SUPERIOR PROFITABILITY AND FINANCIAL STABILITY

DONGBU INSURANCE

INTEGRATED REPORT 2016

Dongbu Insurance

ABOUT THIS REPORT

This sixth sustainability report was published to transparently report on Dongbu Insurance's financial and non-financial performance for 2015 to all stakeholders. Also, this is the first Integrated Report that reflects the Guiding Principles and Content Elements set out by the<IR> Framework of the International Integrated Reporting Council (IIRC).

Reporting Period and Cycle
Dongbu Insurance publishes an Integrated Report every year since 2015. This report covers from January 1, 2015 to December 31, 2015, although the activities and performance for 2016 relating to core issues are included in order to provide stakeholders with the most recent information.

Reporting Principles
This report was written in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and the GRI Financial Service Sector Supplement, and prepared in accordance with the GRI G4 Core option. Also, this report reflects the International <IR> Framework, and reported on the Company's activities and performance based on the ten principles in an annual Communication on Progress as a member of the UN Global Compact. The financial data is in accordance with K-IFRS. Any change of content from the previous report is noted separately in this report.

Reporting Scope
This report covers the performance of Dongbu Insurance's Headquarters and domestic business sites, including Regional Head Offices and Service Centers, excluding the subsidiary companies, while also containing some data in relation to the Company's overseas branches and offices. The environmental data includes information on Dongbu Insurance's nine buildings and leased offices, excluding the Company's overseas branches and offices.



As Korea's leading insurance company,
Dongbu Insurance aims to become
a global insurance financial group by making
further changes and meeting challenges
to create differentiated customer value, while
also contributing in sustainable future growth.

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SUPERIOR PROFITABILITY AND FINANCIAL STABILITY

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CEO Message



Dear Stakeholders,

We would like to sincerely thank you all for the support you have shown to Dongbu Insurance. Despite the difficult business environment in 2015, including a prolonged period of global economic slowdown, low growth, low interest rates, low returns and the stagnation in Korean insurance market, the Company has achieved outstanding results through its sustainable management, such as company-wide efforts to improve loss ratios and enhance the efficiency of operating expenses, as well as maintaining comparative advantage in return on asset ratio.

Externally, Dongbu Insurance's direct premiums recorded KRW 11,487.9 billion, an increase of 7.2% compared with the previous year. The Company's market share has grown 0.3%p to achieve 16.1%, while the net profit amounted to KRW 412.7 billion, an increase of 3.1% in profit and loss compared to the previous year.

In particular, Dongbu Insurance has improved the Company's sustainable management strategies by having company-wide task forces participating mainly through the Sustainability Management Administrative Committee. The Company has established new mid to long-term business strategies, for 2016. Through these efforts, Dongbu Insurance has strengthened its position as a global insurance financial group, including being the first in the Korean financial industry to receive a presidential citation at the Korea National Quality Award (KNQA), listed in the Dow Jones Sustainability World Index for three consecutive years, and acquiring the Customer Centered Management (CCM) certification hosted by the Korea Fair Trade Commission.

The difficult business environment is projected to continue in 2016, while the market condition is expected to rapidly change. Unlike the stronger soundness regulation like adopting the International Financial Reporting Standards (IFRS) 4 phase II, regulations on insurance companies have been greatly eased, including abolishing the current prior reporting system and the standard terms and conditions, and giving insurance companies more autonomy in developing insurance products and asset management. Also, it will be the first year when the insurance industry undergo fundamental structural changes due to IT innovations.

In response to rapidly changing business environment, Dongbu Insurance strives to increase the Company's corporate value through reforming profit structure and expanding growth engines, by focusing on implementing the four assignments for sustainable management as follows.

First, in order to proactively respond to rapidly changing business environment, Dongbu Insurance will remove the causes of inefficiency found in the Company's business areas, including work processes and manpower structure, while also establishing a profit-oriented decision-making structure. Dongbu Insurance will continue to improve the Company's loss ratios by expanding a product portfolio optimizing profitability, applying optimal rates for each product and upgrading the Company's underwriting capabilities. Also, Dongbu Insurance strives to enhance the Company's structure of operating expenses and explore new high-yield investment markets, thereby securing stable profits in the mid to long term.

Second, Dongbu Insurance will strengthen the Company's manpower, systems and processes to gain competitive advantage through new product development in response to the deregulation of the insurance industry. In addition to offering better quality to Dongbu Insurance's customers, the Company will establish a long-term management system based on customer value through new market expansion, while also enhancing customer satisfaction and reinforcing consumer protection through process innovations at customer MOT. Since the sale of online products will begin in 2016, Dongbu Insurance will make utmost efforts to stabilize the CM business mainly through car insurances. The Company will pursue overseas business opportunities by focusing on improving the profitability of the Americas, as well as launching new business models for the emerging markets like Southeast Asia.

Third, Dongbu Insurance will establish a corporate culture of passion and commitment. The future of the insurance industry will be determined by the genuineness of the response to customer and market demands. In the end, it will depend on whether the insurance company can fully commit to their duties with an ownership mind and passion. In a time of rapid change, the Company aims to create a corporate culture that embodies the ownership spirit, passion and commitment as its own.

