis. In this sense, Kyobo Life's SCR programs are desirable. Since CSR projects involving government organizations may sometimes lack continuity, it will be more effective if the company work with civic groups for its CSR activities. In addition, more attention should be paid to such issues as work-life balance and gender diversity."



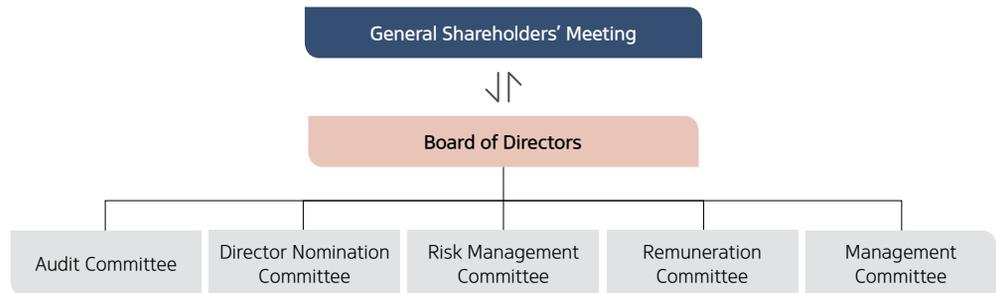
Shin-Ae Hwang

"Pay more attention to the near-poverty class..."
 "Most of our CSR programs tend to focus on the lowest-income class. However, it is necessary to pay attention to people caught in the near-poverty class, which receives relatively less attention, in order to set goals that help them build stronger bonds with people of other social classes."

Governance

Kyobo Life believes that a stable, efficient, and transparent governance structure is required to ensure the company's sustainable growth while simultaneously promoting the rights and interests of various stakeholders in a balanced way. Kyobo Life's core decision-making bodies are the general shareholders' meeting and the board of directors, and outside directors are actively involved in monitoring corporate activities. In addition, the company appoints compliance officers and operates an audit committee to ensure thorough internal control, with the ultimate goal of raising Kyobo Life's corporate value.

Corporate Governance Chart

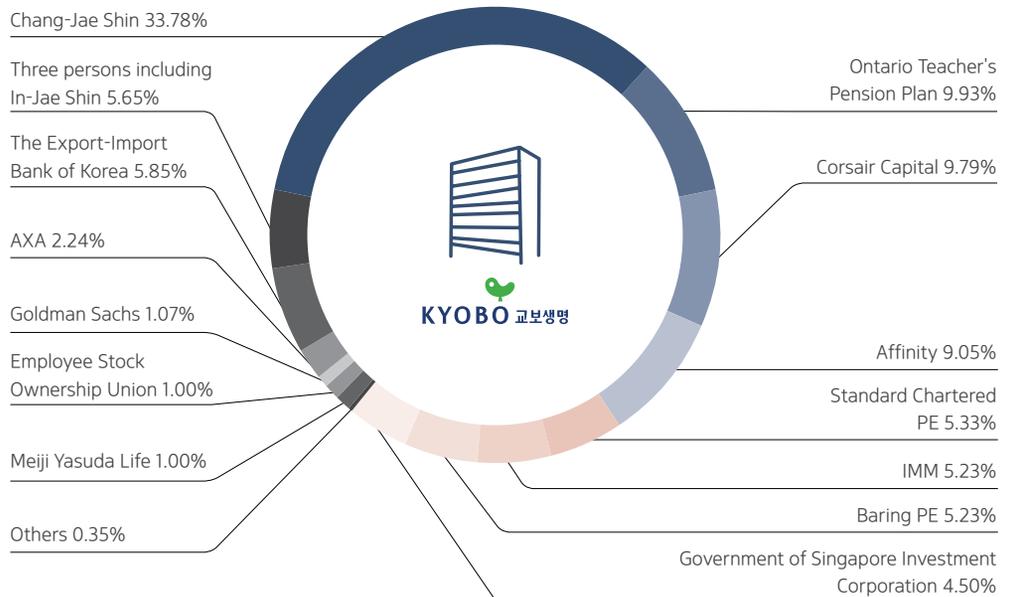


※ Kyobo Life publishes 'Annual Report on Corporate Governance' in accordance with the 'Act on Corporate Governance of Financial Companies.' The details of Kyobo Life's corporate governance can be found on the corporate website (www.kyobo.co.kr).

Ownership Structure

Kyobo Life has a transparent and clear ownership structure. The largest shareholder is CEO and Chairman Chang-jae Shin, who holds 33.78%, and the majority shareholders have remained unchanged for the last three years.

Shareholders



Board of Directors

The board of directors sets and controls the company's management goals and key strategies, with the aim of implementing transparency management as the backbone of sustainable growth. The board supervises how the company is run by the management and supports the management at the same time.

Composition I According to the articles of incorporation, the board should be composed of four or more members. The current board is composed of six directors (two inside directors and four outside directors), all of whom must pass the "fit and proper" test as required under the relevant laws, including the Insurance Business Act, before being appointed at a general meeting of shareholders. In particular, outside directors are nominated by the Director Nomination Committee from among outside experts who possess professional expertise and who do not have any interest in the company, and undergo a strict and fair screening process. All these steps are intended to ensure transparency in the company's management.

Committees within the Board of Directors

Committee Name	Roles
Audit Committee	Evaluate and improve management performance and adequacy of overall internal control systems
Director Nomination Committee	Recommend CEO, outside director and auditor candidates with expertise and qualifications that fit the company's strategic targets
Risk Management Committee	Establish basic policy and key policies on risk management, and approve management strategy based on risk
Remuneration Committee	Design and implement compensation system for executives in connection with risk
Management Committee	Decision-making on important issues such as long and short term management policies and establishment of management plan

Composition of Board of Directors

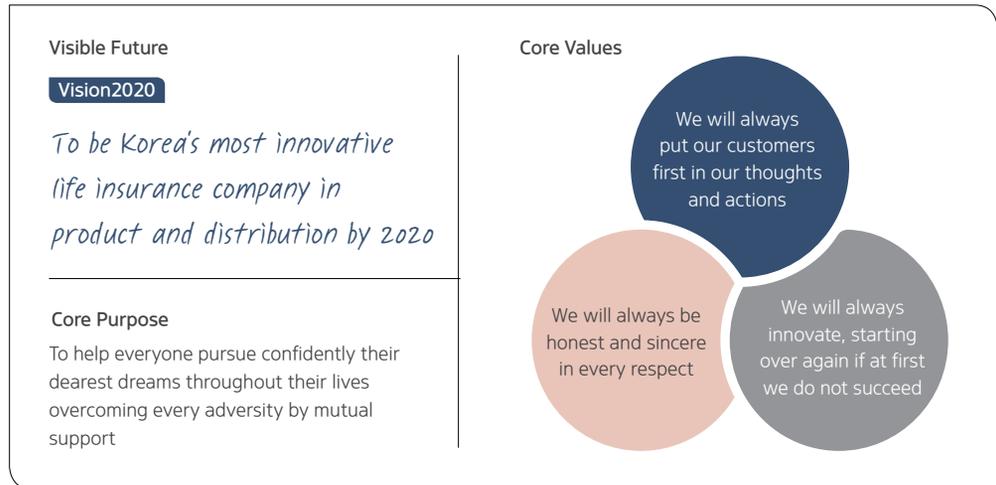
Category	Name	Position	Area of expertise
Directors	Chang-Jae Shin (Born 1953)	CEO and Chairman of the Board of Directors	-
	Seok-ki Lee (Born 1965)	Management Support Director/In Charge of Capital Management	-
Outside directors	Jung-Hyo Lee (Born 1946)	Former chairman of the Daesan Agriculture Foundation/Kyobo Foundation for Education	Business administration, Accounting
	Young-Taeg Park (Born 1959)	Affinity Equity Partners, Chairman	Finance, Accounting
	Hari R.Rajan (Born 1977)	Managing Director and Partner, Corsair Capital	Finance
	Seong-Sik Hwang (Born 1956)	President, Samchully Corp.	Business administration, Accounting

Evaluation & Remuneration of Executive Management I The remuneration of the executive management is determined based on the evaluation of performance against annual targets in each area, as reported to the board of directors at the end of each business year. The remuneration of directors is determined at a general shareholders' meeting and the details of remuneration of outside directors are disclosed at our website (www.kyobo.co.kr >> Disclosures >> Governance Disclosures).

Vision and Strategy

Vision2020: Korea’s Most Innovative Life Insurance Company in Product and Distribution

Kyobo Life has established a new vision of becoming Korea’s most innovative life insurance company in product and distribution by 2020. Under the new vision, Kyobo Life will strive to attain its core goal of helping people to overcome future adversities and pursue their dreams without disruption by financial hardships, based on the principle of mutual assistance. To this end, Kyobo Life will think and act from the perspective of customers, uphold the principles of honesty and sincerity as Kyobo Life takes full responsibility for the results, rises to new challenges, and not allow the fear of failure to discourage the company from trying again.



2016 Business Environment and Responses

In order to proactively respond to future changes and realize Kyobo Life’s Vision2020, Kyobo Life analyzes the constantly changing industry trends and business environment, identifies potential risk factors, and derives business potential from various opportunities.

Changing Business Environment	Implications & Future Responses	2016 Business Plans & Key Tasks
<p>Society</p> <ul style="list-style-type: none"> • Low birthrate and aging society. • Decline of economically active population and rising elderly population. • Increasing no. of single-person households. 	<ul style="list-style-type: none"> • Expand sales of products for family life guarantee by implementing stronger marketing campaigns with the focus on customer guarantees. • Build efficient systems and take greater advantage of IT technologies. • Defend holding period return (HPR) from falling amid low interest rates. • Manage assets in response to increasing volatility in financial markets. Strengthen response to regulatory capital regulations 	<p>“Start! Product & Distribution Innovation”</p> <ul style="list-style-type: none"> • Efficient delivery of customer tailored products • Achieve distribution innovation through aggressive sales efforts • Continue dissemination culture of customer protection and solidi VOC management basis • Keep the holding period return steady by diversifying the asset portfolio. • Enhance preparation and responsiveness to changes in the business environment
<p>Economy</p> <ul style="list-style-type: none"> • Prolonged trend of low interest rates. • Uncertainties persist both at Korea and abroad due to possibility of interest rate hikes and economic hard landing. • Economic growth rate remains stagnant due to shrinking consumption and sluggish domestic demand. 		
<p>Politics</p> <ul style="list-style-type: none"> • Prudential regulation is getting stronger. • Channel competition is intensifying, and regulatory easing over product prices and asset management is triggering competition within the market. 		
<p>Technology</p> <ul style="list-style-type: none"> • Use of FinTech and Big Data is anticipated to increase, and changes to related laws are expected. 		



Kyobo Life's Values

- | | | | |
|----|---|----|---|
| 20 | Kyobo Life's Value Chain / Economic Value Creation and Distribution | 36 | - Expand Training Programs and Self Development Opportunities for Employees |
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| 25 | 2016 Top 5 Stakeholder Issues | 45 | - Social Contribution Activities Reflecting the Nature of the Life Insurance Business |
| 26 | - Enhance Customer Satisfaction Activities | | |
| 30 | - Support for Enhancing on Financial Planner's Competence | | |

Kyobo Life's Value Chain / Economic Value Creation and Distribution



Product-Service (Emotional stability / Financial guarantee)

Insurance premium (trust)



Product service information / Support for competency improvement

Talent / Work effort



Services for performance generation and competency enhancement

Talent / Work effort



Performance

Capital



Participate in regional development

Shared Growth



Others

Kyobo Life's value chain includes all of stakeholders, and shows how Kyobo Life gets not only investors, but also customers, financial planners, employees, government and communities, involved in the process of creating and sharing values.

2016

Reserve Funds for Claims
135,204
hundred million KRW

Customers put their trust in Kyobo Life by choosing the company's products and services and by entrusting their funds to Kyobo Life, and Kyobo Life reinvests and manages funds responsibly and safely.

Fees, Training costs
6,704
hundred million KRW

Kyobo Life gets involved in, and shares values with, communities by paying taxes, conducting social contribution activities, and local procurement. The economic values that Kyobo Life creates through business activities, including premium income from insurance sales, and gains from investment and the management of assets, are distributed to key stakeholders.

Wage, Welfare and benefit costs, etc.
4,318
hundred million KRW

Kyobo Life recruits talented employees and benefits from talent, and in return provides the employees with a variety of services designed to help them produce results and enhance their competences.

Dividends
769
hundred million KRW

Kyobo Life obtains capital from shareholders and investors, and allocates the capital to different businesses to create the best possible results.

Taxes / Donations, etc
4,197
hundred million KRW

Kyobo Life gets involved in, and shares value with, communities by paying taxes, and engaging in social contribution activities, local procurement, etc.

Others
5,248
hundred million KRW



Value chain



Distribution of value



Unit: trillion KRW

Investment profit

3.4

+

Premium income

12.2

=

Total revenue

15.6

Creation of economic value:
The economic values that Kyobo Life creates through business activities, including premium income from insurance sales, and gains from investment and asset management, are distributed to key stakeholders.

Sustainability Management Framework

Kyobo Life’s sustainability management is based on two pillars: the philosophy of sustainability management, which consists in seeking shared growth with all stakeholders; and Vision 2020, by which the company strives to achieve product and distribution innovation and thereby become the No. 1 life insurance company in Korea. Kyobo Life has categorized stakeholders who are closely related to Kyobo Life into groups, and defined Kyobo Life’s promises to each group of stakeholders accordingly. Kyobo Life’s sustainability management includes the fulfillment of these promises. The sustainability management system that Kyobo Life is implementing consists of the promises that Kyobo Life makes to stakeholders, the principles according to Kyobo Life fulfills those promises, and the key performance indicators (KPI) by which the company evaluates how well those principles have been followed.



* Persistency rate(13th Month) : (Contract maintenance fee / Underwriting fee)×100
 * Market share rate is based on Premium Income as of November 2016
 * 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
 * Return on Equity (ROE) : Net Income / {(Capital at the Start of Period + Capital at the End of Period) / 2} × 100, based on consolidated financial statements
 * Risk Based Capital (RBC) : Available capital for insurance claim payments (payment capacity) / Required capital for risk management (RBC total risk)×100, based on consolidated financial statements

For Kyobo Life's Stakeholders

Our Promises

Our Principles

KPI



Company that provides optimum insurance coverage and on-going services

- ① We will listen to the customers and manage the company from the customers' perspective.
- ② We will enhance service quality throughout the policy life cycle, from underwriting to persistency and benefits payment.

Persistency rate (13th Month)* **80.0%**
 Customer satisfaction level **76.4** points
 Market share rate* **10.3%**



Company that succeeds together with our financial planners

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

Financial Planner satisfaction level **71.0** points
 Financial Planner settlement ratio (13th Month)* **43.8%**



Company that grows together with our employees

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

Training hours per person **89** Hours
 Competency development cost per person **159** thousand won



Company that is attractive to investors

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

Return on equity(ROE)* **7.0%**
 Total assets* **96.7** trillion KRW
 Risk based capital ratio(RBC)* **233.9%**



Company that grows together with the government and communities

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

Social contribution ratio*/amount **4.2%/214** billion KRW
 Weight of Socially responsible investment (SRI) (proportions) **8.8%**
 Energy consumption **18,319** TOE*

* Total assets : Based on consolidated financial statements

* Social contribution ratio : Amount of social contribution / Net Income, based on consolidated financial statements.

* 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.

※ Sustainability Management Video & Newsletter

Sustainability Management Video

In order to help Kyobo Life’s external and internal stakeholders understand the concept of sustainability management, Kyobo Life has produced a video about sustainability management. The video explains Kyobo Life’s sustainability management philosophy of “shared growth with all stakeholders,” its promises to its stakeholders, and the principles followed by Kyobo Life in its sustainability management.



* The sustainability management video can be found at Kyobo Life’s website (www.kyobo.co.kr) or on YouTube. (Type “Kyobo Life’s sustainability management” in the search box.)



: Sustainability Management Newsletter

Sustainability Management Newsletter

Kyobo Life publishes the “Sustainability Management Newsletter” every month to keep its stakeholders up to date with the latest trends and information on sustainability management and to share the company’s sustainability management activities with its financial planners and employees.

Sustainability Management Newsletter Contents

Kyobo Story	Neighbor Story	Classic Literature
A forum of communication designed to introduce and explain Kyobo Life’s latest sustainability management activities.	A section that introduces cases of Kyobo Life’s sustainability management at home and abroad	A section that presents maxims and proverbs from the Classics which are useful and relevant to life

2016 Top 5 Stakeholder Issues

Kyobo Life's Management Method for Customers



Performance Management Framework for Customers

our pledges to Customers

A company that offers superior customer protection

- We shall listen closely to the voices of customers and strive to run our business from their viewpoint.
- We shall be constantly trying to enhance the quality of all our services, from insurance policy purchase to retention to payment.



Key Customer Related Issues

- Enhance customer satisfaction activities
- Customer-centered management.
- New product launches.
- Respond to range of customer requirements.
- Efforts for the protection of customer information



Key Customer Related Performance

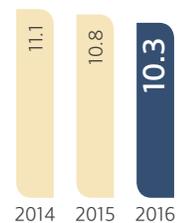
Persistency rate* (13th month) (%)



Customer satisfaction level (points)



Market share rate** (%)



Key Activities in 2016

- Speedy delivery of customer tailored products
- Achieve channel innovation through aggressive sales efforts.
 - 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
- Prevent customer complaints through purchase of complete plan and provision of superior retention services
- Effectively respond to the results of consumer protection surveys



Key Future Tasks

- Make the value of our products and services more competitive.
- Continue to expand the network of channels, based on honesty and a hard-working attitude.
- Strengthen the ability to propose the value of retention.
- Increase activities driven by hard work-based sales efforts.
- Implement pioneering measures for greater customer protection.

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

** Market share rate is based on Premium Income as of November 2016.

Enhance Customer Satisfaction Activities

Customers are the core stakeholders in the realization of Kyobo Life’s Vision2020 of becoming Korea’s No. 1 life insurance company through product and distribution innovation, which Kyobo Life established in 2016 to ensure the sustainable growth of the company. To this end, Kyobo Life will mobilize all resources consistently over the next five years so as to create tangible results.

