

Humanity
and
the Future



ABOUT THIS REPORT



Humanity and the Future

Kyobo Life firmly believes that people are precious and that corporations exist to serve people. Inspired by this philosophy, the company's slogan - 'Humanity and the Future' - expresses our deep commitment to people-centered management.

Since the publication of Kyobo Life's first annual sustainability report in 2011, which was also the first such report in Korea's life insurance industry, it has served as the channel through which the company communicates its sustainability Management Approach to its stakeholders. The present report is Kyobo Life's 9th Sustainability Report.

☰ Period and Scope of the Report

2018. As regards our quantitative performance, the data for the last three years are disclosed to show the prevailing trends, whereas data that do not correspond to this three-year period are indicated with notes. If any data in the financial statements have been revised, or if any errors found in the previous report have been corrected, such revisions or corrections are indicated with notes.

The scope of this report includes the headquarters and branches of Kyobo Life, Customer PLAZAs, and other domestic operations, but excludes the company's overseas offices and branches. As for our social contribution activities, it covers the activities of Kyobo Life's subsidiaries, including the Kyobo Book Centre. Meanwhile, the environmental data concern only certain domestic operations, which are indicated with notes. The standard currency used in the report is the Korean Won (₩), while other currencies are indicated by including the relevant symbols next to the figures, where applicable.

☰ Reporting Principles

This report has been prepared based on 'In Accordance - Core' so as to reflect the G4 Guidelines of the Global Reporting Initiative ('GRI'), which is the international guideline for the drafting of sustainable management reports. 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 subjected to an assurance process by the Korean Standards Association (KSA) in accordance with the three principles (namely, inclusivity, materiality, and responsiveness) of the AA1000AS (2008) Sustainability Report assurance standards, and the assurance type is Type II. Please refer to the Independent Assurance Report provided in the appendixes.

☰ Contact

- Corporate Planning Team, Kyobo Life, 1, Jong-ro (Jongro 1-ga), Jongno-gu, Seoul, Korea
- Phone: 02)721-3541, 3126
- Fax: 02)721-3849
- E-mail: kyobocsr@kyobo.com

Humanity and the Future

SUSTAINABILITY REPORT 2018
KYOBO LIFE

01

- 02 CEO's Message
- 04 Special 1. Kyobo Life's 60th Anniversary
- 06 Top 10 News of Kyobo Life in 2018
- 08 The Four Seasons in Gwanghwamun

02

Company Overview

- 10 Company Overview
- 12 Business Overview
- 13 Vision and Strategies
- 14 Economic Value Creation and Distribution
- 16 Special 2. Kyobo Chairman's Keynote Speech at the UN headquarters / Receipt of the Eungwan Order of Cultural Merit

03

Kyobo Life's Sustainable Management

- 20 Sustainability Management System
- 21 Stakeholder Engagement
- 22 Stakeholders Meeting
- 24 Materiality Test
- 26 Special 3. Kyobo Dasomi's Support for Ireund-ungi(premature Babies)
- 28 Key Activities for Stakeholders in 2018
 - Customers
 - Financial Planners
 - Employees
 - Investors
 - Government and Communities
- 56 Special 4. Kyobo Life Youth Athletics Cup Championship

04

Activities of Kyobo Life

- 60 Governance
- 62 Ethics
- 64 Win-Win Cooperation
- 65 Environment

05

Appendix

- 68 UN Global Compact
- 69 Status of Implementation of the Sustainability Development Goals
- 70 Awards / Association and Membership regarding Sustainability Management
- 71 GRI Standards Index
- 74 Third Party Assurance
- 76 Financial Highlights
- 77 Declaration of Vision2020

CEO's Message

Dear Stakeholders,

I would like to extend my sincere gratitude to all of you for your continued interest in and support for Kyobo Life. On August 7, 2018, Kyobo Life celebrated the 60th anniversary of its foundation. Looking back over the past sixty years, Kyobo Life has been able to overcome numerous hardships, such as the IMF crisis and the global financial crisis, thanks to the unwavering determination and unity of its members. This was only possible because of our stakeholders' trust in Kyobo Life.

Today, there is increasing uncertainty in the domestic and international business environments, which are changing so rapidly that it has become almost meaningless to even attempt to predict the year ahead.

Amid such circumstances, Kyobo Life is tirelessly striving to achieve its Vision2020 to become 'Korea's Most Innovative Life insurer in Product and Distribution in Preparation for the Era of the Fourth Industrial Revolution' in the mid- to long-term perspective and to wisely ride the crest of the massive wave of change commonly known as the Fourth Industrial Revolution.

The contents and results of the pledges we made to our stakeholders in 2018 are as follows.



Pursuing management
'Of the People, By the People, For the People'
to build a company that is loved by our customers.

The promise to 'become a company that provides optimal insurance coverage and on-going services'

As a life insurance company, Kyobo Life believes that its insurance coverage capabilities constitute its most important value. In order to enhance such capabilities, Kyobo developed the industry's first 'Smart Family Coverage Analysis System,' which incorporated the newest digital technology. Furthermore, we have strengthened the Lifelong Care Service V3, originally launched in 2011, and newly established the Lifelong Care Support team. With the aim of providing better insurance coverage, Kyobo will continue to listen to the diverse and precious voices of its customers and make consistent efforts to think from their perspectives.

The promise to 'become a company that succeeds together with our Financial Planners'

Kyobo Life runs various programs designed to enable our Financial Planners to grow in an ongoing manner by enhancing their customer reassurance competence. In particular, Kyobo Life runs a variety of competence-building programs aimed at raising its Financial Planners' understanding of digital innovation and improving their ability to utilize the digital work process effectively. In addition, the company has developed and enhanced the latest digital sales support system to ensure that the Financial Planners make full use of the digital process on the frontline without any difficulties or problems.

Furthermore, Kyobo held the 'Kyobo MDRT Mentoring Day' with the aim of instilling pride and motivation in high-performing Financial Planners. The event served as an opportunity to remind them of the fundamental spirit of life insurance and to reinforce their sense of duty.

The promise to 'become a company that grows together with our employees'

With an emphasis on 'challenge and creativity,' Kyobo Life has devised and implemented a number of training programs designed to help employees actively pursue new projects and grow further in preparation for the Fourth Industrial Revolution. In particular, we have organized the 'Digital School' program, in which professors invited from leading Korean universities and the CEOs of famous venture companies give multiple lectures on cutting-edge technologies - such as blockchain, the Internet of Things, and platform businesses - in order to improve employees' understanding of digital technology. Thanks to this program, employees have heightened their understanding of and interest in the Fourth Industrial Revolution, which is now emerging as a crucial issue in markets.

The promise to 'become a company that is attractive to investors'

In 2018, Kyobo Life set and implemented 'active response to changes in the Financial Supervisory Service's financial soundness system' as one of its key tasks. As one of the most effective strategies among diverse proposals, we expanded asset duration and sought to minimize the interest rate risk while increasing capital efficiency by reducing cash flow mismatches between assets and liabilities.

In addition, Kyobo is investing considerable resources in building infrastructures and systems for management and accounting in a drive to keep up with the ongoing changes in the institutional environment. Such an initiative is necessary to prepare for the implementation of the International Financial Reporting Standards (IFRS17) and the new Korea Insurance Capital Standard (K-ICS), which is to be enforced in 2022. The fact that Kyobo Life has been rated 'A1' by Moody's, one of the top global credit rating agencies, for four consecutive years proves that all of these efforts have also been acknowledged internationally.

Along with the preemptive response to changes in the financial soundness system, Kyobo has also striven to improve its long-term profitability by developing and launching a competitive, new "family life insurance" product.

The promise to 'become a company that grows together with the government and communities'

Kyobo Life actively carries out activities contributing to social welfare that are clearly differentiated from those of other companies with the aim of creating a healthy society and a connected world by acting as kind neighbors. The most fruitful outcomes of such efforts include a deepening interest in society and changes in public policy, which in turn bring more benefits to more people in need. Of course, these changes were only made possible by our working together with other institutions, local communities, and participants who share the same vision and dreams.

In our continuous pursuit of becoming a truly 'beloved company,' Kyobo Life will apply former US President Abraham Lincoln's famous words from his Gettysburg Address of 1863, 'Of the people, by the people, for the people,' to the company's management.

Therefore, we will ensure that all our stakeholders have a strong sense of ownership in our company to fulfill the idea of 'of the people,' encourage participation in corporate management by soliciting the opinions of all our stakeholders to fulfill the notion of 'by the people,' and provide appropriate value to all our stakeholders so that they can benefit from corporate management to fulfill the idea of 'for the people.'

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 Global Compact, and observes them in all-management practices.

We would like to once again thank all the stakeholders who have stood by us during growth and development of Kyobo Life over the past sixty years and given us their support without fail.

We politely request your continued interest and support in the future.

Thank you.



March 2019

Chang-Jae Shin, CEO & Chairman, Kyobo Life

60th Anniversary Celebration Project

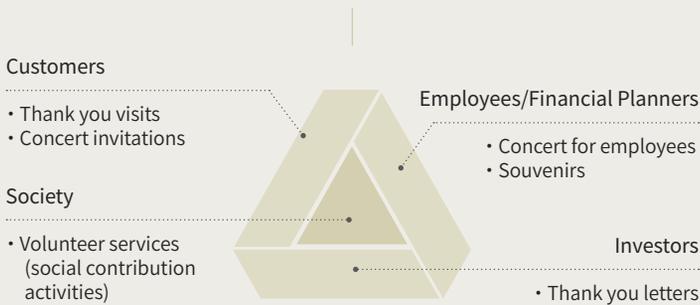
Founded in 1958, Kyobo Life celebrated its sixtieth anniversary on August 7, 2018. On that day, we implemented various celebratory projects under broad two themes: We extended our 'Appreciation' to our stakeholders for their contribution to Kyobo's development over the last sixty years, and made a 'Pledge' to preserve the company's solid tradition while pioneering our future.



Concept for a Memorial Project

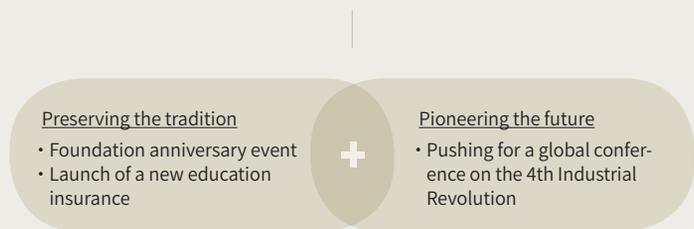
Appreciation

Appreciation of stakeholders for their contribution to Kyobo's development over the last 60 years



Pledge

Pledge to preserve the company's tradition and pioneer our future



Thank you visits and Kyobo Nobiliaire Concert

To mark the 60th anniversary of Kyobo Life's foundation, Financial Planners and FP Branch managers visited some 20,000 customers as a token of our appreciation. In addition, the company invited premium customers to the Kyobo Nobiliaire Concert where we celebrated the meaning of the 60th anniversary of Kyobo Life and expressed our appreciation for their love and interest.



Launch of a new education insurance in celebration of the company's 60th anniversary

Korean Education Insurance Co., the predecessor of Kyobo Life, introduced its new education insurance for the first time in the world on the date of its founding on August 7, 1958. In those now distant days when people could not even afford to pay college tuition, Kyobo's education insurance sparked parents' enthusiasm for child education, gaining sensational popularity. Kyobo Life, which has made the history of education insurance in Korea, newly introduced the 'Assessable (No-dividend) Kyobo Variable Education Insurance' in line with the 60th anniversary celebration project's slogan of "preserving tradition." The new product, which is designed to prepare education funds for children's future, can be flexibly utilized as either variable savings insurance or pension insurance while also covering various diseases prevalent among growing children. This insurance product has been recognized for its originality and granted an exclusive right of use, a kind of a patent, by the Life Insurance Association.

1958



2018



60th anniversary celebration concert for Kyobo people

To mark the 60th anniversary of its foundation, Kyobo Life held the first 'Concert for Kyobo People' to show its appreciation to its employees and renew its pledge to become an ever-evolving company. The '60th Anniversary Celebration Concert for Kyobo People' featured the Asia Philharmonic Orchestra conducted by world-renowned conductor Myung-Whun Chung and an operatic gala by Korea's top vocalists, followed by a special performance conducted by Chairman Chang-Jae Shin in which a choral group composed of eleven Kyobo executives sang along to a piano accompaniment by maestro Myung-Whun Chung.

Thank you letter to major investors

In order to convey our gratitude as a sustainable 'growth partner', Kyobo Life sent a letter of appreciation to its major investors at home and abroad. In this letter, we expressed our thanks for their support for our growth and development, as well as our commitment to making consistent efforts to achieve Vision2020 to become 'Korea's Most Innovative Life insurer in Product and Distribution in Preparation for the Era of the Fourth Industrial Revolution' is preparing for the Fourth Industrial Revolution based on the pursuit of ceaseless innovation.



Top 10 News of Kyobo Life in 2018

1

To mark its 60th anniversary, Kyobo renews its pledge to leap forward and innovate

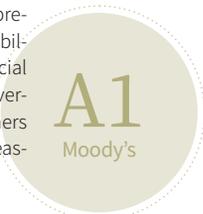
On August 7, 2018, Kyobo Life celebrated the 60th anniversary of its foundation at its headquarters in Gwanghwamun, Seoul. The participants used the event to look back over Kyobo's sixty-year history of challenges and passion and renewed their commitment to building a beloved company. In addition, Kyobo Life held the 60th Anniversary Celebration Concert for Kyobo People to show its appreciation of its employees and renew its pledge to become an ever-evolving company.



2

Moody's awards Kyobo Life the industry's highest A1 credit rating for fourth consecutive year

Despite the difficult business environment that has persisted for several years now, Kyobo Life has once again been rated A1 by Moody's, a leading global credit rating agency. A1 is the credit rating that only a select group of major global financial companies such as Goldman Sachs and Morgan Stanley have received. Kyobo Life is the only insurance firm in Korea to be accorded such a high credit rating for four consecutive years. An A1 Credit rating indicates a company's insurance payment capacity after a comprehensive assessment of its business stability and profitability as well as its financial soundness. It is also a symbol of unwavering trustworthiness that allows customers to choose Kyobo Life despite the increasingly uncertain market conditions.



3

Chairman Chang-Jae Shin receives the Eungwan Order of Cultural Merit

Kyobo Life Chairman Chang-Jae Shin received the Order of Cultural Merit from the government in July 2018. As it is very rare for a businessperson to receive the Order of Cultural Merit, this award is all the more meaningful as the chairman is only the second recipient of this prestigious award after his late father, group founder Yong-ho Shin. Chairman Shin's award is attributable to his efforts, as chairman of the Daesan Cultural Foundation, to develop and globalize Korean literature. His activities in this sphere include the discovery of promising new writers and support for the publication of Korean novels through the Daesan Literary Awards.



4

Return of education insurance: 'Assessable (No-dividend) Kyobo Variable Education Insurance'

To celebrate the 60th anniversary of its founding under the philosophy of promoting education for the people, Kyobo Life introduced a new education insurance product appropriate for the changing times. This product, which reflects the current social conditions where the burden of college tuition rises continuously and finding suitable employment is becoming increasingly difficult, has received a highly positive response from the customers. In particular, this insurance has received an 'exclusive right of use' from the Life Insurance Association in recognition of its originality, including the fact that it allows the subscriber to postpone the payment of education funds, making it the first policy of its kind in the industry.

5

Kyobo Life ranks 1st in the industry in the Sustainability Index for ninth consecutive year

Kyobo Life has been selected as the top company in the Korea Sustainability Index's life insurance business category for nine straight years. This record-breaking achievement means that Kyobo Life has been recognized as a company that best fulfills its social responsibilities by pursuing mutual development with all its stakeholders rather than seeking to further its own interests only. Winners of the award are selected after a stringent evaluation by regular citizens and experts from the field under the supervision of the Korean Standards Association. Kyobo received high scores for such criteria as response to customer needs, financial soundness, and digital innovation.



To wrap up 2018, Kyobo Life conducted a survey of over 5,000 Financial Planners and employees on the subject of the ‘Top 10 news items that made Kyobo Life shine in 2018.’

6

Smart Coverage Analysis’ gains popularity

Kyobo Life recently introduced the ‘Smart Coverage Analysis’ program which enables easy, fast and accurate coverage analysis via mobile devices. With this smartphone application, the program quickly collects customer insurance information and then transfers it to the Financial Planner using the latest digital technology. The program is designed to help Financial Planners offer customers even better insurance coverage.



8

Chairman Chang-Jae Shin delivers lecture on ‘Stakeholder-Centered Management’ at the UN Headquarters

Chairman Chang-Jae Shin gave a lecture at the International Council for Small Businesses held at the United Nations headquarters in New York, U.S. At the International Council for Small Businesses Forum, which was attended by executives from small and medium-size enterprises as well as scholars around the world, Chairman Shin introduced Kyobo Life’s ‘Stakeholder-Centered Management Philosophy,’ which comprises respect for all stakeholders, including customers, investors, consultants, employees, and local communities, as human beings. He also stressed that ‘profit is the fuel need for survival but cannot be a purpose in itself.’



9

Kyobo Life opens the Consultant Inconvenience Support Center

Kyobo Life opened its new Consultant Support Center to address the inconveniences experienced by Financial Planners, one of Kyobo Life’s important groups of stakeholders. The center aims to resolve - promptly and accurately - the various difficulties encountered during sales activities and to improve the performance of Financial Planners.



7

FP Geum-ok Jeong achieves amazing record of 3W 900 Weeks

‘3W 900 Weeks’ refers to the successful conclusion of more than three new insurance contracts per week for an unbroken 900 weeks. Financial Planner Geum-ok Jeong, who works at the Icheon FP Branch of Kyobo Life, set this unprecedented record in the insurance industry, strictly keeping her own promise to meet more than ten customers per day in order to get at least three contracts signed every week. As a result, she was able to secure over new 2,000 customers in an area where she did not have any previous connections.



10

Kyobo Life wins the Korea Digital Management Innovation Award

The Korea Digital Management Innovation Awards, hosted by Maeil Business News and MBN and sponsored by the Ministry of Science and ICT, are presented to companies that demonstrate exemplary performance in the field of digital technology. In 2018, Kyobo Life won the President’s Award, becoming the very first insurance firm to achieve the feat. Kyobo Life was recognized for its efforts to proactively adopt a variety of digital technologies and implement systematic digital innovation management.



The Four Seasons in Gwanghwamun 2018

Ever since 1991 Kyobo Life's Gwanghwamun Billboard, which is updated for each season of the year, has conveyed a powerful message of love and hope to the public. Similar Billboards can also be found at the Kyobo Tower in Gangnam, Seoul and the Kyobo Life building on Jeju Island, sharing the company's heart-warming message with the general public.



Spring

The vibrant minds of children,
 Their soaring body and vigorous energy.
 Where do they come from?

Summer

At nightfall,
 The sun brightly tumbles down like an insect,
 Into the world that is the inside of a flower.



Autumn

I fold an airplane with a piece of scrap paper,
 The plane will fly high, flapping its wings,
 It will come back carrying a baby star from the sky world.

Winter

Although the forest is beautiful and deep,
 I have a promise to keep,
 I still have a road to take.



Company Overview

Company Overview	10
Business Overview	12
Vision and Strategies	13
Economic Value Creation and Distribution	14
Special 2. Kyobo Chairman's Keynote Speech at the UN headquarters / Receipt of the Eungwan Order of Cultural Merit	16



Company Overview

Established in 1958 under the philosophy of promoting education for the people and creating national capital, Kyobo Life has been guided by its founding mission of ‘helping people to chase their precious lifelong dream with confident mind by overcoming unpredictable hardship through mutual assistance. Celebrating its 60th anniversary, Kyobo Life is striving to achieve Vision2020 as ‘Korea’s Most Innovative Life insurer in Product and Distribution in Preparation for the Era of the Fourth Industrial Revolution.’

Company Facts (As of December 2018)

General Information

Company Name	Kyobo Life Insurance Co. Ltd (教保生命保險株式會社)
Establishment Date	August 7, 1958
CEO	Chang-Jae Shin (愼昌宰)
Head Office	Kyobo Building, 1, Jong-ro (Jongro 1-ga), Jongro-gu, Seoul, Korea

Number of Personnel



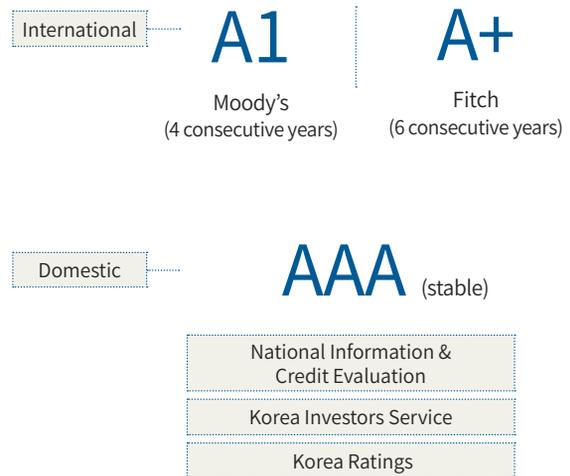
Organization

Head Office 15 Offices 4 Profit Divisions 4 Value Divisions 58 Teams	Sales 11 Divisions 2 Departments
--	--

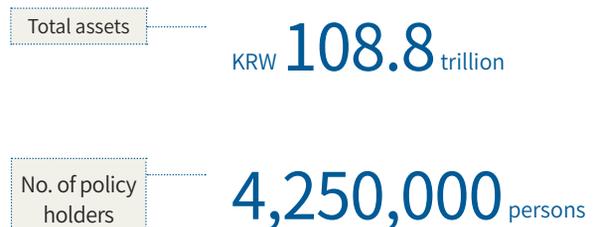
Status of Operation Locations

As of December 2018, Kyobo Life has 536 Branch Offices and 57 Customer PLAZAs in Korea.

Credit Ratings



Status



Corporate History

<p>1980 Establishment of Kyobo Book Centre Co., Ltd.</p> <p>1983 Founder Yong-Ho Shin awarded the 'World Insurance Grand Prize' by the International Insurance Society (IIS).</p> <p>1991 Establishment of the Daesan Agriculture & Cultural Foundation (Current 'Daesan Agriculture Foundation).</p> <p>1992 Establishment of the Daesan Cultural Foundation.</p> <p>1995 Company renamed as Kyobo Life Insurance Co., Ltd.</p> <p>1996 Founder Yong-Ho Shin inducted into the IIS Insurance Hall of Fame.</p> <p>1997 Establishment of the Educational and Cultural Foundation of Kyobo Life (currently the Kyobo Foundation for Education).</p> <hr/> <p>2011 Declaration of Kyobo Vision 2015.</p> <p>2012 CEO & Chairman Chang-Jae Shin wins the 'Best Insurance CEO of the Year' at the Asia Insurance Industry Awards.</p> <p>2013 Establishment of Kyobo Life Planet Life Insurance Co., Ltd.</p> <p>2014 Wins the second 'Beloved Corporate Government' Presidential Award and the private company prize in the process category for Porter Prize for Excellence in CSV.</p> <p>2016 Declaration of Kyobo Vision 2020. Wins the 12th Management Transparency Award.</p> <p>2017 Awarded a Citation from the Director-General of the Fair Trade-Commission in commemoration of Consumer Rights Day.</p>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">1958~1979</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">1980~1999</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">2000~2010</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">2001~2017</div> <div style="border: 1px solid black; padding: 2px;">2018</div>	<p>1958 'Foundation of Korean Education Insurance Co. Creation of Jinhak Insurance, the world's first education insurance.</p> <p>1964 Winner of the 'Presidential Honor' of Excellence in Saving at the First Savings Day Awards</p> <p>1967 Becomes the best company in the insurance industry with 32.7 billion won in insurance contracts just nine years after its foundation.</p> <p>1978 Contracts exceed KRW1 trillion for the first time.</p> <hr/> <p>2000 Declaration of the 'Ethics Charter of Kyobo people'.</p> <p>2001 Declaration of Vision2010 and the CI of Kyobo people.</p> <p>2002 Foundation of the Kyobo Dasomi Volunteer Service Center.</p> <p>2004 Wins the Customer Satisfaction Grand Prize (for the fifth consecutive year); inducted into the 'Hall of Fame'.</p> <p>2009 Selected as the Best Insurance Company of the Year in the Asia Life Insurance Industry.</p> <p>2010 Joins the International Agreement for Corporate Social Responsibility and the UN Global Compact.</p> <hr/> <p>2018 Wins the President's Award at the Korea Digital Management Innovation Awards.</p> <p>Acquires A1 credit rating from Moody's for fourth consecutive year.</p> <p>Acquires the A+ credit rating from Fitch for sixth consecutive year.</p> <p>Chairman Chang-Jae Shin receives the Eungwan Order of Cultural Merit.</p> <p>Selected as a top company in the life insurance sector in the Korean Sustainability Index (KSI) for ninth consecutive year.</p>
---	--	---

Affiliated Companies

Kyobo Life has twelve affiliated companies that operate mainly in the life insurance-related sector. The synergistic effects created by smooth exchanges between Kyobo Life and its affiliated companies positively enhance the brand and corporate values of Kyobo.