Lastly, Dongbu Insurance will continuously expand the efforts to fulfill the Company's social responsibility. Dongbu Insurance aims to carry out various activities, including strengthening operational efficiency and execution through reorganizing the Company's sustainable management governance; extending risk management to non-financial areas; implementing strategic social contribution activities according to different life cycle phases; and expanding global social contribution activities. In particular, the Company will become a global leading company in sustainable management by supporting and participating in the ten principles of the UN Global Compact (UNGC) and the global climate change initiative Carbon Disclosure Project (CDP) as a member.

Dongbu Insurance was able to grow into Korea's leading general insurance company by being well prepared to market changes and never satisfied with past performance. Based on ownership mind and passion, the Company will carefully develop strategies and make bold execution to turn the uncertain future into new opportunities.

Thank you.

May 2016

Dongbu Insurance Co., Ltd.
President & CEO **Kim, Jeong-Nam**

About Dongbu Insurance

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

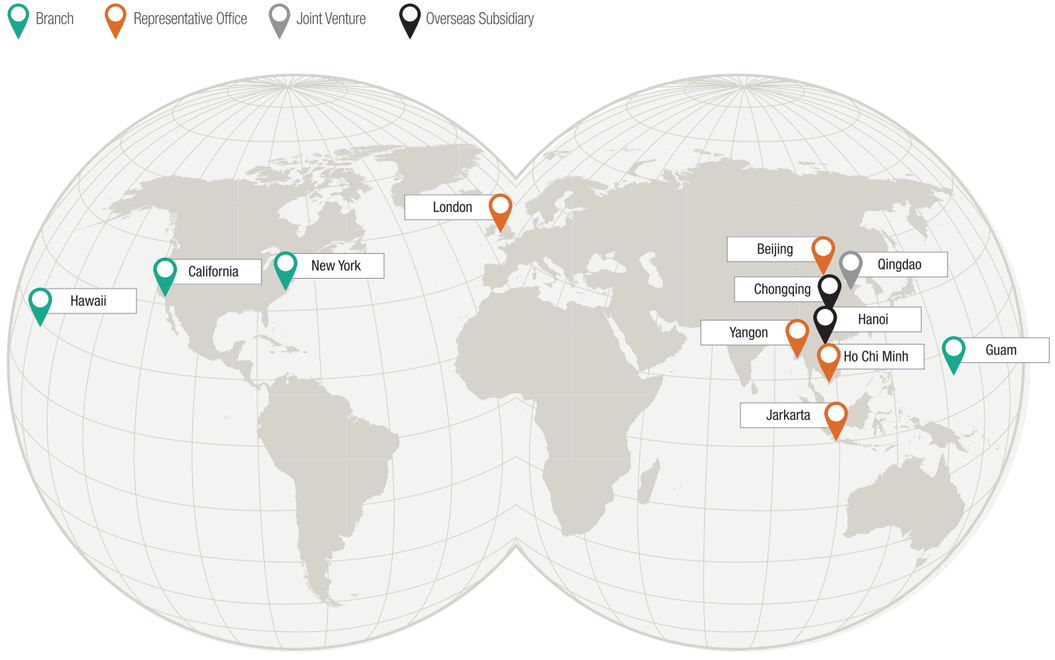
Since Dongbu Insurance's founding in 1962 as the first car insurance company in Korea, the Dongbu Insurance has grown into Korea's leading general insurance company based on the Company's management philosophy of prioritizing customer satisfaction and having a sound financial structure.

Based on the Company's profit-oriented management, optimal loss ratios, and the industry's highest ROE and ROA, Dongbu Insurance has gained profits for over 20 years to strengthen the growth foundation, allowing Dongbu Insurance to fulfill the Company's social responsibility as a good corporate citizen and achieve sustainable growth in the society.

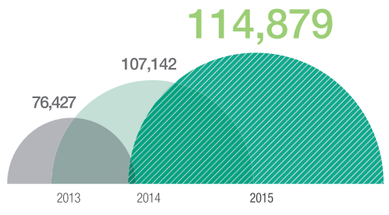
Overseas Expansion

After establishing the first overseas branch in Guam in 1984, Dongbu Insurance has been expanding the Company's overseas network to realize a growth of more than 90 times from KRW 2.2 billion to KRW 200 billion as of 2015. Dongbu Insurance is expanding the Company's overseas operation by focusing mostly on the Americas, China and Asia, aiming to increase profitability through market entry strategies for each region instead of focusing only on external growth.

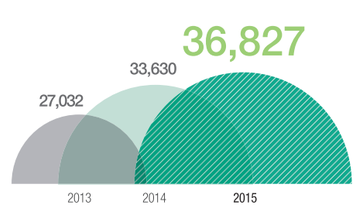
Overseas Network



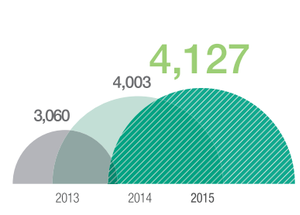
Direct Premiums (Unit: KRW in 100 million)



Equity Capital (Unit: KRW in 100 million)



Net Profit (Unit: KRW in 100 million)



Retained Customers (Unit: 10,000 persons)

780

As of December of 2015
(As of March in 2016: 792)

Sustainability Assessment

DJSI World

(included three consecutive years)

Employees and Partners (Unit: persons)

28,118

(including 23,396 sales partners)

Credit Rating

S&P A- (stable)

A.M,Best A (Excellent)

Organization Structure and Subsidiaries

Dongbu Insurance's headquarters comprises of 58 departments and 22 teams under 12 divisions in 3 offices (4 divisions in each office), which sets the vision and strategies for the entire company and establishes policies for each business segment. The Company has 34 branch offices, 58 business units under 8 nation-wide head offices, and 3 Customer Service Centers (20 teams dispatched) in operation. In addition, 13 nationwide Claim Service Centers, 12 Claim Adjustment Departments, and Claim Support Centers and Customer Service Centers to deal with customer claims and services.