Kyobo Life is stepping up efforts to develop products and services that meet the varying needs of customers, and to provide customer satisfaction that exceed the customers’ expectations throughout the stages of initial policy purchase, retention, and benefit payment.

As a global trend, the financial paradigm is shifting toward strengthening consumer protection, amid rising social demand for improving the rights and interests of financial consumers. Kyobo Life is running the organization dedicated to protecting financial consumers as its top priority, in an effort to uphold the core value of customer-centered management.

Customer-Focused Product Innovation

As one of Kyobo Life’s major steps toward realizing Vision2020, Kyobo Life is currently pushing ahead with product innovation. Product innovation means enhancing the competitiveness of products and product-related services. Significantly improving Kyobo Life’s product competitiveness is critical to cope with the rapidly changing business environment in a flexible manner. In addition, it is also important to develop and offer creative products in a timely manner, and to gather and capitalize on a variety of ideas from both inside and outside the company.

Product Innovation Ideas Contest | As production innovation cannot be achieved by a single team or individual working alone, the key is to create a corporate culture in which all members of the organization are encouraged to pursue innovation in their daily routine on an ongoing basis. In this context, Kyobo Life held a company-wide contest in which all employees were invited to submit their ideas for “product concepts for customer value innovation.” The selected ideas will be used in the development of new Kyobo Life products.

Development and Rollout of New Insurance Products | When Kyobo Life develops new products, we focus on creating insurance products that cater to the changing needs of customers according to each life stage. In 2016, Kyobo Life’s renewed efforts to develop new products tailored to the needs of customers resulted in the launch of diverse new products.

Major New Products

NEW

No-Dividend Kyobo Fit-My Lifestyle Insurance (renewable)

Do It Yourself (DIY) insurance plan allows policyholders to choose and select the elements of coverage they need just as they would choose and assemble a piece of DIY furniture.



No-Dividend Kyobo Personalized Health Insurance (simplified notification/renewable) Customers who are elderly or have a record of illness can purchase No-Dividend Kyobo Personalized Health Insurance plan upon passing a simple screening test.

No-Dividend Kyobo Health Plus Variable Whole-Life Insurance No-Dividend Kyobo Health Plus Whole-Life Insurance plan offers much wider coverage including lump-sum payment of benefits upon death, and advance payment upon diagnosis of 3 major diseases and/or medical conditions that require long-term hospitalization or care.

No-Dividend Kyobo Hybrid Variable Whole-Life Insurance Provides a better financial security in later years by paying benefits during the life after retirement in addition to benefit payment at death,

Timetable for Product Innovation Ideas Contest

Submission	1st Review (Product Experts Group)	2nd Review (Customer Panel)	Final Review & Selection of Winner (Executives Panel)
May ~ July, 2016	July ~ August	August ~ September	November
<ul style="list-style-type: none"> • 1,358 entries submitted in total • 362 entries submitted by teams or groups, and 996 by individuals 	<ul style="list-style-type: none"> • Entries by teams (CoP) <ul style="list-style-type: none"> - Head Office : Product Experts Group - On-the-Spot Review: Individual Business Divisions (Channels) review entries Product Experts Group • Entries by groups and individuals Reviewed by Product Experts Group (8 members) 	<ul style="list-style-type: none"> • The Customer Panel (20 members) reviews entries and the Marketing Planning Team joins the review. * Presentations of individual entries 	<ul style="list-style-type: none"> • Review by the Executives Panel. • Determine prizes and levels of awards. * Presentations of individual entries and Q&A sessions

Positive Effects of Product Innovation: Obtained Exclusive Rights for Use of New Products

Exclusive right to use is intended to protect the initial interests of the developer company of a new product for a fixed period of time. 'Kyobo Keep-Your-Dream-Alive Pension Insurance II' was recognized for originality and usefulness by applying the concept of a whole-life pension for the bereaved family, 'No-Dividend Kyobo Premier CI Insurance (with insurance payment guarantee fee)' was also considered original and useful because the product covers pre-CI stage illnesses and offers a new illness management service, the industry's first 1:1 customized healthcare service for individual illnesses so as to prevent them from developing into critical illnesses. Kyobo Life currently holds a total of 14 exclusive rights to use, the largest number in the industry. All the employees of Kyobo Life will act as agents of product innovation so as to keep developing creative products and work together to further enhance the competitiveness of its products.



: Kyobo Keep-Your-Dream-Alive Pension Insurance II (no dividend)
: No-Dividend Kyobo Premier CI Insurance (with guarantee fee)

14 Products with Exclusive Rights to Use

- Family Account Insurance (no dividend, 2002)
- Kyobo Dasarang Life Insurance (no dividend, 2003)
- Kyobo Edu K Insurance (no dividend, 2004)
- Kyobo Group Disability Income Insurance (no dividend, 2005)
- Kyobo Life Care Insurance (no dividend, 2006)
- Kyobo My Child's Future Care Variable Pension (no dividend, 2007)
- Kyobo CI Whole-Life Insurance (no dividend, 2008)
- Second CI Coverage Special Policy Conditions (renewable type) (no dividend, 2010)
- Kyobo My Child Healthcare Insurance (no dividend, 2012)
- Kyobo Love for Grandchildren Insurance (no dividend, 2013)
- My Future Pension Plan - Kyobo Variable Pension Insurance (no dividend, 2014)
- My Love for Family- Kyobo New Whole-Life Insurance (no dividend, 2015)
- Keep-Your-Dream-Alive Kyobo Pension Insurance II (no dividend, 2016)
- Kyobo Premier CI Insurance (no dividend, 2016)

Next-Generation System 'Insurance System V3' | Kyobo Life embarked upon the construction of Insurance System V3 in order to cope with changing customer needs, diversification of products and distributions, and evolving communication and information technology. Since 2012, Kyobo Life has been taking innovative steps to overhaul business processes for marketing, sales, insurance products, policy sale, retention, and benefit payment in all key business areas including retail lending, retirement pension, trusts and funds, so as to become more customer- and profit-focused. Insurance System V3 which is scheduled to open in November 2018, will offer op-

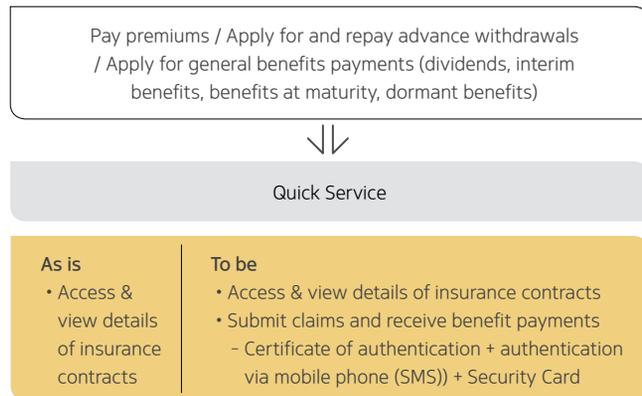
timized products and services to customers and equip Kyobo Life with a future-oriented IT infrastructure that will enable us to remain flexible in the application of new technologies.

Internet Window 'Quick Service' | The Internet-based Quick Service allows customers to make simple payment applications only with certification of authentication and SMS authentication via mobile phone. A security card is not necessary. Specific services available on Quick Service include premium payment, application for or repayment of advance withdrawals, and application for general benefits payments. Customers who wish to receive a small benefit payment or apply for a small advance withdrawal can do so at the 'Quick Inquiries' section of Kyobo Life's website. This service is especially meaningful in that Kyobo Life can help customers who are in need of financial assistance better and faster by making it quick and easy for them to receive benefit payments.



: Launching Report & Project Agreement-Signing Ceremony

Customers Benefits of Quick Service



Customer Satisfaction Survey | Kyobo Life has conducted its annual customer satisfaction survey since 2000 in order to assess the level of customer satisfaction with its services and identify the needs of customers so as to swiftly respond to changes among customers and in the market. The results of the 2016 survey show that customer satisfaction rose to 76.4 points, 3 points to 76.4 points from 2015.

Enhanced Efforts in Customer Protection

In 2016, Kyobo Life declared its management slogan “Start! Product & Distribution Innovation” and, as one of the key tasks in achieving this goal, promoted the growing culture of customer protection and set about establishing the foundation for VOC management.

Construction & Operation of ezNet, a Network- Separating System for Enhanced Customer Data Protection | Kyobo Life created ‘ezNet’ (<http://eznet.kyobo.co.kr>), a network-separation system in November 2016. ezNet is a word coming from combining “ez” from ezMore, Kyobo Life’s in- tranet, and “Net” for Internet business. Previously, Kyobo Life’s employees would access the Internet via their individual PCs in their offices, but now they are required to go through the virtual PC, ezNet, in order to gain Internet access. The introduction of ezNet is not only a matter of security, but also an opportunity for employees and planners to transform their working environment and the way they work. Kyobo Life plans to introduce more IT security solutions and policies as part of continuing efforts to protect corporate and customer data.



VOC Management Support | The Product & Distribution Innovation Ideas Lab analyzes the voices of Kyobo Life’s customers and comes up with ideas for improvement, thereby incorporating their voices into the company’s assets. VOCs are again sorted into two categories: customers’ suggestions and internal suggestions by employees, which are based on the voices of the customers. These propositions were reviewed and follow-up actions taken by a consultative group composed of the related teams.

Stricter Disclosures for Customer Protection | Kyobo Life’s website has a section titled “Customers’ Plaza” where, with just one click, customers can view all of the essential information on customer protection. The information in this section is regularly updated to protect customers’ right to know.



: Disclosures for consumer protection

Rated No. 1 in customer protection among life insurance companies: Chosen as the best company in the FSS financial consumer protection survey | Kyobo Life received the highest score in the insurance sector for two consecutive years in 2015 and 2016 in the financial consumer protection survey conducted by the Financial Supervisory Services (FSS), even though the survey has become even more demanding. The financial consumer protection survey is an upgraded version of the complaints survey that had been conducted since 2006. The survey provides a new barometer for measuring the consumer

protection capacity of financial companies. The survey consists of 5 measurable indicators including the number of complaints filed, the length of time for processing complaints, and financial accidents, and 5 non-measurable indicators including consumer protection organization and systems, consumer protection system in the stages of production development and sale, and disclosure of consumer-relevant information. The survey was conducted on 66 financial companies in different sectors, and 18 life insurance companies were included in the survey. Kyobo Life was rated “good” in 8 areas subject to evaluation and recognized as the best life insurance company in the survey.

Company	Good	Average	Insufficient
Kyobo Life	8	2	0
ALife	7	3	0
BLife, CLife, DLife	6	4	0
ELife, FLife	5	5	0
GLife	3	6	1

Lifelong Care Project

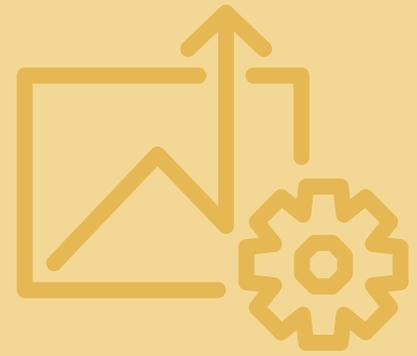
For the past six years since 2011, Kyobo Life has offered the Lifelong Care Service, a program that was launched based on Kyobo Life’s philosophy that ‘service to existing customers comes before new businesses’. As part of the service, Financial Planners regularly visit customers to explain the benefits of the policy they are under (KPI : number of customers who have experienced the service, rate of service-experiencing rate), and check for any accidents or illnesses that can be covered by their policies(KPI : unclaimed amount of accident insurance benefits). This service aims to resolve customer complaints on the lack of care from Financial Planners post-subscription to insurance policy(KPI : lapse rate). The Service symbolizes the system of services throughout the lifecycle of life insurance, from subscription, to persistency and to payment. In 2016, Kyobo Life focused on improving the quality of services and expanding the retention services from the customers’ viewpoint in order to offer personalized services that would set Kyobo Life apart from its rivals. Going forward, Kyobo Life will continue to focus on delivering the promise on ‘customer guarantee’, and customer tailored services to provide satisfaction beyond customer expectations.

Key KPI

	unit	2014	2015	2016
No. of customers who have experienced the service (Service users as % of total customers)	thousand person / %	2,345 / 74.6	2,464 / 78.8	2,516 / 81.2
Payments for unclaimed accident insurance benefits (Service users as % of total customers)	billion KRW	29.4	33.1	35.9
Lapse/cancellation rate (Annual cumulative total)	%	6.5	6.1	6.1

2016 Top 5 Stakeholder Issues

Kyobo Life's Management Method for Financial Planners



Performance Management Framework for Financial Planners

Our pledges to Financial Planners

A company that succeeds together with our Financial Planners

- We shall respect and trust financial planners as business partners.
- We shall set fair and reliable rules that will guide financial planners as they conduct sales and services.
- We shall provide support for financial planners to grow as insurance experts.



Key Financial Planners Related Issues

- Support for enhancing our planners' competence.
- Programs to support our planners' activities.
- Support for the sale of complete insurance contracts.



Key Financial Planners Related Performance

Financial Planner satisfaction level* (points)



Financial Planner settlement ratio* (13th month) (%)



Key Activities in 2016

- Continue to expand the network of distribution, based on honesty and a hard-working attitude
- Achieve channel innovation through aggressive sales efforts
 - 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
 - Prevent customer complaints. through purchase of complete plan and provision of superior retention services



Key Future Tasks

- Make the value of our products and services more competitive.
- Strengthen the organization and competence of our channels.
 - Continue to expand the network of channels, based on honesty and a hardworking attitude.
 - Strengthen the ability to propose the value of retention.
 - Increase activities driven by hard work-based sales efforts.
- Strictly follow the complete contract sale process and the rules of our policy-retention services.

* 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

Support for Enhancing on Financial Planner's Competence

Financial planners are the Kyobo Life stakeholders who come into direct contact with customers, connect products and services to customers, and act as communicators.

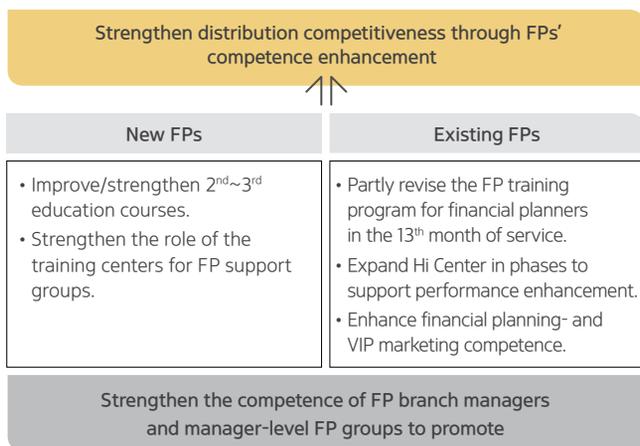
They also play the role of facilitator in closing insurance contracts with customers, and perform an important role in matching the needs of customers with the products and services that Kyobo Life can offer to meet those needs, throughout the retention and benefit payment processes.

Supporting the enhancement of financial planners' competence is a critical element of the company's efforts to ensure that financial planners possess the ability to identify the varying needs of customers and design insurance products that best fit their needs.

Support for Financial Planning Competence

Kyobo Life has continued to modify its education and training themes each year in tandem with the changing business environment to ensure that financial planners can grow into financial experts who are trusted by customers. In order to help all financial planners become "customer guarantee experts," Kyobo Life runs a training center for all FP support groups, and in 2016 Kyobo Life established the Hi Center to help raise the productivity of our financial planners.

2016 Improvements to Education Support for FPs | In 2016, Kyobo Life focused its support on increasing distribution competitiveness by enhancing the competence of financial planners, and on creating a culture in which the financial planning competence of financial planners is consistently strengthened on the basis of branch-based financial planning education.



Education Programs for FPs | Kyobo Life offers a variety of education programs to support the development of financial planners into professionals and to make the company the most favored workplace for financial planners. Kyobo Life's field-oriented education program

is diversified according to each FP's status and length of service. The company also offers test-preparation courses for financial planners who wish to acquire licenses in such areas as variable insurance sale and fund investment consulting.

FPs' Education Program by Length of Service

Life-Long Care, Introductory	Before official employment /FP Head Office Program	Solicitors' registration course	Introduction for experienced financial planners	Solicitors' registration course
2~3month → Life-Long Care, Advanced	4~5month → Products in depth	4~5month → Customer reassurance	6~7month → Retirement planning	6~7month → Financial planning
8~12month → Coverage consulting	13month → Challenge Leaders	4~24month → BTP		

Education Programs for Manager-level FPs

1 st month after assignment → Introduction for Chief FP	5 th month after assignment → Wrap-up for Chief FP	Common → Competence Enhancement for Chief FP	Common → Performance Enhancement Workshop for Chief FP
Day of assignment → SM Introduction	Day of assignment → SM Restart	Common → SM Competence Enhancement	Common → SM Performance Enhancement Workshop
Day of assignment → CM Introduction	Common → CM Competence Enhancement	Common → CM Performance Enhancement Workshop	Common → Performance Enhancement Workshop

Hi Center for FP Productivity Enhancement | Among Kyobo Life's key agenda for 2016 were "Achieve distribution innovation through aggressive sales efforts" and the establishment of the Hi Center in order to foster and spread a culture of appreciating and promoting a hard-working attitude among financial planners. The Hi Center is led by a highly qualified and experienced sales manager with a successful track record, and features a high-quality infrastructure designed to maximize the effects of education.



: The Hi Center

opportunity to experience what it is like to be part of the MDRT. Participating financial planners attended the world MDRT Annual Meeting, an event that takes place in Asia. The 2016 meeting was held in Hong Kong and attended by around 8,800 insurance professionals from diverse Asian countries. The attendees felt a renewed sense of mission as financial planners and also a sense of responsibility towards achieving shared growth with customers, rather than focusing merely on improving their own job performance.



: MDRT Experience Program

Supporting Activities for Higher Performance: Establishing Kyobo MDRT Culture

MDRT refers to 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 49,000 members from 450 life insurance companies in 74 countries all over the world. As part of Kyobo Life's efforts to create a unique culture among financial planners, Kyobo Life actively supports financial planners through various MDRT-related programs.

