



DONGBU INSURANCE

INTEGRATED REPORT 2017



Dongbu Insurance

About This Report

Reporting Period and Cycle

This 7th sustainability report was published to transparently report on Dongbu Insurance's financial and non-financial performance for 2016 to all stakeholders. Also, this is the second Integrated Report that reflects the Guiding Principles and Content Elements set out by the <IR> Framework of the International Integrated Reporting Council (IIRC). This report covers from January 1, 2016 to December 31, 2016, and several key parts of the report include some activities and performances of the year 2017.

Reporting Principle

The report was prepared under the G4 guidelines of the Global Reporting Initiative (GRI) and the document principles of GRI Financial Service Sector Supplement and is in accordance with core requirements. Furthermore, it reflects the guidelines of <IR> Framework and covers activities and performances in line with the 10 principles of Communication on Progress as a member corporation of the UN Global Compact. The financial performances were prepared based on the Korean International Financial Reporting Standards and any modifications from the previous report were specially indicated in the report.

Reporting Scope

The scope of this report covers Dongbu Insurance's domestic business sites(excluding subsidiary companies) such as headquarters, nationwide divisions, claims adjustment dept. and some performances of the company's overseas branches and offices are also included. As for non-financial data, correspond to 100% in terms of company's sales and environmental data primarily made on the company's 9 buildings and leasing offices.

Contact

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CEO Message





Dear Valued Stakeholders caring for Dongbu Insurance,

I would like to extend my deepest gratitude to all of you for your unwavering support and interest in Dongbu Insurance.

Despite the harsh management environment due to unfavorable domestic and international affairs and the solidification of low economic growth and low interest rates, all employees of Dongbu Insurance have paid the utmost efforts to attain sustainable growth.

Under the overarching strategic direction 'Innovation in the profit structure and expansion of a growth engine', the company focused its capabilities into the innovation of profit structures over all business areas and amplifying a growth engine for sustainable management, and consequently, the company's management performance achieved the highest level on record. On the other hand, in the joint cooperation with the Ministry of Environment, the company has first developed 'Environmental Impairment Liability (EIL) Insurance', which is the compulsory insurance for companies to compensate for environmental pollution, and received the Presidential Citation for the contribution. In addition, we've launched a yellow carpet project, the representative social contribution program for children's traffic safety. Other accomplishment of the company includes its listing in the Dow Jones Sustainability World Index for four consecutive years for the first time in the industry.

Due to the growth of civic consciousness, it is highly likely that the management environment for 2017 will be facing the highest expectations and demands for corporates' business ethics and social responsibilities. Also to be anticipated is the drastic innovation traversing the boundaries of all industries due to the repercussion of remarkable technological innovations, namely, 'the 4th industrial revolution' in the context of globalization and liberalization. As for non-life insurers, it is expected that the era of challenge is a blue ocean with risks and opportunities waiting for them to grow into sustainable insurers, able to respond to more stringent soundness regulation system in accordance with the International Financial Reporting Standards and others and to create new growth engines in a low-growth, aging society.

With unflinching determination, Dongbu Insurance will continuously strive to establish itself as an insurer with the world-class sustainable management by fortifying its ability to respond to changing environments, improving management efficiency to surmount the economic situation stuck in a low-growth trap by securing 'the top business capabilities based on risk management in the industry'.

To take preemptive measures to tackle sustainable management issues, Dongbu Insurance joined Principles for Sustainable Insurance of the United Nations Environment Programme Finance Initiative (UNEP FI) and vowed to support and earnestly abides by the 10 principles of the UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs).

It is our steadfast promise that the company will not be content with the past success and establish itself as a global leading company in sustainable management with a thorough preparation for an ever-changing management environment.

Thank you.



June 2017
Dongbu Insurance Co., Ltd.

President & CEO **Jeongnam Kim**

Jeongnam Kim

About Dongbu Insurance





A Global Insurance Financial Group which Pursues a Happy Society with Customers

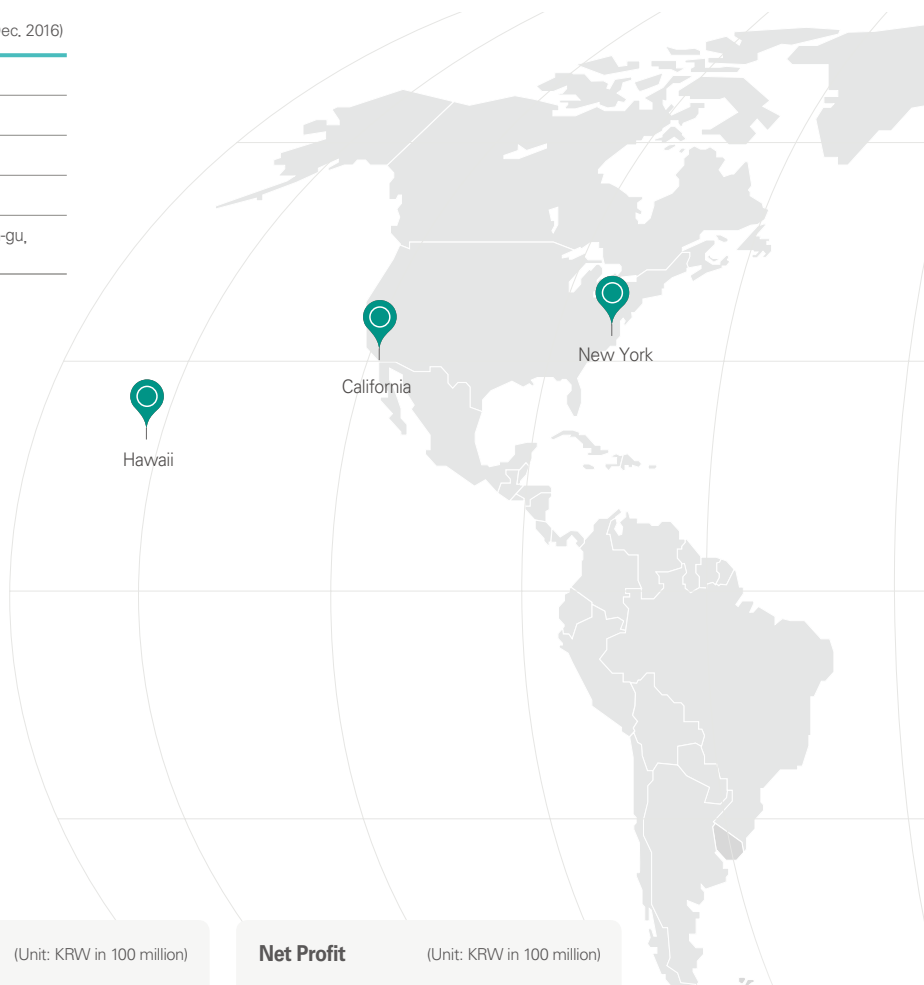
Founded on the management philosophy to place customers' satisfaction as its top priority and great financial soundness, Dongbu Insurance has grown into one of the leading general insurance companies in Korea. The company means to become a corporation that will ultimately uplift corporate values and foster shared growth with its stakeholders by implementing strategies and policies fully satisfying the expectations of various stakeholders based on its three initiatives: globalization, specialization, and adding high value.

Company Information

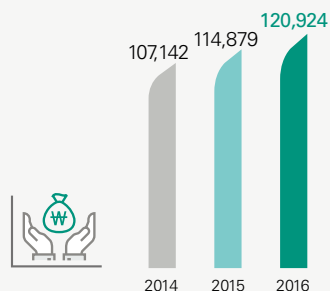
(As of Dec. 2016)

Company	Dongbu Insurance Co., Ltd.
CEO	Jeongnam Kim
Date of Establishment	Mar. 1962
Business Field	Non-life insurer
Headquarters Office	Dongbu Financial Center, 432, Teheran-ro, Gangnam-gu, Seoul, S. Korea

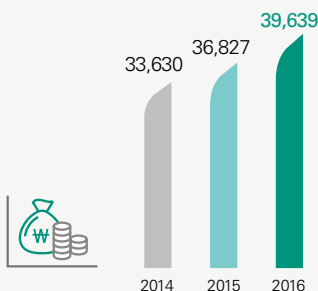
-  Branch
-  Representative Office
-  Joint Venture
-  Overseas Subsidiary



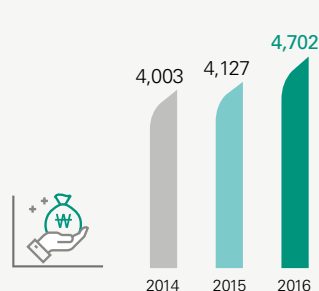
Direct Premiums (Unit: KRW in 100 million)



Equity Capital (Unit: KRW in 100 million)



Net Profit (Unit: KRW in 100 million)





Establish Sustainable Global Business System

As with its continued efforts to expand its global business, Dongbu Insurance has accomplished impressive success in overseas markets based on its differentiated localization strategies. Using the US business network and a subsidiary in Vietnam as basepoints, the company continues its growth, attaining overseas sales of USD 186 million. It plans to establish a sustainable global business system with the Vietnam subsidiary and the stabilization of the US branch.



Retained Customers (Unit: 10,000 persons)



820

(As of Dec. 2016)

Sustainability Assessment



DJSI World

(listed for four consecutive years)

Employees and Partners (Unit : persons)



27,515

(including 22,974 sales partners)

Credit Rating



S&P **A-** (stable) A.M.Best **A** (Excellent)

Corporate Vision

Corporate Vision System

The management philosophy of Dongbu Insurance is to be a “good company”. The philosophy is based on the foundation spirit that provides excellent products and services to customers, provides performance-based compensation and a pleasant working environment to employees and delivers the highest profit ratio to shareholders, thereby contributing to national and social development.

Pursuing a Happy Society with Customers

This is the core philosophy of Dongbu Insurance that includes the concept of pursuing ‘people’s happiness and company’s sustainable growth’

Global Insurance Financial Group

This is the future direction of the company where it becomes a global company and turns itself from non-life insurance company to insurance financial group

Core Strategic Tasks

To actualize the 2020 mid-to-long term strategies, Dongbu Insurance is pursuing 14 core strategic tasks over 7 different areas. With a view to ‘establish the highest business capability in the industry based on risk management’ in 2017, the company is implementing 13 tasks over 6 areas including establishing a value-centered growth structure, maximizing effective channel operations, obtaining differentiated customer royalty, strengthening the responsive capability against environmental/institutional transformation, securing stable secondary margins based on ALM, and improving management efficiency against low-growth solidification, etc.

Secure differentiated customer royalty

Improve P/F of profit-based products

Optimize market-driven channel P/F

Fortify the utilization of U/W, claim adjustment, data analysis

Sharpen our basic competitive edges for insurance asset management

Establish the platform for overseas business

Advance Information Asset infrastructure

Global Insurance

Global Insurance Financial Group

Dongbu

Top 1 ‘Competition Insurance Business Foundation for Qualitative

Brand Story: Promy

Promy is an abbreviated form of Dongbu Insurance’s promise to keep up with any promises made with customers at all costs, and refers to the integrated brand system encompassing ‘Promy Car’, the car insurance brand and ‘Promy Life’, the long-term insurance brand.

The company newly introduced a character, ‘Promise Keeper, Promy’, which was modeled after the gesture of a promise in line with its image of ‘a trustworthy company that keeps its promise to customers’. ‘Promise Keeper, Promy’ is used as an integrated character for ‘Promy Car’, ‘Dongbu Promy Basketball Team’, etc. and is applied to various promotional elements and activities to ensure proactive communication with customers including SNS, game, webtoon, KakaoTalk emoticon, corporate PR video, among others.



Strategic Framework for Sustainable Management

To attain the improved sustainable management system and global competitiveness, Dongbu Insurance carried out a project to sharpen the competitive edge for sustainable management with an emphasis on CSR Secretariat and corporate task force team in 2015. Joined by 27 employees from 24 departments, this six-month project resulted in identifying strategic tasks for social responsibility and continues to identify and implement further measures and tasks to introduce sustainable global management.



Core Values of Sustainable Management

Dongbu Insurance selected four core values to set the guidelines for its sustainable management activities and decision-making.



Establish Sustainable Management KPI

For more systematic sustainable management with a long-term vision, Dongbu Insurance manages key KPIs developed for different sectors including environment and society.



Environment

1. Develop eco-friendly products
2. Reduce Green House Gas(GHG) emissions
3. Increase investment in eco-friendly new renewable energy

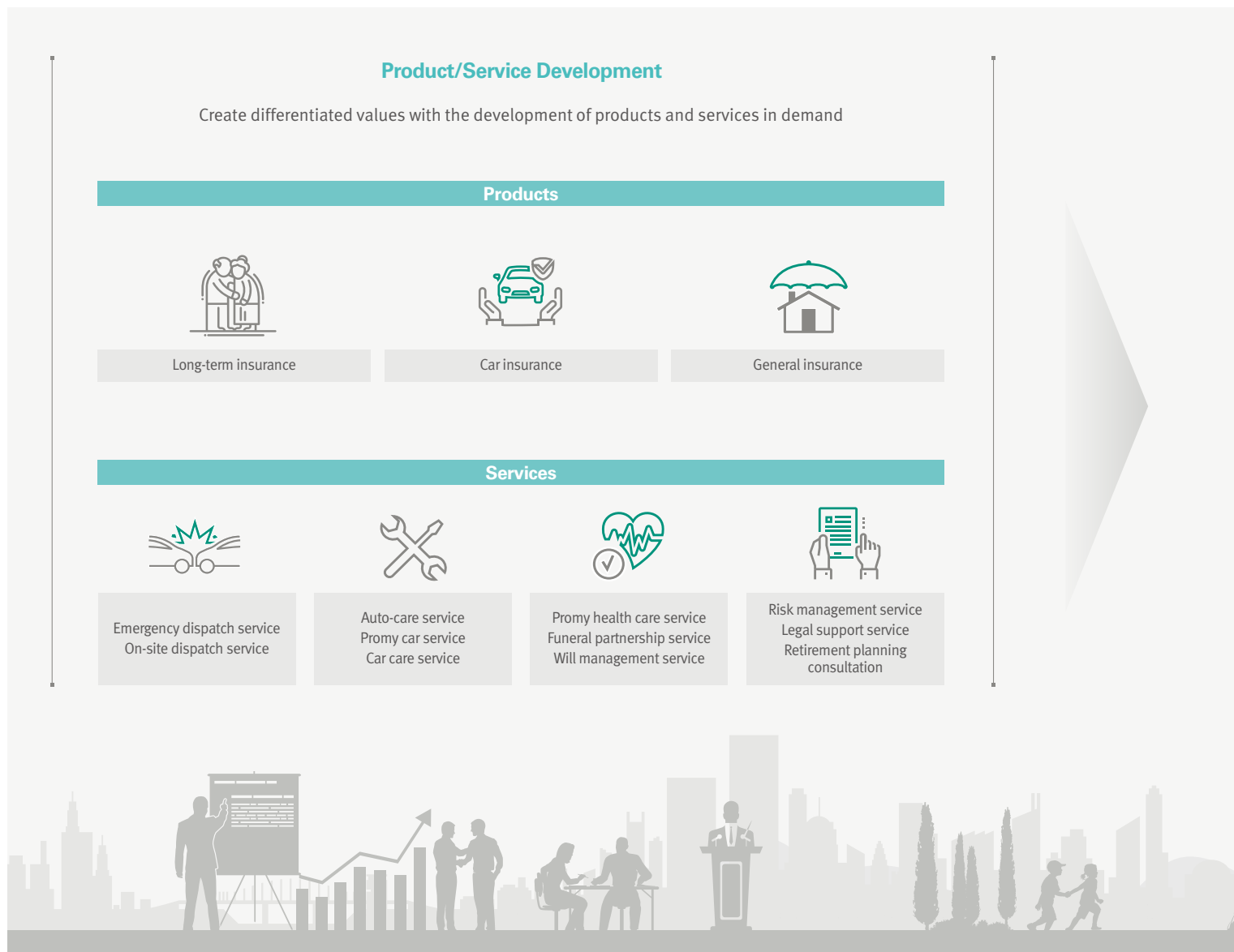


Society

1. Ethics Management (Compliance assessment results)
2. Develop pro-social products
3. Amounts of social contribution costs (compared to net profit of current term)

Business Model

Value Chain



Six

Financial Capital

Profits garnered from the insurance premiums of insurance product sales are used to cover various finances including insurance claims, business operation costs, operating assets, etc. Consequently, Dongbu Insurance makes strategic investments to securely manage customers' assets and to generate higher profits, while identifying investments in relation to social responsibility.

Manufacturing Capital

The business of Dongbu Insurance relies on manufacturing capital computer system, data center, etc. The company has established a response system to disasters and emergencies to be thoroughly prepared to provide customers with stable and reliable services.

Intellectual Capital

There is a growing trend in transformation of insurance products and services due to the changes in external environments such as low birth rates, aging society and prolonged low economic growth and so forth. Dongbu Insurance carries out customer segmentations based on customer research and big data analyses and offers differentiated values by developing customer-oriented products according to the needs of different customer groups.



Product/Service Delivery

Deliver best customer experience through operating various sales channels that meet different customers' needs

Exclusive Channels



PA(Prime Agent)

Insurance planners who have the exclusive rights to sell Dongbu Insurance's products only



Branches

Branches that signed an exclusive contract to have the right to sell Dongbu Insurance's products only

Freelance Channels



GA(General Agency)

Freelance insurance branches that can sell insurance products from any insurance companies



Cross Planner

Exclusive life insurance planners who are entitled to sell both life and non-life insurance products

Product/Service Sharing

Share customer values with specialized support systems to increase customers' assets and the operation of the nationwide claim-adjustment network

Asset Management



Loan Business for Domestic and Foreign Investments

Establish a dedicated asset management team with mid-to-long term perspectives

Claim-adjustment



Damage adjustment



Damage investigation



Damage Claim
(long-term, car, general)

Capitals

Human Capital

Owing to the nature of insurance business, talented individuals are the central, foremost important asset that determines a company's competitive power over product development to sales. In the context of fierce competition, Dongbu Insurance fosters unparalleled experts in the industry based on new training systems designed to maximize management performance by improving individual performances.

Social/Relation Capital

Dongbu Insurance seeks to achieve a happy society with customers and tries to ensure higher customer satisfaction by offering products and service in needs. Also, as non-life insurers are subject to strong restrictions by government agencies and supervisory bodies, the company actively observes and participates in government policies.

Environmental Capital

The company's 9 office buildings and 556 leased offices in Korea are the major source of GHG emissions for consuming power and cooling/heating systems and power used by datacenters and others. Its efforts to manage environmental capital revolves around the establishment of environmental guidelines, the acquisition of Environment Management System (ISO 14001) certification and the Green Management System (KSI 7001/7002) certifications, etc.

INVESTMENT IN THE FUTURE



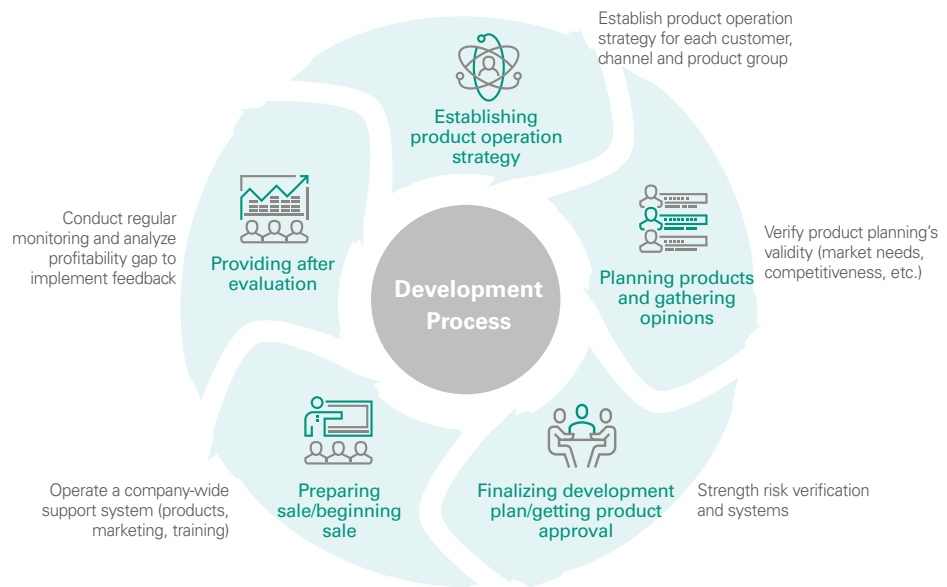


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Product Leadership

Product & Service Development Process

To consider rapidly changing social requirements, Dongbu Insurance operates a product and service development process founded on establishing product operation strategy, planning products and gathering opinions, finalizing development plans/getting product approval, preparing sale/beginning sale, and providing after evaluation. In the case of long-term or car insurance, the Product Development Committee and Product Strategy Council systematically examine the social and environmental impact of our new products and develop products and services that can bring new value to our stakeholders, customers, and community.



Strengthening Competitiveness through Exclusive Rights¹⁾ Products

As the development of insurance products became more relaxed, differentiating products has become a critical component of the competitiveness of insurance company products. Accordingly, Dongbu Insurance secured its ranking as the insurance company with the most exclusive rights in the indemnity insurance industry after acquiring the Cancer Insurance which paid every stage of cancer and Health Insurance for family in 2016, followed by exclusive rights for Promy Life Total Health Insurance(Non-Participatory) in 2017(seven in total). This is external official recognition of our product development competency, and we expect that it will enable us to attract more customers.

1) A system whereby the Korean Non-Life Insurance Association grants exclusive rights to the insurer for up to one year after an independent assessment when products with new and creative functions are introduced

SPECIAL ISSUE

Exclusive Rights Acquired for 'Health Insurance for family'

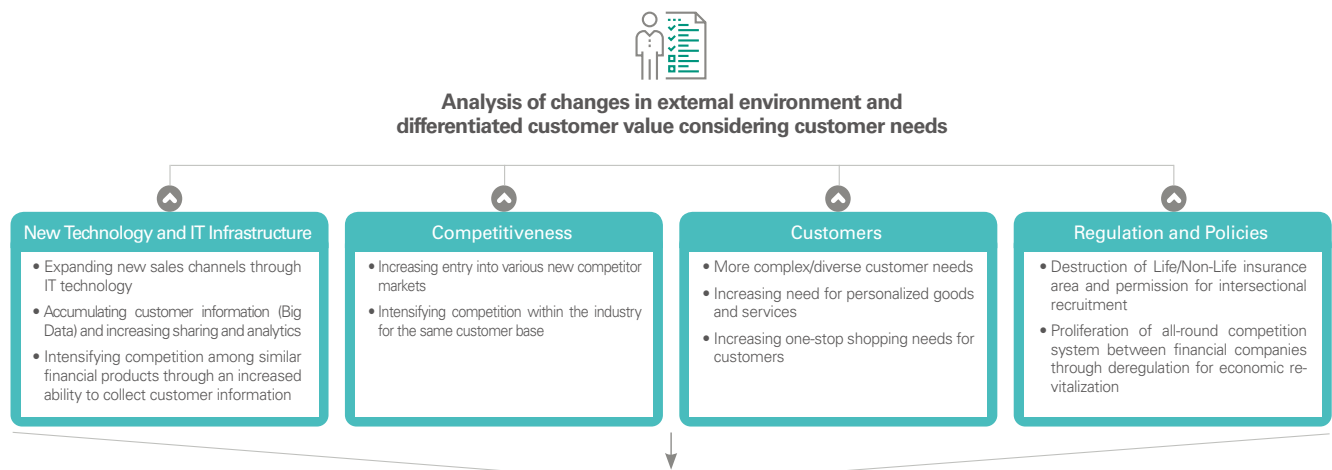
Dongbu Insurance has introduced a special arrangement to the simple policy of 'Health Insurance for family' that covers the recurrence of cancer, brain diseases, and heart diseases for the first time, and acquired six months of exclusive rights. The Health Insurance for family has made as its first priority the reduction of the economic burden of underinsured families and to find areas of insufficient coverage from the beginning of its product planning. With coverage for the recurrence of three diseases with up to 70% recurrence rates for poor or elderly customers, this insurance product was developed with a focus on securing a social safety net.



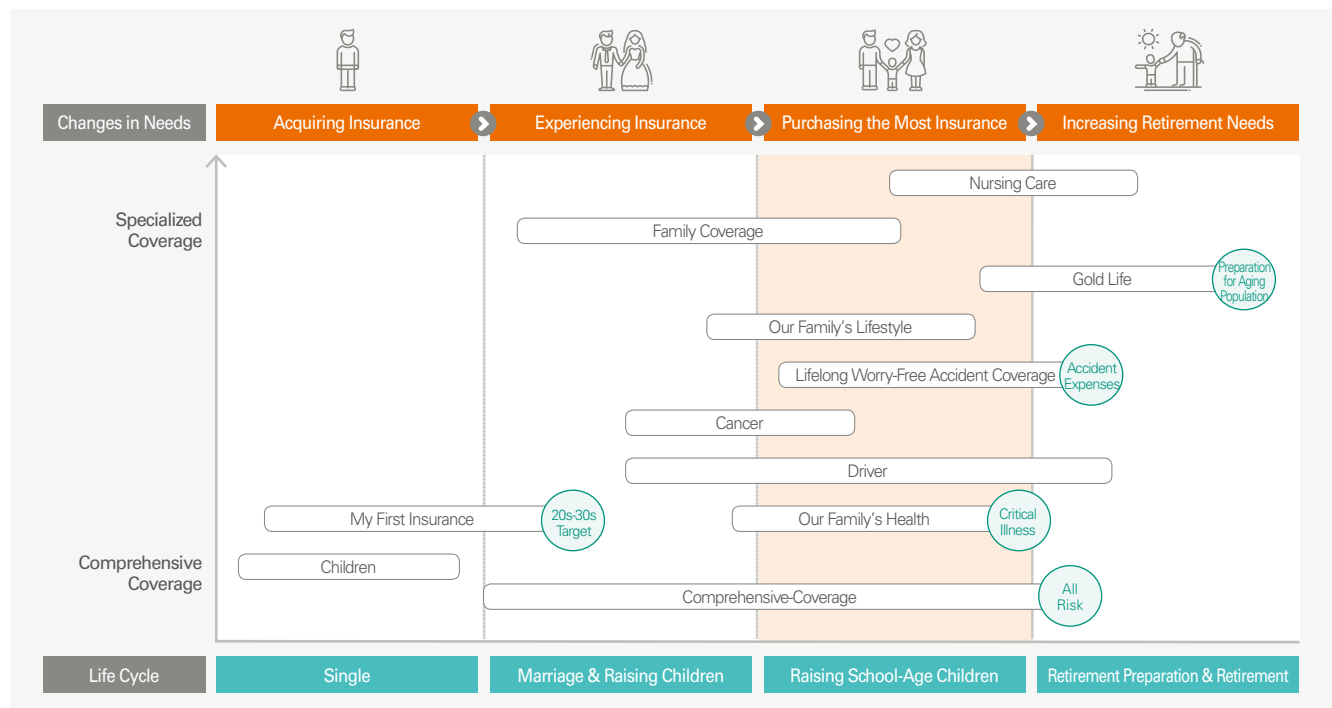
Developing Products Optimized for Customers' Needs

Dongbu Insurance provides diverse products and service value to its customers through multi-faceted analysis of the external environment, such as demographic changes in society and market economy trends, as well as identification of the demand for customer needs. We enhance the effectiveness of our customer contact management by subdividing customers through big data analysis and research, developing customized products and services for each customer group, and diversifying communication channels. Specific examples include an integrated customer experience monitoring system, a customer valuation model, and a differentiated management process for each value chain.

In addition, as the needs of customers are diversified according to the flow of the lifecycle, we are focusing on constructing a product portfolio centered on customer value by matching products in consideration of insurance coverage periods and life cycle stages, and developing products for specialized coverage.



Product Matching According to Customer Life-Cycle



Innovation Management

Roadmap toward Innovation Management

~ 2001



Self-Sustainable Innovation

- Management Rationalization
- Customer Satisfaction Management

2002 ~ 2009



Scientific Innovation

- Implementation of 6Sigma
- Elimination of Inefficient Factors
- Establishment of Innovation System

2010~Present



Strategic Innovation

- Business Structure Innovation
- Expansion of New Growth Engines

Dongbu Insurance's continued drive to achieve profitability despite the global economic downturn is driven by its innovative efforts that pursue 'something new' and 'something different'. Beginning in the 1980s with our management rationalization measures, in the 1990s we pursued self-sustainable innovation, and in the 2000s, we were the first in the industry to establish a scientific innovation system that utilizes 6Sigma and Process Innovation (PI). Since 2010, we have been promoting innovation throughout the company through mid- to long-term improvement of our corporate structure, and we are pursuing high-level, continuous innovation based on our innovative slogan of "Dynamic Dongbu".

Innovation Management System

Governance and Process of Innovation Management

Dongbu Insurance promotes company-wide innovation management to improve management efficiency. Through the operation of the Innovation Committee led by the CEO, we have secured the executive power of establishing company-wide innovation strategies, task management, and innovation manpower. We also have an organizational system for creating an innovative culture, such as operating a dedicated organization that integrates management innovation and strategic functions. In particular, the tasks implemented through the innovation project are systematized through annual performance management, and when the target is not met, the cause of the slump is identified and measures for improvement are taken to improve the effectiveness of the improvement plan.

Company-Wide Innovation System

Category	Top Down		Bottom Up	
	PI/Mega Project	Core Strategic Task(6Sigma)	Work Efficiency	Proposal/ Task Distribution
Innovation Scope	Business Structure Innovation (Biz Model)	Customer-Oriented, Process Innovation	Unit Task Innovation	Company-Wide Work Improvement, Elimination of Hidden Costs
Goal	Competitiveness (Innovative Level-Up)	Quality (Reduction of Scattering)	Efficiency (Increased Work Speed)	Efficiency (Work Improvement)
Targeted Performance	Strategic Performance ↔ Operational Performance			
PJT Owners	Sector/Department Heads	Board Members/Team Leaders/Process Owners	Section Chief	Employees/Partners/ Customers
Role of Champion	To pursue inter-sector tasks under leadership of Sector/Department Heads	Board Members/Team Leaders to pursue at least 1 annual core strategic task	To verify the appropriateness of improvement plan and conduct a practice inspection	To create an innovative environment in the field

Promoting Long-term Strategies & Action Plans to Secure Future Business Competitiveness

To increase the concentration and strengthen the execution of 2020 mid- to long-term strategies, Dongbu Insurance selected the top priority tasks from the 7 major areas, 14 major tasks, and 27 core strategic tasks as innovation tasks. As a result, each division has established a master plan including a roadmap for each year. After dividing them into sub-tasks, they have been pursuing these tasks from 2016 to 2018.

