

Humanity and the Future



ABOUT THIS REPORT



Cover Story Humanity and the Future

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

Since Kyobo Life published its first sustainability report in 2011 and also the first report in Korea's life insurance industry, it has been published every year as a channel through which it communicates its sustainability management activities to its stakeholders under the banner of "shared growth with our stakeholders." This is Kyobo Life's 8th Sustainability Report.

Reporting Period & Scope

The present report covers Kyobo Life's sustainability management activities from January through December 2017. As regards quantitative performance, the data for the last three years are disclosed to show trends, while quantitative data that do not match the three-year period are indicated with notes. If data have been revised in the financial statements or errors found in the previous report have been corrected, such revisions or corrections are indicated with notes.

The scope of this report includes the headquarters and branches of Kyobo Life, Customer PLAZAs, and other domestic operations, however, overseas offices and branches are not included. The environmental data concern only certain domestic operations, which are indicated with notes. The standard currency used in the report is the Korean Won (₩), and other currencies are indicated with symbols next to figures, where applicable.

Reporting Principles

This report has been prepared based on 'In Accordance - Core' reflecting G4 Guideline of the Global Reporting Initiative ("GRI") which is the international guideline of the sustainable management report. All financial data included in this report have been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Report Assurance

This report has been subject to an assurance process by the Korean Standards Association (KSA) in accordance with the three principles (inclusivity, materiality, responsiveness) of AA1000AS(2008) Sustainability Report assurance standards, and the assurance type is Type II. Please refer to the Independent Assurance Report in the appendix.

Contact

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Gwanghwamun Billboards 2017 along with the Four Seasons

Since 1991, Gwanghwamun Billboard has conveyed the message of love and hope to the public, updated every season of the year. The Billboard can also be found in Kyobo Tower in Gangnam, Seoul and Kyobo Life building in Jeju Island sharing the heart-warming message with people.



SPRING

It means that we need to overcome difficulties that we encounter in our life and live toward hope every day with a fresh attitude of mind.



SUMMER

It means that like a river flowing leisurely in the sunshine, let us get along with one another and continue to move on to a better tomorrow.

The Four Seasons (四季)
in Gwanghwamun 2017



AUTUMN

*It means that as we can see
the stars shining in the night sky
with all our heart,
let us lead a life of wisdom so
that we may find something
precious in everyday life.*



WINTER

*It means that even the desolate
winter field where there seems to
be nothing has new life waiting
for the spring in it, let us not be
frustrated by difficult realities
but rather live with hope.*

CEO Message



I would like to warmly thank all of the stakeholders (customers, employees, investors, communities, government officials, etc.) who demonstrate ongoing interest in and support for Kyobo Life.

In 2017, both internal and external factors, such as the inauguration of the new government, North Korea's nuclear provocations and the unstable situation in Northeast Asia, and the U.S. interest rate hike amid the domestic and overseas economic recovery, occurred simultaneously, thereby having a significant impact on the business environment. In addition, it was in a year that clearly felt the impact of the '4th industrial revolution' in our daily lives due to the innovation of the digital technology, such as big data, artificial intelligence and block chain.

In order to enhance the competitiveness of our business while adapting to changes for the future, and also to clarify innovation objectives pursued by Vision2020, Kyobo Life has defined its Vision2020 more clearly as 'the most innovative life insurance company in terms of products and channels prepared for the era of the 4th industrial revolution,' and faithfully implemented the 2017 business plan of 'Innovation of product and channel going ahead half a step at a time.'

As a result, we were rated A1 by Moody's, the global credit rating agency, for the third consecutive year, a unique distinction in the life insurance industry in Korea, and improved our financial soundness by issuing a hybrid bond with excellent terms in the overseas market. This was a first among Korean life insurance companies, thereby getting recognized as one of the safest investment assets in Asia. In addition, we were selected as the top company in the life insurance sector of the 'Korean Sustainability Index (KSI)' for the eighth consecutive year.

In the belief that all humans are precious beings and the values they hold should be respected and realized, we have published our eighth Sustainability Report entitled 'Humanity and the Future.' This is the process whereby Kyobo Life shares with you the results of its endeavor for 'the joint development with all the stakeholders' and pledges to continue strive to do our best.

The contents and results of the pledges we made with our stakeholders in 2017 are as follows

Becoming a company that provides optimal insurance coverage and ongoing services

The coverage retention system of the Lifelong Care Services, having been carried forward consistently since 2011, has been considerably improved — to the extent of becoming exemplary in the industry. In addition, by steadfastly following customer-oriented management philosophy and preemptive customer coverage, Kyobo Life alone was selected as 'the outstanding company for two consecutive years' among Korean life insurance companies in 'the Evaluation of the Financial Consumer Protection' by the Financial Supervisory Service. In addition, Kyobo Life received the citation from the Director-General of Fair Trade Commission for its distinguished service for having taken the lead in extending financial consumers' rights and interests. We will continue to assist our customers in retaining the optimal assurance so that they understand our commitment to their needs and feel more satisfied.

Becoming a company that succeeds together with our Financial Planners

By providing a long-term education system and training programs in order to enhance Financial Planners' competence in keeping with the rapidly changing market environment, we are supporting the Financial Planners so that they can grow into professionals recognized by their customers. We have improved the training course at the education center for new Financial Planners of less than one year's experience to grow into specialists of insurance coverage for customers, and we are operating 'the FP Academy of the Insurance Coverage for Customers' in order to support the existing Financial Planners to improve their productivity. In terms of heightening Financial Planners' sense of mission and self-esteem and enhancing their motivation, Kyobo Life also holds the MDRT event every year.

Becoming a company that grows together with our employees

In preparation for the fourth industrial revolution era, we are striving to create a culture of actively taking on new challenges all the time and shaping a workplace that promotes employee development. We help our employees understand the essence of the life insurance business, the mission of life insurers and the true meaning of customer coverage value through the experience of the lifelong planning process and provide each of our members with the opportunity to grow to love our company like a family. By providing our members with various learning programs for their spontaneous competence development, we enhance Kyobo Life's learning culture of 'Let's learn while working and work while learning.' We support them to grow and develop with the best expertise to quickly respond to any environmental changes. In addition, we have improved the in-house system that reduced work inefficiency, selected and rewarded exemplary employees who actively practiced key objectives and core values, and held workshops and conferences for supporting female employees' competence development.

Becoming a company that is attractive to investors

In the insurance business, maintaining stable financial soundness is essential above all else. Preparing for implementation of the IFRS17 and the new Korea Insurance Capital Standard(K-ICS) in 2021, we are striving to prepare for the relevant infrastructure and system according to the plan. As for asset management, we have carried on with implementing various measures for preemptive risk management, such as hedging against the risk that household debt could potentially become a serious problem, while emphasizing a balance between risk management and profit. While continuously increasing high interest rate assets for improving profits from asset management, we have striven to improve the holding period return by continuously identifying alternative investment outlets whose profitability is high vis-à-vis the risk.

Becoming a company that grows together with the government and communities

Kyobo Life is striving to develop together with the government and local communities, aiming to make social contributions through activities reflecting key characteristics of the life insurance business, helping neighbors recover from adversities they suffer — due to poor health or lack of finances and knowledge — and lead a bright and healthy life. We have operated various voluntary services for adolescents and the educationally underprivileged groups in commemoration of the centenary anniversary of founder Yong-Ho Shin's birth and, as a part of our global social contributions, conducted overseas volunteer activities in Laos so that the children in that country may have ongoing educational opportunities. In addition, in order to help the residents affected by the earthquake in Pohang, all the employees of Kyobo Life made a donation through voluntary fundraising.

As a member of the UN Global Compact, Kyobo Life expresses its constant support for the ten principles in the four fields — human rights, labor, the environment and anti-corruption — suggested by the UN Global Compact, and observes them in all management practices.

In the era of the fourth industrial revolution, we will face new challenges head on, while continuously coping with the uncertain market changes, in order to move toward achieving bigger and bolder goals. We will do everything in our power to fully embrace our corporate management philosophy of 'shared growth with all of our stakeholders' throughout any difficulty.

We appreciate and look forward to your continued support
Thank you!

March 2018

Chang-Jae Shin, CEO & Chairman, Kyobo Life



HIGHLIGHT

Top 10 News of Kyobo Life in 2017

The top 10 news of Kyobo Life for the year 2017 have been selected based on the result of on-line survey of over 5,000 participants consist of employees and Financial Planners.

1 The centennial anniversary of the founder Yong-Ho Shin's birth, shedding new light on the philosophy of fostering sincere persons

In commemoration of the centennial anniversary in 2017 of the founder Yong-Ho Shin's birthday, Kyobo Life socially shared the life and philosophy of the founder who had strived to foster sincere persons throughout his life far and wide. In September 2017, The memorial ceremony was held followed by the memorial concert with the scholarship students and prizewinners of each public welfare foundation, as well as VIPs in field of art and culture. In addition, events such as photo exhibition in commemoration of the founder, a hundred-day reading campaign and the late-night book store was well received by the public. The academic symposium shed new light on the fostering philosophy of the founder, professors and students of the educational institutions attended to discuss the direction of future education inspired by the founder's educational ideology.



2 Majority of exclusive rights for use in the industry... Innovative products were remarkable

Kyobo Life has acquire 17 exclusive rights for use, which is the highest number among the life insurers in Korea. Kyobo Life was recognized externally for its excellence in the product development on three occasions during 2017 alone, with the outstandingly innovative (no dividend) Kyobo In-Advance CI Insurance making the retirement nest egg associated with aging secured more easily by introducing The Partial Conversion Service of the Insurance for the first time among Korea's life insurers in November 2017, (no dividend) Kyobo Solid Variable Whole-Life Insurance launched in June 2017, and (no-dividend) Kyobo Fit-My Lifetime Personalized Health Insurance launched in April.

* Exclusive rights for use: the patent of the insurance product that prohibits other insurers from selling similar products for a certain period (3 months) in order to protect the first-mover advantages of the company which has developed a new product



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

Kyobo Life has been rated as A1 (Stable) by Moody's, a leading global credit rating agency, maintaining the highest credit rating in Korea's insurance industry for three consecutive years. It represents Kyobo Life's excellent financial stability and risk management capability have been acknowledged internationally. This has significant meaning as it has been accomplished unwaveringly despite the uncertain business environment and the regulatory oversight tightened by the financial authority. Major global financial companies such as Goldman Sachs and Morgan Stanley were also rated A1. Kyobo Life is the only insurer in Korea to be assigned such a high credit rating.

6 Chairman Chang-Jae Shin of Kyobo Life, awarded the Order of Legion d'Honneur, the highest decoration in France

Chairman Chang-Jae Shin of Kyobo Life has been awarded the Order of Legion d'Honneur, the decoration of the supreme authority presented by the French Government. Legion d'Honneur, which is the most distinguished national medal in France, is conferred on persons who have rendered distinguished service in respective areas of politics, the economy, culture, scholarship, and sports, etc. Chairman Chang-Jae Shin's award for the Order of Legion d'Honneur resulted from his endeavor to globalize Korean literature through the Daesan Cultural Foundation encourage mutual exchanges of literature and ideas between Korea and France, and his contribution on broadening the horizons of cultural exchange between Korean and France, well-planned support in arts and culture, such as the Gwanghwamun Billboard, and Kyobo Book Center played major part in receiving the award.

7 No. 1 in customer protection! Ranked as the best by the Financial Supervisory Services

Kyobo Life was rated "Good", the top rating, in eight areas out of 10 areas subject to evaluation in 'the 2016 Financial Consumer Protection Survey' implemented by the Financial Supervisory Services, thereby having received the best grades for four consecutive years in the life insurance industry following the Grade 1 earned in the Complaints Survey for two consecutive years from 2014 to 2015. This record is unique among life insurance companies in Korea, and the reasons for such constant achievement of excellent customer protection were that we have practiced the complete enrollment for reducing mis-selling and have been fulfilling 'the Lifelong Care Service.'

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

Kyobo Life was once again rated No. 1 in 'the Korea Sustainability Index's life insurance business category' in 2017. This result means that Kyobo Life has become the leading enterprise practicing 'sustainability management' in the best way and Kyobo has received the best score in the life insurance industry as it was highly regarded for its efforts for the joint development with all the stakeholders. Such factors as establishing the fair-trade practices, managing the business transparently, leading the consumer protection, and striving for prevention of customer complaints, etc., have acted positively.



4 Block chain, big data ... leading the digital innovation

Kyobo Life has led various digital innovations while converging the digital technologies, such as block chain and big data, with the insurance industry. Since we were selected as the pilot business of the block chain supervised by the Korean government in April 2017, we have been developing innovative technologies in the insurance services field. The typical results are the automatic claim service of the fee-for-service health insurance in which the insurance is claimed automatically at the same time with the payment of medical bills; and the coverage analysis system of gathering together the insurance coverage for customers and sending them to Financial Planners' tablet PCs, etc. In addition, we held the InsurTech Hackathon for the first time in Korea's insurance industry in November 2017 in order to help IT experts to put their heads together for drawing fresh ideas. Kyobo Life will keep on meeting with customers with constantly innovation by actively utilizing new technologies of the 4th Industrial Revolution.

8 The Lifelong Care Service V3 for optimizing the insurance coverage for customers

Kyobo Life has changed the name of 'the Lifelong Care Service' having entered its seventh year in 2017 into 'the Lifelong Care Service V3' for carrying forward the optimized service of the insurance coverage for customers. The key point of the new Lifelong Care service V3 is helping customers to maintain the optimal coverage through the process of checking and rescheduling the state of the insurance coverage for customers based on lifecycle planning. We have changed our approach from focusing on the retention service of each contract to 'the insurance guarantee for customers' which is a comprehensive concept for helping our customers to cope well with any adversity.

9 Faster and more convenient digital point of contact, such as quick authentication etc.

Kyobo Life has been applying quick authentication to the point of internal contact and the point of customer contact, such as the mobile window, and company website, since November 2017. Quick authentication means simplifying the authentication method by the security PIN set with the finger scan or 6-digit password etc. In this way, in Korea's insurance industry, we are the pioneer in introducing the quick authentication on all the digital points of contact used by customers, Financial Planners and employees. By applying the quick authentication which has improved the ease of use and significantly enhanced security, we have made a great appeal to our customers and Financial Planners.

10 Succeeding in issuance of the hybrid bond in the global market

Kyobo Life's excellent financial soundness also worked in the global market. We have successfully issued the hybrid bond of US\$500 million for global investors for the first time in Korea's life insurance industry. With orders coming in from numerous global investors, the coupon rate was set at 3.95% p.a., which is the all-time low rate among that of the hybrid bonds issued by Asian insurers. Thanks to the crucial role of its high international credit rating having been maintained for several years, Kyobo Life's hybrid bond has drawn great attention in the global market and could attract many investors.

SPECIAL SECTION

In Commemoration of the Centennial Anniversary of Founder Yong-Ho Shin's Birth

The year of 2017 marks the 100th anniversary of the birth of “Daesan” Yong-Ho Shin, the founder of Kyobo Life, who is considered one of the great businessmen having enhanced the Korean economy in the 20th century. He was called ‘the pioneer in insurance, or the great leader in insurance’ through his life exclusively for the life insurance and had been widely known in the global insurance industry as well as in Korea.

Until the end of his life at the age of 86 in September 2003, the key word that had been dominating Daesan's life was ‘national education’, or, ‘fostering sincere persons. The education that he had aimed for throughout his life was the ‘the living education’ which was more comprehensive and acquired through the actual experience, beyond the school education.

For the founder who actually wrote, “I work while learning and learn while working” in the column of the highest level of education in his curriculum vitae, everyone whom he met was his teacher and everything that he looked at and heard about was the subject of learning.

To him, education in the true sense of the word was ‘fostering sincere persons who pursue self-development and maturity as a human being in their lives through ceaseless learning.’

With the passion for ‘the national education’ blossoming through hardship in his life while going through the Japanese colonial period and the Korean War, he created educational insurance for the first time in the world and established the Kyobo Book Center Co., in the center of Seoul followed by the establishment of three public welfare foundation including Daesan Cultural Foundation, Kyobo Foundation for Education and Daesan Agriculture Foundation.

In September 2017, in commemoration of the centenary anniversary of founder Daesan Yong-Ho Shin, Kyobo Life held a memorial concert at Jamsil Lotte Concert Hall attended by about 1,800 people including all the scholarship students and prizewinners of the public welfare foundations, as well as important people in the world of arts and cultures, and of related institutions.

In addition, we proceeded with the academic symposium shedding new light on Daesan's educational philosophy under the theme of ‘Daesan's ideals of education and direction of the future education. About 300 people including professors of the Korean Educational Research Association and officials of related organizations participated in the symposium; and Kyobo Book Center Co. operated various reading campaigns from September, such as the 100-day reading campaign, late night bookstore, book concert etc.

Moreover, various programs were completed with great success including, but not limited to, the memorial photo exhibition containing the founder's trace, volunteer work conducted by executives and team heads of Kyobo Life, ‘Daesan People's Day’ hosted by Daesan Agricultural Foundation, Long March of Northeastern Asia conducted by university students, etc.



Concert in commemoration of the founder



The late-night book store



Photo exhibition in commemoration of the founder

Family



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Company Overview

Kyobo Life was founded in 1958 under the philosophy of promoting education for people and creating national capital. Kyobo Life has been guided by its founding mission of 'helping people to overcome future adversities through mutual assistance and thereby fulfill their lifelong dreams.' Moreover, Kyobo Life is a professional life insurer striving to achieve Vision2020 as 'the most innovative life insurance company in terms of products and channels prepared for the 4th Industrial Revolution.'

Company Facts

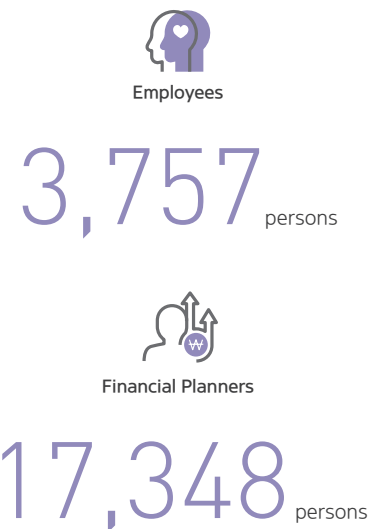
General Information

Company name	Kyobo Life Insurance Co. Ltd
Establishment date	August 7, 1958.
CEO	Chang-Jae Shin (曁昌宰)
Head Office	Kyobo Building, 1, Jong-ro (Jongro 1-ga), Jongro-gu, Seoul, Korea

Organization



Number of personnel



Corporate History

Firmly rooted in the belief that "education is the key to the future of the nation," Kyobo Life has been leading Korea's insurance industry for the past 59 years, and continues to blaze a trail with its know-how.

1958 ~ 1979

1958	Established 'Korean Education Insurance Co.,', Created 'Jinhak Insurance,' the world's first education insurance
1964	Awarded 'Presidential Honors' of Excellence in Saving in the First Savings Day Awards
1967	The best company in its respective industry with 32.7 billion won in insurance contracts within just nine years after foundation.
1978	Contract exceeded KRW1 trillion for the first time.

1980 ~ 1999

1980	Established 'Kyobo Book Centre Co., Ltd'
1983	Founder Yong-Ho Shin awarded 'World Insurance Grand Prize' by the International Insurance Society (IIS)
1991	Established 'Daesan Agriculture & Cultural Foundation (Current 'Daesan Agriculture Foundation)'
1992	Established 'Daesan Cultural Foundation'
1995	Company renamed as 'Kyobo Life Insurance Co. Ltd.'
1996	Founder Yong-Ho Shin inducted into the IIS 'Insurance Hall of Fame'
1997	Established the Educational and Cultural Foundation of Kyobo Life (Current 'Kyobo Foundation for Education')

Status on Operation Locations

Kyobo Life has **556** branch offices and **58** customer PLAZAs in Korea.

Credit Ratings

Domestic National Information & Credit Evaluation Korea Investors Service Korea Ratings

AAA

International Moody's

A1

Fitch

A+

Affiliated Companies

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

Category	Company
Financial (8)	Kyobo Securities Co., Ltd.
	Kyobo AXA Investment Managers Co. Ltd.
	KCA Claim Adjustment Co., Ltd.
	Saengbo Real Estate Trust Co., Ltd.
	A&D Credit Information Co., Ltd.,
	Kyobo Life Asset Management Co., Ltd. (America)
	Kyobo Life Asset Management Co., Ltd. (Japan)
	Kyobo Life Planet Life Insurance Company
Non-financial (4)	Kyobo Book Centre Co.,Ltd.
	Kyobo Realco Co.,Ltd.
	Kyobo Information & Communication Co., Ltd.
	Kyobo Data Center Co.,Ltd.

2000 ~ 2010

- 2000 Proclaimed the Ethics Charter of Kyobo people
- 2001 Proclaimed 'Vision2010' and 'CI' of Kyobo people
- 2002 Founded 'Kyobo Dasomi Volunteer Service Center'
- 2004 Won 'Customer Satisfaction Grand Prize (for five consecutive years)' and dedicated to the 'Hall of Fame'
- 2009 Selected as Best Insurance Company in Asia of the Year (2009)' in the Asia Life Insurance Industry
- 2010 Joined International Agreement for Corporate Social Responsibility and UN Global Compact

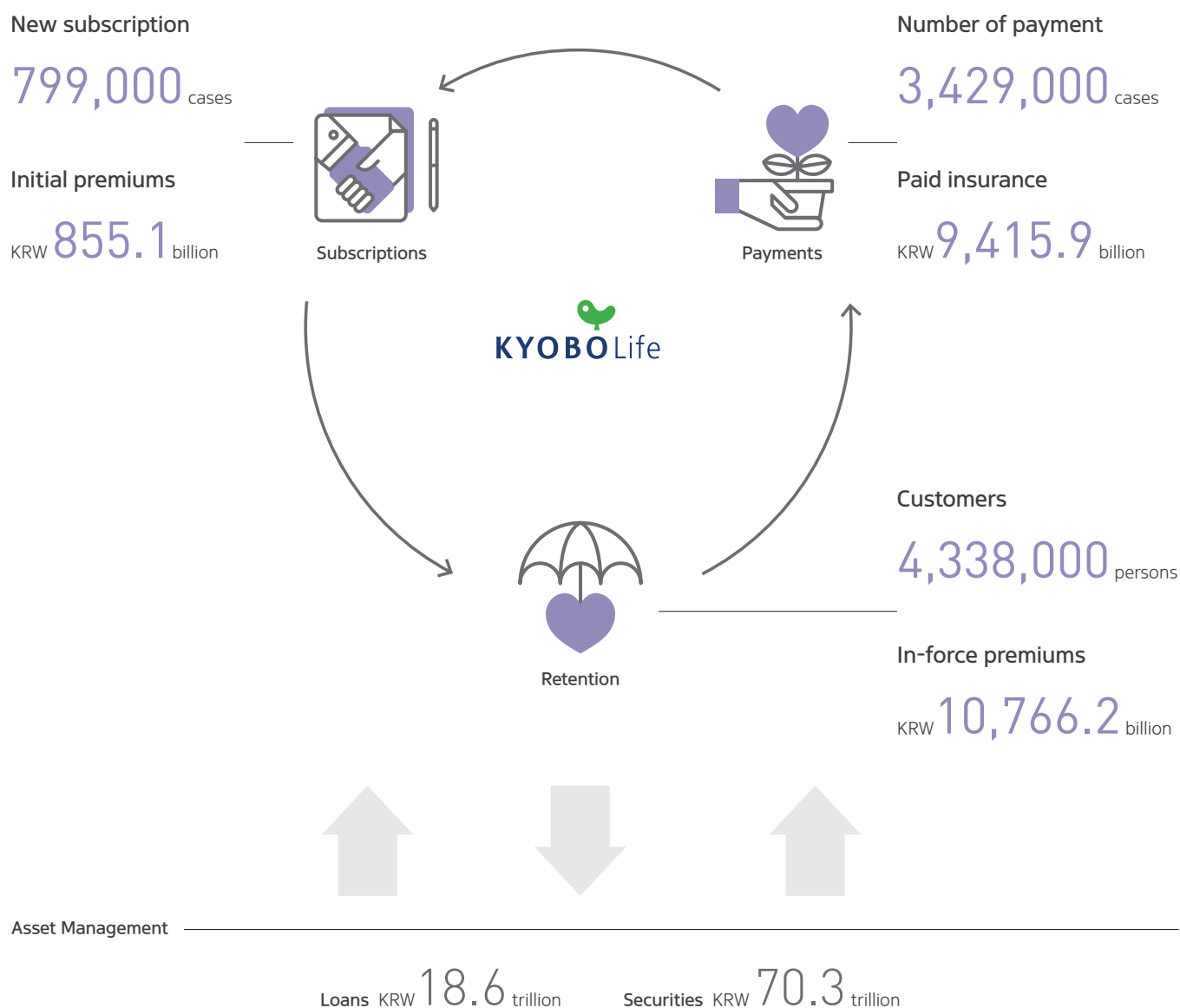
2011 ~ Present

- 2011 Proclaimed 'Kyobo Vision2015'
- 2012 CEO & Chairman Chang-Jae Shin won 'Best Insurance CEO of the Year' in Asia Insurance Industry Awards
- 2013 Established 'Kyobo Life Planet Life Insurance Co. Ltd.'
- 2014 Won the second 'Beloved Corporate Government' Presidential Award
Won the private company prize in the process sector for Porter Prize for Excellence in CSV
- 2016 Proclaimed 'Kyobo Vision2020'
Won the 12th Management Transparency Award.
- 2017 Acquired the credit rating of A1 from Moody's for three consecutive years
Selected as top company in the life insurance sector in the 'Korean Sustainability Index (KSI)' for eight consecutive years

Business Overview

Life Insurance Business Process

The life insurance business process comprises the following three stages: subscription → retention → payment. In the subscription stage, Kyobo Life conducts life cycle planning, and devises and recommends the best plan in accordance with the needs and financial abilities of customers. In the retention stage, Kyobo Life explains the details of a contract and the benefits of the contract, and helps customers to handle contract-related matters. In the claim payment stage, the benefits promised in the insurance contracts are paid to help customers in their times of need. The premiums paid by customers are managed according to a long-term strategy with the focus on stable returns.