MDRT Experience Program | In February 2016, Kyobo Life's financial planners, who aspire to become a global insurance expert, had an

Kyobo MDRT Workshop | The Kyobo MDRT Workshop was held in March 2016 to raise FPs' understanding of the mentoring process for the creation of a sound MDRT culture and to promote and spread the MDRT spirit and specific success cases among financial planners. Kyobo Life's MDRT mentoring program is designed to help financial planners acquire the MDRT spirit and grow into a mature professional and successful financial planner. The program is unique in that it provides an opportunity for financial planners and their mentors to form strong bonds by boosting each other's morale, rather than simply sharing or transferring knowledge and information. The workshop, which is inspired by the features of the world MDRT annual meeting, consists of main lectures on motivation, competence enhancement, and mindset innovation, and success cases from mentors.

Major Components of the Workshop



Lecture by a Channel Manager
 • Understanding MDRT mentoring and sharing future plans, etc.



Motivation/Competence

- Lectures from guest speakers
- How to stay motivated, enhance one's competence, and nurture an innovate mindset, etc.



Cases

- Examples of good mentoring programs
- Bridging performance, etc.





: MDRT Workshop

Kyobo MDRT Day | Kyobo MDRT Day has been held annually since 2014. Last year's two-part event was held in July under the theme of "Kyobo FP, Your Lifelong Reliable Partner," at the company's training center (Gyeseongwon), with more than 1,000 attendees including those who had reached the MDRT threshold for the first time and lifelong MDRT members. The event was designed to create an MDRT spirit-based FP culture and to raise the pride of successful financial planners.

Program Details

Sharing corporate strategies	<p>Communication with CEO</p> 	<ul style="list-style-type: none"> • Corporate strategy • Share management principles and recent issues
Competence enhancement	<p>Main Lectures</p> 	<ul style="list-style-type: none"> • Talks by external lectures - A journey of challenges and sharing for someone's new life
	<p>Optional Lecture/Mini Lecture Sessions</p> 	<ul style="list-style-type: none"> • Optional lectures by theme - Focus on best case examples • Mini lecture - Sharing tips on FP activities
Information sharing	<p>Information Sharing Sessions</p> 	<ul style="list-style-type: none"> • Team booths • Explanation of retirement pension, activity tool, underwriting, Nobillaire
Enhancing FPs' senses of pride	<p>Session of Encouragement / Bridging Event</p> 	<ul style="list-style-type: none"> • Session of Encouragement session • Donation events • Finale including performances

World MDRT Annual Meeting I Around seventy Kyobo Life financial planners attended the world MDRT annual meeting held in June 2016 in Vancouver, Canada. Although an invitation to the meeting is a confirmation of their excellence as globally recognized insurance professionals, the biggest privilege is that they also get to meet outstanding financial planners from around the world and exchange ideas and information with them, which can be instrumental to enhancing their performance of their work.

My Experience at the 2016 World MDRT Annual Meeting

"I want to be a stepping stone in building the MDRT culture as part of Kyobo Life's corporate culture."

"I was thrilled and excited. The imposing Rocky Mountains, the clear, high sky, and the glaciers that only time and nature can create... I was overwhelmed by the spectacular beauty of Canada's natural environment. When I was told that people in Canada can enjoy their post-retirement years without financial worries because the government pays medical bills and pensions, I was struck by the recurring question of what we can and should do to help more people in Korea enjoy their life after retirement. Before attending the meeting, I was struggling with the nagging question of how I can do my job better in the years to come and become a better FP. Indeed, the meeting proved to be a turning point because I was able to have the benefit of listening to the diverse experiences and professional know-how from so many excellent FPs from around the world. I was deeply moved by some of the things I heard in the lectures, such as "Transform your pain into passion to make your dream come true", "Your health not your money buys you life insurance", and "What makes this world even more beautiful is people who donate". As I see it, the world MDRT annual meeting is the best privilege and the greatest gift that only life insurance professionals can enjoy. It is my strong wish that many more colleagues can be part of the meeting. After returning to my daily routine, I decided to become a stepping stone in building an MDRT culture as part of Kyobo Life's corporate culture, in which both mentors and mentees are respectful and considerate toward each other. As each day passes, I try to apply what I learned and felt during the meeting to my everyday routine and share it with my coworkers. By so doing, I feel that I am growing professionally and that gives me a pleasant sense of reward. I am grateful that I am "making a miracle with a piece of paper and a drop of ink", and that I am doing a job that I like, with people who are charming and fabulous. I hope and dream that I will continue to share life stories with my customers, relate to them and their stories, and remain a beautiful life partner throughout the many years that lie ahead."



: Gangnam Leaders FP Branch / Hyeon-Seok Cho Prime Leader,

Lecture by Mark Hanna, President of MDRT I In August 2016, MDRT President Mark Hanna delivered a lecture at Kyobo Life's Head Office. The lecture reminded the audience of what the MDRT spirit is all about, and provided a unique opportunity for the participating FPs to refresh their FP-Ship, thereby resulting in increased activities and enhanced productivity. The lecture was attended by more than 230 Kyobo Life FPs. Mark Hanna is a 28-year-old member of DMRT with seventeen 'Top of the Table' and three 'Court of the Table' qualifications. He spoke on how to grow as insurance professionals and mentoring, and was well received by the audience.



: Lecture by Mark Hanna, MDRT President

Support for Financial Planners' Activities

Kyobo Life provides various types of support designed to instill a sense of pride in the company among financial planners and to create a stable environment where they carry out their work effectively. The company implements programs to support the families of financial planners and to help them strike a balance between work and family life. In addition, Kyobo Life operates programs to boost the morale of financial planners.

Overseas Language Program for Children of High Performing Financial Planners | Since 2004, Kyobo Life has been running the 'Overseas Language Program' for children of high-performing financial planners twice a year. Now in its twelfth year (as of 2016), a total of 2,300 children of Financial Planners have participated in the program to date, making this program the most popular motivational program for financial planners. It is also one of the programs designed to motivate financial planners.



: Overseas Language Program for Children of Financial Planners

The Master of Study Camp for Children of Financial Planners

Kyobo Life runs the Master of Study Camp for the children of financial planners. Launched in January 2016, the camp has so far provided education on study methods to 100 children and enhanced their study habits accordingly. The camp aims to help children plan their future and present a vision for learning in order to motivate them to pursue their learning and establish specific goals in life. The camp consists of various programs designed to encourage self-led learning, including "setting my own milestones", "designing my own future and mentoring-aided self-motivated learning", and "sharing my dream" (presentations). In addition, study mentors who are currently enrolled in prestigious universities shared their secret study methods and know-how, helping the young students in the audience develop a sense of confidence that they, too, can become a master of study, as well as acting as good role models.

Meeting for Outstanding Financial Planners and Honorary Executives

The management and honorary executives hold meetings to keep abreast of the latest issues on the sales front, provide timely support to FPs, and engage in active two-way communication. Honorary executives monitor FPs' activities and collect opinions from them, and deliver recommendations and other opinions to the management on behalf of other financial planners. They also exchange ideas with the relevant teams or departments on any matters discussed during the meeting.

※ Honorary Executiveship for FP: Kyobo Life runs an honorary executive program for Financial Planners in order to give them new challenges and strengthen their pride in the company. Kyobo Life selects 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.



: Management-Honorary Executives Meeting

Financial Planner Prime Leaders Club

The Prime Leaders Club consists of high-performing financial planners who have contributed significantly to the growth of the company. They receive privileges as a token of the company's recognition of their contribution, so as to enhance their loyalty to the company. The Prime Leaders Club is newly formed each year with financial planners who fit the membership criteria. The club is meaningful in that experiences of success are shared throughout the club, and the member financial planners take the lead in achieving the corporate vision. In 2016, 133 financial planners who met the criteria became members of the club. The members held meetings with the management and a workshop to share their professional knowledge and expertise.



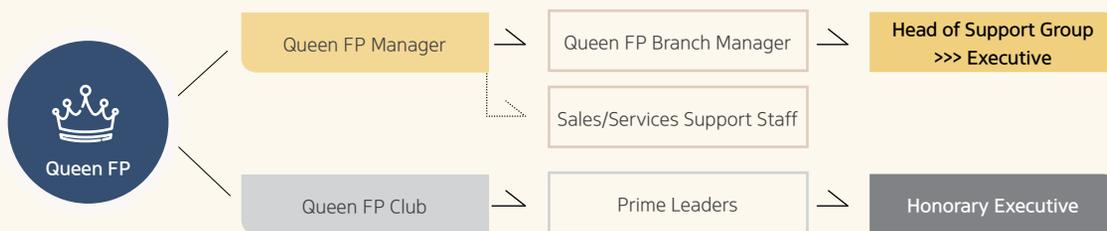
: Prime Leaders Club

- SPECIAL SECTION -

Queen FP Branch, a Special Unit for Experienced Women in their 30s and 40s

The “Queen FP Branch” is a special unit composed of new and young female professionals in their 30s and 40s whose career has been interrupted by family demands. The branch helps women who have experienced a hiatus in their career to take advantage of their professional expertise. Activity hours at the special branch are relatively short, lasting from 10 a.m. to 5 p.m., making it easier for young female financial planners to juggle the two roles of working and taking care of the family. The branch also suggests vision as insurance experts, as well as offering well-designed education programs and stable fee system.

Queen FP Vision



Queen FP Training Course



Queen FP Employee Welfare Programs

1. Childcare Childcare support for children under school age/12 months or less in length of service (FPs should meet the criteria).	2. Scholarship ₩400,000 ~ ₩1.4 million per year for children in elementary school to university/13 months or longer (FPs should meet the criteria).	3. Healing Programs Counseling & psychotherapy for stressed FPs/at least 7 months (FPs should meet the criteria).	4. Healing Family Trips Support for healingthemed family trips/13 months or longer (FPs should meet the criteria).	5. Overseas Language Learning Programs FPs and their children(elementary to high school) can take an overseas language-learning program/at least 25 months (FPs should meet the criteria).
6. Long-serving, High-performing FPs ₩200,000~₩1.0 million (minimum 5 years of service; FPs should meet the criteria).	7. Accident Insurance for FPs Policy summary: ₩100 million~₩120 million in the event of death of an FP on duty; ₩10 million~₩100 million in the event of injuries or disability caused by accident -Up to ₩10 million in fee-forservice reimbursement.	8. Family Occasions ₩100,000 ~₩200,000 for weddings of FPs or their children, 70 th birthday of FPs’ parents, deaths of FP family members.	9. Funeral Necessities Kyobo Life provides items and supplies for the funerals of FPs and their immediate family members.	10. Holiday Gifts Kyobo Life sends out gifts to employees for the Lunar New Year’s Day.

2016 Top 5 Stakeholder Issues

Kyobo Life's Management Method for Employees



Performance Management Framework for Employees

Our Pledges to Employees

A company that grows together with our employees

- We shall continue promoting an exciting corporate culture filled with joy, pride and trust.
- We shall provide equal opportunities and reward employees, based on fair evaluation.
- We shall help employees grow into experts in their chosen field.



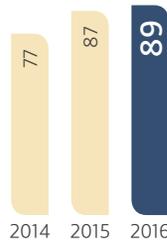
Key Employee Related Issues

- Improve work environment
- Create a corporate culture conducive to maintaining a sound work-family balance
- Increase employees satisfaction.
- Expand labor rights
- Protect whistleblowers

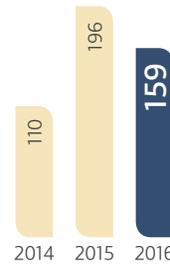


Key Employee Related Performance

Training hours per employee (hour)



Amount of competency development support per employee (thousand won)



Key Activities in 2016

- Recruit talent in a timely manner and lay foundations for the systematic development of human resources
- Implement job-centered HR management
- Increase support for employee competency development
- Provide support to promote a healthy corporate culture



Key Future Tasks

- Support for creative job performance
- Recruit talent in a timely manner and create a systematic HR development framework
- Continue to operate a job-centered HR management system
- Increase support for employees' competency development

Expand Training Programs and Self Development Opportunities for Employees

As Kyobo Life’s employees are internal customers and members of the organization at one and the same time, improving their competence benefits the individual employees themselves and also translates into greater corporate competence.

Financial planners’ professional competence is crucial to offering the right insurance products and services to customers, who form the backbone of the company’s growth. Enhancing financial planners’ competence hinges upon the competence of employees. For this reason, assisting employees in their efforts to strengthen their competences is indeed an important task for the company.

Key HR Development Tasks

Kyobo Life identified the “2016 Key HR Development Tasks” as part of its efforts to meet two major goals for 2016: Implementing the Vision2020 of becoming “Korea’s most innovative life insurance company in product and distribution”, and pursuing “Start! Product & Distribution Innovation.”

2016 Key HR Development Tasks



Talent Management Framework | Kyobo Life's talent management is guided by its philosophy of nurturing the five essential qualities ("EXCEL") of the model Kyobo Life employee, "EXCELLENT Kyobo professional!"

<p>E ETHIC</p> <p>Honest and sincere</p> <p>Unflinchingly honest with the belief that 'there are no such things as free lunch and true secrets' and as a fiduciary of customer assets, carries out their roles to their very best and tackles responsibility and obligation in their position in the organization in a sincere manner</p>	<p>X EXECUTION</p> <p>Challenging and proactive</p> <p>The model employee is equipped with 'mental strength that can break wood with the bare hands' and an 'inventive, pioneering spirit', is creative and innovative, and unafraid to take risks and boldly rise to changes.</p>	<p>C CUSTOMER FOCUS</p> <p>Customer-focused</p> <p>Has strong work ethic a person of insurance, always ready to lead, and puts the customer's interest first.</p>
<p>E ENGAGEMENT</p> <p>Team player and cooperative</p> <p>Has broad, far, high outlook and participates actively in the organization to generate company value, while cooperates well with other organizations and people</p>	<p>L LEADING-EDGE EXPERTISE</p> <p>Global expert</p> <p>Continues to strive for growth and learning with passion, has an international mindset, recognized as an expert in their field, and continues to develop core competencies of themselves and their organization</p>	<p>E X C E L LENT KYOBO</p> 

Competence Development Training Support Program

Kyobo Life's learning support system allows employees to improve their competence on a voluntary basis and in a systematic way so as to make both individual employees and the organization more competitive, with the ultimate aim of attaining the strategic goals of the company. In 2016, the employee learning support system was modified by shifting its focus onto workplace-centered, constant learning, and more high-quality education programs were introduced to effectively support competence development that can directly impact job performance.

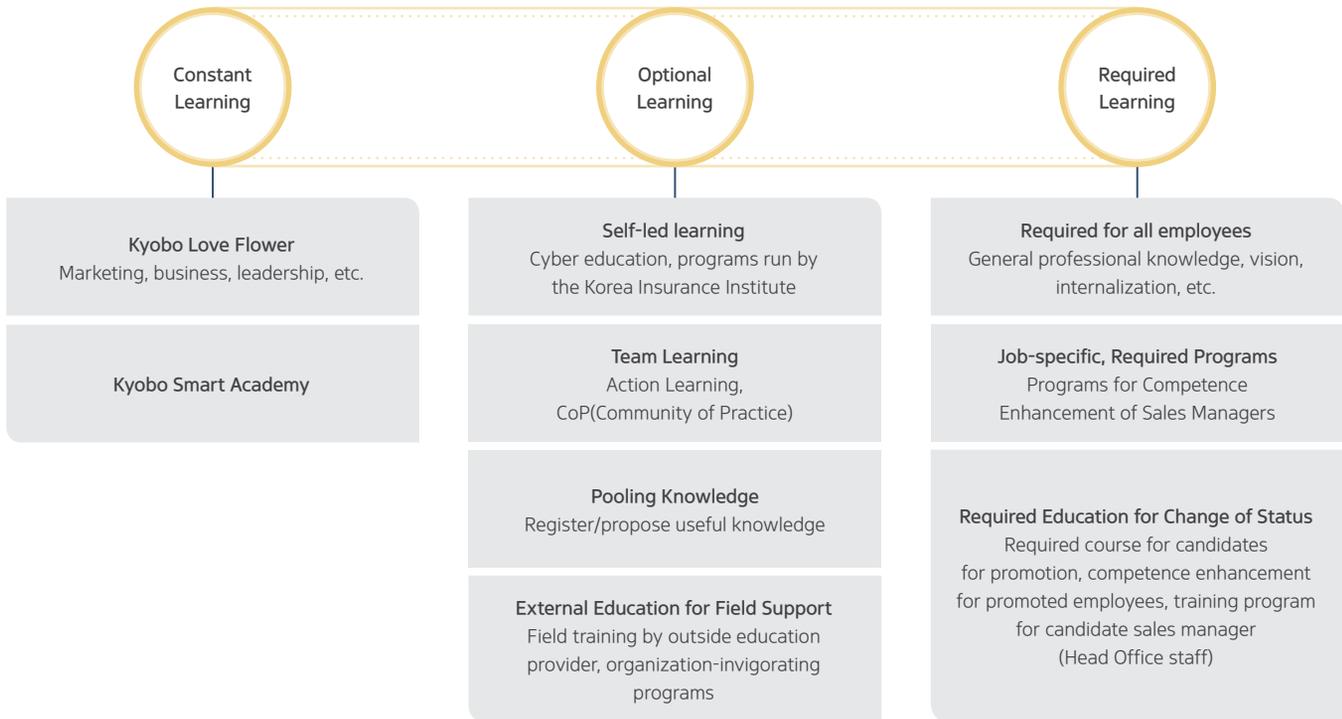
2016 Competence Development Training Support Program

- Take into consideration individual needs of competence development and individual preferences with regard to learning methods.
- Increase educational support to raise sales job performance.
- Provide diversified contents for competence development to support individual career development paths.