14 Core Strategic Tasks of the Long-term Strategies & Action Plans

Area	Tasks	Area	Tasks
Customers	① Create innovation in long-term trust-based customer experience management	U/W Claim adjustment	⑧ Enhance U/W and claim processing by strengthening damage analysis capability
	② Enhance company-led integrated customer management system		⑨ Enhance management of claim difficulty and risk level
Products	③ Strengthen market position based on product competitiveness	Asset management	⑩ Establish ALM-based asset management model
	④ Establish a responsive product development infrastructure		⑪ Secure operational capability for each asset P/F at a global level
Channels	⑤ Enhance the productivity-oriented PA management system	Overseas business	⑫ Enhance the overseas business operation model
	⑥ Enhance the CM/TM/Banca operating model		⑬ Enter new specialty-centered overseas businesses
	⑦ Gain superior GA to strengthen channel leadership	Infrastructure	⑭ Create innovation of information asset infrastructure to strengthen business competitiveness

Designing an Optimal Business Process and Organization Structure for Profit Structure Innovation

Dongbu Insurance carried out innovative tasks to optimize work processes, organization, and manpower structures to secure the industry's operational excellence in preparation for the deterioration of internal and external environment, including growth slowdown and increase in loss ratios in 2016. To achieve this, the Management Support Division chaired a profit structure innovation TFT, in which strategy innovation, management, and HR teams participated. We selected and promoted 13 company-wide tasks to derive 49 improvement proposals. As a result, the customer service counter has been unified as a headquarters and a business unit, and the workforce has been streamlined by rearranging back office services. In addition, we have redesigned the long-term and commercial claims structure to improve work efficiency and improve on-site participation rates by establishing a complete vehicle claim adjustment process.

Establishing an Innovation Culture

Dongbu Insurance operates a variety of systems to promote innovation management as a corporate culture. We hold a presentation contest twice a year to honor outstanding projects, and spread the innovation atmosphere through company-wide sharing, which leads to enterprise knowledge-based solutions to resolve problems quickly and establish a creative corporate culture. In addition, through the Innovation Committee, the CEO discusses company-wide innovation tasks, and all executives carry out innovative projects to achieve innovative leadership, thereby enhancing the executive power of innovation management. To improve the profit structure of the company, we implemented 3,242 ideas and registered 306 proposals through the implementation of a 'large departmental proposal', in which all 207 departments participated. In addition, the large proposal activities of the department have been changed and developed into activities of departmental improvement for each department since 2017.

Innovation Management Performance

Establishing the Highest-Quality Management System in the Domestic Financial Industry

We were awarded the National Quality Management Prize in 2005, the National Quality Innovation Prize in 2008, and the Presidential Award in the National Quality Grand Prize (Presidential Citation) in 2015 at the National Quality Competition, which boasts the highest authority in the domestic quality management field. The Grand Prize, called the Malcolm Baldrige Award, is the first of its kind in the financial services industry as well as in the domestic service industry. Dongbu Insurance leads the quality management of the financial industry, including being selected as a representative company for environmental liability insurance, constructing the highest rate of speed claim adjustment in the industry, acquiring exclusive rights for mobile securities patents, and driving customs UBI.

Managing Innovative Achievements

From 2004, when we began measuring the performance of innovative projects, we have accumulated 2,361 projects (145 projects in 2016). The cumulative financial performance has reached KRW 1,636.9 billion (KRW 97.9 billion in 2016). In terms of innovation capability, we contribute to the development of employees' competencies and the creation of a company-wide innovation culture by fostering 1,315 (105 in 2016) BB (Black Belt) and GB (Green Belt) holders.



Enhancing the quality management system

FOCUS

Case of Innovation Management

Building the No.1 brand in the driver's insurance industry to improve profit-oriented portfolio

In the low-growth environment, Dongbu Insurance is securing a steady revenue base by achieving 2.09 million insured drivers and expanding M/S.

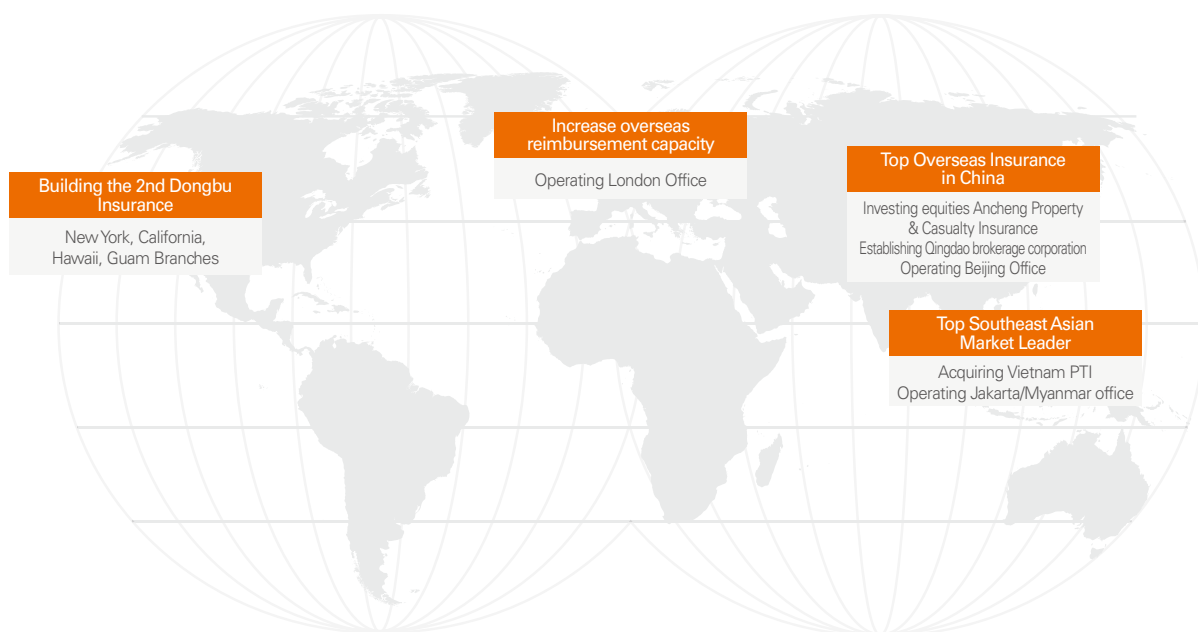
Category	Before Improvement	Performance
Customer	<ul style="list-style-type: none"> • Cross-Selling through linking car renewal and claim adjustment management activities • Customer-oriented Up-Selling with high-need drivers 	Number of drivers 1.74 million → 2.09 million
Product	<ul style="list-style-type: none"> • Expanding life-friendly coverage areas such as oriental medical treatment expenses, and accidental mixing of gasoline and diesel, mainly focusing on automobile-related guarantees • Improving product structure by simplifying U/W and providing convenience of access for securing comprehensive guarantee of superior customer 	Driver M/S 27.6% → 28.3%
Channel	<ul style="list-style-type: none"> • Face-to-face channels enhance content expertise by providing content using SmartPads • Non-facing channels diversify sales to direct TM-CM channels 	Monthly average sales 1.23 billion → 1.77 billion

Global Business Expansion

Strengthening Global Presence to Expand Market

Dongbu Insurance established Guam branch in 1984 to become a global premium insurance company, and pursues overseas advancement through localization strategies. We are concentrating on the US as an overseas base market and expanding our markets around China and Southeast Asia to create a platform for globalization.

● Operating status by major overseas regions



China

Dongbu Insurance entered the Chinese market via entering joint venture with local partners by acquiring equities in consideration of high barriers in an early stage of Chinese market entry. The company entered the Chinese market gradually through the opening of its Beijing office in 2006, the acquisition of equities of insurance brokerage firm in Qingdao in 2011, and the acquisition of shares of local Chinese insurance company in 2013. In particular, we are laying the groundwork for spurring out business in the Chinese market such as securing local business capabilities such as participation in the management of a local Chinese insurance company with a right to cover entire China and joint insurance business.

Southeast Asia

Dongbu Insurance intends to become a market leader in emerging markets by leveraging the high market potential and opportunities in Southeast Asia. Through the acquisition of Vietnam PTI in 2015, we have established a local business base, secured a foundation for entry into the Indochina Peninsula market. Since then, we have introduced differentiated services in the local markets including Vietnam's first advanced Korean-type bancassurance.

U.S.

Our American business is focused on local people with differentiated strategies from other companies. Unlike other competitors, which sell corporate insurance mainly for subsidiary companies, we are working on car insurance and housing fire insurance for locals. In addition, we are pursuing gradual growth based on profitability rather than reckless top-line growth. We are focusing on expanding profitability through differentiated strategies for each branch. Based on our business experience, we are constantly exploring new markets based on profitability. Through this, we aim to build a second Dongbu Insurance headquarters on the US mainland in the mid- to long-term.

Guam Since its establishment in 1984, we have grown to become a dominant insurance company (M/S¹⁾ 21.2%, No. 1), thanks to rapid service based on community trust and close ties with local dealers over more than 30 years. We continue to maintain market dominance and increase profitability.

1) Excluding group injuries

Hawaii We have grown rapidly as a dominant insurance company after 10 years of rapid service, business process, and differentiated products, and continue to expand profitability based on close ties with the 1-7th largest market share. We also improve customer service and market dominance by improving the IT system.

California Because of our thorough localization strategy, we have secured various sales channels not only for Korean residents but also for all residents in the region. We also provide products that meet customer-oriented IT systems and customer needs. We are focusing on expanding our market dominance through continuous channel and product competitiveness and localization strategies.

New York Dongbu Insurance is targeting the New York market with D&O(Directors and Officers liability) and general liability package insurance for easily accessible small business owners. In recent years, we introduced general house fire insurance for general residents and enhance access to customers in New York. Since then, we have been increasing our control over the insurance market of the eastern US.

Branches in the U.S.

Category	Unit	Guam	Hawaii	California	NewYork
Commencement of business	Year	1984	2006	2009	2011
Number of employees (local recruits)	Persons	6(3)	24(19)	20(15)	18(13)
Proportion of local products ²⁾	%	73	96	83	85
Size	USD in million	37.2	63.7	46.2	38.5

2) Proportion of sales to local residents except for Korean residents and companies

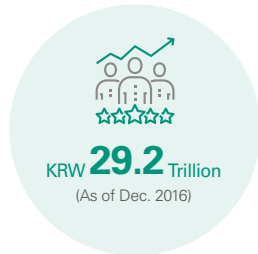
※ Based on the Korea Financial Supervisory Service's data on the business performances of overseas branches in 2016

Enhancing Work Efficiency and Professionalism by Constructing local Control Towers

In order to secure business competitiveness for sustainable growth in the mainland business in the US, we are building control towers in the local areas. Through this, we plan to strengthen local strategic functions, improve work efficiency, and enhance professionalism. We will also focus on securing sustainable business capabilities by fostering local experts to establish a system that will compete with local insurance companies.

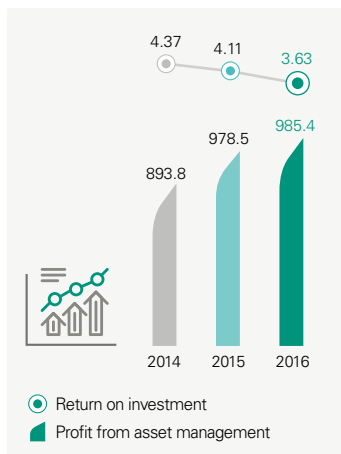
Asset Management

Total Scale of Operating Assets



Asset Management Performance

(Unit: %, KRW in billion)



Securing Global Asset Management Capabilities

Dongbu Insurance is working to minimize the risk of differences in the maturity structure of assets and liabilities by covering traditional investment areas such as stocks and bonds, but alternative investment areas such as foreign bonds, real estate and infrastructure assets and secure stable secondary margins.

Strengthening Asset Management Expertise

By separating the financial audit team in 2016, we strengthened the expertise of audit capabilities and post-management on various investment assets. In addition, we run weekly seminars on investment themes of each field with the participation of all asset management staff. Through this, we have accumulated 160 themes since 2014. In addition, we provide training at overseas leading insurance companies and asset management companies to excellent employees so that they can share and learn investment knowhow. In 2017, we plan to promote internalization of core capabilities by establishing an internal asset management education program and fostering in-house lecturers utilizing excellent human resources.

Earning the Highest ROI among Big Four Non-Life Insurance Companies in Korea

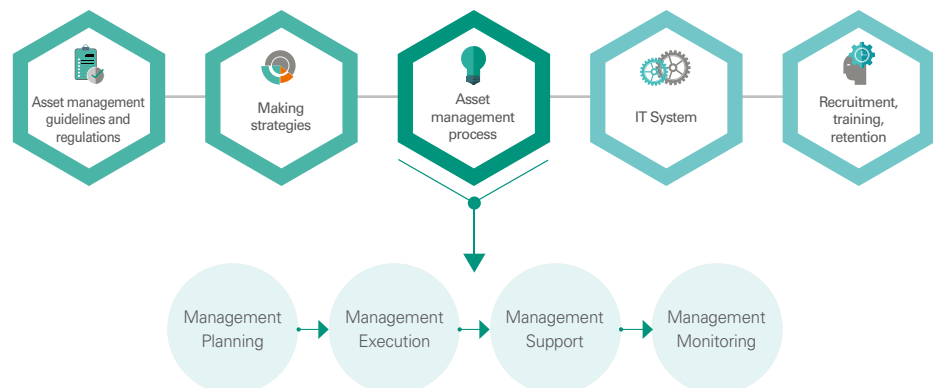
Dongbu Insurance has secured stable solvency by reducing the share of high credit risk stocks and maintaining 90% or more of interest-bearing assets with stable interest and dividend income. In 2016, we achieved KRW 985.4 billion in asset management profits and a return on investment of 3.63%, achieving the top-ranked return on investment.¹⁾

1) No.1 MS in Big 4 non-life Insurer

Building ALM (Asset Liability Management)-based Asset Management System

Dongbu Insurance developed an asset management model fit for its scale and characteristics and set up asset management system based on Asset Liability Management (ALM)¹⁾ in response to the diversifying asset management and insurance industry environment by establishing the mid-long term asset management strategies geared toward 'the invested asset to amount to KRW 50 trillion in 2020.' This allows the company to assure sufficient solvency margins to earnestly satisfy the promise with its customers.

Asset management checking framework



Expanding the Global Network

The investment MOU sealed between the No.1 insurer in North America and Dongbu Insurance, followed by the expansion of joint investment in global real estate assets and overseas corporate bonds is a clear demonstration of its willingness to buttressed its strategic alliances with leading overseas insurers and management companies so as to expand the excellent overseas investment deal sourcing channel and acquire advanced investment know-hows. In addition, we established an overseas investment office in Manhattan, New York, to lift a spatial, temporal restrain, and consequently to establish a close network with local financial institutions, acquire high-quality global investment information, and identify the latest investment trends. As the move enabled us to conduct instant and precise due diligences, it has contributed to bolstering the post-management of the investment assets and to identifying blue-chip assets and management firms. In the future, we plan to continuously expand our overseas bases further to increase access to global networks and investment assets.

Socially Responsible Investment

Dongbu Insurance considers not only its short-term profitability in asset management but also its environmental and social impacts in a more sustainable perspective. In accordance with its own internal auditing standards, companies are targeted to invest in moral, transparent, and environmentally friendly corporations. Companies that offer gambling, tobacco, and alcoholic beverages are excluded from the investment.

Celebrating the World Tobacco Day on May 2017, in particular, the company has participated in an event jointly organized by the WHO and the United Nations Environment Programme Finance Initiative(UNEP FI) as one of the issuing organizations of 'Declaration of Socially Responsible Investors to Avoid Investment in Tabaco Industry', which aims to raise an awareness on harmful effects of smoking as well as the implementation of social responsibilities of financial institutions.

We also contribute to the development of social infrastructures by strengthening investment in new and renewable energy businesses and SOC businesses that can generate stable profitability and create environment-friendly value. In 2016, we invested in sustainable development, including setting up solar-related funds, and lending to wind farms and coal-fired power plants. The senior fund and Dongbu Insurance's socially responsible investment return was 4.6%, which is 1.0%p higher than the investment return of 3.6% in 2016.



Global collaboration activity

Status of Socially Responsible Investment¹⁾

(Unit: KRW in 100 million, %)

Category	Scale of operation	Revenue	Rate of return
New and renewable energy	1,913	93	4.8
Eco-friendly power generation	6,010	280	4.7
SOC	9,481	434	4.6
Total	17,404	806	4.6

1) as of Dec 2016

[Socially Responsible Investment Process]



INNOVATION FOR SUSTAINABLE GROWTH





Responsible Insurance	22
Our People	26
Community	32
Customers	36

RESPONSIBLE INSURANCE



2016 KEY PERFORMANCE



Number of Dream love
insurance subscribers
(Unit: persons)

281



Number of insurance for
ill persons subscribers
(Unit: persons)

122,647



Number of UBI
car insurance
subscribers
(Unit: persons)

21,818



Percentage of
environmental liability
insurance
(Unit: %)

98

Risk/Opportunity Factors and Dongbu Insurance's Approach Strategy

The modern society encounters various social challenges such as climate change, environmental threats, aging and population decline. The market and customers demand that insurers develop products and services based on their social and environmental responsibilities and look forward to responding positively to global social and environmental issues.

As a corporate citizen, Dongbu Insurance is actively developing pro-social and eco-friendly products and services that utilize the characteristics of the insurance business to more effectively fulfill our social responsibilities. We are creating social and environmental values through a wide range of products and services, including expanding insurance services for the financial underprivileged. We have also launched pro-social products to solve social problems, and developing eco-friendly products to expand environmental awareness.

Major Activities

Launched
UBI Car
Insurance

Launched
Kakao Designated
Driver
Insurance

Released
Car Insurance
for Electric
Vehicle

Launched
Environmental
Liability
Insurance

Pro-social Products and Services

Developing Insurance for Vulnerable Social Group Support

Dongbu Insurance sells Gomduri Car Insurance for vehicles owned by people with disabilities, who are socially underprivileged. Gomduri Car Insurance further compensates for specific expenses that are necessary for the disabled, such as supporting the cost of caregivers, prosthesis, and electric wheelchairs. Moreover, in collaboration with the Korea Inclusive Finance Agency, which is responsible for managing dormant insurances and the Ministry of Security and Public Administration, the company developed a 'Dream love insurance' for poverty children, micro –insurance policies for children from the underprivileged section of society to offer completely free insurance policies to cover their safety and health.

Expanding Insurance Products for the Insurance Disadvantaged

Dongbu Insurance has been launching a range of insurance policies for those deprived of insurance benefits due to their difficulty in taking out a policy such as disorder and age. In particular, the company developed Health Insurance for Chronic Illness targeting those who suffer from manageable chronic diseases such as diabetes and hypertension that could still maintain a healthy lifestyle with consistent management so that people in their 50s with diabetes or hypertension can be easily insured without submitting documents or getting a diagnosis at home.

Category	Targeted Demographic	Product Name	Characteristics
 Simplified Notification	Seniors, Ill Persons	Health Insurance for family	Health insurance that can be joined by seniors and ill persons through simplification of the questionnaire
 Illness	Ill Persons	Health Insurance for Chronic Illness	Comprehensive insurance for customers with hypertension and diabetes
 Accidents	Seniors	Lifetime Relief Accident Insurance	Injury insurance that covers daily life risks such as injury/cost damage/liability
 Nursing Care	Seniors	Family Love Nursing Care Insurance	Nursing care insurance to cover nursing care funding in the event of a condition requiring nursing
 Medical Indemnity	Seniors	Retirement Indemnity Insurance	Indemnity insurance for seniors

Fintech-based Car Insurance for Designated Driver Service

Dongbu Insurance has developed a new insurance product, Kakao Designated Driver Car Insurance, for Kakao taxi drivers. The Kakao Designated Driver Insurance is a Fintech-based insurance product. It is differentiated from the existing insurance because it calculates the insurance premium based on real-time accumulated driving data. It is expected to prevent unreasonable insurance premiums due to providing clear records of driving data through the app and contribute to relieving the anxiety of customers about whether to purchase designated driver insurance.

BUSINESS CASE

Launching smarT-UBI Car Insurance for a Safe Driving Culture

Dongbu Insurance launched smarT-UBI (Usage Based Insurance) based on smart navigation for the first time in Korea in 2016, in consideration of the high penetration rate of smartphones in Korea. It is a differentiated InsurTech product that combines car insurance and information and communication technology (ICT). It discounts 10% of the premium when the driver has driven safely over 500km when smartphone navigation is turned on. Through this, the driver can prevent traffic accidents by safely driving, and at the same time, it can bring an economic benefit of insurance premium reduction, and it can reduce the social cost by encouraging safe and environmentally friendly driving.

Eco-friendly Products and Services

Developing Environmental Liability Insurance Products

As the “Act on Indemnification and Remedy for Environmental Pollution Damage” was enacted in 2015, environmental liability insurance obligations have been enforced for business sites subject to statutory damages throughout the country since 2016. As a result, victims of environmental pollution accidents can receive compensation quickly, and companies can minimize business damage caused by environmental pollution. In 2016, in conjunction with the Ministry of Environment, Dongbu Insurance has developed a mandatory insurance to compensate for the environmental pollution, or “Environmental Impairment Liability (EIL) Insurance” and accomplished 98% of business sites subject to the mandatory registration to sign up by late 2016.

Facilities that must be insured

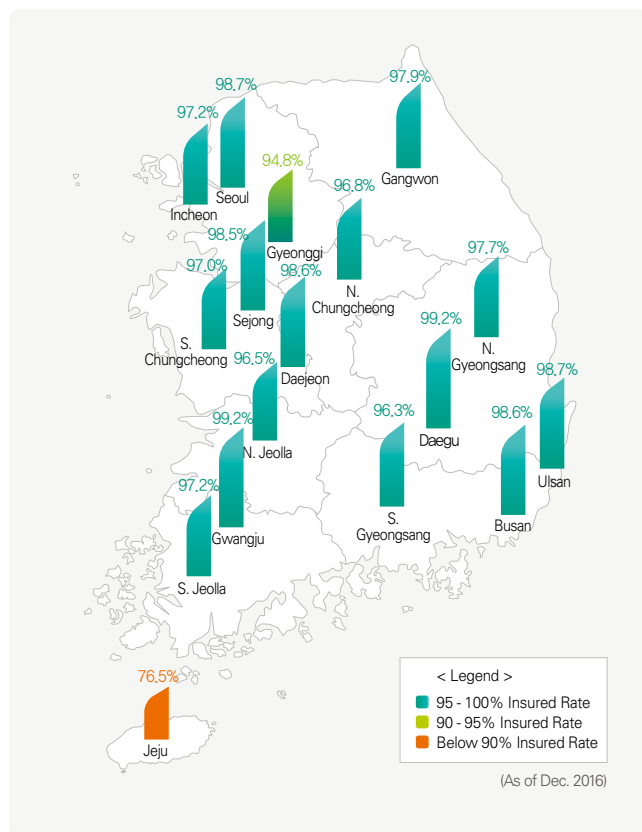
1. Air	Class 1 air pollutant emission facility
2. Water	Class 1 water pollutant discharge facility
3. Wastes	Designated waste disposal facility
4. Soil	[Established by Presidential Decree] Petroleum storage facilities subject to the filing of management plan with over 1,000 kℓ in storage capacity
5. Hazardous Chemicals substances	[Established by Presidential Decree] Facilities subject to the filing of risk management plan
6. Marine	Same as facility subject to law

Securing Profitability Improvement Plans

Environmental liability insurance is a national policy insurance that is subject to restrictions such as laws and budgets. In addition, domestic insurers have insufficient risk analysis capabilities because they have no experience in dealing with environmental pollution related to gradual and radical macro risks such as chemical gas leaks. Dongbu Insurance has introduced a national reinsurance¹⁾ in consultation with the Ministry of Environment and secured structural measures to improve profitability by eliminating the possibility of acquiring business sites that are difficult to judge for risks such as oil pipelines and military facilities. In addition, we intend to aggressively introduce underwriting capabilities of overseas advanced companies to maximize profitability and create new insurance markets worth KRW 65 billion annually.

1) The upper limit of the insurer's payment range due to the huge risk is set, and the excess amount is guaranteed by the state

Subscription Status of Environmental Liability Insurance by Region



Preventing Environmental Damage from the Workplace

Dongbu Insurance completed enrollment in environmental liability insurance for 13,200 business sites nationwide, which corresponds to 98% of mandatory insurance coverage, by implementing the exclusive charge system of Environmental Impairment Liability (EIL) Insurance by fostering local EIL specialists, and carrying out the company-wide marketing campaigns with regional agents and call center operations. It allowed us to achieve the early establishment EILs for most of business sites in a short term with the enforcement of the relevant ordinance and to contribute to mitigate any concerns over environmental pollutions of local communities around our business sites. Furthermore, it also offered the solution to the exiting problems regarding difficulties in attaining the integrated management of the business sites subject to environmental pollution controls including air, water quality and chemicals, etc., arising from dispersed responsibilities and authorities of the control. It is expected that it could also be applied to the assessment of the environmental impact of environmental accidents by the liable facilities.

Major Achievement – Won the Presidential Citation by the Government in Celebrating the Environment Day

As the leading insurer of Environmental Impairment Liability (EIL) Insurance, Dongbu Insurance has successfully accomplished a range of the national policy projects including the establishment of EIL policy purchasing system, media PR of EIL products and the cooperation with external organizations in a bid to ensure stable settlement of the EIL system. In particular, the company's splendid contribution to the establishment of the social network with its EIL was recognized in the form of the presidential award from the government in the 22nd celebration of Environment Day on June 2017.






Planning Future Value Creation

Dongbu Insurance intends to promote activities to prevent environmental pollution at each site in the future. In 2017, we will carry out on-site surveys for approximately 1,100 insured business sites to recommend improvements to hazardous exposure facilities and introduce certification systems for systematic workplace management processes in conjunction with other certification bodies such as the Korea Standards Association. Based on this, we will promote awareness of disaster prevention at workplaces and upgrade the process, and provide benefits such as insurance premiums when acquiring certification. In addition, we will build a web-based environmental liability insurance customer system to enhance the convenience of insurance for corporate customers, and plan to improve it so that customers can design insurance directly.

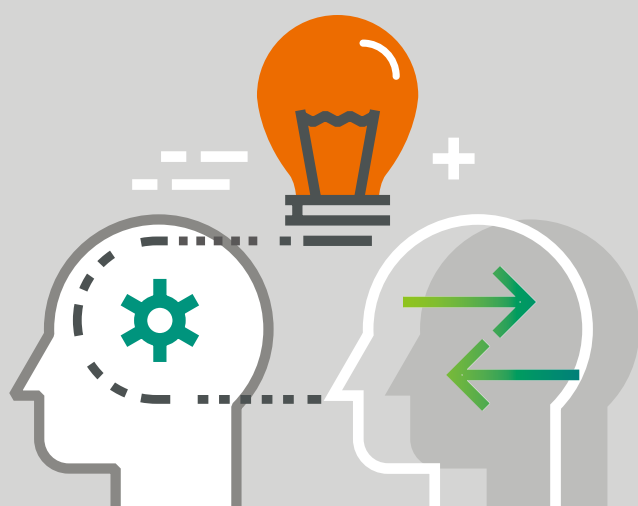
Releasing Car Insurance for Electric Vehicles

Dongbu Insurance launched 'Electric Vehicle Exclusive Car Insurance', which consists of insurance and premium discounts that meet the characteristics of electric vehicles, in line with the expansion of eco-friendly vehicles, which are forecast to reach about 200,000 units by 2020. In particular, we guarantee against the risk of electric shock to electric vehicle drivers and the economic burden due to battery replacement and plan to contribute to the revitalization of eco-friendly electric vehicle market with an emphasis on needs of drivers.

Other Eco-friendly Insurance Products

Insurance	Description
 <p>Fire Insurance</p>	The special contract for earthquake risk indemnifies for fire caused by earthquake or eruption or losses incurred by burn damage, collapse, breakage, being buried, loss prevention, and emergency evacuation. The special contract for storm and flood damage compensates in case of a typhoon, tornado, storm, tempest, flood, tsunami, inundation, and similar typhoon or torrential rain damage.
 <p>Storm and Flood Damage Insurance</p>	This insurance product is developed to quickly restore substantial damage when property loss occurs due to storm and flood damage, such as a typhoon, flood, torrential rain, tsunami, strong wind, wind wave, and heavy snowfalls.
 <p>Crop Insurance</p>	This insurance product is developed to address management anxiety factors of farmers and help stabilize their income. The contract mainly covers a typhoon, hail, and localized torrential rain, and special contracts, which can be selected by farmers, involve damage from various causes, such as frost in spring and autumn and unusually cold temperatures.
 <p>Bike Insurance</p>	This insurance product, which prepares riders for unexpected accidents, is developed to encourage the use of bikes by ensuring the safety of citizens, and to strengthen environment protection by helping to increase the number of bike riders.
 <p>Car Insurance</p>	Dongbu Insurance provides various products that reduce greenhouse gas emissions, such as returning part of repair cost or offering premium discounts when special offers (using remanufactured parts for car repair, participating in the Carless Day campaign, driving within agreed mileage, receiving car insurance email, etc.) are purchased.

OUR PEOPLE



2016 KEY PERFORMANCE



No. of employees who made self-diagnosis and self-development plans
(Unit: persons)

2,450



Partner training investment cost
(Unit: KRW in million)

1,578



No. of partner with PK qualification certificates
(Unit: persons)

2,494



Employee Satisfaction Index (ESI)
(Unit: point)

83.3

Risk/Opportunity Factors and Dongbu Insurance's Approach Strategy

The financial market in 2016 was a year of structural change due to deregulation and technological innovation. The roadmap for strengthening the competitiveness of the insurance industry has largely relieved the regulations related to the insurance industry, such as the abolition of the pre-notification system and the standard terms and conditions, and ensuring the autonomy of products, prices, and asset management. These changes required the ability of our employees to respond to the needs of our customers in a timely and dynamic manner. To this end, Dongbu Insurance creates a corporate culture that has the expertise to respond to the needs of customers and has the sense of ownership and enthusiasm to engage in business.