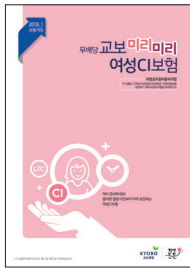


As of the business year 2017, Kyobo Life closed a total of **799,000** new contracts, provided retention services to **4,338,000** customers, and paid out KRW **9,415.9** billion in **3,429,000** claims.

Key Products

Kyobo Life offers a full range of financial products for private and corporate clients, including insurance, loans, funds, trusts. In particular, Kyobo Life specializes in family life guarantee and senior citizen life guarantee products which pertain to Kyobo's roots in the life insurance industry to help customers prepare for and manage future risks.

Insurance Products



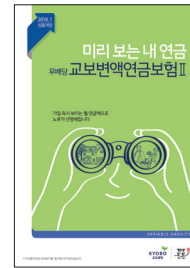
Integrated CI Insurance

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



Whole Life · Term Insurance

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



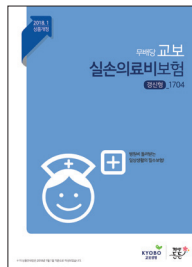
Pension · Deposit Insurance

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



Education · Child Insurance

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



Health · Injury Insurance

This product package includes the health insurance paying insurance at the time of diagnosis of diseases and surgical operation, the Accident insurance covering impaired status or dementia in daily life, and the fee-for-service health insurance paying insurance for the actual medical expense.



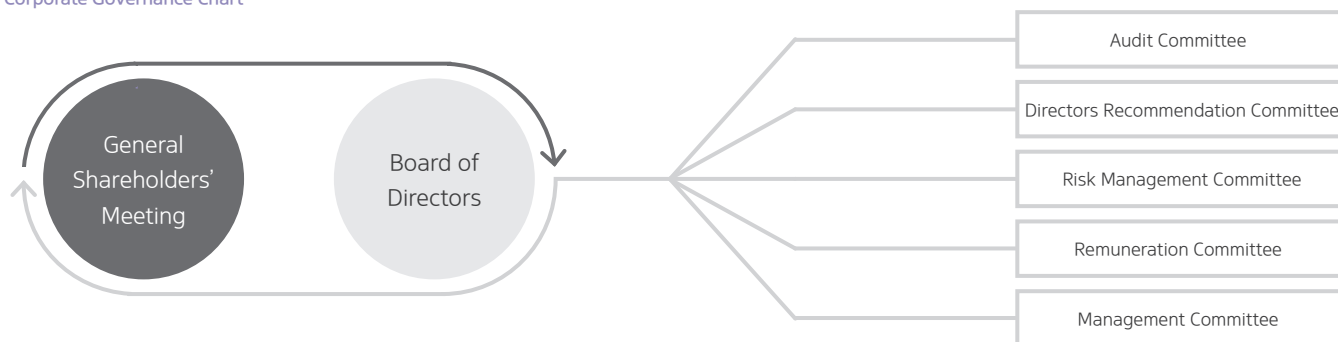
Retirement Pension Insurance

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

Governance

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

Corporate Governance Chart

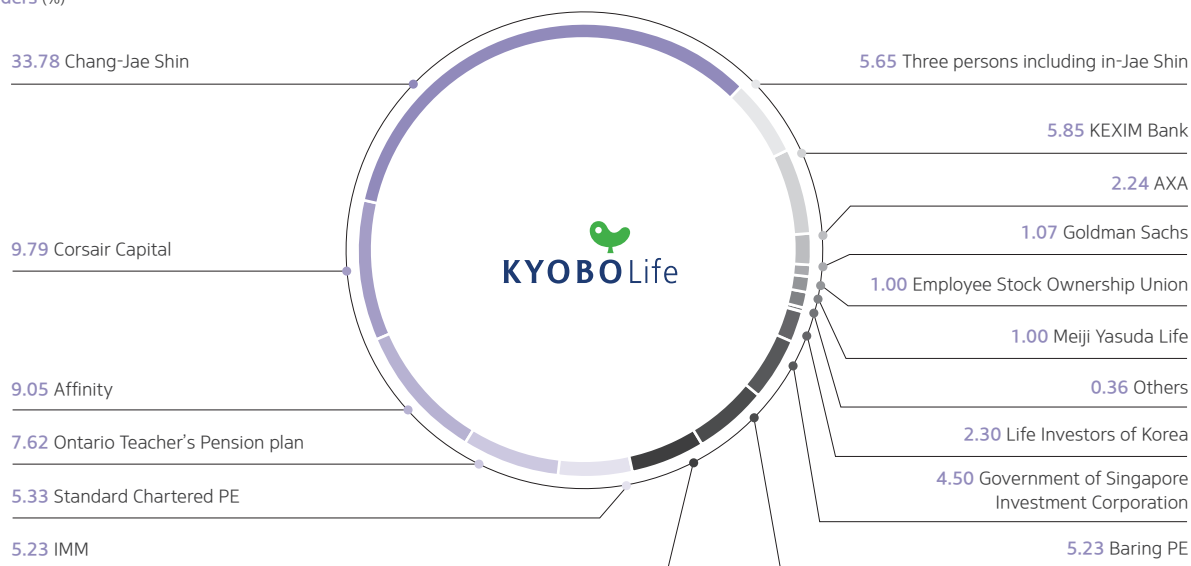


※ Kyobo Life publishes 'Annual Report on Corporate Governance' in accordance with the 'Exemplary Norm on Corporate Governance of Financial Companies.' The details of Kyobo Life's corporate governance can be found on the corporate website (www.kyobo.co.kr).

Ownership Structure

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

Shareholders (%)



Board of Directors

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

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

Committees within the Board of Directors

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

Composition of Board of Directors

Category	Name	Position	Area of expertise
Directors	Chang-Jae Shin (Born in 1953)	CEO and Chairman of the Board of Directors	-
	Jeong-do Heo (Born in 1965)	Chief Marketing Officer	-
Outside directors	Jung-Hyo Lee (Born in 1946)	Former chairman of the Daesan Agriculture Foundation /Kyobo Foundation for Education	Business Administration, Accounting
	Seong-Sik Hwang (Born in 1956)	Former President of Samchully Corp.	Business Administration, Accounting
	Yeong-Taek Park (Born in 1959)	Affinity Equity Partners, Managing Partner	Finance, Accounting
	Hari R. Rajan (Born in 1977)	Corsair Capital, Managing Director and Partner	Finance

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

Vision and Strategy

Vision2020 : The most innovative life insurance company in product and channel prepared for the 4th Industrial Innovation

Kyobo Life is expediting the achievement of its Vision2020 as 'the most innovative life insurance company in products and channels prepared for the 4th Industrial Innovation.' Under this new vision Kyobo Life will strive to attain its core goal of helping people to overcome future adversities and pursue their dreams without disruption due to financial hardships, based on the principle of mutual assistance. To this end, Kyobo Life will think and act from the perspective of customers, upholding the principles of honesty and sincerity as Kyobo Life takes full responsibility for the results, rising to new challenges, and not allowing the fear of failure to discourage the company from trying again.

Visible Future

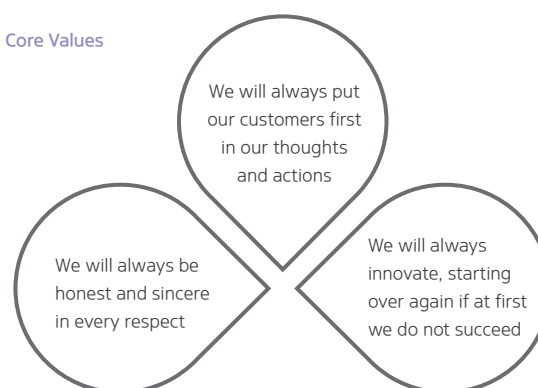
Vision2020

The most innovative life insurance company in product and channel prepared for the 4th Industrial Innovation

Core purpose

To help everyone pursue confidently their most precious dreams throughout their lives overcoming every adversity by mutual support

Core Values



2017 Business Environment and Responses

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

Changing Business Environment	Implications & Future Responses	2017 Business Plans & Key Tasks
Society <ul style="list-style-type: none"> Intensified population aging and low birthrate Increased single-person households and elderly households 	<ul style="list-style-type: none"> Enhance product competitiveness, such as development of differentiated products reflecting customers' needs, etc. Expand sales of products for family life guarantee by implementing stronger marketing campaigns with the focus on customer guarantees. Strengthen the channel competence through innovation of sales training. 	<p>" Innovation of products and channels going ahead half a step at a time! "</p> <ul style="list-style-type: none"> Enhance the competitiveness of the product · service value Strengthen 'the organization · competence' of the channels. <ul style="list-style-type: none"> Continuously expanding the honest and faithful channel organization Reinforcing the competence of the coverage value suggestion (Innovation of the sales training) Increasing the volume of activities faithful to the perspiring sales staff
Economy <ul style="list-style-type: none"> Continuing trend of low growth and low interest rates Expecting restricted economic recovery due to increase of uncertainties of both domestic and global financial markets Existing probability of an additional domestic base-rate increase 	<ul style="list-style-type: none"> Continuously strive to defend the holding period returns (HPR) from falling. Manage assets in response to increasing volatility in domestic and foreign financial markets. 	<ul style="list-style-type: none"> Respond preemptively to the regulation of financial soundness. ($\frac{\text{Available capital}^*}{\text{required capital}}$)
Politics <ul style="list-style-type: none"> Continuously strengthening regulation of the financial soundness, such as IFRS17 (to be introduced in 2021), K-ICS*, etc. Strengthening the legal responsibility of financial institutions due to enhancement of protection of financial consumers 	<ul style="list-style-type: none"> Continuously respond to strengthened regulations of the financial soundness. 	<ul style="list-style-type: none"> Enhance the responsiveness of asset management against market changes. Practice the leading customer protection Perform creative business.
Technology <ul style="list-style-type: none"> Increasing convergence of the financial industry Increasing use of fintech and big data 	<ul style="list-style-type: none"> Enhance use of fintech and big data 	






* the New Korea Insurance Capital Standard

Stakeholder Engagement

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

Channels of Communication with Stakeholders

Kyobo Life operates various channels of communication to gather opinions from its key five stakeholder Groups: namely, customers, Financial Planners, employees, investors, government and communities.

	 Customers	 Financial Planners	 Employees	 Investors	 Government and communities
Communication channels	Website, customer panel (quarterly), customer satisfaction survey (annual), special event for premium customers (frequent), etc.	Website exclusively for Financial Planners, Financial Planner satisfaction survey (annual), support for high-performing Financial Planners (quarterly), various meetings for Financial Planners (frequent), etc.	Intranet, labor-management meetings and council (quarterly), employee satisfaction survey (on occasion), etc.	IR section on the company website, shareholders' meetings (regularly once a year), board of directors' meetings (monthly), IR activities (frequent), etc.	Website (social contribution section), Kyobo Dasomi Volunteer Service Center (frequent), meetings with business partners (frequent), etc.

Stakeholder Survey

	Customers		Financial Planners	Investors / Government and communities
Method	Satisfaction Brand		Satisfaction	Reputation
Purpose	To assess customer satisfaction with Kyobo Life and major rivals, and to work out ways to enhance the level of satisfaction.		To assess the competitiveness of planners' activities and devise ways to improve customer satisfaction.	To improve the company's reputation, based on the results of surveys on the company and the CEO.
Period	Jul.-Aug. 2017 Jul.-Aug. 2017		Jul.-Aug. 2017	Nov.-Dec. 2017
Content summary	<ul style="list-style-type: none"> Assessment of customer satisfaction with Kyobo Life vs competitors Corporate image Satisfaction with insurance products 		<ul style="list-style-type: none"> Assessment of customer satisfaction with Financial Planners Identification of strengths and weaknesses that affect the competitiveness of Financial Planners' activities Identification of complaints and needs of Financial Planners 	<ul style="list-style-type: none"> Reputation of life insurance companies and CEOs (awareness/likability) Channels through which insurance-related information can be obtained

Management Information Session for Employees

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

Date and Time	July 14, 2017 (two sessions at 10:00~11:00 and 15:00~16:00)
Location	Convention Hall, Kyobo Life Gwanghwamun Head Office
Content	First half 2017 results, business environment and directions of the second half marketing strategy



Briefing Session on the Management Information

Experts' Meeting

Meeting Overview



Date and Time November 2 (Thu.), 2017, 15:00~17:00
Location Seminar Room, 23rd Floor, Kyobo Life Gwanghwamun Head Office
Moderator Representative Se Woo Jung (THE CSR)

Topics

Kyobo Life's sustainability management system and future strategies, review of the FY2016 Sustainability Report.

"You had better add more impact to the Report based on a principle of the choice and concentration"

Gyeong-Shin Kim
(Professor, Sungshin University),



Kyobo Life has received awards several times in the field of the sustainability management and its sustainability report also demonstrates the standard. From this point on, I hope Kyobo Life will deliver a message with impact by reducing the total reporting volume and organizing the report focused on major issues through selection and concentration.

"You need to reflect the recent trend of the sustainability management in your business activities."

Jae-Seong Gwak
(Professor, Kyung Hee University)



Recently, in relation to sustainability management, the global issue is how to match the Sustainable Development Goals (SDGs) of the UN Global Compact with the enterprise and internalize them strategically. When carrying forward the sustainable management activities in the future, it is necessary for Kyobo Life to reflect the trend through reference of relevant cases or participation in seminars.

"I'd like to recommend you to expand the social contribution activities influencing your corporate ideology."

Ju-Sik Kim
(Senior social worker, Samsung Medical Center)



Kyobo Life has been continuing its social contribution activities reflecting the nature of the life insurance business, such as Dasomi Save a Small Breath, dispatch of caregivers to the lower-income group, etc. In the future, I hope Kyobo Life will expand its 'education'-related activities, such as training experts in the education and welfare programs for adolescents in the light of connectivity with 'promoting education for people,' which is the foundational ideology of Kyobo Life, systemizing the existing economic education for the employees, etc.

"I think it's necessary to pay more attention to the human rights management."

Jong-Sun Park
(Director, Sejong Education Institute)



Recently, the focus of corporate management has been changing from the ethical management into the human rights management. Human rights are a vulnerable field in Korean domestic enterprises and, in this context, Kyobo Life needs to pay attention to the human rights field in the process of carrying forward CSR activities considering comprehensively such social value and corporate ideology.

"You should enhance the connectivity of the corporate vision with the sustainability management system"

Eun-Gyeong Lee
(Team head, UN Global Compact)



As Kyobo Life has been recognized, in the meantime, as the enterprise outstandingly implementing the sustainable management, I hope you to keep on leading the sustainable management. As the New Government has strengthened the compliance of public enterprises (ethical management) since its launching and spread the basis to private enterprises, I want Kyobo Life to become a model case of the private enterprise. In addition, I think it a good idea for Kyobo Life to deeply consider setting up a process for enhancing the link between your vision and the sustainable management.

"It is necessary to implement the sustainability management through the socially responsible investment....."

Jong-O Lee
(Director General, Korea Sustainability Investing Forum)



Recently, how to manage customers' fund responsibly has become a priority matter. In the case of AXA, they fulfill their socially responsible investment while responding to climate change by the method of not investing in enterprises using fossil fuels, etc. I suggest Kyobo Life also give consideration to fulfilment of socially responsible investment in connection with the IR department on the investment portfolio.

Love



Kyobo Life's Values

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Economic Value Creation and
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24 Sustainability Management
Strategy

Major Activities in 2017

26 Customer-centered Business
Activities

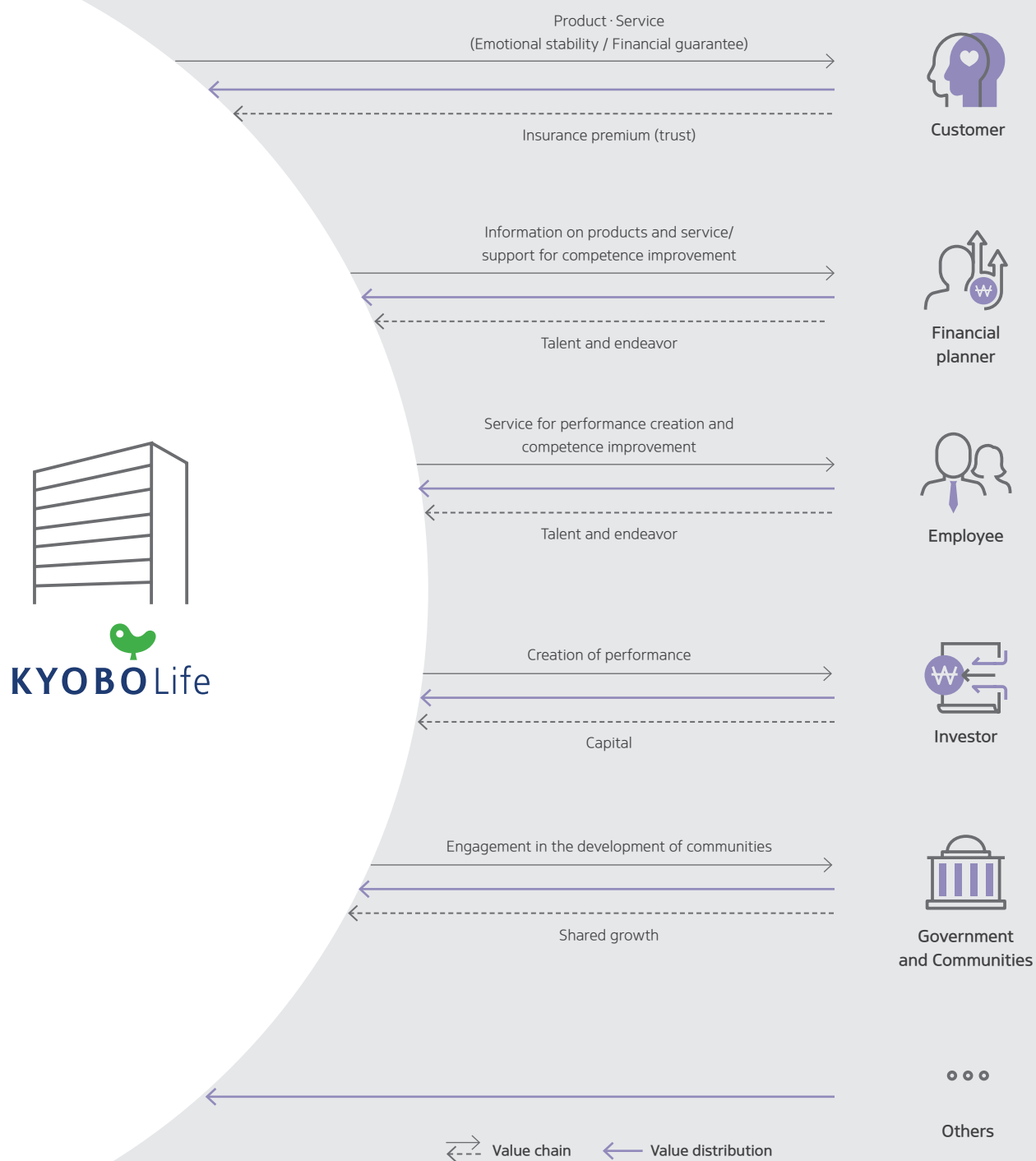
32 Support for Enhancing Financial
Planners' Competence

37 Support for Improving the
Corporate Culture

44 Improvement of Financial
Soundness

48 Social Contribution Activities
Reflecting the Nature of the Life
Insurance Business

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



Kyobo Life's value chain is composed along with all of the stakeholders. The value chain chart shows how our customers, Financial Planners, employees and the Government and communities create and share values in collaboration, as well as investors of Kyobo Life.

Reserve funds for claims

KRW 13.5764 trillion

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

Fees, training costs

KRW 623.8 billion

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

Wage, welfare and benefit costs, etc.

KRW 424.6 billion

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

Dividends

KRW 102.5 billion

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

Taxes / donations, etc.

KRW 516.5 billion

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

Others

KRW 731.7 billion

Investment income

KRW 4.3 trillion



premium income

KRW 11.6 trillion



Total revenue

KRW 15.9 trillion

Creation of economic value

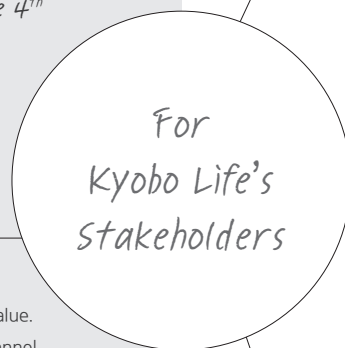
The economic values that Kyobo Life creates through business activities, including premium income from insurance sales, and gains from investment and asset management, are distributed to key stakeholders.

Sustainability Management Strategy

Kyobo Life's sustainability management is based on two pillars: the philosophy of sustainability management, which consists in seeking shared growth with all stakeholders; and Vision2020, through which the company strives to achieve product and channel innovation preparing for the '4th Industrial Revolution' and thereby become the No. 1 life insurance company in Korea. Kyobo Life has categorized stakeholders who are closely related to Kyobo Life into groups, and defined Kyobo Life's promises to each group of stakeholders accordingly. Kyobo Life's sustainability management includes the fulfillment of these promises. The sustainability management system that Kyobo Life is implementing consists of the promises that Kyobo Life makes to stakeholders, the principles according to Kyobo Life fulfills those promises, and the key performance indicators (KPI) by which the company evaluates how well those principles have been followed.



Customer



Vision2020

The most innovative life insurance company in product and channel prepared for the 4th Industrial Innovation

Sustainability Management Philosophy

Pursue Shared Growth with All Stakeholders

2017 Priority Tasks

- Enhance the competitiveness of product · service value.
- Enhance 'the organization · competence' of the channel.
 - Continuously expand the honest and sincere channel organization
 - Enhancing the competence of the coverage value suggestion (Innovation of sales training)
 - Increasing the volume of activities faithful to the aggressive sales efforts
- Respond preemptively to the regulation of financial soundness. ($\frac{\text{Available capital} \uparrow}{\text{Required capital} \downarrow}$)
- Enhance the responsiveness of the asset management against market changes.
- Practice the customer protection initiatively.
- Perform the creative business.