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

Business Overview

Life Insurance Business Process

The life insurance business comprises the following three stages: product subscription → insurance contract retention → claim payment. In the product subscription stage, Kyobo Life analyzes the needs and financial conditions of customers and proposes appropriate products to provide the best coverage. In the insurance contract retention stage, Kyobo Life provides customers with consistent information on their contracts to help them maintain their insurance and receive proper coverage in times of need. In the claim payment stage, Kyobo Life makes promised payments promptly whenever an applicable reason for helping customers overcome their hardships arises. Meanwhile, the premiums paid by customers are managed according to the long-term asset management strategy of Kyobo Life.



Kyobo Life’s Products as Life Partners

Kyobo Life offers a wide range of insurance products to help customers overcome future adversities and pursue their cherished dreams with confidence.

Introduction of Insurance Products

 <p>Whole Life/Term Insurance</p> <p>This insurance protects you and your family in the event of an unfortunate accident.</p> <ul style="list-style-type: none"> ▶ (No-dividend) Kyobo Practical Whole-Life Insurance 	 <p>Health/Integrated Insurance</p> <p>This insurance covers major "diseases and death together."</p> <ul style="list-style-type: none"> ▶ (No-Dividend) Kyobo Plus Health Insurance 	 <p>Pension Insurance</p> <p>This insurance will provide assurance during the later days of your life which are expected to be longer than your economically active period</p> <ul style="list-style-type: none"> ▶ My Future Pension Plan Kyobo Variable Pension Insurance II
 <p>Education/Child Insurance</p> <p>This insurance provides education funds for your child and covers illnesses/injuries.</p> <ul style="list-style-type: none"> ▶ (No-Dividend) Kyobo My Child's First Insurance 	 <p>Deposit Insurance</p> <p>This insurance helps you prepare funds for diverse purposes.</p> <ul style="list-style-type: none"> ▶ (No-Dividend) Kyobo Big Plus Deposit Insurance 	 <p>Insurance for the Disabled</p> <p>This insurance is exclusively designed to provide benefits for people with disabilities.</p> <ul style="list-style-type: none"> ▶ (No-Dividend) Kyobo Gomduri Coverage Insurance

Vision and Strategies

Since the establishment of Vision2020 in 2016, Kyobo Life has consistently strived to achieve this end. That being said, Kyobo Life will think and act from the perspective of its customers, upholding the principles of honesty and sincerity by taking full responsibility for the results, rising to new challenges, and never allowing the fear of failure to discourage the company from trying again.



2018 Business Environment and Responses

In order to proactively respond to future changes and realize Kyobo Life's Vision 2020, Kyobo Life analyzes the constantly changing industry trends and the business environment, identifies potential risk factors, and derives business potential from diverse opportunities.

Category	Business Environment & Implications	Future Response
Society	<ul style="list-style-type: none"> · Aging population and declining birth rate · Increase in single-person and senior households 	<ul style="list-style-type: none"> · Enhancement of product competitiveness, such as the development of differentiated products, by reflecting customers' needs. · Increased sales of family life guarantee products through strengthened marketing. · Improve channel expertise
Economy	<ul style="list-style-type: none"> · Continuing trend of low growth and low interest rates. · Limited economic recovery is expected due to increasing uncertainties in domestic and global financial markets. · Probability of additional increases in Korea's key interest rate. 	<ul style="list-style-type: none"> · Make use of overseas alternative assets · Asset management in response to increasing volatility in domestic and foreign financial markets.
Politics	<ul style="list-style-type: none"> · Strengthening of regulations on financial soundness, such as IFRS17 (to be introduced in 2021) and the K-Insurance Capital Standard (K-ICS). · Increased legal liabilities of financial companies due to enhanced protection of financial consumers. 	<ul style="list-style-type: none"> · Continued strengthening of countermeasures in response to regulations on financial soundness.
Technology	<ul style="list-style-type: none"> · Diffusion of convergence in the financial industry. · Increased use of fintech/big data. 	<ul style="list-style-type: none"> · Strengthen the competitiveness of the insurance business by leveraging digital technologies · Develop new growth engines based on digital technologies

Economic Value Creation and Distribution

(As of 2018)

1

Customers

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

Reserve funds for claims:

KRW **12.2178** trillion [▶ Value distribution](#)

2

Financial Planners & Employees

Kyobo Life recruits talented personnel and benefits from the talents of outstanding Financial Planners. In turn, the company provides them with a variety of services designed to help them achieve the best results and enhance their capabilities.

Fees and training costs

KRW **613** billion

Emotional Stableness/
Financial Guarantee

KRW **425.4** billion



Creation of economic value

The economic values that Kyobo Life newly creates through its business activities, such as premium income from life insurance sales and investment profits through asset management, are distributed to key stakeholders.



3

Investors

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

Dividends

KRW **102.5** billion

4

Government & Communities

Kyobo Life contributes to the government and local communities by paying taxes and engaging in social contribution and purchasing activities, among other things.

Taxes / donations, etc.:

KRW **526.2** billion



Kyobo Chairman's Keynote Speech at the UN headquarters / Receipt of the Eungwan Order of Cultural Merit



Kyobo Life Chairman Becomes First Korean Businessman to Give Keynote Speech at UN Forum

In May 2018, Kyobo Life Chairman Chang-Jae Shin became the first Korean businessman to deliver a keynote speech at the United Nations headquarters in New York. Chairman Shin was invited to the forum held by the UN and the International Council for Small Businesses (ICSB) to share stakeholder-centered management cases and the management philosophy of Kyobo Life. He discussed the humanistic corporate culture inherited from company founder Yong-Ho Shin and explained that humanism, the basis of the life insurance business, has always been the foundation of Kyobo Life's management philosophy.

He went on to say that 'stakeholder relationship management' refers to respecting all stakeholders (customers, employees, investors, communities, the government, etc.) as human beings, rather than viewing them as mere business tools, and pursuing balanced development. Chairman Shin also stressed that if leaders satisfy their employees and employees satisfy their customers, the satisfied customers will, in turn, contribute to the company's profits, thereby creating a virtuous cycle of shared development of all stakeholders.

Chairman Shin expressed the view that modern society increasingly expects companies "to create not only economic values but also humanistic values" and emphasized that Kyobo Life will continue its unending journey toward human-centered management.



Kyobo Life Chairman Honored with 'Order of Cultural Merit'

Chang-Jae Shin, the chairman of Kyobo Life, received the Eungwan (Silver Crown) Order of Cultural Merit in recognition of his endeavors over the past twenty-five years as the chairman of the Daesan Cultural Foundation to develop and globalize Korean literature and his contribution to bringing literature to the public and expanding the reading culture through the Kyobo Book Centre and the Gwanghwamun Billboard. The South Korean government awards the Order of Cultural Merit to persons who conduct outstanding meritorious services in the fields of culture and art in the interest of promoting the national culture and national development. As the medal is usually awarded to prominent art and cultural figures, presentation of the honor to a business leader is not only exceptional but also highly meaningful, all the more so given that Chairman Shin has followed in his father's footsteps.

Led by Chairman Shin Chang-Jae, the Daesan Cultural Foundation not only hosts the Daesan Literary Awards but is also dedicated to invigorating the literary community by discovering talented new writers through the Daesan Creative Writing Fund and the Daesan Literary Awards for College Students among other programs. In addition, the foundation has translated the works of renowned Korean writers, including Pak Kyongni and Hwang Sok-yong, into various languages and helped to get them published internationally. Among them, author Han Kang's *The Vegetarian*, which was published in the U.K. with the support of the foundation, became the first Korean-language novel to win the Man Booker International Prize, one of the top three literary awards in the world. Kyobo Life will continue making concerted efforts to support the development and globalization of Korean literature.



Kyobo Life's



Customer satisfaction	73.4 points
ROE	5.6 %
RBC	311.8 %
Financial planners' satisfaction	70.1 points
No. of training hours / employee	97 hours
Social contribution	KRW 10.3 billion

Kyobo Life's Sustainable Management

Sustainability Management System	20
Stakeholder Engagement	21
Stakeholders Meeting	22
Materiality Test	24
Special 3. Kyobo Dasomi's Support for Ireundungi(premature Babies)	26

Key Activities for Stakeholders in 2018

Customers	28
Financial Planners	34
Employees	38
Investors	44
Government and Communities	50
Special 4. Kyobo Life Youth Athletics Cup Championship	56

Sustainable Management System

Kyobo Life's sustainability management is based on the company's sustainability management philosophy of "Pursuit of Shared Growth with All Stakeholders." Kyobo Life defines its stakeholders based on the level of their legal responsibilities and their impact on the company's business activities. The company then specifies its promises to the stakeholders and fulfills those promises through its sustainability Management Approach. Kyobo Life's stakeholders are its customers, financial planners, employees, and investors, as well as the government and communities. The company's sustainability management system consists of ①its promises to its stakeholders; ②the principles according to which its promises are implemented; ③and key performance indicators (KPI). In this report, stakeholder interest is treated as a very important evaluation criterion in the materiality test. Activities like communications and meetings with stakeholders are a means of listening to the voices of the stakeholders.

Sustainable Management Philosophy		Pursuit of Shared Growth with All Stakeholders			
For Kyobo Life's Stakeholders	 Customers	 Financial Planners	 Employees	 Investors	 Government & Communities
Our Promises	A company that provides optimum insurance coverage and ongoing services	A company that succeeds together with our Financial Planners	A company that grows together with our employees	A company that is attractive to investors	A company that grows together with the government and communities
Our Principles	<ol style="list-style-type: none"> We will listen to our customers and manage the company from their perspective. We will enhance service quality throughout the policy life cycle, from underwriting to persistency and benefits payment 	<ol style="list-style-type: none"> We will respect and trust the Financial Planners as our business partners. We will establish fair standards and help the Financial Planners to engage in their sales and service activities with peace of mind. We will support the development of our Financial Planners into insurance experts. 	<ol style="list-style-type: none"> We will maintain our corporate culture of joy, pride and trust. We will provide equal opportunities and rewards according to fair evaluation criteria. We will support our employees' growth and development as insurance experts. 	<ol style="list-style-type: none"> We will continue to produce exceptional profits on the basis of good growth. We will increase the value of the company through preemptive risk management 	<ol style="list-style-type: none"> 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.
KPI	Persistency Rate* 78.8% Customer Satisfaction Level 73.4 pts Market Share* 11.3%	Satisfaction Level 70.1 pts Settlement Ratio* 36.4%	Training Hours per Employee 97 hours	Total Assets* KRW 108.8 trillion ROE* 5.6% RBC* 311.8%	Social Contribution Ratio*/Amount KRW 103 (1.9%) hundred million Weight of Socially Responsible Investment* KRW 75,199 (9.1%) hundred million Energy Consumption 16,876 TOE*

*Persistency Rate: (Contract Maintenance Fee / Underwriting Fee) × 100

*Market Share Rate: Based on premium income as of November 2018

*Financial Planner Settlement Ratio: (No. of advanced Financial Planners / No. of newly registered Financial Planners) × 100

※ Financial Planners Settled in the 13th Month includes those who sign more than one more new contract and retain 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.

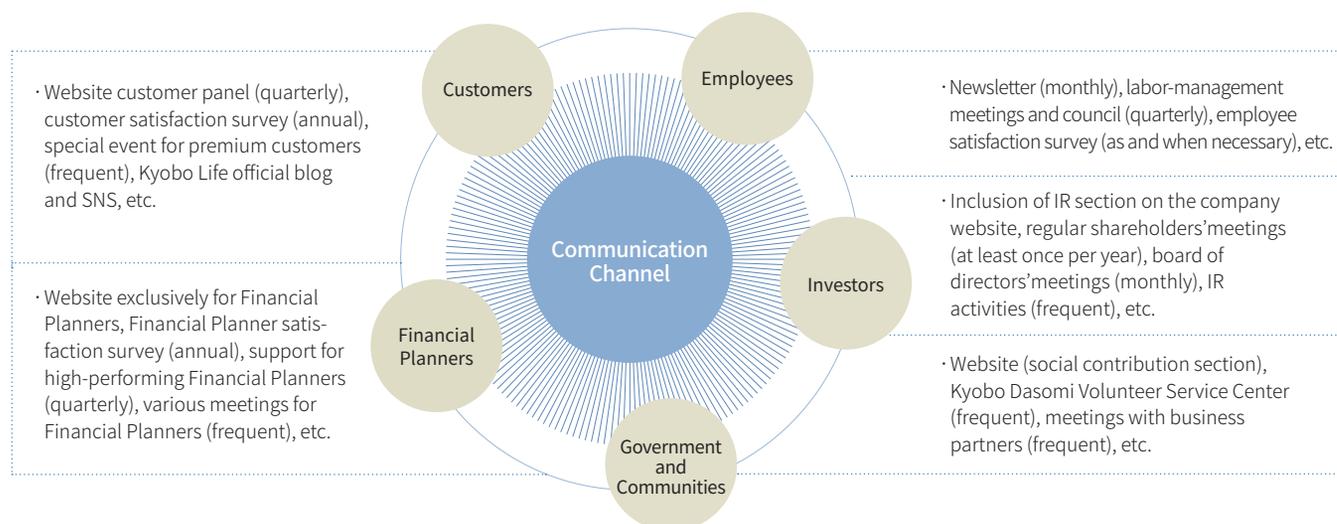
* Weight of Socially responsible investment (SRI) ratio: SRI investment / General account assets × 100

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

Stakeholder Engagement

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.



Stakeholder Survey

Category	Method	Purpose	Content Summary
Customers	Satisfaction	To assess customer satisfaction with Kyobo Life and its major rivals, and to work out ways of raising the level of satisfaction.	<ul style="list-style-type: none"> Assessment of customer satisfaction with Kyobo Life vs competitors Corporate image Satisfaction with insurance products
	Brand	To measure the company's brand power and obtain data that can be used for strategic brand management.	<ul style="list-style-type: none"> Company awareness and customer loyalty Brand image of life insurance Survey on how customers use life insurance companies
Financial Planners	Satisfaction	To assess the competitiveness of the Financial Planners' activities and devise ways of improving customer satisfaction.	<ul style="list-style-type: none"> Assessment of customer satisfaction with the Financial Planners. Identification of strengths and weaknesses that affect the competitiveness of the Financial Planners' activities. Identification of complaints and needs of the Financial Planners.

Management Information Session for Employees

Kyobo Life holds management information sessions in order to explain the 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 13, 2018, Two sessions (10:00~11:30 & 15:00~16:30)
Venue	Convention Hall and Seminar Room, 23rd Floor, Kyobo Life Head Office, Gwanghwamun
Main Items of Agenda	<ul style="list-style-type: none"> FY2018 Business results and business environment issues in the first half of the year FY2018 Direction of marketing strategy in the second half of the year

Stakeholders Meeting

Kyobo Life held the expert meeting after renaming it the 'stakeholders meeting' in order to improve its sustainability management and bring about meaningful changes. Customers, Financial Planners, investors, local community members, employees and stakeholders in the field of environment attended the meeting and discussed ways of improving the sustainability management of Kyobo Life.

Date / Time	November 15 (Thu), 2018, 15:00~17:00
Venue	Seminar Room, 17th Floor, Kyobo Life Head Office, Gwanghwamun
Moderator	THE CSR



The level of customer exposure to customer-oriented Management Approach leaves a lot to be desired.

Jong-seon Yun Customer
(Customer Representative)

Page 6 of the 2017 Sustainability Report introduces some of the numerous Management Approach that the company launched on behalf of its customers. However, I feel that the level of customer exposure to these activities is less than expected. Kyobo Life is a company that customers trust, but it has a weak brand image when compared to its competitors. The company needs to communicate more actively with its customers through more diversified channels.



New Financial Planners need a system by which they can become independent.

Hyun-soo Yun Financial Planner
(FP Representative)

As a Financial Planner, one of the more agreeable aspects of working for Kyobo Life is its MDRT culture. Such a culture and the company's support for its Financial Planners fill me with pride. And HRD Training Center is a great place for experiencing and learning about the culture of Kyobo Life. I hope more new Financial Planners will get to experience the education center. The only shortcoming is that the system and the foundation through which new Financial Planners can grow and become independent are still inadequate. I hope that in future the company will pay more attention to the needs in the field and resolve them.



There is high market interest in non-financial value.

Jin-won Oh Financial Investment
(Investor representative)

All over the world, there is considerable interest in non-financial values such as the ESG(Environment-Social-Government) assessment, which is considered an important factor when reviewing investments. And with the National Pension Service adopting a stewardship code, interest in non-financial values is currently very high in Korea. Thus, from a long-term perspective, Kyobo Life needs to prepare for non-financial valuation. Also, for continuous growth, please communicate more frequently with stakeholders about the uncertainties inherent in a capital market and the direction in which a life insurance company can grow its new businesses.



Exemplary activities must be publicized extensively.

Ji-min Hong Assistant Administrator (The Beautiful Foundation / Local community representative)

Corporate social responsibility programs like the 'Dasomi Save a Small Breath' project is an excellent case of CSR that other companies are eager to benchmark. In order for more people to benefit from the program and to develop it into an important agenda for the whole of society, it has to be promoted more intensively. Kyobo Life has behaved in an exemplary fashion in establishing strong partnerships with NGOs through the joint office system and continuing its social contribution activities for a long time. Please continue carrying out these good deeds.

Working to improve the corporate culture.



Joong-rok Park Senior Manager, Kyobo Life HR Operations Team (Employee representative)

Kyobo Life works to foster a culture of trust among its members and is viewed as a family-friendly enterprise from the outside. Recently, however, as the culture has become more job-centered, an atmosphere of indifference to others has begun to seep in among the members. We are trying to mitigate this phenomenon by giving them more encouragement and praise. In addition, through an internal awareness survey, we are trying hard to cultivate a more desirable corporate culture.

Kyobo Life must make sure that it implements sustainability Management Approach that are sound and substantial.



Gyeong-sin Kim Professor, Sungshin Women's University (Environmental representative)

Since market interest in the environment has increased enormously in recent years, Kyobo Life should also establish environment Management Approach and directions that are appropriate for an insurance company. And, as a person who has handled sustainability management tasks in companies for a long time, I can attest that while it is also important to publish a sustainability report of high quality, what is more valuable is substantial sustainability activities. Kyobo Life should engage more deeply in its sustainability Management Approach.



Stakeholder meeting concerning publication of the 2018 Sustainability Report

Materiality Test

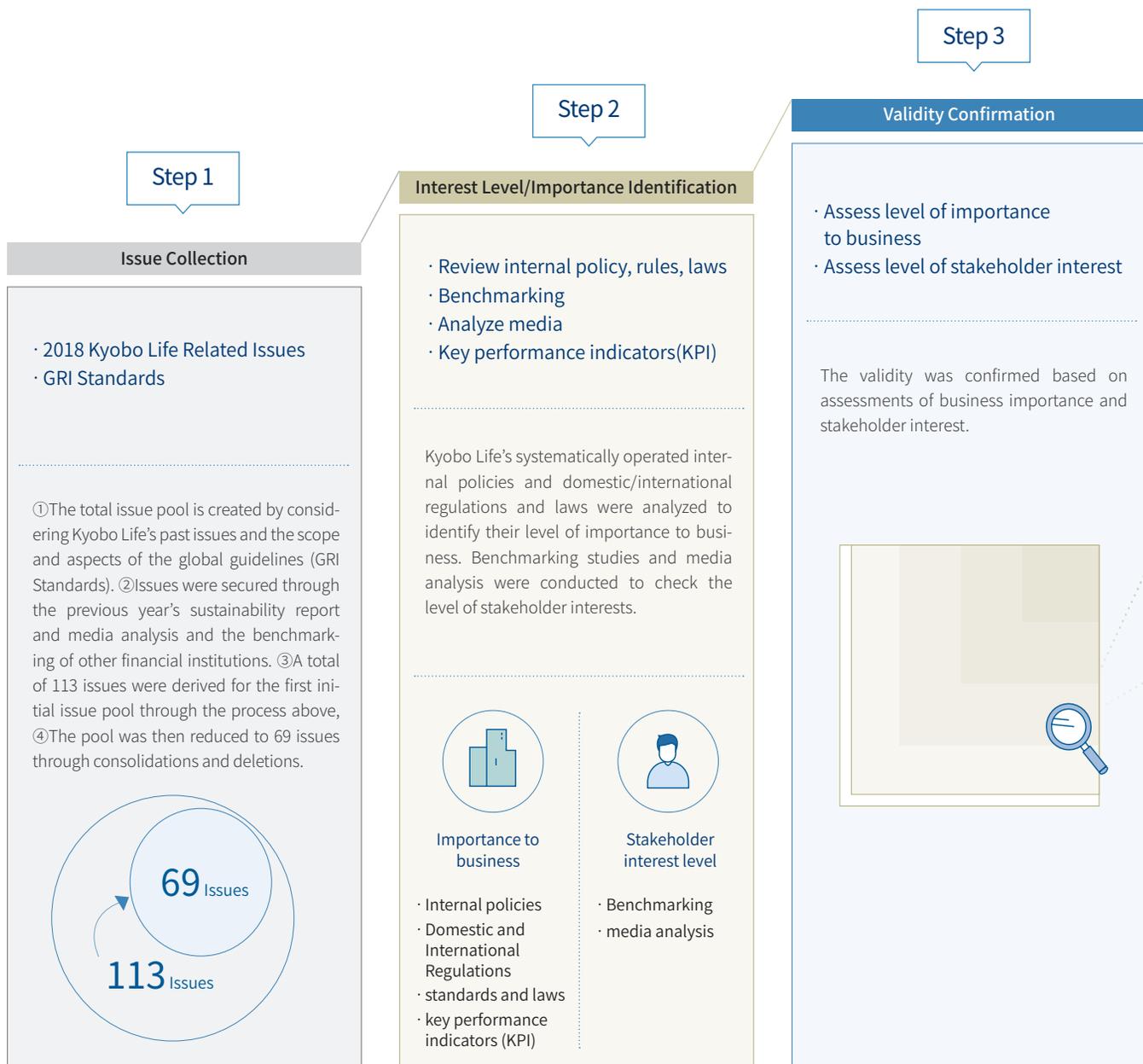
Kyobo Life has identified items of interest to external/internal stakeholders and factors that will impact the business (including potential factors), and has strived to incorporate those items in the course of managing its business. Kyobo Life derived issues that are of material importance to the stakeholders and business that need to be managed specially, and this Sustainability Report has been written in a transparent manner based on the key issues.