Major Activities and Future Plans

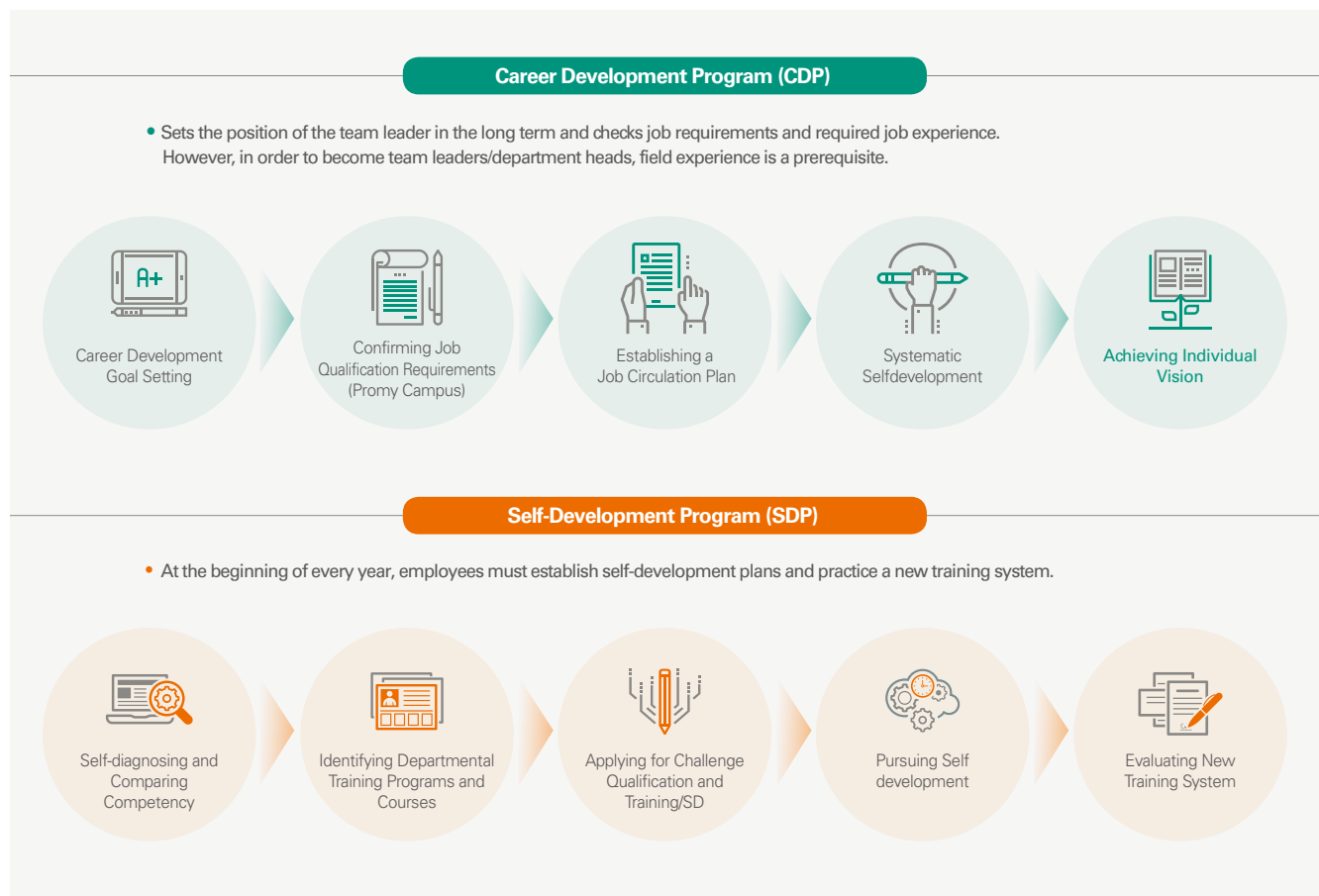
New training system to train job experts

Continuity of 'Dynamic Dongbu People' activities for core value internalization

Development of Employees' Capabilities

New Training System for Employees' Capacity Building

Dongbu Insurance is nurturing the best experts in the industry through systematizing human resources development. As part of that effort, we established a new training system. This is a self-directed training system that enables learners to plan for their own lack of competency by implementing a multi-dimensional human capacity building program based on position, job, and competency. In this way, we compare and analyze the results of self-diagnosis with the departmental competencies that are set by the department manager. We consider self-development in one's current job and mid- to long-term career development.

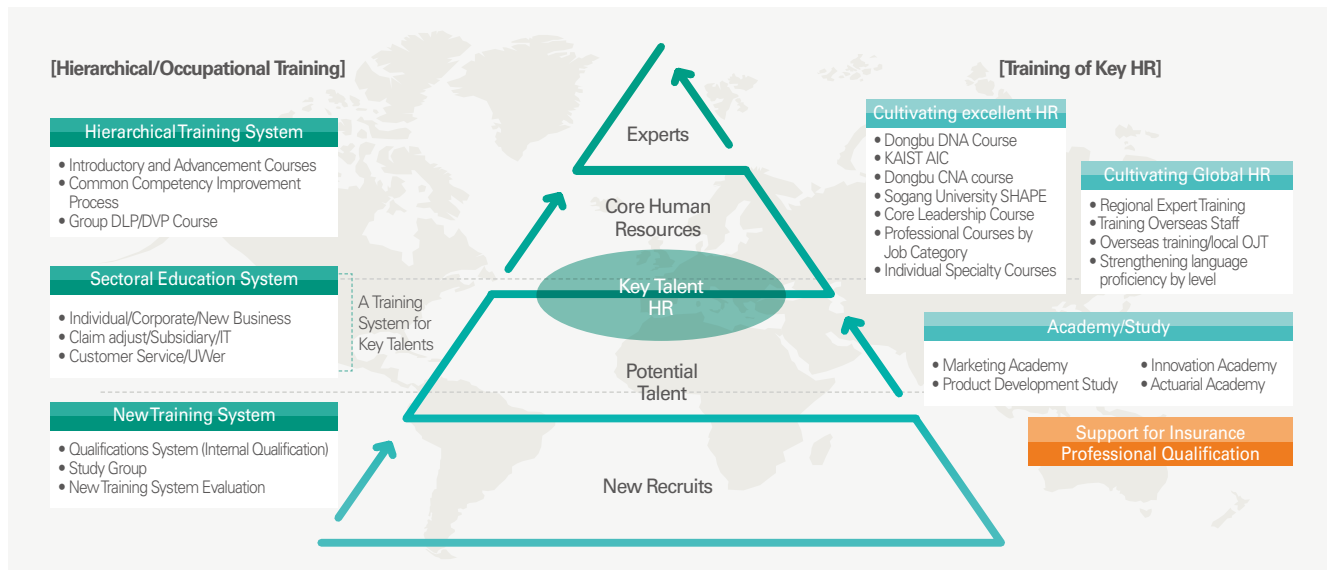


Occupational Expert Academy

Dongbu Insurance has three occupational expert academies, including the Innovation Academy, Marketing Academy, and Claim Academy, to train industry-leading experts. The Innovation Academy includes a variety of courses, including change skills and leader communication. Through this, we are training innovative experts who can play a leading role in project management by providing management innovation spirit and IT capability. The Marketing Academy improves the marketing capabilities of field sales managers and helps them quickly adapt to the sales and organizational culture when they are deployed. The Claim Academy is a program for learning about the role of the Claim adjust manager and job competence for job conversion and early job adaptation.

Operation of Hierarchical Training System

Dongbu Insurance operates a hierarchical leadership training courses that will enable all employees to internalize core competencies. The hierarchical education system consists of an introductory course, a promoter course, and a post-promotion leadership level course and a common competency improvement course. We help employees to improve their competencies through systematic tiered education and help them grow into leaders of Dongbu Insurance.



Diagnosis of Employees' Capabilities

The evaluation of employees' capabilities is conducted on three criteria; basic, task behavior and professional skill capabilities. Based on this, we are establishing long-term career development programs and self-development programs. We have also set up a variety of self-development plans including training and certification acquisition plans, book study, and study clubs to enhance job competence.

Strengthening Organization Leadership

Dongbu Insurance recognizes the importance of the leadership as an important factor for the sustainability of its organization, and is laying the foundations for building leadership. Leader's basic qualities are performance-centric motivation, the steady management of change, performance-centric work and sophisticated organization management. The leadership area is divided into work, innovation, CS, and dynamic leadership. In addition, we conduct Core Leadership I-IV courses to develop the leadership qualities of our employees.

Creating a Sense of Ownership, Enthusiasm, and Commitment

In 2015, the company implemented the "Dongbu Innovation Process," which led to changes in the attitudes of employees who run the company's system in response to changes in the environment. In the process, we defined the factors that hinder the enthusiasm and commitment of the organization and made continuous improvement activities in 2016.

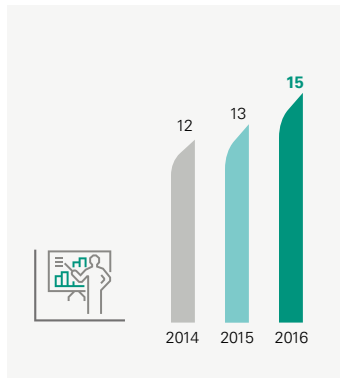


Fostering Partner's Expertise

Strengthening Insurance Expertise

Status of Partner Training Investment

(Unit: KRW in 100 million)



Dongbu Insurance is implementing a multi-dimensional training program to improve partners' professionalism in an insurance industry. The company runs a range of curriculums covering: tailor-made consulting trainings to meet different characteristics of planners' service years and wages; customer consulting program based on labor/taxation knowledge, etc. Furthermore, it actively supports partners to gain more specialized competencies with education & training programs such as GA education, a training program for professional trainer, training courses for new channel sales/direct sales groups, among others. In addition, through FOREVERLIST, a customer discovery/management tool, we are diversifying our business by securing new markets and establishing differentiated strategies for each customer, and providing diverse contents for sales activities such as BSP (Business Sales Plan), industry specific proposals and checklists. With these efforts, we are enhancing the competitiveness of our partners in the market environment. As a result, we achieved 2,335 (Excellent certification) and 39 (Blue Ribbon) Dongbu Insurance PAs for Excellence Certification System¹⁾ and the Blue Ribbon System²⁾, respectively.

1) The Excellent Sales Planner award is based on an evaluation of overall performance including employment period, signed contract retention, retention rates, and the number of completed sales.

2) The Blue Ribbon award is given to insurance planners (Prime Agents) who have received four Excellent Sales Planner Awards.

Sharpen Competitive Edges with Insurance Planners Certificate System

For the sake of improving specialized knowledge of sales organization, Dongbu Insurance sets up 'PA Knowledge (PK) certificate system that utilizes smart pads. This special learning system accessible via mobile devices enables planners to learn anywhere and any times while it is designed to stimulate the spirit of challenge and persistence in learning by offering differentiated certificates over goods, coaching leadership, and marketing strategies by their varying competencies and positions such as new comer/ staff/the existing planners. In 2016, the introduction of test method based on a mobile platform resulted in tangible effects such as cost reduction and the provision of classified knowledge and information and total 2,494 PAs successfully acquired the certificates.

Segmented Planner Education System

To foster competent new planners, the company provides its new employees with extended duration of systematic trainings up to two years from the existing 0, the 3rd, the 5th, the 7th, the 12th months to the 15th, the 18th and the 24th months. The move clearly indicates the company's commitment to grow and maintain a highly-skilled, more specialized sales organization. Moreover, with a focus on new planners in business units and branches, the semi-annual training coaching and branch-mentor capacity building programs are held to offer coaching on an ongoing basis to help them to effectively develop skills and expertise.

Organized by Sales Branch

Month 0 Basic Training Course

Understanding of insurance business and products, acquisition of non-life insurance Basic Training Course

Months 1-4 Field Training Course

Acquire main product, customer management and sales expertise Field Training Course

Months 5-24 Consulting Capability Improvement Course

New customer acquisition, customer consultation, etc. STEP UP Course

Organized by Head Office

Month 3 Car Insurance Course

- Car Products
- Car Activities Best Practices
- Car Customer Service Strategy

Month 5 Customer Discovery Course

- Customer Excellence Best Practices
- Point of Sale by Product
- Talking with Seniors

Month 7 Consulting Course

- Core Product PT
- Enhancing Consulting Capacity
- New Market Discovery Techniques

Month 12 Success Course

- Sharing Best Practices
- Existing PA System
- Establishing PA Vision

Month 24 Employee Consciousness Innovation Course

- SHIP Inspiration
- Identifying Individual Vision

Month 18 Increasing Customer Value Course

- Customer Analysis
- Customer Type Taxonomy

Month 15 General Insurance Course

- Customer Excellence Best Practices
- Point of Sale by Product
- Talking with Your Seniors



Building Communication-Centric Corporate Culture

Operating the Corporate Culture Association Council

In order to create a good culture to work with, we have selected the representative opinion leaders in each division, conducted workshops twice a year, collected proposals for working culture within the company, and reflected in the system to create a work environment that is more enjoyable.

The contents proposed by the Corporate Culture Association Council are passed to the relevant departments to review the measures for improvement, and the reviewed contents are sent back to the proposed department/division. This forms a basis for improving working attitudes, and even working culture and company-wide cooperation.

Organizational Communication

In-house communication activities are the key part of the CEO's initiative. Since 2010, we have been operating a three-dimensional communication channel to maximize business performance through seamless lateral, vertical, and organizational communication. Communication activities between the company and its employees are communication activities led by the management and aim to instantly share the company's major management issues and changes. Employee self-awareness and accountability are given to management policy and decision-making of the company. In addition, each member of the organization is working to find solutions for problems that occur through communication activities between the organizations, so that quick decisions are made based on company-wide communication.

Communication Activation Channel

Category	Program	Description
Between Company and Employees	Open Communication with CEO	This is a communication platform between the CEO and employees that has been operated monthly since 2010
	Corporate Culture Association Council	Selection of Opinion Leaders for each category to improve opinions on the company's working culture and corporate system
	Promy TV	Sharing operational direction and key issues with employees weekly
	Business performance briefing	Executive briefing on company management status and issues through in-house broadcasting once a month
	E-Promy Plaza	Employee sharing about major issues and pride in the company
Between Employees	Dynamic Day	Sharing Core Values, CS Guidelines, and employee practices in each department every morning
	Dongbu Employees Plaza	Employee-specific site for sharing GWP activities by department, FUN events, Core Values, and corporate culture improvement activities
	Field Learning Group	Weekly staff discussions to share key issues and strategic directions for each department
	Study Group	Self-development and special activities among employees with common interests
Between Organizations	Dynamic Association	Organization for opinion leaders to improve work culture and inter-sectoral collaboration
	Participation Platform	An anonymous question bulletin board to obtain the opinions of staff when deciding major system and policy changes
	Survey on Employee Satisfaction	Internal Customer Satisfaction Index Survey(ICS Survey) to improve service satisfaction of the staff and Employee Satisfaction Index Survey(ESI Survey) to improve suggestions for employee
	DynamicTimes	Each month, we will identify and share key issues that we want to share with other divisions in each division, so that all employees in the company can understand the company's strategic direction.

Open Communication with CEO

This is a representative communication program that reflects the CEO's will to communicate internally. Since 2010, we have operated 57 meetings and 3,247 employees participated in 2016, so that CEO and employees can communicate freely. In addition to emotional communication with employees, we also actively communicate with family members of our employees who support them. With these efforts, we strive to be a reliable corporation for employees, customers and family.

Protecting Human Rights

Human Rights Improvement System

Human Rights Due Diligence Process

STEP. 1

Analysis of Potential Risks and Impacts

- Find any potential risk factors in relation to the company's management and insurance business
- Carry out analysis of impact based on financial, non-financial and incidence frequencies.

STEP. 2

Identify Assessment Factors and Subjects

- Identify human right assessment factors in consideration of internal/external environments as well as vulnerable groups in terms of human rights
- Identify the subjects of the assessment for human rights over its entire value chains including subsidiaries, partners, etc.

STEP. 3

Review of Laws and Self Inspection

- Conduct internal legal inspections
- Implement a self-inspection based on various publicly disclosed materials including business report, media analysis, etc. (including a fact-finding survey and others)

STEP. 4

Implementation of Feedback and Improvement Activities

- Share the self-inspection results and the identified areas for improvement
- Recommend activities for improvement in terms of the priority of findings and follow up the subsequent supports

Human Rights Due Diligence

Dongbu Insurance conducts due diligence on the human rights of the company and its subsidiaries in order to preemptively respond to potential risks related to human rights. We monitor human rights issues through on-site inspections of compliance-related parts such as compliance with the Code of Ethics and the Human Resources and Corporate Culture Association Council. We are also launching channels to collect human rights issue information at all times through internal complaints.

Human Rights Assessment

We check our compliance with human rights policy at the 'Corporate Culture Association Council'. We are currently checking whether Dongbu Insurance complies with human rights policies, but we plan to expand the scope of inspection to subsidiaries and affiliates in the future.

Preventing Rudeness and Inhumane Treatment in the Workplace

Dongbu Insurance has implemented various programs to protect the human rights of its employees and to establish a culture of GWP(Great Work Place). Typically, the Annual Paid Leave Use Promotion, 369 Refresh Holidays, and Family Days are operated to help employees balance work and life. In addition, we provide a hot line and psychology and legal consultation corner in the personnel information system so that we can freely suggest and resolve personal grievances, and we will appoint a dedicated female lawyer to contribute effectively to resolving any difficulties that women employees may have.

In addition, for situations when employees or customers are treated rudely by our employees, we have set up a reception counter at the company's website so that we can immediately request a resolution, and the contents can be immediately notified to the relevant compliance department. We immediately resolve the inconvenience of employees and customers.

Respect for Diversity

In order to respect the diversity of employees and to avoid unreasonable discrimination, Dongbu Insurance stipulates in Section 6, "Employment Opportunity", that "when the Company recruits and hires individuals, the Company shall not discriminate on the basis of gender, age, religion, social status, hometowns, educational background, status of marriage, pregnancy, childbirth, or histories of illness without any logical reasons" and provides fair opportunities for compensation. As of the end of 2016, Dongbu Insurance's female labor force participation rate is 56%.

BUSINESS CASE

Protecting Call Center Employees' Human Rights

Dongbu Insurance is improving the human rights of call center counselors working with high mental labor intensity. Through the psychological counseling system, we help to relieve stress and personal problems of our employees. During school vacations, we extend the scope of our work to provide counseling for employees' children. In consideration of the intensity of labor in the call center service, the company implements a sabbatical leave system for long-term employees of 3/5/7 years and basically supports maternity and parental leave, thereby helping employees to manage emotions and balance work and life.

In addition, the company conducts annual satisfaction surveys on work environment, job satisfaction, welfare, and management leadership. Based on the surveys, we carry out improvement activities, and conduct 'So-na-gi' meetings, where CEOs directly listen to their opinions and difficulties once or twice a month. We actively promote the effectiveness of emotional management for counselors through active communication.



'So-na-gi' Communication Program

COMMUNITY



2016 KEY PERFORMANCE



Amount of Social Contribution Investment
(Unit: KRW in million)

3,669



Employees Participating in Social Contribution Activities
(Unit: Persons)

6,942



Participants in Youth Financial Education
(34 training sessions in total)
(Unit: Persons)

2,456



Planners Participating in Social Contribution Activities
(Unit: Persons)

2,423

Risk/Opportunity Factors and Dongbu Insurance's Approach Strategy

To promote efficient corporate social contribution activities at the company level, Dongbu Insurance is strengthening its social contribution activities by establishing department-level Promy Corps and sales department-level Promy PA Corps from the sales department. In addition, we launched a project to establish a direction for social contribution activities in 2015, analyzed the social contribution attributes and established strategies for social contribution programs. Through this, we have reorganized our social contribution operating system, established a social contribution portfolio based on our lifecycle, and developed new programs. From 2016 onwards, we have been gradually expanding social contribution programs. In addition, we promote global social contribution activities with local corporations, centering on major overseas exporters as a result of global business expansion.

Major Activities and Future Plans

Continuously developing and launching representative social contribution programs

Strengthening social contribution activities of employees and sales organizations

Practicing social contribution specialized in financial business such as Financial Education for Youth

Conducting a financial exploration program and fostering social contribution activities to cultivate global financial talents

Creating Community Value through Social Contribution

Social Contribution Promotion System

Dongbu Insurance is striving to become a global insurance financial group that pursues a happy society with customers through the achievement of sharing stakeholder value creation. In order to implement social contribution activities in a systematic manner, a Promy Volunteer Corps was established in 2006 to form 29 regional volunteer corps in Korea. From 2015 onwards, we have formed a Promy PA Corps at the sales department to operate various service programs.

VISION: A Global Insurance Financial Group which Pursues a Happy Society with Customers

Slogan: Promise to Protect Love of Family



Business-based Social Contribution

Carrying out social responsibility activities related to main business such as children, safety, and finance

- Installing yellow carpets for children's traffic safety
- Holding global finance exploration program
- 'One company one school' Financial Education for Youth



Sharing with Local Communities

Expanding customized social contribution activities to create value for local stakeholders

- Environmental protection campaign/'Love Your Family' Campaign
- School-sponsored activities for the hearing impaired
- Activating local social contribution activities in the Promy Basketball Team's hometown(Wonju)



Participation of Employees and Sales Partners

Disseminating awareness of the fulfillment of social responsibilities and conducting activities to promote social contribution

- Employees' volunteer activities through 'Promy Volunteer Corps'
- Love-sharing volunteering activity centered on sales family
- Global social contribution activities

Business-based Social Contribution

Installing Yellow Carpets for Children's Traffic Safety

To prevent children's traffic accidents, Dongbu Insurance has installed yellow carpets that divide the area near the elementary school into yellow signs. The installation of the yellow carpet is a priority for PA Volunteer Corps, and employees are actively involved in the area. In 2016, 35 yellow carpets have been installed, and by 2017, about 200 will be installed nationwide.



Installation of a Yellow Carpet

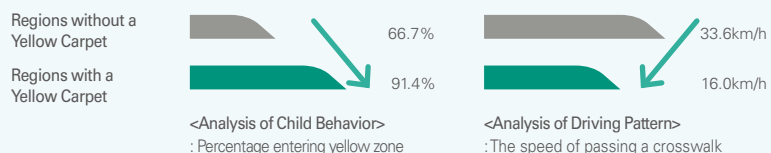


Using a Yellow Carpet

BUSINESS CASE

Analyzing the Effect of Yellow Carpet Installation

In order to confirm the effect of reducing the traffic accident of children through the installation of the yellow carpet, we asked the Korea Road Traffic Authority to conduct a survey and actual measurements. To prove the effect of the installation of the yellow carpet, inspections of regions with and without yellow carpets were carried out. The result shows that the rate of children entering the yellow carpet area increased and drivers passing by yellow carpet tend to reduce its speed, which confirms the improvement of traffic safety.



Holding Global Finance Exploration Program

The Dongbu Cultural Foundation holds 'Dongbu Financial Essay Competition' in order to nurture the next generation's financial talent whereby college and graduate students compete for their creative and practical financial ideas. Winners are given a wide range of benefits such as scholarships, a free pass for the application review of Dongbu Insurance's open recruitment, and Global Finance Tour Program. In 2016, we visited leading financial institutions in New York and Boston, and visited the prestigious universities such as Yale, Harvard, and Massachusetts Institute of Technology (MIT).

'One Company One School' Financial Education for Youth

Dongbu Insurance aims to be a global insurance financial group which pursues a happy society with customers. In this regard, Dongbu Insurance makes the best use of its infrastructure and resources to disseminate financial knowledge. Financial education is being provided to elementary and junior high school students to establish a healthy financial consciousness of youths. By establishing a systematic education infrastructure by matching 1:1 with schools at each branch, we improve their knowledge and understanding of finances and insurance.

Sharing with Local Communities

'Love Your Family' Campaign



'Love Your Family' Campaign

As family dissolution has recently emerged as a social issue, Dongbu Insurance conducts Love Your Family campaigns to form a social consensus on the importance of family. It hosts "Love Letter to My Family" event, and 2,355 people participated in the campaign that Dongbu Insurance has been promoting for three years, and 645 cards were mailed. Dongbu Insurance produces animated cartoons inspired by stories from the letters to deliver a message of 'love for family' to the wider audience.

School-sponsored Activities for the Hearing Impaired

Since the sponsorship agreement with Chungju Sungsim School for the hearing-impaired was made in 2013, Dongbu Insurance has been endeavoring to raise social concerns and to improve treatments for the disabled. Through this, we are raising social interest and improving treatment for people with disabilities. In addition, a Promy professional basketball coach visits the school to provide training and conduct a friendly match with the baseball team of Dongbu Insurance.

BUSINESS CASE

Activating Local Social Contribution Activities in the Promy Basketball Team's Hometown

Established in 2005, Dongbu Promy professional basketball team has been receiving much love from fans for its high quality of game contents and outstanding sportsmanship. They auctioned special uniform they created and donated the profits to a charity. In addition, with a program called 'With Green Angels', basketball team cheerleaders visit a local nursery school and a secondary school and carries out a physical education class for one day. This program received a very positive response. In addition, we carry out various activities to promote love to local communities such as Basketball Camps with Children of Dongbu Insurance Employees and Local Vulnerable Youths, Support for Love Rice and Support for Basketball Clubs in Love with Local Schools (KRW 20 million per year).



Participation of Employees and Sales Partners

Employees’ Volunteer Activities through ‘Promy Volunteer Corps’



Making love bread with the Korean Red Cross Society

Employees of Dongbu Insurance actively participate in social contribution activities through community service. Through various volunteer programs, such as preservation of cultural properties, environmental clean-up activities, support for children’s reading, and making happy lunch boxes for alienated neighbors, employees are excited about sharing voluntarily with social contribution activities. In addition, from 2017 onwards, we will continue to deliver “Promise Boxes” to underprivileged seniors and children throughout the year, and will implement the commitment that ‘customer happiness will be happiness for the company and happiness for society’ as a whole.

Love-sharing Volunteering for the Underprivileged

Dongbu Insurance PA Volunteer Corps has been promoting social contribution, including renovation of facilities, improvement of residential environments, and cultural experiences, so that children of underprivileged groups such as local children’s centers and nurseries can feel the love. Love-sharing volunteering is not a one-time event, but we continue to support it throughout the year, and Dongbu Insurance continues to provide endless true love for our children.

Global Social Contribution Activities

In February 2017, Dongbu Insurance launched its social contribution activities at three schools in the Lao Chai Village in Vietnam, together with employees of Vietnamese subsidiaries and students from Foreign Trade University in Hanoi. We were able to contribute to the development of the local community and receive a lot of attention from the local media by conducting programs such as classroom construction, bicycle safety education, and CPR training.



CPR Training



Newly Built Classroom and Mural Painting



Bicycle donation and safety education

CUSTOMERS



2016 KEY PERFORMANCE



Complete Sales Ratio
(Unit: %)

99.2



Long-term Insurance
Customers
(Unit: 10,000 persons)

Highest in the
Industry

627



KS-SQI Car Customer
Satisfaction

1st



Amount of reported MR
(Moral Risk)
(Unit: KRW in 100 million)

1,154

Risk/Opportunity Factors and Dongbu Insurance's Approach Strategy

As instability in the global marketplace increases and regulations in the financial industry tighten, customers as key stakeholders are an important factor for corporate sustainability. In order to maximize the value of these customers, Dongbu Insurance prioritizes customers' needs by considering customers first. By developing products that meet the needs of diverse customers and establishing a thorough consumer protection system, we will develop into a global insurance financial group that pursues a happy society with our customers.

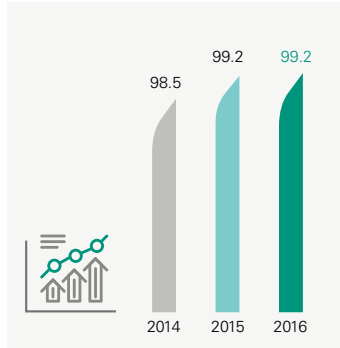
Major Activities and Future Plans



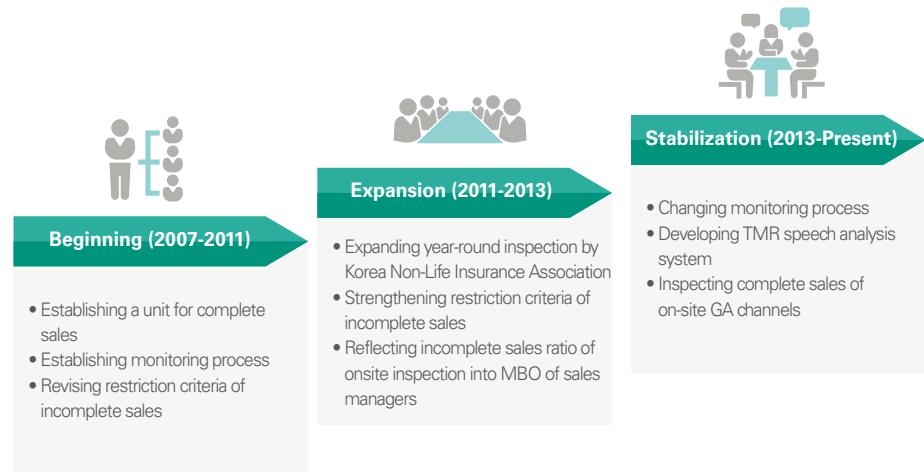
Fulfillment of Product Responsibilities

Complete Sale Ratio

(Unit: %)



Roadmap for Complete Sales



Establishing a System for Enhancing Product Responsibilities

Dongbu Insurance is building a variety of systems to enhance the fulfillment of our product liability. In order to respond to internal and external risks such as increased production of customer guide materials and data regulations of the supervising authorities, we opened a customer information review system, which enabled us to improve the efficiency and accuracy of our review work.

Also, by establishing a system for quality of call handling call through a partnership with an external professional company in July 2016, we have conducted a call quality check (50%) for the new channel. In addition, we are working to improve service quality by completing the voice analysis system to be operated in five centers.

Performing a Complete Sales Monitoring

Dongbu Insurance is expanding its customer-centric complete sale monitoring channels to enable e-monitoring, while conducting on-site inspections and telephone monitoring.

In addition, we comply with the four basic rules such as delivery of a copy of the subscription form when buying a policy and policyholders' signing their name in person. We systematize complete sales management by reflecting the complete sales ratio in the MBO score and CCM award criteria of on-site employees to promote complete sales.

BUSINESS CASE

Improve Complete Sales Awareness through On-site GA Consulting

In order to raise awareness of complete sales of the GA channel, which has recently been expanded, we have been conducting on-site consulting activities for GA-dedicated business units since 2016. We share various CS and consumer protection strategies with CCM (Customer Centered Management) which covers complaints, VOCs, and complete sales. Our executives, consumer policy departments, and consumer protection chiefs are directly involved in listening to complaints on the spot.



Running Consumer Rights Protection Committee

In January 2017, we changed the name of the existing Dispute Mediation Committee to the Consumer Rights Protection Committee with the intention of taking the lead in protecting consumer interests. In 2016, we reviewed 242 consumer disputes and complaints, and the rate of customer acceptance for deliberations was raised to 97.9%. In addition, in order to resolve disputes arising from frequent violations of the duty of notice, we conduct deliberations with medical professionals in order to resolve consumer disputes.