Subsidiaries

(Unit: KRW in million, %)

Company	Date of Establishment	Major Business	Capital	Ownership
Dongbu Car Claim Adjustment	1984. 02. 29	Car insurance	10,983	100
Dongbu CAS *	2011. 03. 17	Claims adjustment for casualty and illness insurance	4,736	100
Dongbu CNS **	2011. 03. 17	Claims adjustment and other financial support services	7,668	100
Dongbu CSI ***	2011. 03. 17	Claim survey and claims adjustment	2,426	100
Dongbu MnS ****	2013. 02. 22	Insurance agency and brokerage	9,738	100
Dongbu Life Insurance	1989. 04. 14	Life Insurance	8,136,476	99.8
Dongbu Capital	1995. 12. 08	Credit finance business	97,501	60.0
Dongbu Securities	1982. 12. 20	Financial Investment	6,490,287	19.9
Dongbu Financial Services *****	2014. 01. 13	Insurance agency and brokerage	5,868	100

* Dongbu Claim Adjustment & Settlement ** Dongbu Customer & Network Service *** Dongbu Claim Survey & Investigation **** Dongbu Marketing & Service ***** Subsidiary of subsidiary of Dongbu MnS

Business Model

Six Capitals

Financial Capital

Dongbu Insurance raises finance to cover claim paid, operating expenses and operational funds with premium incomes from selling policies to the Company's customers. Therefore, in order to manage customers' assets safely and create high profits, the Company makes strategic investments and aims to expand socially responsible investment.

Manufacturing Capital

Dongbu Insurance manages businesses based on the Company's manufacturing capital, including computer system and Data Center. The Company establishes a disaster and emergency response system to take measures required to provide services safely.

Intellectual Capital

Due to the rapid changes in products and services resulting from external factors like low birth rates, an aging population and a prolonged period of low growth, Dongbu Insurance subdivides the Company's customers into groups through customer research and big data analysis, so that differentiated values are provided by identifying their specific needs and developing customer-oriented products.

Human Capital

Due to the nature of the insurance industry, talented people are the core to Dongbu Insurance's competitiveness from product development to sale. In order to maximize its performance through its employees' advanced professional skills, the Company has introduced a new education system that is designed to foster the industry's most talented specialists.

Social and Relation Capital

Dongbu Insurance aims to improve customer satisfaction by pursuing a happy society with customers and providing optimal products and services for the Company's customers. Also, the Company is actively participating in government policies by taking into consideration that non-life insurance industry is operated under the government and supervisory institution's strong regulations.