Materiality Test Process

In order to assess stakeholder interest and business importance by studying the issues that affect the company, Kyobo Life carried out a 3-step process of issue collection, interest level/importance identification, and validity confirmation.

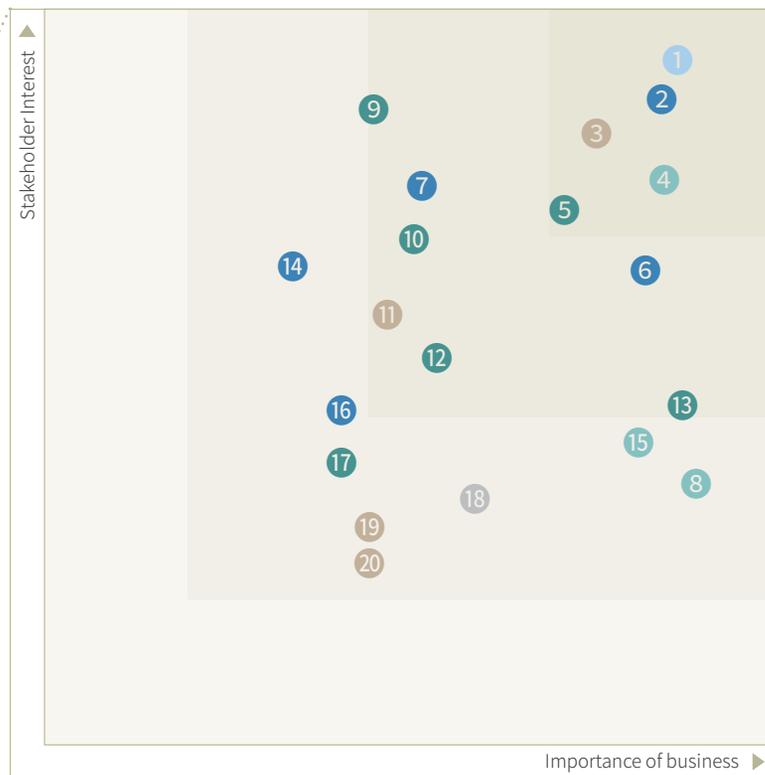
Materiality Test Model

The materiality test is based on the evaluation model of the Institute for Industrial Policy Studies, and involves several different types of investigation and analysis.



Issue Confirmation

The “top 20 issues” were derived from the level of importance of business and stakeholder interest based on a matrix analysis, and 5 key agenda items were selected for each group of Kyobo Life stakeholders.



- 1 Social contribution activities that match the characteristics of the industry
- 2 Development of products and services based on digital innovations
- 3 Establishment of a workplace environment that is great for employees
- 4 Asset management
- 5 Ethics management
- 6 Customer-centered management and development of customer-focused tailored products
- 7 Protection of personal information
- 8 Improvement of financial soundness
- 9 Environmental management
- 10 Win-win collaboration
- 11 Human talent training and employee capability development
- 12 Eco-friendly financial services
- 13 Governance
- 14 Insurtech
- 15 Preemptive risk management
- 16 Strengthening of access to financial services
- 17 Socially responsible investment
- 18 Support for financial planners' capability improvement training
- 19 Respect for human rights
- 20 Opportunities for female advancement

5 Key Issues for Kyobo Life in 2018

Stakeholder	Key Issues	GRI Topic	Reporting Boundary	Contents
● Customers	Products and services based on digital innovations Development products and services based on digital innovations Protection of personal information Insure Tech Improvement of access to financial services	Product and service labelling	Internal/External Internal/External Internal/External Internal/External Internal/External	
● Financial Planners	Support for financial planners' capability improvement training	Training and education	Internal/External	
● Employees	Establishment of a workplace environment that is great for employees Human talent training and employee capability development Respect for human rights Increased opportunities for women	Training and education Employment	Internal Internal Internal/External Internal/External	Activities for stakeholders
● Investors	Asset Management Stable management of assets Preemptive risk management	Financial results	Internal/External Internal/External Internal/External	
● Government/Communities	Social contribution activities that match the characteristics of the industry	Communities	Internal/External	

*The 5 key issues of 2018 are described in detail in the 'Kyobo Life's Key Stakeholder Management Approach' section of this report.

Dasomi Save a Small Breath Program

With the mission of helping premature babies to grow up healthy and assisting their families to overcome adversities, Kyobo Life and a public agency called The Beautiful Foundation teamed up to establish the Dasomi Save a Small Breath Program in 2004. This program consists of social contribution activities such as support for initial hospitalization, re-hospitalization and re-habilitation expenses for families of Ireundungi babies that face economic and emotional difficulties. For fifteen years up until last year, the social support system constructed as part of this program has helped 2,507 Ireundungi babies to become full members of society.

Key Projects

Medical Expense Support Project

Support for initial hospitalization, re-hospitalization, and re-habilitation expenses

Ireundungi Environment Project

Research study and expert meetings, construction of an information network for Ireundungi baby-related topics. Support for Ireundungi babies and disclosure/provision of expert information, support for families of Ireundungi babies.



Dasomi Save a Small Breath Program Statistics

(2004 ~ 2018)

<p>Total Donations</p> <p>KRW 10,949,468,138</p>	<p>Kyobo Life FP Donations</p> <p>KRW 5,073,762,461</p>	<p>Kyobo Life Donations</p> <p>KRW 3,198,400,307</p>
<p>The Beautiful Foundation 1% Donors Donations</p> <p>KRW 2,279,956,442</p>	<p>Matching Fund Donations</p> <p>KRW 306,124,200</p>	<p>Material Donations</p> <p>KRW 91,224,728</p>

*Matching fund donations : LG Nanum Coffee Fund, Balinae House Fund, Yul-Ee Fund, etc.

The social significance of support for Ireundungi babies

Some babies are born weaker and smaller than others. We used to call them premature babies. However, the word premature is considered suggestive of some type of deficiency and hints of stigma made use of the word rather undesirable. But these days we refer to such babies with the more acceptable word ‘Ireundungi’. In fact, the widespread use of the word ‘Ireundungi’ is a remarkable achievement of the Dasomi Save a Small Breath program.

Let’s go over the social contributions made by the ‘Dasomi Save a Small Breath’ project, which was jointly organized and developed by Kyobo Life and The Beautiful Foundation over many years.

First, this could be a great model for social contribution activity by the private sector

This case is a great model of a private company developing a social concern and an agenda and then addressing that concern through a very flexible approach. This program greatly increased government funding of medical expenses for premature babies and babies with congenital anomalies, which until now have been processed through the routine disbursement of public money. This is a good example of a public-private partnership that both works well and serves as a model of how leadership by the private sector could pull along public policy.

Second, the program attracted many donations for the Ireundungi agenda

Under this program, Kyobo Life’s Financial Planners and company employees make donations each month. Today, we can find other private support programs that employ a similar donation-seeking strategy. But back in 2004, getting company support to match the amount raised by the voluntary donations of Financial Planners and then, on top of corporate donations, collecting donations from ordinary citizens through non-profit organizations was, for that time, a radical approach. It heralded the emergence of a new trend in the culture of donating.

Third, the program is an excellent example of partnership between a corporation and a non-profit organization

Through the combination of physical support and human resources support and the formation of a joint office, this program has demonstrated how organic cooperation between a business organization and an NGO can work. The process of cooperation shaped by intense discussions between the two parties over a period of fifteen years through the joint office serves as a model of partnership between a corporation and a non-profit organization.

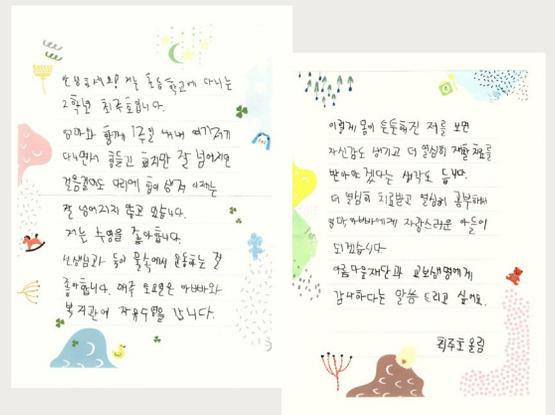
Fourth, effective use of different groups of experts

The Dasomi Save a Small Breath program uses inputs from a variety of academics and experts in related sectors such as healthcare, rehabilitation, and social welfare, as well as soliciting the advice of corporate and nonprofit organizations through steering committees and professional committees. The program’s singular agenda, namely, the project of supporting Ireundungi babies, is a comprehensive challenge that calls for expert knowledge from diverse sectors. The Dasomi Save a Small Breath program is well organized and operated; the expertise of related sectors is properly reflected in the program; and the comprehensive challenges and needs surrounding the problem are all taken into account.

Professor Ki-cheol Nam / Dongduk Women’s University

A Brief History of the Dasomi Save a Small Breath Program

- 2004 Kyobo Life and The Beautiful Foundation sign agreement on joint operation
Kyobo Life launches the Beautiful Workplace campaign
- 2005 Kyobo Life holds ceremony to commemorate the first anniversary; appoints Ji-chang Son and Yeon-su Oh as good will ambassadors of the program.
Kyobo Life holds kickoff ceremony for Dasomi Hope Santa and Secret Santa
- 2006 Kyobo Life launches support program for premature baby’s medical expenses
The word ‘Ireundungi’ is chosen in a public naming contest to refer to premature babies
- 2007 Government’s support program for initial hospitalization expenses is expanded
Kyobo Life launches program to improve the environment of Ireundungi babies
- 2008 Government supported re-hospitalization and re-habilitation expense categories are expanded
- 2009 Categories for re-habilitation expense support are expanded.
Company opens the Nanum Camp for children of Kyobo Life FP donors
- 2010 Company opens the Dasomi Nanum Study Camp and Ireundungi Family Camp
- 2011 Kyobo Life launches the Gwangmyeong Health Center and the tailored home visit health management pilot project.
- 2012 The Ireundungi Family Camp makes appreciation gifts for donors
- 2013 Dasomi Hope Santa undertakes research survey on 10 years of operation
- 2014 10th Anniversary of Dasomi Save a Small Breath Program, medical expense support program is revamped.
- 2015 Company launches Pilot project to support the families of Ireundungi babies.
- 2016 Kyobo Life launches the online awareness campaign named ‘Get Strong Ireundungi!’
- 2017 Kyobo Life sets up donation booth at the 2017 Kyobo MDRD Day event
Kyobo Life participates in the 8th National Nanum Festival



Handwritten letters from Ireundungi baby

2018 Five Key Issues of Kyobo Life

MANAGEMENT APPROACH FOR CUSTOMERS

Importance

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. Thinking and acting from the customer's perspective are the most important considerations in achieving this goal. The latest digital technologies like Blockchain have been adopted to increase convenience when handling customer tasks, while new products and services have been developed to further expand customer values. These activities are important Management Approach for customers who are one of Kyobo Life's stakeholder groups.

Key Activities in 2018

- Innovations in product/service competitiveness aimed at customers
- Provision of customer convenience using digital innovations
- Continual strengthening of customer protection activities

Management Method

Kyobo Life will commit its resources to providing better values in all areas related to customers. The company will assess the needs of customers through continuous communication and develop new products based on the findings. It will differentiate its Lifelong Care Service in order to improve policy persistency. It will also utilize the latest IT technology to increase customer convenience in receiving insurance claim payments.

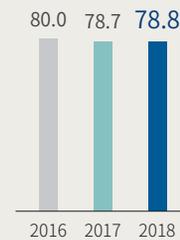
Future Areas of Focus

- Strengthen insurance products and customer interaction point service (subscription, persistency, payment) handling capabilities.
- Speed up customer-centered digital innovations.
- Establish a trusted customer protection culture.

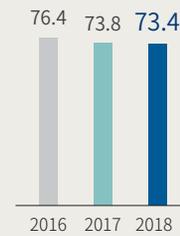


Key Performance Indicators

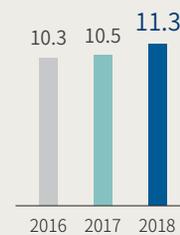
Persistency ratio*(13th month)
(Unit:%)



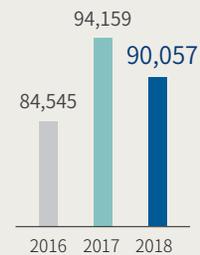
Customer satisfaction level
(Unit:Points)



Market share ratio* (Unit:%)



Insurance claim payments
(Unit:KRW hundred million)



*Persistency rate = (Retention contract premium / New contract premium) × 100
 *The market share rate is based on Premium Income. All data for 2018 are as of November 2018.
 *78.6 -> 78.7%

Customers

- Financial Planners
- Employees
- Investors
- Government and Communities

Improvement of customer value and customer protection

Smart Insurance Coverage Analysis System

Kyobo Life was the first company in the insurance industry to pioneer the use of a new digital technique called “scraping” in developing a new type of family coverage analysis system. The smart family guarantee analysis system automatically visits the cyber windows of all insurance companies (life insurance, property insurance, post office and deductible insurance), extracts all subscription information at once, and automatically sends the extracted data to the third party information section of the Kyobo Life coverage analysis system. In sum, it is a complete end-to-end family coverage analysis system. With the scraping technology of the Smart Coverage Analysis System, Financial Planners can provide accurate coverage analysis to their customers.

*Scraping: Scraping is a technique in which a computer program extracts desired data from the website where they reside without actually having to visit the website

Adoption of Kakao Pay authentication service

Kyobo Life was the first insurance company to adopt the Kakao Pay authentication service for its mobile banking service in order to increase customer convenience. The company signed an MOU with Kakao Pay and adopted the Kakao Pay authentication service for its mobile (web) application process for advance withdrawals. When a customer visits the Kyobo Life mobile website, with just the Kakao Pay authentication to confirm his or her identity, the customer can use all the different banking services available through the mobile website with just fingerprint authentication, thus dispensing with the need for a digital signature. In addition, important documents that require digital signatures can be opened and read by downloading them using the Kakao talk messaging service and entering the relevant password, without the need to install digital signatures or a separate app. With the Kakao Pay authentication service, customers can now download documents securely and easily.

Automatic Insurance Payout Claim Service Using Blockchain

To reduce the inconvenience of small insurance payout claimants and increase the economic benefits, Kyobo Life offers a ‘Smartphone Insurance Payout Claim’ service that is based on blockchain technology. By simplifying the complex insurance payout claim process, this service tries to mitigate the inconvenience experience by small insurance payout claimants. The ‘Smartphone Insurance Payout Claim’ turns the entire insur-

ance payout claim process into a one-stop automated process. Even if the consumer fails to file a claim, when a case meets the conditions for insurance payment, copies of the medical record and insurance payout claim applications are automatically generated. With this service, the insurance payment procedure is expected to be greatly simplified and, since the whole process is recorded in the blockchain, the secure management of insurance payouts has been made possible. This new service will be piloted until 2019 and then expanded gradually.

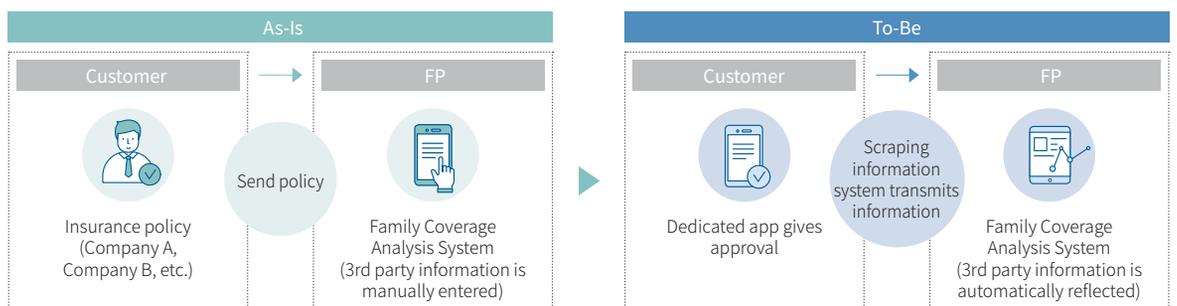
Kyobo Life receives the Presidential Prize at the 18th Korea Digital Management Innovation Awards

In July 2018, Kyobo Life was awarded the Presidential Prize, the overall award given at the 18th Korea Digital Management Innovation Awards, which are jointly organized by the Ministry of Science and ICT, the Ministry of Culture, Sports and Tourism, and the Ministry of SMEs and Startups. The company was recognized for developing diverse insurance service products based on digital technologies in a bid to increase its competitiveness in the era of the Fourth Industrial Revolution and build a platform for future growth. The company was also commended for accelerating innovations in the field of insurance services and improving customer convenience by introducing simplified authentication and the smartphone insurance payout claim system. As this was the first time that an insurance company won the Presidential Prize since its creation in 2012, it represents a huge milestone in the industry, and is all the more significant in that it is an acknowledgement on the part of academia and the government that the company has made a significant contribution to digital innovation.



Grand award at the 2018 Korea Digital Innovation Management Awards

Improvement of work efficiency through the smart app-based coverage analysis service



Health Management in Daily Life - 'Kyobo Health Coaching Service'

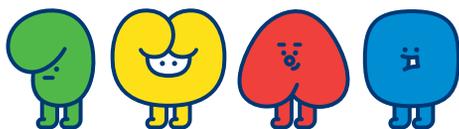
Kyobo Life expanded from its treatment support-oriented service structure when it began offering a unique and comprehensive health management service called the Kyobo Health Coaching Service. Based on digital technologies and composed of five elements, this health improvement service helps customers to maintain a healthy lifestyle in their daily life. This customer-tailored service managed by health experts encourages customers to pay close attention to their health and practice good health habits.

Elements of the Health Coaching Service

- **Everyday Challenge:** IoT-based measurement of exercise and reward (walking challenge).
- **5! My Coaching:** 1:1 customized health improvement program, consisting of 5 programs of exercise/nutrition/stress management/moderation in drink/prohibition of smoking.
- **Check-Check My Health:** Evaluation of the customer's biological age and provision of a health report based on the results of a health check.
- **Health Library:** Retrieval of health information checked by a medical professional and provision of the Webzine service.
- **Coach 1:1 Consulting:** Support for 1:1 chatting with a health expert and consultation through KAKAO talk.

The Launch of Kyobo Life's Digital Character

Last June, Kyobo Life launched 'Kyobo Lovers' – a series of digital characters designed to facilitate smoother communication between the company and customers in their 20s~30s and convey the company's philosophy of respect for life and love of the family. The design motif of the 'Kyobo Lovers' was inspired by the 'gokok', a traditional Korean ornament made from jade which symbolizes life and bud. The design consists of the four Hangeul letters that make up 'Kyobo Life', with each character rendered in a primary color and given a compact form. The name itself was inspired by the word 'rubber' (suggestive of puffy round rubber) and 'lover' (as in a fan or devotee). The name reflects the aspirations of the company to become an organization loved by its customers through the flexibility and expandability of rubber and the importance of family. From now on, Kyobo Life will leverage the 'Kyobo Lovers' in an effort to make the company's activities - including its customer consulting, Lifelong Care Service, and social responsibility activities - more comprehensible and closer to its customers.



Kyobo Lovers

Customer-Centered Enhancement of Product and Service Value

Kyobo Life is striving to provide differentiated and customer-centered insurance products and enhance the value of its supplementary services through product innovations.

Development and Launch of New Insurance Products

In its development of new products, Kyobo Life aims to provide insurance products that will satisfy the life stage needs of its customers. In 2018, the company's efforts to create products that meet the needs of its customers have led to the release of the following new products.

Important new products



(No-Dividend) Kyobo My Child's First Insurance

· This insurance product covers children for a period from birth up to 100 years old. Notably, it provides thorough coverage for growing children and supports their education funds.



Assessable (No-Dividend) Kyobo Variable Education Insurance

· Parents can prepare education funds for their children's future, including preparation for college admission, language exchange, and studying abroad. If the need arises, the insurance can be converted into pension insurance for parents.



New (No-Dividend) Kyobo In-Advance CI Insurance

· In the event of an accident (critical illness, etc.), the customer can receive the estimated funds required for treatment or living expenses in advance to ensure a stable family life.



New (No-Dividend) Kyobo In-Advance Women CI Insurance

· This insurance product covers serious diseases that are prevalent among women.



(No-dividend) Kyobo Practical Whole-Life Insurance

· Customers are provided with a range of insurance plans according to their needs. The product helps families maintain a stable life in the event of difficulties.

- Customers
- Financial Planners
- Employees
- Investors
- Government and Communities

Product Innovation Efforts: Kyobo Life Awarded Exclusive Commercialization Rights

When Kyobo Life introduced the ‘Assessable (No-dividend) Kyobo Variable Education Insurance’ in response to changing customer needs to commemorate the 60th anniversary of its foundation, the company was awarded the exclusive right to commercialize the new product from the Korea Life Insurance Association based on the merits of product originality and utility. The exclusive commercialization right is intended to protect the initial interests of any company that develops a new product for a fixed period of time (three months or six months) by prohibiting other companies from launching a similar product. This product has received good reviews because it allows the customer to postpone the reception of education funds and the warranty period depending on the needs of the customer. This achievement is the fruit of the company’s sustained efforts to develop products and supplementary services that are highly competitive. This is how Kyobo Life became the life insurance company with the highest number of exclusive commercialization rights to insurance products.

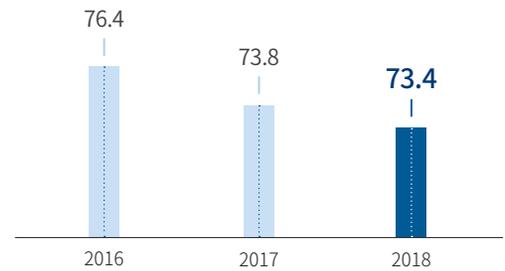
Kyobo Life Products Granted New Product Development Profit (Exclusive Commercialization) Rights	
· (No dividend) Kyobo Variable Education Insurance (2018)	
· (No dividend) Kyobo My Whole-Life Customized Health Insurance (2017)	
· (No dividend) Kyobo Substantial Variable Whole-Life Insurance (2017)	
· (No dividend) Kyobo In-Advance CI Insurance (2017)	
· Keep-Your-Dream-Alive Kyobo Pension Insurance II (2016)	
· (No dividend) Kyobo Premier CI Insurance (2016)	
· (No dividend) Kyobo My Child Guardian Insurance (2012)	
· (No dividend) Second CI Coverage Special Policy Conditions (renewable) (2010)	

Customer Satisfaction Survey

Since 2000, Kyobo Life has conducted its annual customer satisfaction survey in order to respond swiftly to changes in the market as well as changes among its customers. The company uses the results of each survey to assess the level of customer satisfaction and identify customer needs, and then attempts to devise ways of improving its services to raise customer satisfaction. The results of the 2018 survey show that overall customer satisfaction fell by 0.4 points to 73.8 points, although the company received high ratings for its call center response and advance withdrawal products.