2017 Five key issues

- Business activities focused on customers
- Support enhancing the Financial Planners' competence
- Support for improvement of the corporate culture
- Enhancement of the financial soundness
- Social contribution activities reflecting the nature of the life insurance business

Our Promise

Company that provides optimum insurance coverage and ongoing services

Our Principles

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

KPI

Persistency rate*
(13th month)

78.6 %

Customer satisfaction level

73.8 points

Market share rate*

10.5 %



Financial Planner

*Company that
succeeds together
with our Financial
Planners*

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



Employee

*Company that
grows together
with our employees*

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



Investor

*Company that
is attractive to
investors*

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



Government & Communities

*Company that grows
together with the
government and
communities*

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

Financial Planner
satisfaction level

70.8 points

Training hours
per employee

94 hours

Return on equity(ROE)*

7.5 %

Social contribution ratio*
/amount

2.3 % / KRW 146 billion

Financial Planner
settlement ratio* (13th month)

41.1 %

Competence development
expenditure per employee

KRW 202,000

Total assets*

KRW 104.5 trillion

Weight of Socially responsible
investment (SRI)

8.5 %

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

* Market share rate is based on Premium Income as of December 2018

* Financial Planner Settlement Ratio: (Number of advanced Financial Planners / Newly Registered Number of Financial Planners) × 100

※ Financial Planners Settled in the 12th month includes those signed more than one more new contract and retained more than 10 contracts signed as of the 13th month

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

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

* Total assets: Based on consolidated financial statements

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

Risk based capital
ratio(RBC)

296.0 %

Energy consumption

17,430 TOE*

* Weight of socially responsible investment (SRI) ratio: SRI investment / General account assets) × 100

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

Kyobo Life's Management Activities for Customers



Performance Management Framework for Customers

Our pledges to Customers

*We will become a company offering
superior customer coverage.*

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

Key Customer Related Issues

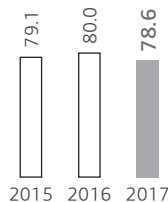
- Carrying forward the customer-centered management
- Enhancing customer satisfaction activities
- Developing the customized new products
- Vitalizing fintech (block chain)
- Striving to protect customers

Key Activities in 2017

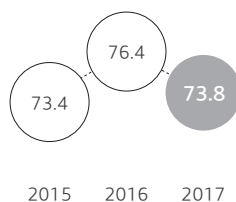
- Enhancing competitiveness of product-service value
- Enhancing 'the organization competence' of the channel
 - Enhancing the competence of the coverage value suggestions (Innovation of sales training)
 - Increasing the volume of activities faithful to aggressive sales efforts
- Practicing customer protection initiatives
 - Strengthening customer protection activities
 - Effectively responding to evaluations related to customer protection

Key Customer Related Performances

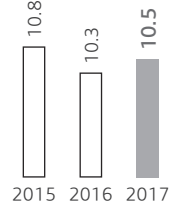
Persistency ratio*
(13th month) (%)



Customer satisfaction level
(points)



Market share ratio* (%)



Key Future Tasks

- Expanding the customer base (new customers/retained customers)
 - Providing retained customers with optimal service of customer coverage
 - Developing and providing market-development products and services for securing new customers
- Improving the channel expertise
 - Enhancing Financial Planners' competence in life cycle planning
 - Strengthening sales managers' expertise

* Persistency rate = (Retention contract premium / New contract premium) × 100

* Market share rate is based on Premium Income and the data of 2017 are as of December 2017.

Customer-Focused Business Activities

Customers are the core stakeholders in the realization of Kyobo Life's Vision2020 (Korea's most innovative life insurance company in product and channel prepared for the 4th Industrial Innovation), and we will strive for creating performance by consistently improving competence by 2020. Through habituation of innovative activities that members of the organization change, even small things in their daily work, from the customers' point of view, we will do our best so that our customers may empathize with and feel satisfied with the whole process ranging from development of products and services to initial policy purchase, retention and benefit payment, etc.

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

Enhancing Competitiveness of Product · service Value Focused on Customers

Kyobo Life has carried forward the product innovation going ahead half a step for achieving Vision2020. Product innovation means enhancing the competitiveness of products and product-related services. For securing the value competitiveness, it is very important to promptly provide the differentiated insurance products and product-related services from the customers' viewpoint by securing various ideas from both inside and outside the company.

Contest of Product/Channel Innovation Ideas Production innovation cannot be achieved by a single team or individual working alone. Therefore, we launched a contest of the company-wide product · channel innovation idea to the extent of contributing to achievement of Vision 2020 and cultivation of an innovative organizational culture in which the collective intelligence is exerted by collecting creative ideas of all the employees. Contested ideas will be used as a basis for the new product development and channel management plan of Kyobo Life in the future through evaluation.



Award Ceremony for Excellent Top Suggestions

Timetable for Product · Channel Innovation Ideas Contest

Submission	1 st Review and Selection	2 nd Review and Selection
Total of 2,864 items submitted - Product innovation: 1,244 items - Channel innovation: 1,620 items	Selected: - Product innovation: 35 items - Channel innovation: 40 items * Evaluation by the working group of product · channel and the product concept TF group * Appealed items are reevaluated by the consultative group of the organization heads.	Selected: - Product innovation: 10 items - Channel innovation: 10 items (announcement: 10 items, documentary evaluation: 10 items) * Evaluation by the group of working organization heads * Collection and reflection of opinions from Financial Planners(product) and managers(Channel)

Development and Rollout of New Insurance Products When Kyobo Life develops new products, we focus on creating insurance products that cater to the changing needs of customers according to each life stage. In 2017, Kyobo Life's renewed efforts to develop new products tailored to the needs of customers resulted in the launch of diverse new products.

Major New Products



(No-Dividend) Kyobo In-Advance (for Women) CI Insurance
CI (Critical illness) insurance product covering various illnesses over the whole four phases of life (chronic illness, complications, etc.) and with service function, etc.



(No-Dividend) Kyobo Personalized Whole-Life Insurance
Insurance product which means the whole-life insurance suitable for the customers having difficulty in insurance subscription, and enables the insurance to be subscribed by the customer through simplified notification and covered by company through a simple screening test.



(No-Dividend) Kyobo Variable Whole-Life Insurance
Insurance product with the whole-life insurance protecting your family and GI (General Illness) coverage keeping your health along with the variable functions hedging against inflation.



(No-Dividend) Kyobo Substantial Variable Whole-Life Insurance
Simple and easy insurance product securing the competitiveness of premium and refund rate, while concentrating on the benefit payment at death, and containing only the core coverage.

Positive Effects of Product Innovation: Obtained Exclusive Rights to Use

Exclusive right to use is intended to protect the initial interests of the developer company of a new product for a fixed period of time (three months, or six months). Kyobo Life obtained three exclusive rights to use in 2017. ' (No-dividend) Kyobo My Whole-Life Customized Health Insurance' was highly appreciated for the originality and excellence of the product regarding new contract conversion methods leading the life insurance industry (partially converting the existing benefit payment at death), and ' (No-dividend) Kyobo Substantial Variable Whole-Life Insurance' regarding the differentiated application of the coverage expense, premium bonus, whole-life coverage option, etc. for the first time in Korea respectively.

' (No-dividend) Kyobo In-Advance CI Insurance' has been recognized for its innovation as this product made it easier than ever to secure the retirement nest egg associated with aging by introducing 'the service of partially converting the premium' for the first time in Korea's life insurance industry.

With these, Kyobo Life has become the life insurer holding 17 exclusive rights to use, which is the most among life insurers in Korea. All the employees of Kyobo Life will become the subject of the product innovation, striving to continuously develop creative products and enhancing the product competitiveness.



(No-dividend) Kyobo My Whole-Life Customized Health Insurance
(No-dividend) Kyobo Substantial Variable Whole-Life Insurance
(No-dividend) Kyobo In-Advance CI Insurance

Seventeen Products with Exclusive Rights of Use (Development Profit of New Products)

- Family Account Insurance (no dividend, 2002)
- Kyobo Dasarang Life Insurance (no dividend, 2003)
- Kyobo Edu K Insurance (no dividend, 2004)
- Kyobo Group Disability Income Insurance (no dividend, 2005)
- Kyobo Life Care Insurance (no dividend, 2006)
- Kyobo My Child's Future Care Variable Pension (no dividend, 2007)
- Kyobo CI Whole-Life Insurance (no dividend, 2008)
- Second CI Coverage Special Policy Conditions (renewable type) (no dividend, 2010)
- Kyobo My Child Healthcare Insurance (no dividend, 2012)
- Kyobo Love for Grandchildren Insurance (no dividend, 2013)
- My Future Pension Plan - Kyobo Variable Pension Insurance (no dividend, 2014)
- My Love for Family-Kyobo New Whole-Life Insurance (no dividend, 2015)
- Keep-Your-Dream-Alive Kyobo Pension Insurance II (no dividend, 2016)
- Kyobo Premier CI Insurance (no dividend, 2016)
- (No-dividend) Kyobo My Whole-Life Customized Health Insurance (2017)
- (No-dividend) Kyobo Substantial Variable Whole-Life Insurance (2017)
- (No-dividend) Kyobo In-Advance CI Insurance (2017)



Promotional video of Insurance System V3

Next-Generation System 'Insurance System V3' Going Smoothly In 2016, Kyobo Life embarked upon the construction of Insurance System V3 in order to cope with changing customer needs, diversification of products and channels, and evolving communication and information technology. The purpose of this system is to provide customers with optimal products and services by innovating the process. Insurance System V3 completed the analysis stage, selected totally 37 system construction tasks and is carrying out them sequentially according to the leading and trailing relation, and will be opened in November 2018. When Insurance System V3 is open, the easy and convenient work environment will be created from the customers' viewpoint.

Main contents of Quick Service at the Internet Counter

Category	Existing	Changed	Remarks
Services provided	Application for advance withdrawal, Application for general benefits payments, Inquire the variable insurance / change fund, Payment of premium	Same as the left, Agreement to pay the premium of variable insurance in advance, Suspension of the premium payment, Application/change of the electronic transfer	Expanding target services
Certification method	Authentication certificate + security card	Same as the left Authentication certificate + mobile phone certification	Available to choose the certification method

Expansion of the Target Work and Certification Method of 'Quick Service' at the Internet Counter

The Internet-based Quick Service allows customers to make simple payment applications only with an authentication certificate and SMS authentication via mobile phone. A security card is not necessary. We added agreement to pay the premium of variable products in advance, suspension of the premium payment, application/change of the electronic transfer, etc.

to specific services available on Quick Service (premium payment, application for or repayment of advance withdrawals, and application for general benefits payments). In addition, we made transactions convenient by expanding the certification method which had been available with only an authentication certificate and a security card for the authentication certificate and mobile phone certification.

Promotion of 'the Customer Coverage Optimization Service' of Lifelong Care Service V3 Kyobo Life's Lifelong Care Service, having gone into its seventh year (since 2011), has been continuously developing the existing services, including the upward homogenization of the quality, etc., and exerted various efforts. In 2017, we advanced the 'Customer Coverage Optimization Service' of Lifelong Care Service V3. The main point of Lifelong Care Service V3 is to help customers retain optimal coverage through the process of checking and re-planning customers' coverage state based on the life cycle planning. Until now, we have focused on the retention service of the past contract. However, the feature of Lifelong Care V3 is converting the focus to 'the customer coverage' helping our customers recover well from adversity. We will continue to keep our promises on 'customer coverage' and make the best efforts so that our customers can appreciate and feel satisfied with the customer coverage optimized service.

Status of Key Performance Indicators (KPI)

Category	Units	2015	2016	2017
No. of customers who have experienced Kyobo service (Cumulative total after promotion of the project)	thousand person, %	2,464 78.8	2,516 81.2	2,612 82.4
Payments for unclaimed accident insurance benefits (Cumulative total after promotion of the project)	billion KRW	33.1	35.9	40.2
Lapse/cancellation rate (Annual cumulative total)	%	6.1	6.1	6.0

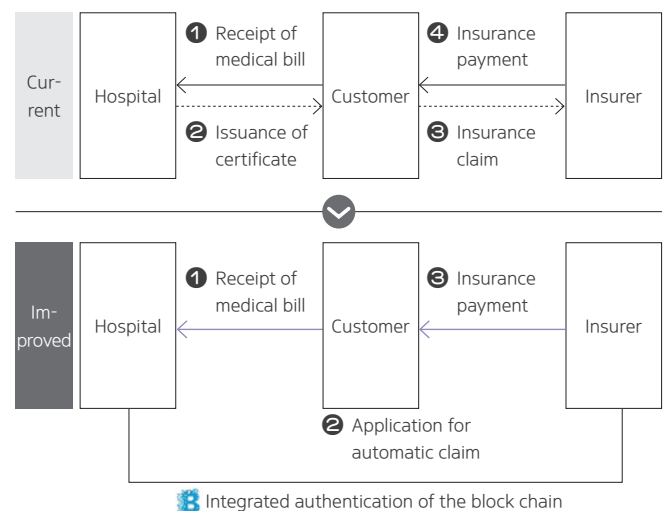
Development and Provision of 'Kyobo Health Coaching Service,' the Health Management in Everyday Life Kyobo Life has developed the 'Kyobo Health Coaching Service,' which provides an unequalled and comprehensive health management service through the smartphone application by expanding the therapeutic support-centered service to the proactive management for helping customers' healthy life. This is a health improvement service for helping customers enhance their lifestyles by utilizing the digital base. The Health Coaching Service is composed of a total of five different kinds and provides customized services through expert management so that our customers may have continuous interest in health and practice.

Composition of the Health Coach Service

- Everyday challenge: IoT-base measurement of exercise and reward (walking challenge)
- 5! My coaching: 1:1 Customized health improvement program, provided among 5 programs of exercise/nutrition/stress management/moderation in drink/prohibition of smoking
- Check-check My Health: Analyzing the biological age and providing the health report after analyzing the health checkup result
- Health library: Retrieving the health information checked by the medical professional and providing the Webzine service
- coach 1:1 consulting: Supporting 1:1 chatting with the expert and consultation with KAKAO talk

Automatic Premium Payment Service Utilizing the Block Chain Kyobo Life was selected as 'the block chain pilot project for creating the base of IoT (Internet of Things) activation' conducted by the Korean Government in the first half of 2017 and has started the project of establishing 'the insurance claim by smartphone' utilizing the block chain technology based on IoT. The purpose of this system is to improve the complicated process of the insurance claim for solving the inconveniences suffered by the customers who claim small amounts of insurance and providing the economic benefits. The project of 'the insurance claim by smartphone' is a service where copies of the medical records insurance claims are automatically generated and claimed when the conditions of insurance payment are met even though the consumers do not claim the insurance through the one-stop automation of the whole insurance claim process. With this service, we expect that the insurance payment procedure will be simplified and the transparent management will be possible as the whole process is recorded in the block chain. We plan to pilot-operate this project for about two years until 2019 and then expand it gradually.

Brief Summary of the Service Improvement regarding automatic insurance payments

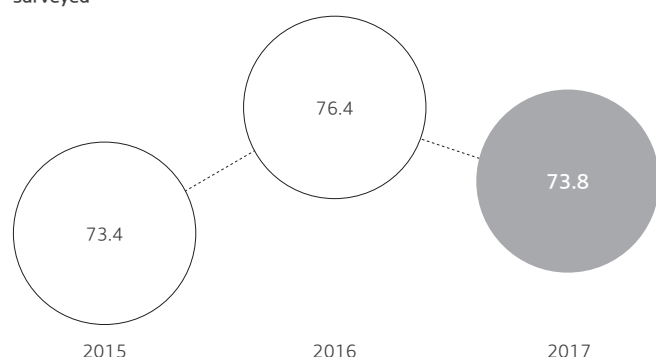


Holding the InsurTech 'Hackathon' Contest More than 100 people out of 29 teams (11 teams from the business sector and 18 teams from the general sector), including students and general developers, startups, etc. selected through the document screening, participated in this contest, and planned and developed the new business model and insurance service applying the fintech technology through night work for two days. The participants were classified into the general sector and the business sector and ten teams were awarded. The awarded teams are given various benefits: For the general sector team awarded with the grand prize, selection of candidates by examining their personal histories will be exempted when they apply for jobs in Kyobo Life, and for the business sector team awarded with the grand prize. They will be provided with a preferential opportunity to engage in the relevant projects, if carried forward, and will be allowed to preferentially move into the KISA Fintech Technology Support Center and given preference to participate in the fintech enterprise support project.

Customer Satisfaction Survey Kyobo Life has conducted its annual customer satisfaction survey since 2000 in order to assess the level of customer satisfaction with its services and identify the needs of customers so as to swiftly respond to changes among customers and in the market. The results of the 2017 survey show that customer satisfaction rose to 73.8 points, slightly lower than that of the previous year.

Customer-Satisfaction Level (point)

Survey subjects	Adults between 20 and 64 years old who subscribed to life insurance within the past three years
Period of survey	July ~ August 2017
Number of people surveyed	Total of 1,000 persons



Enhanced Efforts in Customer Protection

Kyobo Life decided upon its management slogan for the year 2017 as 'The Product·Channel Innovation Going Ahead Half a Step!' and set up 'Practicing the customer protection initiatively' as one of the key

tasks for accomplishing such management slogan. We are striving to strengthen all the more awareness among all employees and Financial Planners of the importance of customer protection, systemize the internal process for protecting our customers and establish the foundation utilizing VOC for the management.

VOC Management Support Kyobo Life comes up with ideas for improvement by analyzing customers' feedback so that they can be a management asset, and classifies VOCs into the customers' suggestions in which customers engage based on VOC and the internal suggestions in which the employees engage based on customers' feedback, thereby continuously improving the VOC Management Council through the relevant consultative groups. The VOC Management Council was operated a total of 12 times in 2017 and as of the end of the year, 21 suggestions out of 34 led to improvements and improvements based on 10 suggestions are currently under way. A typical case out of the improved suggestions is that we have prepared a customer reception manual separately for the financially vulnerable social group (senior citizens older than 70, recipients of national basic livelihood guarantees, severely disabled persons, etc.) and designated the dedicated customer service staff for supporting the business process.

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

Rated No. 1 for four consecutive years in customer protection among life insurance companies: Chosen as the best company in the Financial Supervisory Service (FSS) financial consumer protection survey Kyobo Life got recognized as the best company among the life insurance companies in the '2016 FSS financial consumer protection survey.' Following achievement of the first grade in the compliance survey for two consecutive years in 2014 and 2015, respectively, Kyobo Life achieved the Good Grade. This was the highest grade, for 8 items out of 10 in the financial consumer protection survey implemented in 2016 and 2017 respectively, thereby allowing it to be considered an outstanding company. Kyobo Life is the only life insurer that obtained the highest grade in the industry for four consecutive years in this way, which is more meaningful. This performance is the result of having divided the category into 5 measurable indicators, such as number of complaints filed, the length of time for processing complaints, etc., and non-measurable indicators including the consumer protection organization and system, consumer protection system in the stages of product development, etc., and then comprehensively evaluating them.

The key factors that Kyobo Life could continuously achieve the excellent customer coverage results was that we reduced mis-selling by complete subscriptions and practiced Lifelong Care Service sincerely. In addition, typical efforts include the systematic process responding to customer complaints promptly, such as dispatch of CS manager, operation of the Soritgui (listening to VOCs) system, etc., and active face-to-face consultation with organizational leaders, customer-centered management (CCM), customer panel system, etc.

While it is expected that competition among financial institutions will become fiercer for obtaining higher customer protection evaluation, Kyobo Life plans to strive for the provision of more differentiated customer protection.

Evaluation Status by Insurer

Company name	Good	Average	Insufficient
Kyobo Life	8	2	0
A Life, B Life	7	3	0
C Life, D Life	6	4	0
E Life	5	5	0
F Life	4	6	0

Awarded with a Citation from the Director-General of the Fair Trade Commission at the 22nd 'Consumer Rights Day' Event Kyobo Life received the Citation from the Director-General of the Fair Trade Commission in the commemorative event of the 22nd 'Consumer Rights Day' conducted by the Fair Trade Commission. This citation is awarded to enterprises rated excellent in consumer-oriented management, and Kyobo Life was recognized as an exemplary financial company having taken the lead in protection and increase of rights and interest for financial consumers and, as a result, received such award.

Especially, chief elements of the award are continuous improvement of the relevant system and process based on the customer-oriented management philosophy, provision of the differentiated customized Lifelong Care Service for retaining coverage of each individual customer, social contribution activities fit for the nature of the life insurance business, etc.

In addition, Kyobo Life has obtained certification of Customer Centered Management (CCM) six consecutive times (every two years) from 2007 to 2017 from Fair Trade Commission.



Award Ceremony of the Fair Trade Commission

Customer Satisfaction Center, Starting as 'KCA Service Corporation'

In 2017, the Customer Satisfaction Center of Kyobo Life was opened as the 'KCA Service Corporation.' KCA Service Corporation, which has started work by changing the management system to facilitate the customer counseling business in the light of the rapidly changing insurance industry and the business environment. Kyobo Life plans to strive toward becoming the most trusted customer service specialist in the life insurance industry based on more than 500 professional employees, customer consulting expertise accumulated over the years, and high-quality counseling service. The starting of KCA Service Corporation this time is expected to break new ground in Kyobo Life's innovation of customer service.



Comemorative event for 'KCA Service Corporation'

Kyobo Life's Business Activities for Financial Planners



Performance Management Framework for Financial Planners

Our pledges to Financial Planners

*A company that succeeds together
with its Financial Planners*

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

Key Financial Planners Related Issues

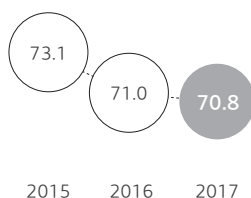
- Support for enhancing our planners' competence
- Programs to support our planners' activities.
- Support for the sale of complete insurance contracts.

Key Activities in 2017

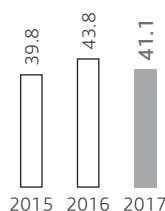
- Make the value of our products and services more competitive.
- Enhance the organization and competence of our channels.
 - Continue to expand the network of channels, based on honesty and a sincere attitude.
 - Strengthen the ability to propose the value of retention (Innovate sales training).
 -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

Key Financial Planners Related Performances

Financial Planner satisfaction level
(points)



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



Key Future Tasks

- Expand the customer base (new customers/retained customers)
- Enhance the channel expertise
 - Enhancing Financial Planners' life-cycle planning competence
 - Strengthening sales managers' expertise

* Financial Planner Settlement Ratio: (Number of advanced Financial Planners / Newly Registered Number of Financial Planners) × 100

※ Financial Planners Settled in the 13th month includes those who signed more than one new contract and retained more than 10 contracts signed as of the 13th month.

Support for Enhancing on Financial Planner's Competence

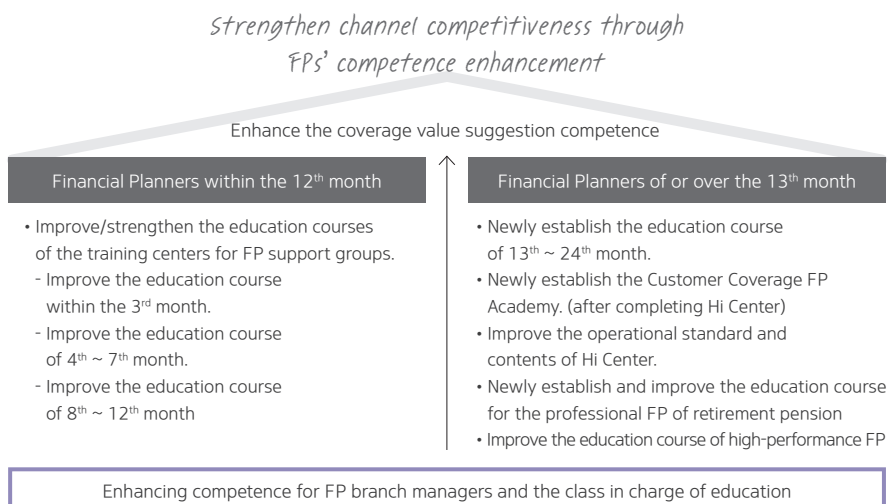
Financial Planners are the Kyobo Life stakeholders who come into direct contact with customers, connect products and services to customers, and act as communicators. They play the role of facilitators in closing insurance contracts with customers, and perform an important role in matching the needs of customers with the products and services that Kyobo Life can offer to meet those needs, throughout the retention and benefit payment processes. Supporting the enhancement of Financial Planners' competence is a critical element of the company's efforts to ensure that Financial Planners possess the ability to identify the varying needs of customers and design insurance products that best fit their needs.

Support for Financial Planning Competence

Kyobo Life has continued to modify its education and training themes each year in tandem with the changing business environment to ensure that Financial Planners can grow into financial experts who are trusted by customers. In order to help all Financial Planners become "customer guarantee experts," Kyobo Life runs a training center for all FP support groups, and from the second half of 2017 Kyobo Life has been helping raise the productivity of our Financial Planners by establishing the Customer Coverage FP Academy.