Customer Communication

Diversifying Communication Channels

Dongbu Insurance continually manages customer contact management through communication as a key issue. As part of this effort, Dongbu Insurance is actively providing online communication channels such as the Dongbu Insurance Official Blog, Love for My Car blog, Love for My Child blog, Kakao Story, and Facebook. As of 2016, Dongbu Insurance's social media visitors totaled 7.63 million, increased by 4.84 million compared with the previous year.

In addition, we launched a four-step smart zone project to provide convenience through the introduction of biometric authentication intuitive UI to reflect the latest trend and to provide a more convenient e-service environment by expanding services with high customer needs. As a result of these efforts, we received the Grand Prize in the Non-Life Insurance category in the '9th Korea Social Media Grand Prize' in 2016 and the web accessibility certification in the mobile web sector in the 'Web Accessibility Quality Certification'.

BUSINESS CASE

Identifying Improvement Ideas through Consumer Evaluators

Dongbu Insurance has been operating the consumer evaluator group since 2010. It has played an important role in contributing to communication between the company and customers through proactive customer involvement programs as well as proposing customer-focused service improvement activities. In 2016, proposals such as elaboration of location inquiry service, maintenance of the gas can, standardization of business cards, etc. have been proposed as topics related to emergency dispatch service. As a result, customer location tracking method has been changed from CELL method to GPS method, designed and launched new gas cans, and after depleting the existing business cards, we used the standardized business card.

Customer's proposals were immediately reflected on the site, such as suggestions for sales improvement including revision of telephone consultations manual scripts, special customer service for no-claims history clients, distribution of GA marketing materials, and development of a mobile application for GA. The Consumer Evaluator Group has 189 customers participating in the activities until the 12th period of the second half of 2016. 150 of them are the Dongbu Centuryclub, and they provide their opinions through various surveys. As of 2016, 566 out of a total of 739 suggestions for improvement were adopted. (Adoption rate 76.6%)





'Promise for Happiness 365' emblem

Service Identity 'Promise for Happiness 365'

'Promise for Happiness 365' is Dongbu Insurance's commitment to customer's happiness for 365 days a year. To achieve the goal, we are improving the quality of our services by selecting 6 promises with customers such as customer handling, buying an insurance policy, customer management, claim adjustment, emergency dispatch, and complaints handling and preparing 36 detailed guidelines.

Customer-oriented Counseling Services

Dongbu Insurance provides customer-oriented counseling services through various channels such as customer service center, ARS service, and homepage to solve customer complaints. There are three customer service centers (Seoul, Jeonju and Wonju) and two telecommuting centers for monitoring of complete sales, accident reporting and other services for 365 days a year. In addition, we are constantly striving to improve counseling satisfaction by rebuilding our consulting system such as improving ARS system. In April of 2017, we launched 'Promy ChatBot Service' for the first time in the industry to provide a messenger service with customers. With this service, we expect to improve the accessibility of insurance-related business consulting services.

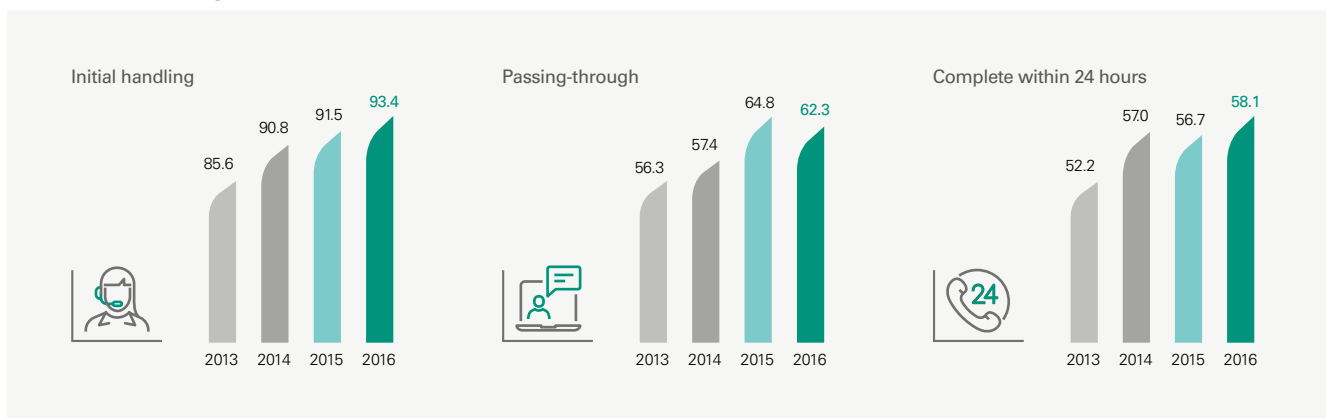
Voice of Customer (VOC) System

Dongbu Insurance runs a prompt VOC system by collecting voices of customers through online and offline channels to respond to customers within an hour and complete inquiries within 24 hours. According to the internal criteria, voices of customers are divided into three levels and they are systematically managed within the VOC system from reporting to completion. In addition, problems, lessons and solutions of VOC processing are shared through 'VOC sharing' which is an intranet for in-house sharing and participation leading to more attention of employees to customer complaints. In 2016, 90.5% of employees participated in 'VOC sharing'.

In addition, for the first time in the industry, the company enhanced awareness of importance of complete sales, prompt claim adjustment and customer-oriented process, by opening a VOC experience center, targeting all employees and executives including CEO, subsidiaries and incomplete sales units. In 2016, Dongbu Insurance operated 150 year-round training sessions in VOC experience.

Status of VOC Management

(Unit: %)



Insurance Fraud Management Process

1 Prevention



Strengthening the System

- Re-establishing the structure of utilizing insurance fraud information
- Building permanent management system of high loss claim

2 Investigation/Exploitation



Facilitating Reports

- Enhancing MR investigation capabilities
 - Facilitating operation of insurance crime prevention unit
 - Strengthening cooperation with company-wide MR control

3 Follow-up Management/Prevention of Recurrence



Operating Recurrence Prevention System

- Prevention system
- Follow-up analysis system
- Prevention system by using detection information

Insurance Fraud Prevention

Establish Corporate Policy to Manage Insurance Fraud

The Dongbu Insurance 'Insurance Crime Prevention Committee' manages insurance crime prevention rules that stipulate basic policies and restrictions on offenders of such crimes. Through the operation of MR control councils governing claim adjustment and sales, we are strengthening our cooperation. In addition, from the development stage of the insurance product, the company assesses the impact of insurance fraud on new products/collateral and strengthens the advance control of insurance fraud by utilizing information on insurance fraud detection. In addition, we are working to prevent insurance fraud by developing and operating a hospital management system to detect accidents, suspicious customers, suspicious hospitals, and MR fraud detection systems that provide pop-up information to compensate patients.

Fostering Insurance Fraud Analysis Experts

The Company's Special Investigation Unit (SIU) is exclusively responsible for preventing and detecting insurance fraud and plays a role of the company-wide MR control tower in charge of insurance fraud prevention, detection, follow-up management and prevention of recurrence in collaboration with other departments such as sales, U/W, claim adjustment, product development. For the first time in the industry, Dongbu Insurance has been analyzing the trend of Big Data that is related to insurance frauds and identifying patterns of such frauds by internally analysis experts. In order to advance the analysis/research capabilities, we successfully held the B/P competition in 2016, the first in the industry to carry out research projects. We also operate a variety of training programs such as a class to learn photo identifying programs in a bid to enhance new MR investigation skills.

Reinforcing Insurance Premium Leakage Prevention

We operate IFDS (Insurance Fraud Detection System), an insurance fraud detection system, to scientifically analyze any signs of insurance fraud and periodically monitor the leakage of insurance claims. In addition, we have formed the "Contract Quality Improvement TFT" with SIU, U/W and claim adjustment, and are engaged in prosecuting and preventing insurance fraud by selecting and interviewing MR suspicious PAs through preliminary data analysis.

Improving Reward System for Active Reporting

As reporting of insurance fraud from various internal and external stakeholders is a cornerstone of the insurance crime investigation, Dongbu Insurance reinforced the advertisement channel and the reward system to increase the inflow of the report from stakeholders. To this end, we raised the reward amount from KRW 100,000-15 million to KRW 300,000-1 billion. In addition, to combat the increase in incidence of insurance fraud for clients such as hospitals and industrial companies, we have also established a 1.5-fold supplementary payment clause for sales family members.

Enforcing the Special Act for the Prevention of Insurance Fraud

As the 'Special Act on the Prevention of Insurance Fraud' has been implemented, we are actively utilizing the positive changes in the insurance fraud investigation environment, and are implementing countermeasures against work-related risk weights such as strengthening personal information security and complying with insurance payment standards. We intend to raise awareness of insurance fraud through internal and external publicity and dissemination of the law, and strengthen the MR prevention activities and make an adamant response to requests for inquiries and expanding the scope including habitual crimes, frauds associated with significant amounts of money, one related with violent crimes, attempted criminals, crimes detected prior to benefit payments. We try to prevent conflicts and unnecessary disputes by improving business processes in accordance with legal regulations.

CORPORATE GOVERNANCE



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Corporate Governance

Board of Directors (BOD)

The Board of Directors is the highest decision-making body in the company. It makes important managerial decisions, keeps the management in check and monitors the management of the company. In order to establish a responsible management system from the mid- to long-term perspective and to enhance the fairness and transparency of the board, the CEO is appointed as the chairman of the board of directors and the senior outside director represents outside directors. In addition, we are building a sound and independent governance structure through continuous improvement of corporate governance, including the formation of a sub-committee composed of outside directors.

Composition of the Board of Directors

As per the Articles of Incorporation, Dongbu Insurance has a board of directors consisting of at least three to ten directors. Outside directors should be at least three outside directors to form a majority. Through the resolution of the general shareholders' meeting in 2017, Outside Director Sangyoung Park was re-appointed in accordance with the Act on Corporate Governance of Financial Companies by the separation of outside directors who become Audit Committee members. In addition, Seungwoo Lee, outside director and Yeongmann Kim, inside director were newly elected, whereas Seungkook Kim, outside director, was reappointed. The Board of Directors consists of one regular quarterly meeting of the Board of Directors and one extraordinary Board of Directors meeting held in the event of management issues. The Board of Directors resolves important management issues defined by relevant laws and regulations, the Articles of Incorporation, and the Board of Directors. In the decision-making process, it considers issues such as social and environmental impacts and governance issues.

Operation of the BOD

Category	Unit	2014	2015	2016
No. of meeting held	Times	15	13	8
Submitted Agendas	Cases	29	26	16
Attendance Rate	%	100	95.4	97.4 ¹⁾

1) Attendance Rate of All Board of Directors
(Inside Director: 2/Outside Director: 3)

Board of Director Profile

(As of Jun. 2017)

Name	Title	Birth Year	Gender	Term	First Appointment Date (Recent Appointment Date)	Incumbency	Specialty Field	Major Background	Industry Experience ¹⁾ (Finance/ Insurance)	Holdings ²⁾
Jeongnam Kim	CEO - BOD Chairman	1952	Male	3 years	2009.6.12 (2015.3.20)	8 years	Financial services (Non-life Insurance)	Dongbu Insurance Individual Business Division Dongbu Insurance New Business Division Dongbu Insurance Management Support Division (Present) President of Dongbu Insurance	38 years	73,000 (0.1%)
Sangyoung Park	Outside Director - Senior Outside Director Auditor	1954	Male	1 year	2013.6.14 (2017.3.17)	4 years	Financial administration Fair trade	Economy Planning Board Senior Secretary to the President for Economic Affairs Fair Trade Commission (Present) Advisor of Law Firm Yulchon (Present) Outside director of Korea Airport Service	30 years	-
Seungkook Kim	Outside Director - Audit Committee	1950	Male	1 year	2016.3.18 (2017.3.17)	1 year 3 months	Financial business Financial administration	Insurance Bureau at the Ministry of Finance Financial Services Commission Korea Securities Finance Corp. President of IBK Credit Information	33 years	-
Seungwoo Lee	Outside Director - Audit Committee	1952	Male	1 year	2017.3.17 (2017.3.17)	3 months	Financial business Financial administration	Ministry of Finance and Economy Presidential Secretariat Economic Policy Secretary Vice Chairman of the Financial Supervisory Commission President of Deposit Insurance Corporation (Present) Outside Director of Samsung Securities	28 years	-
Yeongmann Kim	Inside Director	1954	Male	3 year	2017.3.17 (2017.3.17)	3 months	Financial services (Non-life Insurance)	Dongbu Insurance Product Development Team Manager Dongbu Insurance Management Planning Team Manager (Present) Dongbu Insurance Management Support Chief, CFO	37 years	1,500

1) Career experience in financial corporations and financial institutions

2) There is no obligation to hold shares for registered directors

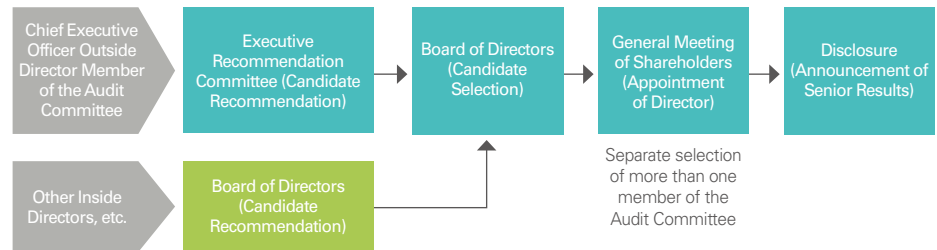
Candidate Group Operations (Unit: persons)

Category	Composition
Chief Executive Officer Candidate Group	7
Outside Director Candidate Group	20

Transparent Appointment of Directors

Dongbu Insurance utilizes the newly established Executive Recommendation Committee to appoint directors among candidates including CEO, outside directors and Audit Committee. The Executive Recommendation Committee manages the candidate group including outside director and chief executive candidates, and reports on the status of the candidates' operations at least once a year. Candidate recommendation is made for a group of candidates who have passed the screening process covering their expertise, work fairness, morality and responsibility, etc. And the recommended candidates are selected after resolution of the board of directors and general shareholders' meeting. The appointment of a CEO is carried out in accordance with the succession rule of the CEO including the CEO succession procedure and the countermeasures against the emergency situation in order to prevent the managerial vacancy due to replacement or retention of the CEO. Related articles are available once a year on the website.

BOD Member Appointment Process



Grounds for disqualification of Dongbu Insurance Outside Directors

- Directors, executive directors and employees who are engaged in the regular business of the relevant company, or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the latest two years;
- The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
- Directors, auditors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation;
- The spouses, lineal ascendants, and lineal descendants of directors, auditors and executive directors;
- The directors, auditors, executive directors and employees of a parent company or a subsidiary company of the relevant company;
- Directors, auditors, executive directors and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company
- Directors, auditors, executive directors and employees of another company for which directors, executive directors and employees of the relevant company serve as directors and executive directors,

Independence of BOD

In accordance with Article 25-2 of the Articles of Incorporation, Dongbu Insurance prohibits the appointment of outside directors, such as major shareholders, and their spouses, and Article 5, 6 of the Act on Corporate Governance of Financial Companies and Commercial Law (Article 382: Qualifications of Outside Directors and Method of Appointment of Outside Directors in Article 542-8). We also improved the independence of the Board of Directors by organizing all members of the Audit Committee (three members) as outside directors at the general shareholders' meeting in March 2017.

Expertise of the BOD

Outside director candidates are recommended after fair verification process in accordance with the regulations of the Outside Director Candidate Recommendation Committee and relevant laws. The company makes efforts to bring in experts with vast knowledge about not only the financial industry but also relevant fields including economy, law, accounting and journalism.

Diversity of the BOD

The BOD promotes the diversity of its composition by appointing directors with specialized knowledge about relevant sectors such as non-life insurance, financial industry regulators, fair trade, personnel/labor management. In addition, director candidates are not discriminated by reason of race, disability and gender.

Diversity Policy of Dongbu Insurance

The diversity of the workforce in terms of age, gender and ethnicity is an asset to the company. We committed to leveraging the diverse backgrounds, experiences and perspectives of our people to provide excellent customer service to an equally diverse community. We therefore strive for diversity at all job levels and at all work-places include subsidiaries.

Company's diversity is empowered by supporting policies to recognizing the importance of diversity extends to every areas of insurance business including recruitment, talent development, skills enhancement, appointment to roles, retention of employees, mentoring and coaching programs.

Activities of the BOD

Ratio of Employees' Salaries¹⁾

CEO's Total Salary

KRW **707** Million

Median of Employee Salary

KRW **64** Million

Salary Ratio

0.92 %

1) Salary includes performance-based bonuses

Ensure Fairness of Compensation for Management

The compensation for the management is offered on a deferred payment basis for at least three years in accordance with 'the executive compensation policy' and the Compensation Committee is appointed to the outside directors (three members) in order to ensure the objectivity and fairness of the performance evaluation for the management including the CEO/CFO. In addition, the company has stipulated return policy and discloses the details of such remuneration system once a year on its homepage.

Prevent Conflicts of Interest

The Board of Directors, through the Internal Trading Committee and the Audit Committee, receives preliminary deliberations on possible conflicts of interest such as internal transactions and periodic reports on the results of audits. After the inspection, the Board of Directors decides whether to carry out matters that are likely to cause conflicts of interest. When accreditation requirements of the BOD and the relevant laws are not satisfied such as objection of the BOD, the BOD can restrict its measure of the issues.

Committees within the BOD

In accordance with the related laws and the Articles of Incorporation, the Board of Directors delegates the authority of the Board of Directors to the six committees under the Board of Directors. Each subcommittee deliberates and resolves matters delegated by the Board of Directors.





Committees within the BOD and Their Roles

Category	Responsibility	Composition	Chairperson	Requirements
Board of Directors	Summon and conduct shareholder's meeting, approve financial statements, establish business plans and other business related matters	2 Outside Directors 3 Inside Directors	Jeongnam Kim (Inside Director)	When appointing a chairperson who is not an outside director, appoint a senior outside director. (Senior outside director: Sangyoung Park, outside director) More than half must be outside directors
Audit Committee	Conduct independent accounting and audit, Analyze status of sales and capital and evaluate external audit	3 Outside Directors	Sangyoung Park (Outside Director)	3 or more directors with 2/3 or more outside directors and the chairperson must be an outside director
Executive Recommendation Committee	Recommend candidates for Chief Executive Officer, Outside Director and members of Audit Committee and manage and review candidate group for Chief Executive Officer and Outside Director	2 Outside Directors 1 Inside Director	Seungkook Kim (Outside Director)	3 or more directors with a majority of outside directors and the chairperson must be an outside director
Risk Management Committee	Supervision of business risk efficiency, implement policy and establish risk limits	2 Outside Directors 1 Inside Director	Seungwoo Lee (Outside Director)	2 or more directors with a majority of outside directors and the chairperson must be an outside director
The Compensation Committee	Operate and review performance compensation system for the management and employees	3 Outside Directors	Seungkook Kim (Outside Director)	3 or more directors with a majority of outside directors and the chairperson must be an outside director
Internal Trade Committee	Preliminary review of matters related to internal transactions such as transactions with any subsidiaries	2 Outside Directors 1 Inside Director	Sangyoung Park (Outside Director)	3 or more directors, 2/3 or more outside directors
Management Committee	Resolutions on urgent or frequent management general issues and other supportive duties of the Board	2 Inside Directors	Jeongnam Kim (Inside Director)	2 or more directors and the chairman is the CEO

Participation of the BOD in Sustainability Management

Dongbu Insurance operates the Sustainability Management Committee (Chairman: CEO), which consists of key management personnel. The sustainability management committee, which is held once a quarter, conducts decision-making on major sustainability management issues such as company-wide sustainability management strategies. The activities of the Sustainability Management Committee and major decisions are reported to the Board of Directors once a year. In 2016, we reported the results of the DJSI evaluation and the details of the Yellow Carpet, a representative social contribution program. In addition, we have a Sustainability Management Working Committee under the Sustainability Management Committee to ensure its smooth operation. The Sustainability Management Working Committee is composed of three divisions: Economy, Environment, and Society. Each division is engaged in identifying key issues such as analyzing internal and external environmental issues related to sustainability management, identifying stakeholder issues, and carrying out detailed improvement tasks. Issues and improvement tasks identified by the Sustainability Management Working Committee are reflected in corporate strategy through the resolution of the Sustainability Management Committee.

Assignments of Sustainability Management Working Committee

Category	Description
 Overall Sustainability Management	<ul style="list-style-type: none"> • Advancing sustainability management strategy: establishing sustainable management practice organization and operating system
 Economy	<ul style="list-style-type: none"> • Strengthening independence and transparency of the Board of Directors: Strengthening responsibility for sustainability management • Reinforcing transparency in operating the Code of Ethics: Strengthening consumer protection • Strengthening brand value evaluation: Establishing integrated stakeholder management system • Strengthening stakeholder issue analysis and sharing system
 Environment	<ul style="list-style-type: none"> • Establishing environmental management policy, strengthening environmental KPI management: Developing environmental products and services • Establishing a carbon-neutral plan and building an environmental risk recognition system
 Society	<ul style="list-style-type: none"> • Advancing social contribution strategy: Advocating human rights and diversity, strengthening safety and health management • Strengthening external cooperation and networks: Enhancing social contribution performance management • Introducing supplier guidelines, strengthening management of business partners • Strengthening responsibility for the underprivileged, responding to aging issues • Asset management considering social responsibility

Performance Evaluation of the BOD

Dongbu Insurance has been conducting yearly evaluations on the performance of outside directors every year. In 2016, we started to evaluate the operation of the Board of Directors and subordinate committees as well as the performance of all of the registered directors. The evaluation method and main contents are disclosed once a year through the annual report on corporate governance.

(Homepage disclosure URL: https://www.idongbu.com/enterprise/publicnotice/occasion/EnPubFixOccasionView.jsp?content_id=214172)

Ethics Management

Establishing the Ethics Management Foundation

Ethics Management System

As a corporate citizen, Dongbu Insurance spreads ethical awareness through its management to become a company that is trusted by society. In 2016, we established a more rigorous ethics management implementation system by revising the Code of Ethics and the Code of Ethics Practice to reflect the relevant laws and ordinances enforced by the Anti-Graft Law.

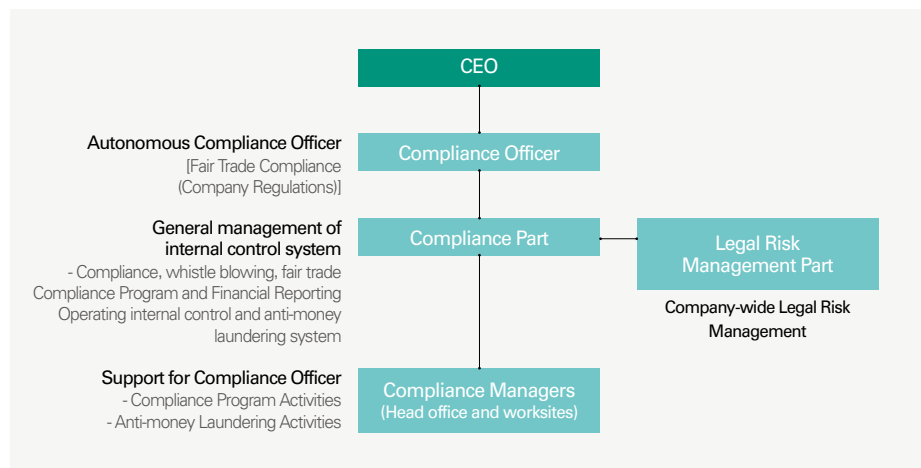
Sustainable Growth



Ethics Management Governance

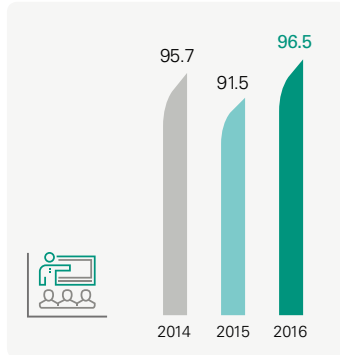
Dongbu Insurance Company is operating the Internal Control Committee, chaired by the CEO, to discuss matters related to internal control such as inspecting and responding to vulnerable areas of financial accidents and internal controls, and reporting on the results of the inspections at branch offices. We have appointed a Compliance Officer under the CEO to ensure the independence of compliance management. We are improving efficiency and professionalism by clearly separating roles and responsibilities among the Legal Compliance Part, Legal Risk Management Part, and Compliance Officers.

Organization for Ethics Management



Participation Rate of Ethics Pledges

(Unit: %)



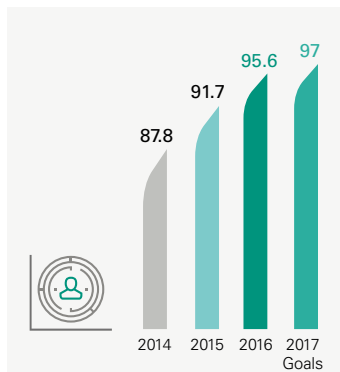
Internalizing Employee Ethics Recognition

Dongbu Insurance operates a variety of ethics recognition internalization programs to spread the corporate ethics culture. Ethical education is designated as an essential course in the process for new college-educated employees and white-collar employees. All employees are required to complete mandatory compliance education. Dongbu Insurance also operates compliance education at the department level and reports results to the compliance department. In addition, to expand the culture of practicing ethics management to subsidiaries, we include courses on ethics management in the basic education courses of subsidiaries. In addition to employees of Dongbu Insurance, and employees of subsidiaries such as Dongbu Car Claim Adjustment, Dongbu CAS, Dongbu CSI, Dongbu CNS and Dongbu MnS, we are also spreading the ethics management philosophy of Dongbu Insurance by writing an online ethics compliance letter that matches the characteristics of each company. In addition, we operate various channels for internalizing ethical awareness such as ethics management training through VOD and internal VOD. In 2016, we identified and implemented 30 improvement tasks for employee violations based on internal control standards and others.

Category	Improvements	Remarks
Value Chain Activity Inspection	16	On-site inspections for insurance business practices such as sales, claim adjustment, etc.
Financial Reporting Internal Control Inspection	9	Internal Control Over Financial Reporting (ICFR)
Compliance Inspection	4	Prevention of money laundering, inspection of dispatched supervisors, etc.
Others	1	Related to subsidiaries
Total	30	

Compliance Score

(Unit: points)



Fulfilling Ethics Management

Compliance System

We operate a compliance assessment system that measures the level of ethics of each division (HQ, Claim Adjustment, Sales) for systematic management of corporate ethics common items such as job ethics, compliance reporting, and ethics and compliance practices. We are constantly improving and compensating. In addition, the guidelines for product sales were reviewed by the Korean Non-Life Insurance Association (KNIA) in advance, and in January 2017, an in-house advertising review system was developed to further enhance the pre-control process for exaggerated and false advertising.



Voluntary Compliance with Fair Trade Regulations

In 2003, Dongbu Insurance enacted the Regulations on Voluntary Compliance with Fair Trade in order to encourage transparent competition and fair transactions. In addition, we introduced the program for the voluntary compliance with fair trade to ensure that the fair-trade culture can be internalized in our employees' work, and we are conducting related education for all employees at least once a year. In 2016, we sent out notices asking for cooperation to establish a culture of ethics for suppliers to check the status of compliance with the fair trade regulations and Code of Ethics Practice, and select eight suppliers such as goods companies, loan recruitment and industrial companies to implement on-site inspections by unfair trade practices and company characteristics. We are actively improving the requirements gathered through VOCs of our clients. In 2017, we plan to strengthen our activities through target customers and due diligence period.

Internal Monitoring System

Internal Control System for Financial Reporting

In accordance with the Act on External Audit of Stock Companies (hereafter, "External Audit Law"), Dongbu Insurance operates an internal control system for financial reporting to systematically manage the design and operation of the internal accounting management system. By collecting feedbacks from the management, the company makes a continuous improvement in issues identified by the annual inspection. In 2016, we revised and supplemented control activities in the 93 sub-processes of the 588 control items affecting the financial statements.

Status of Internal Control

(Unit: cases)

Category		2014	2015	2016
Internal Control	Control Activities	1,433	649	588
	Inspections Performed	174	101	93

Legal Risk Response System

The Legal Risk Management Part, which is comprised of in-house lawyers and legal experts, provides education and information for prevention of legal risks and conducts legal advice on management litigation, uninsured litigation business, and business affairs. In addition, we established an effective legal risk management system to actively respond to legal issues throughout our business, such as issues related to revision and amendment of our articles of incorporation, guidelines, labor management, personnel affairs, etc.

Legal Risk Review

(Unit: cases)

2014			2015			2016		
HQ Inquiries	Sales Dept.	Claims Dept.	HQ Inquiries	Sales Dept.	Claims Dept.	HQ Inquiries	Sales Dept.	Claims Dept.
778	295	102	733	230	96	837	323	73
1,175			1,059			1,233		

Eliminating Unethical Conduct within the Company

Dongbu Insurance operates a variety of systems to prevent unethical acts of employees and to raise awareness within the company. Through the internal whistle-blowing system, we create an atmosphere in which employees can freely report unethical practices. In the event of discipline, we disclose disciplinary cases and disciplinary grounds, and implement prevention education to prevent recurrence. As an external channel, the Financial Irregularities Report Center of Dongbu Insurance operates on our homepage so that anyone can report financial accidents and violations of internal control. Such reports are consistently followed up by the Compliance Officer.

In addition, employees who received a gift or valuables which are difficult to return as their senders are unknown can report the cases to the Compliance Officers through the gift & valuable reporting system. The reported valuables were auctioned and a total of KRW 2,660,571 was donated to social welfare organizations such as the Korean Disabled People's Association and the company's 'Heart Fund' fund in 2016. As a result, there has been not a single case of violation of the relevant laws and regulations or imposition of fine or penalty in relation to anticorruption, bribes, anti-monopoly or anti-competition practices for the last four years.

Management of Public Disclosure Violations

In accordance with the relevant laws and regulations, we have established the company's disclosure guidelines, such as disclosure procedures, procedures, and management, so that employees can conduct their duties based on the correct code of conduct. In addition, the disclosure officers regularly check the disclosure and immediately notify the relevant departments when problems arise.

Money-laundering Prevention System

Dongbu Insurance designated a supervisor in charge of money laundering surveillance in the compliance team to enhance the expertise of anti-money laundering duties. In addition, over 200 compliance officers composed of practitioners in each organization monitor, on a monthly basis, suspicious transactions and report to the compliance team to eliminate money laundering. In addition, we regularly report to the Korea Financial Intelligence Unit every month through our Anti-Money Laundering (AML) system, which we built in 2009. In 2016, we will strengthen the Financial Action Task Force (FATF). To comply with the requirements for the establishment of the prevention system, we have consulted on the status of our company and are building a new RBA system.