Survey subjects	Adults aged 20 - 64 who subscribed to life insurance within the preceding three years
No. of respondents	2,000 persons
Period of survey	April ~ May 2018

Customer Satisfaction Survey (Unit : Points)



Category	2016	2017	2018
Total	76.4	73.8	73.4
Company image	76.2	75.4	74.4
Insurance products	75.9	73.8	73.0
Subscription Process	76.6	74.4	72.1
Advance withdrawal products	72.4	70.8	74.1
Face-to-face customer service	76.6	73.5	72.1
Contract management service	75.2	71.4	68.6
Payment service	78.0	73.6	73.6
Customer PLAZA	80.4	75.9	76.8
Call center response	78.2	76.2	77.3

Lifelong Care Service – Focus on ‘acquisition of new customers and optimization of customer coverage’

Kyobo Life provides a service called the Lifelong Care Service to focus on customers’ insurance coverage more effectively. As a ‘maintenance service’ for its subscribers, the Lifelong Care Service is a manifestation of Kyobo Life’s permanent commitment to its ‘customer satisfaction management’ philosophy. Since 2011, Kyobo Life has been operating the Lifelong Care Service Support Team to strengthen the customer management and service quality of the Lifelong Care Service. In 2018, the company worked hard to acquire new customers and expand its customer base with the high-quality Lifelong Care Service. In addition, the company provided insurance coverage to more people by expanding its pool of weak coverage customers from 500,000 to 700,000.

Lifelong Care Service Stats

Category	2016	2017	2018
No. of customers who experienced subscribers to the service	2,516,000 (81.2%)	2,612,000 (82.4%)	2,827,000 (81.6%)
Payments for unclaimed accident insurance benefits	KRW 35.9 billion	KRW 40.2 billion	KRW 42.1 billion

*Cumulative data since project launch

Kyobo Nobiliaire Society hosts the 'Kyobo Nobiliaire Flower Concert'

Since 2012, the Kyobo Nobiliaire Society has hosted the Kyobo Nobiliaire Concert to communicate with customers more closely and effectively. In addition to the regular classical performances, the concert showcases a wide spectrum of artistic genres including literature, film, and fine arts, making a deep and lasting impression on our customers. In 2018, Kyobo Nobiliaire organized a classical concert with the master conductor Chung Myung-whun's Philharmonic Orchestra for the company's Financial Planners and customers in Seoul and the Gyeonggi-do region.

Notably, in November of last year, the society hosted the 'Dear Vincent' concert, which combined the works of Vincent van Gogh with music. Through episodes about the artist's life and work, intriguing interpretation based on a storytelling format, and music that expressed the great artist's life poetically, the concert presented an eclectic mix of entertainment and a moving performance. The concert represented a serious attempt to reach out to Kyobo Life's customers through the humanities.



Kyobo Nobiliaire Flower Concert

Responsibility for Insurance Products and Services

Putting into Practice Faultless Insurance Sign-up Procedures

Kyobo Life is educating all of its Financial Planners on the importance of faultless insurance sign-up and has added the related provisions to the company's standard to ensure that its Financial Planners strictly observe the proper insurance sign-up procedures.

Faultless Insurance Sign-up

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

Protection of Customer Rights and Interests and Prevention of Unfair Trade

Kyobo Life is committed to protecting the rights and interests of its customers by complying with insurance-related government regulations. It also operates an advertisement review system that requires new product advertisements and insurance brochures to be approved by the legal compliance monitoring body. Furthermore, it is committed to preventing unfair trade practices such as poaching the customers of its competitors. To date, the company has never violated any national laws or self-imposed regulations related to the aforementioned issue.

Status of product advertisement and insurance product brochure reviews (Units : case)

Category	2016	2017	2018
Status of cases under review	1,166	971	1,038

Insurance Payout Disbursements by Kyobo Life

Kyobo Life currently disburses insurance payouts through 57 Customer PLAZAs and 42 insurance payout reception windows. In addition, for customers who are unable to visit the reception windows, Kyobo Life provides assistance with insurance payment claim application and collection through Financial Planner insurance claim proxy filing and insurance payout home delivery services.

Status of accident claim proxy filing and payout home delivery services (Units : KRW 100 million)

Category	2016	2017	2018
Accident claim proxy filing	5,121	5,158	5,272
Insurance payout home delivery service	3,170	2,666	1,135

Strengthened Customer Protection Activities

Kyobo Life makes sure that the valuable data of its customers are fully protected. The company devotes part of its resources to strengthening awareness among all its employees and Financial Planners of the absolute importance of customer protection. To that end, it has systemized the relevant internal processes to lay the foundations for reflecting the VOC in management.

VOC Management Support

Kyobo Life regards the voice of the customer as an important asset. The company analyzes customer opinions and looks for improvement areas. In 2018, the VOC Management Council was convened twelve times. Of the 36 proposals taken up by the council, 21 have led to improvements and 15 are currently being implemented as of the end of December, 2018. One fine example of such an improvement proposal, aimed at improving convenience for customers with disabilities, was the production and issuance of product brochures printed in Braille for the company's Gomduri insurance product.

Customers

- Financial Planners
- Employees
- Investors
- Government and Communities

Customer Information Protection Education

To guarantee the protection of customers' personal information, Kyobo Life has established internal regulations and provides education on personal information protection to all its employees and Financial Planners on a continuous basis. As a result of these efforts, no cases of customer information leaks have ever been reported to date at Kyobo Life.

Customers Information Protection Training Statues

(Units : hours)

Category	2016	2017	2018
Employees	16	11	10
Financial Planners	12	12	11
IT Management Staff	16	13	10
Manager of Information Protection Management	16	28	21

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 provided in this section is regularly updated to guarantee the customers' right to know.

FSS Financial Customer Protection Survey

In the 2018 Financial Customer Protection Survey conducted by the FSS, which assesses companies in ten categories, Kyobo Life received 'Good' ratings in 7 categories and an 'Excellent' rating in 1 category. The competition among financial companies to get the best "customer protection ratings" looks set to become even fiercer in the future. As such, Kyobo Life plans to address this challenge with even more differentiated customer protection efforts.

*FSS Financial Customer Protection Survey: A program for comprehensively evaluating the customer protection capabilities of a financial company across ten categories in total.

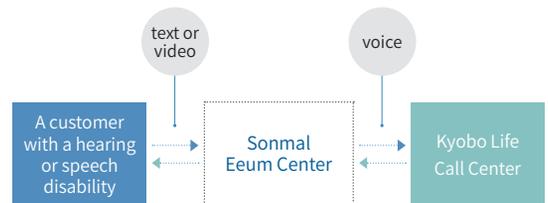
Customer-Centered Management (CCM) Certification

Kyobo Life has been pursuing customer-centered management in order to prevent customer complaints, be able to promptly resolve complaints, and respond positively with the end goal of increasing customer satisfaction. The Customer-Centered Management (CCM) certification is a system for assessing whether a company conducts all its activities from the customer's perspective, organizes its business Management Approach around the customer, and tries to improve them constantly. The CCM certification in Korea is awarded by the Fair Trade Commission. Kyobo Life has been awarded the certification on six consecutive occasions (i.e. once every two years) between 2007 and 2017.

Strengthen accessibility to financial services

Consulting Service for customer with a hearing or speech disability

Kyobo Life operates a call center consultant service through which customers with hearing or speech disabilities can obtain assistance with financial services. A customer with a hearing or speech disability can call a Kyobo Life counselor at the Sonmal Eeum Center, which is run by the National Information Society Agency. When the customer sends a message to the Sonmal Eeum Center sign-language interpreter via video streaming (sign language), the interpreter delivers the content of the message to the Kyobo Life call center consultant by voice, thus enabling the customer to receive the benefits of a consulting session with a Kyobo Life consultant. Using the service described above, customers with a hearing or speech impairment can obtain detailed information about insurance products along with information on how to pay insurance fees and apply for insurance payouts.



Insurance Product Guidebook for the Visually Impaired

Kyobo Life has produced a Braille-based product guidebook and distributed it to customers with visual impairments in an effort to rectify any difficulties they may experience when using our financial services. Although at present there are not many blind people among Kyobo Life's customers, the company views them as valuable customers nonetheless. The guidebook was produced after insurance sales personnel in the field communicated to the management about the need to help disabled people overcome such difficulties. The Braille-based guidebook has been produced as a special product for blind customers.



Gomduri Coverage Insurance brochure printed in Braille

2018 Five Key Issues of Kyobo Life

MANAGEMENT APPROACH FOR FINANCIAL PLANNERS

Importance

Financial planners are both essential business partners and valuable stakeholders of Kyobo Life. They provide Kyobo Life products and services and create values at the customer interaction points. Helping them enhance their expertise, listening to their difficulties when doing sales, and increasing their motivation are important activities that Kyobo Life must undertake since they are the company's partners.

Key Activities in 2018

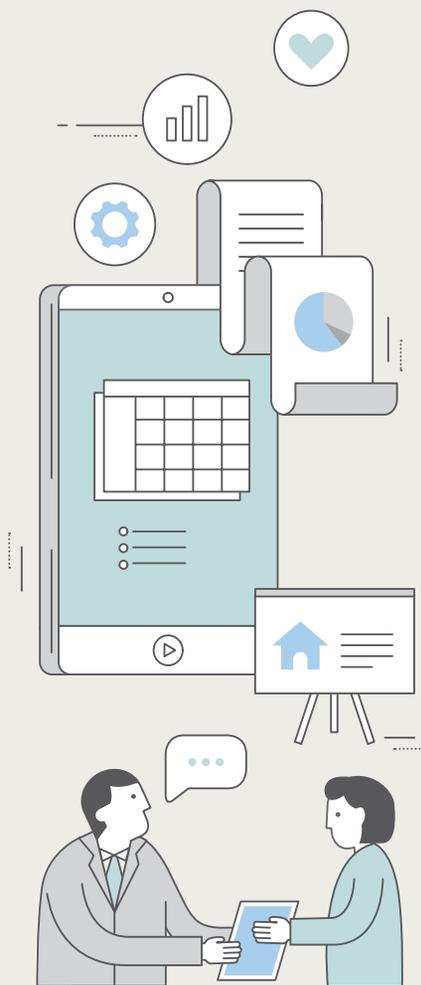
- Operation of the Customer Coverage FP Academy
- Opening of the Consultant Inconvenience Support Center
- Organization and holding of Kyobo MDRT Day

Management Method

In order to be able to correctly explain the products and service values of Kyobo Life to customers, to produce solid results consistently, and to be acknowledged as experts in finance, financial planners are expected to update their skills on a continuous basis. To this end, Kyobo Life provides comprehensive educational programs every year that are a class above that of competitor companies.

Future Areas of Focus

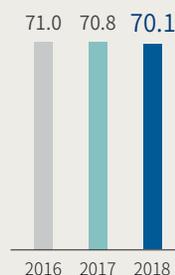
- Strengthen process handling capabilities in a way that is faithful to the basics.
- Modernize sales culture through expansion of MDRT culture.
- Achieve a level of competitiveness among financial planners that can win customers' trust.



Key Performance Indicators

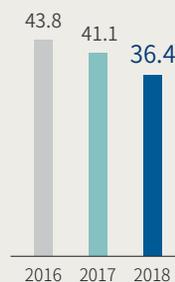
Financial Planner satisfaction level

(Unit:%)



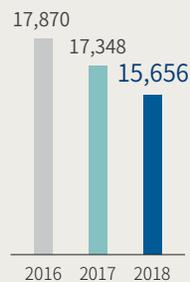
Financial Planner settlement ratio* (13th month)

(Unit:%)



No. of Financial Planners

(Unit : No. of persons)



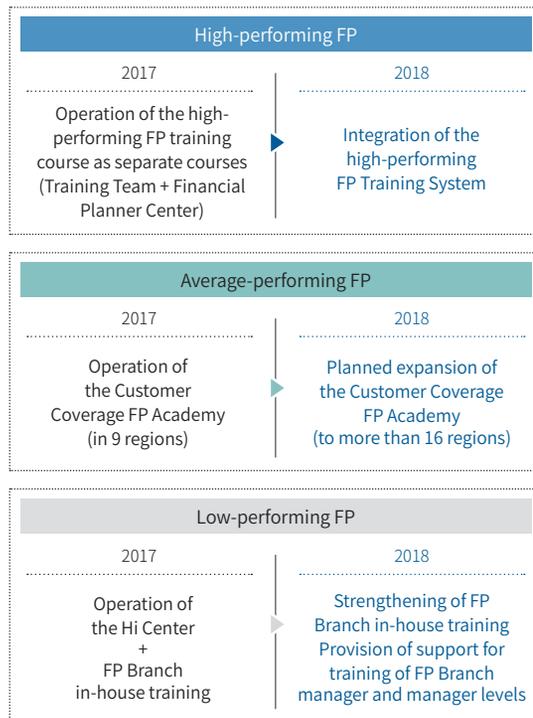
*Financial Planner Settlement Ratio:
 (No. of advanced Financial Planners / No. of Newly Registered Financial Planners) × 100
 Financial Planners Settled in the 13th month include those who sign more than one new contract and retain more than 10 contracts signed as of the 13th month.

- Customers
- Financial Planners**
- Employees
- Investors
- Government and Communities

Kyobo Life’s Management Approach for Financial Planners

Financial Planners Training Support in 2018

In 2018, Kyobo Life instituted many changes in a drive to raise the skill levels of its Financial Planners. Financial planners were separated according to their skill levels and given tailored training programs. The programs for high performers that had existed in each department were consolidated to increase training effectiveness. The Customer Coverage FP Academy, originally established for average performers, was expanded to provide a greater number of Financial Planners with opportunities to enhance their skills.



‘Establishment of the Consultant Inconvenience Support Center – A Platform for Distressed Financial Planners

There is a saying that the respect and interest one shows towards another person begins with listening to what that other person has to say. Financial Planners are people who work diligently and give 100% to their work in a very competitive environment. To better listen to their problems and difficulties and to build a strong sales culture in the field, Kyobo Life has set up the Consultant Inconvenience Support Center whose role is to listen to the problems of distressed Financial Planners and quickly resolve their difficulties so that they can return to their customer coverage activities. Financial Planners can request counseling and assistance by visiting the center in person, by phone or via the Internet. Such requests are relayed to the corresponding departmental managers at the HQ office to ensure that they are quickly processed. The center then

responds to the Financial Planners directly with the results of their requests. With the launch of the Consultant Support Center, Kyobo Life hopes that the company will become a workplace where Financial Planners feel happy and fulfilled.



Opening of the Consultant Support Center

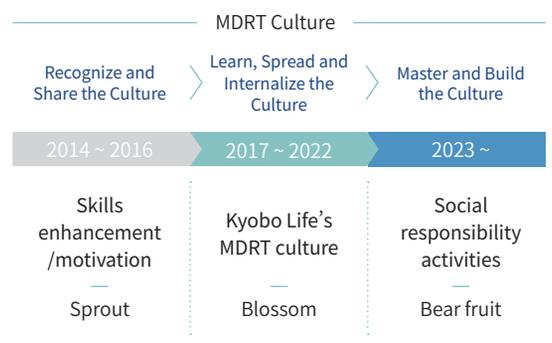
Kyobo MDRT Day ‘Work with passion to achieve one’s goals with a sense of duty’

To instill a sense of pride among the top-performing Financial Planners and boost their motivation, Kyobo Life held the 2018 Kyobo MDRT Day event under the theme of ‘Work with passion to achieve one’s goals with a sense of duty.’

The event showcased the example of a postpartum care center in Pohang whose employees’ first impulse was to ensure the safety of newborn babies even when an earthquake struck. A lecture was given by Dr. Guk-jong Lee, a surgeon who vividly demonstrated the meaning of duty through scenes of the hard life of a doctor working in a trauma center. The day was also a valuable occasion to reflect on the philosophy of life insurance and the duties of Financial Planners. Kyobo Life Chairman Shin Chang-Jae told the Financial Planners: “You will make a strong impression on your customers and they will trust you if you work with a sense of duty.” He then emphasized that it is the duty and passion of a Financial Planner to help customers succeed and attain good coverage.

Establishing Kyobo’s MDRT Culture

By fostering the MDRT culture, Kyobo Life aims to lead its Financial Planners to becoming the practitioners of good social ideals and responsibilities, rather than mere purveyors of insurance products.



Kyobo Life's MDRT Culture

- Achieve even greater success by giving generously.
- Work with passion to achieve one's goals with a sense of duty.
- Be cheerful, optimistic and perform challenging work dynamically.
- Show a passion commitment to learning (training).
- Senior employees must lead junior employees, and junior employees must show respect to senior employees.
- Aim for long-term, continuous success.
- Provide a lending hand to neighbors in difficulty (social volunteer work).



*MDRT: MDRT is the acronym for "Million Dollar Round Table". In 1927, the MDRT was established in Memphis, Tennessee, USA for the purpose of sharing the knowledge and information possessed by top life insurance consultants. It has now become a global professional organization, boasting 62,000 members in 69 countries. As part of its efforts to foster a culture of high performance among its financial planners, Kyobo Life actively supports various MDRT related programs.



2018 MDRT Annual Meeting



Donations by Kyobo MDRT members

Interview with a financial planner who took part in the 2018 MDRT Day

The '2018 MDRT Day' took place in Bangkok, Thailand in February, 2018. The MDRT Day is an event for mentor and mentee financial planners who both achieve MDRT. It provides an opportunity for junior and senior financial planners to learn from each other through mentoring and to boost their motivation. Let's hear from a mentor and mentee who took part in the 2018 MDRT Day.



Mentor Financial Planner A

Q : How was the Bangkok MDTR Day?

A: To work together and share the same dream in a different look, in a different language and in a different place felt very special. I felt the desire to work in the field with more passion.

Q : What would you say is the greatest advantage of the MDRT Day?

A: It is easy to dream about doing something but it is difficult to put it into practice. I became passionate about the idea of putting something into practice rather than just dreaming about it.



Mentee Financial Planner B

Q : When did you feel the greatest sense of fulfillment as a mentee last year?

A: That would be the moment when I finally achieved MDRT after reaching the target I had set myself, after faithfully listening to words of advice from my mentor. It gave me a sense of fulfillment that I wouldn't exchange for anything.

Q : What was your experience of the Bangkok MDRT Day like?

A: The MDRT Day was an event in which I participated for the first time since joining the company. It was a festival filled with the passion and excitement of life insurance professionals from all over the world. I could commiserate and understand and form solidarity as I listened to the experiences of others and the stories of people who had overcome difficulties.

Q : What would you say is the greatest advantage of the MDRT Day?

A: I felt a great sense of pride in my job as a financial planner. Its greatest advantage was that it provided us with a chance to correctly set the direction regarding what challenges to choose and what targets to set. I believe the experience will serve as a great motivator that will pull me forward.

Operation of the Customer Coverage FP Academy to Enhance the Skills of Financial Planners

In February 2017 Kyobo Life launched the Customer Coverage FP Academy to help Financial Planners enhance their skills in customer lifelong insurance planning and customer coverage. In 2018, the academy greatly expanded its enrollment eligibility criteria in order to welcome more students. The academy program runs for 10 weeks and is offered to Financial Planners who are customer-oriented, have a mindset of sharing with others, and display a certain level of performance in their jobs. The training program is focused on helping Financial Planners to produce concrete results on a regular basis by training them to change their attitudes and incorporate the entire sales activity process into their working habits. One of the most important persons at the Customer Coverage FP Academy is the instructor. The instructor is responsible for training and coaching the Financial Planners and therefore has to be selected from among a pool of FP Branch managers with impeccable records. At the academy, Financial Planners are given an important opportunity to boost their capabilities.

Overseas Program for Financial Planners with Outstanding Performance in Customer Coverage

Kyobo Life selected financial planners with the most outstanding performance in customer coverage and sent them on a 7-day overseas trip. This event was sponsored for the purpose of firing up the motivation of financial planners who produced top results in customer coverage and providing them with a chance to recharge to make sure that they keep on producing high performances. The participating financial planners visited historical sites and got to experience the art and culture of a foreign country.



Overseas Language Program for Children of High-Performing Financial Planners

For the last fourteen years, Kyobo Life has been providing the 'Overseas Language Program for Children of High Performance Financial Planners' with the objective of nurturing a sense of pride in their achievements. The program gives the children of a select group of high performers the opportunity to go overseas on a language study program twice a year, in summer and winter. The selected children receive English classes appropriate to their level of ability in the overseas country and get to live with a host family, directly experiencing how people from other countries go about their daily lives. Kyobo Life was the first company

in the insurance industry to introduce this type of program. The program is entirely overseen by the company and hence parents trust it implicitly when it comes to their children's safety, and the costs of study are also paid by the company. For these reasons the program is extremely popular with the Financial Planners. One student who studied in New Zealand as part of the program had this to say: "I had wondered why my mother worked so hard. Now I realize that she did it so that I could be selected for this program. I am so proud of my mother, and grateful to Kyobo Life for giving me this opportunity."



Operation of the Long-term Training Program for New Financial Planners

In order to keep Financial Planners more satisfied with their jobs and give them unique support that's distinct from that provided by other insurance companies, in 2017 Kyobo Life launched a pilot program called the Long-term Training Program for New Financial Planners. The program has been rolled out at a select number of Kyobo Life branches, and, through a pilot operation, the company intends to identify which aspects require improving in order to arrive at the best operating model. The long-term program is targeted at Financial Planners who have been appointed within the last two years, with the aim of training Financial Planners who properly understand what life insurance is all about and are capable of conveying the value of life insurance to the customers. The program curriculum is a systematic combination of education and training with the focus on getting the participants to develop and cultivate the right attitude and habits at their jobs rather than forcing them to simply memorize facts and master technologies. Any deficiencies in the program will be rectified when the program ends, and it will be expanded nationwide in 2019.



2018 Five Key Issues of Kyobo Life

MANAGEMENT APPROACH FOR EMPLOYEES

Importance

Kyobo Life is a company that ensures its employees can work in a culture characterized by fun, pride and trust, and, through its comprehensive skills enhancement program, makes tremendous efforts to foster them into experts in their respective fields. At a time when it has become exceedingly difficult to predict how the external environment will change, such employee-oriented activities as helping them understand how IT will drive changes in the market, making sure that they do not forget about the nature of the insurance business, and maintaining a working environment where they love to work are all very important.

Key Activities in 2018

- Raising awareness and understanding of the Fourth Industrial Revolution
- Providing a wide range of skill enhancement programs
- Create a work environment that is conducive to working
- Increase awareness of the true nature of the insurance business

Management Method

Kyobo Life regards its employees as valuable in-house customers. As such, the company sets the direction of its human resource training each year and then offers a systematic, high-quality training program to its employees. Furthermore, through HR surveys, the company measures employee awareness of job stress and job involvement and utilizes the results.

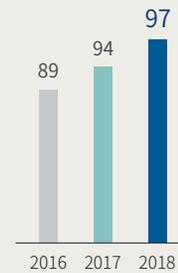
Future Areas of Focus

- Promote mutual encouragement and team-work enhancement
- Improve channel expertise
- Procure talented human resources and develop comprehensive training plan
- Continue to operate a job-centered HR system



Key Performance Indicators

Training hours per person
(Unit: hour)



Skill enhancement cost per person
(Unit: 1,000 won)



Parental leave applicants
Return from parental leave*
(Unit: person, %)



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

Employee Status

The total number of Kyobo Life employees was 3,832, an increase of 2% from last year. In 2018, there were 193 newly hired employees and 79 employees retired (2.06%). The total number of employees comprised 1,553 female employees (40.5%) and 2,227 male employees (59.5%). In 2018, 29 employees with disabilities were on the company’s payroll, representing a hiring rate of 0.8%. There were 80 female managers (executive levels) representing 11.5% of the total workers and this figure has been steadily increasing for the last 9 years.