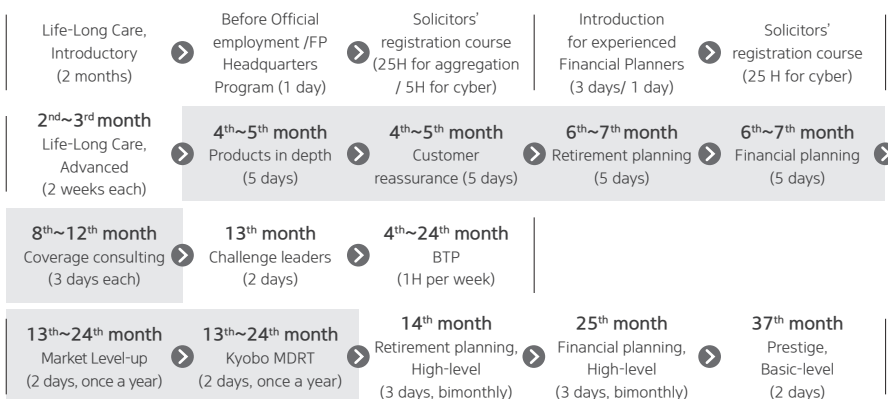
2017 Improvements to Education Support for FPs In 2017, Kyobo Life secured the channel competitiveness through enhancing of Financial Planners' competence, and strived for enhancing competence of financial planning and of FP branch managers and persons in charge of training.

Brief Summary of the plan for strengthening Financial Planners' competence in 2017



Education Programs for FPs Kyobo Life offers a variety of education programs to support the development of Financial Planners into professionals and to make the company the most favored workplace for Financial Planners. Kyobo Life's field-oriented education program is diversified according to each FP's status and length of service. The company also offers test-preparation courses for Financial Planners who wish to acquire licenses in such areas as variable insurance sale and fund investment consulting.

FPs' Education Program by Length of Service



Operating the Customer Coverage FP Academy for Supporting Enhancement of Financial Planners' Productivity Kyobo Life has been operating the Customer Coverage FP Academy since December 2017 in order to help Financial Planners acquire life-long planning competence of the highest level in the life insurance industry. The Customer Coverage FP Academy enhances Financial Planners' suggestion competence of the coverage value through the life-long planning, expansion of the customer base, service of providing health service, etc. and, through this, promotes productivity enhancement. For successful operation of the Customer Coverage FP Academy, we have strived to heighten the effect of the education support, such as assigning excellent personnel having experienced success as sales managers, supporting excellent infrastructure, etc.








Customer Coverage FP Academy

Supporting Activities for Higher Performance : Establishing Kyobo MDRT* Culture

Kyobo MDRT Day Kyobo MDRT Day has been held annually since 2014. The event of 2017 was held in March under the theme of "Let's hit it bigger by obliging our customers bountifully," at the company's training center (Gyeseongwon), with more than 550 excellent Financial Planners including those who had reached the MDRT threshold for the first time and lifelong MDRT members. The event was designed to create an MDRT spirit-based FP culture and to raise the pride of successful Financial Planners.

* MDRT : MDRT refers to the Million Dollar Round Table, which started in 1927 in Memphis, Tennessee, to share information and knowledge among talented insurance and financial advisors. Today it is a global organization of insurance experts with 49,000 members from 450 life insurance companies in 74 countries all over the world. As part of Kyobo Life's efforts to create a unique culture among Financial Planners, Kyobo Life actively supports Financial Planners through various MDRT-related programs.

Program Details of Kyobo MDRT Day

Sharing corporate strategies	Communication with CEO		<ul style="list-style-type: none"> • Share corporate strategy and recent issues
	Main Lectures		<ul style="list-style-type: none"> • Talks by external lectures - Story on recovering adversity and practicing mentoring
Enhancing competence	Optional Lecture/ Mini Lecture Sessions		<ul style="list-style-type: none"> • Optional lectures by theme - Expanding the customer coverage, etc. • Mini lecture - Sharing tips related to FP activities
	Sharing information (knowledge)		<ul style="list-style-type: none"> • Team booth - Channel Marketing Support Team, Nobiliaire Center, Nobiliaire Support Team, DAWIN Service Center, Underwriting Team, Claims Team
Motivation (enhancing FPs' sense of pride)	Session of Encouragement/ Bridging Event		<ul style="list-style-type: none"> • Session of encourage • Donation events • Ending

Kyobo MDRT Mentoring Day 'The Kyobo MDRT Mentoring Day' was held in July 2017 to raise FPs' understanding of the mentoring (mentor-mentee) for the creation of a sound MDRT culture and to promote and spread the MDRT spirit and specific success cases among Financial Planners. Kyobo Life's MDRT mentoring program is designed to help Financial Planners acquire the MDRT spirit and grow into a mature professional and successful Financial Planner. The program is unique in that it provides an opportunity for Financial Planners and their mentors to form strong bonds by boosting each other's morale, rather than simply sharing or transferring knowledge and information. At the Kyobo MDRT Mentoring Day, highlighting the features of the world MDRT annual meeting, we operated various programs, such as motivation, competence enhancement, idea exchange, etc.

Program Details of Kyobo MDRT Mentoring Day

Under- standing mentoring	Communication with Chief Distribution Officer		<ul style="list-style-type: none"> • Understanding MDRT mentoring and sharing future plans, etc.
Moti- vating/ Enhancing compe- tence	Special Lecture by the External Lecturer I		<ul style="list-style-type: none"> • Mi-Hwa Kim, broadcaster - The main character in my life is myself!
	Special Lecture by the External Lecturer II		<ul style="list-style-type: none"> • Hye-Geol Hong, medical doctor - Health stories that anyone can understand easily
Sharing cases	Idea Exchange, etc.		<ul style="list-style-type: none"> • President of the MDRT Korea Organization - The way to MDRT • Sharing activity know-how (Idea Exchange)

World MDRT Annual Meeting Around 50 Kyobo Life Financial Planners and six sales managers attended the world MDRT annual meeting held in June 2017 in Orlando, USA. Although an invitation to the meeting is a confirmation of their excellence as globally recognized insurance professionals, the biggest privilege is that they also get to meet outstanding Financial Planners from around the world and exchange ideas and information with them, which can be instrumental to enhancing their performance of their work.

Support for Financial Planners' Activities

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

Overseas Language Program for Children of High Performing Financial Planners Since 2004, Kyobo Life has been running the 'Overseas Language Program' for children of high-performing Financial Planners twice

My Experience at the 2017 World MDRT Annual Meeting

"I will keep on practicing the MDRT spirit and fulfill my dream of becoming the lifelong MDRT membership."



Since joining Kyobo Life as a Financial Planner, though I achieved MDRT several times, I could never attend the annual meeting. Finally, I boarded the plane bound for Orlando this year with firm determination. Following the powerful lecture of 'the Connection Zone,' I searched about for various lectures which started in earnest and concentrated on listening to those lectures. In particular, I was really impressed by 'Tony Gordon's lecture' that provided information that one could encounter only through books. The contents of his lecture saying "One year's goal is easy! So, set a daily goal every day. Thought it is difficult, be sure to set a daily goal and practice it." and "The pain of rejection is momentary, but the delight of success lasts forever." served as a momentum to renew my attitude of mind. I would like to recommend the MDRT members who have not yet attended the annual meeting to have the opportunity to experience it. Especially, as for the Financial Planners who have yet to become the MDRT member, I hope you to certainly obtain the membership for having the chance to attend the MDRT Annual Meeting. That is because there is so much that you can learn in the annual meeting if you are a genuine insurer and furthermore, if you want to do our work well for a long time. Just by feeling the passion shown by about 14,000 Financial Planners who gather there from all over the world, you can be fully inspired and find the energy inside of yourself. I look forward to certainly becoming the lifelong MDRT member by achieving the MDRT six more times consistently, and practicing the MDRT spirit of serving and sharing.



Overseas Language Program for Children of Financial Planners

a year. Now in its thirteenth year (as of 2017), a total of 2,700 children of Financial Planners have participated in the program to date, making this program the most popular motivational program for Financial Planners. It is also one of the programs designed to motivate Financial Planners.

The Master of Study Camp for Children of Financial Planners Kyobo Life runs the Master of Study Camp for the children of Financial Planners. Launched in August 2017, about 100 children of Financial Planners participated in the camp which aims at changing their study methods and study habits, as well as helping children plan their future and present a vision for learning in order to motivate them to pursue their learning and establish specific goals in life. The camp consists of various programs designed to encourage self-led learning, including “setting my own milestones,” “designing my own future and mentoring-aided self-motivated learning,” and “sharing my dream” (presentations). In addition, study mentors who are currently enrolled in prestigious universities shared their secret study methods and know-how, helping the young students in the audience develop a sense of confidence that they, too, can become a master of study, as well as acting as good role models.



The Master of Study Camp for Children

Meeting with Outstanding Financial Planners Selected as Honorary Executives The management holds meetings with outstanding Financial Planners selected as honorary executives to keep abreast of the latest issues on the sales front, provide timely support to FPs, and engage

in active two-way communication. Honorary executives monitor FPs' activities and collect opinions from them, and deliver recommendations and other opinions to the management on behalf of other Financial Planners. They also exchange ideas with the relevant teams or departments on any matters discussed during the meeting.

* Honorary Executive System for FPs: Kyobo Life runs an honorary executive program for Financial Planners in order to give them new challenges and strengthen their pride in the company. Kyobo Life selects Financial Planners who embody Kyobo Life's core purpose and values and inspire others, and provide the title of 'honorary executive' and relevant benefits, in order to establish the profile of a model Financial Planner and instill an exemplary performance culture.



Honorary Executives Meeting

Financial Planner Prime Leaders Club The Prime Leaders Club consists of high-performing Financial Planners who have contributed significantly to the growth of the company. They receive privileges as a token of the company's recognition of their contribution, so as to enhance their loyalty to the company. The Prime Leaders Club is newly formed each year with Financial Planners who fit the membership criteria. The club is meaningful in that experiences of success are shared throughout the club, and the member Financial Planners take the lead in achieving the corporate vision. In 2017, the 128 Financial Planners who met the criteria became members of the club. The members are provided with various benefits for enhancing the sense of honor, competence development and activities support.



Prime Leaders Club

Kyobo Life's Management Activities for Employees



Performance Management Framework for employees

Our Pledge to Employees

*A company that grows together
with our employees*

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

Key Employee Related Issues

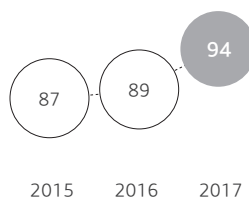
- Create a corporate culture conducive to maintaining a sound work-life balance.
- Increase employees' satisfaction.
- Improve work environment.
- Expand labor rights.
- Strengthen the internal control and protect whistleblowers.

Key Activities in 2017

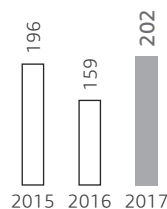
- Recruit talent in a timely manner and lay foundations for the systematic development of human resources.
- Implement job-centered HR management.
- Increase support for employee competency development.
- Create the corporate culture for practicing core values.

Key Employee Related Performances

Training hours per employee (hours)



Amount of competency development support per employee (KRW 1,000)



Key Future Tasks

- Improve the channel specialty.
 - Enhance the specialty of sales manager.
 - Enhance the life-long planning of Financial Planners
- Recruit talent in a timely manner and create a systematic HR development framework.
- Continue to operate a job-centered HR management system.
- Establish an innovative culture, challenging ceaselessly.

Corporate Culture Created along with the Employees

As Kyobo Life's employees are internal customers and members of the organization at one and the same time, the excellent corporate culture created along with the employees provides the standard of value and behavior for the employees and becomes the foundation of the sustainable enterprise.

We will strive to enhance the competence of Financial Planners and employees in order to offer the right insurance products and services to customers, who form the backbone of the company's growth.

Kyobo Life will prepare for the era of the fourth Industrial Revolution and actively challenge new things all the time. Though such challenges are not linked to concrete achievements, in cases where they are worth trying and promise useful results, we will acknowledge and encourage them, using them as a foundation for greater growth. In addition, we will strive to take on ceaseless challenges linked to bigger achievements by reflecting such experiences in our management strategy.

Improvement of the Corporate Culture

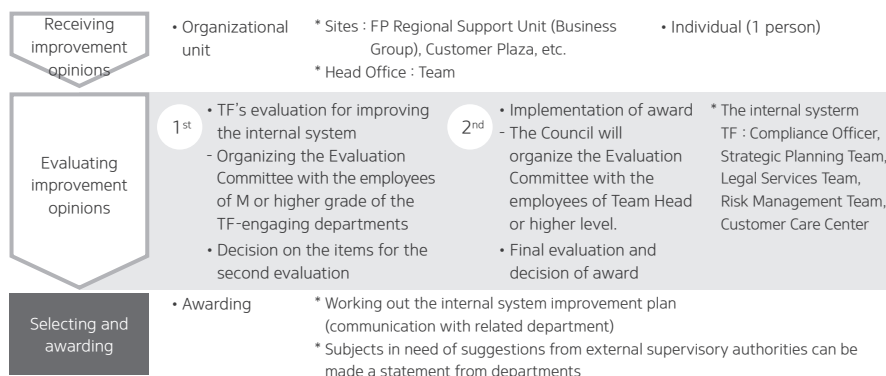
Kyobo Life is striving to improve the corporate culture along with the employees to become a sustainable enterprise.

Implementing the Campaign of 'The Internal System Improvement' for Innovation of Product · Channel and Business Efficiency Kyobo Life has cooperated with all the employees and then implemented the campaign for improving the internal system which reduces the work efficiency in order to respond to the change of business environment preemptively, while catching up with the autonomous financial innovation recently led by the financial authorities, and achieve Vision2020 successfully. We divided opinions received from the employees into suggestions of the organizational unit and individual suggestions, organized a task force for improvement of the internal system, then selected acceptable outstanding suggestions through two-step evaluations, and then proceeded with the organizational-unit award and the individual award. As a result of the campaign this time, about 600 suggestions were received and 353 items were selected as the acceptable suggestions (including the conditional acceptances) after evaluation and thus, 14 organizational units and 20 individuals were selected and awarded.

Among the accepted suggestions, typical cases are as follows:

- Increasing the claimable amount for simple (fax) receipts of the accident insurance benefit up to KRW1 million; and
- Improving the employees' lunchtime (existing 12:00~13:00) to be flexibly operated depending on the departmental situation.

Operating process of the internal system improvement campaign



Awarding Excellent Employees Who Practiced Core Values (Customer Focus, Honesty and Sincerity, Challenge and Creativity) Kyobo Life implements 'the Exemplary Award for Practicing Core Values' by dividing the scope of awards into three categories of the Customer Focus Sector, Honesty/Sincerity Sector, and Challenge/Creativity Sector in order to widely award the employees practicing core values of the company exemplarily, and then selecting and awarding the candidates on a quarterly basis after receiving recommendations of each organizational head. The employees selected as the recipients of awards were invited for luncheon with Chairman Chang-Jae Shin and received incentives.

Brief summary on awarding excellent employees having practiced core values

Category	Candidates
Customer Focus Sector	Employees who think and act preferentially from a customers' viewpoint, understand customers' needs rapidly and accurately for providing services, and solve customer-related problems actively
Honesty · Sincerity Sector	Employees who behave actively for the teamwork in the honest, sincere and altruistic attitude, and serve as a model in the organization
Challenge · Creativity Sector	Employees who are not satisfied with the existing working practices but consistently suggest alternatives from a new perspective, and establish challenging goals and strive for achieving such goals



Commemoration of award to employees who excellently practiced the key values in charge of CEO

Awarding excellent organizations having invigorated collaboration of the employees' praise corner In order to vitalize the desirable corporate culture, Kyobo Life has improved the system for selecting excellent praisers by organizational unit instead of having selected excellent praisers individually until now, and planned to operate the system by selecting 'the theme' annually. We selected the theme of 2017 as 'the culture growing together through collaboration' for making many members of the organization engage in the praise corner. We selected the superior organization giving and receiving lots of collaboration praise flowers at the praise corner in the ezMore system, which is the in-house intranet, as the excellent organization of the praise corner, and delivered mementos to such organization on a quarterly basis.



Awarding excellent organizations having invigorated collaboration of the employees' praise corner (Suwon Customer Plaza)

Key HR Development Tasks

Kyobo Life identified the "2017 Key HR Development Tasks" as part of its efforts to meet two major goals for 2017: Implementing the Vision2020 of becoming "Korea's most innovative life insurance company in product and channel prepared for the 4th Industrial Revolution," and pursuing "Innovation of Product & Channel Going Ahead Half a Step."

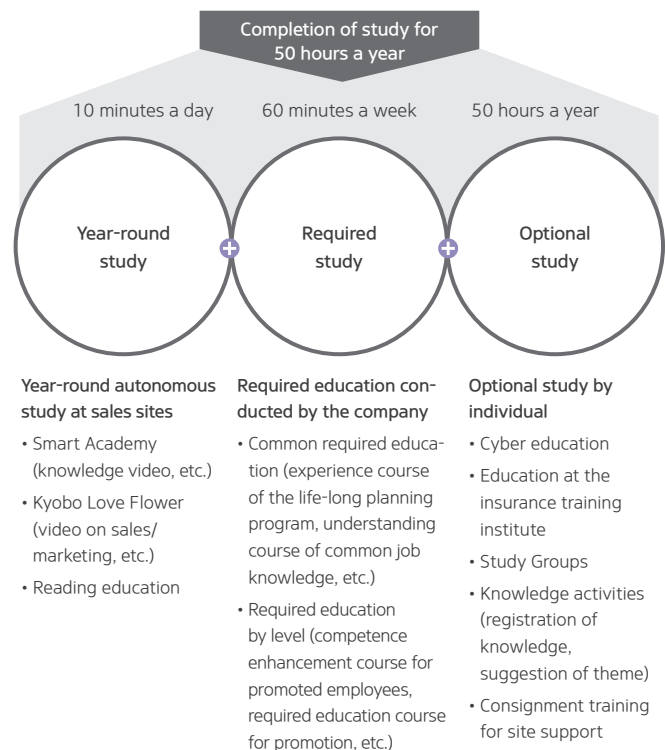
2017 Key HR Development Tasks

Key Tasks	Action Items
Establishing the organizational culture of creativity and innovation going half a step ahead	<ul style="list-style-type: none"> • Hold 'a company-wide idea suggestion contest' for innovation of product/channel. • Develop and operate 'the innovative leadership course' for Team Heads and new executives of Head Office.
Cultivating strategically the executives, organizational heads and leaders of next generation	<ul style="list-style-type: none"> • Establish and carry out 'the system for fostering candidates of management executives.' • 'Improve the system for fostering executives, organizational head and new executives.' • Establish and carry out 'the strategic plan for fostering women resources.' • 'Improve financial insurance master and masters by department.' • Establish and carry out 'the framework for fostering experts of in-house education.'
Enhancing the educational support for creating results at sales sites	<ul style="list-style-type: none"> • 'Permanently operate the mentoring program at sales sites.' • Establish and carry out 'vitalization of knowledge management at sales site' • Develop and operate 'the experience course of life-long planning for Kyobo's employees.' • Develop and operate 'package programs specialized for sales sites.'
Establishing a year-round study base at work sites	<ul style="list-style-type: none"> • 'Improve the study support system for developing members' competence in FY2017.' • 'Expand and reorganize the year-round study program and system.' • Establish the 'just-in-time knowledge supply system within the company.'
Making the company-wide education support systematic and efficient for improving the studying effect	<ul style="list-style-type: none"> • Develop and enhance 'the company-wide integrated management system of education.' • Establish 'quality improvement and efficiency plan of the educational support service.'

Competence Development Training Support Program

Kyobo Life's study support system allows employees to improve their competence on a voluntary basis and in a systematic way so as to make both individual employees and the organization more competitive, with the ultimate aim of attaining the strategic goals of the company. In 2017, we supported the substantive competence development linked to the employees' creative business performance and job achievement through enhancement of year-round study process at business sites and provision of various contents with quality, such as humanities, culture, etc.

Improvement of Support for the Competence Development Study in 2017



2017 Competence Development Training Support Program Courses

Required learning		
Common required education	Job-specific, Required Programs	Required Education for Change of Status
Experience course of the life-long planning process (Head Office), General professional knowledge (sites), etc.	Course for competence enhancement of sales managers, course for competence enhancement of FP supporters, etc.	Required course for candidates for promotion, competence enhancement for promoted employees, etc.
Year-round learning		
Smart Academy	Kyobo Love Flower	Reading education
Vision2020, e-MBA, Daily Insight, management school, knowledge video, etc.	Marketing, business, leadership, trends, etc.	Humanities, insurance/finance, marketing/sales, economics/management, self-development, etc.
Optional learning		
Self-led study	Team study	Consignment education for site support
Cyber education, programs run by the Insurance Training Institute, consignment education outside the company, acquisition of certification, knowledge activities, etc.	Study Groups, study by organizational unit, etc.	Consignment education at sites, programs for vitalizing organization, etc.

Cost for Competence Development Training Support

Total amount (KRW 1,000)

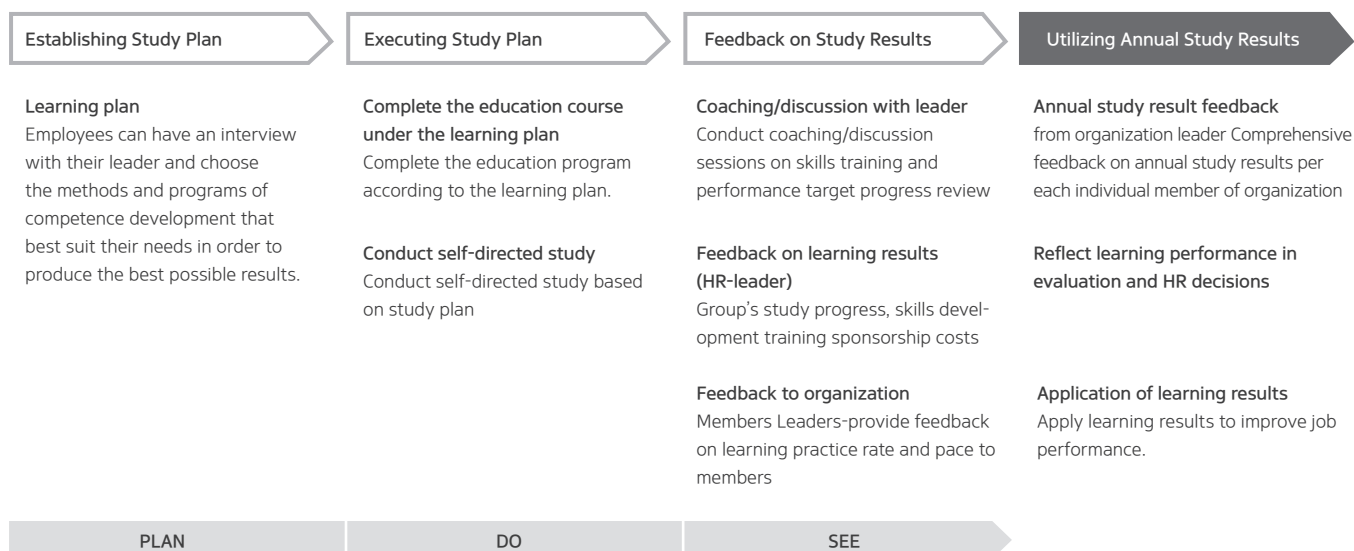
Competency development cost per person (KRW 1,000)



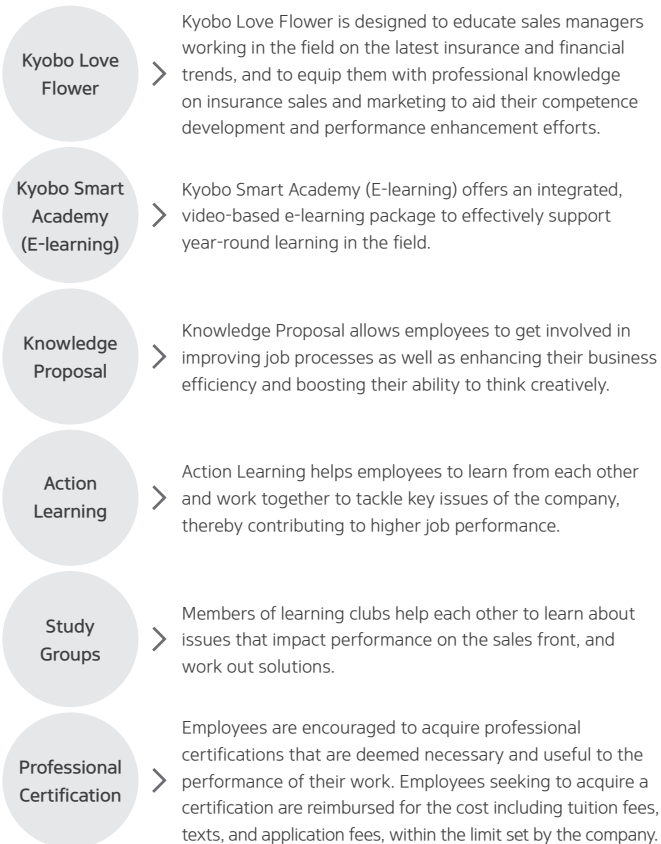
Employee Training Hours

Category	Unit	2015	2016	2017
Annual training		323,393	317,871	328,819
Training per person		87	89	94
Male	hour	88	87	95
Female		79	86	93
Organizational heads		51	45	60
Organizational members		89	92	94
Training costs per persons	KRW 1,000	896	1,045	1,122

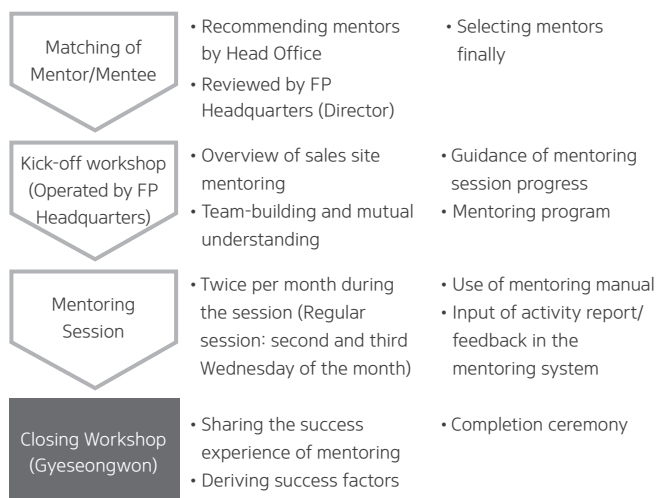
2017 Competence Development Training Process



Training Programs for Competence Development



2017 Mentoring program operating process for new employees



Operation of the mentoring program for new employees (focused on the employees in charge of FP support) Kyobo Life has operated the mentoring program for the new employees working at sales sites focused on the employees in charge of Financial Planners. Mentoring

means that both mentor who is the senior employee and mentee who is the new employee grow together and support the achievement of performance for both organization and individual through mutual study, and aims at creating the collaborative organizational culture, minimizing new employees' trials and errors, and supporting their successful job performance. A total of 147 employees of Kyobo Life (71 mentors and 76 mentees) actively engaged in the mentoring program run off for four months (two times or more per month), and successfully completed the event.