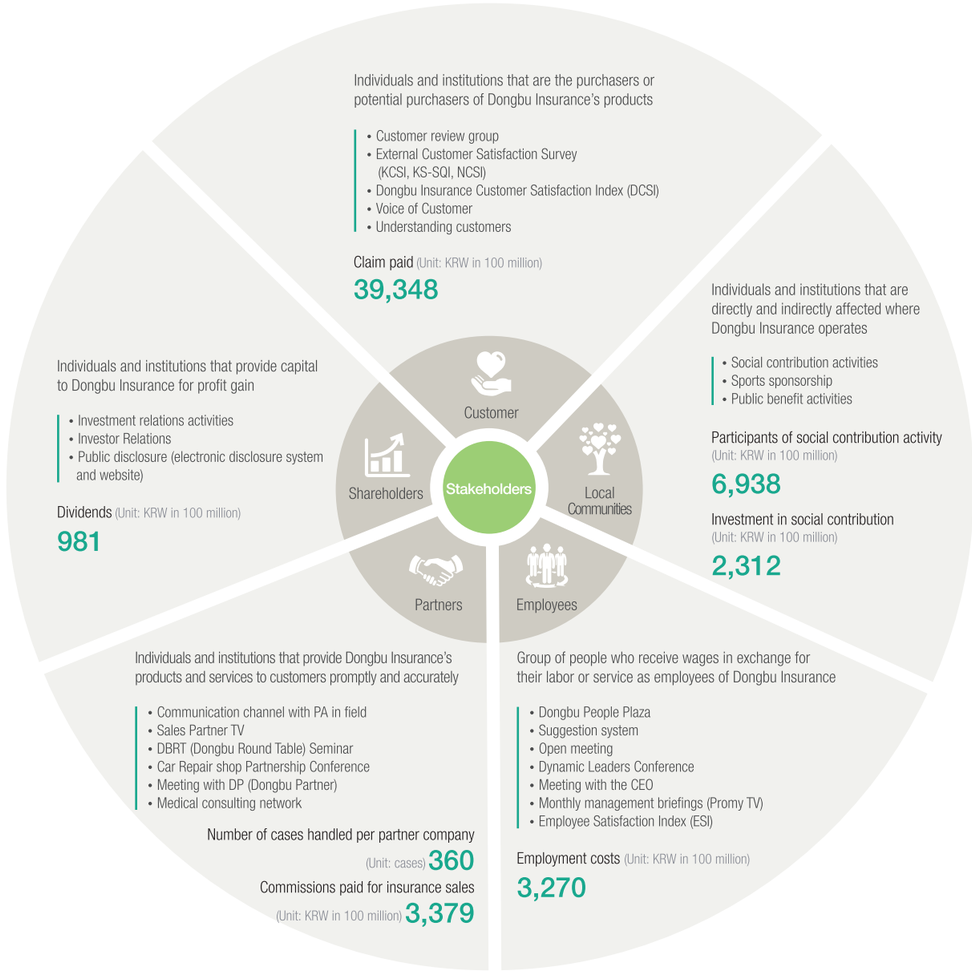
Environmental Capital

Dongbu Insurance's nine domestic office buildings, 548 leased offices across the nation and Data Center produce greenhouse gas (GHG) emissions from heating and air-conditioning equipment. The Company strives for environmental capital management by establishing an environmental guideline, acquiring the Environment Management System (ISO 14001) certification and the Green Management System (KSI 7001/7002) certifications, and adopting the Weather Management System.

* Six capitals and core concepts defined by the <IR> Framework

Sharing Values with Stakeholders

Dongbu Insurance shares the Company's value with stakeholders by creating financial performance. Sales increase results in increased claim paid, and improves loss ratios led to a discount on premiums. Increase of the net profit before tax resulted in increasing dividends for shareholders to improve their satisfaction, while extending additional customer services and increasing the fee payment to partners. Also, the Dongbu Insurance creates profits for diverse stakeholders through better performance, including increasing the profits of shareholders and investors through boosting stock prices resulting from the Company's value rising.



Value Chain

Development of Products and Services

Creating differentiated value through development of products and services for customers

Products

Long-term Insurance
Accident/disease/nursing, etc

Car Insurance
Human damage/material damage

General Insurance
Fire/marine/liability/technology/rights/storm and flood damage/environmental pollution/reinsurance, etc.

Services

- Emergency dispatch service
  On-site dispatch service
- Auto care service
  Promy car service
  Car care service
- Promy health care service
  Funeral partnership service
  Will management service
- Risk management service
  Court support service
  Consulting for retirement planning

Delivery of Products and Services

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

Exclusive Channels

PA (Prime Agent)
Exclusive insurance planners who have the right to only sell Dongbu Insurance's products

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

Freelance Channel

GA (General Agency)
Freelance branches that can sell insurance products of all insurance companies

Cross Planner
An exclusive life insurance planner who have the right to sell both life and non-life insurance products

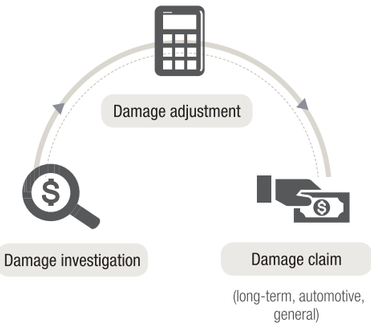
Sharing Products and Services

Sharing customer value through operation of specialized support system and nationwide claim adjustment network for expansion of customers' assets

Asset Management

Loan Business for Domestic and Foreign Investments
Building dedicated asset management organization based on mid- to long-term perspectives

Claim Adjustment

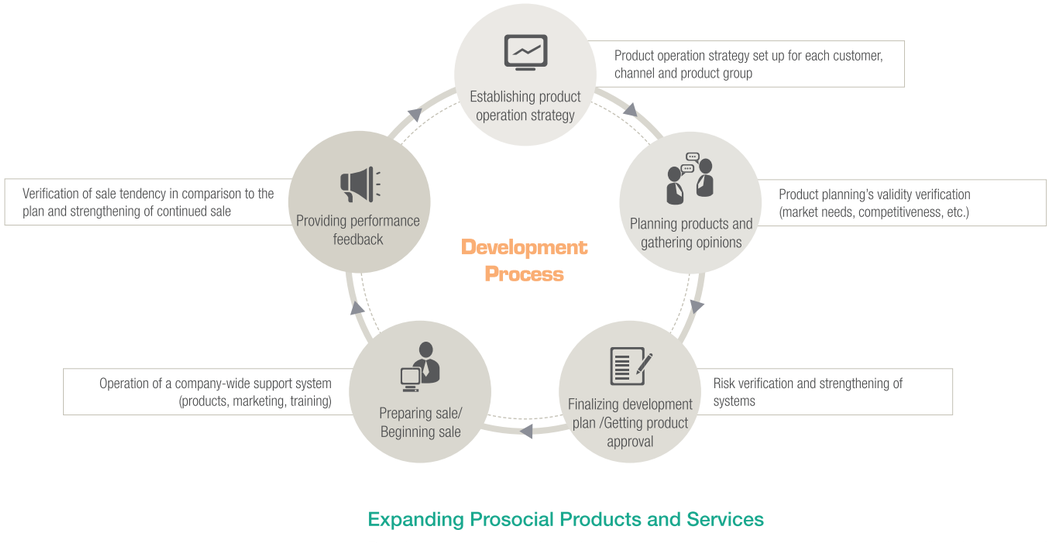


(long-term, automotive, general)

Products and Services

Products and Services Development Process

Dongbu Insurance operates a planning process for products and services in the order of 'Establishing product operation strategy through data collection and analysis', 'Developing marketing plans and products/services based on the social and environmental needs', and 'Giving feedbacks and maintaining sales performance'. Also, the Company is thoroughly reviewing the social and environmental impacts and reflecting them by further dividing the process into five phases.