Anti-discrimination in the Workplace

Kyobo Life is dedicated to ensuring that respect for the human rights and workers’ rights of its employees is maintained. Kyobo life actively supports and complies with the principles of human rights and labor as defined in the UN Global Compact (Protection and Respect of Human Rights, Prevention of Human Rights Violations, 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 the 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 its blind recruitment procedure. All opportunities and decisions relating to base pay, promotion, compensation, training, and retirement are made fairly and solely based on individual performance and capability, regardless of gender. At the beginning of each fiscal year, all employees, including the CEO, have to sign a pledge to comply with the company’s ethical standards, and included in this pledge is a clause prohibiting the formation of cliques within the company environment. This has raised awareness of the need to be careful about unintentional discrimination that can occur in the workplace. In addition, wages are paid equally to both genders. As of 2019, the base salary for newly hired permanent employees with a 4-year university

degree stood at about 205% of the minimum wage (KRW41.88 million), and the base salary and compensation rate are the same for female and male employees.

Protection and Respect for 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 or reduce the incidence thereof. Kyobo Life’s compliance officer training emphasizes this important fact, and the company holds sexual harassment training sessions for all Financial Planners and employees under the supervision of the head of the organization. In addition to regular group training, Kyobo Life provides additional resources on the intranet and in-house satellite broadcasts in comic, animated and other forms of media to convey the extremely serious nature of the subject. In addition, Kyobo Life does not recruit 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.

Status of Sexual Harassment Training

Category	Unit	2016	2017	2018
Employees	%	100	100	100

Building a Cooperative Labor Management Culture

Because advanced labor-management relations are a fundamental prerequisite of any company’s competitiveness, Kyobo Life is enhancing communications about the company’s management information so that the management and the labor union can form a strategic partnership based on a clear understanding of one another. As of December 2018, of the 3,937 employees eligible to join the labor union, 2,640, or 72%, of them joined the labor union on their own free will. Also, in 2018, 100% of Kyobo Life employees were covered by collective bargaining agreements.

*The number of employees eligible to join a labor union is not the same as the number of persons employed by the company.

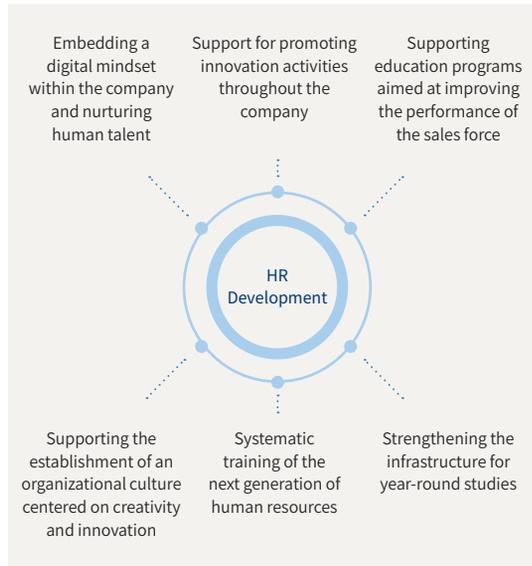
Employee Status

Category	Units	2016	2017	2018	
Permanent	Males	persons	2,312	2,264	2,279
	Females	persons	1,963	1,493	1,553
	No. of female managers (ratio)	persons(%)	73(9.5)	80(10.7)	80(11.5)
	No. of employees with disabilities (ratio)	persons(%)	52(1.2)	29(0.8)	29(0.8)
Non-permanent	Males	persons	7	7	2
	Females	persons	202	152	89
New hires	Employees	persons	215	40	193
Retirees	No. of persons	persons(%)	92(2.2)	73(1.9)	79(2.1)
Parental leave	Usage rate (Male)	persons	2	6	6
	Usage rate (Female)	persons	254	215	172
	Return rate (Males)	%	100	100	100
	Return rate (Females)	%	91.7	90.7	94.19
	% of returning employees who stay on the job (Males)(greater than 1 year)	%	-	-	100
% of returning employees who stay on the job (Females)(greater than 1 year)	%	-	-	83.8	

* Job placement of employees with disabilities: IT 3 persons/ Field 18 persons/ HQ8 persons

Competency Development and Human Resource Training

Employee Competency Development Key Tasks



Employee Training Hours

Category	Unit	2016	2017	2018
Annual training	hours	317,871	328,819	320,009
Training per person	hours	89	94	97
Male	hours	87	95	99
Female	hours	86	93	95
Organizational heads	hours	45	60	60
Organizational members	hours	92	94	97
Training costs per person*	KRW 1000	1,045	1,122	1,248

Skill Development Training Support Costs (Unit: KRW 1,000)

Category	2016	2017	2018
Total amount	566,094	783,602	818,518
Support cost per person*	159	202	249

Digital School

To raise awareness of the Fourth Industrial Revolution and increase employees' understanding of digital innovation, the company has set up the 'Digital School' program. This program invites industry experts including renowned academics and startup founders to give a talk about digital technology. For example, a typical topic could be blockchains, platform business, or AI. The talks were given once a week for a total of seven weeks at the company's Gwanghwamun office. At the end of each lecture there was time for a separate Q/A session, which provided an ideal opportunity for the audience to come to a better understanding of each topic. The lecture contents were later produced in the form of videos and reading materials and made accessible through smartphones to allow all Kyobo Life employees not based in the company HQ office to view them.



Digital School

Digital School Program

<p>Session 1 02. 07(Wed)</p> <p>Professor Jae-bung Choi, Sungkyunkwan University</p>	<p>Session 2 02.14(Wed)</p> <p>Vice-President Gil-young Song, Daum Software</p>	<p>Session 3 02. 21(Wed)</p> <p>CEO Byung-cheol Hong, Red Herring</p>	<p>Session 4 03.07(Wed)</p> <p>CEO Jin-young Kim, ROA Invention Lab</p>	<p>Session 5 03. 14(Wed)</p> <p>Professor Se-beom Baek, KAIST</p>	<p>Session 6 03.21(Wed)</p> <p>Professor Ji-hyeon Kim, KAIST</p>	<p>Session 7 04. 04(Wed)</p> <p>Professor Su-yong Park, Sogang University</p>
---	--	--	--	--	---	--

- Customers
- Financial Planners
- Employees**
- Investors
- Government and Communities

Kyobo Inside Hackerthon

Kyobo Life hosted the ‘Kyobo Inside Hackerthon’ in an attempt to build an innovative company culture through an open innovation program and find innovative ideas that use digital technology. A ‘hackerthon’ (a compound word made from the words ‘hacking’ and ‘marathon’) is a contest in which the participants have to continuously come up with fresh ideas for a certain period of time without resting, like a marathon. Some 571 Kyobo Life employees applied to compete in the contest, which required the participants to brainstorm ideas involving the use of digital technology to improve the job handling process and to propose platform ideas. 64 people were chosen from the 571 applicants and grouped into 20 teams to compete in the Hackerthon, which was staged in HRD Training Center(Kyobo Life’s workshop center) for two days. The best performing teams were awarded prizes like trips to Silicon Valley, China, laptops and tablet PCs. In 2017, Kyobo Life became the first insurance company to co-host the InsurTech Hackerthon contest with the Korea Internet & Security Agency (KISA), which ultimately became the catalyst for holding a similar type of contest for company employees in 2018.



2018 Kyobo Inside Hackerthon

Employee-Friendly Work Environment

Early adoption of the 52-hour work week to preserve the work-life balance of employees

The family-friendly management policy of Kyobo Life has the following goals: to improve its employee’s quality of life so they can maintain a harmonious balance between their family life and career, become a socially respected company that can recruit and retain the best human talents while improving productivity on the job, and create a workplace where employees feel contented and happy. To achieve these goals, Kyobo Life adopted the 52-hour work week in 2018, one year ahead of the rest of the industry, and is now working actively to protect the work-life balance of its employees. Moreover, in September 2018 it instituted its flexitime working hour policy to ensure that its employees are never asked to work longer than what is legally permitted and to enable the company to manage its workforce more effectively.

Flexitime	Characteristics
Selective working hours	This policy allows employees to choose when they come to and leave the workplace, while abiding by the 8 hours per day mandated by the Korean labor law.
Flexible working hours	This policy allows employees to adjust their working hours for a 3 month-period, which may be extended under certain circumstances. (The workload will be factored in to allow a person to do this.)



Employees going home after work with the start of the new 52-hour work week.

Team Award for Excellence in Promoting the Use of the Praise Corner Among Employees

Kyobo Life operates the Praise Corner as a management tool for nurturing an organizational culture in which members readily give praise and encouragement to each other. In 2018, under the motto of ‘A Culture of Mutual Growth through Collaboration’, the company began to select for recognition not individuals, but rather teams that demonstrated the highest level of praise. The organizations with the most outstanding Praise Corner culture were identified by checking the number of praise flowers exchanged by team members in the Praise Corner of ‘Ezmore’, the Kyobo Life company intranet used by all the employees. The winning organization is selected once every quarter and presented with souvenir gifts.



A team awarded for “excellence in employee collaboration”.

Safe Working Environment : Occupational health and Safety 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 health and safety are reflected and monitored in the employment regulations (Chapter 6 Health and Safety), and the company has formed the Occupational Safety and Health Committee under Chapter 19 (Occupational Health and Safety Committee) of the Act on Occupational Health and Safety.

Establishment and Operation of Protection Guidelines for Customer Service Staff

Kyobo Life has established and is currently operating guidelines on the protection of its customer service staff. Through periodic training such as “Manual (Instructions) on Handling Problematic Customers” and such organizations as the ‘Customer Service Staff Grievance Council’, Kyobo Life provides assistance to the members of its customer service staff when dealing with on-the-job stresses of working as a customer service operator. At the same time, the company has adopted measures designed to help the customer service staff do their jobs, such as preventing the recurrence of customer-induced stress.

Support for Female Employees’ Skills Development

2018 KWICK (Korea Women’s Innovative Council in Korea) Mentoring Program

Many companies support the career development efforts of female employees and are investing considerable resources in awakening the hidden potential of females. Kyobo Life also considers female workers to be valuable company resources and runs a mentoring program called KWICK whose objective is to encourage the growth and development of female workers and get them to produce solid results in their work. Through KWICK, which has become an important company-wide networking program, senior female colleagues act as mentors to junior female colleagues and pass on their experience and knowledge, as well as coaching them when necessary. In 2018, the program was structured around the topics of self-reflection, self-healing and personal growth, which the participants were able to experience through a practical and experience-based program format. Male or female department heads or assistant heads gave their services as mentors, while the mentees largely consisted of female employees below manager level. In the future, Kyobo Life will continue to operate and support growth programs aimed at enhancing the professional skills of female employees.

2018 KWIN D&I (Korea Women’s Innovative Network Diversity and Inclusion) Conference

Kyobo Life organizes and hosts the annual KWIN D&I Conference to inspire the growth and development of female employees and help them develop their careers and leadership skills. The conference organizers at Kyobo Life felt that in this era of digital revolution, the conference should serve to increase female employees’ leadership capabilities and

contribute to helping them achieve superior results at work. Therefore, in 2018, distinguished individuals from different fields were invited to give lectures. In his welcoming address Chairman and CEO Chang-Jae Shin said that in order to evolve into an organization capable of rapid innovation in the era of the Fourth Industrial Revolution, it is important to increase employees’ agility and responsiveness to environmental change. To make this possible, CEO Shin said that the company would have to create an organizational culture in which employees are unafraid of failure and always eager to take up new challenges. During these lectures which formed the main part of the conference, a number of KAIST professors, a Google executive, a GE executive, and other distinguished guests talked about their experiences with the Fourth Industrial Revolution and case studies in leadership.



2018 KWIN D&I Conference

Category	Subject	Speaker
Lecture1	AI and Diversity in the Era of the Fourth Industrial Revolution	Dae-sik Kim, Professor, KAIST
Lecture2	The Working Culture in Silicon Valley	Hyun-yu Kim, Executive Vice President of Google’s Asia-Pacific Division
Lecture3	Reimagination of Leadership at GE	Mi-ra Lee, HR Executive Vice President, GE
Lecture4	Capabilities Required in the Soft Age	Mi-nam Shin, Director, K-Auction
Lecture5	Digital Innovation	Woo-jin Jung, Senior Vice President, LG CNS Future Strategy Division

Educational Program on ‘Getting to Know the True Nature of the Insurance Business’

Kyobo Life offers an educational program entitled ‘Getting to Know the True Nature of the Insurance Business’ that aims to raise employees’ awareness of what the life insurance business is truly about and increase their understanding of the value of life insurance and the significance of customer coverage. Last year’s program, which was offered only to HQ employees, was divided into theoretical and practical experience modules. The program was designed to serve one purpose, namely, to raise the participants’ awareness of family love and their sense of duty as life insurance experts.

The highlight of this program is the ‘Death Experience’ course, which asks participants to engage in the following sequence of activities: take your funeral portrait photo, write your will, and meditate and lie down in your funeral casket. Originally offered ten years ago as part of Kyobo Life’s Family Love project, the ‘Death Experience’ course has been revived in a bid to raise employees’ awareness of the true nature of the business to which the company dedicates all its efforts.



Take your funeral portrait



Write your will



Casket experience

Death experience – A review (60-Year History Compilation TF)

“Director, I am now going to die and will see you tomorrow after my rebirth.” At lunchtime on the day of my death simulation experience, I cheerfully left my office. I vowed not to cry when I arrived at the experience center, in a state wavering between worry and excitement. The moment I began writing my will while looking at my funeral portrait beneath the dim light, nothing particular came to my mind, not even the work I’d left behind in my office, but my lighthearted frame of mind gradually became increasingly somber as time passed. All the things I felt sorry about and the things I felt grateful to my family for, all the things I regretted not doing together with my family, flashed across my mind one after another in rapid succession. I regretted shouting at my child in the morning. As I began to write “My loving son...” in my will, my eyes began to well up with tears. The casket was narrow and as soon as I lay down, I experienced a shortness of breath. The cheerfulness I felt upon arrival was gone. The impending sense of death terrified me. Then, suddenly, the lid of the casket opened, and I returned to this world once more. After the death simulation experience, I realized that I needed to add another item to my bucket list. I had to prepare an ending note.

2018 Five Key Issues of Kyobo Life

MANAGEMENT APPROACH FOR INVESTORS

Importance

As an insurance company, Kyobo Life considers as its top priorities the stable generation of profit and sustaining financial soundness through steady growth, while trying to increase corporate value. The stable maintenance of credit ratings, management of assets based on a consistent set of strategies and principles, and thorough and disciplined management of risk are important elements for investors.

Key Activities in 2018

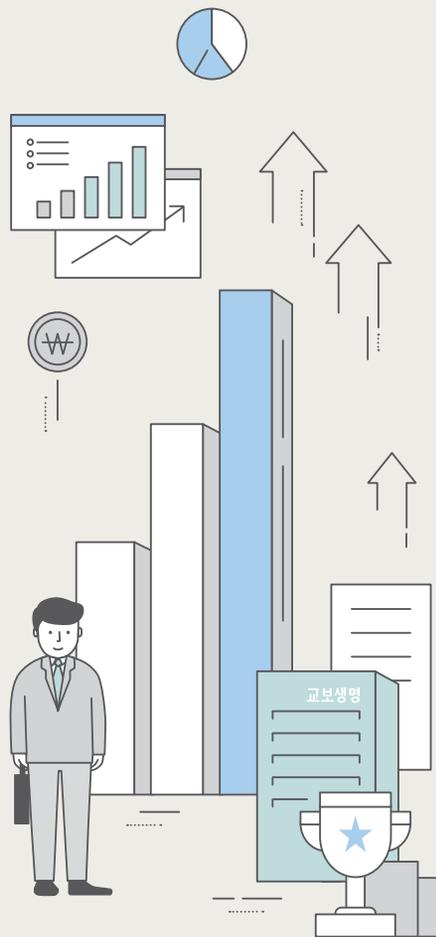
- Received the 'A1' rating from Moody's for fourth consecutive year
- Decision made to pursue IPO
- Systematic risk management

Management Method

Based on its asset management principles and strategies, the company seeks to accomplish the strategic allocation of assets in the long term and the tactical allocation of assets in the short term. At the same time, the company manages both short-term and long-term risks from a companywide perspective, and actively responds to various risk factors

Future Areas of Focus

- Maintain and improve the company's competitive advantage in asset management.
- Increase returns by diversifying the asset portfolio.
- Expand alternative investment in overseas markets.
- Maintain a portfolio composed of products with high returns.



Key Performance Indicators

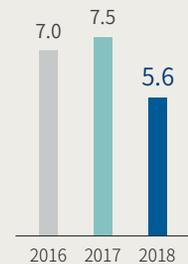
Total Assets

(Unit : KRW 1 trillion)



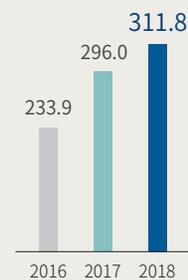
Return on Equity(ROE)

(Unit : %)



Risk Based Capital(RBC)

(Unit : %)



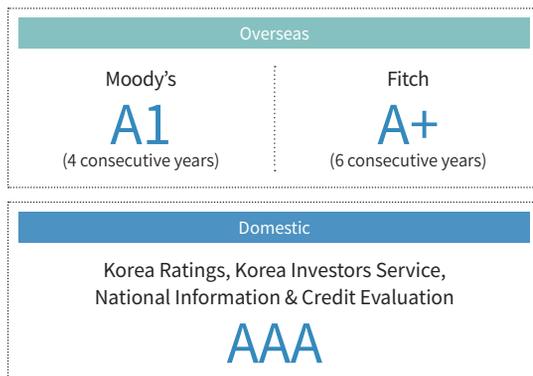
*Based on consolidated financial statements
 *ROE: $\text{Net Income} / ((\text{Capital at the Start of Period} + \text{Capital at the End of Period}) / 2) \times 100$, based on consolidated financial statements
 *RBC: $\text{Available capital for insurance claim payments (payment capacity)} / \text{Required capital for risk management (RBC total risk)} \times 100$, based on consolidated financial statements.
 *2017 data correction 104.5 → 104.6

Kyobo Life’s Management Approach for Investors

Moody’s Gives Kyobo Life the ‘A1’ Rating for Fourth Consecutive Year, Fitch Gives Kyobo Life the ‘A+’ Rating for Sixth Consecutive Year

In 2018, Kyobo Life was given an ‘A1’ rating by Moody’s (Moody’s Investors Service), a world-leading credit rating agency. ‘A1’ is the highest credit rating ever received by any Korean life insurance company. Moody’s acknowledged Kyobo Life’s excellent financial stability and risk management capability in giving it an ‘A1’ rating for a fourth consecutive year. In its report, Moody’s stated that Kyobo Life showed robust capital adequacy, low financial leverage, outstanding business, and a stable business outlook for the future. Meanwhile, Fitch Ratings, another global credit rating agency, gave Kyobo Life an ‘A+’ credit rating for the sixth consecutive year.

Credit Rating

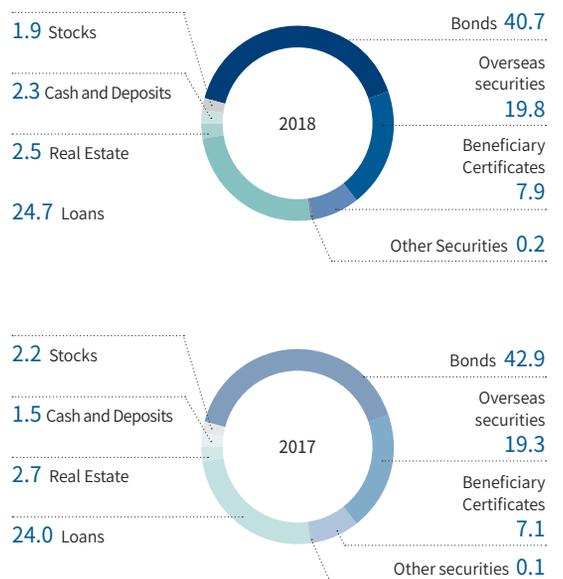


Asset Management Principles and Strategies

The basic principle of Kyobo Life’s asset management is to consistently generate stable earnings with the best possible asset portfolio, taking into account the constraints related to asset management, such as risk limits and duration targets. Kyobo Life’s asset management is based on Asset Liability Management (ALM), which is well suited to long-term insurance products like the ones provided by life insurers. As such, Kyobo Life seeks to generate steady earnings through the long-term Strategic Asset Allocation (SAA) model, and responds actively to financial market changes to generate excess earnings through the short-term Tactical Asset Allocation (TAA) model.

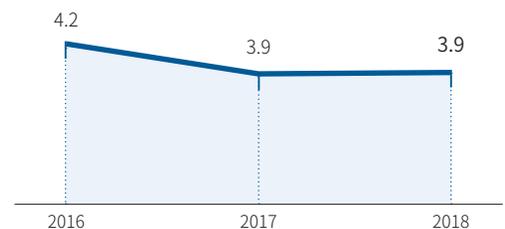
As of the end of FY 2018, the proportion of domestic bonds in the company’s assets under management declined from the previous year, yet at 40.7% it still remains the largest component. Loans and overseas securities accounted for 24.7% and 19.8%, respectively, with both increasing from the previous year.

Kyobo Life’s Asset Portfolio (Unit : %)



To protect itself against a decline in its holding period rate of return, Kyobo Life made adjustments to its asset portfolio, expanded investments in high-interest earning assets, and strived to obtain additional profits by taking advantage of volatility in the financial market. As a result, the company was able to record an ROI of 3.9% despite low interest rates.

Return on Investment(ROI) (Unit : %)



$$ROI = \frac{\text{Investment Gain}}{\{(\text{assets at the start of period} + \text{assets at the end of period} - \text{Investment Gain}) / 2\}} \times 100$$

Key Financial Performances

Growth

Kyobo Life seeks to generate profits based on long-term stable management of its assets and strict management of risks while conducting a customer coverage-oriented insurance sales operation that is faithful to the core aims of the life insurance business. Its total assets at the end of FY 2018 stood at KRW 101.4882 trillion, showing an increase of 3.8% from the previous year, while its capital amounted to KRW 10.248 trillion, an increase of 7.2% from the previous year. Furthermore, through strategy-based sales of insurance products that adeptly took into account the market characteristics of each channel, the company earned premium income of KRW 12.1683 trillion in FY 2018, showing growth of 4.7% over the previous year.

Growth Index (Units: KRW billion)

Category	2016	2017	2018
Total assets	91,672.7	97,791.9	101,488.2
Capital	7,424.2	9,351.4	10,024.8
Premium income	12,242.5	11,621.3	12,168.3
General account	7,874.1	7,613.9	7,334.0
Special account	4,368.4	4,007.4	4,834.3

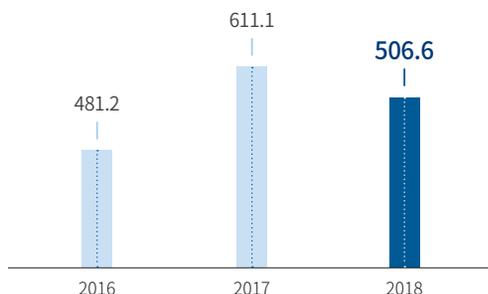
*Based on separate financial statements.

Profitability

Due to factors like increased guarantee reserves in variable insurance caused by low market interest rates, net profits for FY 2018 amounted to KRW 506.6 billion, showing a decline of 17.1% from the previous year. Also, the decline in net profits led to a reduced ROE and ROA when compared to the previous year. However, in terms of ROE, the company has been one of the best and most consistent performers among domestic insurers since 2004.