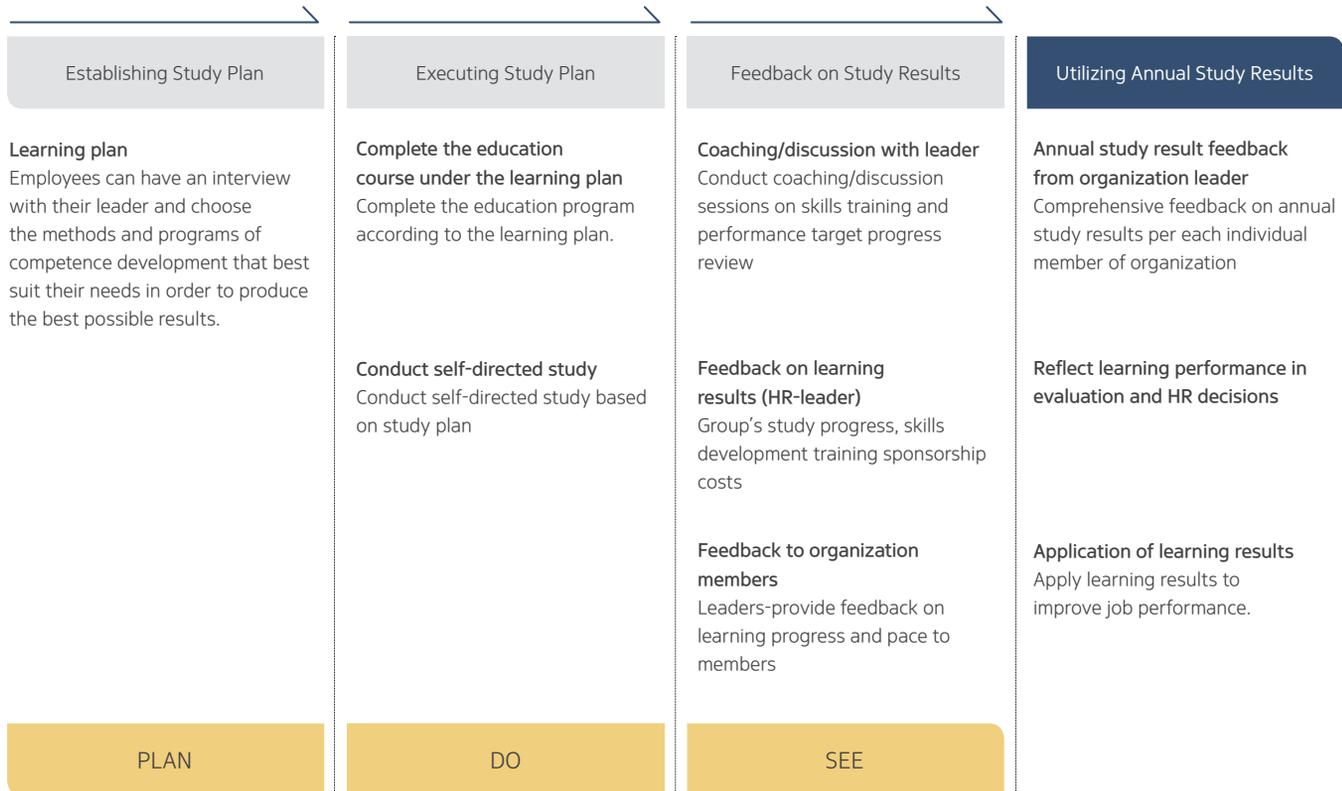



Creating a field-oriented, constant learning process

2016 Competence Development Training Support Program Courses

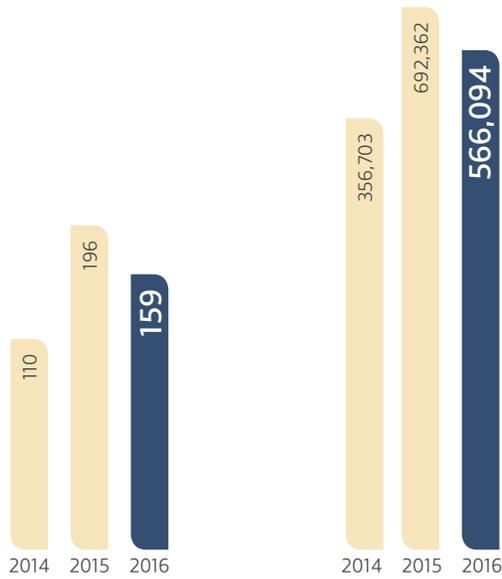


Skill Development Training Process



Cost for Competence Development Study Support

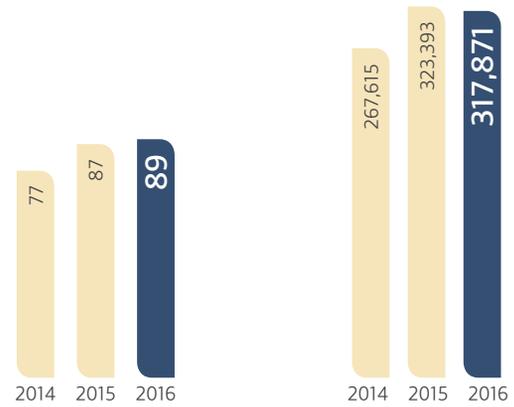
Competency development cost per person (thousand won) Total (thousand won)



Employee Training Hours

Item	2014	2015	2016
Male / female (hour)	89 / 75	92 / 79	87 / 86
Organizational heads/ Organizational members (hour)	50 / 79	51 / 89	45 / 92
Training costs per persons (thousand KRW)	920	896	1,045

Training hours per person (hour) Annual training hours (hour)



Study Programs for Competence Development

Kyobo Love Flower	Kyobo Love Flower is designed to educate sales managers working in the field on the latest insurance and financial trends, and to equip them with professional knowledge on insurance sales and marketing to aid their competence development and performance enhancement efforts.
Kyobo Smart Academy (E-learning)	Kyobo Smart Academy(E-learning) offers an integrated, video-based e-learning package to effectively support constant learning in the field.
Knowledge Proposal	Knowledge Proposal allows employees to get involved in improving job processes as well as enhancing their efficiency and boosting their ability to think creatively.
Action Learning	Action Learning helps employees to learn from each other and work together to tackle key issues of the company, thereby contributing to higher job performance.
Study Groups	Members of learning clubs help each other to learn about issues that impact performance on the sales front, and work out solutions.
Professional Certification	Employees are encouraged to acquire professional certifications that are deemed necessary and useful to the performance of their work. Employees seeking to acquire a certification are reimbursed for the cost including tuition fees, texts, and application fees, within the limit set by the company.



: Kyobo Love Flower
: Kyobo Smart Academy

2016 Top 5 Stakeholder Issues

Kyobo Life's Management Method for Investors



Performance Management Framework for Investors

Our Pledges to Investors

A company that is attractive to investors

- We shall constantly generate outstanding profit through good growth.
- We shall raise corporate value through proactive risk management.



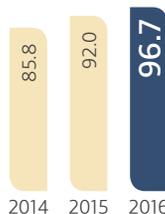
Key Investor related Issues

- Acquire Management Transparency
- Management Performance and Business Strategies
- Stabilize Management Performance
- Expand Alternative Investments
- Enhance Ethical Management



Investor-related Key Performance Data

Total assets (trillion won)



ROE* (%)



RBC** (%)



Key Activities in 2016

- Increase holding period return (HPR) through diversification of the asset portfolio.
 - Develop new revenue sources by expanding investments in overseas markets, etc.
 - Recruit talent in a timely manner and create an effective HR development system
- Respond proactively to the changing business environment
 - Take proactive steps in preparation for the introduction of Solvency II.
 - Build corporate capacity and infrastructure in response to tightened regulation.
- Continue improving the negative margin structure.



Key Future Tasks

- Proactively respond to new capital regulation.
 - Increase available capital while reducing required capital.
 - Improve the companywide risk management system and infrastructure.
- Improve the ability to adjust asset management strategies to keep them in line with market changes.
 - Adjust the asset management portfolio and continue expanding high-interest rate assets.
 - Raise the holding period return and generate profits that exceed the target.
 - Focus on ALM-oriented asset management.
 - Manage risks proactively to prevent assets under management from becoming non-performing assets.

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

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

Improve Asset Management Returns

Kyobo Life's investors are majoritarily composed of shareholders and those who share the fruits of corporate management in return for their capital investment. Entrusted with running the company by investors, the management conducts the company's business activities in a transparent manner, generates profits, and shares those profits with the stakeholders.

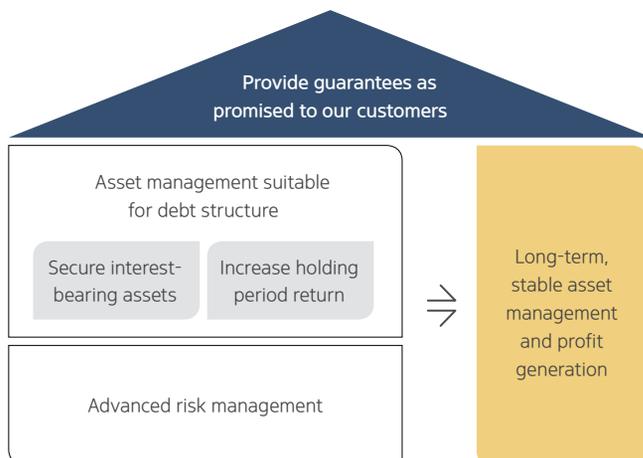
Competition is ever intensifying as rival groups struggle to gain a larger share of the limited pie of high-return assets. Against this backdrop, it is necessary to increase returns by expanding the scope of investment targets and developing new sources of income.

Under these circumstances, Kyobo Life's key goal remains to adhere to the principle of far-sighted asset management, one of the main elements of life insurers' asset management strategies, and to steadily improve returns on asset management.

Principles of Asset Management

Kyobo Life has created an optimal asset portfolio in line with the company's risk management policy, including the risk tolerance and threshold that the company can withstand. Based on this portfolio, Kyobo Life has been generating stable returns. Kyobo Life takes the long-term view and seeks to create stable returns based on Asset Liability Management (ALM) strategies that suit the long-term insurance products that Kyobo Life, as a life insurer, provides, while responding more proactively to market fluctuations in the short term.

Roles of Asset Management | The purpose of Kyobo Life's asset management is to "create long-term, stable returns on the assets under Kyobo Life's management" and thereby provide the guarantees - including benefit payments - that Kyobo Life promises to customers by managing assets in the ways that best fit Kyobo Life's debt structure and by managing risks proactively.



2016 Asset Management Strategy

As interest rates remain on the downward trend and both domestic and international financial are forecasted to become increasingly volatile, imminent changes such as stronger solvency regulation and the introduction of IFRS17 are expected to weigh further on the life insurance industry. Kyobo Life has formulated and implemented a series of strategies designed to cope with these changes.

Strategy	Description
Continued expansion of asset duration	Focus on ALM-based asset management in the mid- to long-term to deal with regulatory changes.
Diversification of asset portfolio	Actively defend the holding period return amid falling low interest rates - Exert greater efforts to secure high-return assets, expand the scope of investment targets beyond national borders and find new sources of income at home and abroad. - Build a new, well-organized framework for recruiting and training talented people of the highest caliber.
Securing of optimal profits	Use long- and short-term instruments and credit spread to actively respond to market volatility.

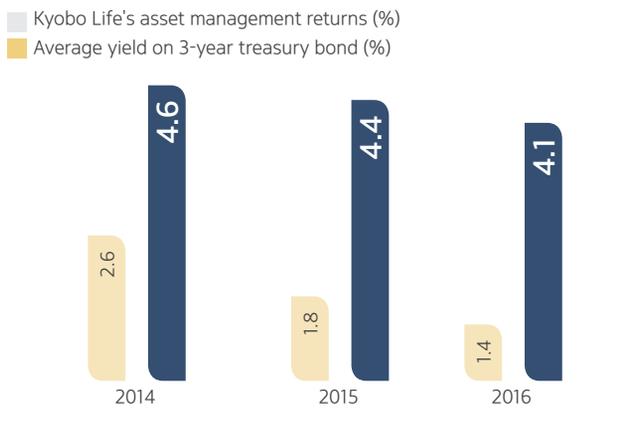


2016 Asset Management Results | Kyobo Life’s asset management strategy in 2016 focused on expanding high interest rate-assets and generating additional returns by taking advantage of the market volatility, in an effort to achieve the management goal of raising the holding period return and thereby improve the negative margin caused by the gap between the return rates on assets under management and the interest rates applied to existing insurance contracts. In addition, Kyobo Life implemented proactive risk management measures, such as increasing asset duration ahead of the scheduled tightening of solvency regulation. Kyobo Life continued to invest mainly in long- term bonds as a source of long-term, stable returns and held the company’s holding period return steady by increasing investments in alternative and overseas instruments that offer relatively higher rates of return than domestic bonds, as low interest rates persisted.

Kyobo Life’s retail lending was restructured to increase the percentage of high-quality collateral and attract customers with a solid credit history. Meanwhile, Kyobo Life simultaneously expanded credit loans that offer a relatively high risk-return ratio and securitized long- term mortgage loans in order to proactively manage risks from household debt.

Variable assets were managed with improved management approaches by type, based on a well- structured asset management process that consisted of three steps: strategic asset allocation, tactical asset allocation, and outsourcing to asset management companies. As a result, Kyobo Life became more market- responsive and encouraged competition among affiliated asset management companies. Kyobo Life’s communication with these asset management companies was strengthened to help secure long-term stable returns and to ensure that Kyobo Life’s asset management philosophy and strategy are incorporated into their asset management.

Asset Management Returns



Korea Asset Management Award: Kyobo Life recognized for asset & risk management ability | Kyobo Life was honored with the grand prize at the Korea Asset Management Awards in June 2016. This award represents the recognition of the financial authority and academia that Kyobo Life manages its assets in a way that generates the most stable returns. It is also a result of Kyobo Life’s consistent efforts to follow the principle of seeking long-term, stable returns, which eventually led to a balance between risk management and returns. The achievement is particularly meaningful given the increasingly adverse business environment, including the prolonged low interest rate trend, stricter industry regulation, and ever tighter accounting rules. Kyobo Life will spare no effort in strengthening its ability to provide customer guarantees by effectively managing assets and seamlessly managing risks.



: Kyobo Life selected as the winner of Korea Asset Management Award

Kyobo Life Asset Management Japan Co. Ltd. (Local Corporation in Japan) | Kyobo Life Asset Management Japan Co., Ltd. was set up to conduct research on Japan’s insurance market, including such topics as insurance sales, products, and asset management, and to assist the Head Office with its asset management. The company is 100%-owned by Kyobo Life and has been incorporated with 100 million yen (around 1.1 billion won) in capital in Tokyo, Japan. The Japanese subsidiary will be responsible for conducting research on overseas insurance markets, managing investments, and advising on alternative investments amid the prolonged trends of low interest rates and low growth, in a drive to generate stable revenues. The Japanese unit started its operations at the end of December 2016 and plans to build a base for new sources of revenue by developing alternative investment opportunities, as well as effectively managing existing investment projects and providing investment management and financial advisory services.

Companywide Preparation for Implementation of IFRS17

Ahead of the scheduled adoption of IFRS17 in 2021, the industry is concerned about the scope of the new rule's application, its impact, and the industry's responses. In fact, the new accounting rules are expected to have a great impact on the life insurance sector including capital and solvency requirements. IFRS17, which stands for International Financial Reporting Standard 17, is a new set of international accounting standards for insurance contracts. The purpose of the new rules is to provide a globally harmonized financial statement for insurance companies to use and thus raise accounting transparency. The forthcoming IFRS17 presents another thorny task for the insurance industry that is already struggling with low interest rates, low economic growth, and waves of regulatory reform. The new accounting standard will change how debt is presented on their balance sheet. Consequently, under the new rules the liabilities of insurance companies will increase massively, while available capital will shrink considerably. Insurance companies' financial soundness will inevitably deteriorate once the new accounting rules take effect. Furthermore, savings insurance premiums of total premium income will not be treated as revenue under the new rules, so initial revenues following the sale of products are expected to drop steeply as a result.

IFRS17 Task Force | Kyobo Life formed a task force to prepare for the introduction of IFRS17 since April 2015 and has been carefully assessing the impact of the new rules, as well as working out responses to them. In March 2016, the task force was expanded and upgraded into a full-fledged team. Executives and team leaders were first invited to a workshop and subsequently to an information session on IFRS17 to help them better understand the new accounting standard. IFRS17 was also included as

a required course in the cyber education program to build a consensus on the importance of IFRS17 and to help them make a smooth transition to the new standard as they perform their job.

Rated A1 by Moody's for Second Consecutive Year: Only Kyobo Life in the Industry

Kyobo Life was rated A1 (stable outlook) by the global credit rating agency Moody's in 2015 and again in 2016. Given that Moody's is one of the world's top rating agencies, with a 40% market share of all rated companies in the market, achieving the A1 rating for a second consecutive year is meaningful in that it represents global recognition of Kyobo Life's financial soundness and risk management ability despite the challenging circumstances, including the prolonged low interest rate trend and global economic slowdown. Furthermore, with the assignment of the A1 credit rating, Kyobo Life now stands shoulder to shoulder with leading global financial companies such as Goldman Sachs, Morgan Stanley and Bank of America. Kyobo Life was also assigned the top 'triple AAA' rating by Korea's three major credit rating agencies including Korea Investors Service, Korea Ratings, and National Information & Credit Information (NICE). Notably, NICE has assigned the top rating to Kyobo Life for the past ten consecutive years.

Moody's Credit Ratings of Key Companies in Korea and Abroad

A1	Kyobo Life, Prudential (US), MeijiYasuda, Morgan Stanley Bank, Goldman Sachs, BoA, Barclays Bank, Samsung Electronics, KB, KEB Hana Bank
A2	Ping An, Societe Generale, Woori Bank
A3	SKT, LG Chemicals: A3, Hyundai Motor: Baa1, POSCO :Baa2

Brief Summary of IFRS17

	Current	IFRS17	Effect
Insurance liabilities	Subject to industry regulation(cost method)	Fair value method	⇒ Financial volatility will increase.
Recognition of revenue	Insurance premiums are stated as revenue.	Revenue is recognized when services are provided. *Savings (investments) are excluded.	⇒ Insurance companies will decrease in size.
Recognition of profit	Much profit is generated immediately after the signing of contracts.	Profit is recognized throughout the duration of insurance policy. *Insurance profit is distributed proportionally for the duration of a policy. *Profit is indicated by source.	⇒ Companies will likely focus more on profit (value).
Others	Industry practices	Existing accounting practices will no longer be allowed.	⇒ Changes in the way that financial statements are prepared.