Operating the Mentoring Program for the Newly Appointed FP Support Group Heads 2017 Kyobo Life has operated 'the mentoring program for the new FP Support Group Heads' so that the FP Support Group Heads newly appointed in 2017 may minimize trials and errors and perform their duties successfully through support from the senior FP Support Group Heads. This program also has the purpose of helping senior FP Support Group Heads to also achieve win-win results by mutually studying through the mentoring process. The Kick-off workshop was composed of communications on summary of the sales site mentoring program, team-building and mutual understanding, introduction and training on how to proceed with the mentoring session, mentoring convention, etc. and it provided the opportunity for the foundation of the organizational culture where the seniors sincerely led the juniors, who respected and apprised their seniors through operation of the mentoring program. Additionally, in the closing workshop, we encouraged FP Support Group Heads who engaged in the mentoring program for five months and thanked one another. They had a meaningful time, announcing the operational progress and sharing their improvement ideas for vitalizing the mentoring, while both mentors and mentees exchanged thanks and encouraging messages to each other, received mentor license and mentee certificate, and congratulated one another. The mentoring program at sales sites contributes to the growth through mutual study, achievement of both individual and organizational performance and establishment of collaborative culture of study/organization, and it is a part of the MDRT culture pursued by Kyobo Life.



Kick-off workshop

Support of the Competence Development for Women Employees

Kyobo Life is operating various programs on motivation and competence development of career-leadership for growth and development of women employees.

Operating the Happiness Workshop for Women Leaders Kyobo Life has operated the lecture-oriented happiness workshop for women leaders so that women FP branch managers may gather in one place and develop the soft power more, such as emotion, communication, sympathy, etc., which are the key factors of women's competitiveness. Women FP branch managers responded greatly to the lectures running with such topics as the highly impressive communication leadership, recreation technique, making a happy branch, etc. The executive lecture, which was highly immersive, focused on sharing of the best practice of FP branch operation, such as increase of FP activities using the tablet PC, etc. and loyalty enhancement of the FP organization. Besides the program for enhancing the business competence, the attendees had the opportunity to recharge both body and mind through the time of yoga, meditation and healthy workout for releasing stress. Kyobo Life plans to strive for preparing for the venue where core women leaders can boost their self-esteem more and share differentiated knowledge and information.



Women Leaders' Happiness Workshop

Holding the KWIN (Korea Women's Innovative Network) Conference for Developing Woman Leadership Kyobo Life held the KWIN Conference in order to help the women employees in the organization develop the competence of career/leadership and establish human networks, along with motivation for growth and development. That day, Chairman and CEO Chang-Jae Shin said in his welcome speech, "The premise for the enterprise to evolve into an organization capable of rapid innovation is the culture of diversity and open-mindedness enabling each individual to overcome discrimination in the organization and exert their own creativity." The special lectures given on the subject of the career development using strengths, finding strengths from a coaching perspective, "Sense of inferiority is my weapon," etc. made the attendees fully concentrated. Kyobo Life held the women conference since 2012

under the partnership agreement with a foreign enterprise, and from 2017, came to proceed with the conference alone.



KWIN Conference

Work-Life Balance

Kyobo Life endeavors to make a workplace where the employees can work pleasantly while maintaining a sound work-life balance for creative job performance and creation of an exciting corporate culture.

Operating the Family Love Day As one of the programs for establishing the culture of the family-friendly enterprise, Kyobo Life designated the third Wednesday of the month as 'the day for practicing family love' in 2010 and has been operating the event for eight years. 'The day for practicing family love' is the day when all the employees leave the office on time and digest the meaning of family love and practice loving their families above all while spending quality time with family members, thereby playing a huge role in practicing family love. We strongly recommend all the employees leave the office exactly at 6 p.m. on that day. Based on Kyobo Life's family-friendly management, we will strive all the more for improving the employees' quality of life, enhancing business productivity, securing/maintaining outstanding workforce and making the socially respected enterprise and happy workplace through the work-life balance of the employees.

Operating 'Daily FP Branch Manager Day' for Supporting Staff Kyobo Life operates 'the day of one-day FP branch manager' in charge of support on every third Wednesday of the month. Under this system, the employees in charge of support can help the FP branch managers perform their duties better and the branch managers can have the opportunity of recharging, such as development of personal competence and healthcare, etc. The roles of one-day branch manager are reception of FP education participants, implementation of the morning session, feedback after returning to the office, coverage retention, support of Lifelong Care education, etc. In order for the employees in charge of support to help FP branch managers perform their jobs more actively, we select excellent one-day FP branch managers every month, and award and encourage them by FP Support Group.

SPECIAL SECTION

Head Office Employees 'Experience of Lifelong Planning Process'

Kyobo Life has operated 'the experience of lifelong planning process' course joined by all the employees of the Head Office in order to make the essence of the life insurance business and genuine meaning of the customer coverage value known well and increase the opportunities for practicing family love through experience of the actual coverage. This event also means that we support smooth communications between sites and Head Office by improving understanding of sales sites. The whole process includes that the employees actually experience the coverage analysis of themselves and their families and have the opportunities to practice family love through the pre-learning based on the importance of main products and coverage and the theory/practice course at the Seoul Education Center. In addition, we selected the facilitator of each team acting as the preacher of the lifelong planning and also operated 'the day of family love sympathy experience,' which is the experience program of the coverage value.

On 'the day of family love sympathy experience,' we select and visit a specific place where we can experience the importance of coverage or autonomously select and visit the place where we can experience the coverage by organizational unit, such as the Memorial Forest, Seoul Metropolitan Memorial, National Cancer Center, etc. Meanwhile, after completing the experience, we posted our comments containing our feeling and photos on the Lifelong Experience Corner of the ezMore System, which is the in-house intranet, thereby expanding the bonds of empathy by sharing them altogether.

After the experience course, we surveyed the employees of the Head Office and analyzed the result, and found out that their level of awareness on the necessity of coverage, understanding of the lifelong planning business (FP-Job understanding), the necessity of coverage analysis for themselves/families became much higher than before this experience. We finished this course after selecting, awarding and then encouraging the teams which outstandingly practiced family love.



Commemoration of the Training Course of the Lifelong Planning Facilitator



Visiting Seoul Metropolitan Memorial by Head Office employees



Award to the teams having outstandingly practiced family love

2017 Five Key Issues of Kyobo Life

Kyobo Life's Management Activities for Investors



Performance Management Framework for Investors

Our Pledges to Investors

*A company that is
attractive to investors*

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

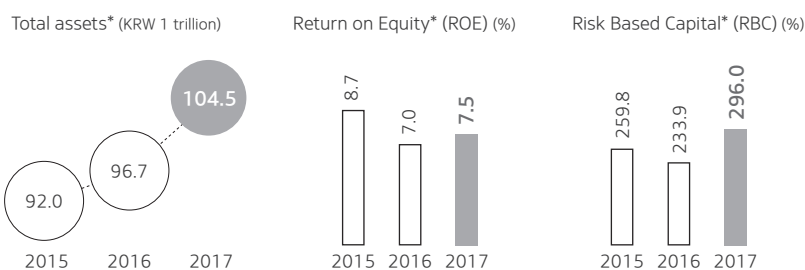
Key Investor Related Issues

- Improve Financial Soundness.
- Acquire Management Transparency.
- Management Performance and Business Strategies
- Stabilize Management Performance.
- Enhance Ethical Management.

Key Activities in 2017

- Proactively respond to regulations of financial soundness.
 - Increase available capital while reducing required capital.
 - Improve the company-wide risk-management system and infrastructure.
- Improve the ability to adjust asset-management strategies to keep them in line with market changes.
 - Adjust the asset management portfolio and continue expanding high-interest rate assets.
 - Raise the holding period return and generate profits that exceed the target through quick response to market.
 - Focus on ALM*-oriented asset management.
- Continue the long-term, stable asset management.

Key Investor Related Performances



Key Future Tasks

- Actively respond to changes of the financial soundness system.
 - Increase available capital while reducing required capital.
 - Establish the asset management frame fit for the financial soundness system.
- Enhance preemptive risk management in asset management
- Raise awareness of the 4th Industrial Revolution and establish the digital infrastructure

* Total assets are based on the consolidated financial statements.

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

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

* ALM: Asset Liability Management

Improvement of the Financial Soundness

In the insurance business, it is more important than anything else to maintain stable financial soundness. Especially, as the IFRS17 and K-ICS which are new accounting standards, will be introduced in 2021, the insurance industry should prepare for conversion to the direction of emphasizing financial soundness and long-term profit rather than the existing expansion of market share or pursuit of short-term profits. From this perspective, it is very important for the insurance company to manage the risk stably by inspecting afresh the company-wide risk management system, such as development and sales of products, management of insurance liabilities, asset management, etc. and managing the business from a long-term perspective.

Changes of Regulations on Financial Soundness

Financial soundness regulation for insurance companies is the system that compels insurance companies to hold capital to cover the unexpected loss, if any, and aims at protecting policyholders and innocent investors.

EU is enforcing the financial soundness system for insurance companies (Solvency II) based on the market price evaluation of assets and liabilities, and International Association of Insurance Supervisors (IAIS) is also carrying forward the enactment of the International Insurance Capital Standard (ICS) based on the market price evaluation of assets and liabilities. The reason why the financial soundness standard of the international insurance industry is based on the market price evaluation of assets and liabilities is that it is very important for insurance companies, unlike other financial companies, to manage assets and liabilities comprehensively in terms of the corporate strategy and securement of financial soundness.

Korea also introduced and has been enforcing international accounting standards since 2011, and IFRS17 (matters related to the insurance liabilities among the international accounting standards) based on the market price evaluation of the insurance liabilities is expected to be enforced from 2021.

Therefore, Korea's financial supervisory authorities will continue with the introduction of K-ICS for the domestic insurance industry in order to enhance its competitiveness and reliability through introduction of the financial soundness system meeting the international accounting standards and having international consistency.

Brief Summary of K-ICS

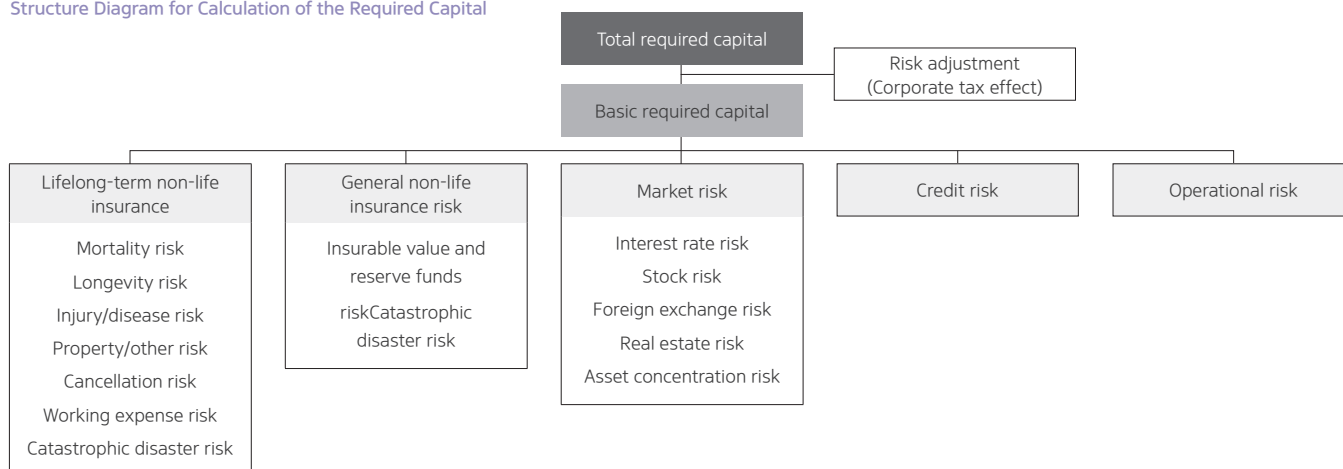
The Need for Introduction If the insurance liabilities are evaluated at the market price due to enforcement of IFRS 17, the volatility of liabilities increases; and thus, the risk of large volatility of profit and loss occurs. In order to measure such risk properly, the financial supervisory authorities plan to introduce the financial soundness regulation meeting the new accounting system.

Principle of the Financial Soundness Measurement Taking all the risks, such as assets and liabilities, on the financial statement into account, we should evaluate the solvency margin by group. The purpose of this is to preemptively block the contagion effect that non-performing assets caused by failure of subsidiaries' risk management spreads to the parent company by reflecting the risk of subsidiaries properly in the parent company's solvency margin.

Calculation System

$$\text{Financial soundness ratio} = \frac{\text{Equity capital (Available capital)}}{\text{Retained risk (Required capital)}}$$

Structure Diagram for Calculation of the Required Capital



Directions for Responding to K-ICS

Due to serial bankruptcies of large financial companies in the process of the global financial crisis in 2008, the issues on management and supervision of financial companies' financial soundness were brought up intensively and since then the financial supervisory authorities of each country have been continuously tightening the regulations on equity capital. In order to respond to these financial supervisory trends and K-ICS, Kyobo Life has established and implements various ways for expanding preemptively the equity capital (available capital) and reducing the retained risk (required capital).

Main Points in Responding to K-ICS

Asset Management Policy The principle of the insurance company's asset management is to minimize the cash flow mismatch between assets and liabilities through investment in long-term assets conforming to the property of life insurance liabilities. For this, Kyobo Life invests in assets generating stable profits, diversifies risks through investments in various assets, and makes investments based on the principle of the risk management from a long-term perspective.

Adjustment of the Asset Portfolio We carried forward the preemptive response to regulations of the financial soundness (reduction of the required capital and expanding the available capital) in priority in the sector of the asset management in 2017. In order to preemptively respond to regulations of the financial soundness and secure the long-term, stable future profit base, we selectively invested in long-term foreign securities of which the yield is good vis-à-vis their risks and expanded the volume, thereby greatly increased the duration. In addition, we have consistently expanded insurance policy loans through the analysis of big data. In addition, for actively responding to the introduction of K-ICS, we have reclassified the assets to be held up to maturity as the assets available for sale and set the foundation for actively expanding the asset duration through reinvestment of the reclassified assets to long-term bonds. Meanwhile, as for the assets having short duration and high risk, including loans on real estate and credit loans, we have adjusted the asset portfolio focusing on the response to regulations of the financial soundness, such as asset cleanup, improvement of asset soundness through marketing focused on loyal customers, etc.

Asset management Policy	Main Content
Asset management focused on the ALM (Asset Liability Management)	Resolve the periodical cash flow mismatch between assets and liabilities and continuously compose the portfolio focused on safe assets capable of generating long-term and stable cash flow.
Defense of the holding period return	Consistently strive to improve the earnings rate of assets by implementing the flexible investment strategy considering domestic and overseas interest rate level.
Establishment of the response system to K-ICS	Respond in advance to increases of asset-related risks predicted when introducing K-ICS and establish the preemptive asset management frame, such as composition of asset portfolio considering the risk/return of the new regime.

Reclassification of the Asset Accounts In December 2017, Kyobo Life has reclassified the financial assets to be held up to maturity of KRW31.5 trillion among the total assets (separate financial statement) of KRW97.8 trillion as the account of the assets available for sale. In accounting standards, the financial assets to be held up to maturity are evaluated by cost method, thus having no risk of asset value fluctuation, but are restricted from sale until maturity once classified. Meanwhile, the financial assets available for sale have the risk of asset value fluctuation as they are marked to market when the interest rate changes but they are free for sale. In order to preemptively respond to K-ICS to be introduced in 2012, Kyobo Life reclassified the financial assets to be held up to maturity as the financial assets available for sale when the interest rate is predicted to rise. Under K-ICS which will replace the RBC system, the interest rate risk occurring due to the duration gap between assets and liabilities is expected to be the largest risk of the insurance company and, in that context, it is necessary to carry out measures of increasing maturities of assets and reducing the maturities of liabilities for management of the interest rate risk. Accordingly, insurance companies have to actively increase investments in long-term bonds as their assets having long maturities. At present, most of new assets are invested in long-term bonds. The financial assets to be held up to maturity can be reinvested after sale only in case of impairment losses or within three months of the remaining maturity. Though all the insurance companies are expected to strive for investing in long-term bonds by 2020 when introduction of the new system will be impending, as the supply of long-term bonds is limited, it is desirable to make a lot of investment before 2020 if you want to invest in better terms. As we make a massive investment in assets at the period when the interest rate is predicted to rise, the risk of decrease in asset value increases. However, as the interest rate risk gets reduced, our investment becomes more stable in financial terms and we also can expect improvement of earnings rate from the bonds we newly invest in.

Issuance of the Hybrid Bond: Succeeding in Issuing the Offshore Hybrid Bond of US \$500 Million at the Lowest Interest Rate among Asian Insurers

In order to preemptively prepare for the IFRS17 and the stricter K-ICS planned to be enforced in 2021, Kyobo Life carried forward overseas issuance of the hybrid bond and has successfully issued the hybrid bond of US\$500 million for global investors for the first time in Korea's life insurance industry. With orders coming in from numerous global investors, the interest rate was set at 3.95% p.a., which is lower than that of hybrid bonds issued by major Japanese life insurers and it is the all-time low among the interest rates of hybrid bonds issued by Asian insurers. Such interest means global investors evaluate the hybrid bond issued by

Kyobo Life as the safest investment asset in Asia. Also, it is very meaningful that Kyobo Life was proved to be a credible financial company even in overseas markets due to its excellent response to changes of systems, such as the regulations of financial soundness. Meanwhile, as Kyobo Life's high international credit rating retained for several years played a crucial role, its hybrid bond could attract great attention in the global market and attracted many investors.

Rated A1 by Moody's for Three Consecutive Years: Only Kyobo Life in the Industry

Kyobo Life was rated A1 (stable outlook) by the global credit rating agency Moody's for three consecutive years. Given that Moody's is one of the world's top rating agencies, with a 40% market share of all rated companies in the market, achieving the A1 rating for three consecutive years is meaningful in that it represents global recognition of Kyobo Life's financial soundness and risk management ability despite the challenging circumstances, including the prolonged low interest rate trend and global economic slowdown. Furthermore, with the assignment of the A1 credit rating, Kyobo Life now stands shoulder to shoulder with leading global financial companies such as Goldman Sachs, Morgan Stanley and Bank of America, including Samsung Electronics Co., Ltd., Kookmin Bank, and KEB Hana Bank in Korea. In its report, Moody's explained that "Kyobo Life's outstanding business soundness, strong capital adequacy, low financial leverage (debts) ratio, and good profitability were reflected in the evaluation." And "Excellent sales force, good market position, and diversified business channel are also their strengths." In addition, Moody's predicted that Kyobo Life will retain its financial soundness in the future and evaluated the rating outlook as 'Stable.' Kyobo Life has retained the credit rating of A+ assigned from Fitch, one of the three largest credit rating agencies in the world, for four consecutive years since 2013 and was also assigned the top 'triple AAA' rating from Korea's three major credit rating agencies including Korea Investors Service, Korea Ratings, and National Information & Credit Information (NICE).

Moody's Credit Ratings of Key Companies in Korea and Abroad (as of June 2017)

A1
<p>Kyobo Life, Prudential (USA), MeijiYasuda, Morgan Stanley Bank, Goldman Sachs, BoA, Samsung Electronics, KB, KEB Hana Bank</p>

2017 Five Key Issues of Kyobo Life

Kyobo Life's Management Activities for Government and Communities



Performance Management Framework for Government and Communities

Our Pledges to Government and Communities

*A company that Grows Together with
the Government and Communities*

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

Key Government and Community Related Issues

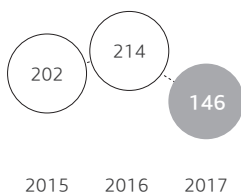
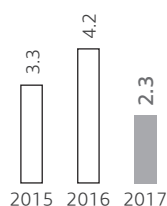
- Increase environment management programs
- Design and implement win-win strategies
- Develop environmentally friendly products and services
- Develop socially contribution product
- Community service program

Key Activities in 2017

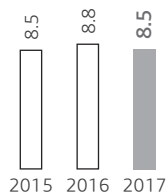
- Social contribution activities reflecting the nature of the life insurance business

Key Government and Community Related Performance

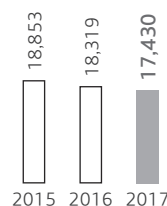
Social contribution ratio/ amounts* (%) (KRW100 million)



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



Energy consumption* (TOE)



Key Future Tasks

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

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

* Weight of Socially responsible investment (SRI) ratio:
SRI investment / General account assets) x 100

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

Social Contribution Activities Reflecting the Nature of the Life Insurance Business

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

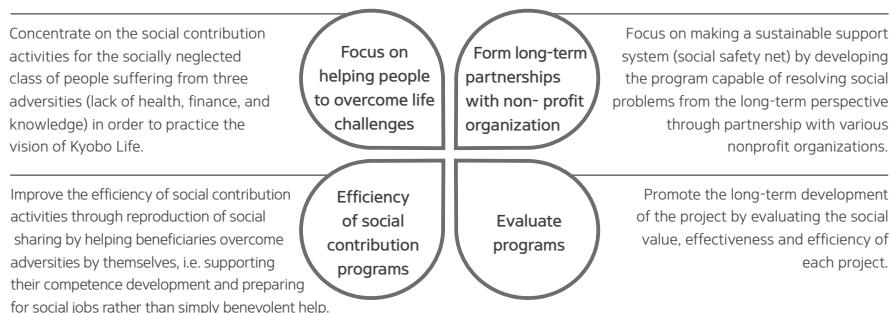
The Golden Rule of “treating others in the way you would wish to be treated” sums up the business philosophy of Kyobo Life, particularly in the way that Kyobo Life strives to create win-win opportunities for the local communities in which the company operates.