Expanding Prosocial Products and Services

Dongbu Insurance is actively developing prosocial products and services that utilize the nature of the insurance industry in order to effectively fulfill the Company's social responsibility as a corporate citizen. Dongbu Insurance has taken the lead in promoting prosocial insurance services, including meeting the insurance needs of geographically disadvantaged people who are financially underprivileged by providing insurance service via a local office dispatched in islands and mountainous areas where accessibility of financial services is difficult, and creating a donation culture through donating claim paid. Also, the Company offers various prosocial products for the vulnerable social group, including insurance products exclusively for patients who generally find it difficult to obtain insurance, and discounted insurance products for disadvantaged groups. In addition, Dongbu Insurance has developed prosocial products in cooperation with external institutions and strengthened the Company's effectiveness, such as insurances for the children of low-income earners with Smile micro bank and support for childbirth congratulatory insurances in cooperation with local governments.

SPECIAL ISSUE

Developing the Usage Based Insurance (UBI)

Dongbu Insurance has developed car insurance called the Usage Based Insurance (UBI) for the first time in the insurance industry which gives discounts on premiums according to the information on a customer's driving habits. It is a new eco-friendly insurance product that gives discounts on premiums according to customers' safe driving skills for driving certain distances through an embedded smartphone navigation application, allowing them to save on car insurance financially as well as promoting safe and eco-friendly driving socially to have the effect of reducing social costs.



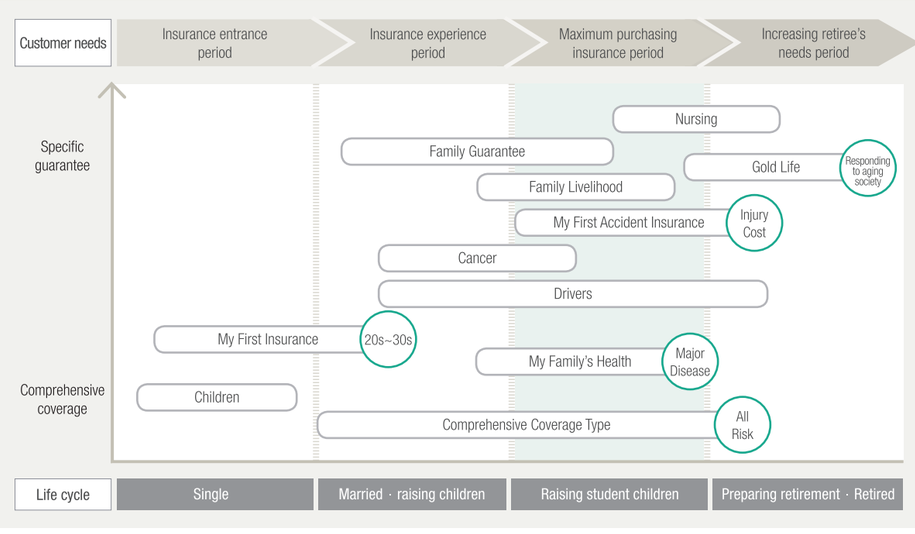
Developing Customer-Oriented Products

Dongbu Insurance offers differentiated products and services to customers through identifying specific needs of segmented customer groups and implementing diversified analysis on external environment, including the society's demographic changes and the trends of market economy. The Company has improved the effectiveness of customer contact management, such as subdividing customers through big data analysis and customer researches, developing products and services and diversifying communication channels according to each customer group. In addition, Dongbu Insurance strives to develop a product portfolio that focuses on customer value, including matching products and designing products with specific coverage, by taking into consideration of the insurance entrance period and the life cycle according to diversified needs of customers according to different life cycles.

Providing differentiated customer values by analyzing changes in external environment and taking into consideration of customers' needs

New Technology & IT Infrastructure	Competition	Customer	Law and Regulation
• Expansion of new sales channels via IT technology • Accumulation and sharing of customer information (big data) and increasing analytical skills • Increase customer data collection capability resulting in intense competition between similar financial products	• Increase of new market entrants through diverse means • Intensify competition in the insurance industry for the same customer base	• Diversification and complexification of customer needs • Increase of the needs for customized products and services • Increase of the needs for customers' one stop shopping	• Collapse of life insurance and non-life insurance barriers and allow cross selling • Spread of total directional competition in the financial industry due to the deregulation for economic stimulation

Positioning of products based on customer's life cycle



More Investment in the Future

Dongbu Insurance aims to become a global insurance financial group which pursues a happy society with customers. We innovate our revenue structure and expand growth engines by analyzing changes in business environment and responding to them preemptively. Dongbu Insurance is also making efforts to strengthen the competitiveness of insurance business, innovative management, expansion of global business and asset management considering both profitability and stability. We believe that through these efforts, sharing sustainable shareholder value and business outcome with all stakeholders is social responsibility of Dongbu Insurance.