2016 Top 5 Stakeholder Issues

Kyobo Life's Management Method for Government and Communities



Performance Management Framework for Government and Communities

Our Pledges to Government and Communities

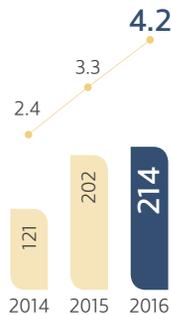
A company that Grows Together with the Government and Communities

- We shall actively engage in social contribution activities.
- Environment management programs will be designed to reflect the unique characteristics of our life insurance business.
- We shall pursue fair competition and shared growth with business partners.

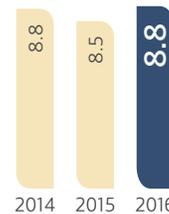


Key Government and Community related Performance

Social contribution ratio*/ amounts (%/100 million won)



Weight of socially responsible investments ratio (SRI)** (%)



Energy consumption *** (TOE)



Key Government and Communities Related Issues

- Increase environment management programs
- Design and implement win-win strategies
- Develop environmentally-friendly products and services
- Develop socially contribution product
- Community service program



Key Activities in 2016

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



Key Future Tasks

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

* Social contribution ratio : Amount of social contribution / Net Income ** 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

The government and communities provide a framework in which Kyobo Life can grow and fulfill its role as a member of society, while simultaneously serving as important stakeholders.

The Golden Rule of "treating others in the way you would wish to be treated" sums up the business philosophy of Kyobo Life, particularly in the way that Kyobo Life strives to create win-win opportunities for the local communities in which the company operates.

Kyobo Life seeks to engage in social contribution activities that take advantage of strengths as a life insurance business, and pursue consistent CSR activities in the long term rather than focusing on short-term opportunities, so that the company and its communities can grow together.

A Society of Kyobo Life's Dreams Where People are Healthy and Connected

Kyobo Life dreams of a beautiful and healthy society where people beam with smiles, are warm-hearted, healthy, and giving, and caring and considerate to others; a society where youth, the hope of the future, are healthy in body and in mind.

Principles of Social Contribution Activities | The following principles are applied to all aspects of Kyobo Life's social contribution programs including theselection, implementationandevaluationoftheprogram.



Help People to Overcome Adversities Related to Health, Finance, Lack of Information

Kyobo Life's social contribution programs are special in the sense that the company helps people build the foundation upon which they can overcome difficulties on their own instead of simply providing one-time support. In particular, Kyobo Life focuses on helping people who are struggling with health and financial issues and a lack of information to deal with these issues and lead a positive and healthy life, because the company believes that these three areas are closely related to its business as a life insurance provider, and because the company believes it should share the expertise in these areas with people in need.

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 : Kyobo Life launched "Dasomi Save a Small Breath Program, in partnership with the Beautiful

Foundation, to provide financial aid to low-income families struggling financially and emotionally following the birth of premature babies* and to help these babies grow into healthy children. Since 2004 the project, which is financed by participations from around 4,900 financial planners and citizens, has helped pay the medical costs for a 2,382 premature babies in total (as of the end of 2016).

* 'Premature babies' refers to babies who weigh 2.5kg or less at the time of birth or who were born on or before the 37th week of pregnancy.



: A premature baby is growing as a healthy baby

Dasomi Hope Santa : Some babies are so curious and inquisitive about the world that they rush out of their mother's womb to meet this world earlier than they should. Volunteers dressed up as Santa visit these babies to make a special day for them. The first Dasomi Hope Santa event was held in December 2016. A total of 150 Santas, including Kyobo Life employees, financial planners and volunteering citizens, prepared and wrapped gifts for these babies, and delivered gifts and hand-written letters.



: Dasomi Hope Santa

Dasomi Family Love Camp : The two-day camp offers interesting programs including Couples Program, Children’s Program, and Cake of Hope Baking Event to offer participants opportunities to bond even more closely with their family members.



: Dasomi Family Love Camp

Helping to Overcome Financial Adversity | Kyobo Life helps people to overcome their economic difficulties by getting socially involved and by planning a brighter, better future.

Dasomi Nursing Volunteer Group : The program trains female heads of low-income households as professional caregivers if they wish to work in this domain, provides them with opportunities for work, and helps them to become financially independent, while offering free care services to patients from the low-income class and elderly people who have no family members to care for them. Since the program started in 2004, 373 caregivers are working as of 2016, and 215,812 people have benefited from free care services since 2004.

Annual Results of Dasomi Nursing Volunteer Group

Category	2014	2015	2016
Nurses (person)	630*	495*	373
Beneficiaries (person)	10,516	10,209	8,244

* 2014, 2015 figures corrected

Helping to Overcome Adversity due to lack of knowledge | Kyobo Life supports teenagers, the future of society, to have hopes and dreams, and grow into talented adults.

Northeast Asia March for Undergraduate Students : Now in its fifteenth year since its inception back in 2002, this program intends to help college students, who will be the leaders of the future, develop their leadership & followership skills and grow into globally competitive human resources.

2016 Northeast Asia Journey : 8 Stars Shining Above Chang Jiang

The 2016 Northeast Asia Journey, titled “8 Stars Shining Above Chang Jiang,” ran for 7 nights and 8 days in August 2016. The participating college students travelled around cities along Chang Jiang, including Chongqing, Guangan, Fengdu, Sanxia, and JingZhou, and were encouraged to develop a spirit of challenge and leadership skills as they tried to find answers to their burning questions about life in the words and deeds of the great masters of Chinese history including Sima Qian, Liu Bei, Guan Yu, Zhuge Liang, Du Fu, Li Bai, Lu Xun, Deng Xio Ping.



Kyobo Life Hope Dasomi Scholarship : This program offers scholarships and support through their local communities to college students from disadvantaged backgrounds, including young people from orphanages and group homes or those who are already working as providers for their own family. Young people who grow up under these circumstances are often deprived of educational opportunities or have to struggle with social prejudice and economic hardships. The program is designed to help them healthy and productive members of society by offering financial aid and other forms of support through their local communities so that they can work through their college years and make their dream a reality.

Hope Dasomi Scholarship

Category	2014	2015	2016
No. of recipients (person)	85	79	83
Amount (one million KRW)	300	275	300



: Hope Dasomi Scholarship

- SPECIAL SECTION -

Global Social Contribution: Dasomi Global Volunteers Group

Dasomi Global Volunteers Group made up of 18 employees visited Ben Tre Province, a rural farming community in Vietnam and engaged in various activities to help local village people for 5 days from June 14 through 18. Volunteers offered art and cooking programs for local kids, built a house as part of Habitat for Humanity project, created a library in the local elementary school, and got involved in other activities to be of practical help to local children and residents of the local community. In the last 6 years that Kyobo Life volunteers have been visiting Ben Tre, they helped build Vin Kan Dong Elementary School and Ang Hip Elementary School and 13 homes, thereby breeding hopes for local people. Instead of being one-time event, volunteers provide consistent and long-term support to people in Ben Tre, thereby ensuring that their volunteer programs produce tangible results and desired effects.

My Volunteering Experience in Vietnam

day 1
6.13

I had never had a passport in my 29 years before I went to Vietnam to volunteer for the Tree of Hope program. So it was indeed my first overseas trip, and I was all set to take off. Finally, I arrived in Vietnam where I had mixed feelings of fear and excitement during my first day there.

day 2
6.14

8 o'clock in the morning, I headed for the construction site where the Habitat for Humanity project was taking place. It was supposed to be a one-hour trip by bus. However, the bus stopped suddenly as the road leading through the village to the site was so narrow that the bus could not go any further.

Realizing that we had to walk quite a long way while carrying 20 young trees, gifts for the beneficiary families, building materials and other stuff, we were just about to start worrying. But then, employees of the Ben Tre Provincial Government and people from the village came to our rescue. They carried the building materials and trees on motorcycles to the construction site. The weather was sizzling hot as I grabbed a shovel for the first time in my life in order to do some plastering work. I had to mix cement and sand. Sweat was pouring down my face but I was thrilled by the thought of playing a part in building a home for someone as I stacked up brick after brick. The brother and sister who were going to live in the house stuck around the construction site all day long, watching these strangers building their home with a mixture of curiosity and excitement. Local kids carried bricks and brought snacks to the volunteers, which boosted our passion and energy for the project. Ten grapefruit trees were planted as a financial foundation for the recipient families, and a ceremony was held to celebrate the completion of the construction. The volunteers presented a wall clock as a gift for the new house. It was getting dark in the late afternoon and the sky over the Mekong River was glowing red as the sun went down. It was indeed a special day that was very worthwhile and meaningful to me and so many others who were part of the project.

day 3
6.15

On the first day we volunteers showed up at Yanghip Elementary School before 8 am and met the local children. First, we painted the inside of the newly built library, and brought in bookcases and furniture. Everybody was busy. Although it was the school vacation, curious children began to gather in the school early in the morning. The kids looked very cute as they clung onto the windows of the classrooms and saw how their new library was set up and watched the volunteers preparing for lessons. We made good memories with the children who visited us at the school. The children made a wall clock decorated with their drawings and some pretty accessories with glass deco. They also made a bookmark with their name on it so that they could actually use it when reading books. They also made me a bookmark, and I was touched by how thoughtful these little kids were. One kid almost cried when the clock he made wouldn't work. All the volunteers worked together and finally fixed the clock, which brought us the happiness of being and working together.

day 4
6.16

Second day at Yanghip Elementary School: When we arrived at the school early in the morning, kids were already there waiting for us. Confident about our cooking, we couldn't wait to get started. Teams of volunteers wasted no time as they took out the ingredients and started cooking Korean food. We used local ingredients as well and made fusion rice balls. We used molds to make the rice balls look neat and pretty, and they were a big hit not only among kids but also among adults. The Tteokppokkii we made with rice cakes in Korea was served with coriander leaves. The local children found it a bit spicy due to the red pepper paste in the sauce, but they still liked it. They kept saying it was spicy, but they still enjoyed the food and gulped down the fruit punch we'd made for them. Watching them eat all the food we'd prepared made us feel like we were moms for them. The fruit punch was voted the best by the kids, but I believe they will remember the authentic Korean menu, including rice balls and Tteokppokkii, as a special treat for years to come. We rapped our program by organizing a two-day photo exhibition of the various activities that we did. In the afternoon of the same day we returned to Ho Chi Min City, celebrated the successful completion of the program, and held an evaluation session. As I watched a short video of the three days we spent on the project, I felt like hugging the other volunteers and patting myself on the back for the meaningful time we shared. We exchanged words of praise and encouragement during our last evening in Vietnam.

day 5
6.17

The volunteers all came from vastly different backgrounds. They joined the company in different years, came from diverse regions, and held diverse jobs. But they all gathered together in Vietnam for the same cause of helping others for five days. Working hard for a good cause with like-minded people in Vietnam, a foreign country where everything was so different, I realized that life can be full of hope and rewarding regardless of where I am. I returned to Korea, with a growing sense that a little help, time and effort on the part of volunteers can bring hope to people in need.



I got my first passport at the age of 29 to volunteer in Vietnam!

- SPECIAL SECTION -

Stories of Volunteer Work

According to a report released by Harvard Medical School, there is a 'Mother Teresa Effect' whereby, whenever one thinks of Mother Teresa, who devoted her entire life to loving and serving others, one's body generates a substance that strengthens the immune system and thereby helps the body to fight off harmful viruses more effectively. Kyobo Life posed a series of questions to executives and employees who are experiencing the 'Mother Teresa Effect' by getting actively and consistently involved in volunteering activities.

Here is what they had to say about volunteering for years under challenging circumstances.

Kyobo Life's Volunteering Results in Brief

Item	2014	2015	2016
Cumulative total number of employees who have participated in volunteer programs	7,746	7,692	8,894
Total number of volunteer hours	25,519	26,725	23,949
Number of volunteer hours per person	6.0	6.4	5.6

* Figures are based on data that Kyobo Life disclosed on the website of Life Insurance Association

What Are the Strengths of Kyobo Life's Volunteer Programs? (Responses from Those Helped by Kyobo Life)

Consistent	Instead of offering one-time services, Kyobo Life's volunteers are there for the long term and strive to help people consistently.
Regular	The programs are well planned and regularly implemented.
Authentic	Volunteers are dedicated and sincere in their services.
Active	Volunteers actively look for what they can do to help.

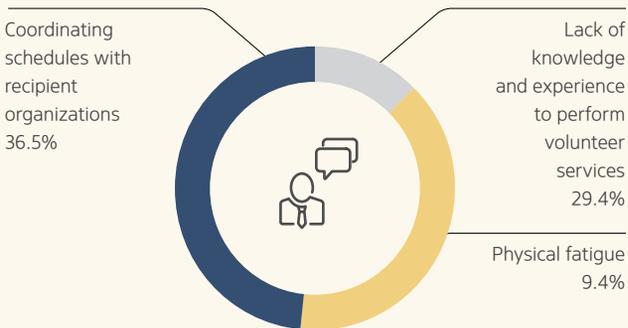
What Motivated You to Volunteer?



What Do You Think Needs to be Done to Encourage More Employees to Volunteer?



What Are the Main Challenges in Volunteering?



Satisfaction with Kyobo Life's Volunteers and Services (on a scale of 1 to 10)



* The survey is intended to help volunteer activities be conducted more effectively and systematically and it is conducted on 111 volunteer sites where Kyobo employees



Kyobo Life's Performance

—

- 50 Economic Performance
- 53 Environmental Performance
- 59 Social Performance

Economic Performance in 2016



Kyobo Life's key economic performance in 2016 is as below.

Total Assets (Trillion KRW)	Net Income* (Hundred Million KRW)	Return on Equity (ROE) (%)
<p>2014 2015 2016</p>	<p>2014 2015 2016</p>	<p>2014 2015 2016</p>
96.7 Trillion KRW	5,145 Hundred Million KRW	7.0%
Risk Based Capital (RBC) (%)	Premium Income (Trillion KRW)	Receivables Turnover Ratio (%)
<p>2014 2015 2016</p>	<p>2012 2013 2014 2015 2016</p>	<p>2012 2013 2014 2015 2016</p>
233.9%	12.2 Trillion KRW	0.44%

* Numbers : Based on consolidated financial statements * Net Income : Figure based on controlling interests

Economic Performance

Financial Performance

In the business year of 2016, the domestic economy remained in a long-term downturn due to sluggish exports and weak domestic demand. On the international front, the global financial market became increasingly volatile due to the impacts of Brexit and rising tension arising from the U.S.-China row over South China Sea. Despite these adverse circumstances, Kyobo Life consistently carried out product and distribution innovation and produced solid results in growth, profit and stability.

Growth | In 2016, insurance premium revenue stalled as the trend of low growth and low interest rates continued, and uncertainty persisted at home and abroad, seriously dampening consumer sentiment. Equity capital at the end of 2016 increased 4.5% from a year ago to 7,862.5 billion won as the company consistently generated net profit and as a result, retained earnings rose. Kyobo Life actively engaged in customer guarantee-centered sales activities that focused on the nature of insurance. As a consequence, total assets at the end of 2016 expanded 5.1% from a year earlier to 96,684.3 billion won.

Growth Indicators

Category	2014	2015	2016
Premium Income (Trillion KRW)	12.3	12.6	12.2
Shareholder's Equity (Trillion KRW)	6.7	7.2	7.9
Total Assets (Trillion KRW)	85.8	92.0	96.7

Profit | Most life insurance companies saw their profitability drop in 2016 due to the challenging business environment and the prolonged trend of low interest rates. Nevertheless, Kyobo Life exerted aggressive efforts to generate stable profit and posted a net profit of 514.5 billion won. ROE and ROA dipped slightly to 7.0% and 0.5%, respectively, from a year ago.

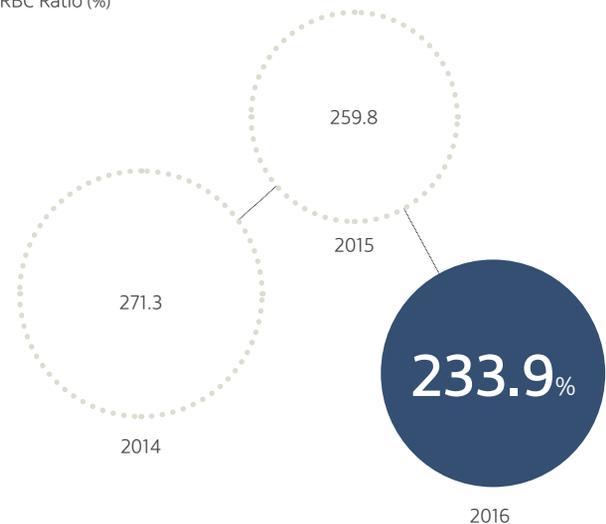
Profitability Indicators

Category	2014	2015	2016
ROE (%)	8.0	8.8	7.0
ROA (%)	0.6	0.7	0.5
Net Income (Hundred Million KRW)	5,052	6,079	5,145

Stability | Since RBC was adopted as a new indicator of financial soundness for insurance companies, Kyobo Life has been efficiently managing its RBC ratio by consistently generating net profit, improving the asset-liability structure, and thoroughly managing risks. In 2016, the company's RBC ratio stood at 233.9%, far exceeding the RBC ratio of 150% required by the regulators.