Kyobo Life seeks to engage in social contribution activities that take advantage of its strengths as a life insurance business, and pursue not one-time but consistent CSR activities in the long term rather than focusing on short-term opportunities, so that the company and its communities can grow together.

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

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

Principles of Social Contribution Activities The following principles are applied to all aspects of Kyobo Life's social contribution programs including the selection, implementation and evaluation of the programs.



Help People to Overcome Adversities Related to Lack of Health, Finance and Knowledge

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

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

Dasomi Save a Small Breath Program: Kyobo Life launched “Dasomi : Save a Small Breath Program to provide financial aid to low-income families struggling financially and emotionally following the birth of premature babies and to help these babies grow into healthy children. This project is operated by engagement of about 3,833 Financial Planners and ordinary citizens every month. Premature babies refer to babies who weigh 2.5kg or less at the time of birth or who were born on or before the 37th week of pregnancy. Since 2004 the project has helped pay the medical costs for 2,445 premature babies as of the end of 2017.

Dasomi Hope Santa : ‘Dasomi Hope Santa’ event was held in December 2017 for visiting homes of premature babies who were so curious and inquisitive about the world that they were born a little earlier and giving them the gift of happy memories. In order to share happiness with more homes this year, we did not hold the opening ceremony but visited 146 homes, met 166 premature babies and spent a happy day delivering letters written by our employees and gifts to them.



Premature Baby



Dasomi Hope Santa Visiting Children's Homes

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

Dasomi Nursing Volunteer Group : This program trains female heads of low-income households as professional caregivers if they wish to work in this domain, provides them with opportunities for work, and helps them to become financially independent, while offering free care services to patients from the low-income class and elderly people who have no family members to care for them. Since the program started in 2004, 482 caregivers are working as of 2017, and 222,409 people have benefited from free care services since 2004.

Annual Results of Dasomi Nursing Volunteer Group

Category	2015	2016	2017
Nurses (persons)	495	373	482
Beneficiaries (persons)	10,209	8,244	6,597

Kyobo Life employees' fund-raising activities for helping residents suffering from the earthquake in Pohang, Korea : Kyobo Life implemented the customer support in order to help our customers suffering from the earthquake which occurred last November in Pohang, North Gyeongsang Province, Korea, overcome their economic adversity and live healthy lives again. We allowed our customers of the earthquake-stricken area to postpone payment of premiums for six months, and also allowed our customers insurance policy loans and general loans to postpone repayment of the principal and interest and payment of interest amount. During the relevant period, we let the insurance benefits continuously retained and had the insurance money paid to our customers more expeditiously. In addition, Kyobo Life delivered a donation of KRW 105.8 million collected through fund-raising activities by all its employees to the Korea Disaster Relief Association so that our neighbors of the earthquake-stricken area can overcome their adversities as soon as possible.



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Helping to Overcome Adversity Due to Lack of Knowledge Kyobo Life supports teenagers, the future of society, to have hopes and dreams, and grow into talented adults.

Northeast Asia March for Undergraduate Students : Now in its sixteenth year since its inception back in 2002, this program intends to help college students, who will be the leaders of the future, grow into global talents with leadership and we help them organize the Northeast Asia Frontier

Club and make exchanges with one another even after the overseas tour and grow into social members with leadership and followership.

2017 Northeast Asia March for Undergraduate Students>: 'Poet Dong-Ju Yun, and Entrepreneur Yong-Ho Shin: The Youth Spirit that Brightened the Darkness'

2017 Northeast Asia March went along with the theme of 'Poet Dong-Ju Yun, and Entrepreneur Yong-Ho Shin: the youth spirit having brightened the darkness' for eight nights and nine days in August 2017. Participants gained strong inspiration while keeping track of Founder Yong-Ho Shin celebrating his 100th birthday this year and poet Dong-Ju Yun. Participants actively joined together in the schedule of touring the whole area of Beijing and Hailar where Founder Yong-Ho Shin spent his youth and the area of Longjing and Yanji of China where poet Dong-Ju Yun was born and grew up. Meanwhile, the university students who participated this year became the members of the Northeast Asia Frontier Club and attended the second leadership camp, having the time to interact with one another continuously.



Kyobo Life Hope Dasomi Scholarship : This program supports adolescents who did not lose hope under very difficult circumstances and went to college for fulfilling their future dreams among youths from domestic nursery facilities or group homes and children breadwinners whose educational opportunities were limited due to social prejudices and economic difficulties through scholarships and community support so that they can grow into healthy members of society.

Hope Dasomi Scholarship

Category	2015	2016	2017
No. of recipients (persons)	79	83	89
Amount (KRW 1 million)	275	300	357



Hope Dasomi Scholarship Awarding Ceremony

SPECIAL SECTION

Voluntary Service in Commemoration of the Centennial Anniversary of Founder Yong-Ho Shin's Birth

Our company engages in a variety of volunteer activities for adolescents and education-deprived classes of people in order to succeed and practice Founder Yong-Ho Shin's ideology for cultivating the national education and sincere persons in commemoration of the centenary anniversary of his birth.

1. *'Voluntary service of the economic education'* by Executives and Team Heads

On August, 2017, A total of 23 executives and team leaders of our Head Office visited Hye-hwa Elementary School of Seoul, Korea and acted as one-day economic teachers. They provided economic education suitable for each grade level to about 600 schoolchildren in 23 classes, such as basic concepts of the economy, value and importance of jobs, etc. In order to allow the schoolchildren approach easily and interestingly the economic education, which could be felt difficult, our executives and team leaders used various methods including drawing pictures, putting stickers, doing role playing game, etc., thereby eliciting active participation. The voluntary economic education service this year means a lot as it actively practiced the educational ideology of the Founder who aimed at 'the living education' through actual experience which surpasses the school education and is more inclusive throughout his life.



Voluntary service of economic education

2. *One company - one school financial education* (pursuing dream and hope of the future generation)

Kyobo Life's FP branches, FP Support Groups and FT Headquarters set up sisterhood relationships with 467 schools of the entire country and continuously engage in one company - one school financial education for elementary school children, middle and high school students. We also proceed with the financial education easily taught using standard textbooks of the financial education and various game tools, and also operate the site-visit financial education program by inviting the schoolchildren and students to FP branches and FP Headquarters.



One company - one school financial education

SPECIAL SECTION

Global Social Contribution: 'Dasomi Global Volunteers Group' (Sanzzallun Elementary School of Laos)

'Dasomi Global Volunteers Group' composed of 28 employees of Kyobo Life worked together to construct a library for Laotian children for five days from November 13. In the Sanzzallun Village of Sanakham Province located about 130 km west of Vientiane, the capital city of Laos, the residents send their children to schools with a firm conviction that the most fundamental way to get out of poverty is education even in such a difficult environment that it is even difficult to get a pencil.



We constructed the Hope Library in the Sanzzallun Elementary School to help young students study in a little bit better environment and cultivate their dreams, and provided them with 1,000 books and the library equipment including bookshelf and reading tables, hoping that the children could get close with books. In addition, we built the school playground and planted 100 mango trees along with the children for their emotional stability.

Kyobo Life has been volunteering in Vietnam every year since 2011, and constructed elementary schools and libraries in Vin Kan Dong Village and Ang Hip Village of Ben Tre Province, helping about 120 children continue their hope of learning. It is highly meaningful that volunteers enhance the effectiveness and authenticity of their voluntary service through continuous support rather than a one-time event.



My Volunteer Experience in Laos

"Gratitude and happiness endowed me with the courage to take up new challenges!"

Looking at the bright and untainted kids who were delighted and happy even with small things, I could meditate on the meaning of thanks and happiness for what I had. Also, I could have the courage to keep my original resolution and mount a new challenge thanks to the volunteers who worked together by the sweat of their brows even in hot weather. For me, it was a glad opportunity to exchange good hearts and dream a better dream.



"On the strength of abundant happiness that I experienced in Laos, I firmly believe I can shape a great future for me!"

The landscape of Laos that I could see only on TV, kids, and their looks full of curiosity... the goodness and purity that I could feel from them filled my heart with warmth. Looking at the people doing their best, even in a difficult environment, I thought that I had made myself less happy. Their lives that will remain as an after-image for a long time in my mind will be turned on in my life like an evening lamplight.





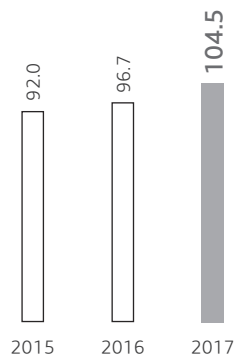
Dream

Kyobo Life's Performance

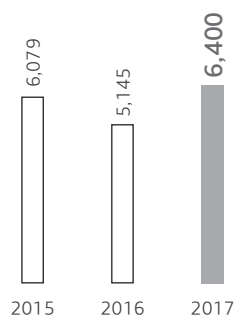
- 54 Economic Performance
- 57 Social Performance
- 63 Environmental Performance

Kyobo Life's Key Economic Performance
in 2017 is as Shown Below

Total Assets (KRW 1 trillion)

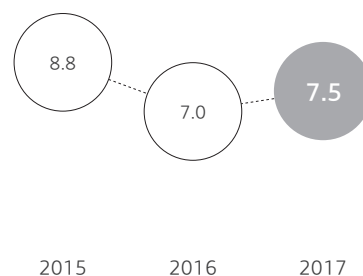


Net Income* (KRW 100 million)

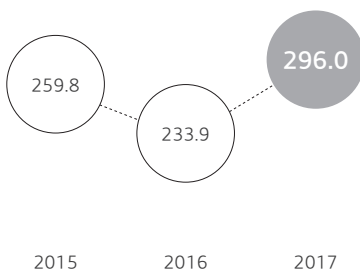


2017
Economic
Performance*
shown on one
page

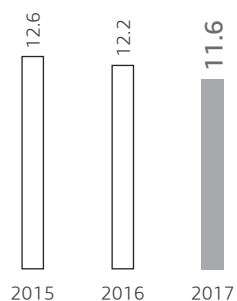
Return on Equity (ROE) (%)



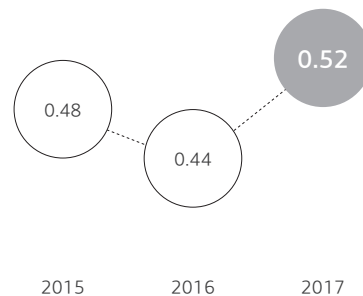
Risk-Based Capital (RBC) (%)



Premium Income (KRW 1 trillion)



Loan Delinquency Rate (%)



* Prepared based on the consolidated financial statements * Net Income : Figure based on controlling interests

Economic Performance

Financial Performance

Though the low growth trend continued in the business year of 2017, both the domestic and foreign economy is moving into recovery due to stock price increases and interest rate rises. However, the unstable situation continued on account of the interest rate rise in the United States and reduction of quantitative easing (QE) in Europe externally and concerns over insolvency of household debts and North Korea's nuclear provocations, etc. internally. Nevertheless, Kyobo Life has faithfully practiced its mission of helping one another overcome adversities and generated meaningful performance in the aspects of growth, profit and stability.

Growth As the volatility of both domestic and foreign financial markets increased in the business year of 2017 due to increased uncertainties, such as potential realization of non-performing household debts following the interest rate rise, unstable internal and external situations, etc., the insurance premiums recorded KRW 11.6 trillion, which was faltering in its growth year-on-year, but the net income was KRW 640.0 billion, having increased year-on-year. In addition, in spite of regulations on the financial soundness, our RBC (Risk-Based Capital) ratio recorded 296.0% on the strength of issuance of the overseas hybrid bonds, etc.

Growth Indicators

Category	2015	2016	2017
Premium income (KRW 1 trillion)	12.6	12.2	11.6
Shareholders' equity (KRW 1 trillion)	7.2	7.9	9.4
Total assets (KRW 1 trillion)	92.0	96.7	104.5

Profit Most life insurance companies saw their profitability drop in the business year of 2017 due to the challenging business environment and the prolonged trend of low interest rates. Nevertheless, Kyobo Life exerted strong efforts to generate stable profits and posted a net profit of KRW 640.0 billion. Meanwhile, ROE and ROA increased slightly to 7.5% and 0.6% year-on-year respectively.

Profit Indicators

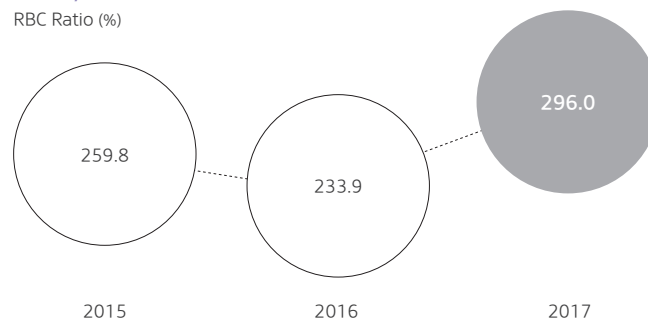
Category	2015	2016	2017
ROE (%)	8.8	7.0	7.5
ROA (%)	0.7	0.5	0.6
Net income (KRW 100 million)	6,079	5,145	6,400

Stability Since introduction of the RBC (Risk-Based Capital) ratio as the financial soundness indicator of the insurance company, Kyobo Life has been managing the RBC ratio efficiently through continuous creation of

net profit during the term, improvement of the asset and liability structure, thorough risk management, etc. The RBC ratio of 2017 business year was 296.0%, far higher than 150% which is the appropriate level of RBC required by the financial supervisory authority.

Stability Indicators

RBC Ratio (%)

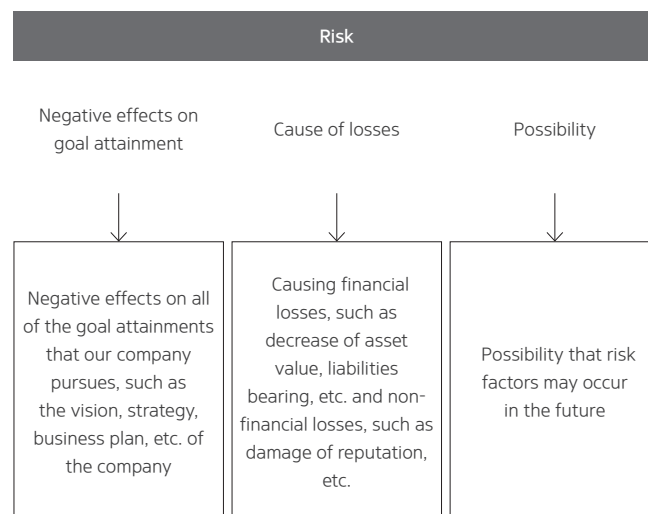


Risk Management

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

The Need for Risk Management Risk is called 'all the possibilities that can negatively affect the achievement of goals and cause losses.' Therefore, risk management means all of the activities for making long-term, continuous profits by perceiving in advance the possibility that risk factors could occur, and to manage them preemptively.

The Concept of Risk Management



Overview of risk management

Policy : Kyobo Life's risk management policy is to control and manage effectively various uncertainties interrupting attainment of our business goals.

Strategy : We manage the asset/liability portfolio comprehensively in order to improve profitability vis-à-vis risk by setting guidelines on the risk limit so that the risk level of the whole company can be appropriately managed within the risk capital (amount of solvency) and setting the risk limit so that the guidelines can be complied with.

Recognition of Risk : We recognize and classify the types of risk that can occur in the business activities into market/credit/interest rate/insurance/liquidity/operation/strategy/reputation risk and variable insurance guarantee risk. We classify market/credit/interest rate/liquidity/insurance/variable insurance guarantee risk as the financial risks and operation/strategy/reputation risk as the non-financial risks.

Control of Risk : We set the risk limit at proper levels in order to avoid/accept/shift/reduce the risk of the company, constantly monitor whether or not such risk level has exceeded and, in case of need, adjust the limit or establish and operate a contingency plan. In addition, we support correct and fast decision-making, like the risk management department review in advance and make suggestions on issues for important decision-making by the company, etc.

Risk Management Organization

Risk Management Committee : Entrusted by the Board of Directors, the Risk Management Committee is composed of one internal director and two external directors, and resolves important decision-making on risk management of the company, such as the risk management policy according with the business strategy, key management strategies of the company based on risk, risk limit of the company, etc.

Risk Management Council : This is the organization discussing in advance matters for resolution by the Risk Management Committee and issues related to risk management, and discusses resolutions of the Risk Management Committee, detailed action plans for the issues resolved by the Risk Management Committee, tolerance limit by risk, reasons or countermeasures when the tolerance limit by risk is exceeded or expected to be exceeded, etc.

Working Organization for Risk Management : The working organization for risk management that assists the Risk Management Committee and Risk Management Council in practice is classified and operated as a department dedicated to risk management and the individual risk management department. The Risk Management Team, which is the department dedicated to risk management carries out independently the Plan-See function related to risk management, such as the company-wide risk management policy and risk management plan, regulations/detailed rules on the risk management, risk limit planning, etc., along with sales departments (including the non-financial risk management) and the individual risk management department operates six teams in order to carry out the Do function on the risk management.

Types of Risk	Individual Risk Management Department
Market risk management	Asset Portfolio Management Team
Credit risk management	Investment Analysis Team Personal Loan Marketing Team
Interest rate/liquidity risk management	ALM(Asset Liability Management) Team
Insurance risk management	Insurance Risk Management Team
Variable Life Insurance Guarantee risk management	Management Infrastructure TF

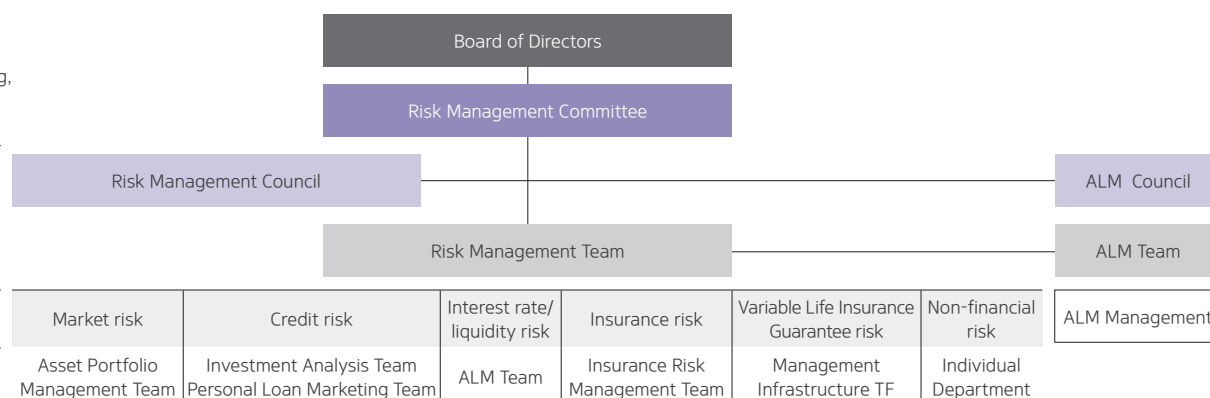
Risk Management Organization

Risk management, decision making, and ultimate responsibility

Risk and ALM Management

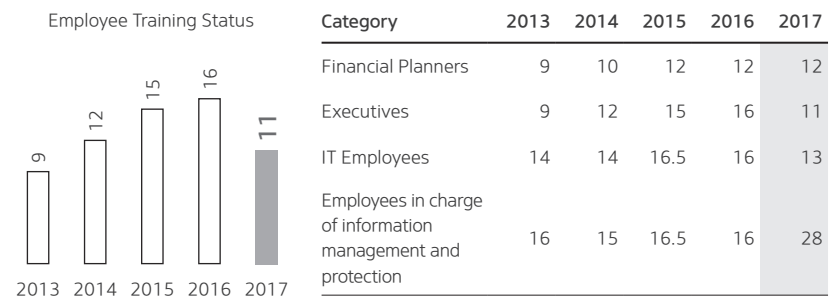
Types of Risk

Initial Risk Management



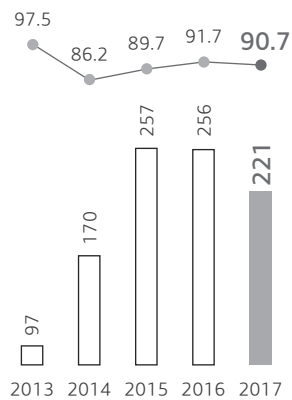
2017 Social Performance shown on one page

Customer Information Protection Training Status (hours)

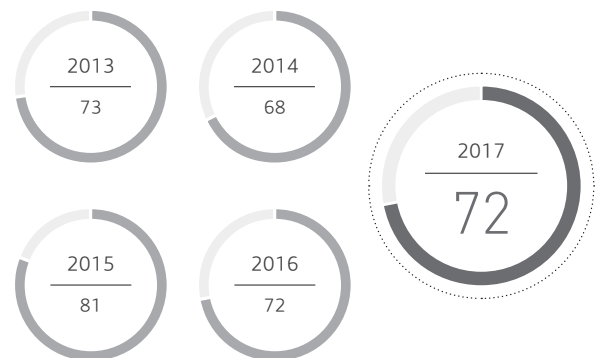


Kyobo Life's key social performance in 2017 is as shown below

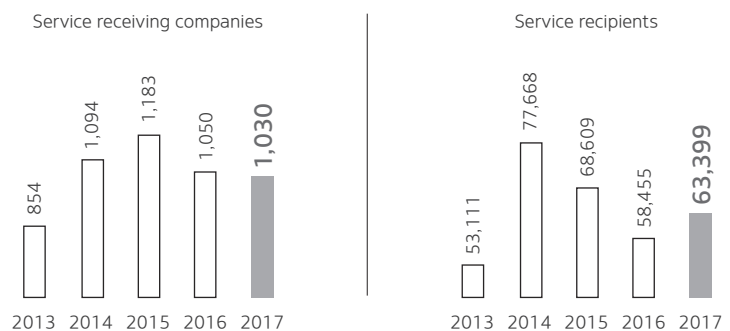
Parental Leave Application and Return Rates (% , person)



Labor Union Membership Rates (%)



DA-WIN Service Status (No.of companies, persons)



Social Performance

Kyobo Life is striving to implement social responsibilities and is performing the role of corporate citizen, while also is fulfilling our social responsibilities by making Kyobo Life's corporate management transparent through ethical management and by offering competitive insurance products and services as a member of the community. In addition, Kyobo Life guarantees rights to employees and provides various company benefits for the employees' happy life.

Acquiring Management Transparency through Ethical Management

As corporate influence on society grows ever stronger, the expectations of the corporate role for social responsibility and ethical management are rising. In addition, as a financial services company whose ethics are heavily scrutinized, Kyobo Life recognizes the importance of securing corporate transparency to earn the trust of its stakeholders.

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

Training Status of Employees Involved in Work Ethics and Security

Category		2015	2016	2017
Ethics training	Managers (persons)	15.0	18.5	18
	Non-managerial workers (persons)	16.5	14.5	16
Security training	No. of security employees (Number of persons)	175	171	160
	Training execution rate (%)	100	100	100



The event of Work Ethics Resolution

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

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

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

Fair Trade Voluntary Compliance Program (CP: Compliance Program) 'Kyobo Life has appointed a manager and an organization dedicated to fair trade and put in place systems designed to ensure fair trade compliance, while continuing to train and monitor employees with regard to compliance.

Operation of Internal Control System Kyobo Life complies with laws and regulations and practices management soundly, and abides by the basics that it should follow in order to protect shareholders, stakeholders, etc. Kyobo Life also monitors compliance with internal control standards and designates compliance monitoring personnel to report the investigation results to the Audit Committee, which is responsible for overseeing the entire internal control system.