Taxation Policy Management

Dongbu Insurance is transparent and strictly compliant with the tax laws and regulations of all countries in which it operates, as well as domestic and overseas operations, and fulfills the reporting and reporting obligations required by the related regulations. We established and began to operate a global tax policy targeting domestic and overseas business sites, and related information can be found on page 92 of this report. Reviewed by outside auditors at the end of every quarter, corporation tax, deferred corporate taxes, effective tax rate, etc. are disclosed in our financial statements which are available at the Data Analysis, Retrieval and Transfer System (dart.fss.or.kr). In addition, we actively respond to various tax investigations and requirements of taxation authorities to thoroughly fulfill the obligation of tax payment cooperation.

Current Status of Corporate Tax Payment¹⁾

(Unit: KRW in million)

Category	Original Premiums	Pre-tax profit	Tax payment	Foreign tax credit
Domestic	12,092,412	620,456	150,285	1,261
Overseas	223,616	-37,482	2,239	

1) KRW 1,205 /1USD(based on 2016.12.31)

Donation to Political Parties and Sponsor Group

Dongbu Insurance is a Korean corporation restricted to make a donation in accordance with Article 31.(1) of Political Fund Law and consequently has not made any donations to political parties or their sponsor groups during the reporting period and, in principle, it stipulates the prohibition of political participation in the Code of Ethics. Moreover, while the employees may still disclose their political views as an individual, they are advised to ensure that their personal political views are not be mistaken as representing that of the company.

Risk Management

Company-wide Risk Management

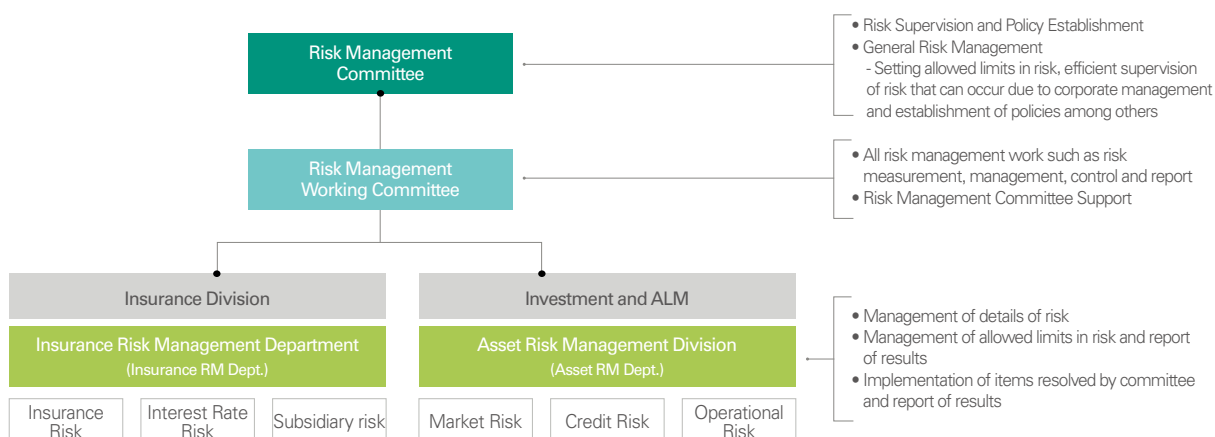
Risk Policies and Strategies

Dongbu Insurance is actively responding to the diversifying global insurance market and management regulations. To this end, we are laying the groundwork for strategic risk management, thereby creating a stable foundation for profit. We conduct rigorous monitoring and control activities in accordance with the risk management strategy limits and guidelines newly established in 2016. Each year, we have been approved by the Risk Management Committee for risk management strategies linked to mid- to long-term management strategies and business plans. In addition, risk capital is allocated to each risk category so that the overall risk level can be maintained at an appropriate level relative to the available capital. Risk factors are minimized by knowing in advance what the risk factors, size, and adequacy are.

Detailed Strategies for Risk Management
Risk appetites including company's total risk amount and target RBC ratio
Allocating each risk capital by utilizing RBC (Risk-based Capital)
Limits in risk in consideration of optimal asset portfolios (Var/Exposure/Loss/Loss cut/Concentration limits) and guidelines
ALM strategy for interest rate risk management (guidelines on average collection periods and guidelines on expected interest rates)
Reinsurance operation strategy including limits in possession of insurance risk

Risk Management Organization

Dongbu Insurance operates the Risk Management Committee and the Risk Management Working Committee under the Board of Directors and operates the Risk Management and Risk Management Department in the Risk Management Working Committee separately to enhance the professionalism of the business. The Risk Management Committee, which is the overall organization for risk management, promotes overall operational supervision and operates a risk management working council as it needs to respond flexibly to the rapidly changing financial market environment. In January 2016, the Risk Management Team was reorganized into an independent organization. In August 2016, Act on Corporate Governance of Financial Companies was enacted to establish a risk-based internal regulation and to appoint a Chief Risk Officer (CRO) to strengthen risk governance.



Risk Management System

Dongbu Insurance conducted an ERM (Enterprise Risk Management) project to support risk management tasks such as risk volume calculation, stress tests and the formulation of risk-based management plans. This project utilizes company RDW¹⁾. In addition, we plan to rebuild the risk management information system to preemptively respond to the new solvency system based on the market valuation of assets/liabilities to be introduced in the future.

1) RDW=Risk Data Warehouse

Risk Management Process



Analyzing Risk Factor Sensitivity

We conduct asset sensitivity analysis as a means to respond to any negative impact on the capital values and profit associated with various risk factors in the market. According to the financial crisis analysis, we analyze the crisis according to risk factors such as change of interest rate, stock price, exchange rate, default rate and loss ratio. As a result of these efforts, the RBC ratio has not dropped below 100% even in emergencies.

Management of Asset Soundness and Limit Set-up





In order to maintain stable capital adequacy, Dongbu Insurance assesses the soundness of owner's equity based on the RBC system stipulated by the supervising authorities in 2009. Our RBC ratio stood at 174% as of December 2016. In addition, we allocate the required capital by risk based on the RBC standard, and set the risk tolerance limit after approval by the Risk Management Committee. We regularly report this to the committee and management, and we strictly manage related matters through continuous monitoring.

Types of Risk Management

Category	Risk	Explanation
Financial Risk	Insurance Risk	<ul style="list-style-type: none"> Premiums and reserves risk caused by difference between expected and actual figures of premiums and reserves
	Interest Rate Risk	<ul style="list-style-type: none"> Risk of loss caused by decreases in the Company's net asset value in the event of changes in interests rates, triggered by discordance between asset and debt maturity and interest structures
	Market Risk	<ul style="list-style-type: none"> Risk of price volatility caused by changes in interest rates, stock prices, exchange rates, etc.
	Credit Risk	<ul style="list-style-type: none"> Risks arising from counterparty's default Risks of changes in asset value due to changes in default and credit rating of borrowers Reinsurance credit risk: Risk of reinsurance bankruptcy
	Subsidiary Risk	<ul style="list-style-type: none"> Risks arising as the risks exposed to the subsidiaries are reflected in the parent company's financial statements
Non-Financial Risk	Operational Risk	<ul style="list-style-type: none"> Risks that arise throughout business including administration, sales, legal, and tax

Potential Risks in the Insurance Industry and the Response of Dongbu Insurance

Dongbu Insurance actively responds strategically to its risk model by continuously monitoring and analyzing the risks newly emerging from changes in the insurance industry environment.

Emerging Risks	Definition
 <p>Cyber Security</p>	<ul style="list-style-type: none"> • Potential risk of data leakage associated with the collection, management and the use of the information of customers or employees. • Security risk arising from the hacking (Malware, Ransomware, DDOS attacks, ETC.) of key IT systems • Any risks associated with laws and regulation due to the reinforcement of laws and regulation concerning cyber security
 <p>Demographic Changes</p>	<ul style="list-style-type: none"> • A demographic change is in progress due to aging population with the aging baby-boomer generation and low birthrate owing to economic slow-down - The demographic cliff(expected in 2018) precipitated by the increased number of elderly, decline in potential workers, low birth could lead to a consumption cliff
 <p>Strengthen Financial Soundness Regulation</p>	<ul style="list-style-type: none"> • Strengthen management risk control in response to a change in financial soundness management regulation(linked RBC system, etc.) - Any financial risks of financial subsidiaries are reflected into its mother company - Enforcement announced on the new solvency margin regulation system based on the market price assessment of assets/liabilities - Increased capital volatility due to interest rates with expanded insurance liability duration
 <p>Climatic Change</p>	<ul style="list-style-type: none"> • Increased social/environmental losses caused by climate change - Added frequencies and seriousness of extreme weather - More stringent regulations on climate change in accordance with the Paris Agreement

RESPONSE TO IFRS17

The adoption of IFRS17, which is primarily designed to evaluate the market value of insurance liabilities, is scheduled for 2021. The financial impact on the insurance industry is expected to be considerable due to a full-scale change in accounting standards. In Korea, the market interest rate has fallen sharply in recent years. With the old insurance policies that guarantee high interest, it is inevitable to expand a considerable amount of capital. In addition, asset/liability management becomes more important because changes in market interest rates are immediately reflected in financial statements and the volatility of assets/liabilities/profit increases.

In order to build infrastructures and expand human resources to meet the new accounting standards, Dongbu Insurance established IFRS TFT in 2015 and is preparing for IFRS17 over two years. We will establish a basic data and cash flow model verification system and prepare a plan for IFRS17 such as general accounting (IFRS17), statutory accounting (SAP), and development of a new solvency system.

Major Changes and Potential Risks (Risk Impact)	Response effort	Reporting page
<ul style="list-style-type: none"> The leakage of customer data of financial institutions is likely to cause serious reputation risk, which in turn makes a spillover effect over management risk such as penalties imposed by regulating authorities <ul style="list-style-type: none"> In case of privacy information leakage incident of a credit card company, it was led to a business suspension order for 3 months in 2014, WannaCry attack in 2017, etc. Increased IT expenses for cyber security system, etc. The company manages data of 8.2million customers (as of the end of 2016, 51.2 million), which is about 16% of the total national population. It is expected that data management risk will show an upturn trend because of insufficient inspection process for occasions such as security observance in case of external data utilization (i.e. data submission request by external organizations such as FSC.) <ul style="list-style-type: none"> Plan to review the measures on internal procedures and data protection regarding the issues As the only divided nation in the world, South Korea is exposed to active online attack (DDOS, etc.) from North Korea. For the company also deals with mandatory insurances designated by law such as car insurance and EIL, there is an increasing the needs to prepare for any countermeasures against network attack such as malicious hacking and DDOS(the sales of domestic business accounts for 98.2% of the total sales) 	<ul style="list-style-type: none"> Establish a new team specified in cyber data protection and appoint a Chief Information Security Officer (CISO) Introduce a network separation system that separates intranet and external internet Re-organize the manpower to have 5% IT security personnel or more in the total employment Advance the company-wide cyber security and data protection management system <ul style="list-style-type: none"> Reinforce IT system and set up a risk-control system with securing experts and employment trainings The company maintains no record of customer data leakage accident 	40, 58 60~61
<ul style="list-style-type: none"> Due to low birth and aging population, the potential customers for insurance policies are decreasing, whereas the increase in elderly beneficiaries lead to a greater loss in insurance sales The protracted economic downturn due to a consumption cliff would result in a decrease in insurance sales or investment benefits, which would lead to the industry restructuring as observed in the Japanese insurance market in the past 	<ul style="list-style-type: none"> Develop insurance products and services targeting the elderly and patients Execute social contribution activities that links its business with low birthrate themes such as children's traffic safety (Yellow Carpet) Beef up its family-friendly management efforts such as in-house child-care center, promote maternity leave Support reemployment of aged retirees into its subsidiaries and introduce retirement pension system for stable golden years 	12~13 23, 33, 65, 67
<ul style="list-style-type: none"> More stringent regulation on financial soundness due to reinforced RBC system and others, would lead to the contraction of asset management and insurance sales activities Aggravated financial soundness due to the reflection of subsidiary's risks Increased uncertainty of net asset value and falling profitability of asset management with a change in interest rates arising from assets/liabilities duration mismatching 	<ul style="list-style-type: none"> Prepare an integrated risk management system in connection with its subsidiaries <ul style="list-style-type: none"> Set up a required capital limits for subsidiaries Fortify soundness management system by establishing risk control information system and others Establish the asset management system based on ALM considering liability structure <ul style="list-style-type: none"> Reduce the proportion of high risk structures and optimization of profit against risks 	18~19 50~53
<ul style="list-style-type: none"> Increased difficulty in forecasting the loss rates of the existing insurance products due to more frequent and severe extreme weather conditions(torrential rains, heavy snow, cold snap, fine dust, etc.) Growing demand for financial products and service concerning climate change Increase in operating and administrative expenses and legal risks caused by reinforced environmental regulations 	<ul style="list-style-type: none"> Establish a preemptive response system against climate change <ul style="list-style-type: none"> Offer products/services suitable for the environmental/social demands Take action to the more stringent climate change related institutions such as GHG emission regulation 	24~25 71~72

Risk Management to Overcome Financial Crisis

Dongbu Insurance estimates the impact of risk factors on its financial status and identifies interactions between risk factors and countermeasures through scenario analysis. Additionally, preparations are made for possible implications on balance sheets and income statements, solvency rates, liquidity, asset/liability value, economic profit/loss, economic value of capital, shareholder value, etc. Both macro- and micro-economic factors are taken into consideration in production of scenarios.

Massive Crisis Situation Analysis

- Consider the risks associated with historical scenarios such as the IMF bailout during financial crisis, September 11 terrorist attacks, and the 2008 financial crisis.
- Set up and review virtual scenarios that simulate possible events

Establishment of a Contingency Plan

- Establish countermeasures by classifying the crisis into 3 phases (caution, alarm, and emergency) and manage special risks such as a drop in direct premiums and IT system paralysis.

FINANCIAL & NON-FINANCIAL STATEMENTS



Financial Performance	55
Non-financial Performance	58

Financial Performance

Key Management Performances

It appears that a prolonged downturn of domestic consumption started to set in due to the protracted low economic growth and low interest rates against the background of increasing uncertainty of the global financial market. In addition, the local insurance market has undergone on-going structural transformations arising from the introduction of International Financial Reporting Standards (IFRS) and IT-driven technological revolutions.

Despite such a formidable business environment, Dongbu Insurance has achieved KRW 726.1billion sales profits, a 28.2% increase from the previous year, KRW 703.7billion of net income before income tax expense, which marks a 29.0% increase and realized 533.8 billion net income, 24.0% increase from the year before. In the future, the company will continue laying a solid foundation for sustainable management with a preemptive response to market changes and continued management innovation.

Based on Consolidated Financial Statement

(Unit: KRW in million)

Account	2016	G/R	2015
Operating revenue	17,067,164	7.0%	15,956,239
Operating expenses	16,341,083	6.2%	15,390,019
Other non-operating income	14,096	-28.0%	19,580
Other non-operating expenses	36,488	-9.4%	40,275
Operating profit	726,081	28.2%	566,220
Net income before income tax expense	703,689	29.0%	545,525
Income tax expense	169,910	47.6%	115,081
Net income	533,779	24.0%	430,443
Total comprehensive income	480,194	5.0%	457,364
Other comprehensive income	-53,585	299.1%	26,920
Total Assets	44,863,440	12.1%	40,018,391
Total Liabilities	40,518,709	12.4%	36,051,446
Total Equity	4,344,731	9.5%	3,966,945
Capital stock	35,400	-	35,400

Embedded Value

(Unit: KRW in billion)

Account	2016	G/R	2015
Embedded Value	6,525	6.7%	6,115

Dongbu Insurance annually estimates and announces the embedded values generated by the currently owned long-term insurance construct with an audit by an external organization.

For more information, please refer to the materials posted in the homepage of Dongbu Insurance.
(<http://ir.idongbu.com/english/promotion/credit/EngRatEvreport.jsp>)

Based on Separated Financial Statement

(Unit: KRW in million)

Category	2016	2015	2014
Original Premiums	12,092,412	11,487,865	10,714,208
Loss rate	84.6%	86.0%	86.8%
Business Ratio	18.2%	17.7%	17.1%
Pre-tax profit	620,456	538,668	494,977
Net profit	470,171	412,672	400,308
Total Assets	34,208,595	30,562,798	26,801,411
Assets under Management	29,228,480	25,981,614	22,658,555
Capital	3,963,924	3,682,651	3,363,025

Sustainable Financial Performance (based on consolidated statement)

(Unit: KRW in 100 million)



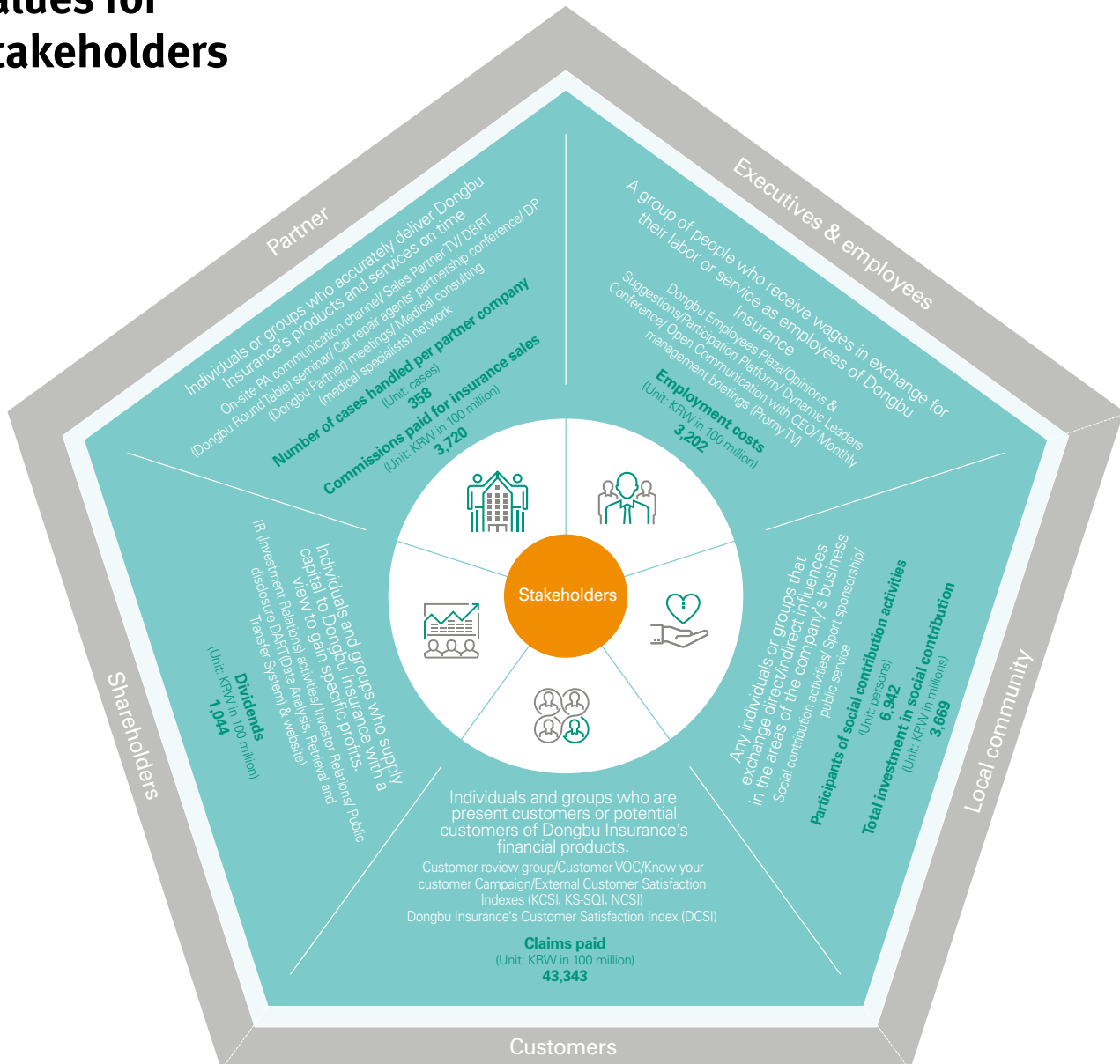
Sustainable financial performance refers to the reorganization of the company's sustainable management performance in perspective of financial view and can be regarded as the performance indicators re-constructed social and environmental impacts stemming from the corporate's implementation of its social responsibilities from the standpoint of management. Dongbu Insurance's non-financial performance is composed of the following:

(Unit: KRW in 100 million)

Environmental/ social profit	Cost savings for environmental/social expenses in the public sector, social contribution expenses, costs associated with insurance fraud detection, SRI investment amount, personnel expenses for maternity leave takers, employment training costs, labor costs for the socially disadvantaged (the disabled, etc.), paper use savings, sales incomes from environmentally/socially friendly products(original premiums), etc.,	1,414
Environmental/ social loss	Increased social costs due to insurances (insurance crime, adverse selection, moral hazard, etc.), mis-selling amount, GHG emission costs, legal penalty or fine payment, dormant insurance benefits, environmentally/socially product losses(benefit payments), etc.	998

Creating Values for Stakeholders

The financial performance that the Dongbu Insurance has acquired will serve not just to drive further business growth but also to be properly shared with various stakeholders. In so doing, the company also assumes and continues its own role as a corporate citizen.



Contributions to Policy Institutes

(Unit: KRW in million)

Classification	Name of institution	Reason for contributions	Funds
1	Korea Insurance Development Institute	Interest Representation	792
2	Korean Fire Protection Association	Interest Representation	671
3	Korea Credit Information Services	Interest Representation	454
4	Korea Insurance Research Institute	Interest Representation	176
5	Chamber of Commerce and Industry	Interest Representation	91

Customers

Customer Satisfaction Management

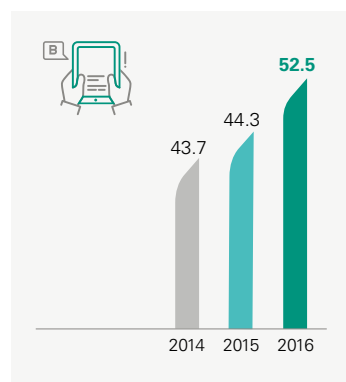
Customer Value Strategy

Dongbu Insurance endeavors to become a company that pursues a happy society together with its customers. As a part of its efforts, the company has established strategies for customer satisfaction management to develop products/services to meet customers' needs. This takes the initiative in cultivating a sound insurance culture by carrying out stricter and more scrupulous consumer protection activities.



Service Diversification for Customer Satisfaction

Smartpad Distribution Ratio (Unit: %)



Uplift Customer Value with Mobile System

The introduction of a mobile system for various operations has enabled Dongbu Insurance to enhance work efficiency and to increase its customer value. Under the slogan of 'Anytime, Anywhere', the company adopted an on-site mobile insurance purchasing system to establish a mobile sales system that helps customers to obtain what they need from product information, and financial consulting to even sealing a contract in just 'one stop' in 2012. Moreover, the system was upgraded to provide better services for customers so they can pay insurance premiums and ask for emergency dispatches via a mobile application for customers in 2014. Also, Dongbu established an iPad-based mobile claim platform, called 'e-claim system' that was designed to support all necessary tasks of a car insurance claim process. This included accident site inspection and investigation, claim adjustment, conclusion, and customer information, etc. at the site and established a field-oriented mobile claim system to provide customers with differentiated claim services. As of December 2016, 910 devices were assigned to all employees in charge of insurance claims.

Establish Prompt On-site Dispatch System

Dongbu Insurance has set up a swift dispatch system with a GPS-based Local Based Service (LBS) system. This shortened call waiting times by developing a system-centric innovative model, which consequently contributed to soaring customer satisfaction. These efforts resulted in the acquisition of international standards or 'ISO 9001' certificate for car dispatch service and the patent application for unmanned automatic emergency dispatch service for the first time in the local industry.

Customer Service Management System

Dongbu Insurance runs a Consumer Policy Committee attended by executives including CCO. The committee is in charge of thorough service monitoring and management and holds monthly consumer policy consultative meetings dealing with complete sales, on-site inspections and monitoring among others. The committee is engaged in key policy deliberation on consumer protection and system improvement activities and others.

Customer-oriented CS Mindset Cultivation

In an effort to achieve 'Customer-oriented Customer Happiness Management', Dongbu Insurance seeks to imbue its executives and employees with CS mindsets. To fortify the CS training system, the company carries out a range of CS related activities including strengthened on-site CS activities and CS training for executives, employees and PAs. In addition, as part of an effort to enhance customer value, the company also launched 'Know Your Customers' campaign in which employees of headquarters including CEO visit customers and listen to them. The company also manages monthly or quarterly CS excellence award systems, which was retitled to 'CCM Award' in 2015. As the evaluation process of the award looks specifically into consumer-related indexes, it puts a particular emphasis on the meaning and importance of consumer-oriented management for executives and employees.

Dongbu MOT Service Index

Dongbu Insurance has developed Dongbu MOT Service Index (DMSI) to measure the level of service by different MOTs and took effective action to address and improve any identified issue. In 2016, the company accomplished a genuine innovation in MOT service based on long-term trust by forming a master plan for MOT service with more systemized service management. Also, the company further enhanced the company-driven integrated customer management system by providing a group of potentially defected customers with differentiated management. The company plans to fully establish the company-wide MOT Service in 2017.

Strengthened Service Satisfaction Monitoring

Dongbu Insurance conducts the service satisfaction survey for each MOT to manage and improve customers' service satisfaction. The satisfaction survey covers a total of six MOT fields including customer handling, insurance policy purchase, customer management, claim adjustment, emergency dispatch, and complaint handling. In partnership with an external survey provider, the company carefully sets up and carries out the satisfaction surveys along with online surveys via mobile applications and LMS. In addition, it operates a real-time based monitoring feedback system such as telephone surveys by a monitoring office of the customer service center.



Internal IT Security Audit Process

Establish Security Audit Plan

- Establish audit plans & obtain approval from CISO

Implement Security Audit

- Notify and discuss audit schedule
- Conduct audits

Report the Results of Security Audit

- Report & inform the result of security audits

Follow-up Management

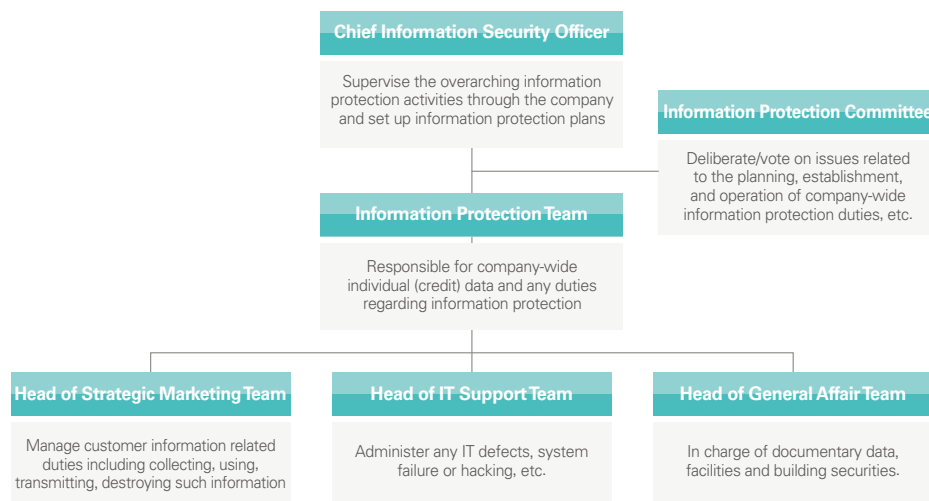
- Plan corrective measures and report the results
- Check if the measures have been implemented

Customer Information Protection

Information Protection Management System

To ensure the effective management of company-wide internal security control, the Chief Information Security Officer (CISO) makes regular reports on the company's data securities to BOD. Also, the company is equipped with vigilant monitoring processes including a 24X365 integrated security control, internal security audits, regular website check-ups by outside experts for every half-term or earlier, etc. and submits an annual report to BOD regarding the appropriateness of customer data to a total of 190 subcontractors including subsidiaries responsible for main duties such as damage assessment. The company's efforts to minimize data security risks are also extended to take up an insurance policy, 'Private Information Liability Insurance' (insurer: Lotte Insurance) covering general liability for the 3rd in case that the company is liable to compensate for any leakage of information regarding company-wide information protection.

Information Protection Management Governance

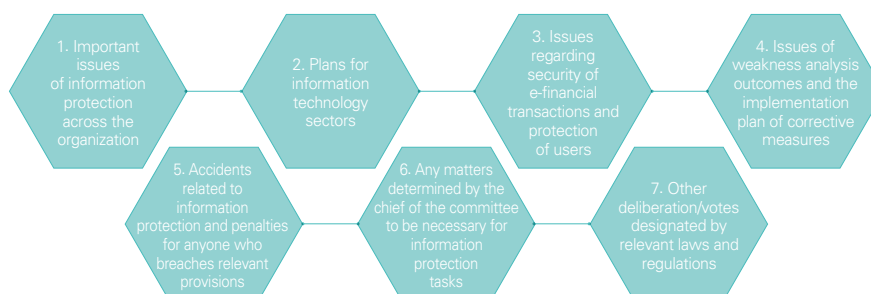


Information Protection Committee

Deliberate/vote on issues related to the planning, establishment, and operation of company-wide information protection duties

- Chairperson (director level) Chief Information Security Officer (CISO)
- Committee members (10 person _ director level): Head of General Affairs Team, Head of Strategic Marketing Team, Head of Consumer Policy Team, Head of IT Support Team, Head of Long-term Business Team, Head of Individual Marketing Team, Head of Corporate Marketing Team, Head of New Business Marketing Team, Head of Claim adjustment, Planning Team, Vice-president of Loan Business.