Stability Indicators

RBC Ratio (%)

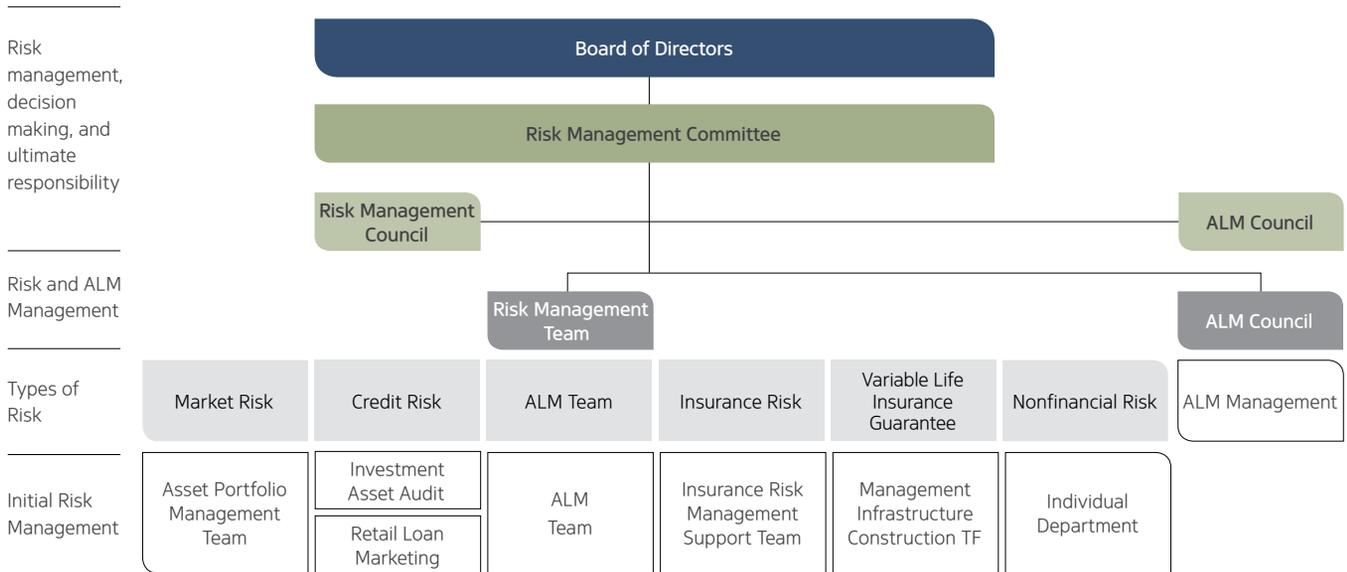


Risk Management

Risk management is one of the key competitive factors of insurance businesses. Kyobo Life quantifies risk and manages it systematically in order to reduce and eliminate managerial uncertainty in advance and thereby increase stability.

Systematic Risk Management | Kyobo Life measures the risks that can arise in daily management activities such as insurance sales and asset management in order to establish standards for acceptable levels of risk with the aim of sustaining stable management activities within the payment capacity amount, and establishes and operates a guideline so as to secure its capital above the minimum regulatory level established by the regulator in the case of simultaneously occurring risks.

Risk Management Organization



Risk Management Process | Kyobo Life has established an anticipative risk management system to prevent and reduce losses due to rapid changes in the financial market. Kyobo Life's risk management system detects potential risk changes in advance and responds accordingly with a preliminary company-wide risk assessment, which is conducted by a risk management team dedicated to important decision making, risk limit management for steps and procedures, risk limit propriety inspection and adjustment, securities loss limit configuration and management, and regular monitoring of various risk factors.



Loan Receivables Management | The year 2016 saw a continuing trend of low interest rates along with a rise in household debt due to rising real estate prices in the capital area. Kyobo Life converted parts of its individual collateral loans into asset backed securities after 2014 in order to reform its loan structure with the focus on quality collateral and clients. In addition, Kyobo Life has cleaned up the system through the premature collection or redemption of loans, with the reinforcement of arrears management for individual credit loans taken out by debtors with low credit ratings.

Receivables Turnover Ratio (%) ■ Individual Loans ■ Corporate Loans



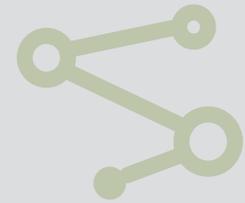
* Turnover Ratio = Arrearage over 1 month/Loan receivable x 100 (Insurance contract loans excluded)

Receivables Quality Status (%) ■ Coverage Ratio ■ NPL Ratio

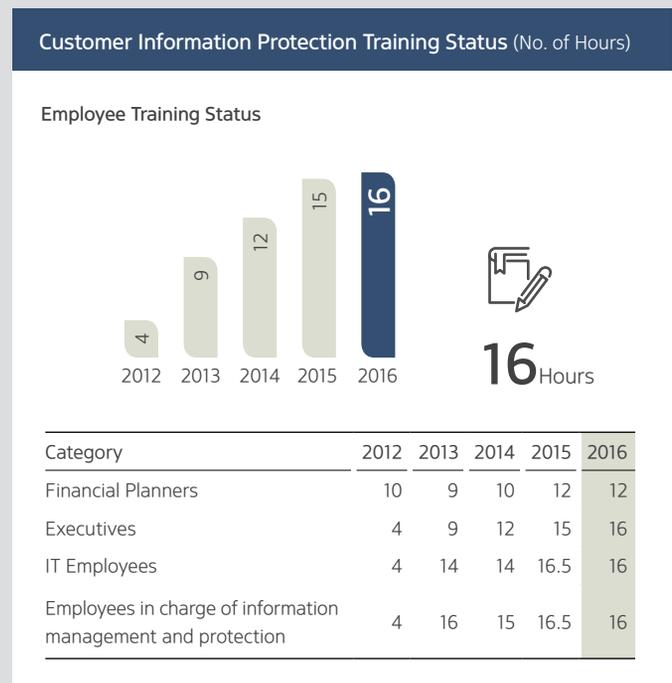
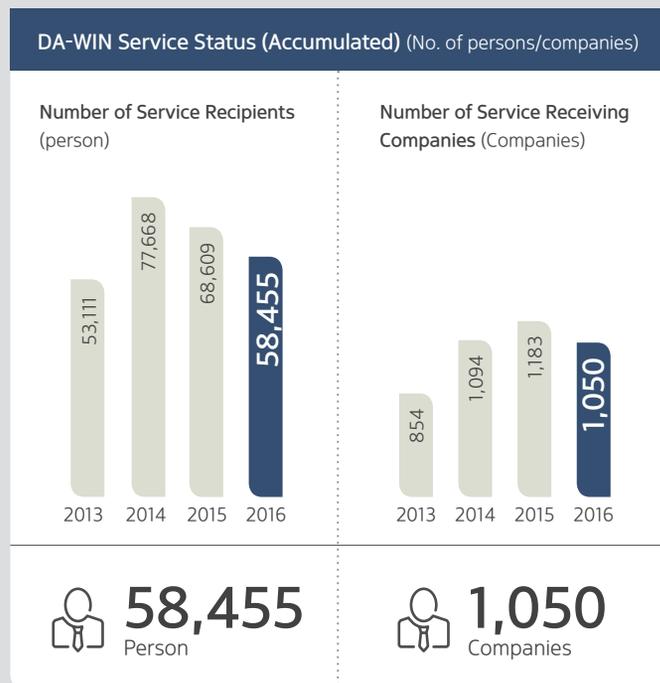
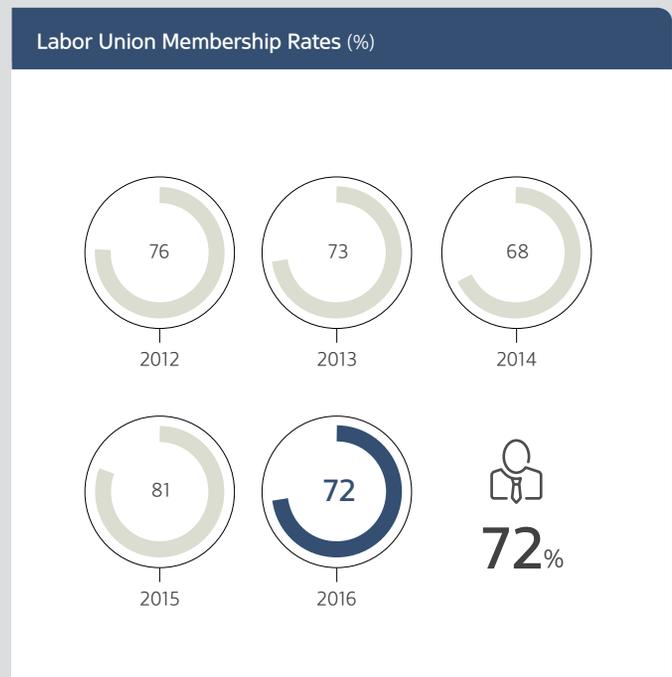
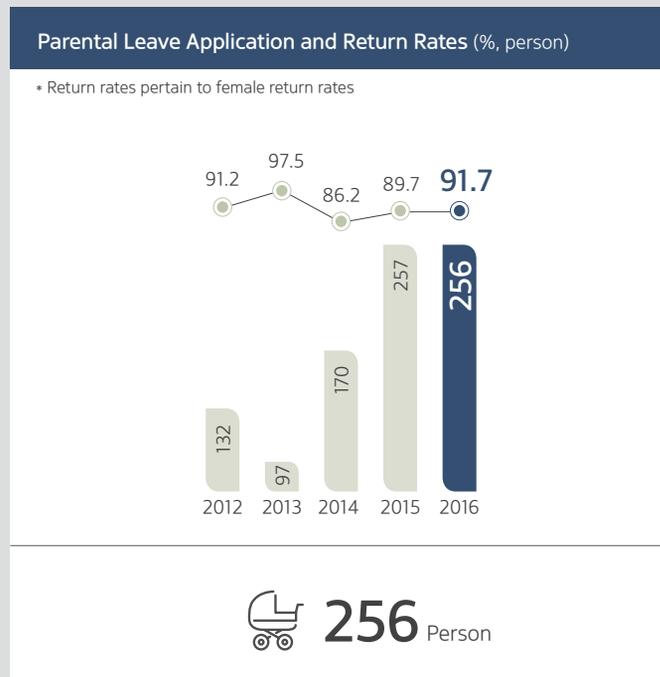


* NPL Ratio = (Loan receivable Below Fixed Rate / Total Receivables) x 100
 * Coverage Ratio = (Total Reserve/Receivables Below Fixed Rate) x 100

Social Performance in 2016



Kyobo Life's key social performance in 2016 is as below.



Social Performance

Kyobo Life is striving to play its role and to fulfill its social responsibilities as a corporate citizen. Kyobo Life is fulfilling our social responsibilities by making Kyobo Life's corporate management transparent through ethical management and by offering competitive insurance products and services as a member of the communities. In addition, Kyobo Life guarantees rights to employees and provide various company benefits to allow employees to strike a sound work-life balance.

Acquiring Management Transparency through Ethical Management

As corporate influence on society grows ever stronger, demands for corporate social responsibility along with ethical management have been rising. Kyobo Life, as a finance company whose ethics are heavily scrutinized, recognizes the importance of securing corporate transparency to earn the trust of its stakeholders.

Kyobo's Work Ethics Doctrine | Kyobo Life has enacted the 'Kyobo's work ethics doctrine' to clarify its intention to pursue ethical management, and has established regulations on work ethics along with specific instructions to establish guidelines on work ethics for all its employees. In 2016, the contents relevant to the anti-graft law was reflected in the revision. Also, all employees including the CEO are required attend Kyobo's 'Work Ethics Resolution' event at the beginning of every fiscal year to reinforce the company's ethical work culture.

Training Status of Employees Involved in Work Ethics and Security

Category		2014	2015	2016
Ethics training	Manager (hour)	16.7	15.0	18.5
	Non-managerial workers (hour)	13.6	16.5	14.5
Security training	No. of security employees (Number of people)	172	175	171
	Training execution rate (%)	100	100	100



: Photo of the Work Ethics Resolution event

Fair trade voluntary compliance program | 'Kyobo Life has appointed a manager and an organization dedicated to fair trade and put in place systems designed to ensure fair trade compliance, while continuing to train and monitor employees with regard to compliance.

Operation of internal control system | Kyobo Life makes sure that it abides by the laws and regulations for the protection of insurance contract beneficiaries, and manages assets in a sound manner, Kyobo Life also monitors compliance with internal control standards and designates compliance monitoring personnel to report the investigation results to the Audit Committee (7 Improvement recommendations of 2016 are under way), which is responsible for overseeing the entire internal control system.

Internal Control Assessment and Recommendations for Improvement

Recommendations for Improvement	Related department
Improve the internal control task propriety inspection process run by each head of the department	Legal support department
Prepare a reporting process for employees who violate the anti-graft law	Human resource support team
Reinforce the information security management system to respond to the security threats rising from new IT ahead of time	Information security team
Improve the description of main contents regarding the termination of commission contract for financial planners and the process of confirming their understanding	Organization net support team
Maintain for securing appropriate customer response level and revise the claim related work manual and reinforce the training of employees regarding the matter	Customer maintenance support team
Improve customer self-identification process to prevent financial accidents	Customer maintenance support team
Improve insurance claim payout evaluation related information guide system	Claim evaluation team

Transparent Trades with Partner Companies | Kyobo Life operates a system designed to secure transparency in trades with external partner companies involved in the major businesses of Kyobo Life.

Cyber purchase system: : To guarantee transparent and fair purchasing, the entire purchase process is conducted through the company's cyber purchase system, which enables partner companies to conduct purchases without the constraints of time and space, while allowing Kyobo Life to secure transparency in selecting partner companies through competitive bidding without the need for face-to-face meetings.

Operation of clean contract system : Kyobo Life has established the "Clean Contract System" to promote mutual benefits with stakeholders based on a transaction culture in which collusion and unfair trade practices - such as bribes and preferential treatment - are prohibited throughout the entire process of contractual fulfillment including product purchase, services, and construction.

Selected as an Exemplary Money Laundering Prevention Institution I Kyobo Life was named as an exemplary money laundering prevention institution on the 10th Money Laundering Prevention day in November 2016, and received a commendation from the commissioner of the Financial Services Commission. This was the result of its being highly evaluated for consistently improving and upholding its compliance with the anti-money laundering laws by performing strict client background checks and implementing the system of reporting suspected money laundering transactions and large cash transactions.



: Photo of the Money Laundering Prevention Commendation

Responsibility for Insurance Products and Services

Kyobo Life does its best to ensure that its clients recognize the value of life insurance and select the product that is most appropriate to their needs, while improving the quality of its services from signing up for insurance to maintenance and payout.

Complete Subscription Process I Kyobo Life provides all its financial planners with regular training on the complete subscription process, and reflects the subscription items in the company policies, with strict emphasis on the complete subscription process.

Status of Complete Subscription Process

Compliance with the 3 principles	Notification of requirements before signing	Full explanation of information customers need to know
Issuance of contract containing the personal signatures of the contracting party and insurance subscriber, full explanation of the contract, and delivery of contract copy to the subscriber. 	Clients are advised to fill out all the requirements on the form prior to signing. 	Detailed and accurate explanation of items requiring explanation, such as product characteristics and guarantees. 

Protection of Customer Rights and Benefits and Prevention of Unfair Trade I Kyobo Life is committed to protecting the rights and benefits of finance institution users and customers by complying with insurance related regulations. It also operates an advertisement review system which requires new product advertisements and insurance brochures to be approved by the legal compliance monitoring body, and prevents unfair trade by prohibiting the persuasion of customers of competitors to trade with us.

Overview of Product Advertisement-Review Status

Category	2014	2015	2016
Status of cases under review (Case)	624	1,090	1,166

Efforts for insurance claim payments I Kyobo Life currently executes its insurance payouts through 59 customer plazas, 35 payment reception windows and 53 insurance payout reception windows. In addition, we help customers who are unable to visit the plazas or reception windows with their insurance claims and payouts through the proxy insurance claim application and the financial planners and visiting payout service.

Application by Agent and Visiting Service of Insurance Payment Claims Status

Category		2014	2015	2016
Accident claim application via agent	Paid amount (100million KRW)	4,580	4,686	5,121
Payment by visit service	Paid amount (100million KRW)	2,770	2,755	3,170

Responsibility for the Customers: Certification of Customer Centered Management (CCM) I Kyobo Life obtained the CCM certification (Valid from July 2015~ June 2017) from the Fair Trade Commission (FTC) in 2015. Consumer-centered management certification is the FTC's certification system for corporations that have contributed to the development of a consumer-oriented management culture and improvement of consumer welfare by establishing and operating a management system focused on their consumers.



: Certificate

Work-Life Balance

Kyobo Life endeavors to create a pleasant working culture characterized by joy, pride, and trust where employees can enjoy work while maintaining a sound work-life balance.

Employee Status | As of the end of 2016, Kyobo Life has 4,275 employees, representing a 2.5% decrease from the previous year. Female employees account for 45.9% of the total, and there are 215 new recruits. In 2016, 92 employees retired, i.e. a retirement rate of 2.2%. There are 52 employees with disabilities, which represents a 1.2% recruitment rate of disabled people. Female managers account for 9.5% of the total, and their number has increased steadily over the last seven years.

Employee Status

Category	2014	2015	2016	
Permanent	Number of people with disabilities (ratio)	51(1.2)	50(1.2)	52(1.2)
	Number of female managers (ratio)	47(6.5)	59(7.9)	73(9.5)
	Number of males	2,316	2,268	2,312
	Number of females	1,948	1,902	1,963
Employed	Total	220	146	215
	Number	104	94	92
Retired	Ratio	2.3	2.3	2.2
	Temporary	226	223	209

* Number of employees with disabilities : 20 Customer Satisfaction Center operators, 4 persons in IT, 14 persons in the field, 14 persons at head office

Safe Working Environment: Occupational Safety and Health Committee

Due to the nature of the insurance business, Kyobo Life does 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.

Emphasis on family-friendly culture

Kyobo Life provides various programs to create a family friendly culture to support the development of the company and the individual. Kyobo Life runs 'Kyobo Life Dasomi Child Care Center' for employees so that employees can focus on work without worrying about childcare, and Kyobo Life

also provides parental leave and allowances, spouse parental leave, holidays for prenatal checkup, 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

Category		2014	2015	2016
Parental leave applicants (person)	males	4	4	2
	females	166	253	254
Return from parental leave (%)	males	100	100	100
	females	86.2	89.7	91.7

* Return from parental leave (%): (No. of persons returning from parental leave) / (No. of persons availing themselves of parental leave) x 100

Employee Benefits | Welfare and Benefits Systems

Kyobo Life operates various welfare and benefits systems designed to enable its employees to maintain a healthy balance between work and private life by offering help for life stabilization, residential assistance, and healthy lifestyle and cultural activities.

Employee Benefits System

Stable lifestyle	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
Healthy and cultural lifestyle	Health & fitness, R&R, company athletic meet, company social groups
Cafeteria system	Can freely select benefits according to needs (Options : self-development, health management, cultural activities, fitness)

Anti-discrimination in the workplace

Kyobo Life accords considerable importance to maintaining the dignity and guaranteeing the rights of all its employees, and supports and complies with the principles on human rights and labor of the UN Global Compact.

Eliminating Employment and Occupation Discrimination | Kyobo Life provides 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 2016, the basic salary for newly hired permanent employees with a 4-year university degree is 250% of the minimum wage (40.51 million KRW).