Report of the Internal Control Assessment Results and Recommendations for Improvement

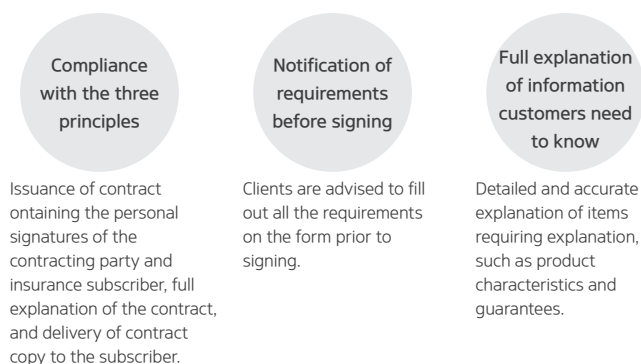
Assessment Section	Recommendation for Improvement	Related Department
Control environment and control culture	Establish a company-wide anti-money laundering frame according to the Risk-Based Approach (RBA).	Compliance Officer
	Improve the frame for preventing conflict of interest depending on changes of the regulation related to the financial investment business.	Compliance Officer Nobiliaire Support Team
Accounting, information and communications system	Improve the information security management system for reinforcing the protection of customer information.	Information Security Team
Insurance operation	Improve the Financial Planners deal process for enhancing complete subscription of the insurance product.	Sales Force Expansion Team
	Improve the internal control over production and use of informational materials for sales sites.	Compliance Officer
Retention of contract and payout	Improve the company rule and system related to the recovery of effect (resurrection) depending on changes of the standard agreement.	Underwriting Team

Responsibility for Insurance Products and Services

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

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

Status of Complete Subscription Process



Protection of Customer Rights and Benefits and Prevention of Unfair Trade

Kyobo Life is committed to protecting the rights and benefits of financial institution users and customers by complying with insurance-related regulations. It also operates an advertisement review system which requires new product advertisements and insurance brochures to be approved by the legal compliance monitoring body, and prevents unfair trade by prohibiting the persuasion of customers of competitors to trade with Kyobo Life.

Overview of Product Advertisement · Review Status

Category	2015	2016	2017
Status of cases under review (case)	1,090	1,166	971

Efforts for Insurance Claim Payments Kyobo Life currently executes its insurance payouts through 58 customer PLAZAs and 51 insurance payout reception windows. In addition, we help customers who are unable to visit the plazas or reception windows with their insurance claims and payouts through the proxy insurance claim application and the Financial Planners and visiting payout service.

Application by Agent and Visiting Service of Insurance Payment Claims Status

Category		2015	2016	2017
Accident claim application via agent	Paid amount (KRW 100 million)	4,686	5,121	5,158
Payment by visit service	Paid amount (KRW 100 million)	2,755	3,170	2,666

Responsibility for the Customers: Payout of Suicide Accident Death Insurance

In February 2017, Kyobo Life decided to pay out all of the suicide accident death insurances of which the extinct prescriptions were over and paid the insurance amount. Despite the Supreme Court's judgment that we had no obligation to pay out suicide accident death insurance of which the extinct prescription was over, we made payment in order to fulfill our fiduciary duty. In addition, related to the suicide accident death insurance, Kyobo Life faced the sanction of one-month sales suspension for some insurance products from the financial supervisory authority in May 2017.

Creating a Pleasant Workplace

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

Employee Status As of the end of 2017, Kyobo Life has 3,757 employees, representing a 12.1% decrease from the previous year. Female employees account for 39.7% of the total, and there were 40 new recruits. In 2017, there were 73 employees who retired, i.e. a retirement rate of 1.9%. There were 29 employees with disabilities, which represents a 0.8% recruitment rate of disabled people. Female managers account for 10.7% of the total, and the number has increased steadily over the past eight years.

Employee Status

Category	2015	2016	2017
Permanent	Number of people with disabilities (ratio) (%)	50(1.2)	52(1.2)
	Number of female managers (ratio) (%)	59(7.9)	73(9.5)
	Number of males (persons)	2,268	2,312
	Number of females (persons)	1,902	1,963
Employed	Total (persons)	146	215
Retired	Number (persons)	94	92
	Ratio (%)	2.3	2.2
Non permanent	Number of males (persons)	7	7
	Number of females (persons)	216	202

* Number of employees with disabilities : three persons in IT, 18 persons in the field, eight persons at head office

Establishment and Operation of Protective Measure Criteria for the Customer Service Staff

Kyobo Life established protective measure criteria for the customer service staff in March 2017 and is currently implementing it. The customer service staff means our employees serving the customers by phone or face-to-face communication. Kyobo Life supports the relevant staffs to resolve their grievances through periodical education of the service manual for dealing with customers with problem behavior and operation of 'the Dedicated Grievance Council' for the customer service staffs and prepares for measures to prevent recurrences, thereby helping them solve difficulties in their work.

Safe Working Environment: Occupational Safety and Health Committee

Due to the nature of the insurance business, Kyobo Life does not have any employees in positions that are exposed to a high risk or possibility of accidents or diseases. Items regarding employee safety

and health are reflected and monitored in the employment regulations (Chapter 6 Safety and Health), and we installed Occupational Safety and Health Committee under Chapter 19 (Occupational Safety and Health Committee) of the Occupational Safety and Health Act.

Emphasis on Family-friendly Culture Kyobo Life provides various programs to create a family friendly culture to support the development of the company and the individual. Kyobo Life operates the 'Kyobo Life Dasomi Child Care Center' for employees so that employees can focus on work without worrying about childcare, and Kyobo Life also provides parental leave and allowances, spouse parental leave, holidays for prenatal checkup, shortened working hours during the child's younger years, pregnant employee protection, and child information sharing platform to foster a working environment that emphasizes a culture of maternal protection.

Parental Leave Applications and Return Rates

Category	2015	2016	2017
Parental leave applicants (person)	Males	4	2
	Females	253	254
Return from parental leave (%)	Males	100	100
	Females	89.7	91.7

* Return from parental leave (%) is based on the returning employees in the relevant business year.

Various Welfare and Benefits Systems

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

Employee Benefits System

Stable lifestyle Insurance plans (four major insurance plans), scholarships, travel expenses, life insurance, pension plan support (including National Pension Service), family congratulatory and bereavement gifts, retirement gift, shelter during natural disasters, childcare benefits, Kyobo Life Dasomi Daycare, funeral service assistance	Residential stability Home purchase loan, rental of housing lease funds, operation of company housing and boarding house, support of monthly rental fee
Healthy and cultural lifestyle Health & fitness, R&R, company athletic meet, company social groups	Cafeteria system Can freely select benefits according to needs (Options: self-development, health management, cultural activities, fitness)

Anti-discrimination in the Workplace

Kyobo Life accords considerable importance to maintaining the dignity and guaranteeing the rights of all its employees, and supports and complies with the principles on human rights and labor of the UN Global Compact (Protection and Respect of Human Rights, Prevention of Human Rights Violation, Effective Recognition of the Freedom of Association and the Right to Collective Bargaining, Elimination of all Forms of Forced and Compulsory Labor, Abolition of Child Labor, and Elimination of Discrimination in Respect of Employment and Occupation)

Eliminating Employment and Occupation Discrimination Kyobo Life provides equal employment opportunities regardless of gender, age, religion, and hometown through the blind recruitment processes. All opportunities and decisions in promotions, compensation, training, and retirement are made fairly and solely based on individual performance and capability. At the beginning of every fiscal year, all employees including the CEO participate in a ceremony, and we have included an item on eliminating cliques and bullying, and raised awareness on discrimination that can happen unintentionally. In addition, wages are paid equally to both genders. As of 2017, the basic salary for newly hired permanent employees with a 4-year university degree is 233% of the minimum wage (KRW40.94 million).

Protect and Respect Human Rights Kyobo Life recognizes that violations of human rights in the form of sexual harassment do occur in the workplace and thus strives to prevent incidences of such cases. The compliance officer training emphasizes this important fact, and we conduct sexual harassment training sessions for all Financial Planners and employees under the oversight of the head of the organization. In addition to the regular group training, Kyobo Life provides additional resources on intranet and in-house satellite broadcasts in comic, animation and other forms of media to convey the seriousness of the topic.

Prevention of Child Labor and Forced Labor Kyobo Life does not hire employees below the age of 15 so as to prohibit child labor and limits the employment of teenagers below the age of 18. We also prohibit all forms of forced labor that violate the free will of the employees.

Building a Cooperative Labor Management Culture

Kyobo Life believes that advancement of labor-management relations is a must for any company's competitiveness and communicates company management information to the laborers so as to form strategic partner relations between labor and management. As of December 2017, out of 3,757 employees eligible for joining the labor union, 2,741, or 72.2%, of them belonged to a labor union.



Agreement between labor and management

Efforts Toward Mutual Growth

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

DA-WIN Service for Mutual Growth with Partners Kyobo Life is the first company in the financial services industry to be awarded the Consumer Satisfaction Management Award for five consecutive years. It operates the DA-WIN service program for mutual growth by sharing the know-how of its customer satisfaction service with its partners. DA-WIN service means that both Kyobo Life and partners grow in a win-win relationship. In addition, this is Kyobo Life's differentiated sharing management service practicing the management philosophy of sharing and favoring and, simultaneously, supporting our customers' success by providing the CS education (consulting) and the organizational activation program for customer satisfaction.

DA-WIN Service Status and Performance

Category		2015	2016	2017
Number of service receiving companies (companies)		1,183	1,050	1,030
Number of service recipients (persons)		68,609	58,455	63,399
Financial performance	Number of contracts (cases)	8,493	5,935	4,093
	Contract amount (KRW million)	2,058	1,809	1,069

Digital Communication with Customers: The Digital Age, Emphasis on Literary Communication with Customers ('Read, Walk, and Experience Gwanghwamun' Website) Kyobo Life utilizes Korea's highly advanced digital environment to provide differentiated customer services. Also, Kyobo Life operates the "Read, walk, and experience Gwanghwamun" website (www.kyobostory.co.kr), a philosophical website that places great emphasis on the value of human life itself. From January 2016, a mobile service was launched so that all its contents can be freely used anytime and anywhere. The 'Read, Walk, and Experience Gwanghwamun' website is available for users to enjoy the humanities walking along Gwanghwamun where both the past and the present coexist. The main contents of this website consist of the 'Reading Literature' section, where visitors to the site can encounter the humorous and heartwarming contents of literary works; the 'Walking with History' section, which provides new perspectives and insights through historical stories; and the 'Experiencing Philosophy' section, where users can experience the world of philosophy and discover how there are at least ten possible responses to every single question. Furthermore, the site offers diverse multimedia contents in the form of videos and Webtoons, and various lectures that enable viewers to enjoy literary content in a fun way. Any Kyobo Life customer can read best sellers in literature, history, and philosophy in the electronic library linked to the Kyobo Book Center Co., Ltd. The website contents of high-level humanities that you can hardly approach ordinarily, offering a vast cultural playground where clients' knowledge and cultural needs can be fulfilled, while seeking to expand the literary empathy with clients using the mobile service.

Concert In April 2017, Kyobo Life invited about 300 customers residing in the Seoul area and held a humanities talk concert at the Head Office of Gwanghwamun where they could enjoy literature and music. At the concert beginning with the opening performance with a saxophone, the complex cultural programs proceeded, including the purpose of the Dasan Literature Award, introduction of 'Women and their evolving enemies,' the awarded work in the novel section, and its author, the external lecture on 'How to become a professional family,' Q&A with customers, musical performance connected with the literature, etc. Kyobo Life will keep on striving for shared growth through cultural and intellectual interaction with more customers.



'Meeting of literature and music,' Kyobo Nobiliaire Gwanghwamun Concert

광화문에서 읽다 거닐다 느끼다

광화문에서 읽다 거닐다 느끼다는 교보생명에서 운영하는 인문학 서비스 프로그램으로, 교보생명 (계약고객은 물론 인문학을 사랑하는 모든 분께 열려있습니다.

'일상의 일포 같은 공간'

이곳은 장군 동상, 광화문 광장, 세종문화회관, 광복동 등 우리나라를 대표하는 상징물들이 모여있는 곳이며 바로 '광화문'입니다. 하지만 우리들에게는 그보다 더 특별한 의미를 갖고 있는 곳이기도 합니다. 특별한 일과 여가에도 어떤 보람을 줄 수 있는 장소로 주목을 끌려보며 여가를 있게 해주는 '일상의 일포' 같은 공간이기 때문입니다.

우리의 삶 속에 '광화문'을 만들고 싶었습니다.

이처럼 특별한 공간인 광화문에서 신학자 되어, 읽고 거닐고 느끼면서 삶의 지혜와 마음의 안정을 얻을 수 있는 곳을 만들고 싶었습니다. 그 고민의 결과가 바로, <광화문에서 읽다 거닐다 느끼다>입니다.

'광화문'에서 읽고 거닐고 느끼세요!

<광화문에서 읽다 거닐다 느끼다>에는 반박적인 일상과 삶의 주제를 지어 소중한 것을 찾고 싶어서는 현대인들이 잊고있거나 잊어버릴 수 있도록 읽을 책들과 주는 콘텐츠들이 담겨 있습니다. 후식이 필요할 때, 여가를 보고 싶을 때, 집을 보고 싶을 때, 바로 이 곳 <광화문에서 읽다 거닐다 느끼다>를 찾아 주시기 바랍니다.

문학을 읽다

문학에 담긴 아름다운 다양한 지식 콘텐츠를 즐길 수 있습니다.

역사를 거닐다

역사 속에 숨겨진 이야기로 새로운 시각과 통찰을 얻을 수 있습니다.

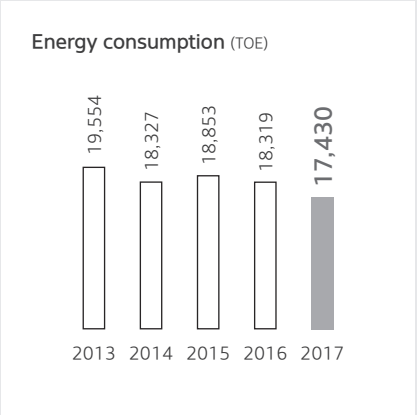
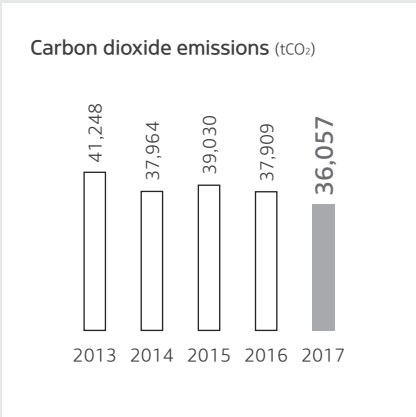
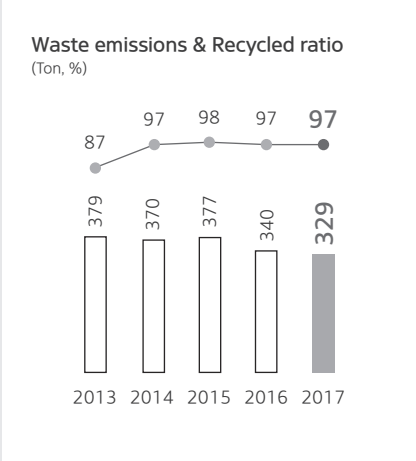
철학을 느끼다

학사들 앞에서 듣지 못한 다양한 주제에 대한 질문의 세계를 느낄 수 있습니다.

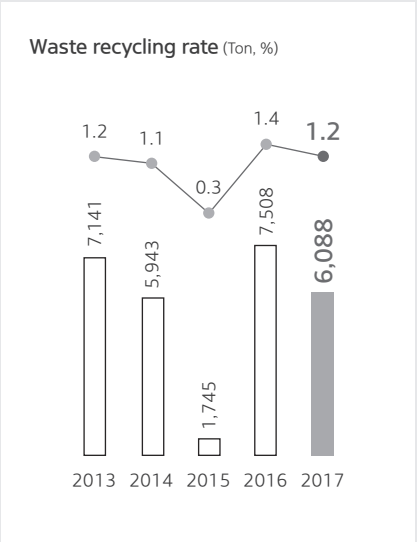
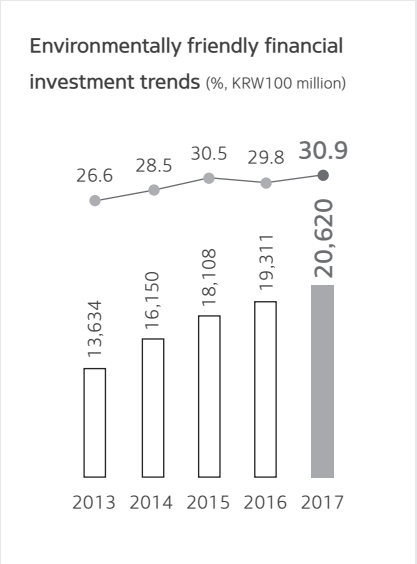
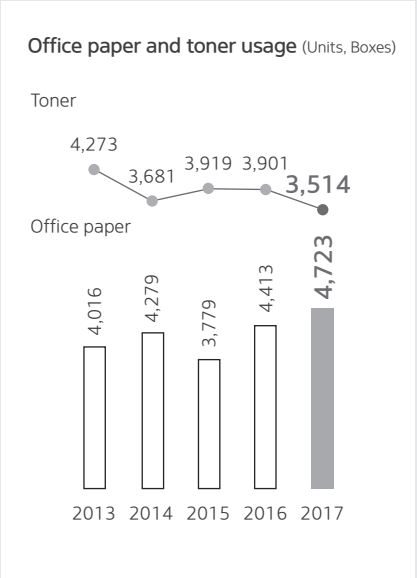
함께하는 광화문

함께 일상의 일포를 경험하며 사소한 일과 함께 즐길 수 있습니다.

Kyobo Life's key environmental performance in 2017 is as shown below.



2017
Environmental
Performance
shown on one
page



Environmental Performance

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

Eco-friendly Social Contribution Activities

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



Eco-friendly Dasomi Family Voluntary Work

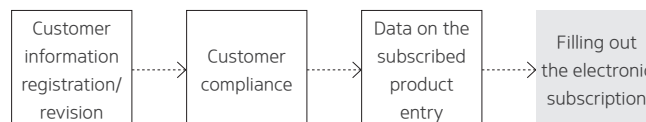
Dasomi family volunteer group activity status

Schedule	Program	Location	Activities	Participants
4.1(Sat)	Cultivating healthy urban forest	Seoul Forest Park	Understanding the ecological value, activities of cultivating the urban park of Seoul Forest	14 employees' families
5.20(Sat)	Disassembling toy wastes and donating upcycled products	Seoul Innovation Park	- Education of understanding resources recycling and environmental problems - Disassembling toys and making recycled artworks	16 employees' families
9.16(Sat)	'Hanging bird nest' in the urban park	World Cup Park	- Understand the significance of the nest boxes for breeding of birds within city parks - Monitoring of nest boxes and making and planting new bird nests	15 employees' families
11.11(Sat)	'Technology of Optimization,' a Technology to Save	Seoul Energy Dream Center	Understand energy and optimization technology Make LED light stands for low income families	15 employees' families

Eco-friendly Management Activities

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

Electronic Subscription Process



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

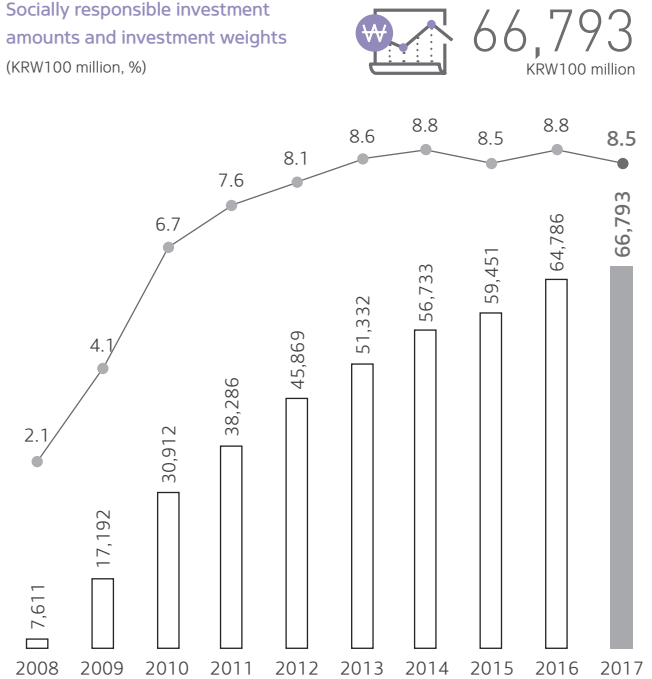
Promoting Eco-friendly Transportation Methods Kyobo Life prohibits its employees from entering the training institute in Cheonan (Gyeongwon) by private car, and instead pays its employees' transportation costs based on KTX train fares so as to reduce the carbon dioxide emissions during their commutes.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

Reducing Electricity Usage Kyobo Life minimizes the operation of employee elevators other than in rush hours and lunch hours and maintains the building temperature above 26°C during summer and below 20°C during winter to reduce energy usage. Also, Kyobo Life has been conducting the 'three voluntary energy and resource saving campaign' since 2008 by turning off unnecessary lighting and unused computers, and by using office resources economically.

Eco-friendly Financial Investment: Social Responsible Investment

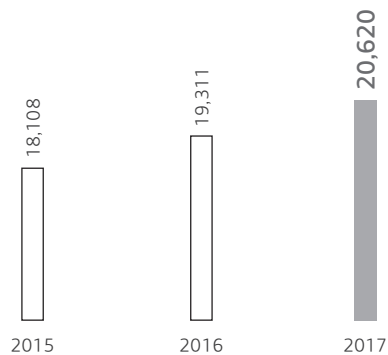
Kyobo Life is a life insurance company that manages long-term assets requiring the generation of stable long-term profits, but is expanding its eco-friendly finance investments to contribute to the public good as well. Kyobo Life's social responsibility investments started off with indirect societal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

Socially responsible investment
amounts and investment weights
(KRW100 million, %)

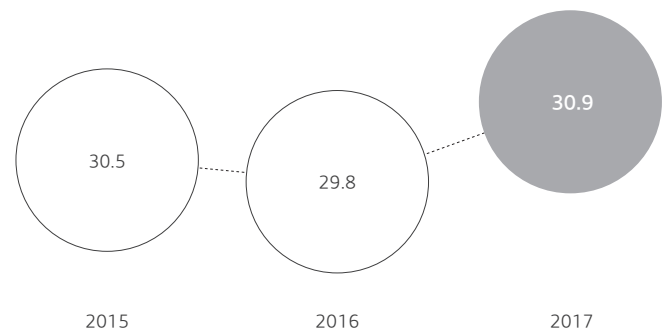


Trend of the Green Financial Investment among Socially Responsible Investments

Environment-related investment amount
(KRW100 million)



Weight in the socially responsible investment (SRI) amount (%)



Status of the Environmental Data

The following data have been compiled from 44 company buildings managed by Kyobo Realco Inc. (out of a total of 47 company buildings). However, the data for office paper/toner usage and waste discharge originate only from the Headquarters.

Office Paper Usage

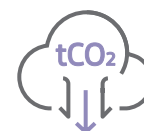
4,723 Boxes

Toner Usage

3,514 Units

Total CO₂ emissions

36,057 tCO₂



Total Water Usage



511,151 Ton

Total Direct Energy

2,379 TOE

Total Indirect Energy

15,051 TOE

Office Paper and Toner Usage

Category	2015	2016	2017
Office paper (box)	3,779	4,413	4,723
Toner (unit)	3,919	3,901	3,514

Water Usage

Category	2015	2016	2017
Total usage (ton)	587,562	537,411	511,151
Recycled amount (ton)	1,745	7,508	6,088
Recycled ratio (%)	0.3	1.4	1.2

Waste Emissions

Category	2015	2016	2017
Total emission (ton)	377	340	329
Recycled amount (ton)	368	331	319
Recycled ratio (%)	98	97	97

※ 'Waste' refer to regular office waste produced by the company buildings

Energy Usage

Category		2015	2016	2017
Direct energy (TOE)	Gas	2,062	2,181	2,032
	Oil	442	367	347
	Subtotal	2,504	2,548	2,379
Indirect energy (TOE)	Electricity	16,314	15,737	15,020
	Regional heating	35	34	31
	Subtotal	16,349	15,711	15,051
Grand total		18,853	18,319	17,430
Compared with the previous year		527	-534	-889

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

Carbon Dioxide Emissions

Category	2015	2016	2017
Direct (tCO ₂)	5,617	5,677	5,283
Indirect (tCO ₂)	33,413	32,232	30,774
Total (tCO ₂)	39,030	37,909	36,057

Appendix

- 68 Materiality Test
- 70 Sustainable Development Goals
- 71 Third Party Assurance
- 73 GRI G4 / ISO 26000 Index
- 76 UN Global Compact
- 77 Awards and Membership regarding Sustainability Management
- 78 Financial Highlights
- 79 Declaration of VISION2020

Materiality Test

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

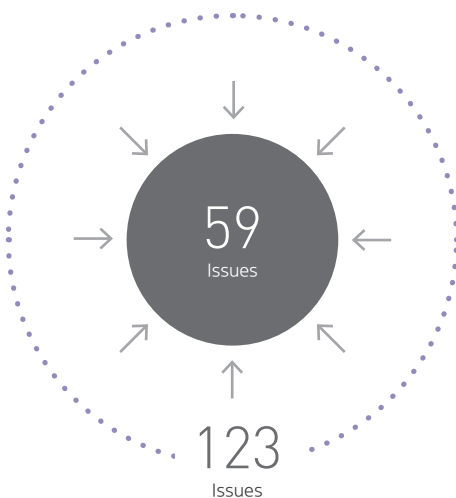
Materiality Test Process Issues affecting Kyobo Life have been collected to determine the interest level of our stakeholders and business relevance; this was a three-step process consisting of collecting relevant issues, identifying level of interest and importance, and validity verification.