Net profit for period

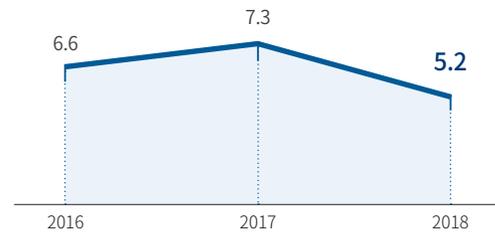
(Units: KRW billion)



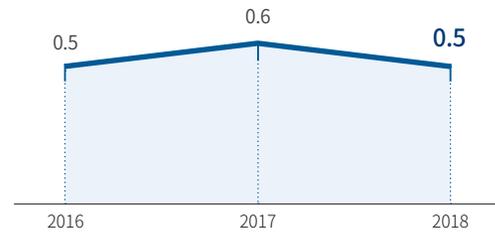
*Source: Separate financial statements

Profitability Index

ROE (Units: %)



ROA (Units: %)



$$ROE = \text{Net Income} / \{(\text{Capital at the Start of Period} + \text{Capital at the End of Period}) / 2\} \times 100$$

$$ROA = \text{Net Income} / \{(\text{Asset at the Start of Period} + \text{Asset at the End of Period}) / 2\} \times 100$$

*Based on separate financial statements.

Stability

As of the end of FY 2018, the RBC Ratio of Kyobo Life was 311.8%, an increase of 15.8% over the previous year. Through continuous structural improvements of assets and debts, and rigorous management of risk, the company manages RBC effectively, resulting in a level that greatly exceeds the 150% required by the Financial Supervisory Service.

Stability Index

RBC Ratio (Unit: %)



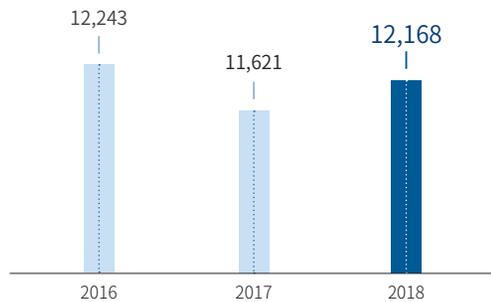
$$\text{RBC Ratio} = \text{Available capital for insurance claim payments (payment capacity)} / \text{Required capital for risk management (RBC total risk)} \times 100$$

*Based on consolidated financial statements

Insurance Sales Performance

The majority of life insurance companies, including Kyobo Life, experienced many difficulties in 2018. Although most such difficulties were attributable to a shrinking life insurance market caused by falling consumer confidence, the low national birth rate and the aging population, these are external environmental factors that insurance companies cannot control. In addition, advancements in IT have made it much easier for consumers to obtain information, customer needs have become increasingly diverse, and competition among insurance companies that provide health insurance and other coverage products has become even more intense. Under these circumstances, Kyobo Life was able to record a 4.7% increase in income premium in 2018 compared to the previous year by focusing on expanding its customer base and improving channel expertise.

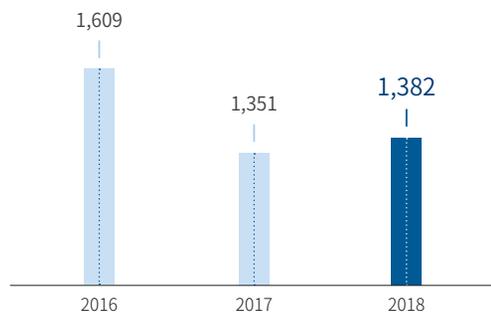
Premium Income Data (Unit : KRW billion)



* Based on separate financial statements.

Kyobo Life will make ceaseless efforts to improve customer coverage, which is the key attribute of life insurance. It will operate marketing campaigns for each target customer segment to meet the needs of a more diverse market and strengthen product/channel competitiveness in ways that align with the vision of the company.

APE Data (unit : KRW billion)

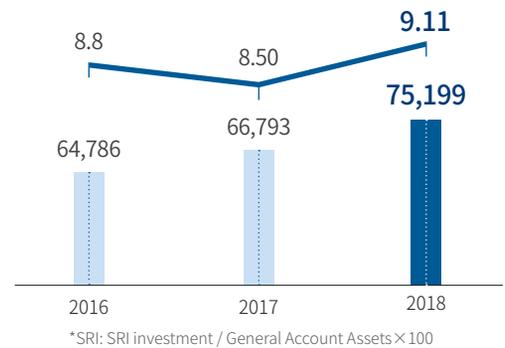


*Retirement pensions are excluded.
 *APE(Annualized Premium Equivalent)

Socially Responsible Investment

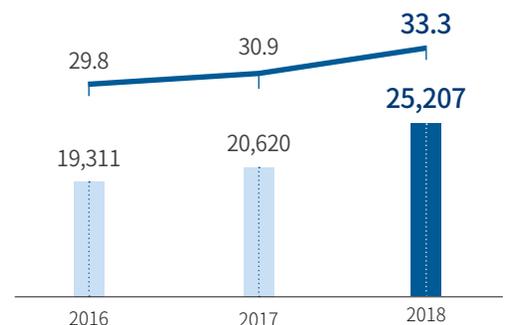
Kyobo Life is continuously expanding its socially responsible investments in order to contribute to the public good while simultaneously pursuing the long-term, stable generation of profits. Kyobo Life's social responsibility investments started with social overhead capital investments in such areas as road and harbor construction projects, but it has now been expanded to eco-friendly social overhead capital investments such as sewage plants, waste incineration facilities, and renewable energy development projects. The reason Kyobo Life is expanding its investment in eco-friendly social overhead capital is because, along with generating profits, the company also wants to see local communities become beneficiaries of its investment activities.

Amount and weight of Socially Responsible Investment (SRI)
 (Unit: KRW hundred million, %)



*SRI: SRI investment / General Account Assets × 100

Amount and weight of eco-friendly financial investment in SRI
 (Unit: KRW hundred million, %)



2019 Asset Management Strategy

Compared with last year, uncertainties and volatility in the financial markets look likely to increase in 2019. This is because the momentum for global growth is slowing due to external risks such as the reduction in liquidity resulting from the expansion of tight fiscal policies around the world, the intensification of global trade disputes, and political confusion in European countries. Amid this environment, Kyobo Life has decided to maintain and strengthen its competitive advantage in asset management as one of the key tasks that must be pursued in 2019. Accordingly, the company plans to establish and implement an asset management strategy which can be summed up as follows.

<p>Focus on maintaining its competitive advantage in returns</p>	<ul style="list-style-type: none"> · Continuously find and invest in assets that produce high returns relative to risk. · Actively adjust the portfolio when the market situation changes. · Respond pro-actively in bond and stock markets (both domestic and overseas).
<p>Respond to regulatory changes in the market</p>	<ul style="list-style-type: none"> · Prepare the response to the international financial reporting standard (IFRS17) and the Korea Insurance Capital Standard (K-ICS) due to be enforced in 2022.
<p>Strengthen ability to respond to risk situations</p>	<ul style="list-style-type: none"> · Respond pre-emptively to risk situations through the management of risk assets · Improve the financial soundness of household debt

Preparations for an IPO

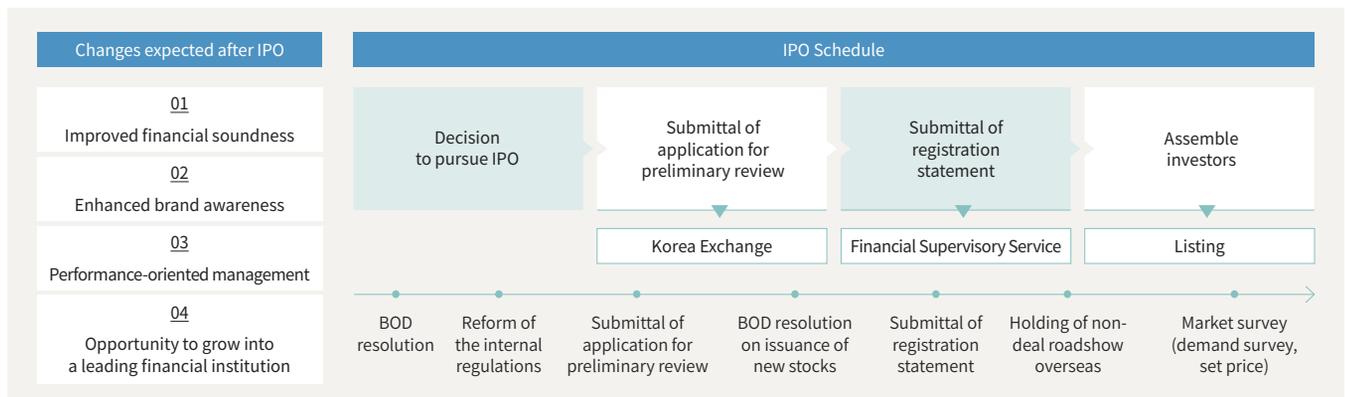
In December of last year, Kyobo Life held the regular BOD meeting and made the decision to pursue an IPO. The company's main reason for going public is to put itself in a position where it can proactively respond to the anticipated adoption of the international financial reporting standard (IFRS17) and the Korea Insurance Capital Standard (K-ICS) and to enable itself to increase its profitability and achieve further growth. If the IPO goes well, Kyobo Life is expected to maintain the highest level of financial solvency in the industry. In addition, with the funds thus secured the company could invest in new business fields such as digital innovation and acquire future growth engines.

Furthermore, on the strength of these new growth engines, the company could make the leap to becoming an advanced financial company and increase its brand value. Although the market situation is not particularly good at present, Kyobo Life will focus all its resources on obtaining the valuation it deserves for a successful IPO.

Risk Management

Risk management is one of the key competitive strengths of Kyobo Life. The company quantifies risk and manages it systematically in order to reduce and eliminate managerial uncertainty in advance and thereby enhance stability. Especially now that the scheduled enforcement of the international financial reporting standard (IFRS17) and the Korea Insurance Capital Standard (K-ICS) is looming on the horizon, Kyobo Life is making all the necessary preparations in terms of infrastructure and systems. Kyobo Life Insurance's thorough risk management is helping to raise corporate value.

	<p>Strategic Risk Management to Maximize Corporate Value</p> <ul style="list-style-type: none"> · Manage risk by including non-financial risks such as operation/strategy/reputation risk · Conduct a risk control assessment of each business division
	<p>Systematic Risk Management for Stable Management</p> <ul style="list-style-type: none"> · Measure and manage risks that can occur in ordinary business Management Approach · Prevent in advance any losses arising from sudden changes in the financial market, and build system of preemptive management · Develop risk situation scenarios and establish appropriate response plans for each type of risk from the company's perspective
	<p>Pursue the Safe Management of Long-term Risks</p> <ul style="list-style-type: none"> · Continuously improve the asset/debt structure and improve the accuracy of cash flow calculations (i.e. improve the ALM system) · Build an asset portfolio of increased scale and duration of interest rates



- Customers
- Financial Planners
- Employees
- Investors**
- Government and Communities

Risk Management Organization

Kyobo Life operates the Risk Management Committee and a team dedicated to risk management to preemptively and systematically manage risk. It also has separate risk management departments for each type of risk. The company comprehensively manages its asset/debt portfolio. It establishes risk limits so that the risk level of the entire company can be adequately managed within the risk capital (payment capacity), and it sets risk limits to comply with the guidelines so that profitability can be improved over the risks. In addition, Kyobo Life sets an appropriate level of risk limit in order to avoid, accept, transfer and mitigate risks to the company, and constantly monitors whether risks are being exceeded. When necessary, the company makes adjustments to the limit or establishes and operates a contingency plan.

Risk Management Committee

The Risk Management Committee is composed of one Internal Director and two Outside Directors who are appointed by the board of directors. The committee makes important decisions that affect the management of the company’s overall risks, such as risk management policies that align with the company’s business strategy, important business strategies that are based on risks and the company’s risk limits.

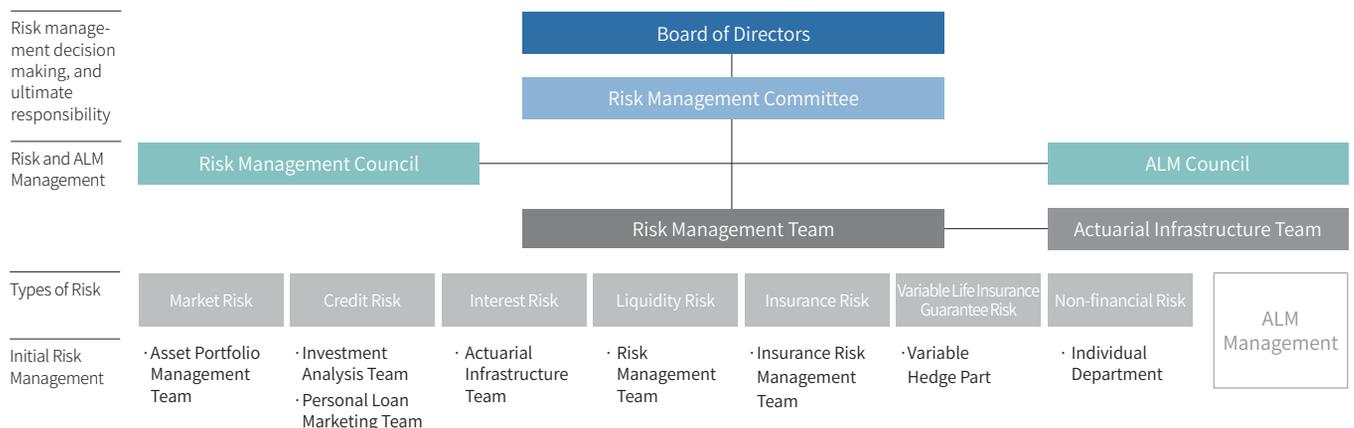
Risk Management Council

The Risk Management Council is a body that consults with the Risk Management Committee in advance about matters related to risk management and decisions made by the committee. For example, such matters might include decisions that must be made by the committee, the detailed action plans of issues that the committee has made decisions on, the limit allowances for each type of risk, and the causes of, and countermeasures to take, when a limit allowance is exceeded or is expected to be exceeded.

Risk Management Administration Organizations

The risk management administrative organizations which assist the Risk Management Committee and the Risk Management Council are divided into a risk management dedicated team and individual risk management teams, based on the roles involved. The Risk Management Team is the risk management dedicated team and is accordingly responsible for setting the company’s overall risk management policies and plans, setting risk management related regulations, and setting risk limits. It carries out Plan-See functions in risk management and operates independently of the sales teams (including non-financial risk management). To carry out the DO function for each type of risk, the individual risk management teams consist of 6 sub-teams.

Risk Management Organization



2018 Five Key Issues of Kyobo Life

MANAGEMENT APPROACH FOR GOVERNMENT AND COMMUNITIES

Importance

The government and the community are both the fertile soil in which Kyobo Life can grow and develop, and key stakeholders who must play their role as members of society. Kyobo Life focuses on social contribution activities that are aligned with the nature of the life insurance business, and is continuing its activities from the standpoint of sustainability. The 'Dasomi Save a Small Breath' project is an excellent example of the company's partnership with a non-profit organization, and this type of activity is very important to government and local communities.

Key Activities in 2018

- Dasomi Save a Small Breath Program
- Kyobo Life Youth Athletics Cup Championship
- Employee Global Volunteer Social Work

Management Method

The most important elements of the company's activities for the government and the community are consistent principles, direction, and sustainability. Guided by the principle of helping neighbors facing adversities due to poor health and a lack of financial means or knowledge, Kyobo Life exploits its knowledge of the characteristics of the life insurance business to provide activities through specialized departments.

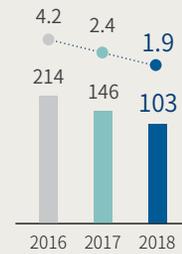
Future Areas of Focus

- Leveraging the life insurance business to help individuals to overcome difficulties caused by deficiencies in health, finance, and knowledge

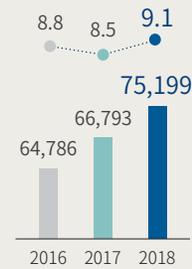


Key Performance Indicators

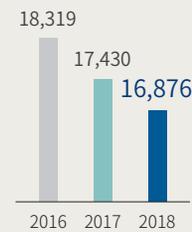
Social contribution ratio/ amounts*(Unit: %/ KRW hundred million)



Social Responsibility Investment(SRI)*(Unit: %)



Energy Consumption*(Unit: TOE)



No. of employees doing social contribution work per year (Unit: persons)



*Social contribution ratio: Amount of social contribution / Net income
 *Socially Responsible Investment (SRI) ratio: SRI investment / General account assets) x 10
 *TOE (Tonnage of Oil Equivalent) : Amount of energy produced by burning one ton of oil.

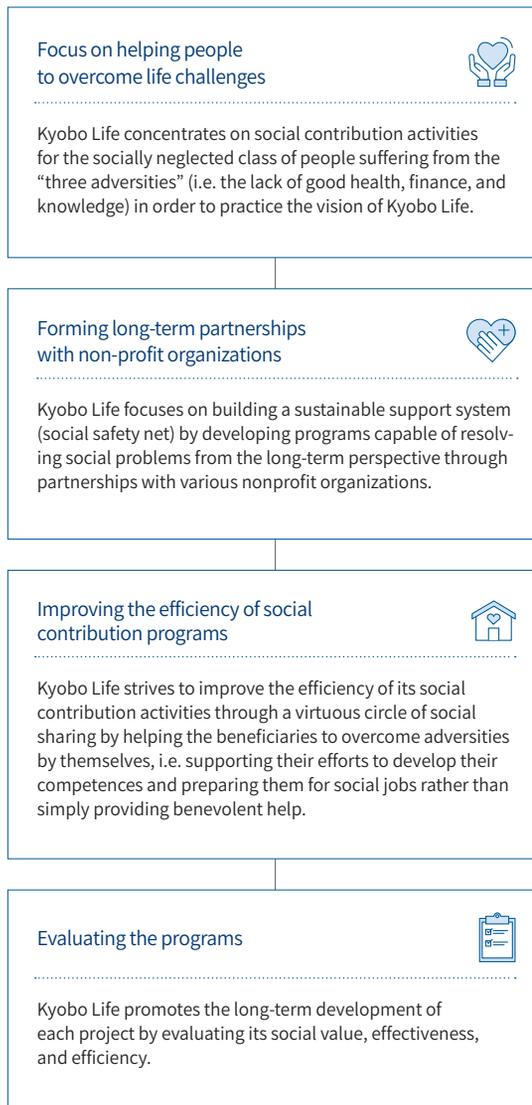
Social Contribution Activities that Reflect the Nature of the Insurance Business

The Ideal World Dreamt by Kyobo Life : A Healthy Society, A World of Togetherness

Kyobo Life concentrates on social contribution activities where the company can leverage the characteristics of the life insurance business to deliver help to those who are facing adversities due to poor health and a lack of financial means and knowledge. Kyobo Life does not host one-off events, but rather contributes to local communities by supporting people in building a nest where they can overcome their difficulties.

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.



Helping People Overcome Health Adversity

Dasomi Save a Small Breath Program

Kyobo Life was driven by the belief that the valuable ideals upheld by humans must be respected and realized when it decided to start the 'Dasomi: Save a Small Breath Program' in 2004. For fifteen years until September 2018, Kyobo Life employees and life planners banded together with members of the public to aid 'Ireundungi' families facing emotional and economic difficulties. The aid encompassed initial hospitalization expenses, re-hospitalization expenses, rehabilitation treatment costs, and family camps for premature babies

The success of the Dasomi Save a Small Breath Program in popularizing the word 'Ireundungi', which refers to children who will grow up to become the hope and joy of their parents after overcoming the pains of being born small, is a remarkable social achievement in itself. Since first lending support to an Ireundungi baby in 2004, Kyobo Life had sponsored the medical expenses of 2,560 Ireundungi babies as of September 2018.

*The word 'Ireundungi' specifically refers to babies who weigh less than 2.5kg at birth or babies who are born prematurely (in the 37th week of pregnancy or earlier).

*2,507 is the cumulative number of persons as of June, 2018.



Dasomi Save a Small Breath Program

Helping People Overcome Financial Adversity

Ties of Love Campaign

Since 2003, Kyobo Life employees have been voluntarily participating in activities to help children of low-income families in financial straits so that they can grow up to be healthy adults. Employees support the children by donating a part of their monthly salaries and, in 2018, some 1,452 employees signed on to become 1:1 sponsors of ‘baby box’ children and children of underprivileged families.

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’s inception in 2004, 225,423 people have benefited from Kyobo Life’s free care services, for which 441 caregivers were working as of 2018.



Dasomi Nursing Volunteer

Annual Results of Dasomi Nursing Volunteer Group

Category	2016	2017	2018
No. of nurses(persons)	373	482	441
No. of beneficiaries(persons)	8,244	6,597	3,104

Kyobo Life Youth Athletics Cup Championship

Since 1985, Kyobo Life has organized the Kyobo Life Youth Athletics Cup Championship to help young people develop their physical strength and become talented individuals who can lead the future of the nation. The 2018 Kyobo Life Youth Athletics Cup Championship was held for thirteen days from July 24 to August 5, 2018 in Gyeongsangnam-do Province. At the event, around 4,000 elementary students vied for a medal in the seven sports categories of ice-skating, track & field, gymnastics, swimming, table tennis, judo, and tennis. Of the twenty-six athletes who won a medal at the 2018 Pyeongchang Winter

Olympic Games held in February 2018, fourteen were elementary students who had participated in the Kyobo Life Cup Youth Athletic Competition as elementary school students.

Since its inception, around 130,000 people have participated in the competition as athletes. Among the famous Korean sportsmen and sportswomen who have taken part in the competition are Min-jeong Choi, Suk-hee Shin, Arang Kim, Hyo-joon Lim, Seung-hoon Lee in ice-skating; Min-ho Choi and Jae-beom Kim in judo; Hak-sun Yang and Seo-jung Yang in gymnastics; Tae-hwan Park in swimming; Seung-min Yu in table tennis; and Hyun Chung in tennis. Kyobo Life’s sponsoring of the athletics competition has contributed significantly to the growth of key sports in Korea, while its support for promising talents has earned the competition high praise as a stepping stone in the development of the nation’s sports.

Category	2016	2017	2018
No. of participating athletes (persons)	3,253	3,424	3,688
Sponsorship amount (KRW 1million)	346	350	378



Kyobo Life Youth Athletics Cup Championship 2018

Helping People Overcome Knowledge Adversity

Kyobo Life Hope Dasom Scholarship

Adolescents from orphanages and group homes and adolescent breadwinners suffer from limited educational opportunities due to financial hardships and social prejudices. Since 2003, Kyobo Life has been granting scholarships to such youths and has set up an online community where they can start dreaming about a better future.

Hope Dasom Scholarship

Category	2016	2017	2018
No. of recipients (persons)	83	89	88
Amount (KRW 1 million)	300	357	343



A student being awarded the Hope Dasom scholarship

Employee ‘One Company, One School’ Financial Education

To live up to the founding principle of the company and to ensure future generations can grow up to become healthy members of society, Kyobo Life actively participates in the national “One Company, One School Financial Education” project. Under this project, FP Branches and FP Regional Support Unit are matched with 478 schools across the country to provide various types of financial education (including experience-oriented courses) to elementary, middle and high school students. One of the objectives of the program is to instill students with a proper attitude towards their personal finances at a young age.

Kyobo Life’s Gyeongin FP Headquarters has created a finance experience program to increase students’ understanding of finance and insurance, and has also provided career counseling to students who are interested in working in the financial industry. For its contribution to popularizing financial education, the Gyeongin FP Division was presented with an award by the Financial Supervisory Service in February (2018).