Deliberation/Vote made by Information Protection Committee

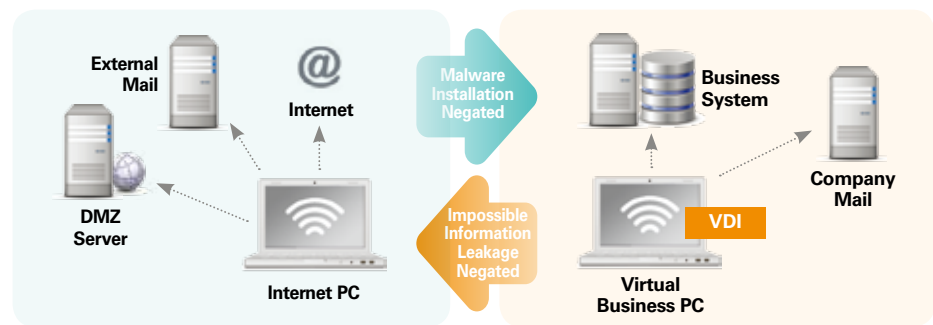


Information Protection Certificates Status

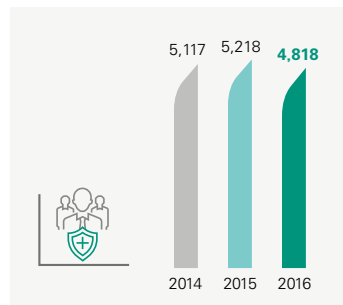
- ISO27001: 2013 International standards Certificated (British Standard Institution, Feb.2009~Feb.2018)
- Korea ISMS Certificated(Ministry of Science, ICT and Future Planning, Jul.2014~Jul.2017)

Fortified Data Loss Prevention (DLP) System

To shield against external cyberattacks and prevent any internal information leakages from occurring, Dongbu Insurance has successfully separated the internet network from the business network. By examining all inflows of external data and activities, the company is able to immediately block suspected hackers' attacks and others to protect its internal system. Any internally created information (documents) requires prior approval before transmitting them to outside so that crucial corporate data is effectively protected from any possible loss. In addition, as relevant events taking place in the IT system are collected/analyzed on a real-time basis, any abnormalities such as external attacks and internal data leakage are detected and blocked in advance and the appropriateness of applied means of information protection/control followed by any necessary patch-ups is repeatedly reviewed. Therefore, the data loss prevention system continues to be solidified. These diverse efforts succeeded with no single case of customer data breach from 2013 to 2016.



No. of Participants in Information Protection Training (Unit: persons)



Raised Awareness of Information Protection

In consideration of the nature of insurance business that deals with customers' sensitive information such as personal data, financial status, health information and accident history, etc., the company sets up information protection guidelines for executives and employees and holds regular training sessions to raise awareness of the importance of information protection. In 2016, the company opened 14 training courses covering personal information protection, financial security governance, internal data loss prevention, etc., to be completed by 4,818 executives and employees.

Participation in Industry's Joint Initiatives

Dongbu Insurance is one of the founding members of the Korea Credit Information Services, comprehensive credit information organization and partakes in the decision-making process of key issues regarding credit information through member conferences.

Performance

Indicators			Unit	2014	2015	2016	Remark
Restrictions through Internal Inspection of Incomplete Sales	Onsite Inspection (Individuals)	Suspension in sales	Persons	391	659	1,113	
		Warning	Persons	-	739	2,858	
	Onsite Inspection (TM)	Suspension in sales	Persons	44	705	285	
		Warning	Persons	458	3,614	265	
Average e-service Cases per Month ¹⁾			10,000 cases	1,235	1,677	2,112	Based on Korean Service Quality Index by the Korea Management Association
Service Center Customer Satisfaction Assessment			Scores	94.4	95.4	96.3	
Customer Satisfaction Assessment	DCSI ²⁾		Scores	84.5	85.4	85.9	

1) Data in 2014, 2015 modified by change in collection method

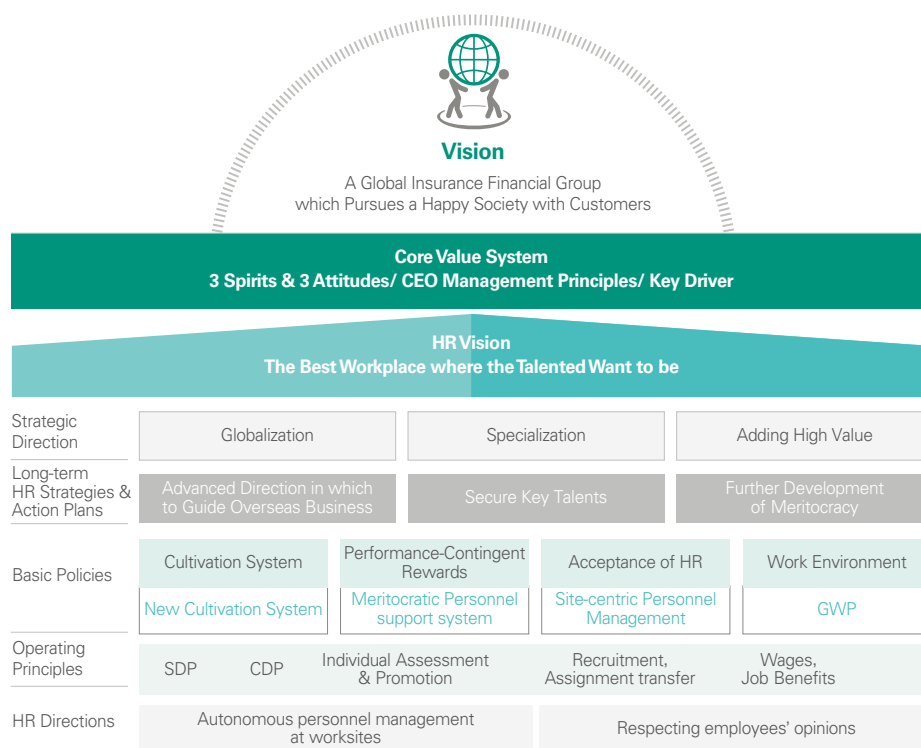
2) Dongbu Insurance Customer Satisfaction Assessment

Employees

Human Resource Management

HR Management System

To achieve its company-wide HR vision, the “best workplace where the talented want to be”, Dongbu Insurance built a systematic HR management system and proactively encourages its employees to achieve the CEO's management principles, pursuit of facts, mutual communication, and autonomous management. Also, founding on the concept of the talented supported by the core value, the company strives to cultivate financial talents equipped with a global competitive edge by establishing a new cultivation and meritocratic system to ensure high rewards for great performance.



Creation, Communication, and Empathy (CCE) Program

Dongbu Insurance runs a CCE program in order to foster a corporate culture, in which executives and employees are provided with diverse opportunities to expand their capacities and to explore new horizons of creative thinking and their personal investments consequently lead to greater organizational performance. The program consists of the company-initiated seminars titled, ‘Invitation to Humanities and Arts’, and other courses freely chosen by individuals. The program allows them to learn more about humanities and social sciences and experience various activities.



Fair Performance Evaluation & Rewards through HR System Reform

Performance Evaluation System

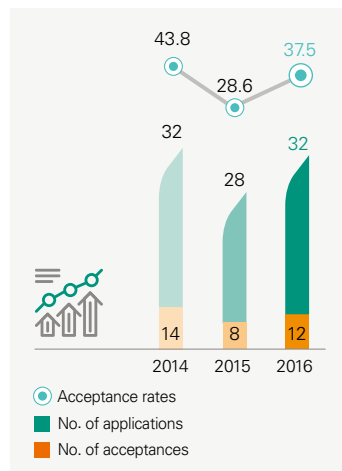
With various systems in place, Dongbu Insurance ultimately serves to provide both increased job satisfaction and the best possible performance. To cite some examples, there are a wide range of institutions and programs including goal agreement system, monthly evaluation agreement system, self-development & career development plan, and more. Using the Balance Score Card (BSC), it is possible to offer segmented perspective of performance evaluation and to distribute and assign the overall corporate goals into group and individual-based KPIs. Moreover, the company is committed to guarantee a fair assessment of an employee's performance with an evaluation objection system for the final performance review while making the most out of performance feedback in establishing next goals and objectives and in improving the HR management system.

Ensuring a Fair Opportunity

To ensure a fair opportunity for every employee, Dongbu Insurance operates an MA course, a professional sales manager training course, in order to provide female workers, Prime Agents (PAs), employees from other occupations with an opportunity to expand their capabilities and competencies to manage a branch. Employees who successfully complete the course will work as a chief of branch development or branch manager and receive support to become professional sales managers. Furthermore, since 2010 the company has introduced a separated evaluation between male and female employees to forestall any potential disadvantages for female workers in their performance assessment process and prevent discrimination based on gender.

Evaluation objection system

(Unit: %, cases)

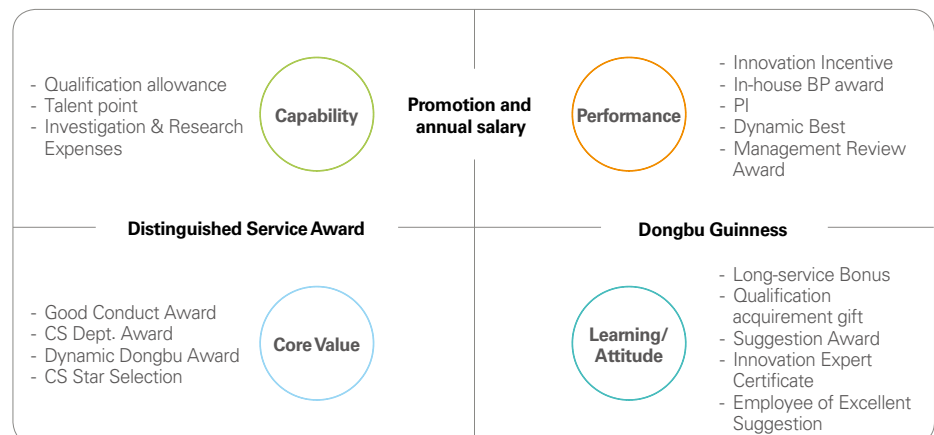


Establishment of the Evaluation Objection System

'Evaluation Objection System' refers to a system that allows executives and employees to appeal their performance review and capability appraisals, if they do not agree with their evaluations. The appeal will then be brought before a Personnel Committee in charge of carrying out a review of filed appeals to determine whether or not to approve. As submitted appeals will go through a fair assessment to resolve disagreements, it contributes to a better understanding and satisfaction of executives and employees. In 2016, a total of 32 appeals were entered and 12 performance reviews were adjusted.

Reasonable Reward System

Wages will largely be determined by basic salaries and performance-based bonuses with the wage system based on duties and positions. As the wage system adopts different proportions according to the relevant duties, it makes sure proper and reasonable rewards will be given for employees depending on their performances. For the evaluation of employees, the company implements both capability and performance assessments to take account of both qualitative and quantitative aspects of individuals, which in turn decide their annual salaries and promotions. As the company operates a performance-based compensation plan, it leads to a reward system based on pay for performance. In addition, the company motivates its employees to continue accomplishing high performances with a range of recognition and award systems.



Activities to Protect Employees' Rights and Interests

Job Security

To foster secure and stable working conditions, Dongbu Insurance is committed to creating a great place to work for its executives and employees by improving their work environments. Prior to the enactment of the Non-Regular Worker Act, the company had already converted 1,660 contract workers occupied in TM consultation duties to perform full-time staff in 2012 and continued to reduce the proportion of non-regular workers to achieve the lowest rate of 1.84% in the industry by 2016.

Prevention of Sexual Harassment and Sexual Violence

Dongbu Insurance is engaged in various activities to preclude in advance in-house sexual harassment and sexual violence, and to create a fair and pleasant corporate culture. The company offers cyber education sessions for all executives and employees once a year and posts the related education materials to the intranet for employees to access anytime online. As a further step forward, to raise awareness of the subjects, a department meeting is held under the topic of sexual harassment prevention.

Health and Safety

Implementation of a Health Maintenance Program for Employees

To create a healthy work environment for everyone, Dongbu Insurance has developed and operates a variety of health maintenance policies and programs. The company provides its staff and their partners with an annual medical check-up opportunity. The company's up-grade check-up program is tailor-made to the different needs of employees, their ages and service years: for instance, consulting desk workers receive a massage care program along with physical examination in musculoskeletal disorders. These coherent efforts are geared towards preventive measures against company-wide health risks. In addition, the company helps to lift the burden of medical fees from its employees with a collective insurance program for injury and diseases encompassing not just the workers themselves but also lineal ascendants and descendants. Also to be included are various health service programs including psychological counseling by specialists and health fund programs, etc.

Organization of Industrial Safety Committee

Dongbu Insurance set up the Industrial Safety Committee in 2014 so as to maintain and increase occupational safety and health for its executives and workers and to consequently improve production efficiency. In so doing, the company conducts a wide range of activities including workers' occupational safety and health education programs and work environment inspections, investigations into the cause of major disasters and the preparation of measures to prevent the recurrence and more. The company also appoints safety and health management managers and runs the Industrial Safety Committee composed of three representatives from labor and management to arrange systematic activities for occupational safety and disaster prevention.

Key Work Environment Improvement Programs

Classification	Main programs	Classification	Main programs
Health Promotion Program	<ul style="list-style-type: none"> - Medical check-up for workers and their families - Health Fund [Stop Smoking, Fitness Fund] - Psychological Counseling for employees and their families - Continued illness response system [Prevention/treatment/leave, etc.] - Group accident insurance for workers and their families - Health information seminars - In-house Promy basketball game, clubs 	Creation, Communication, and Empathy (CCE) Program	<ul style="list-style-type: none"> - Invitation to Humanities and Arts [Guest lectures] - Cultural events and performances - Volunteer activities for social contribution

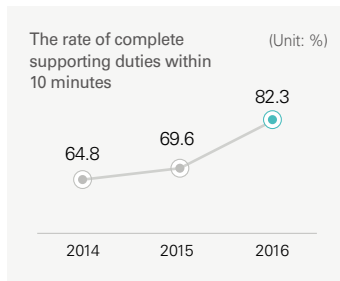
Family Friendly Management

Implementation of Systems for the Protection of Mothers

In an effort to encourage childbirth for employees, Dongbu Insurance adopts a wide array of systems. For instance, the company helps pregnant and postpartum female workers to increase psychological and physical wellbeing by offering 90-days' maternity leave, while supporting them with medical costs for childbirth or abortion to mitigate their economic burdens. In 2016, the return to work rates of female workers who were on maternity leave has been 89.9%. Other organizational support for mothers includes prenatal diagnosis leave, paternity leave, child-care leave, etc.

In addition, the company provides the workers with child-care services and opened the Promy Loving Child Kindergarten to foster a safe and pleasant child-care environment in the company's Dongja building in 2014. The kindergarten is operated by the Puruni Child Care Foundation on a commission basis whose expertise and experience has been proven. As of March 2017, a total of 34 children attend the kindergarten.

Telecommuting Outcomes



Telecommuting System

The telecommuting system adopted by Dongbu Insurance facilitates female workers to smoothly carry out consultation and services at home. As of December 2016, 36 female employees including 29 returning workers work from home.

Key Family Friendly Management Program

Program	Details
 <p>Childbirth congratulatory system</p>	Provides congratulatory bonus (KRW in 0.2 million) to promote birthrate, and KRW 1million of congratulatory bonus for the birth of a third
 <p>Sponsoring program for surviving dependents</p>	Provides all school expenses and preferential hiring to surviving children of employees who worked for Dongbu for three or more years
 <p>Day-off for spouse birthday</p>	Offers employees a paid half-day off on his/her spouse's birthday
 <p>Gift for matriculating child</p>	Presents admission gifts for workers whose children enter elementary, middle-school, high school or university.
 <p>Prenatal diagnosis leave</p>	A paid half-day leave system for prenatal checkups for healthy female workers and their babies since July, 2009
 <p>Shortened working hours during parenting period</p>	A system allowing parenting employees to apply for shortened working hours for a year
 <p>Family support leave</p>	Offered max.90 days for employees whose parents, partners, children or parents in law are in need of care due to an illness or accident

Welfare & Benefits

Selective Welfare & Benefit System

Under the vision of 'a great corporation where the talented gather and work together', Dongbu Insurance offers a range of welfare and benefits systems to motivate all members to take pride in the company and maintain a high level of workplace engagement in a pleasant work environment based on trust of the company. To attain this goal, the company sets up and implements core strategic values including 'internalizing core corporate values and six shared values', 'Actualizing a global level GWP', 'Operating custom-made welfare & benefit system', 'establishing win-win labor management culture' etc. From 2016 onwards, the company has actively reflected the government's policies including the introduction of a salary peak system, retirement extension, etc., while continuing to uncover practically necessary welfare and benefit systems for workers by identifying their diverse needs via surveys, Opinions&Suggestions, various meetings, external consulting and academic research, among others.

Classification	Key program	Classification	Key program
Secure Business Continuity	<ul style="list-style-type: none"> Retirement Pension Various leave system including annual leave and sick day Maternity leave Holiday home support In-house kindergarten Commute cost support Company housing and living cost support Flexible working hours Working from home arrangements Paid maternity/paternity leave in excess of legally required minimum 	Increase Productivity	<ul style="list-style-type: none"> Selective welfare & benefit system In-house clubs Summer camp for Dongbu families
		Healthy Working Environment	<ul style="list-style-type: none"> Ergonomic workplace Improvement of working conditions (illumination, noise, indoor air quality, humidity, temperature)
Improve Business Prowess	<ul style="list-style-type: none"> Long/short-term study abroad Commissioned training for talented workers Various allowances and language training expense support Award system Medical examinations & medical expense support 	Welfare & Benefits	<ul style="list-style-type: none"> Loans for purchasing/renting houses Condolence money support Small credit loan School expenses and admission gift for employee's children Sponsoring program for surviving dependents Fitness facilities or contributions to external fitness programs Health/nutrition provisions

Monitoring for Better Work Environment

Dongbu Insurance conducts an annual Employee Satisfaction Index (ESI) to discover and address any issues regarding work environments and to establish systematic, company-wide measures to resolve the issues. As the ESI is carried out with an emphasis on diverse groups of employees by their ranks, sectors, departments, occupational groups (by gender) and reflects their opinions, it makes it possible to increase the satisfaction of employees as internal customers with rigorous improvements of the system based on their feedback. Also their voices form a type of guideline for the company to determine what kinds of health promotion and cultural event programs should be implemented, resulting in a climb in relevant indicators, which demonstrates the company's assiduous efforts to elevate the level of employee satisfaction and welfare and benefits.

Support for Re-employment and Secure Elderly Life

Dongbu Insurance helps retirees to have a smooth transition to a secure and contented elderly life by assisting them with re-employment. Retired or resigned employees with excellent performance records will be offered an opportunity to be rehired to organizations of the relevant occupations or subsidiaries. It is increasingly proven to be an effective welfare and benefit system to allow both employees and the company to enjoy mutual benefits: it enables such employees to continue on the payroll whereas the company can take advantage of their know-how and expertise. On the other hand, the company operates two types of pension plans, the defined benefits (DB) pension plan and defined contribution (DC) pension plan for the purpose of secure management of retirement pensions. Operation of the pension fund is commissioned to multiple financial institutions, including Dongbu Life Insurance, Korea Investment & Securities, Hyundai Marine and Fire Insurance, Samsung Life Insurance, Hana Bank, Shinhan Bank, and Suhyup Bank, in a bid to minimize any associated risks. Besides, it assiduously abides by the relevant legal standards on severance pay to be provided in proportion to individuals' service years.

Indicators	Performance	Target level	Unit
Industry hazard rate	0.02	0.02	%
Employee welfare and benefit expenses per person	14.3	-	KRW in million
Employee satisfaction	83.3	85.0	points

Performance

Indicators			Unit	2014	2015	2016	Remark
Status of employees	Executives		Persons	38	38	32	
	Employees		Persons	4,954	4,684	4,509	
	Total		Persons	4,992	4,722	4,541	
Status by rank and gender	Senior managers/ junior managers	Male	Persons	508	475	538	Male/Female Rate: Male 98.7%, Female 1.3%
		Female	Persons	6	6	7	
	Assistant managers	Male	Persons	459	457	523	Male/Female Rate: Male 87.2%, Female 12.8%
		Female	Persons	38	44	77	
	Junior assistant managers/ staff members	Male	Persons	788	746	674	Male/Female Rate: Male 35.8%, Female 64.2%
		Female	Persons	1,272	1,217	1,207	
	Specialists/ consultants	Male	Persons	301	307	248	Male/Female Rate: Male 16.7%, Female 83.3%
		Female	Persons	1,582	1,432	1,235	
Total		Persons	4,954	4,684	4,509		
Recruitment status	College graduates ¹⁾		Persons	74	73	64	
	Experienced workers		Persons	354	163	126	
	Female office workers		Persons	41	58	-	
	Total		Persons	471	295	190	
Recruitment status of Female Workers	Total employees		Persons	471	295	284	
	Female employees		Persons	314	178	181	
	Female high school graduates		Persons	141	59	88	
Locally-hired employees overseas ²⁾			Persons	41	45	50	Current employed total
Conversion into regular workers			Persons	20	52	38	
Promotion rate	Male	%	46.6	43.2	42.4		
	Female	%	46	43.2	46.1		
Training Hours	Total training hours		hours	456,835	370,246	347,728	
	Training per person		hours	90.9	77.9	76.6	
Training expenses	Total training expenses		KRW in million	5,193	5,478	4,903	
	Per-capita training expenses		KRW in million	1.03	1.15	1.08	
Major Training outcomes	No.of employees obtained qualification certificates		Persons	3,121	3,280	2,604	
	Employees with insurance qualification certificates		Persons	859	931	985	
	Insurance qualification ratio		%	28.2	30.1	31.8	Based on full-time workers
Employees participating in study groups			Persons	2,210	1,438	1,220	Including employees at affiliates
ESI satisfaction for employee education and training ³⁾			Points	81.4	82.5	83.3	Based on full-time workers
No. of employees engaged in self-diagnosis & devising self-development plan			Persons	2,713	2,488	2,450	
Per-capita productivity			KRW in 100 million	33.8	35.9	37.8	
Welfare & benefit expenses	Total welfare & benefit expenses		KRW in 100 million	476	483	454	Based on full-time workers
	Per-capita welfare & benefit expenses		KRW in million	15.1	15.2	14.3	
Status of maternity leave use	No. of leave users before and after childbirth		Persons	131	141	108	
	No. of childcare leave users		Persons	134	118	157	
	No. of employees who returned from	Male	%	100	-	100	Based on those who returned to work in the same year
		Female	%	73.7	70.3	89.9	
Separation	Male	Persons	106	112	89		
	Female	Persons	53	39	52		
Separation rates			%	5.1	4.7	4.4	
No of retired			Persons	0	0	0	

1) 2014 and 2015 data have been modified to reflect the no. of person who resided during the education & training courses.

2) 2014 data have been modified to accommodate the change in estimation criteria for recruited employees.

3) 2014 and 2015 data have been modified in accordance with altered date in note 1) .

Partners

Establish Cooperative Win-win Relationship with Partners

Partner Organization

It can be said that the sales partners who sell our products and services and claim adjustment partners dealing with claims for insurance accidents constitute our critical assets and the primary channel to deliver value to customers. Sales partners can be divided into exclusive channels such as exclusive life insurance partners called 'Prime Agent (PA)' and branches and freelance channels encompassing corporate branches titled 'General Agency (GA)' and cross planners who are entitled to sell life and non-life insurance policies. Dongbu Insurance is extending its strategic channel from the traditional face-to-face sales and Tele-Marketing (TM) channels to more complicated models such as Total Consulting (TC) and Life Design (LD) channels for further diversification by different characteristics of channels. On the other hand, claim adjustment partners are service providers who ensure smooth claim adjustment for customers including hospitals, car repair shops, and non-life insurers, among others.

Sales partners

Exclusive channel	PA	Exclusive planners entitled to sell Dongbu Insurance's products only
	Branches	Branches sealed an exclusive contract with Dongbu Insurance and sell the company's products only
Freelance channel	GA	Any non-exclusive branches and financial organizations able to sell insurance policies from all insurers
	Cross planner	Life insurance agents whose primary business is life insurance sales, with permission to handle non-life insurance products

Claim adjustment partners

Accident investigation/claim adjustment	Companies which investigate any accidents covered by car, long-term and general insurance and claim adjusters
Hospitals	Organizations which offer medical services in connection with insurance-covered accidents and investigate medical disputes
Onsite dispatches/emergency dispatches	Companies which dispatch staff members to car accident scenes and for emergencies such as vehicle malfunctions
Promy Network	Network of excellent car repair shops approved by Dongbu Insurance in Korea

Diversified PA Communications

Dongbu Insurance has a PA Opinions&Suggestions, system in place in order to promote engaged communication with onsite PAs. In an attempt to listen to the voices in the field, any suggestions registered to the Opinions&Suggestions system, will be directly delivered to headquarters and relevant departments while the adopted proposals will be reflected in the company's policies and institutions. In addition, there is a range of communication channels available for sales partners including Dongbu Round Table (DBRT) seminars, the cross-selling team leader course, the GA trainer course, the mentor course, the training coach course and the excellent TC seminar course, and more.

Furthermore, the company holds an annual award ceremony for excellent PAs based on the results of the performance evaluations of performances, customer satisfaction and retention rates while further enhancing sales partners' satisfaction and pride by inducting PAs whose contributions to the advancement of the company are relevant into the DBRT Hall of Fame.

Broaden Partnerships with Claim Adjustment Partners

With a view to providing a better service for customers who have experienced motor vehicle accidents, Dongbu Insurance selects and manages excellent claim adjustment partners. In order to maintain smooth communication with partners, it also runs various communication programs for partners and uses it as a platform to collect their opinions and others.

Since 2011, the Annual Partnership Conference has been held to increase maintenance partners' pride and loyalty. In 2016, the conference welcomed a total of 98 firms (71 excellent car repair shops, 8 car parts suppliers and 11 rent-a-cars) and presented ethical management education and BP case studies and shared win-win growth strategies. In addition, the company continues to motivate its maintenance partners to attain ceaseless mutual growth by holding special training for managers for 180 partners throughout Korea to deal with a variety of issues including how to maintain growth via customer satisfaction, how to improve logistics management, directions in which to guide future networks, discussions on car repair culture development model, and more.



2016 Partnership Conference

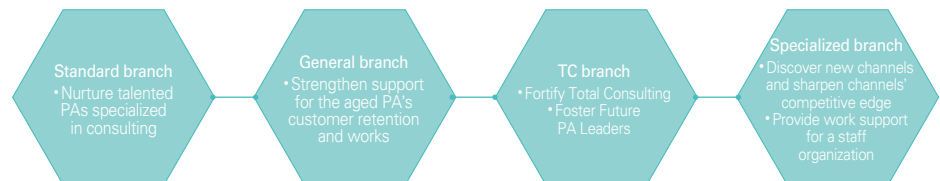
Reinforce Competitiveness of Partners

Sales Partners' Settlement Support

Commissions refer to not just a performance-reward system for insurance soliciting activities but also an institution reflecting the company's policies. Hence, Dongbu Insurance enables effective implementation of strategies by frequently sharing the significance and directions of commissions with sales partners via in-house broadcasting and regular education contents. Also, the company increases its long-term employee support fee and scholarship for new PAs and presents different classes of objectives for different performance groups to encourage them to keep up with sales efforts. The company's efforts to motivate their sales partners are also apparent in various support provided for PAs with less than 5 years' experience: for instance, the company has changed screening criteria from relative evaluations by sales performance into absolute evaluations to be given to everyone who reaches a certain target for the purpose of presenting them with long-term visions.

Effective Work Supports by Channels

To stimulate effective growth of its sales partners, the company reformed the branch composition into standard, TC(Total Consulting), general and specialized branches in 2015 and redefined the obligations and roles of a staff organization for more effective work support. The overhaul of the organization was followed by other measures to maximize branch productivities ranging from revamping the operation system of staff organization and graded operating expenses according to different characteristics of branches to enhanced operation efficiency of outskirt base branches, and others. In 2017, in an attempt to increase customer satisfaction, customer response duties were extended to members of all business groups.



BUSINESS CASE

LD (Life Design) Center- Supports for Career-Interrupted Women within Sales Organization

To face the challenges of ever-diversifying changing sales environment and more disparate customer needs, Dongbu Insurance operates diversified insurance sales channels. As an example, the company has beefed up and expanded its TC channels that offer more proactive consulting services through phone consultation and additional consultation services by visits throughout the country. In particular, the company has run a LD (Life Design) Center established specifically for a group of career-interrupted female workers since 2014. As a specialized sales organization, the LD center features members who are mostly female workers with a tertiary education whose ages range from 25 to 45. It provides these women whose careers have been interrupted due to marriage or childcare not only with an opportunity to develop a new career but also with support to grow into professional elite workforce with a high-level of settlement support expenses and activity support funds.

In 2016, the company launched a CS (Cross-selling) Center led by relatively young and highly educated women within TC channels to foster them as a new growth engine to receive more diverse groups of customers. Taking into account the organizational characteristics in which most workers are working mothers, the company allows them to strike a balance between work and family with a work environment in which employees freely manage their working hours.



LD Center Children Invitation Event 'LD Family Day'

Stock Analysis System to Enhance Consulting Capabilities

It is the fundamental basis of sales activity to accurately examine the information registered by customers before offering a consulting service. Dongbu Insurance runs an advanced stock analysis system to produce data, which could facilitate sales activities of PAs and others. When customers agree to and enter simple information via a mobile platform, they can view and recognize the insurance policy details displayed in numerical data at a glance, thereby contributing to the rise of PAs' consulting capabilities.

Improved Efficiency of Claim Adjustment Work with OCR Solution

Dongbu Insurance sets out to introduce the OCR solution in order to: reduce inefficiency arising from a continued increase in the number of accidents and the growing number of claim adjusters; secure the compatibility of claim adjustment data and; achieve a wider applicability. By building the system, the company expects to be able to simplify the process of insurance claims, and at the same time, to increase the efficiency of claim adjustment by adopting cutting-edge technologies such as automatic data recognition, automatic document assortment by document types, and QR code utilization, and more and ultimately maximize customer satisfaction.

Enhance the Sense of Ethics of Partners

Dongbu Insurance takes excellent cooperation and customer reliability as a yardstick to select hospitals and doctors as its partners to ensure accurate and objective diagnosis to avoid any false diagnosis and overtreatment. Its medical advisory network consists of medical specialists helping to prevent unethical behaviors such as abusive uses of insurance benefits and the problems of overcharging, so it helps to make sure a claim adjustment process is accurate and unbiased for accidents covered by insurance. Furthermore, the company takes measures to prevent insurance-related crimes before they happen and to eradicate insincere sales activities through various organizations including consumer protection, SIU, etc. The efforts are also made in the course of annually imposing more stringent penalties on moral risks and incomplete sales, etc., and of elevating the level of ethical awareness of partners by requesting them to complete written oaths to honor ethical rules and laws for all sales partners prior to regular training to cultivate a sales culture that meets the expectation of customers.