Protect and Respect Human Rights | Kyobo Life recognizes 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, Kyobo Life provides 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 does not hire employees below the age of 15 so as to prohibit child labor and limits the employment of teenagers below the age of 18. We also prohibit all forms of forced labor that violate the free will of the employees.

Building a Cooperative Labor Management Culture

Kyobo Life believes that advancement of labor-management relations is a must for any company's competitiveness and communicates company management information to the laborers so as to form strategic partner relations between labor and management. As of December 2016, 72% of the employees, or 3,161 people, belonged to a labor union.



: An agreement between labor and management

Efforts Toward Mutual Growth

Kyobo Life pursues co-existence with its transaction partners and the local community where its company management activities are concerned. By promoting the advancement of Kyobo Life along with the mutual growth of its partners and local society, Kyobo Life is able to successfully maintain a virtuous cycle of mutual advancement.

DA-WIN Service for Mutual Growth with Partners | Kyobo Life is the first company in the finance industry to be awarded the Consumer Satisfaction Management Award for five consecutive years. It operates the DA-WIN service program for mutual growth by sharing the know-how of its customer satisfaction service with its partners. This service is used to provide systematic educational support along with the company instructor training process and the CS consultant service in order to assist client companies' success and pioneer potential industrial markets for the purpose of creating values for co-existence through contracts with large company clients (corporations and organizations).

DA-WIN Service Status and Performance

Category		2014	2015	2016
Number of service receiving companies		1,094	1,183	1,050
Number of service recipients		77,668	68,609	58,455
Financial performance	Contracts (Cases)	7,107	8,493	5,935
	Contract amount (million KRW)	1,882	2,058	1,809



: DA-WIN Service

Digital Communication with Customers: The Digital Age, Emphasis on Literary Communication with Customers ('Read, Walk, and Experience Gwanghwamun' Website) | Kyobo Life utilizes Korea's highly advanced digital environment to provide differentiated customer services. Also, Kyobo Life operates the "Read, walk, and experience Gwanghwamun" website(www.kyobostory.co.kr), a philosophical website that places great emphasis on the value of human life itself. All its contents can be accessed via a PC or mobile device anytime, anyplace. The main contents of this website consist of the 'Reading Literature' section, where visitors to the site can encounter the humorous and heartwarming contents of literary works; the 'Walking with History' section, which provides new perspectives and

insights through historical stories; and the 'Experiencing Philosophy' section, where you can experience the world of philosophy and discover how there are at least ten possible responses to every single question. Furthermore, the site offers diverse multimedia contents in the form of videos and Webtoons, and various lectures that enable viewers to enjoy literary content in a fun way. All Kyobo Life clients can access e-book versions of bestsellers on the humanities, history, and philosophy. The humanities contents of this website constitute a vast cultural playground where clients' knowledge and cultural needs can be fulfilled, while seeking to expand the literary sympathy with the clients.



: Read walk experience



Environmental Performance in 2016



Kyobo Life's key environmental performance in 2016 is as below.



Environmental Performance

Kyobo Life is a company that manages its life insurance business, which covers life and health threats, and recognizes that the environment is a critical issue which has both direct and indirect effects on life insurance. This is because the environment has a huge influence in terms of its effect on people’s health and life. Also, consumer demand for eco-friendly management activities is increasing, and Kyobo Life sees this as a new opportunity for, rather than a limitation of, the company’s growth.

Eco-friendly Societal Contribution Activities

Eco-friendly Dasomi Family Volunteer Group | Kyobo Life carries out and promotes various types of volunteer work in an effort to protect the environment. Every year, over 50 families participate in initiatives, and Kyobo Life is expanding the significance and value of enjoyable voluntary work and establishing an ideal weekend leisure culture for families through family volunteer work programs. In addition, caring for and helping others in need through these programs help families strengthen their bond and contribute to creating a healthy family culture.



: Photo of Eco-friendly Dasomi Family Volunteer Group

Dasomi family volunteer group activity status

Schedule	Program	Location	Activities	Participants
4.2 (Sat)	A Tree of Hope on Planet Earth 'Arbor'	Noeul Park	Understand the ecosystem of Noeul Park Understanding the significance of trees in the ecosystem Reviving the city forest (Arbor)	12 families of employees
5.21 (Sat)	Coastal Waste Cleanup Activities	Oido Island	Learning the importance of marine protection and marine waste damage cases Coastal waste cleanup and monitoring	14 families of employees
9.24 (Sat)	'Technology of Optimization,' a Technology to Save Earth	World Cup Park	Understand the significance of the nest boxes for breeding of birds within city parks Monitoring of nest boxes and making and planting new bird nests	15 families of employees
11.5 (Sat)	'Technology of Optimization,' a Technology to Save Earth	Seoul Energy Dream Center	Understand energy and optimization technology Make LED light stands for low income families	13 families of employees

Eco-friendly Management Activities

Electronic Subscription System for the Environment | Kyobo Life uses paper in many of its main tasks, and most particularly in the insurance subscription process, which involves contracts and many other essential documents. As such, Kyobo Life operates an electronic subscription system designed to reduce the costs and minimize the environmental effects by reducing our paper usage. It is a one-stop system that requires the customer to directly access the insurance company website using their accredited certificates in order to subscribe to an insurance product, and provides an explanation of the product details which requires acknowledgement of the explanations and the personal signature of the customer.

Electronic Subscription Process



Promoting Eco-friendly Transportation Methods | Kyobo Life prohibits its employees from entering the training institute in Cheonan (Gyeseongwon) by private car, and instead pays its employees’ transportation costs based on KTX train fares so as to reduce the CO₂ emissions during their commutes. In addition, Kyobo Life has established a nationwide satellite broadcasting system for all our sales and service sites, which is intended mainly as a means of listening to major events rather than as a means of gathering employees for major events.

Reinforcement of Waste Management | Kyobo Life entrusts the waste generated by its office spaces to an approved waste processing company. Waste from the major buildings, including the headquarters, is discharged and recycled separately, and the annual amount of waste discharge is recorded and managed accordingly.

Waste* Discharge

Category	2014	2015	2016
Total discharge (Ton)	370	377	340
Recycled amount (Ton)	360	368	331
Recycling rate (%)	97	98	97

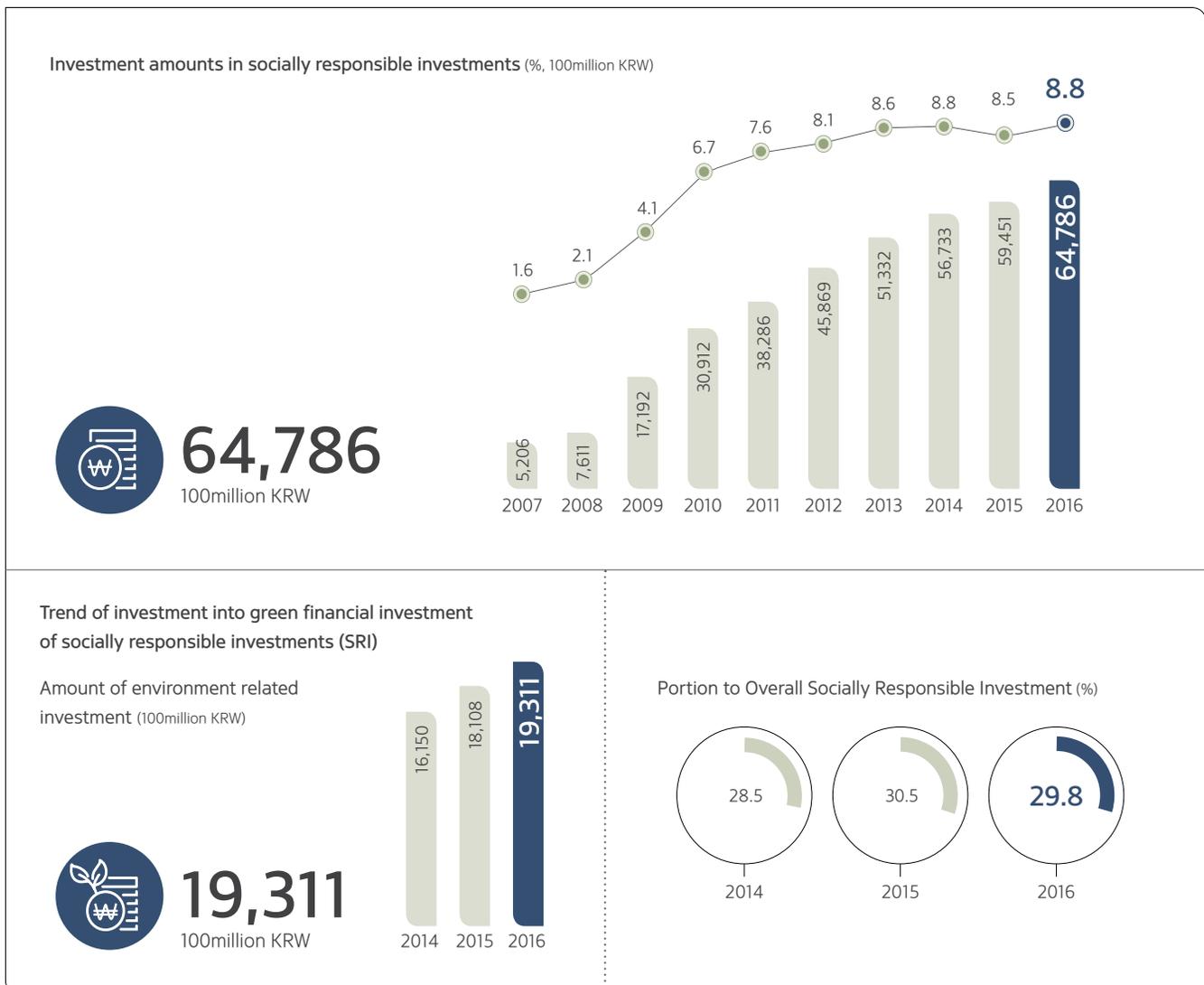
* "Waste" refers to regular office waste produced by the company buildings.

Reducing Electricity Use | Kyobo Life minimizes the operation of employee elevators other than in rush hours and lunch hours and maintains the building temperature above 26°C during summer and below 20°C during winter to reduce energy usage. Also, Kyobo Life has been conducting 'three voluntary energy and resource saving

campaign' since 2008 by turning off unnecessary lighting and un-used computers, and by using office resources economically.

Eco-friendly Financial Investment: Social Responsible Investment

| Kyobo Life is a life insurance company that manages long-term assets requiring the generation of stable long-term profits, and is expanding its eco-friendly finance investments to contribute to the public good as well. Kyobo Life's social responsibility investments started off with indirect societal investment in such areas as road and harbor construction projects, but it has now been expanded to indirect societal investment in eco-friendly infrastructures such as sewage plants, waste incineration facilities, and new energy development projects. Such expansion is expected to generate profits for Kyobo Life as well as expanding the scope of beneficiaries to the entire local society.

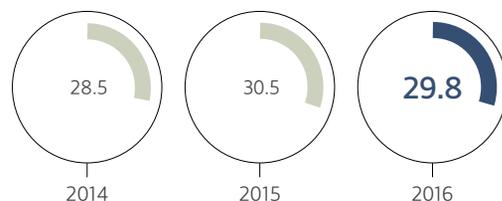


Trend of investment into green financial investment of socially responsible investments (SRI)

Amount of environment related investment (100million KRW)

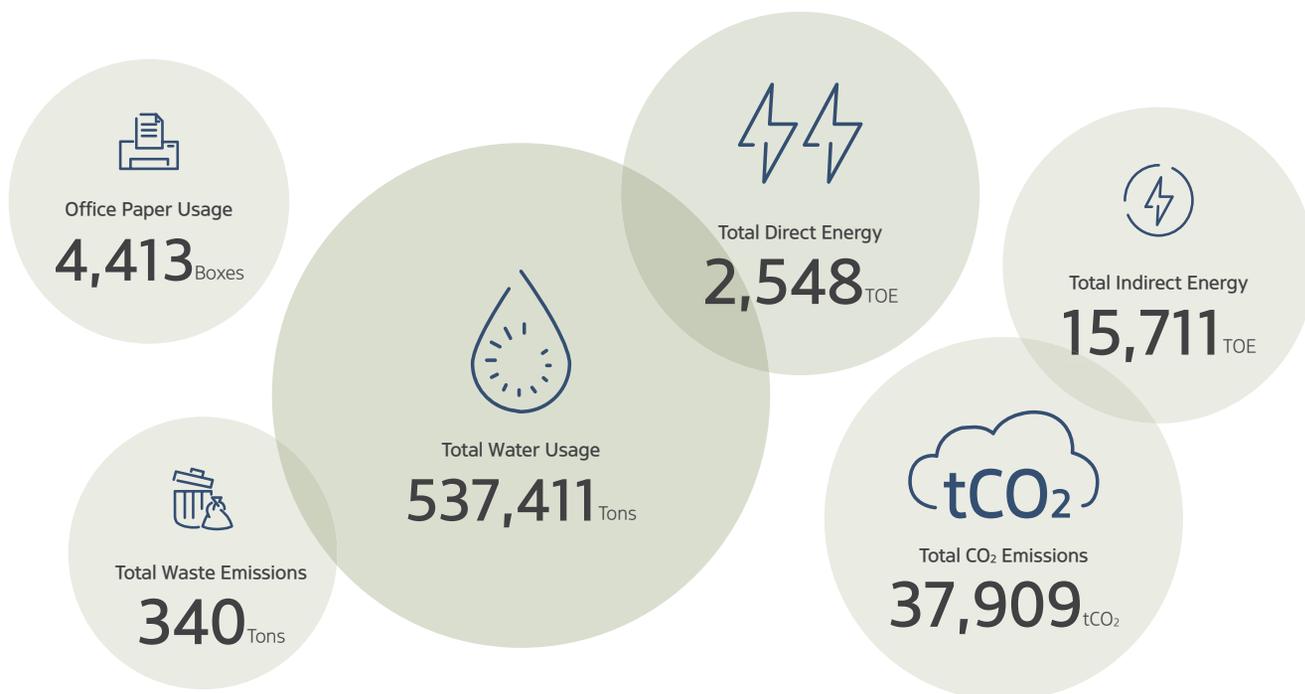


Portion to Overall Socially Responsible Investment (%)



Environmental Data

The following data have been compiled from forty-four company buildings managed by Kyobo Realco Co., Ltd (out of a total of 46 company buildings). However, the data for office paper/toner usage and waste discharge originate only from the Headquarters.



Office Paper and Toner Usage

Category	2014	2015	2016
Office paper (Box)	4,279	3,779	4,413
Toner (Units)	3,681	3,919	3,901

Water Usage

Category	2014	2015	2016
Total usage (Ton)	555,376	587,562	537,411
Recycled amount (Ton)	5,943	1,745	7,508
Recycled ratio (%)	1.1	0.3	1.4

Waste Emissions

Category	2014	2015	2016
Total emission (Ton)	370	377	340
Recycled amount (Ton)	360	368	331
Recycled ratio (%)	97	98	97

※ "Waste" refers to regular office waste produced by the company buildings.

Energy Usage

Category		2014	2015	2016
Direct energy (TOE)	Gas	1,882	2,062	2,181
	Oil	464	442	367
	Subtotal	2,345	2,504	2,548
Indirect energy (TOE)	Electricity	15,949	16,314	15,737
	Regional heating	32	35	34
	Subtotal	15,981	16,349	15,771
Total (TOE)		18,326	18,853	18,319
Compared to last year (TOE)		-1,227	527	-534

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

CO2 Emissions

Category	2014	2015	2016
Direct (tCO ₂)	5,300	5,617	5,677
Indirect (tCO ₂)	32,664	33,413	32,232
Total (tCO ₂)	37,964	39,030	37,909

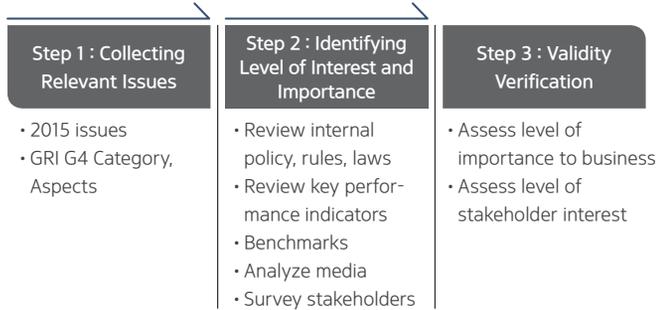
APPENDIX

- 64 Materiality Test
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- 67 Third Party Assurance
- 69 GRI G4 / ISO 26000 Index
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Association and Membership Regarding
Sustainability Management
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Materiality Test

Kyobo Life makes efforts to determine the interests of internal and external stakeholders and the factors that can affect its business (potential factors included) and to reflect them in our management decisions. Also, Kyobo Life has deduced the crucial issues pertaining to stakeholders and business that must be managed with priority, and this sustainable management report was written based on systematically deduced critical issues.

Materiality Test Process | Issues affecting Kyobo Life have been collected to determine the interest level of our stakeholders and business relevance; this was a 3-step process consisting of collecting relevant issues, identifying level of interest and importance, and validity verification.



Materiality Test Model | The materiality test is based on the evaluation model created by the Institute for Industrial Policy Studies, and various investigations and analyses were performed.



STEP 3

Validity Verification

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

Finalizing Issues

Kyobo Life has deduced the top 20 issues through the matrix analysis based on the business materiality and stakeholder interests. Also, Kyobo Life has selected the 5 major issues for different stakeholders (customers, financial planners, employees, investors, government/communities).

Stakeholder Interests

Top 20 Issues

Importance on Business



2016 Top5 Stakeholders Issues

Stakeholders	Top 5 Issues	Material Issues(GRI G4 Aspect)	Boundary	Contents
● Customers	Enhance customer satisfaction activities	Product & Service Labeling Customer Privacy	Internal/ External	Sustainability Management Activities of Kyobo Life (2016 Top 5 Issues)
● Financial planners	Support for financial planners' capability improvement efforts	Training & Education	Internal/ External	
● Employees	Expand Training Programs and Self Development Opportunities for Employees	Training & Education	Internal	
● Investors	Improve asset management returns	Economic Performance	Internal	
○ Government & Communities	Social Contribution Activities Reflecting the Nature of the Life Insurance Business	Communities	Internal/ External	

* The five major issues of 2016 are explained in detail in the 'Sustainable management activities of Kyobo Life' section of this report.