Business Section

Corporate Vision
Strategy
Strengthening Competitiveness of Insurance Industry
Asset Management
Innovation Management
Expansion of Global Business

Corporate Vision

Vision

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

Pursuing a Happy Society with Customers
This is the core philosophy of Dongbu Insurance that includes the concept of pursuing ‘people’s happiness and company’s sustainable growth’

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

Corporate Mission

Dongbu Insurance offers the best value to make people happy and company enjoy sustainable growth by having people and companies prepare against possible human and material risks.

Purpose (Why)	Making people happy and companies enjoy sustainable growth
Method (How)	Making people and companies prepare against possible human and material risks
Values and Standards	Providing the best value



Building a Strategy for Sustainable Management

Dongbu Insurance pushed forward with a project to improve competitiveness in sustainable management with CSR Secretariat and corporate task force team, which led the project to improve sustainable management system and secure global competitiveness in 2015. 27 employees from 24 departments took part in the six-month-long project, established strategic tasks for corporate social responsibility and identified measures and tasks regarding global sustainable management.

With Customers
Implementing customer-oriented win-win management

Happy Society
Sincerely carrying out basic tasks and fulfilling social responsiblities

Global
Expanding global social responsibilities in line with its goal to be one of the Global Top 20

Insurance Financial Group
Implementing social responsibility activities related to business characteristics

Core Value of Sustainable Management

Dongbu Insurance selected four core values of sustainable development, which are the criteria for sustainable management activities and decision-making.

Value Management	Considering strategic connections with business in sustainable management activities with focus on areas where business value corresponds to social value
Win-Win Management	Pushing forward with human-oriented sustainable management activities and conducting them with employees and various stakeholders
Global Management	Actively pushing ahead with global sustainable management activities related to global business
Opportunity Management	Expanding possibilities of sustainable growth by building system which preemptively responds to opportunities and risks in business, society and environment

Core Strategic Task

14 core strategic tasks in 7 areas are identified and pursued to realize 2020 mid-to long-term goals. Along with this, the goal of establishing ‘Top 1 competition system’ was set.

- Securing differentiated customer loyalty
- Improving P/F of profitability-based products
- Optimizing market-leading channel P/F
- Reinforcing analysis and utilization of U/W and claim adjustment information
- Strengthening basic insurance and asset management competitiveness
- Building platform for new overseas business
- Advancing information asset infrastructure



In the short-term, we plan to build policy and system where sustainable management activities are commonly conducted. In the mid-to long-term, we will enhance both corporate and social value through social responsibility activities connected to brand, sales and business.

Organizing sustainable management system that is connected to business strategy |
Governance, non-financial risk and stakeholder engagement

Upgrading social contribution activities |
Development and operation of social contribution programs related to business characteristics

Introducing global sustainable management |
Fulfilling social responsibilities by the nation which Dongbu Insurance runs its business

Strategy

▶ Change in Regulations

A paradigm is shifted from quantitative competition focusing on sales channel to qualitative competition focusing on products and services due to the deregulation of domestic insurance products and asset management.

- Key issues: Strengthening RBC regulations/change in insurance regulations/deregulation of asset management

▶ Change in Social Environment

The emergence of the fin-tech era requires preemptive responses to what insurance companies did not go through or changes in the business environment such as analog-style regulation improvement and moral hazard risks like excessive medical service and insurance frauds.

- Key issues: Fin-tech era, growing importance of new sales channels and expansion of moral hazards

▶ Economic Recession Home and Abroad

The saturation of the domestic insurance market and the global economic downturn are making Dongbu Insurance face an unprecedented crisis of low growth, low interest rates and low income.

- Key issues: Adverse parity risk, consumption cliff, aging population

Strengthening the Competitiveness of Insurance Industry

Dongbu Insurance is making proactive efforts to respond to changing needs of customers and market to strengthen its competitiveness in market changes such as matured insurance market and diversification of customer needs.

- Innovation of customer experience management focusing on long-term relationship based on trust
- Securing distinguished status within market through Product Leadership
- Enhancement of information asset management infrastructure

Innovation Management

Dongbu Insurance is moving ahead with strategic innovation such as the business structure innovation and the expansion of new growth engines in order to proactively respond to the changing business environment.

- Conducting Mega Project for business structure innovation
- Establishing CRM processes of non-face-to-face channel
- Dramatically improving customer experience of retained customers

Asset Management

In preparation against adverse parity risk, Dongbu Insurance is making efforts including the enhancement of asset management specialties, the reinforcement of risk management and the expansion of overseas networks. By doing so, the company is conducting asset management considering both profitability and stability.

- Operation of specialized asset management organization and strengthening expertise of the organization
- Expansion of overseas asset management network
- Boosting socially responsible investment

Expansion of Global Business

We are making entry into strategic overseas markets of each region considering the characteristics of each market such as taking over an overseas insurance company for the first time as Korean non-life insurance company, direct retailing in the US and strategic alliance with local insurance company in China, which is a big market.