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

STEP 1 *Collecting Relevant Issues* >

- Issues identified from November 2016 to June 2017
- GRI G4 Category, Aspects

Kyobo Life has formed a database of issues based on the scope and aspects of GRI G4, which is a guideline for basic and global issues, and has collected issues through the analysis of the previous year's sustainable management report contents and the media along with finance company benchmarking. As a result, 123 preliminary issues were collected, with the review process involving the compilation and deletion of issues reducing the number of issues to 59.



STEP 2 *Identifying Level of Interest and Importance* >

- Review internal policy, rules, laws
- Review key performance indicators
- Benchmarks
- Analyze media
- Survey stakeholders

To determine the business materiality for Kyobo Life, systematically managed company policies were analyzed, along with domestic and international regulations and laws and core performance indicators. Moreover, to determine stakeholder interests, benchmarking and media analysis results were reviewed.



Business materiality

- Company policies
- Key performance indicators (KPI)
- Domestic and international regulations
- Standards and laws



Stakeholder interests

- Benchmarking
- Media analysis

STEP 3 *Validity Verification*

- Assess level of significance to business
- Assess level of stakeholder interest

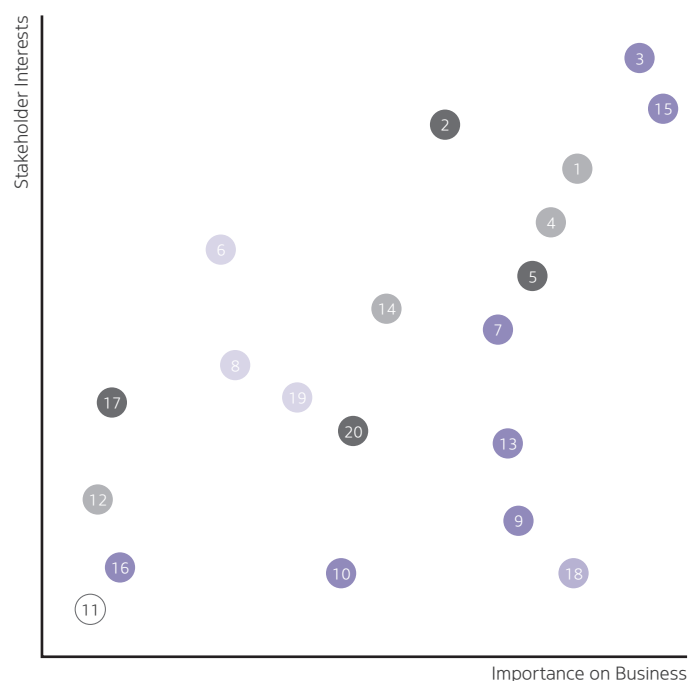
The validity was verified through an assessment of the level of importance to business and stakeholder interests.

Top 20 Issues

- | | |
|---|---|
| 1 Social Contribution Activities Reflecting the Nature of the Life Insurance Business | 10 Healthcare service |
| 2 Improve financial soundness | 11 Sustainability management |
| 3 Customer-centered business activities | 12 Engage in and develop local communities |
| 4 Expand environment management | 13 Fintech |
| 5 Ethical management | 14 Seek win-win cooperation |
| 6 Employees' corporate culture | 15 Launch new products |
| 7 Protect customers' information | 16 Minimize mis-selling |
| 8 Human resource training and employees' competence development | 17 Risk management |
| 9 Enhance accessibility of financial service | 18 Financial Planners' capability improvement efforts |
| | 19 Growth and development opportunities for women |
| | 20 Stabilize earnings |

Finalizing Issues

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



2017 Top-5 Stakeholders' Issues






Stakeholders	Top-5 Issues	Material Issues (GRI G4 Aspect)	Scope	Contents
Customer	Customer-centered business activities	Product&Service Labeling	Internal/External	Kyobo Life's Values (2017 Top-5 Major Activities)
Financial Planners	Support for Financial Planners' capability improvement efforts	Training and Education	Internal/External	
Employees	Support for improvement of the corporate culture	Training and Education Employment	Internal	
Investors	Improve the financial soundness	Economic Performance	External	
Government & Communities	Social Contribution Activities Reflecting the Nature of the Life Insurance Business	Communities	Internal/External	

* The five major issues of 2017 are explained in detail in the '2017 Top-five Activities' section of this report

Sustainable Development Goals

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

'Kyobo Life's Sustainable Management Frame' and 'Sustainable Development Goals'

Sustainability management philosophy Pursue Shared Growth with All Stakeholders		Vision2020 The most innovative life insurance company in product and channel prepared for the 4 th Industrial Innovation	
Pledges for stakeholders	Promise	Principle	KPI
 Customers	A company that is good at providing insurance coverage to customers	1. We will listen to the customers and manage the company from the customers' perspective. 2. We will enhance service quality throughout the policy lifecycle, from underwriting to persistency and benefits payment.	<ul style="list-style-type: none"> • Persistency rate (13th assessment) • Customer satisfaction level • Market share rate
 Financial Planners	A company that succeeds together with its Financial Planners	3. We will pay respect to and trust the Financial Planners as business partners. 4. We will establish fair standards and help the Financial Planners engage in their sales and service activities with peace of mind. 5. We will support Financial Planners to grow into insurance experts.	<ul style="list-style-type: none"> • Financial Planner satisfaction level • Financial Planner settlement ratio (13th assessment)
 Employees	A company that grows together with its employees	6. We will continue on our corporate culture of joy, pride and trust. 7. We will provide equal opportunities and reward according to fair evaluation. 8. We will support our employees to grow and develop into insurance experts.	<ul style="list-style-type: none"> • Training hours per employee • Employee satisfaction level
 Investors	A company that is attractive to investors	9. We will continue to produce exceptional profit through the good growth. 10. We will increase the value of the company through preemptive risk management.	<ul style="list-style-type: none"> • Total assets • Return on equity(ROE) • Risk based capital ratio(RBC)
 Government & Communities	A company that grows together with the Government and communities	11. We will actively carry out corporate social responsibility activities to grow together with our communities. 12. We will manage our business in a nature-friendly way, reflecting the nature of our business. 13. We will grow together with our partners through fair competition.	<ul style="list-style-type: none"> • Societal contribution ratio/amount • Weight of Socially responsible investment (SRI) (proportions) • Energy consumption

Sustainability Development goals (2016~2030)

 1 NO POVERTY	Reduce poverty	 2 ZERO HUNGER	Eliminate poverty	 3 GOOD HEALTH AND WELL-BEING	Healthy lifestyle and welfare
 4 QUALITY EDUCATION	Quality education	 5 GENDER EQUALITY	Gender equality	 6 CLEAN WATER AND SANITATION	Drinking water and hygiene
 7 AFFORDABLE AND CLEAN ENERGY	Appropriate energy	 8 DECENT WORK AND ECONOMIC GROWTH	Promotion of economic growth and quality jobs	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Infrastructure for industrial innovation
 10 REDUCED INEQUALITIES	Eradicate inequality	 11 SUSTAINABLE CITIES AND HOMES	Sustainable cities and homes	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainable consumption and production
 13 CLIMATE ACTION	Response to climate change	 14 LIFE BELOW WATER	Protection of marine resources	 15 LIFE ON LAND	Protection of ecosystem
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Accepting society and systems	 17 PARTNERSHIPS FOR THE GOALS	Expansion of global partnership		

Kyobo Life's Sustainable Advancement Goals

 1 NO POVERTY	'Ties of Love' activities to support children from minority groups, 'Kyobo Hope and Love Insurance' to provide insurance benefits to children from low-income families by utilizing dormant insurance payments, etc.	 3 GOOD HEALTH AND WELL-BEING	Provision of health insurance and healthcare services, health insurance discount through health coaching service, health checkup service and health information for customers
 4 QUALITY EDUCATION	'Kyobo Dasom Scholarship' to provide educational opportunities; various educational insurance products; 'New Employee Mentorship System' and 'Talent Development Program' to provide opportunities for self-improvement and self-reinforcement; 'Northeast Asia Run for Under Graduate Students' to provide opportunities for students to grow into global leaders	 5 GENDER EQUALITY	Recruitment based on 'Kyobo Professional' along with fair performance evaluation and anti-gender discrimination; 'Female Leadership Conference' to instill motivation for growth and development among female employees and to aid their development and building relationships for human resource networks
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Constructing library and playground for an elementary school at an underdeveloped area of Laos; establishing the infrastructure through expansion of 'socially responsible investment,' etc.	 13 CLIMATE ACTION	'Electronic Subscription System' to reduce paper usage; promotion of various other energy-use-reduction activities.

Third Party's Assurance Statement

To the management and stakeholders of Kyobo Life

Foreword

The Korea Standards Association (hereinafter "the Assurers") was commissioned to perform an independent audit on Kyobo Life's Sustainability Report 2017 (hereinafter "the Report"). The Assurers has provided an independent opinion, based on a review of data contained in the Report prepared by Kyobo Life ("the Company"), and all the statements and performance data included in the report are the responsibility of Kyobo Life.

Independence

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

Assurance Standards

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

Type and Scope

The Assurers conducted Type 2 verification according to the AA1000 verification standards (AA1000AS), which means that the audit assessed the accuracy and reliability of the Company's statements and performance data provided in the Report. The verification scope is from January 1, 2017, to December 31, 2017, and the data for the first half of 2018 was included when deemed necessary. The assurance focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company's sustainability management. In addition, the financial audit was conducted on environmental and societal data and economic performance in a broad sense. Verification of stakeholder engagement was limited to a review of the Company's materiality test process.

Methodology

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

- | | |
|---|---|
| <ul style="list-style-type: none"> • Review and analyze media coverage on the Company's sustainability management in the recent 3 years • Investigate issues of sustainability reporting selected by the Assurers in consultation with the Company • Visit the head office of the Company and interview sustainability managers and employees in charge of individual issues | <ul style="list-style-type: none"> • Review systems and processes that were used in improving the performance of sustainability management and preparing the Report • Crosscheck between financial performance data in the Report and the data in the Assurers' report on the Company's financial statements and disclosures • Track and examine internal documents and basic data |
|---|---|

Results and Opinions [Principles & Process]

The Assurers have reviewed the content of the draft report and offered our opinions, and the report has been revised accordingly. The Assurers have not found any material errors or inappropriate statements regarding the content of this report. The Assurers offers the following opinions on Kyobo Life's Sustainability Report 2017:

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

The Assurers have verified that the Company encouraged stakeholders' involvement in the process of sustainability management and that the Company is operating a variety of channels for communication with stakeholders. We have not found any important group of stakeholders left out in the above-mentioned process.

Materiality Did the Company include material information that can assist stakeholders to make informed decisions?

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

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

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

GRI G4 Application

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

General Standard Disclosures The Assurers have verified that the Report complied with the requirements of the General Standard Disclosures of Core Option, and reviewed the following indices : G4-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 56

Specific Standard Disclosures The Assurers have verified DMA on the material aspects identified through the process of determining the reporting items and reviewed the following indices : G4-EC1, LA3, LA9, LA10, SO1, PR5

Opinions and Recommendations [Performance /Issues]

The Assurers offer the following proposal to implement strategies in sustainability management in response to the issues with coherence at an organizational level.

Economic performance In accordance with the goal to become the industry leader through innovative products and channels, Kyobo Life has built customer-centered mindset, while diligently carrying out performance commitment and nurture the core value with resilient effort to overcome any failure. Implementation of International Financial Reporting Standards (IFRS 17) and K-Insurance Capital Standard in near future, will be a transition which will change the insurance industry environment fundamentally and the transition is becoming our reality. IFRS 17 towards insurance industry is demanding maintenance in large scale upon the financial system and process. Kyobo Life is proactively engaging in response to the variables in and out of the company, through increasing capital and adjusting on accounts receivables as well as strategically managing any long-term risk they may face. With the continuous effort to improve comprehensive strategy, sustainable management is achievable as a leading company.

Environment Interest on social responsibility investment and proactive engagement in relation to non-financial index such as environment, social and governance on the company level is positively evaluated. Overall industry tendency in the growth of social responsibility investment on topics such as energy efficiency, renewable energy, saving biodiversity, clean energy transportation and clean water due to the severe environmental threat. Therefore, products that are reflecting environmental needs must be developed promptly. In addition, it is necessary to strengthen environmental management activity fit company's characteristic. Environment management activity refers to an overall process of providing a company level of vision, objectives and specific action plan. The Assures propose to surpass simple activities and implement vision and objectives with continuous communication with stakeholders.

Social As a leading company in sustainable management, Kyobo Life has enforced various effort in order to accomplish shared growth with stakeholders with remarkable accomplishments in 2017. Based on the values declared in Vision2020, it is evident that the achievements were progressively accomplished this year as well as the past years, based on the pledges and principles for core stakeholders such as customers, employees, Financial Planners, investors and local communities, through the management in relation to KPI in 2017. The Report is the 8th CSR report for Kyobo Life since their first CSR report on life insurance industry in Korea. In the future, we hope to play the leading role in sustainability management not only in life insurance industry as well as the industry in general, in compliance with international guidelines of CSR report, to demonstrate the new form of the report with in-depth and multifaceted analysis and evaluation of sustainable management activities and accomplishments.

March 2018
Sang-Jin Lee, KSA Chairman & CEO




Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, is serving as a knowledge service provider who distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, UN CDM DOE (development operational entity), and assurance provider of the Korean government's greenhouse gas energy target management system.

GRI G4 / ISO 26000 Index

General Standard Disclosure

Index	Details	ISO 26000	Page	Assurance
Strategy and Analysis				
G4-1	CEO Message	4.7/6.2/7.4.2	6~7	71~72
G4-2	Provide a description of key impacts, risks, and opportunities		18	71~72
Organization Profile				
G4-3	The name of the organization		12	71~72
G4-4	The primary brands, products, and services		15	71~72
G4-5	The location of the organization's headquarters		12	71~72
G4-6	Number and names of countries where the organization manages operating sites or which are related to sustainable topics		12	71~72
G4-7	Nature of ownership and legal form		16	71~72
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)		12, 14	71~72
G4-9	Scale of the organization	6.3.10/6.4.1-	12~14, 54, 60	71~72
G4-10	Employment type, contract, and regional labor force status	6.4.2/6.4.3/ 6.4.4/6.4.5/	12, 60	71~72
G4-11	Percentage of total employees covered by collective bargaining agreements	6.8.5/7.8	57, 61	71~72
G4-12	Explanation about the organization's supply chain		58	71~72
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain		12~13, 16	71~72
G4-14	Whether and how the precautionary approach or principle is addressed by the organization		55~56, 76	71~72
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		70, 76	71~72
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations		77	71~72
Identified Material Aspects and Boundaries				
G4-17	List of entities included in the organization's consolidated financial statements or equivalent documents		13	71~72
G4-18	Process for defining the report content and the Aspect Boundaries		68~69	71~72
G4-19	List of Material Aspects identified in the process for defining report content	5.2/7.3.2/	68~69	71~72
G4-20	Aspect Boundary within the organization for each Material Aspect	7.3.3/7.3.4	68~69	71~72
G4-21	Aspect Boundary outside the organization for each Material Aspect		68~69	71~72
G4-22	Effect of any restatements of information provided in previous reports, and its reasons		About This Report	71~72
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		About This Report	71~72
Stakeholder Engagement				
G4-24	List of stakeholder groups engaged by the organization		19~20	71~72
G4-25	Basis for identification and selection of stakeholders with whom to engage		19~20	71~72
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	5.3	19~20	71~72
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns		19~20	71~72

Index	Details	ISO 26000	Page	Assurance
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided		About This Report	71~72
G4-29	Date of most recent previous report (if any)		About This Report	71~72
G4-30	Reporting cycle (such as annual, biennial)		About This Report	71~72
G4-31	Provide the contact point for questions regarding the report or its contents		About This Report	71~72
G4-32	Organization's 'in accordance' option, GRI Content Index, reference to the External Assurance Report	7.5.3/7.6.2	About This Report	71~72
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report, scope and basis of any external assurance, relationship between the organization and the assurance providers, role of highest governance body or senior executives in seeking assurance		71~72	71~72
Governance				
G4-34	Governance structure of the organization	6.2/7.4.3/7.7.5	16~17	71~72
Ethics and Integrity				
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	4.4/6.6.3	58~59	71~72

Specific Standard Disclosure

Aspects

Economic				
	Generic DMA		44	
Economic Performance	G4-EC1	Direct economic value generated and distributed	6.8.1-6.8.2/ 6.8.3 /6.8.7/ 6.8.9	22~23 71~72
Environmental				
Materials	G4-EN1	Materials used by weight or volume		63~66
Energy	G4-EN3	Energy consumption within the organization	6.5.4	63~66
Water	G4-EN10	Percentage and total volume of water recycled and reused		63~66
Emissions	G4-EN15	Direct greenhouse gas emissions (scope 1)	6.5.5	63~66
Effluents and Waste	G4-EN23	Total water discharge by quality and destination	6.5.3	63~66
Social				
- Labor Practice and Decent Work				
	Generic DMA		32, 37	
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	6.4.3	60
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4.4/6.8.7	60~61
	G4-LA3	Return to work and retention rates after parental leave, by gender	6.4.4	57, 60 71~72

Index	Details		ISO 26000	Page	Assurance
Training and Education	Generic DMA			32, 37	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	6.4.7	38~43	71~72
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending	6.4.7/6.8.5	38~43	71~72
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.2.3/6.3.7/ 6.3.10/6.4.3	17, 60	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6.3.7/6.3.10/ 6.4.3/6.4.4	61	
- Human Rights					
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	6.3.6/6.3.7/ 6.3.10/6.4.3	61	
- Society					
Local Communities	Generic DMA			48	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9/6.5.1- 6.5.2/6.5.3/6.8	48~52	71~72
	FS13	Access points in low-populated or economically disadvantaged areas by type	-	52, 61	
	FS14	Initiatives to improve access to financial services for disadvantaged people		28	
Anti-competitive Behavior	G4-SO4	Communication and training on anti-corruption policies and procedures	6.6.1-6.6.2/6.6.3	58~59	
- Product Responsibility					
Product and Service Labeling	Generic DMA			26	
	G4-PR5	Results of surveys measuring customer satisfaction	6.7.1-6.7.2/6.7.6	26, 30	71~72
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7.1-6.7.2/6.7.7	30	
Product Portfolio	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		14~15	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	-	Homepage	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		Homepage	

UN Global Compact



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

	Principles	Key Report Contents	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	• Kyobo Life Employees Code of Professional Ethics	58
	2. Businesses should ensure that they are not complicit in human rights abuses	• Protection of and respect for human rights	61
		• Promote activities for customer protection	30
Labour Standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	• Cooperative labor-management culture	61
	4. Elimination of all forms of forced and compulsory labor	• Prevention of forced labor	61
	5. The effective abolition of child labor,	• Prevention of child labor	61
	6. The elimination of discrimination in respect of employment and occupation	• Prevention of discrimination in the workplace	61
Environment	7. Businesses should support a precautionary approach to environmental challenges	• Eco-friendly social contribution activities	64
	8. Undertake initiatives to promote greater environmental responsibility,	• Activities for saving energy	64~65
	9. Encourage the development and diffusion of environmentally friendly technologies	• Expansion of eco-friendly financial investment	65
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	• Program of ethical education and practice • Programs of autonomous compliance with fair trade • Clean contract system • Cyber purchase system	58

Awards for Sustainability Management

Date	Content
Nov 2017	First place in the life insurance sector of the Korea Sustainability Index (KSI) for eight consecutive years
Feb 2016	12th Transparent Management Grand Prize jointly hosted by the five economic organizations
Oct 2015	Grand Prize in the 2015 4 th Financial Customer Protection Grand Awards (Financial Supervisory Service Director Award)
Dec 2014	Private Corporation Award in the process sector for Excellence in CSV in the 1 st Potter Award
Oct 2014	Second 'Most Loved Company' Presidential Award
Nov 2013	Consumer Grand Prize sponsored by the Korean Society of Consumer Studies
Nov 2013	UN Global Compact Best Practice Award
Nov 2012	Grand Prize in the life insurance category for Financial Customer Protection Awards sponsored by the Korea Economic Daily (Financial Supervisory Service Director Award)
Oct 2012	Chairman Chang-Jae Shin, selected Personality of the Year from International Reinsurance Conference (IRC)
May 2012	Presidential commendation for those merited on Children's Day hosted by the Ministry of Health and Welfare
Nov 2011	Minister Award from the Ministry of Knowledge and Economy at the '6 th Sustainability Management Awards' (Grand Prize in First Sustainability Management Report category)
Feb 2011	Minister Award from the Ministry of Health & Welfare in recognition of promoting welfare for the disabled
Sep 2011	Grand Award in financial product and service innovation category in '2010 Korea Financial Innovation Award' for (No dividend) Kyobo Life 100 Year Life Variable Pension Insurance'
May 2010	Chairman Chang-Jae Shin, selected for Korea Management Association (KMA) '2010 Korea CEO Award'
May 2010	Chairman Chang-Jae Shin, 19 th 'Mont Blanc Cultural Art Supporter Award'
Mar 2010	No. 1 ranking in the insurance industry as '50 Respected Korean Corporations' by Fortune Korea

Association and Membership Regarding Sustainability Management

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

Financial Highlights

Balance Sheet (Statement of Financial Position)

(KRW100 million)

Category	2017	2016	2015
Assets	1,045,647	966,843	920,084
Cash and deposits	15,638	13,774	17,287
Financial assets*	584,117	526,120	499,767
Receivables	187,814	184,634	168,201
Other assets	67,491	65,580	66,123
Separate account assets	190,587	17,6735	168,707
Liabilities	947,116	888,218	844,850
Policy reserves	667,133	636,675	596,517
Other liabilities	85,210	70,258	74,818
Special account liabilities	194,773	181,285	173,515
Equity	98,531	78,625	75,234
Capital	1,025	1,025	1,025
Capital surplus and others	9,717	4,194	4,166
Accumulated other comprehensive income			
Retained earnings	18,456	10,148	11,152
Retained earnings	65,360	59,616	55,519
Non-controlling interest	3,973	3,642	3,372
Liabilities and equity	1,045,647	966,843	920,084

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

* Prepared based on the consolidated financial statements

Income Statement (Statement of Comprehensive Income)

(KRW100 million)

Category	2017	2016	2015
Operating revenues	153,530	144,423	142,552
Premium income	76,670	79,007	78,356
Investment income, etc.	76,860	65,416	64,196
Operating expenses	143,951	137,554	133,400
Increase in insurance contract liabilities			
Insurance expense	28,946	38,955	38,629
Insurance expense*	75,418	70,265	67,822
Other expenses	39,587	28,334	26,949
Operating income	9,579	6,869	9,152
Non-operating revenues	362	525	233
Non-operating expenses	567	272	610
Income before tax	9,374	7,122	8,775
Income tax	2,634	1,689	2,334
Net income	6,740	5,433	6,441
Share of controlling company	6,400	5,145	6,079
Share of non-controlling company	340	288	363

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

* Prepared based on the consolidated financial statements

Declaration of Vision2020

Our mission is

To help everyone pursue confidently
their most cherished dreams throughout their lives
overcoming every adversity through mutual support.

To this end, we will

Always put our customers first in our thoughts and actions,
Always be honest and sincere in every respect always
innovating, starting over again if at first, we do not succeed.

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

Through this process,

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

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



Humanity
and
the Future