Performance

	Indicators	Unit	2014	2015	2016	Remarks
Sales Partners	Prime agent	Persons	14,079	13,694	13,462	
	Cross planner	Persons	9,825	9,702	9,512	
	Private branch	Agency	3,818	3,325	3,097	
	Corporate branch	Agency	2,010	1,776	1,701	
	Financial institutions	Agency	39	39	38	
Claim adjustment partners	Emergency dispatch network for automobile malfunctions	Agency	469	459	453	
	On-side dispatch network to deal with car accidents	Agency	526	505	517	
	Specialized maintenance network ¹⁾	Agency	416	400	390	
	Accident investigators & Damage Adjusters	Agency	11	11	17	
	Family Satisfaction Index (FSI)	Points	70.4	70.3	71.8	
	The 13th month retention rate of long-term Insurance ²⁾	%	81.9	84.6	84.7	
	Emergency dispatch service satisfaction	Points	93.6	93.7	97.1	
	The rate of e-contracts of long-term insurance	%	19.4	23.9	33.3	
	Number of new PK certificate holders	Persons	33,530	35,199	37,693	Cumulative number of people by years
	Smart pad penetration rate	%	43.7	44.3	52.5	Smart pad penetration rates for sales partners
	Number of cases handled per partner	Cases	314	360	358	
	Amount of reported insurance frauds	KRW in 100 million	974	1,186	1,154	

1) Data in 2014, 2015 modified by change in collection method

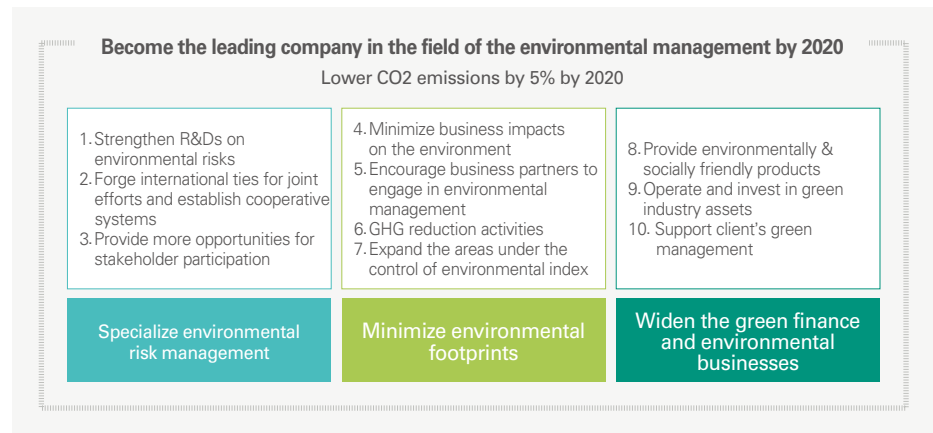
2) Data in 2014, 2015 modified by change in collection method

Environment

Environmental Management System

Strategies and Principles of Environmental Management

Dongbu Insurance strives to make a stride to be a leading company in the field of the environmental management based on three principles of the environmental management including specialization of environmental risk management, minimization of environmental footprint, and the expansion of green finance and environmental project. The company is committed to ensure more sustainable recycling of resources by establishing and operating environmental management guidelines, thereby minimizing environmental impact of its management activities.



Environmental Management Certifications

To establish a systematic environmental management system, the company is committed to obtain various certifications of environmental management system. In 2009, the company achieved the certifications of environmental management system constituted by International Standardization Organization (ISO) while introducing a green management system (KSI 7001/7002) and Weather Management System certification minimize any losses arising from natural disasters.

Certification	Contents
Environmental Management System (ISO 14001)	To practice environmentally friendly management at society level, the company implemented innovation projects to tackle climate change risk such as training ISO 14001 Environment Management System Auditors and the management of heavy rains.
Green Management System (KSI 7001/7002)	The company won the first green management system, 'KSI 7001/7002' in the non-life insurance industry in 2013 in recognition of its environmental efforts encompassing the attempts to ensure effective resource and energy use and to minimize GHG emissions and the generation of environmental pollutants.
Weather Management System Certification	The company obtained a Weather Management System certification from the Korea Meteorological Administration as it minimized economic damages due to meteorological disasters by utilizing weather information.

Environmental Management Research and Consultations

Dongbu Insurance developed insurance products to cover any liabilities associated with environmental pollutions in line with government policies on environmental management including the enforcement of the Chemical Material Management Act and the Act on Liability for Compensation for Damage Caused by Pollution and Relief from Damage, and others, while it launched consultations on the external effects of leaks of hazardous chemicals at customers' worksites in 2016.

Furthermore, the company is committed to guide its management activities through preemptive risk management with continuous R&D activities on natural disasters such as heavy rains and typhoons, which underpins the company's effective environmental management by providing customers with consultations of natural disaster risks.

Energy Use

Dongbu Insurance relies on bulk electrical supply by the Korea Electric Power Corporation (KEPCO) as its main energy source along with fossil fuels (LNG, diesel and petroleum) for heating and emergency power generators. Energy consumption was calculated in accordance with energy calorie conversion standards in the attached table of the Domestic Energy Act revised on December 30, 2011. Although the Company acknowledges the significance of using renewable energy including bio fuels, solar energy and fuel cells, it has not yet implemented the relevant generating facilities in consideration of the domestic new and renewable market environment. The company intends to make a strategic introduction of new and renewable power generating facilities in its major buildings considering market maturity and the declining price trend of power-generating facilities.

Dongbu Insurance strives to ensure effective energy consumption taking into account ascending absolute energy consumption stemming from the increased areas of its office buildings so as to minimize GHG emissions per space. To this end, the company sets specific energy consumption targets by different items and measures the performance of the nine domestic corporate buildings and leased offices in the country. In calculating the amounts of GHG emissions, the company applies coefficients set forth in the IPCC GL 2006; GHG emissions from sales branches and overseas offices are excluded.

Direct Greenhouse Gas Emissions (Scope1) – Gas and Fuel

Dongbu Insurance defines air-conditioners and heating boilers, absorption-type water coolers and heaters, emergency generators and corporate vehicles as direct GHG emission sources and endeavors to reduce direct GHG emissions by continuously placing limits on cooling and heating temperatures and more.

Indirect Greenhouse Gas Emission (Scope2) – Electricity

For the effective reduction of indirect GHG emissions as the byproduct of electricity utilization, the company is replacing its lighting, the major source of electric power load, with LED lamps. Also, what underpins the company's drive to lower its indirect GHG emissions is the engaged participation of employees, as they enable the continued adoption of relevant campaigns such as turning off lights during non-business hours, and setting a limit on cooling/heating temperatures, among others.

Others Indirect Greenhouse Gas Emission (Scope3) - Travel distance, Paper Consumption

Dongbu Insurance has in place an integrated control system of paper consumption and a cross-country business trip management system for employees for indirect GHG emission management in a bid to explore opportunity factors and to control associated risks in respect of indirect impact on climate change due to its business operations.

Waste Management

To assure on-going improvement of waste discharge, Dongbu Insurance strictly separates between recyclable and land-fill wastes and manages accordingly. Taking account of the fact that most wastes from the company's office buildings are shredded paper and aged office supplies, the company encourages employees to avoid producing unnecessary print outs and to use and recycle reusable papers and office supplies, etc. , while introducing an electronic approval system to make a substantial advance in reducing waste from the work environment.

Disaster Response System

Establish Disaster Recovery System

The company's next-generation disaster recovery system was established to beef up internal resilience against emergency situations such as disasters and secure its ability to provide customers with uninterrupted customer services. From 2016, the company has been expanding relevant businesses and branches as well as IT systems with continued repairs and maintenance of the systems. In addition, regular disaster recovery and failure response drills are conducted to prevent any problems occurring in the work system.

Certification	Contents	Cycle
Mock BCP drill	<ul style="list-style-type: none"> Review the feasibility of initial and emergency responses, work resumption, disaster recovery plans and identify areas for improvement (IT sector, 2016) 	Annual
Drill to tackle open web server hacking	<ul style="list-style-type: none"> Detect and block mock attacks on open servers such as web and email servers after scanning the servers to reveal their weaknesses 	
Drill to cope with malicious codes and emails	<ul style="list-style-type: none"> Detect, block and remove malicious codes after spreading emails with pseudo-malicious codes to email accounts of internal employees 	
Anti-DDoS drill	<ul style="list-style-type: none"> Emergency responses to electronic infiltration such as hacking and DoS (denial of service) attacks 	
Disaster/accident restoration	<ul style="list-style-type: none"> Establish a business continuity plan for emergency events such as disasters Verify the feasibility of recovery system operation/recovery process as well as system transition Check on the maintenance of emergency contact systems via surprise drills 	Biannual
Backup outcome simulation	<ul style="list-style-type: none"> Test the pertinence of backup system operation and backup recovery plan Verify the recovery time and integrity of backup data 	Quarter
Obstacle simulation against IT failures	<ul style="list-style-type: none"> Check out business reliability in operation after simulated failure 	

Performance

Energy Consumption Objectives for 2020:
5% reduction in energy consumption compared to 2015

Amount of GHG Emissions Objectives for 2020:
5% reduction in GHG emissions compared to 2015

	Indicators	Unit	2014	2015	2016	Remarks
Energy consumption	Electric power	MWh	53,134	52,637	54,264	
	Gas	m ³	1,117,856	1,172,983	1,301,531	
	Fuel	m ³	97,843	103,204	95,859	
	Tap water	m ³	391,638	384,771	413,761	
GHG emission intensity	Direct CO ₂ emissions (gas and fuel)	tonCO ₂ eq	2,884	3,034	3,339	
	Indirect CO ₂ emissions (electricity)	tonCO ₂ eq	22,114	21,750	22,221	All business sites (9 corporate buildings and leased offices in Korea)
	Other indirect CO ₂ emissions (travel distance, paper consumption)	tonCO ₂ eq	-	-	492	
Waste management	Discharge of landfill wastes	ton	1,025	947	913	
	Discharge of recycling wastes	ton	1,115	1,101	983	
Water	Water usage ¹⁾	Mio.m ³	391,638	384,771	413,761	
Promotion of efficient business trips	Domestic travel	Km	3,200,193	2,927,952	2,644,389	

1) The company annually carries out the 3rd party assurance, which was assumed by the Korea Productivity Center in 2016.

(Unit: box, KRW)

	Indicators	Purchased amount(Box)	Purchase cost per box	Total purchase cost	Average reduction per box compared to other papers	Total savings
Reduction in paper purchase cost	Eco-friendly copy paper purchased in bulk(75g)	7,606	14,900	113,329,400	6,290	47,841,740
	Eco-friendly copy paper purchased in bulk(80g)	33,139	15,790	523,264,810	5,410	179,281,990
Sum		40,745	-	636,594,210	-	227,123,730



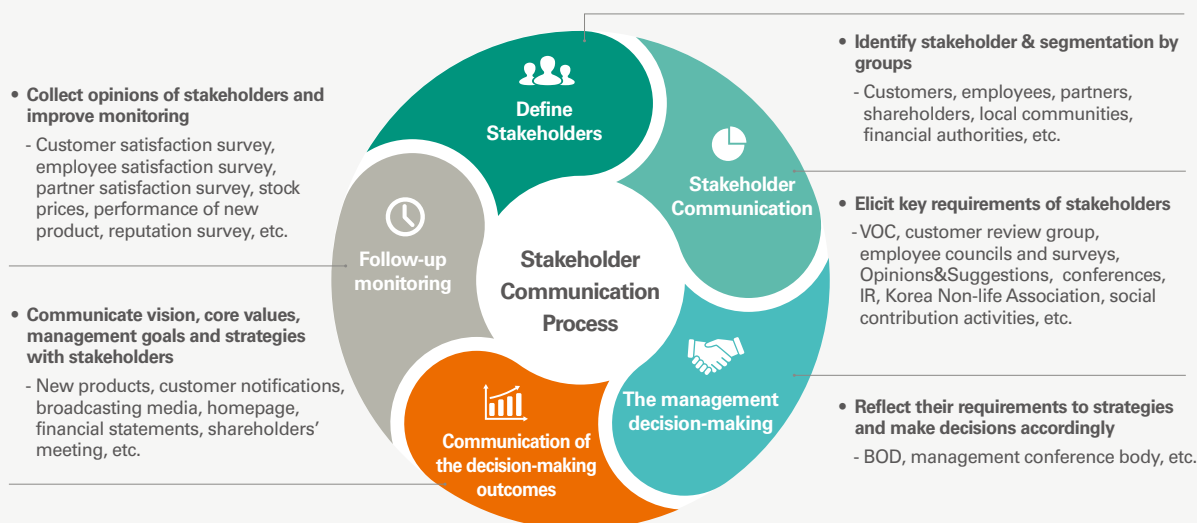
APPENDIX

Stakeholder Engagement	76
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Stakeholder Engagement

Dongbu Insurance defines its core stakeholders as customers, shareholders, investors, partners and community among others. In times of major decision-making and establishing management strategies, the company proactively reflects their opinions and needs. What has been determined by the company's decision-making system is disclosed by communication channels designed for different stakeholders. Monitoring is also conducted through direct surveys such as internal and external Customer Satisfaction Index (CSI), employee satisfaction survey, Family Satisfaction Index (FSI), online reputation survey system and indirect surveys such as sales performance of newly launched products and stock price movements. The results of monitoring help to form a basis for management's decision making and for continued Improvement.

Stakeholder Communication Process



2016 Major Issues of Interests for Stakeholders

Ranking	Internal Stakeholders	External Stakeholders
1	Compliance of environmental laws and regulations, and provisions	Compliance of environmental laws and regulations, and provisions
2	Environmental management strategies, policies, system advancement	Develop eco-friendly products for environmental protection
3	Establishment and reinforcement of sustainable management strategy system	Increased investment in environmental protection
4	Strengthening welfare & benefits system for employees	Strengthen risk management considering ESG factors
5	Revitalization of grievance process regarding labor and human rights	Forbid employee discrimination (based on gender, age, minority, ethnicity, etc.)

Decision-Making Process of Management

Dongbu Insurance makes decisions for important or urgent management issues through the BOD, committees by different sectors, management conference body and others. A swift and easy decision-making process is assisted by the electronic payment system, and the outcomes are transparently disclosed through the company's portal system where employees can access the information at any time. Dongbu Insurance advances its operation system in line with changes in management environment and strategies.

Materiality Test

Materiality Assessment Process

Dongbu Insurance makes the most out of the materiality assessment that fully reflects various issues in and out of the company and stakeholders' opinion to derive core issues with possibility to influence the company's sustainable management and this sustainable management report will allow the company to transparently report its sustainable management activities and outcomes regarding the core issues.

Step 1 Organize an issue pool via multiple analysis

- **External environment analysis**
 - Benchmarking of leading enterprises, media research
 - Reviews of international standards (GRI G4, ISO 26000)
 - Reflection of industrial issues (GRI Industrial Index, DJSI)
 - Survey of external stakeholders
- **Internal environment analysis**
 - Review of internal management data
 - Key issues of sustainable managements
 - Analysis of major presentations made by CEO
 - Survey of internal stakeholders

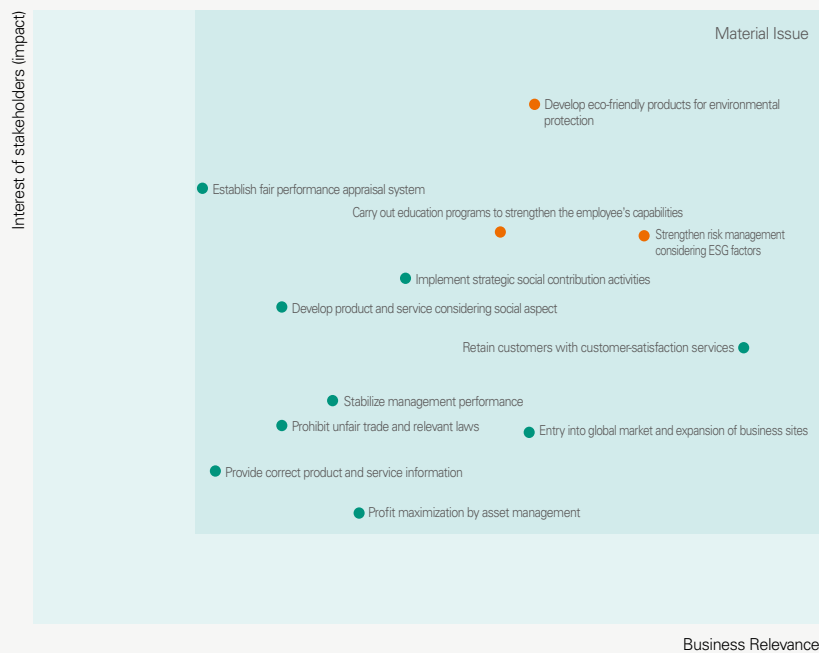
Step 2 Materiality mapping and key issue identification

- **Relevance**
 - Connectivity between financial/ insurance industries
 - Consistency with short/long-term visions
- **Impact**
 - Key issues of interest by stakeholders
 - Social issue trend
 - Observance of legal rules and regulations

Step 3 Validity review and report

- **Reflecting internal opinions**
 - Consultation between sustainable management TF depts.
 - Review by the sustainable management committee
- **Reports on core issues**
 - Detailed reports on activities and performance over derived issues & with an emphasis on performance
- **Report of potential issues**
 - Reports on issues specifically managed by the corporate on an ongoing basis.

[MaterialityTest Matrix]



[Material Issues]

GRI G4 Aspect	Issue	Reporting Page
Product Portfolio	Develop eco-friendly products for environmental protection	24~25
Organizational Profile	Strengthen risk management considering ESG factors	50~53
Training and Education	Carry out education programs to strengthen the employee's capabilities	26~28
Product Portfolio	Develop product and service considering social aspect	23
Product and Service Labeling	Retain customers with customer-satisfaction services	36~40
Local Communities	Implement strategic social contribution activities	32~35
Organizational Profile	Entry into global market and expansion of business sites	16~17
Economic Performance	Stabilize management performances	12~17
Training and Education	Establish fair performance appraisal system	63
Economic Performance	Profit maximization through asset management	18~19
Anti-competitive Behavior	Prohibit any unfair transaction and abide by the relevant laws and regulations	46~47
Product and Service Labeling	Provide correct product and service information	36~39

GRI G4 Index

G4 General & Specific Standard Disclosures Full List

General standard Disclosure				
Aspect	Indicator	Description	Pages	Additional information
Strategy and Analysis	G4-1	Statement from the most senior decision-maker	03	
	G4-2	Provides a description of key impacts, risks, and opportunities	03, 52-53	
Organizational Profile	G4-3	Report the name of the organization	About This Report	
	G4-4	The primary brands, products, and services	12-13, 22-25	
	G4-5	The location of the organization's headquarters	About This Report	
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics	04-05	
	G4-7	The nature of ownership and legal form	About This Report, 42	
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	16-17	
	G4-9	Scale of the organization	04-05	
	G4-10	Total workforce	05, 67	
	G4-11	The percentage of total employees covered by collective bargaining agreements	GRI Index	All employees except for registered directors according to employment regulations
	G4-12	The organization's supply chain	68-70	
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	GRI Index	None significant changes
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	50-53	
	G4-15	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	89-90	
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	90	
Identified Material Aspects and Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	About This Report	
	G4-18	The process for defining the report content and the Aspect Boundaries	76-77	
	G4-19	List all the material Aspects identified in the process for defining report content	77	
	G4-20	For each material Aspect, report the Aspect Boundary within the organization	77	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	77	
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	GRI Index	Included relevant information
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	GRI Index	None significant changes
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	76	
	G4-25	Basis for identification and selection of stakeholders with whom to engage	76	
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	76	
	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	76	
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided	About This Report	
	G4-29	Date of most recent previous report (if any)	About This Report	
	G4-30	Reporting cycle (such as annual, biennial)	About This Report	
	G4-31	Provide the contact point for questions regarding the report or its contents	About This Report	
	G4-32	Report the 'in accordance' option the organization has chosen	About This Report	
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	86-87	
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body	42-45	
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	46-49	
Specific Standard Disclosure				
Aspect	Indicator	Description	Pages	Additional information
DMA			06	
Economic Performance	EC1	Direct economic value generated and distributed	55-57, 81-84	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	71-74	
	EC3	Coverage of the organization's defined benefit plan obligations	66	
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	63	
	EC6	Proportion of senior management hired from the local community at significant locations of operation	67	
Indirect Economic Impact	EC7	Development and impact of infrastructure investments and services supported	32-35	
	EC8	Significant indirect economic impacts, including the extent of impacts	32-35	
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	68-70	
Materials	EN1	Materials used by weight or volume	74	
	EN2	Percentage of materials used that are recycled input materials	74	
	EN3	Energy consumption within the organization	72, 74	
Energy	EN4	Energy consumption outside the organization	72, 74	
	EN5	Energy intensity	74	
	EN6	Reduction of energy consumption	72, 74	
	EN7	Reductions in energy requirements of products and services	72, 74	
Emissions	EN15	Direct greenhouse gas (GHG) emissions (scope 1)	72, 74	
	EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	72, 74	
	EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	72, 74	
	EN18	Greenhouse gas (GHG) emissions intensity	72, 74	
	EN19	Reduction of greenhouse gas (GHG) emissions	72, 74	

Specific Standard Disclosure				
Aspect	Indicator	Description	Pages	Additional information
Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services	24–25	
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI Index	No punishment
Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	74	
Overall	EN31	Total environmental protection expenditures and investments by type	74	
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	67	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	66	
	LA3	Return to work and retention rates after parental leave, by gender	67	
Labor/Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	30	
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	64	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	64	
	LA8	Health and safety topics covered in formal agreements with trade unions	64	
DMA			26	
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category	67	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	27–28	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	63	
Diversity and Equal Opportunity	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	67	
Equal remuneration for women and men	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	63	
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	31	
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	47	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	47	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	GRI Index	No discrimination
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	30–31	
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	89	
Forced or Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	89	
Assessment	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	47–48	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	31	
DMA			32	
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	32–35	
	SO2	Operations with significant actual and potential negative impacts on local communities	32–35	
Anti-corruption	SO4	Communication and training on anti-corruption policies and procedures	47	
	SO5	Confirmed incidents of corruption and actions taken	48	
DMA			46	
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	48	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	GRI Index	No punishment
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	46–48	
Customer Health and Safety	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	GRI Index	No punishment
DMA			36	
Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, And percentage of significant products and services subject to such information requirements	37–38	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	GRI Index	No violation incident
	PR5	Results of surveys measuring customer satisfaction	61	
Marketing Communications	PR6	Sale of banned or disputed products	GRI Index	No relevant product
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	60–61	
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	GRI Index	No violation incident
DMA			22	
Product Portfolio	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	23	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	24–25	
Active Ownership	FS11	Percentage of assets subject to positive and negative environmental or social screening	19	

Independent Auditors' Report

To the shareholders and Board of Directors of Dongbu Insurance Co., Ltd.

We have audited the attached consolidated financial statements of Dongbu Insurance Co., Ltd., which comprise the consolidated statements of financial position as of December 31, 2015 and 2016, and the related consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended.

Accountability of the Top Management for the Consolidated Financial Statements

The top management is eligible to write these consolidated financial statements and indicate them fairly according to the Korean International Financial Reporting Standards ("K-IFRS"). It is also accountable for internal control necessary to write the consolidated financial statements with no critical misstatements resulting from irregularities or errors.

Accountability of Auditors

Our accountability is to express our opinions on the consolidated financial statements based on our audit. We conducted our audit in conformity with K-IFRS, which is a standard that requires us to comply with ethical requirements and to gain rational confidence of possible presence of distorted indications of criticality on the consolidated financial statements.

The audit includes the implementation of a procedure to collect evidence for auditing on the amounts and disclosure of the consolidated financial statements. The procedure might vary depending on the judgments of auditors including assessment of distorted indication risks of criticality in the consolidated financial statements resulting from irregularities or errors. We consider internal control of the corporate writing of the consolidated financial statements and fair indication to design an adequate auditing procedure to assess such risks. However, this is not to indicate opinions of the effectiveness of internal control. Our audit includes not only the assessment of overall indication in the consolidated financial statements but also the adequacy of the accounting policy adopted by top management and rationality of accounting estimates devised by top management.

We believe that the auditing evidence we collected is sufficient and adequate as grounds for auditing opinions.

Auditors' Opinions

In our opinions, the companies' consolidated financial statements fairly indicate financial performance and cash flows in the criticality aspect of K-IFRS during both of the reporting periods ending on December 31, 2015 and 2016, respectively as well as the current financial status for Dongbu Insurance Co., Ltd.

Han-young accounting firm
111 Yeoidogongwon-ro, Youngdeungpo-gu, Seoul
President **Seo, Jin-Seok**
March 9, 2017

This report is effective as of the auditors' report date (March 9, 2017). Certain subsequent events or circumstances that could significantly affect the accompanying consolidated financial statements may have occurred between the auditors' report date and the time the auditors' report is read. This may result in modifications of the auditors' report.

Financial Statements

Statement of Financial Position

The 50th as of December 31, 2016
The 49th as of December 31, 2015
The 48th as of December 31, 2014

(Unit: KRW)

Account	The 50 th , December 31, 2016	The 49 th , December 31, 2015	The 48 th , December 31, 2014
Assets			
1. Cash and deposits	628,960,583,532	1,333,205,572,076	1,068,935,566,776
2. Financial assets at fair value through profit or loss	694,496,955,972	913,500,220,892	674,799,703,425
3. Available-for-sale financial assets	17,828,683,270,050	12,683,119,871,988	10,991,904,829,025
4. Held-to-maturity financial assets	-	2,068,688,708,560	1,702,931,191,681
5. Loans and receivables	9,008,406,073,587	7,914,282,187,960	7,258,702,839,512
6. Derivative financial assets designated as hedges	4,202,881,993	5,780,295,553	17,585,443,598
7. Investments in subsidiaries and associates	644,385,675,785	609,139,722,115	541,660,899,235
8. Property, plant and equipment	330,719,707,656	334,405,820,235	328,536,389,443
9. Investment real estate	831,144,645,722	837,257,201,348	822,465,655,201
10. Intangible assets	113,172,634,891	146,984,025,924	217,412,427,011
11. Reinsurance assets	725,485,965,261	752,773,714,192	510,961,340,478
12. Other assets	1,742,275,279,937	1,843,390,930,057	1,841,331,084,814
13. Separate account assets	1,656,661,233,286	1,120,269,587,306	824,183,783,192
Total assets	34,208,594,907,672	30,562,797,858,206	26,801,411,153,391
Liabilities			
1. Insurance contract liability	26,991,955,706,759	24,460,478,362,649	21,567,426,734,087
2. Financial liabilities at fair value through profit or loss	-	3,948,120,000	2,503,934,075
3. Derivative financial liabilities designated as hedges	265,672,853,304	133,297,476,302	79,563,168,499
4. Retirement benefits	6,743,660,702	14,988,728,443	20,305,285,092
5. Other liabilities	588,125,110,383	597,928,436,503	549,263,540,930
6. Deferred tax liabilities	288,543,314,265	290,412,172,385	264,626,398,664
7. Current tax liabilities	63,080,322,804	34,446,401,731	26,017,720,370
8. Separate account liabilities	2,040,549,833,879	1,344,647,214,919	928,679,871,206
Total liabilities	30,244,670,802,096	26,880,146,912,932	23,438,386,652,923
Equity			
1. Capital stock	35,400,000,000	35,400,000,000	35,400,000,000
2. Capital surplus	37,912,781,518	37,912,781,518	37,912,781,518
3. Capital adjustments	(29,655,475,800)	(29,655,475,800)	(29,655,475,800)
4. Accumulated other comprehensive income	517,451,766,470	608,237,132,466	609,499,970,645
5. Retained earnings	3,402,815,033,388	3,030,756,507,090	2,709,867,224,105
(Additional bad debt reserve)	(40,783,351,779)	(33,643,566,068)	(27,893,189,718)
(Additional catastrophe reserve)	(702,064,321,767)	(642,073,297,158)	(587,798,178,558)
(Planned bad debt reserve)	(4,234,556,501)	(7,139,785,711)	(5,750,376,350)
(Planned catastrophe reserve)	(69,296,339,329)	(59,991,024,609)	(54,275,118,600)
Total equity	3,963,924,105,576	3,682,650,945,274	3,363,024,500,468
Total liabilities and equity	34,208,594,907,672	30,562,797,858,206	26,801,411,153,391

Statement of Profit or Loss and Other Comprehensive Income

The 50th period from January 1, 2016 to December 31, 2016.
The 49th period from January 1, 2015 to December 31, 2015.
The 48th period from January 1, 2014 to December 31, 2014.

(Unit: KRW)

Account	The 50 th , December 31, 2016	The 49 th , December 31, 2015	The 48 th , December 31, 2014
Operating revenue	14,381,346,305,591	13,690,360,509,893	12,500,523,824,577
1. Premium income	12,006,370,419,464	11,447,416,033,232	10,668,115,238,518
2. Net reinsurance income	473,967,623,792	439,251,882,144	400,030,261,540
3. Compensation income			
4. Interest income	722,444,227,307	686,330,786,167	658,770,326,156
5. Investment income from financial instruments	430,300,859,506	394,535,745,074	261,794,328,971
6. Allowance for bad debts	-	-	354,457,428
7. Gain on foreign currency transaction	259,376,564,270	254,849,768,855	125,908,012,294
8. Commission received	11,667,551,740	9,988,075,544	8,173,890,303
9. Dividend income	235,221,143,206	244,307,661,037	170,126,545,976
10. Other operating revenues	170,201,476,248	171,887,641,820	170,416,783,894
11. Separate accounts income	71,796,440,058	41,792,916,020	36,833,979,497
Operating expenses	13,750,137,000,557	13,130,192,150,051	12,007,161,510,514
1. Provision for insurance contract liability	2,552,108,927,685	2,661,439,847,362	2,763,796,752,419
2. Insurance claims expenses	4,334,255,006,834	3,934,753,175,339	3,539,593,671,993
3. Refund paid	2,884,471,415,242	2,818,302,805,945	2,581,002,877,022
4. Dividend paid	3,481,766,830	3,210,947,941	3,072,105,830
5. Claim handling expenses	297,692,371,073	260,110,997,197	240,825,906,420
6. Reinsurance expenses	694,344,523,018	722,252,871,320	625,962,401,517
7. Operating and administrative expenses	1,232,312,562,761	1,144,776,656,000	1,073,136,442,285
8. Amortization of deferred acquisition costs	914,567,278,155	835,325,688,707	754,660,999,185
9. Compensation expenses	2,451,301,079	2,171,833,626	107,691,104
10. Interest expenses	1,277,322,760	1,719,999,614	2,496,233,739
11. Investment expense from financial instruments	543,919,810,698	517,379,185,218	274,700,641,876
12. Allowances for possible loss	16,407,163,048	14,664,038,420	-
13. Loss on foreign currency transaction	65,913,304,194	30,543,513,752	16,289,090,968
14. Property management expenses	69,372,418,707	59,484,918,944	51,952,016,502
15. Real estate management expenses	8,656,523,891	14,203,350,208	16,257,695,882
16. Other operating expenses	57,108,864,524	68,059,404,438	26,473,004,275
17. Separate accounts expenses	71,796,440,058	41,792,916,020	36,833,979,497
Operating profit	631,209,305,034	560,168,359,842	493,362,314,063
Other non-operating income	8,484,872,398	3,298,130,022	17,072,586,796
Other non-operating expenses	19,238,107,024	24,798,441,326	15,457,677,777
Net income before income tax expense	620,456,070,408	538,668,048,538	494,977,223,082
Income tax expense	150,285,117,110	125,996,172,553	94,668,907,096
Net income	470,170,953,298	412,671,875,985	400,308,315,986
Other comprehensive income (loss)	(90,785,365,996)	(1,262,838,179)	324,940,470,045
1. Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gain (loss) on valuation of available-for-sale financial assets	(77,451,765,034)	(15,322,379,267)	298,704,430,536
Gain on valuation of derivative instruments designated as hedges	3,252,218,804	(451,434,015)	7,541,137,093
Gain (Loss) on overseas operations translation credit	3,324,864,833	18,862,530,371	3,239,948,303
Other comprehensive income on separate accounts	(13,700,076,608)	963,605,678	19,076,892,796
2. Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement on defined benefit plans	(6,210,607,991)	(5,315,160,946)	(3,621,938,683)
Total comprehensive income	379,385,587,302	411,409,037,806	725,248,786,031
Basic and diluted earnings per share	7,428	6,519	6,324

Statement of Changes in Equity

The 50th period from January 1, 2016 to December 31, 2016.
The 49th period from January 1, 2015 to December 31, 2015.