- Increasing profitability in existing markets
- Creating a new business model in newly developed overseas markets

Management Focus in 2016

Increasing corporate value via revenue structure innovation and expansion of growth engines

Global Insurance Financial Group

Strengthening Competitiveness of Insurance Industry

Innovation of Customer Experience Management Focusing on Long-term Relationship based on Trust

In an era of eight million retained customers, Dongbu Insurance is striving to reinforce a customer experience management system and improve satisfaction of customers. For this, we are breaking away from a past sales-oriented customer management method and moving toward customer experience management focusing on establishing a long-term relationship based on trust. We are bolstering company-led customer management system with a view to deal with the maturing domestic insurance market and changes in customer needs. At the same time, we are expanding aggressive customer management activities by building a management system optimized for customer needs while making endeavors to secure loyalty via the reinforcement of a good relationship with customers. We will reinforce the management of customer groups difficult to manage in the field by making an improvement in customer management quality and building a company-led customer management system to improve differences in customer management quality depending on different sales organizations' capabilities and motivation levels.

Securing Distinguished Status within Market through Product Leadership

Dongbu Insurance is pursuing innovation and differentiation of its product by reflecting market changes preemptively escaping from product development strategy focusing only on profitability and growth. In addition, the company preemptively grasps and copes with changes in customer needs and builds balanced product development capabilities. We are strengthening product competitiveness via product segmentation at the customer level, the expansion of service-linked products and the adoption of customer participation process in product development.

Enhancement of Information Asset Management Infrastructure

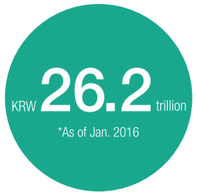
With growing importance of retained customers, securing good-quality data and an advanced data analysis capability are becoming the core competitiveness of future business. Hence, Dongbu Insurance is making endeavors to secure differentiated competitiveness by upgrading capabilities for the management and analysis of customer information collected through sales and claim adjustments from the integrated perspective. In 2015, we advanced information asset management infrastructure that can integrate, manage and analyze company-wide data and provide customized analysis information for product development in a timely manner. A five-month-long project for the corporate informatization strategy enabled us to identify companywide informatization strategy, five strategic directions and eleven strategic tasks. We are implementing thirty-seven implementation tasks with a goal of competing the tasks in 2019. Moreover, we have been running a committee to review the implementation tasks of corporate informatization strategy to increase implementation level since June, 2016.

Companywide Informatization Strategy

Vision	Creation of future IT value that is in line with growth engines of business				
Strategy	Reinforcing competitiveness of channels focusing on customer experience	Laying foundation for Digital Insurance	Efficient management of companywide architecture	Expansion of analytics utilization	Optimization of IT operation

Asset Management

Total Assets under Management

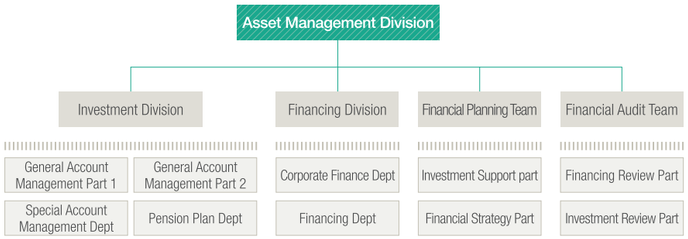


Securing Global-Level Asset Management Capabilities

Prolonged low growth and low interest rates and fiercer competition in the industry made asset management capabilities emerge as companies' core competence. In 2011, Dongbu Insurance established a long-term asset management plan in preparation against adverse parity risk ignited by low interest rates and low growth. We have been making efforts to prevent our running yield from falling by covering traditional investment areas such as stocks and bonds, but alternative investment areas such as foreign bonds, real estate and infrastructure assets. Professional examination competence has been strengthened for the purpose of strengthening risk management. These steady efforts for strengthening core capabilities have been the driving force behind Dongbu Insurance's record being the No. 1 in return on investment in the industry.

Specialized Asset Management Organization

Dongbu Insurance has an industry-leading asset management and examination organization consisting of certified public accountants, chartered financial analysts and financial risk managers. We elevated our capabilities to examine various investment assets and our post-investment management specialty by separating the Financial Examination Team as an independent unit.



Asset Management Checking Framework



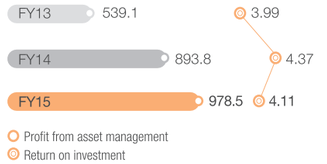
Strengthening Specialty of Asset Management

Dongbu Insurance is making multi-facet efforts such as fostering internal experts and hiring experts from the outside to reinforce asset management capabilities of our employees. The Friday Study Program makes all employees in the asset management sector study investment themes in each sector. They have studied 120 themes in total since 2014. Moreover, the company provides training at overseas leading insurance companies and asset management companies to excellent employees so that they can share and learn investment knowhow. We are planning to internalize core capabilities by establishing an internal asset management education program and developing excellent employees as an in-house lecturer in 2016.

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

In 2014, Dongbu Insurance developed an asset management model that is suitable for the size and characteristics of insurance business by reviewing its asset management level thoroughly and benchmarking leading companies by hiring global consulting firm. In 2015, we established mid- to long-term asset management strategy in preparation for 'all assets under management KRW 50 trillion by 2020' and plan to establish 'Asset Liability Management(AML)-based asset management system' in response to changing insurance and asset management market. Based on these efforts, we are making an effort to secure enough funds to pay insurance benefits promised to our customers.