Employee Volunteer Social Work Activities

Asia March for Undergraduate Students

In 2002, Kyobo Life launched a program called the ‘Northeast Asia March for Undergraduate Students’ with the objective of teaching college students how to become global talents endowed with leadership skills. Now in its seventeenth year of operation, the ‘Northeast Asia March for Undergraduate Students’ has been renamed the ‘Asia March for Undergraduate Students’ and the traveling zone has been expanded to include the whole of the Asian region. In 2018, the selected students went on an 8-day tour of the Ho Chi Minh City area of Vietnam and the country’s major industrial zones. This year’s program was an opportunity for the college students to view the present and future of Vietnam and ruminate on the spirit of youth. In particular, the students had a very meaningful time carrying out volunteer work alongside Kyobo Life employees when they embarked on a trip to Ben Tre Province to build houses for the poor. In 2018, 78 students participated in the program, and in the future, Kyobo Life plans to continue providing a whole range of youth leadership programs to support the teaching of leadership skills to college students.



2018 Asia March for Undergraduate Students

Employee Volunteer Social Work Activities

Employee Volunteer Social Work

Kyobo Life employees give their time to meaningful volunteering activities of their own volition in order to put into practice the company's core objectives and to help the local community. However, their contributions are not limited to regular volunteer social work as they also engage in DIY volunteer social work and other forms of sharing with others.

Employee Volunteer Social Work

Category	Unit	2016	2017	2018
Total amount of social work performed by employees(cumulative)	Hours	23,949	24,531	22,577
Total no. of employees who participated in volunteer social work (cumulative)	Persons	8,894	10,002	10,098

Employee Volunteering Activities



A volunteer social work team was created within the company to perform volunteer work, contribute to creating an exciting organizational culture, and address the problems of local communities and underprivileged segments of our society.



Employee Mask & Scarf DIY Volunteer Work



Kyobo Life employees personally made and distributed 600 sets of masks and scarves to children of developing countries in Asia who are repeatedly exposed to dust for long periods of time and other health hazards.



Eco-friendly Dasomi Family Volunteer Social Work

Kyobo Life carries out and promotes various types of volunteer work in an effort to protect the environment. Every year, over fifty families participate in such initiatives, and Kyobo Life is now 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, the care and assistance provided to people in need through these programs help families strengthen their bonds and contribute to creating a healthy family culture.



Green Dasomi Volunteer Work

Green Dasomi Volunteer Work

Kyobo Life conducts many kinds of volunteer work aimed at protecting the environment. Green Dasomi Volunteer work is an environmental volunteer service, consisted of Kyobo Life Employees. In 2018, They Conducts many kinds of volunteer work.

2018 Green Dasomi Volunteer Work

Healthy Urban Forest Management Understanding the value of ecology, Seoul Forest Management Approach.	Seoul Forest 4.7(Saturday)
Disassembly of Toy Trash & Upcycle Product Donations Providing education on resource recycling and environmental problems, toy trash disassembly, and recyclable art production	Seoul Innovation Center 5.26(Saturday)
Bird Nest Installation in Urban Parks Understanding the importance of nest boxes in coaxing birds in urban parks to breed, monitoring nest boxes, and installing new bird nests.	World Cup Park 9.15(Saturday)
Appropriate Technology - Technology for Saving the Earth Understanding energy and appropriate technology, making LED stands for low-income families.	Seoul Energy Dream Center 11.3(Saturday)

Employee Global Volunteer Social Work

In July 2018, 24 Kyobo Life employees and 78 college students who were taking part in the Asia March for Undergraduate Students performed various types of volunteer work such as building houses and planting trees in Ben Tre Province, Vietnam. Ben Tre Province is an underdeveloped rural area situated 80 km southwest of Ho Chi Minh City, where 50% of residents live in thatched houses made of palm or wood, and are exposed to a harsh environment characterized by typhoons and flooding year in, year out. In addition, due to the lack of classes and schools, teachers have to work double shifts while children in villages with no schools have to walk 2-3 hours every day to go to school.

For the past seven years, Kyobo Life has been helping poor local farmers to generate income through seedling business in Ben Tre Province, Vietnam. The company has also helped local residents to establish the basis for a stable life by supporting the construction of houses for eight poor families and delivering books and school supplies to Hoa Rai Elementary School, thereby providing educational opportunities to 632 children and bringing hope and exciting possibilities for the future. Since 2011, Kyobo Life has been performing volunteer social work in less developed regions so that children from those regions can continue with their studies.

The year 2018 was very special as the company employees were joined by college students of the Asia March for Undergraduate Students program who lent their helping hands and their warm hearts to making sure children grow up healthy. In the future, Kyobo Life will work even harder for its local communities.



Kyobo Life Youth Athletics Cup Championship

The founder of Kyobo Life held the conviction that one can develop one's character and intellect only by maintaining a healthy body from a young age. Based on this philosophy of training human talent, in 1985 the company launched the Kyobo Life Youth Athletics Cup Championship. This competition is organized around seven sports categories: ice-skating, track & field, gymnastics, swimming, table tennis, judo, and tennis. The Kyobo Life Youth Athletics Cup Championship, as the only national youth athletics competition organized by the private sector, has its aim of contributing to the development of sports in Korea by revitalizing basic sports and motivating youngsters dreaming of a career in sport. Kyobo Life interviewed gymnast Seo-jeong Yeo, the winner of Korea's first gold medal in women's vaulting in 32 years at the 2018 Jakarta-Palembang Asian Games.

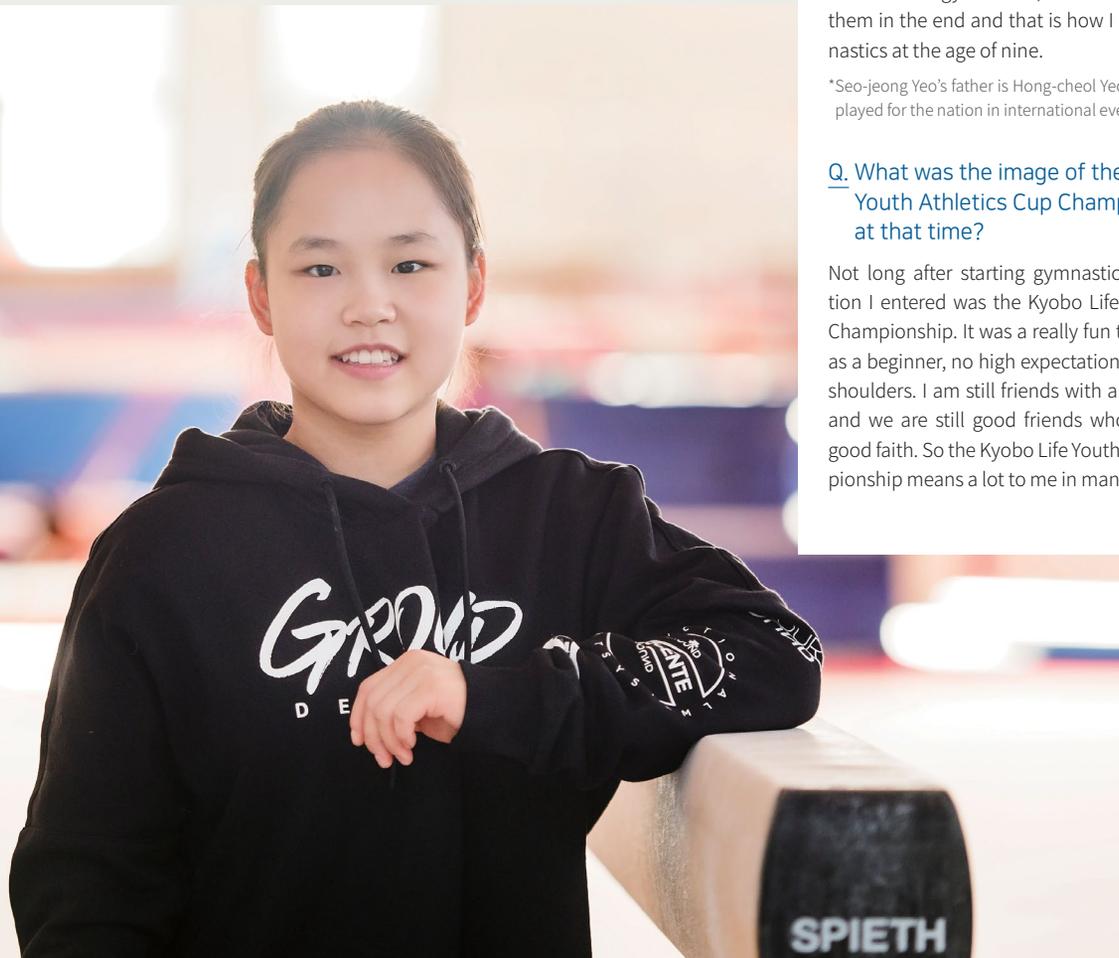
Q. You were first exposed to gymnastics as a result of parental influence

My parents were a huge factor in my taking up gymnastics. My parents were gymnasts who competed at the national level, so I was exposed to gymnastics in a natural way. One day, I went to see a national selection contest where my parents were on the judging committee and I was completely smitten by the sport. This is how I arrived at the decision to become a gymnast. My parents were opposed because they knew how hard the life of a gymnast is, but I managed to persuade them in the end and that is how I began learning gymnastics at the age of nine.

*Seo-jeong Yeo's father is Hong-cheol Yeo, a former gymnast who played for the nation in international events.

Q. What was the image of the Kyobo Life Youth Athletics Cup Championship at that time?

Not long after starting gymnastics, the first competition I entered was the Kyobo Life Youth Athletics Cup Championship. It was a really fun time for me because, as a beginner, no high expectations were placed on my shoulders. I am still friends with a girl I competed with and we are still good friends who like to compete in good faith. So the Kyobo Life Youth Athletics Cup Championship means a lot to me in many ways to this day.



Q. What makes the Kyobo Life Youth Athletics Cup Championship different from other competitions?

In abroad, gymnastics is a popular pastime enjoyed by the masses and receives wide public interest. But it's unfortunate that in Korea gymnastics still has a long way to go. Young gymnasts need opportunities to showcase their talents and gain experience but there are simply not enough domestic competitions to service this purpose.

In that sense, I think it is great that Kyobo Life has been providing a chance to compete for the last thirty-four years without a break. If you can spend more time amongst your fellow gymnasts to challenge yourself and gain experience, you will naturally fall in love with gymnastics and learn a lot. You are always tense in any competition, but the Kyobo Competition is the one competition where you can enjoy yourself because the event prioritizes experience and opportunity over scores. I would have to say that that is what sets it apart the most.

Q. What was the driving force that made you the best female vaulter in the world?

I'd have to say that endless hours of training and personal efforts were my driving force. I also think my parents' gymnast DNA and stress management played a huge role. Because my parents were both athletes they understood my feelings and encouraged me to take it easy whenever I felt the need. This is how I was able to free myself from the burden of expectation and focus on my training. To be honest, the weight of being the daughter of Hong-cheol Yeo was considerable. The self-imposed pressure to do well in competitions was at times really unbearable. At such times, I was able to relax because my parents told me I did not have to win medals as long as I gave my best.

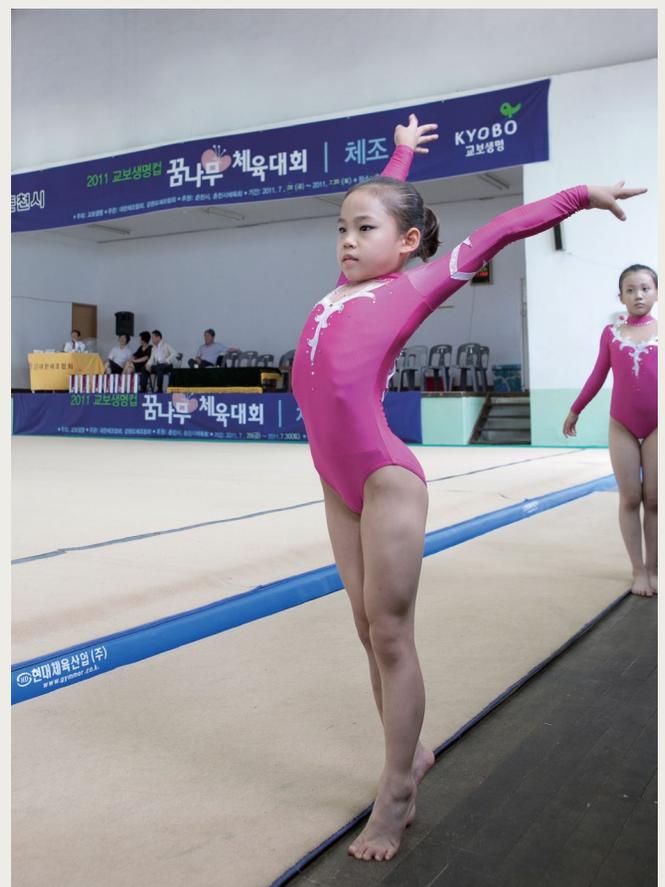
The support and encouragement of my family was a huge confidence booster, but my medal at the Jakarta Asian Games was possible because I believed in myself.

Q. Please say a few words about your commitment to the Tokyo Olympics

I am now training hard every day for the 2020 Summer Olympic Games in Tokyo. Lately my preoccupation with many thoughts has been quite stressful. However, I am trying my best to keep a positive frame of mind while practicing my posture correction exercises. I want to perform well at the Tokyo Olympics and make Seo-jeong Yeo a name that is recognized around the world.

The confidence oozing from her plucky little body during our interview with Seo-jeong Yeo made her look very attractive and a person to look up to. Today Seo-jeong Yeo is a woman who is looking beyond Korea to become the best in the world. We hope she can attain her goal at the upcoming Tokyo Olympic Games. Witnessing how a young athlete who participated in the Kyobo Life Youth Athletics Cup Championship became a world-class athlete has given us the conviction that Kyobo Life's thirty-four year effort to support young athletes has not been in vain. This is something we should be thankful for. Kyobo Life will continue to provide experience-building opportunities to athletes in seven sporting categories.

Reported by: Kim Min-seo, Kyobo Life Corporate Planning Team



Status of Ethics Education

Management-level

17 hours

Non-management level

16 hours

Amount of
energy consumed

16,876 TOE

Number of
companies receiving
the DA-WIN Service

1,199

No. of persons
receiving the
DA-WIN Service

71,714 persons

Kyobo Life's

Activities of Kyobo Life

Governance	60
Ethics	62
Win-Win Cooperation	64
Environment	65



Governance

The establishment of 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, in which active participation by external directors ensures balance in our Management Approach. In addition, the company appoints compliance officers and operates an audit committee to strengthen internal control, thereby raising Kyobo Life’s corporate value.

Corporate Governance Chart



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

Ownership Structure

The largest shareholder of Kyobo Life is CEO and Chairman Chang-Jae Shin, who holds a 33.78 percent share of the company. The majority shareholders have remained unchanged for the past three years.

Shareholders(%)



*Ontario Teacher’s Pension Plan

*Government of Singapore Investment Corporation

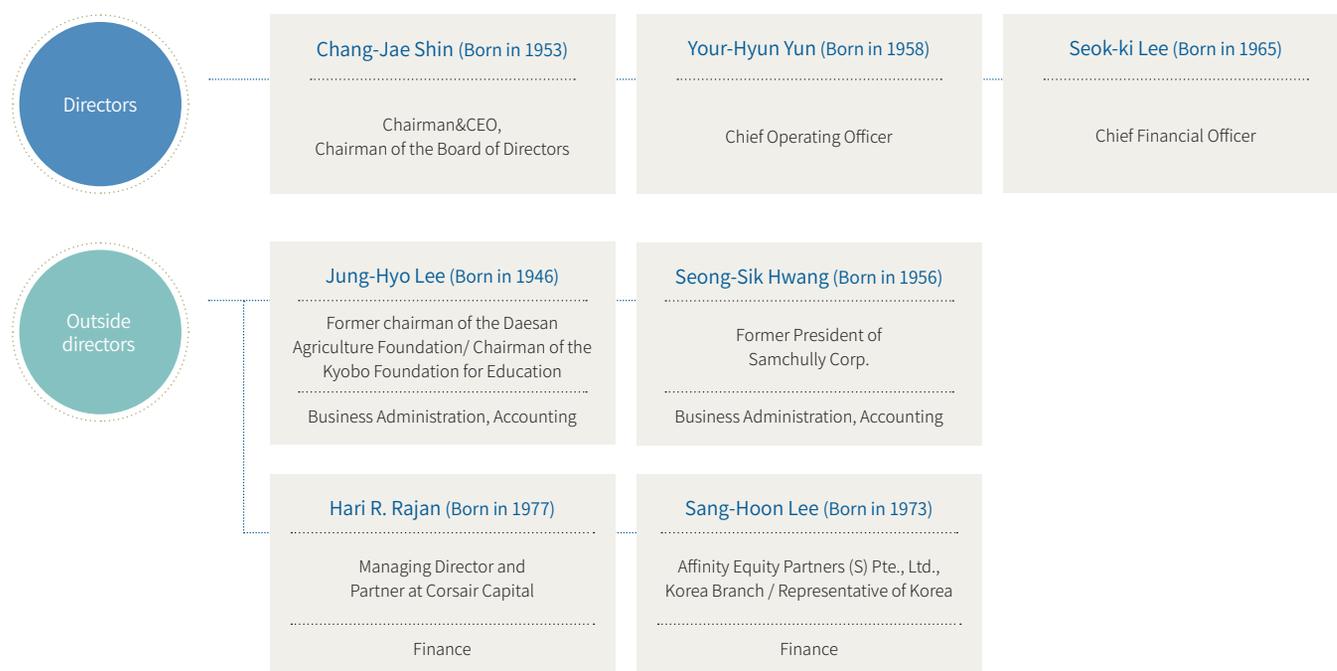
Board of Directors

The board of directors sets and controls the company's management goals and key strategies. It 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 BOD of Kyobo Life should be composed of four or more members. The current board is composed of seven directors in total—two inside directors and five outside directors. There are no female directors on the board at present. In particular, outside directors are nominated by the Directors Recommendation Committee from among outside experts with no interest or stake in the company, and undergo a strict and fair screening process in order to ensure transparency in the company's management.

Composition of Board of Directors (As of March 2019)



Committees within the Board of Directors

Committee	Main Roles
Audit Committee	To evaluate and improve management performance and the adequacy of the overall internal control systems
Directors Recommendation Committee	To recommend CEO, outside director and auditor candidates equipped with the necessary expertise and qualifications according to the company's strategic targets
Risk Management Committee	To establish the basic policy and key policies on risk management, and approve the management strategy based on risk
Remuneration Committee	To design and implement a compensation system for executives in connection with risk
Management Committee	To make decisions on important issues such as long- and short-term management policies and the establishment of management plans

Evaluation & Remuneration of Executive Management

The remuneration of the executive management is determined based on an evaluation of performance 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 outside directors' remuneration are disclosed at our website (www.kyobo.co.kr >> Disclosures >> Governance Disclosures).

Ethics

Kyobo Life is performing the role of a corporate citizen and striving to fulfill its social responsibilities by enhancing the transparency of corporate management through ethical management and by offering competitive insurance products and services as a member of the community. In addition, Kyobo Life guarantees the labor rights of its employees and provides a range of company benefits designed to improve the employees' quality of life.

Management Transparency through Ethical Management

As corporate influence on society grows ever stronger, public expectations about corporate social responsibility and ethical management are rising. Furthermore, 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 Life Employees' Code of Professional Ethics

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



Photo of the Work Ethics Resolution

Status of Work Ethics Education

Category	Unit	2016	2017	2018
Managers (no. of persons)	Hours	18.5	18	17
Non-managerial workers (no. of persons)	Hours	14.5	16	16

Communication for Ethical Management

Kyobo Life communicates with its employees to help them better understand and approach ethical management. The company has not only been conducting on and offline compliance training regularly to help employees internalize ethics and compliance, but also communicating with them through

weekly webtoon-style newsletters to help deepen their understanding of ethical management. Through consistent ethical education, Kyobo Life has created a culture of ethics and compliance and promoted ethical practices among its employees.

Education on Raising Awareness of Disability in the Workplace

Kyobo Life has developed and runs a variety of education programs as part of its effort to establish a more stable work environment for employees with disabilities, and to eliminate any misunderstandings and prejudices among employees, by promoting a proper understanding of disability. Through consistent training and education, we have helped our employees to broaden their understanding of the definitions and types of disabilities and provided them with the information required to raise their awareness, including the rights of disabled employees, the prevention of discrimination against people with disabilities, and the provision of proper access to the workplace for disabled employees.

Education to raise social awareness about people with disabilities

Category	Unit	2016	2017	2018
Employee participation rate	%	100	100	100

Transparent Trade with Partner Companies

Kyobo Life operates a system designed to secure transparency in its trade with the external partner companies involved in its major businesses.

Cyber Purchase System



To guarantee transparent and fair purchasing, the entire purchase process is conducted through the company's cyber purchase system. This 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 ensuring fair trade and put in place systems designed to ensure compliance with fair trade regulations, while continuing to train and monitor employees with regard to compliance.

Gift Return Center

According to the 'Kyobo Work Ethics Guidelines,' Kyobo Life does not allow its employees to receive gifts from outside stakeholders. If any employees are placed in an unavoidable situation in which they are compelled to accept gifts, they are obliged to return them via the 'Gift Return Center'. All gifts should be returned in a polite manner, but gifts that cannot be returned for one reason or another are donated to social groups.

Operation of Internal Control System

Kyobo Life complies with the relevant laws and regulations and practices its management soundly, and abides by the basics that it is required to follow in order to protect its shareholders, stakeholders and so forth. Kyobo Life also monitors compliance with internal control standards and designates compliance monitoring personnel to report the results of any investigations to the Audit Committee in an effort to oversee the entire internal control system.

Report of Internal Control Assessment Results and Recommendations for Improvement

Assessment Section	Recommendations for Improvement	Related Department
Control environment and control culture	Improvement of the customer confirmation process related to the effort to eliminate money laundering	Channel Marketing Support Team GFP Department Underwriting Team Compliance Officer
	Reflection of amendments to the law related to service outsourcing of financial institutions in the company's regulations.	Corporate Planning Team
Accounting, information and communication system	Establishment of an integrated information security management system to strengthen the existing information security management system.	Information Security Team
Insurance sales	Establishment of pre-control process for prevention of insurance fraud	Insurance Risk Management Team
	Improvement of insurance product information materials from the perspectives of customers and legal compliance	Product Support Team
Retention of contract and payout	Establishment of a system to comply with the Depositor Protection Act at sales sites (including FP Branches)	Channel Marketing Support Team

Win-Win Cooperation

Efforts toward Mutual Growth

Kyobo Life pursues coexistence with its transaction partners and the local communities where its company Management Approach are based. 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 operates the DA-WIN service program for mutual growth by sharing the accumulated know-how of its award-winning customer satisfaction service with its partners. The DA-WIN service is designed to enable Kyobo Life and its partners to grow together in a win-win relationship. In addition, DA-WIN is Kyobo Life's own distinctive creating shared value (CSV) program by which it practices the management philosophy of sharing and favoring, while supporting customers' success by providing CS education (consulting) for customer satisfaction, an organizational activation program, and compulsory education (covering the prevention of sexual harassment in the workplace, the protection of personal information, etc.).

DA-WIN Service Status and Performance

Category	2016	2017	2018
Service recipients(No. of companies)	1,050	1,030	1,199
Service recipients(No. of persons)	58,455	63,399	71,714

Efforts for Win-Win Cooperation

Kyobo Life implements various measures with the aim of realizing win-win cooperation with its partner companies, such as the partner company evaluation, the Kyobo electronic purchase system, and the K-Marketplace. In addition, we make concerted efforts to improve operation by managing the related data and gathering feedback.