(Unit: KRW)

Account	Capital stock	Capital surplus	Capital A adjustments	Accumulated other comprehensive income	Retained earnings	Total Equity
As of January 1, 2015	35,400,000,000	37,912,781,518	(29,655,475,800)	609,499,970,645	2,709,867,224,105	3,363,024,500,468
Total comprehensive income (loss)						
Net income	-	-	-	-	412,671,875,985	412,671,875,985
Loss on valuation of available for-sale financial assets	-	-	-	(15,322,379,267)	-	(15,322,379,267)
Loss on valuation of derivative instruments designated as hedges	-	-	-	(451,434,015)	-	(451,434,015)
Exchange differences on translations of foreign operations	-	-	-	18,862,530,371	-	18,862,530,371
Other comprehensive income on separate accounts	-	-	-	963,605,678	-	963,605,678
Re-measurement on defined benefit plans	-	-	-	(5,315,160,946)	-	(5,315,160,946)
Total	-	-	-	(1,262,838,179)	412,671,875,985	411,409,037,806
Deal with shareholder directly reflected to capital :						
Dividend	-	-	-	-	(91,782,593,000)	(91,782,593,000)
As of December 31, 2015	35,400,000,000	37,912,781,518	(29,655,475,800)	608,237,132,466	3,030,756,507,090	3,682,650,945,274
As of January 1, 2016	35,400,000,000	37,912,781,518	(29,655,475,800)	608,237,132,466	3,030,756,507,090	3,682,650,945,274
Total comprehensive income (loss):						
Net income	-	-	-	-	470,170,953,298	470,170,953,298
Loss on valuation of available for-sale financial assets	-	-	-	(77,451,765,034)	-	(77,451,765,034)
Gain on valuation of derivative instruments designated as hedges	-	-	-	3,252,218,804	-	3,252,218,804
Exchange differences on translations of foreign operations	-	-	-	3,324,864,833	-	3,324,864,833
Other comprehensive loss on separate accounts	-	-	-	(13,700,076,608)	-	(13,700,076,608)
Re-measurement on defined benefit plans	-	-	-	(6,210,607,991)	-	(6,210,607,991)
Total	-	-	-	(90,785,365,996)	470,170,953,298	379,385,587,302
Deal with shareholder directly reflected to capital:						
Dividend	-	-	-	-	(98,112,427,000)	(98,112,427,000)
As of December 31, 2016	35,400,000,000	37,912,781,518	(29,655,475,800)	517,451,766,470	3,402,815,033,388	3,963,924,105,576

Separate Statements of Cash Flows

The 50th period from January 1, 2016 to December 31, 2016.
The 49th period from January 1, 2015 to December 31, 2015.
The 48th period from January 1, 2014 to December 31, 2014.

(Unit: KRW)

Account	The 50 th , December 31, 2016	The 49 th , December 31, 2015	The 48 th , December 31, 2014
Cash flows from operating activities	3,092,347,560,212	2,423,994,082,147	2,001,275,433,114
Net income before income tax expense	620,456,070,408	538,668,048,538	49 4,977,223,082
Adjustment of income and cost	2,555,204,817,660	2,624,007,393,387	2,695,409,391,728
Changes in operating assets and liabilities	(949,120,940,944)	(1,597,214,202,689)	(1,899,030,728,764)
Receipt of interest income	727,271,851,926	704,680,626,073	641,324,818,216
Payment of interest expense	(155,798,307)	(116,402,272)	(529,069,046)
Payment of income tax	(94,535,808,020)	(93,728,764,237)	(99,472,963,159)
Cash flows from investing activities	(3,044,836,407,188)	(2,079,272,575,492)	(1,830,311,734,061)
Acquisition of available for-sale financial assets	(8,481,628,987,333)	(5,949,002,611,597)	(5,351,847,822,649)
Proceeds from available for-sale financial assets	5,555,349,240,307	4,481,760,605,625	4,072,172,159,178
Acquisition of held-to-maturity financial assets	(13,632,001,850)	(361,782,584,377)	(441,987,631,707)
Collection of held-to-maturity financial assets	-	13,820,077,690	172,278,260,520
Accounting of hedging derivatives	(37,334,729,175)	(138,496,631,444)	60,512,069,757
Acquisition of subsidiaries and associates Investments	(42,040,308,270)	(66,948,519,780)	(182,639,168,000)
Acquisition of Property, plant and equipment	(13,429,848,271)	(49,769,921,017)	(46,050,270,981)
Proceeds of Property, plant and equipment	1,036,776,834	-	1,940,454,293
Acquisition of investment properties	-	-	(75,580,583,840)
Proceeds of investment properties	-	-	27,633,522,648
Acquisition of Intangible assets	(13,083,850,341)	(4,898,702,981)	(68,619,145,601)
Proceeds of Intangible assets	77,500,000	93,500,000	1,772,283,580
Increase in guarantee deposits on leases	(8,647,003,958)	(14,093,287,382)	(9,407,705,274)
Decrease in guarantee deposits on leases	8,824,774,169	10,268,271,371	9,664,152,085
Outflow of cash due to restoration work	(327,969,300)	(222,771,600)	(152,308,070)
Cash flows from financing activities	(96,876,667,231)	(85,640,206,852)	(142,165,934,855)
Net decrease in debt loan	-	-	(70,000,000,000)
Increase in security deposit	18,826,605,605	10,022,475,908	5,480,617,419
Decrease in security deposit	(17,590,845,836)	(3,880,089,760)	(14,348,212,274)
Dividends paid	(98,112,427,000)	(91,782,593,000)	(63,298,340,000)
Net increase (decrease) in cash and cash equivalents	(49,365,514,207)	259,081,299,803	28,797,764,198
Net foreign exchange difference	10,733,810,369	4,557,665,664	2,610,350,758
Cash and cash equivalents at the beginning of the year	424,296,334,832	160,657,369,365	129,249,254,409
Cash and cash equivalents at the end of the year	385,664,630,994	424,296,334,832	160,657,369,365

Operations Evaluation Report of Internal Accounting Manager

To the Board of Directors and the Audit Committee of Dongbu Insurance Co., Ltd.

I, as the Internal Accounting Control Officer ("IACO") of Dongbu Insurance Co., Ltd. (the "Company"), have assessed the status of the design and operations of the Company's internal accounting control system ("IACS") as of December 31, 2016.

The Company's management, including IACO, is responsible for the design and operation of its IACS. I, as the IACO, have assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial statement preparation and presentation for external uses. I, as the IACO, applied the IACS Standards established by the IACS Operations Committee for the assessment of the design and operation of the IACS.

Based on this assessment, the Company's IACS has been effectively designed and is operating effectively as of December 31, 2016, in all material respects, in accordance with the IACS Standards issued by the IACS Operations Committee.

February 20, 2017

President & CEO **Jeongnam Kim**

Internal Accounting Officer **Yeongmann Kim**



Third Party's Assurance

Introduction

Dongbu Insurance Co., Ltd. (hereinafter referred to as "Dongbu Insurance") commissioned DNV GL Business Assurance Korea Ltd. ("DNV GL"), part of DNV GL Group, to undertake independent assurance of the Dongbu Insurance's INTEGRATED REPORT 2017' (the "Report"). The assurance engagement is based on the assumption that the data and information provided to DNV GL are complete, sufficient and authentic.

Scope of assurance

The assurance engagement of DNV GL is limited to data in 2016, with qualitative and quantitative description up to May in 2017. The assurance engagement includes:

- Evaluation of the Report for the adherence to the principles for defining report contents and the principles for defining report quality set forth in GRI G4.
- Evaluation of the process for determining material aspects and management approach to material issues, and process of generating, gathering, and managing qualitative and quantitative data

Verification Method

We performed our work based on DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, and international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000). We provide a limited level of assurance over non-financial disclosure presented in the Report. The audit was carried out in May and June 2017. The site visits were made to the head office of Dongbu Insurance, Korea. The assurance engagement was conducted in the following method based on sampling.

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls
- Interviewed representative of CSR team
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data
- Reviewed the outcomes of the materiality assessment
- Assessment of compliance with reporting principles (for some specific indicators, including verification of performance)

Limitations

The engagement excludes the sustainability management, performance and reporting practices of Dongbu Insurance's other subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report except Dongbu Insurance. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Financial statements of Dongbu Insurance, data announced on DART system of the Financial Supervisory Service(<http://dart.fss.or.kr>), and data on the websites of Dongbu Insurance subject to assurance are not included in the scope of assurance. Data assurance was conducted by checking the basis in a limited scope, including inquiry, analysis, and limited sampling method, on the data collected by Dongbu Insurance. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. Also, environmental and social data were verified using the aggregated data. The responsibility of DNV GL in performing the assurance work is to the management of Dongbu Insurance in accordance with the terms of reference. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4 nor is prepared 'in accordance' with GRI G4 Core option. In terms of reliability of performance data, there was no evidence to conclude that the data that have been sampled and verified were collected and processed inappropriately, and that the assumptions made were inappropriate. Further opinions with regards to the adherence to the following Principles are made below;

1) The VeriSustain protocol is available upon request at DNV GL's website (www.dnvgl.com/assurance/reporting/verification.html)

Stakeholder Inclusiveness

Dongbu Insurance has identified internal and external stakeholder groups including Shareholders, Customers, Employees, Business partners, local communities, and Financial authorities. Dongbu Insurance engages with selected stakeholders. The major expectations and concerns from stakeholder groups and Dongbu Insurance's corresponding responses are described in the Report.

Sustainability Context

Dongbu Insurance manages Economic, Environmental, and Social sectors for sustainable business systematically on a long-term perspective. Dongbu Insurance organized a Sustainability management committee and Sustainability operation committees on Economic, Environmental, and Social sectors. The agenda derived from each sector operation committees were reviewed by the Sustainability management committee, and reflected into the business strategies. Dongbu Insurance established a long-term business strategy with a goal, 'Securing of Risk management'. The thirteen action plans were derived for the goal and described in the report. It is recommended that the plans be managed with KPI and reported in the next report. The report includes Dongbu Insurance's performances and plans with the six capital categories (Financial, manufactured, Intellectual, Human, Social and relationship, Natural capital) defined in the International IR Framework.

Materiality

Dongbu Insurance conducted materiality assessment while preparing the Report. Various issues have been derived by analyzing the topics presented by various global initiatives and standards, key stakeholder expectations, industry issues based on macro trend, sustainability reports of competitors, and media reports on Dongbu Insurance in 2016. Afterwards, evaluation for prioritizing the selected issues was conducted to select significant issues. The audit team well noted that the agenda derived from the materiality assessment was used for the business strategy and implementation tasks and targets. The audit team confirmed that the material aspects determined by the materiality assessment, the boundary of material aspects, and the response to those aspects are also reflected in the report.

Completeness

The report provides stakeholders with information on the results and decisions of the organization within the scope of reporting on key sustainability issues during the reporting period. The audit team has not noted that the material information is intentionally omitted that may influence the decision-making process of stakeholders during the engagement.

Accuracy and Reliability

The audit team verified the accuracy and reliability of the data and information in the report through sampling. The data provided in the report was gathered from each business function of Dongbu Insurance and processed by CSR team to meet the purpose. The audit team conducted interviews with the personnel, reviewed the process of gathering and processing data and information, and confirmed the supporting documents and records. The depth of verification of data is limited to the input data of each subsidiaries. The audit team did not identify any intentional errors or misleading descriptions.

Disclosure of Management Approach

Dongbu Insurance provides management approaches to the reported material issues derived from materiality assessment and describes the importance of the issues and the activities to manage issues.

Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL's competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. The audit team has complied with DNV GL Code of Ethics during the assurance engagement.

29 June 2017
Seoul, Korea

DNV GL Business Assurance Korea Ltd.
Country Representative **In Kyo Ahn**



Greenhouse Gas Verification Statement

Introduction

Korea Productivity Center was required to verify '2016 Greenhouse Gas (GHG) emissions Statements (hereinafter 'Statement')', of which reporting years was defined as January 1, 2016 to December 31, 2016, by Dongbu Insurance Corporation.

Levels of Assurance

A reasonable level of assurance was agreed.

Verification Scope

The verification team verified GHG emissions at workplaces of Dongbu Insurance Corporation in 2016.

Verification Criteria

- GHG Energy Target Management Guideline
- Community-Scale GHG Emission Calculation Guideline
- IPCC Guideline, WRI GHG Protocol
- ISO14064-3: 2006 Standard

Limitation

Having investigated by sampling method, the Statement might have errors and uncertainties. Final GHG estimates may contain uncertainty for the reasons such as unspecified standard and method, although no exceptional factors has been reported.

Conclusion

- The verification team confirmed that the 'Statements (2016)' was being reported in accordance with self-inspection guideline based on GHG Energy Target Management Guideline and IPCC Guideline.
- Appropriate corrective action was taken by Dongbu Insurance Corporation in accordance with investigation results from the verification team.
- The verification team confirms that the 'Statements (2016)' was being reporting 'appropriately' in accordance with relevant standards.

Classification	Greenhouse Gas (GHG) Emissions
Direct Emissions(Scope 1)	3,339 ton CO _{2e}
Indirect Emissions(Scope 2)	22,221 ton CO _{2e}
Other Indirect Emissions(Scope 3)	492 ton CO _{2e}
Total Emissions	26,052 ton CO _{2e}

12th June 2017
Korea Productivity Center, Sustainability Management Center Director
Dong-Soo, Kim

D. S. Kim

Memberships Status

UN Global Compact

Dongbu Insurance supports and advocates UN Global Compact, which underpins the company's observance of 10 principles over four areas including human rights, labor, environment and anti-corruption and shapes the company's commitment to fulfil its social responsibilities as a global financial corporation.

Classification	Principle	Activities
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> Championing human rights protection by joining UNGC
	2. Businesses should make sure they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Internal control activities Human rights and ethical education for employees Reinforcement of customer data safeguard
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> Host Dynamic Leader Conference Hold "Open Communication with CEO" events
	4. The elimination of all forms of forced and compulsory labour.	<ul style="list-style-type: none"> Prohibit forced labour
	5. The effective abolition of child labour.	<ul style="list-style-type: none"> Prohibit child labour
	6. The elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Operation of grievance process Operation of fair evaluation system
Environment	7. Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> Establish CO₂ Emission Reduction Target
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> Spearheading energy-saving campaign Participation in green sports movement Use of recycled toners and goods
	9. Businesses should encourage the development and diffusion of environment friendly technologies.	<ul style="list-style-type: none"> Develop eco-friendly car insurance rider (UBI rider, etc.) Develop Environmental Impairment Liability(EIL) Insurance
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> All employees sign pledges of ethical & legal conduct Operate an open auction system Operation of whistle-blowing system

UN Sustainable Development Goals (SDGs)

In full accord with the underlying philosophy of the UN Sustainable Development Goals (SDGs), Dongbu Insurance has selected some of 17 sustainability development goals to be reflected onto the company's sustainable management activities. The company plans to establish strategic initiatives to attain these goals and further bolster relevant activities.

Dongbu Insurance's major goals	Activities	Business benefit KPI	Social/Environmental benefit KPI
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Financial education session for elementary schools (1 school per company), expanded scholarship program, etc.	Growing brand value thanks to increased positive media exposure (175 times, based on media reports)	No. of beneficiary schools and students (49 schools, 2,456 students)
Goal 11. Make cities inclusive, safe, resilient and sustainable	Social contribution activities, i.e. Yellow Carpet	Stabilize loss rates of car insurance (1.4%p ↓ _86.0%→84.6%)	No. of Yellow Carpet installed regions & no. of beneficiary elementary schools (74 schools)
Goal 13. Take urgent action to combat climate change and its impacts	Investment in the environmentally friendly industry	Profit rate of Social Responsibility Investment(SRI) such as environmentally friendly projects against the total ROI (1.0%p ↑ _3.6%→4.0%)	The amount of SRI such as environmentally friendly projects (KRW 1,740,400million)
Dongbu Insurance's other goals	Activities		
Goal 1. End poverty in all its forms everywhere	• 'Rice donation' and 'Happy Lunch Box' activities for the underprivileged		
Goal 3. Ensure healthy lives and promote well-being for all at all ages	• Expand products designed for the less privileged in terms of insurance policies		
Goal 10. Reduce inequality within and among countries	• Global social contribution activities for the less fortunate regions		

UNEP FI - PSI

On December 2016, Dongbu Insurance joined the Principles for Sustainable Insurance declared in the United Nations World Summit Rio+20 on Sustainable Development in 2012 by the United Nations Environment Programme Finance Initiative (UNEP FI) so as to meet its social responsibilities as a corporate citizen.

Classification	Principle
Principle 1	We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
Principle 2	We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
Principle 3	We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
Principle 4	We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Memberships in Associations and Organizations

National Quality Award (NQA) Winners Establish a network of companies which won the world-class national quality prizes that meet global standards	Korea Personnel Improvement Associate Build networks to share information on the latest information on personnel and education and training	Korea Management Association Exchange opinions on innovative managements and enhancing corporate competency
Korea Non-Life Insurance Association Respond to common issues in the industry and pursue joint social contribution projects	Korea Listed Companies Association Exchange opinions and protect rights and interests of the listed firms	Korea Employers Federation Exchange opinions on major issues including labor-management relations from the perspective of employers
Korean Fire Protection Association Responsible for fire prevention, safety check of fire extinguishing facilities, and research and education on fire-related issues	The Korea Academy of Business Ethics Share and apply the examples of excellent ethical management	Financial Security Agency Exchange various information protection activities such as the prevention and counter measure of financial security failures
CFO Association (Forum) A platform for establishing a global CFO community, networking, expressing CFO's opinions on corporate management and capital market, and practicing ethics management.	Korean Insurance Academic Society Research the theories, laws and regulations, and business practices of insurance studies, insurance industry and apply the research data and resources.	Korea Financial Information Protection Council Exchange opinions with financial institutions and supervisory authorities to protect information

Human Rights Policy

All of Dongbu Insurance's stakeholders including its executives, employees and customers have inalienable rights to dignity and happiness as human beings. Dongbu Insurance joined the United Nations Global Compact (UNGC) in 2011 and has been abiding by the 10 principles presented by the UNGC ever since. It also advocates labor standards presented by the International Labor Organization (ILO), including the Universal Declaration of Human Rights adopted by the UN General Assembly.

Scope

Korea in which Dongbu Insurance is headquartered ratified 27 ILO Conventions including four core Conventions. We sincerely abide by the ratified Conventions as they are in force on equal terms with domestic laws. We comply with labor, human rights and working conditions standards not only in Korea but in all nations and regions where we do business. In addition, our human rights policy is applicable to not only our executives and employees but also all stakeholders on equal terms, including our customers, partners, local communities, etc.

Stakeholder Engagement

Dongbu Insurance acknowledges that its business activities have influence on its shareholders and investors, customers, employees, and local communities. Accordingly, we identify stakeholders' interest and anticipations including human rights matters through steady communications and do our utmost to incorporate them in our business activities.

Communication & Training

With its Sustainability Reports, Dongbu Insurance discloses its activities related to stakeholders' human rights and their outcomes. In addition, it is dedicated to continuously increasing awareness of human rights among its executives and employees, as well as partners' employees. If an issue regarding human rights arises, relevant departments (HR management department and legal compliance department) conduct human rights due diligence.

Principles of Human Rights

- (Respect for humanity) Dongbu Insurance's executives and employees are inherently free, dignified, and equal beings, and therefore are endowed with rights to humane treatment.
- (Prohibition of discrimination) They are entitled to enjoy all of their rights and freedom without any discrimination over their race, skin color, gender, language, religion, nationality and ethnicity, disability, pregnancy and marital status, political preference, educational backgrounds and age, among others.
- (Freedom of assembly and association) Employees have the right to the freedom of assembly and association without fear of retaliation and intimidation. The company sincerely negotiates with the elected representatives of workers.
- (Protection of privacy and honor) Others may not interfere in employees' privacy, family matters, housing and telecommunication, among others, and any infringement on individuals' reputation and honor is prohibited.
- (Labor and compensation) Employees are given equal opportunities for self-development under fair working conditions. The company implements fair employee evaluations and compensations in accordance with their performances.
- (Working hours and environment) The company observes national and local regulations on working hours and paid vacations and continues putting forth efforts to provide safe and pleasant working environments.
- (Prohibition of forced and child labor) Forced labor against employees' free will and the employment of those that are under the minimum working age provided by the state are prohibited.
- (Protection of personal information) Dongbu Insurance recognizes customers' personal information as their valuable assets and therefore, demands a minimum amount of such information. At the same time, the company takes the best measures to safeguard customers' personal information.
- (Fair trade) Dongbu Insurance regards outsourcing firms and suppliers as its equal partners and does not take advantage of its superior position during business with partners. We are working hard for win-win growth on an equal footing with partners.
- (Development of local communities) Dongbu Insurance keeps in mind its responsibilities for the development of local communities as a corporate citizen. Hence, the company makes a great contribution to society and investment after taking into account social and environmental impacts.

Tax Strategy

Dongbu Insurance strictly abides by tax laws of the nation, and various duties of declarations, reports and tax-related cooperation are completely carried out as required by related regulations. The company also sincerely cooperates with tax authorities in connection with tax audits and various requests by the authorities, and all tax-related matters are transparently published.

Accounting related to corporate taxes are carried out in compliance with international accounting standards, and reflected in the financial statement through review at the end of every quarter and accounting audit at the end of every year by external auditors. Also, corporate related matters such as corporate tax costs and deferred corporate taxes and effective tax rates are recorded in the financial statement and its note, and published through electronic publication system (<http://dart.fss.or.kr/>).

For establishing a transparent tax management system under the robust Tax Strategy, we have disclosed the following:

1. Principle of Tax Assignment
2. and Tax Compliance Standard.

Dongbu Insurance's businesses comply with applicable tax regimes and respect the regulations from each tax territories.

Principle of Tax Assignment

- Observe all applicable laws, rules, regulations and disclosure requirements
- Apply diligent professional care and judgment to arrive at well-reasoned conclusions
- Ensure all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved
- Undertake all dealings with tax authorities, government officials, ministers and other third parties in a professional, courteous and timely manner
- Follow Internal Compliance and Anti-Money Laundering System

Tax Compliance

- The Company should submit all returns by their due dates in line with local tax law
- In line with the code of conduct and with due consideration of the risk scale, all material positions taken in the tax returns must be supported in terms of documentation and legal interpretation. It is strongly recommended that clear documentation of facts and circumstances be recorded at the time of any transaction
- The tax function will robustly defend tax positions taken in the Company's tax returns
- The tax function will proactively pursue any tax timing benefits within the context of the tax risk strategy
- The tax function should monitor changes in relevant tax laws and practices, and undertake regular training in order to assess any consequences for the Company, with the minimum aim of mitigating any adverse impact
- The tax function will manage its compliance affairs to minimize the risk of any adverse public comment

Tax Reporting (Reporting by Country)

- Dongbu Insurance publicly reports on the following contents for our major countries, and Revenue, Operating Profits, Taxes paid and Effective tax rates from different tax regimes.
- Tax reporting status by country is reported separately in the Tax Reporting report.

Tax Risks

Dongbu Insurance identifies and evaluates the risks of taxation in the long-term. In order to manage taxation risks, the company identifies the risks as financial risks and business risks. Business risks are categorized as follows:

- Legal & Political Risks
- Tax related Reputational Risks
- Accounting Risks
- Agency Risks

Dongbu Insurance History

1962 - 1995		2010 - 2016	
Mar. 1962	Founded Korea Public Automobile Insurance Company	Jan. 2010	Completed the construction of the Jukjeon Data Center
Nov. 1968	Dissolved Korea Public Automobile Insurance Company and established Public Automobile Insurance Co.	Jan. 2010	Recertified as '2010 Excellent Company in Customer Complaint Management System (CCMS)' by the Fair Trade Committee
May. 1976	Introduced, for the first time in Korea, unlimited coverage liability insurance for car owner indemnity, a precursor of current car insurance	Feb. 2010	Completed construction of its Risk Based Capital (RBC) system
May. 1983	Dongbu Group took over control of Hankuk Automobile Insurance Co., Ltd.	Oct. 2010	Announced a new slogan, 'Dynamic Dongbu'
Feb. 1984	Began selling all lines of non-life insurance products except for guarantee insurance	May. 2011	Obtained a business license for New York, USA.
Oct. 1984	Opened a branch in Guam	Sep. 2011	Established an office in Vietnam
Oct. 1995	Renamed to Dongbu Insurance Co., Ltd.	Oct. 2011	Opened New York branch
		Nov. 2011	Participated in the UN Global Compact
		Jan. 2012	Certified CCM (Customer-Centered Management)
		Sep. 2012	Sealed a voluntary agreement with the Department of the Environment for 'Green Purchase'
		Oct. 2012	Total asset reached KRW 20 trillion
		Oct. 2012	Announced new vision, "A global insurance finance group, which pursues happy society with customers"
		Oct. 2012	Selected as 'the Best Industry Company in Korea of Dow Jones 8/Sustainability Index' for 4 consecutive years. The first selection in the industry in the Asia-Pacific Index
		Mar. 2013	Certified with Green Management System KSI 7001/7002 (the first in the domestic insurance industry)
		Apr. 2013	Reached KOSPI 200
		Jun. 2013	Obtained A- rating by S&P
		Jul. 2013	Certified with WA (Web Approach) in relation to banning discrimination of the disabled
		Sep. 2013	Selected to be in the World Index by Dow Jones Sustainability Indices (the first in the Korean insurance industry)
		May. 2014	Established 'Dongbu financial services'
		Apr. 2015	First tier in 'civil complaint occurrence' evaluation by FSS
		Nov. 2015	Won the Presidential Citation at National Quality Competition for the first time in the financial industry
		Jul. 2016	Inducted into the Hall of Fame by the Korea Service Grand Prix 2016
		Sep. 2016	Included in 'World Class' of Dow Jones Sustainability Indices for 4 consecutive years
		Jan. 2017	Selected as a global leader group 'Bronze Class' for the first time as the Korean insurer by SAMI, Switzerland for 6 consecutive years
2001 - 2009			
Sep. 2002	Confirmed PROMY as its flagship car insurance brand		
Feb. 2004	Launched motorbike-based "PROMY SOS Speed Service", first of its kind in the industry.		
Jul. 2004	Started selling direct car insurance commenced as a strategic alliance with Tesco Homeplus		
Jan. 2005	Launched Best Life Accident Insurance through Hyundai Home Shopping via TV		
Oct. 2005	Established the Dongbu Promy Basketball Team		
Apr. 2006	Established the Hawaiian branch		
May. 2006	Introduced Promy Life, a long-term insurance brand		
Jul. 2006	Established an office in China		
Jan. 2007	Opened Call Center in Jeonju		
Dec. 2007	Acquired a patent of BM (Business Method) in claim handling		
Jan. 2008	Received the first ISO 9001 certificate on Promy service in the local industry		
Jan. 2008	Won the certification of 'Excellence in Consumer Complaints Management System, CCMS' for H2, 2007 organized by the Fair Trade Commission		
Aug. 2008	Incorporated Dongbu Securities as a subsidiary		
Sep. 2008	The Risk Management Research Center obtained an ISO 14001 certificate, the first for an insurance company in the world		
Dec. 2008	Rated A (Excellent) by A.M. Best		
Jan. 2009	Selected as 'the Best Financial Company with Outstanding Consumer Protection Program' by the FSS		
Feb. 2009	Won an ISO 27001 certificate		
Apr. 2009	Rated First Grade for Customer Complaints Handling by FSS for five consecutive years		
Apr. 2009	Dongbu commercial claims handling service acquired ISO 9001 certification, the first for a Korean non-life insurance company		
Aug. 2009	The Risk Management Research Center acquired OHSAS 18001 certification, a first for the risk management area in the world insurance industry		
Sep. 2009	Included as a member of the 70 companies in the SRI of the Korea Stock Exchange		
Dec. 2009	Opened the LA branch		

Major Accolades



Enlisted in the Dow Jones Sustainability Indices for four consecutive years for the first time as Korean non-life insurer

SP Dow Jones and RobecoSaM



Inducted into the Hall of Fame by the Korea Service Grand Prix 2016

Korea Standards Association (KSA)

Presidential award by the government in celebration of the 22nd Environment Day in 2017

Consumer-Centric Management (CCM) certificate in 2016

Presidential Citation at National Quality Competition for the first time in financial industry in 2015

Grand Prize in Non-life Insurance Category at Korea Social Media Awards

Grand Prize in Consumer Rights Protection Category at Asia Today Financial Awards

The first Place in Long-term Insurance Category of 2015 Korea Service Quality Index in 2015

Korea's Best Call Center by KSQI in 2015

Number one in Customer Satisfaction in Car Insurance

Prize of FSC at 4th MTN's Financial Awards in Era of Living to 100 Years of Age

Grand Prize in Non-life Insurance Category at 2015 App Award Korea 2015

Best Company in Terms of Customer Complaints by FSC in 2014

Best ARS Service Operation Organization

Minister of Employment and Labor's Equal Opportunity Employer Prize in 2014



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