Sustainable Development Goals

The term ‘sustainable development goals’ refers to the company’s global priorities in responding to the tremendous economical, societal, and environmental challenges facing us and which Kyobo Life aims to overcome by 2030. Kyobo Life has integrated the ‘sustainable advancement goals’ and the company’s ‘sustainable management system’ to actively participate in this movement, and has reviewed the progress of 17 items. Kyobo Life is planning to promote the best of the following 17 items.

Kyobo Life’s Sustainable Management System and Sustainable Development Goals

Sustainability management philosophy	Pursue Shared Growth with All Stakeholders					
Vision2020	Korea’s Most Innovative Life Insurance Company in Product and Distribution					
Pledges for stakeholders	Promise	A company that is good at providing insurance coverage to customers	A company that succeeds together with its Financial Planners	A company that grows together with its employees	A company that is attractive to investors	A company that grows together with the Government and communities
	Principle	We will listen to the customers and manage the company from the customers’ perspective	We will pay respect to and trust the Financial Planners as business partners	We will continue on our corporate culture of joy, pride and trust	We will continue to produce exceptional profit through the good growth	We will actively carry out corporate social responsibility activities to grow together with our communities
	KPI	<ul style="list-style-type: none"> Persistency rate (13th assessment) Customer satisfaction level Market share rate 	<ul style="list-style-type: none"> Financial Planner satisfaction level Financial Planner settlement ratio (13th assessment) 	<ul style="list-style-type: none"> Training hours per employee Employee satisfaction level 	<ul style="list-style-type: none"> Total assets Return on equity(ROE) Risk based capital ratio(RBC) 	<ul style="list-style-type: none"> Societal contribution ratio/amount Weight of Socially responsible investment (SRI) (proportions) Energyconsumption
Sustainable advancement goals (2016~2030)	Reduce poverty Eliminate poverty Healthy lifestyle and welfare Quality education Gender equality Drinking water and hygiene Appropriate energy Promotion of economic growth and quality jobs Infrastructure for industrial innovation Eradicate inequality Sustainable cities and homes Sustainable consumption and production Response to climate change Protection of marine resources Protection of ecosystem Accepting society and systems Expansion of global partnership					

Kyobo Life’s Sustainable Advancement Goals

Item	Contents
1	‘Ties of Love’ activities to support children from minority groups; ‘Tree of Hope Project’ to support income improvement for poor farming families in Vietnam ‘Kyobo Hope and Love Insurance’ to provide insurance benefits to children from lowincome families by utilizing dormant insurance payments.
3	Provision of health insurance and healthcare services, health insurance discount for non-smokers, health checkup service and health information for customers.
4	Kyobo Dasom Scholarship to provide educational opportunities; various educational insurance products; ‘New Employee Mentorship System’ and ‘Talent Development Program’ to provide opportunities for self-improvement and self-reinforcement; ‘North East Asia Run for Under Graduate Students’ to provide opportunities for students to grow into global leaders
5	recruitment based on ‘Kyobo Professional’ along with fair performance evaluation and anti-gender discrimination; ‘Female Leadership Conference’ to instill motivation for growth and development among female employees and to aid their development and building relationships for human resource network.
9	‘Hope Tree Project’ to build libraries for elementary schools and houses in rural Vietnam; expansion of ‘social responsibility investment’ to build societal facilities and infrastructure.
13	‘Electronic Subscription System’ to reduce paper usage; promotion of various other energy usage reduction activities.

Third Party Assurance

To the management and stakeholders of Kyobo Life

Introduction

The Korea Standards Association ('the Auditor') was commissioned to perform an independent audit on Kyobo Life's Sustainability Report 2016 ('the Report'). The Auditor has provided an independent opinion, based on a review of data contained in the Report prepared by Kyobo Life ('the Company'), and all the statements and performance data included in the report are the responsibility of Kyobo Life.

Independence

The Auditor, as an independent assurance body, has no professional interest in Kyobo Life other than in providing this third-party assurance on the Report, and it is not related to the Company in any way that may undermine its independence or affect business interests.

Auditing Standards

The Auditor verified inclusiveness, compliance with the principles of materiality and responsiveness, and reliability of the data disclosed in the Report at the "moderate" level in accordance with the verification standards of AA1000AS (2008); and other international standards including GRI G4 Guidelines and ISO 26000 were also applied in the verification process.

Verification Type and Scope

The Auditor conducted Type 2 verification according to the AA1000 verification standards (AA1000AS), which means that the audit assessed the accuracy and reliability of the Company's statements and performance data provided in the Report. The verification scope is from January 1, 2016 to December 31, 2016, and the data for the first half of 2017 was included when deemed necessary. The audit focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company's sustainability management. In addition, financial audit was conducted on environmental and societal data, and economic performance in a broad sense. Verification of stakeholder engagement was limited to a review of the Company's materiality test process.

Verification Methodology

The Auditor collected data, information and evidence by using the following method.

- Review and analyze media coverage on the Company's sustainability management in the recent 3 years
- Investigate issues of sustainability reporting selected by the Auditor in consultation with the Company

- Visit the head office of the Company and interview sustainability managers and employees in charge of individual issues
- Review systems and processes that were used in improving the performance of sustainability management and preparing the Report
- Check if the financial performance data in the Report match the data in the auditor's report on the Company's financial statements and disclosures
- Track and examine internal documents and basic data

Verification Results and Opinions

[Verification Principles & Process]

The Auditor has reviewed the content of the draft report and offered our opinions, and the report has been revised accordingly. The Auditor has not found any material errors or inappropriate statements regarding the content of this report. The Auditor offers the following opinions on Kyobo Life's Sustainability Report 2016:

Inclusiveness

Did the Company include stakeholders in the process of strategically responding to issues of sustainability management?

The Auditor has verified that the Company tried to get stakeholders involved in the process of sustainability management and that the Company is operating a variety of channels for communication with stakeholders. We have not found any important group of stakeholders left out in the above-mentioned process.

Materiality

Did the Company include material information that can help stakeholders make informed decisions?

The Auditor finds that the Company has neither omitted nor excluded any material information that stakeholders need to know. We have confirmed that the Company conducted a materiality test of key issues that were identified in an analysis of the internal and external environment and prepared the report based on the results of the analysis.

Responsiveness

Did the Company respond to the demands and interests of stakeholders?

The Auditor has verified that the Company is properly responding to the demands and interests of its stakeholders by reflecting the opinions collected from stakeholders on the Report. The Auditor has found no evidence that the Company's responses to material issues involving stakeholders were misrepresented or misstated in the Report.

GRI G4 Application

The Auditor has verified that the Report was prepared in accordance with the Core Option of GRI G4 and also confirmed, based on the data provided by the Company, that General Standard Disclosures and Specific Standard Disclosures have been properly made.

General Standard Disclosures

The Auditor has verified that the Report complied with the requirements of the General Standard Disclosures of Core Option, and reviewed the following indices:

G4-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 56

Specific Standard Disclosures

The Auditor has verified DMA on the material aspects identified through the process of determining the reporting items and reviewed the following indices:

G4-EC1, LA1, LA2, LA3, LA9, LA10, SO1, PR5, PR8, FS6, FS13

Opinions and Recommendations [Practicality/Issues]

The Auditor offers the following recommendations for the Company to establish strategies for sustainability management for the entire organization and to respond to issues of sustainability better:

Economic Performance | In accordance with its people centric management philosophy, Kyobo Life maintains constant communication with its stakeholders to keep them informed of its sustainability management activities and initiatives in order to promote shared growth with all stakeholders. The company should be able to steadily generate profit and manage risks proactively in order to respond to prudential regulation proactively and cope with the changing market in a timely manner. In addition, performance-based responsibility management and high-quality transparency management are required to ensure sustainable growth. The auditor recommends that the company constantly manage financial and non-financial risks, respond to the changing business environment in an even more proactive manner, and adopt a far-sighted approach, rather than seeking short-term results, in all aspects of management, so as to raise the quality of its performance-based responsibility management and transparency management.

Environment | It is very encouraging that the company is acting ahead of public pension funds to get involved in socially responsible investment. As environmental pollution presents is now judged to pose a serious threat to humanity, major global financial companies are becoming increasingly aware of, and actively involved in, environmentally responsible investments in various fields including energy efficiency, renewable energy, preservation of biodiversity, clean means of transportation, and clean water and drinks. Against this backdrop, the auditor recommends that the company identify environmentally-friendly investment as a core issue, establish mid- and long-term quantitative targets against which its performance can be measured, publish results showing how the company has performed against individual indicators in a report, and create a system of managing and reporting on performance indicators for environmentally-friendly investment. Managing targets in the mid and long term helps the company constantly improve itself and better communicate with its stakeholders through the sustainability report.

Society | The auditor has verified that Kyobo Life is well on its way to establishing a system of sustainability management by managing business issues, its pledges and principles for different groups of stakeholders and linking them to KPIs, under the company's Vision 2020 (Korea's most innovative life insurance company in product and distribution) in order to promote its sustainability management philosophy of "pursue shared growth with all stakeholders." Notably, the company objectively analyzes the results and limitations of its sustainability management for different core stakeholder groups - including customers, employees, financial planners, investors and local communities, identifies areas for improvement - and applies the findings in its business operations, thus attesting to the company's genuine commitment to stakeholder-centered management. Finally, the auditor recommends that the company focus more on systematically measuring and reporting a variety of its stakeholder-centered business activities and their impact, with the aim of creating an advanced and more sophisticated system of sustainability management.



February 2017

Chairman, KSA Baek, Soo Hyun

Baek, Soo Hyun

Korean Standards Association (KSA), a special corporation established in 1962 under the Industrial Standardization Act, is a knowledge services provider dedicated to promoting and advising on industrial standardization, quality management, sustainability management, and KS:ISO certifications in Korea. In particular, KSA acts as the Korean agency for ISO 26000, the designated GRI education institute, an A1000 verification body, the Korea Sustainability Index (KSI) manager, the designated operational entity (DOE) for UN CDM, and a verification body for GHG & Energy Target Management System, and contributes to the sustainable development of Korea.

GRI G4 / ISO 26000 Index

General Standard Disclosure				
Index	Details	ISO 26000	Page	Assurance
Strategy and Analysis				
G4-1	CEO Message	4.7/6.2/7.4.2	4~5	67~68
G4-2	Provide a description of key impacts, risks, and opportunities		18	67~68
Organizational Profile				
G4-3	The name of the organization		10	67~68
G4-4	The primary brands, products, and services		13	67~68
G4-5	The location of the organization's headquarters		10	67~68
G4-6	Number and names of countries where the organization manages operating sites or which are related to sustainable topics		10	67~68
G4-7	Nature of ownership and legal form		16	67~68
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)		10, 12	67~68
G4-9	Scale of the organization	6.3.10/6.4.1-	10~12, 50, 56	67~68
G4-10	Employment type, contract, and regional labor force status	6.4.2/ 6.4.3/ 6.4.4/6.4.5/ 6.8.5/7.8	10, 56	67~68
G4-11	Percentage of total employees covered by collective bargaining agreements		53	67~68
G4-12	Explanation about the organization's supply chain		54	67~68
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain		10~11, 16	67~68
G4-14	Whether and how the precautionary approach or principle is addressed by the organization		51~52, 72	67~68
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		66, 72	67~68
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations		73	67~68
Identified Material Aspects and Boundaries				
G4-17	List of entities included in the organization's consolidated financial statements or equivalent documents		11	67~68
G4-18	Process for defining the report content and the Aspect Boundaries		64~65	67~68
G4-19	List of Material Aspects identified in the process for defining report content		64~65	67~68
G4-20	Aspect Boundary within the organization for each Material Aspect	5.2/7.3.2/ 7.3.3/7.3.4	64~65	67~68
G4-21	Aspect Boundary outside the organization for each Material Aspect		64~65	67~68
G4-22	Effect of any restatements of information provided in previous reports, and its reasons		About This Report	67~68
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		About This Report	67~68
Stakeholder Engagement				
G4-24	List of stakeholder groups engaged by the organization		14~15	67~68
G4-25	Basis for identification and selection of stakeholders with whom to engage	5.3	14~15	67~68
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process		14~15	67~68
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	5.3	14~15	67~68

Index	Details	ISO 26000	Page	Assurance
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided		About This Report	67~68
G4-29	Date of most recent previous report (if any)		About This Report	67~68
G4-30	Reporting cycle (such as annual, biennial)		About This Report	67~68
G4-31	Provide the contact point for questions regarding the report or its contents	7.5.3/7.6.2	About This Report	67~68
G4-32	Organization's 'in accordance' option, GRI Content Index, reference to the External Assurance Report		About This Report	67~68
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report, scope and basis of any external assurance, relationship between the organization and the assurance providers, role of highest governance body or senior executives in seeking assurance		67~68	67~68
Governance				
G4-34	Governance structure of the organization	6.2/7.4.3/7.7.5	16~17	67~68
Ethics and Integrity				
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	4.4/6.6.3	54~55	67~68

Specific Standard Disclosures

Aspects

Economic

Economic Performance	Generic DMA			40	67~68
	G4-EC1	Direct economic value generated and distributed	6.8.1-6.8.2/ 6.8.3 /6.8.7/ 6.8.9	20~21	67~68

Environmental

Materials	G4-EN1	Materials used by weight or volume		59~62	
Energy	G4-EN3	Energy consumption within the organization	6.5.4	59~62	
Water	G4-EN10	Percentage and total volume of water recycled and reused		59~62	
Emissions	G4-EN15	Direct greenhouse gas emissions (scope 1)	6.5.5	59~62	
Effluents and Waste	G4-EN23	Total water discharge by quality and destination	6.5.3	59~62	
Products and services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	6.5.3/6.5.4/ 6.5.5/6.7.5	59~61	

Social

Labor Practice and Decent Work

Employment	Generic DMA			29, 35	67~68
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	6.4.3	56	67~68
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4.4/6.8.7	56~57	67~68
	G4-LA3	Return to work and retention rates after parental leave, by gender	6.4.4	53, 56	67~68
Training and Education	Generic DMA			29, 35	67~68
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	6.4.7	36~39	67~68
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending	6.4.7/6.8.5	36~39	67~68
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.2.3/6.3.7/ 6.3.10/6.4.3	17, 56	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6.3.7/6.3.10/ 6.4.3/6.4.4	57	

Index	Details	ISO 26000	Page	Assurance
Human Rights				
Non-discrimination	G4-HR3 Total number of incidents of discrimination and corrective actions taken	6.3.6/6.3.7/ 6.3.10/6.4.3	56~57	
Society				
Local Communities	Generic DMA		44	67~68
	G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9/6.5.1- 6.5.2/6.5.3/6.8	44~48	67~68
	FS13 Access points in low-populated or economically disadvantaged areas by type	-	27, 57	67~68
	FS14 Initiatives to improve access to financial services for disadvantaged people		27	
Anti-competitive Behavior	G4-SO4 Communication and training on anti-corruption policies and procedures	6.6.1-6.6.2/6.6.3	54~55	
Product Responsibility				
Product and Service Labeling	Generic DMA		25	67~68
	G4-PR5 Results of surveys measuring customer satisfaction	6.7.1-6.7.2/6.7.6	25, 27	67~68
Customer Privacy	Generic DMA		25	67~68
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7.1-6.7.2/6.7.7	28	67~68
Product Portfolio	Generic DMA		25, 55	
	FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		12~13	67~68
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	-	Homepage	
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		Homepage	
Active Ownership	FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	-	61	
	FS11 Percentage of assets subject to positive and negative environmental or social screening		61	

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	54
	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	57 28
 Labour Standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,	• Cooperative labor-management culture	57
	4. Elimination of all forms of forced and compulsory labor,	• Prevention of forced labor	57
	5. The effective abolition of child labor,	• Prevention of child labor	57
	6. The elimination of discrimination in respect of employment and occupation.	• Prevention of discrimination in the workplace	57
 Environment	7. Businesses should support a precautionary approach to environmental challenges,	• Environmentally-friendly social contribution activities	60
	8. Undertake initiatives to promote greater environmental responsibility,	• Environmentally-friendly management	60~61
	9. Encourage the development and diffusion of environmental friendly technologies.	• Environmentally-friendly financial investment	61
 Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Ensuring transparency for ethics management	54~55

Awards regarding Sustainability Management

Date	Content
Sep 2016	First place in the life insurance sector of 「Korea Sustainability Index (KSI)」 for seven consecutive years
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)
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)
May 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	Exchange of information on implementation of corporate social responsibility	2010

Financial Highlights

Balance Sheet (Statement of Financial Position)

(100million KRW)

Category	2016	2015	2014
Assets	966,843	920,084	857,622
Cash and deposits	13,774	17,287	14,439
Financial assets [*]	526,120	499,767	462,451
Receivables	184,634	168,201	163,721
Other assets	65,580	66,123	64,386
Separate account assets	176,735	168,707	152,626
Liabilities	888,218	844,850	788,051
Policy reserves	636,675	596,517	557,430
Other liabilities	70,258	74,818	73,918
Separate account liabilities	181,285	173,515	156,703
Equity	78,625	75,234	69,571
Capital	1,025	1,025	1,025
Capital surplus and others	4,194	4,166	4,181
Accumulated other comprehensive income Retained earnings	10,148	11,152	11,161
Retained earnings	59,616	55,519	50,168
Non-controlling interest	3,642	3,372	3,036
Liabilities and equity	966,843	920,084	857,622

* 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)

(100million KRW)

Category	2016	2015	2014
Operating revenues	144,423	142,552	137,057
Premium income	79,007	78,356	80,780
Investment income, etc	65,416	64,196	56,276
Operating expenses	137,554	133,400	130,520
Increase in insurance contract liabilities Insurance expense [*]	38,955	38,629	43,959
Insurance expense [*]	70,265	67,822	65,541
Other expenses	28,334	26,949	21,020
Operating income	6,869	9,152	6,537
Non-operating revenues	525	233	327
Non-operating expenses	272	610	572
Income before tax	7,122	8,775	6,292
Income tax	1,689	2,334	1,117
Net income	5,433	6,441	5,175
Share of controlling company	5,145	6,079	5,052
Share of non-controlling company	288	363	122

* 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

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.

Jan 8, 2016



Humanity
and
the Future