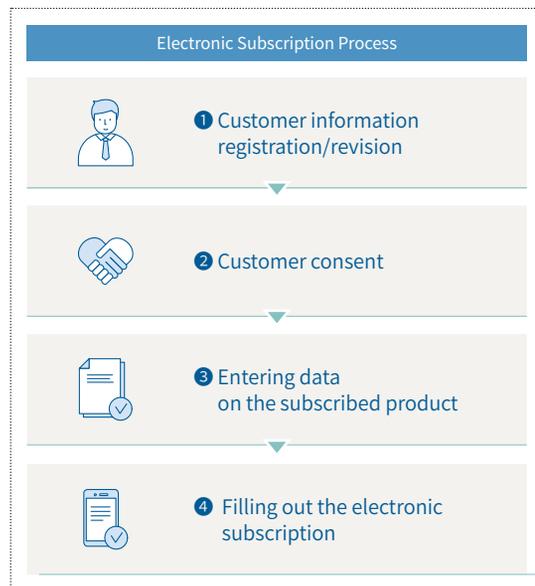
The Environment

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

Eco-friendly Management Approach

Electronic Subscription System for Environmental Protection

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 costs and minimize environmental effects by reducing paper consumption. It is a one-stop system that requires customers 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 for which acknowledgement of the explanations and the personal signature of the customer are required.



Reinforcement of Waste Management

Kyobo Life entrusts the waste generated by its office spaces to an approved waste-processing company. Waste from the company's 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 traveling to and from the training institute in Cheonan (Gyeseongwon) by private car, and instead pays its employees' transportation costs based on KTX train fares so as to reduce carbon dioxide emissions during their commutes. In addition, Kyobo Life has established a nationwide satellite broadcasting system for all its sales and service sites, so that employees can listen to major events without having to assemble in one place.

Reducing Electricity Usage

Kyobo Life minimizes the operation of employee elevators other than during rush hours and lunch hours and maintains the building temperature above 26°C during summer and below 20°C during winter to reduce energy consumption. Furthermore, since 2008, Kyobo Life has been conducting the 'three voluntary energy and resource saving campaign' whereby it encourages employees to turn off unnecessary lighting and unused computers and to use office resources economically.

Status of Environmental Management

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

Office Paper and Toner Usage

Category	2016	2017	2018
Office paper(Box)	4,413	4,723	4,730
Toner(Unit)	3,901	3,514	3,514

Water Usage

Category	2016	2017	2018
Total usage (TON)	537,411	511,151	491,385
Recycled amount (TON)	7,508	6,088	5,865
Recycled ratio (%)	1.4	1.2	1.2

Energy Usage

Category	2016	2017	2018	
Direct energy(TOE)	Gas	2,181	2,032	2,179
	Oil	367	347	321
	Subtotal	2,548	2,379	2,500
Indirect energy(TOE)	Electricity	15,737	15,020	14,333
	Regional heating	34	31	43
	Subtotal	15,711	15,051	14,376
Grand total(TOE)	18,259	17,430	16,876	
Compared to the previous year(TOE)	-594	-829	-554	

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

*The erroneous data for 2016/2017 have been corrected.

Waste Emissions

Category	2016	2017	2018
Total emissions (TON)	340	329	283
Recycled amount (TON)	331	319	274
Recycled ratio (%)	97	97	97

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

Carbon Dioxide Emissions

Category	2016	2017	2018
Direct (tCO ₂)	5,677	5,283	5,535
Indirect (tCO ₂)	32,232	30,774	28,821
Total (tCO ₂)	37,909	36,057	34,356

Appendix

UN Global Compact	68
Status of Implementation of the Sustainability Development Goals	69
Awards / Association and Membership regarding Sustainability Management	70
GRI Standards Index	71
Third Party Assurance	74
Financial Highlights	76
Declaration of Vision2020	77



UN Global Compact



Kyobo Life joined the UN Global Compact (UNGC) in September 2010 and declared its commitment to adhere to the principles of the UNGC. This Sustainability Management Report contains information on the Company's observance of the ten core principles.

Principles	내용	Key Report Contents	Page
 Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	· Kyobo Life Employees' Code of Professional Ethics	62
	2. make sure that they are not complicit in human rights abuses.	· Protection of and respect for human rights · Promotion of customer protection activities	39 32~33
 Labour Standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	· Culture of cooperative labor management relations	39
	4. the elimination of all forms of forced and compulsory labour;	· Prevention of forced labor	39
	5. the effective abolition of child labour; and	· Prevention of child labor	39
 Environment	6. the elimination of discrimination in respect of employment and occupation.	· Prevention of discrimination in the workplace	39
	7. Businesses should support a precautionary approach to environmental challenges;	· Eco-friendly social contribution activities	54
 Anti-Corruption	8. undertake initiatives to promote greater environmental responsibility; and	· Energy saving activities	65
	9. encourage the development and diffusion of environmentally friendly technologies.	· Expansion of eco-friendly financial investment	47
	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	62 ~ 63

Implementation Status of Sustainable Development Goals:

The 'Sustainable Development Goals' are the United Nation's ambitious global priorities to address the tremendous economic, societal, and environmental challenges we face by 2030. In an active effort to join in this drive, Kyobo Life linked its sustainability management system to the UN's Sustainable Development Goals(SDGs) and examined the progress of the 17 items. Of these, Kyobo Life chose seven items that it can best promote and continues its efforts to achieve these goals.

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

Sustainability management philosophy — Pursuit of Shared Growth with All Stakeholders		Vision2020 — Korea's Most Innovative Life insurer in Product and Distribution in Preparation for the Era of the Fourth Industrial Revolution	
Pledges for stakeholders	Promises	Principles	KPI
Customers	A company that provides good insurance coverage to its customers	1. We will listen to customers and manage the company from the customers' perspective. 2. We will enhance service quality throughout the policy lifecycle, from underwriting to retention, and payment.	- Retention rate (13th month) - Customer satisfaction level - Market share rate
Financial Planners	A company that succeeds together with its Financial Planners	3. We will respect and trust our Financial Planners as business partners. 4. We will establish fair standards and help Financial Planners engage in their sales and service activities with reinsurance. 5. We will support them to grow into insurance experts.	- Financial Planner satisfaction level - Financial Planner settlement rate (13th month)
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 experts.	- Training hours per employee - Costs for competence development per employee
Investors	A company that is attractive to Investors	9. We will continue to produce exceptional profits through good growth. 10. We will increase the value of the company through preemptive risk management.	- Total assets - Return on equity (ROE) - Risk based capital (RBC)
Government & Communities	A company that grows together with the government and communities	11. We will carry out corporate social responsibility activities aggressively and actively in pursuit of shared growth. 12. We will implement environmental Management Approach by reflecting the nature of our business. 13. We will grow together with our partners through fair competition.	- Societal contribution ratio/amount - Proportions of socially responsible investment(SRI) - Energy consumption

Kyobo Life's Sustainability Development Goals

SDGs	Content
Goals. 1 	- Ties of Love activities to support children from marginalized groups. - Kyobo Hope and Love Insurance, which is designed to provide insurance benefits to children from low-income families by utilizing dormant insurance payments.
Goals. 3 	- Provision of health insurance and healthcare services. - Provision of health insurance discounts through the health coaching service. - Provision of the health checkup service and health information for customers.
Goals. 4 	- Kyobo Foundation for Education: Systematic social contributions made through the Foundation. - Kyobo Hope Dasom Scholarships: Provision of educational opportunities through scholarships. - Kyobo Life Youth Athletics Cup Championship: Support for young athletes in seven basic sports disciplines. - Northeast Asia March for Undergraduate Students: Fostering of students into global leaders. - Competency Development Program: Support for employees to strengthen and improve their capabilities. Provision of opportunities for employees' self-improvement and self-reinforcement. - Offering of various educational insurance products.
Goals. 5 	- Recruitment based on 'Kyobo Professional' and fair performance evaluation. Anti-gender discrimination. - KIWN/KING Mentoring: Employees are motivated through matching mentoring between female/male managerial mentors and female/male staff members. - Female Leadership Conference: Female employees are encouraged to pursue their personal growth and development and receive help in building their competences and establishing human resource networks.
Goals. 8 	- Dasomi Nursing Volunteer Group: Contribution to job creation by nurturing females from low-income households as professional caregivers.
Goals. 9 	- Construction of a library and a playground for an elementary school in an underdeveloped area of Vietnam.
Goals. 13 	- Electronic Subscription System: Consistent efforts to reduce paper usage. - Promotion of various energy-usage-reduction activities.

Sustainable Development Goals (2016~2030)

 No poverty	 Zero hunger	 Good health and well-being
 Quality education	 Gender equality	 Clean water and sanitation
 Affordable and clean energy	 Decent work and economic growth	 Industry, innovation, infrastructure
 Reduced inequalities	 Sustainable cities and communities	 Responsible consumption, production
 Climate action	 Life below water	 Life on land
 Peace, justice and strong institutions	 Partnerships for the goals	

Awards / Association and Membership regarding Sustainability Management

Kyobo Life's Awards for Sustainability Management

Date	Content
Nov. 2018	Ranked No. 1 in the life insurance sector of the Korea Sustainability Index (KSI) for the ninth consecutive year.
Nov. 2017	Wins the Top Prize in the service category at the Korean Readers' Choice Awards (KRCA) for the fourth consecutive year.
Feb. 2016	Wins the 12th Transparent Management Grand Prize jointly hosted by five economic organizations.
Oct. 2015	Wins the Grand Prize at the 4th Financial Customer Protection Grand Awards (Financial Supervisory Service Director Award).
Dec. 2014	Wins the Private Corporation Award in the process sector at the 1st Porter Prize for Excellence in CSV.
Oct. 2014	Wins the 2nd 'Most Loved Company' Presidential Award.
Nov. 2013	Awarded the Consumer Grand Prize by the Korean Society of Consumer Studies.
Nov. 2013	Wins the UN Global Compact Best Practice Award.
Nov. 2012	Wins the Grand Prize in the life insurance category at the Financial Consumer Protection Grand Awards hosted by the Korea Economic Daily (Financial Supervisory Service Director Award).
Oct. 2012	Chairman Chang-Jae Shin named "Personality of the Year" by the International Reinsurance Conference (IRC).
May 2012	Wins the Presidential Commendation for 'Contribution to Children's Welfare' at the Children's Day event hosted by the Ministry of Health and Welfare.
Nov. 2011	Wins the Minister's Award from the Ministry of Knowledge and Economy at the 6th Sustainability Management Awards (Grand Prize in the 'First Sustainability Management Report' category).
Feb. 2011	Wins the Minister's Award from the Ministry of Health & Welfare in recognition of its efforts to promote welfare for the disabled.
Sep. 2010	Wins the Grand Award in the 'financial product and service innovation' category at the 2010 Korea Financial Innovation Awards for (No dividend) 'Kyobo Life 100 Year Life Variable Pension Insurance'.
May 2010	Chairman Chang-Jae Shin wins the '2010 Korea CEO Award' hosted by the Korea Management Association.
May 2010	Chairman Chang-Jae Shin wins the '19th Mont Blanc Cultural Art Supporter Award'.
Mar. 2010	Ranked No. 1 in the insurance industry as one of '50 Respected Korean Corporations' by Fortune Korea.

Association and Membership Regarding Sustainability Management

Organization	Key Activities	Year joined
Life Insurance Association	Shares information designed to raise and promote awareness of health insurance by disseminating a sound insurance culture and supporting the formation of reasonable insurance policies.	1958
Korea Insurance Society	Conducts research on insurance-related theories, laws, and practices.	1964
Institute of Actuaries Korea	Introduces various insurance policies, holds seminars, and exchanges information with the international actuary community.	1978
Life Office Management (LOMA)	Shares reliable insurance industry data and knowledge.	1978
Insurance Development Institute	Suggests fair and rational insurance rates and conducts insurance-related studies.	1990
Financial Safety Forum	Discusses information protection policy directions with other financial institutions and the Financial Supervisory Service.	2002
Ethical Management (Yunkyung) SM Forum	Shares the ethical management practices of Korean companies and conducts joint research on sustainability management.	2005
Financial Safety Agency	Engages in various information protection activities, including inspection, prevention, and countermeasures against hacking and cyber-attacks on financial institutions.	2006
Korea Fair Competition Federation	Shares information aimed at raising awareness and understanding of fair-trade practices.	2006
Korea Risk Management	Conducts research on risk recognition and loss as well as providing information through business exchanges.	2006
Life Insurance Marketing & Research Association (LIMRA)	Conducts research, consulting, and training on life insurance.	2007
UN Global Compact Korea	Exchanges information on the implementation of corporate social responsibility (CSR).	2010

GRI Standards Index

Universal Standards				
Topic		Disclosure	Page	Assurance
GRI 102: General Disclosure				
Organizational Profile	102-1	Name of the organization	10	●
	102-2	Activities, brands, products, and services	12	●
	102-3	Location of headquarters	10	●
	102-4	Location of operations	10	●
	102-5	Ownership and legal form	60	●
	102-6	Markets served	11	●
	102-7	Scale of the organization	10	●
	102-8	Information on employees and other workers	10, 39	●
	102-9	Organization's supply chain	14~15	●
	102-10	Significant changes to the organization and its supply chain	No major changes	●
	102-11	Precautionary approach or principle	48~49	●
	102-12	External initiatives	68~69	●
	102-13	Membership of associations	70	●
Strategy	102-14	Statement from senior decision-maker	2~3	●
	102-15	Key impacts, risks, and opportunities	13~15	●
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	13, 20	●
	102-17	Mechanisms for advice and concerns about ethics	62~63	●
Governance	102-18	Governance structure	60~61	●
	102-35	Remuneration policies	61	●
Stakeholder Engagement	102-40	List of stakeholder groups	21	●
	102-41	Collective bargaining agreements	39	●
	102-42	Identifying and selecting stakeholders	21	●
	102-43	Approach to stakeholder engagement	21~23	●
	102-44	Key topics and concerns raised	24~25	●
Reporting Practices	102-45	Entities included in the consolidated financial statements	11	●
	102-46	Defining report content and topic boundaries	25	●
	102-47	List of material topics	25	●

GRI Standards Index

Universal Standards				
Topic		Disclosure	Page	Assurance
GRI 102: General Disclosure				
Reporting Practices	102-48	Restatements of information	28, 44, 66	●
	102-49	Changes to major themes and subject areas	25	●
	102-50	Reporting period	About this report	●
	102-51	Date of most recent report	About this report	●
	102-52	Reporting cycle	About this report	●
	102-53	Contact point for questions regarding the report	About this report	●
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	●
	102-55	GRI Content Index	71~73	●
	102-56	External assurance	74~75	●
Topic-specific Standards				
GRI 200: Economic Standards				
Management Approach	103	Explanation of the material topic and its boundary, management approach, and its components	28, 34, 38, 44, 50	●
Economic Performance				
Economic Performance	201-1	Direct economic value generated and distributed	14~15	●
GRI 300: Environmental Standards				
Energy	302-1	Energy consumption within the organization	66	●
Water and Effluents	303-1	Water withdrawal by source	100% water and sewage	●
	303-3	Water recycled and reused	66	●
	306-2	Waste by type and disposal method	66	●
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	No violations	●
GRI 400: Social Standards				
Employment	401-1	New employee hires and employee turnover	39	●
	401-3	Parental leave	39	●
Occupational Safety and Health	403-3	Workers with high incidence or high risk of diseases related to their occupation	42	●
Training and Education	404-1	Average hours of training per year per employee	40	●
	404-2	Programs for upgrading employee skills and transition assistance programs	40	●
Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	39	●

GRI Standards Index

Topic-specific Standards				
Topic		Disclosure	Page	Assurance
GRI 400: Social Standards				
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	39	●
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	39	●
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	39	●
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	39	●
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	51-55	●
	417-1	Requirements for product and service information and labeling	32	●
Marketing and labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	32	●
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	33	●
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	No violations	●

Third Party Assurance

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 2018 (hereinafter “the Report”). The Assurers have provided an independent opinion based on a review of the 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, have no professional interest in Kyobo Life other than in providing this third-party assurance on the Report, and they are not related to the Company in any way that may undermine its independence or cause a conflict of interest.

■Assurance Standards

The Assurers have verified the inclusiveness, compliance with the principles of materiality, responsiveness and Impact, and reliability of the data disclosed in the Report at the “moderate” level in accordance with the AA1000 Assurance Standard with 2018 Addendum; and the GRI Standards have also been applied in the verification process.

■Type and Scope

The Assurers conducted (the) 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, 2018, to December 31, 2018 and 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. The 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.

- Review and analyze media coverage on the Company’s sustainability management
- Investigate issues of sustainability reporting selected by the Assurers in consultation with the Company
- Review systems and processes that were used in improving the performance of sustainability management and preparing the Report
- Crosscheck between the financial performance data in the Report and the data in the Assurers’ report on the Company’s financial statements and disclosures
- 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 2018:

Inclusiveness - Did the Company include stakeholders in the process of strategically responding to issues of sustainability management? The Assurers have verified that the Company is aware of the importance of stakeholder participation and is striving to establish a process that will increase their participation. The Company has identified its customers, financial planners, employees, investors and government/local communities as stakeholder groups. The Assurers have verified that the Company possesses communication channels for each stakeholder group and is collecting different opinions through those channels.

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(s) and prepared the report based on the results of the analysis.

Responsiveness - Did the Company respond to the demands and interests of (the/its) 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 (them) on the Report. The Assurers have found no evidence that the Company’s responses to material issues involving stakeholders were (have been) misrepresented or misstated in the Report.

Impact - Does the Company appropriately monitor its impact on the stakeholders?

The Assurers have verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

■GRI Standards Application

The Assurers have verified that the Report was written in accordance with the Core Option of the GRI Standards. Based on the documents provided by the Company, the Assurers have verified that the Report complies with the requirements specified in the indices of the Universal Standards and the Topic-specific Standards.

Universal Standards

The Assurers have verified that the Report complied(s) with the requirements of the Universal Standards of Core Option, and (have) reviewed the following indices:

102-1 to 102-13 (Organization Profile), 102-14 to 102-15 (Strategy), 102-16 to 102-17 (Ethics and Integrity), 102-18 and 102-35 (Governance), 102-40 to 102-44 (Stakeholder Participation), 102-45 to 102-56 (Reporting Practice), 103 (Management Approach)

Topic-specific Standards

The Assurers have verified the detailed items on the material aspects identified through the process of determining the reporting items and reviewed the following indices

Economy: 201-1
 Environment: 302-1, 303-1, 303-3, 306-2
 Society: 401-3, 403-3, 404-1, 405-2, 407-1, 408-1, 409-1, 412-2, 413-1, 417-1, 417-2, 418-1, 419-1

■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 the organizational level.

Economic performance

A new international insurance accounting standard, IFRS17, is scheduled for adoption in 2021, along with the new Korea Insurance Capital Standard (K-ICS), which will replace the RBC (insurance claim payment capacity). The Company will respond early to the adoption of the new international accounting standard by strengthening its financial soundness through preemptive risk management and the acquisition of capital. Also, through sustainability management activities, the Company is pursuing people-centered management, the main purpose of which is to provide mutual benefits to all stakeholders. Therefore, the Company should strive for continuous growth and increase the transparency of its accounting. It can achieve these goals through performance-oriented responsibility management and transparent management of a very high level. Consequently, it is recommended that the Company should not seek a short-term response, but rather that it should strive continuously to improve its comprehensive response on a long-term basis, primarily by continuously managing its financial and non-financial risk factors, and by coming up with improved preemptive responses to changes in the business environment.

Environment

High-efficiency energy technologies, new and renewable energies, and clean modes of transportation are being touted as promising solutions to the serious environmental crisis facing our world. In response, global financial institutions are becoming keenly aware of and actively carrying out environmental responsibility investments in such solutions. It is a positive sign that the Company is increasing its investments in renewable energy and the environment every year. In response to the rising impact of the financial industry on society and the environment, it is recommended that the Company set mid-to long-term quantity targets on clean energy and environmental investment and disclose the Company's performances on the relevant indices in the Report. The Company should also establish a management/reporting system for environmental investment performance indices. In addition, it is recommended that the Company make the following improvements to its environmental management indices.

1. When calculating energy usage rates, it should apply an oil usage conversion factor for each type of oil.
2. It should include the greenhouse gas emission rate from mobile consumption, such as enterprise vehicles.
3. It should list the reasons for any increases in its greenhouse gas emissions and the related performance results.

Social

The Company presented its promises and principles for each group of stakeholders when it established its sustainability management system. By continuously managing its Key Performance Index (KPI) for ten years, the Company has demonstrated its commitment to work for the mutual growth of all its stakeholders. The Company's stakeholder management could be showcased as a case study of excellence in the field of sustainability management. This Report includes the Company's sustainability management activities and the performance results deriving from these activities, as well as its communication activities regarding each type of stakeholder, and clearly shows the Company's efforts in this regard. The Company must actively address the rapid economic, social and environmental changes taking place in the world and generate mid-to long-term business values. In order to achieve this, we recommend that the Company further improve its sustainability management, for instance by searching for ways to tie it to its business strategy.



April 2019
Sang-Jin Lee, KSA Chairman & CEO

이 상진

Financial Highlights

Summary of Statement of Financial Position

(Unit : KRW Bn)

	2018	2017	2016
Total Assets	108,819.9	104,564.7	96,684.3
Cash and Deposits	2,383.2	1,563.8	1,377.4
Securities	61,079.9	58,411.7	52,612.0
Loans	20,720.0	18,781.4	18,463.4
Investment in Associates	96.9	92.3	90.3
Investment Property	1,083.5	1,102.5	1,135.9
Property and Equipment	1,288.6	1,299.3	1,345.8
Intangible Assets	72.8	50.8	52.5
Other Assets	3,303.3	4,204.1	3,933.6
Separate Account Assets	18,791.7	19,058.7	17,673.5
Total Liabilities	98,234.1	94,711.6	88,821.8
Policy Reserve	69,458.4	66,713.3	63,667.5
Policyholder's Equity Adjustment	894.8	736.8	463.7
Other Liabilities	8,625.3	7,784.3	6,562.0
Separate Account Liabilities	19,255.6	19,477.3	18,128.5
Total Shareholders' Equity	10,585.7	9,853.0	7,862.5
Total Shareholders' Equity attributable to Controlling Interests	10,172.4	9,455.8	7,498.3

*Based on Consolidated Statements

Summary of Income Statement

(Unit : KRW Bn)

	2018	2017	2016
Operating Revenues	14,671.0	15,353.0	14,442.3
Operating Expenses	13,834.4	14,395.1	13,755.4
Operating Profit	836.6	957.9	686.9
Other Profit	-23.4	-20.5	25.3
Profit before Income Tax Expense	813.2	937.4	712.2
Income Tax Expense	227.4	263.4	168.9
Net Income	585.8	674.0	543.3
Net Income attributable to Controlling Interests	549.4	640.0	514.5

*Based on Consolidated Statements

Vision2020 Declaration

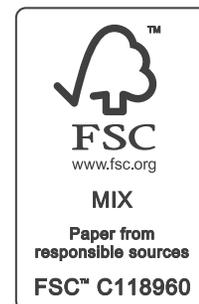
Our mission is to help all our customers to confidently pursue their most cherished dreams throughout their lives by overcoming future adversity through mutual cooperation.

To this end, we will always put our customers first in our thoughts and actions, be honest and sincere in every respect, and take up new challenges and try again even if we fail.

When we achieve Vision2020, Kyobo Life will become the best company in the insurance industry, a company that does not falter in any environment and whose employees will be recognized as the best insurance experts.

Through this process, Kyobo Life will grow together with its customers, Financial Planners, investors, communities, and all stakeholders, as well as contributing greatly to the national economy and enhancing public welfare.

If we all come together with strong teamwork, we will definitely achieve our vision.



Designed by ReddotBranding

Humanity
and
the Future