Return on Investment (Unit: KRW in billion,%)



Balanced Asset Management Considering both Profitability and Stability

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

Dongbu Insurance recorded the highest ROI among major non-life insurance companies by posting KRW 978.5 billion in profit from asset management and return on investment of 4.11 %. We secure funds to stably pay insurance benefits to customers by reducing the share of stocks with high credit risks and maintaining the share of earning assets with stable interest and dividend income at more than 87%.

Expansion of Overseas Asset Management Networks

Dongbu Insurance is pursuing strengthening of global networks including strategic partnership with overseas leading insurance companies and asset management companies. The company is scaling up joint investment in global real estate, infrastructure and overseas corporate bonds by signing an MOU with the number one insurance company in North America. These activities empowered us to expand overseas investment deal sourcing channel and obtain investment knowhow by sharing and internalizing core capabilities.
Moreover, we opened an overseas investment office in Manhattan, New York to establish a close network with financial institutions and obtain quality global investment information and latest investment trend. Overseas offices are contributing to discovering excellent assets and asset management firms by removing spatial and time limitations on overseas investment. They are expected to reinforce the post-investment management of investment assets as they enable Dongbu Insurance to conduct the quick and precise due diligence of local assets. In the future, we will continue to strengthen access to our global networks and investment assets by expanding overseas bases.

Socially Responsible Investments

(Unit: KRW in 100 million, %)

	Scale of operation	Revenue	Rate of return
New and renewable energy	1,664	82	4.9
Power generation	4,968	226	4.6
SOC	7,245	320	4.4
Total	13,877	629	4.5

* As of Dec. 2015

Socially Responsible Investment

Dongbu Insurance establishes investment strategies from the sustainable growth perspective and considers its environmental and social impact. In particular, we make an investment in companies, which are found to be ethical, transparent and eco-friendly based on our internal review standard. We exclude unethical companies which are involved in gambling and sales of Tabaco or alcohol or involved in corruption from our investment target.
In 2015, Dongbu Insurance steadily expanded its investment in the development of social infrastructure such as the renewable energy business and the SOC business which were profitable and stable. In 2015, the return on the company's socially responsible investment was 4.5% which is 0.4%p higher than its return on investment of 4.1%. Dongbu Insurance will continuously expand its socially responsible investment to create stable investment profit from the mid- to long-term perspective.

Innovation Management

Roadmap for Innovative Management

~2001
Self-Innovation
• management rationalization
• Customer satisfaction management

2002~2009
Scientific Innovation
• 6 Sigma Introduction
• Removing inefficiencies factors
• Establishing Innovative Systems

2010~present
Strategic Innovation
• Business structure innovation
• Expansion of new growth engines

Innovative Management for Bigger Future Value

The driving force behind Dongbu Insurance's achievement of 20-year-long surplus earning is its efforts for innovation to pursue something new and something different. In the 1980s, we pursued management rationalization to solve a problem with cumulative loss. In the 1990s, we promoted Self-Innovation such as customer satisfaction management via service innovation. Six Sigma and PI (Process Innovation) were introduced by Dongbu Insurance for the first time in the Korean non-life insurance industry in the 2000s, which resulted in successful establishment of a scientific innovation system. In 2010, under the goal of 'Top1 Competition System within Insurance by strengthening foundation for quantitative and qualitative growth', we went forward with companywide business structure innovation via mid- to long-term revamping. We will continue our advanced and steady innovation according to our innovation slogan of 'Dynamic Dongbu' that is oriented toward dynamic changes.

Innovative Management System

Reinforcing Foundation for Innovation

Dongbu Insurance is pursuing companywide innovative management to achieve management efficiency. The operation of the Innovation Committee presided by the CEO gives the company execution power such as the establishment and implementation of companywide innovation strategy, the management of tasks and innovation HR development. At the same time, we established an organizational system to build an innovation culture such as the operation of a separate and dedicated organization where management innovation is integrated into strategic functions. The quarterly Companywide Innovation Briefing Session is held with the participation of the CEO and executives and boosting employees' participation. Moreover, under the leadership of executives, we are working on multi-dimensional innovation such as PI for the innovation of the current business structure, Six Sigma for enhancing process capabilities and work efficiency enhancement to increase process efficiency. Notably, our work process is managed based on its manual to link tasks completed via an innovation project to annual performance management and structural outcomes.

Companywide Innovation System

Category	Top Down		Bottom Up	
	PI	Six Sigma	Work efficiency	Suggestion
Scope of Innovations	Business structure innovation (Biz Model)	Customer-oriented, process innovation	Unit work innovation	Companywide work improvement
Goal	Competitiveness (significant elevation of level)	Quality (reduction of dispersion)	Efficiency (expediting work)	Efficiency (work improvement)
Desired outcomes	Outcome of strategy			Outcomes of operation
PJT owner	Executives, team leaders	Champions, process owners	Department heads	Employees, partners
Roles of executives and team leaders	Executives and team leaders take lead in partial crossover-type work	Expansion of Champion project Executives and team leaders push forward with one or more GB project per person ahead of others	Executives and team leaders verify appropriateness of improvement plan and check its execution	Monitor selection and check execution

Mega Project for Business Structure Innovation

Dongbu Insurance has conducted the Mega Project which comprehensively innovate its business structure for sustainable growth by overcoming changes in the business environment since 2014. The project has two pillars: innovation of business structure and expansion of growth engines. In the innovation of the business structure, we identified and implemented a task to improve efficient sales and claim adjustment business structure by way of the reorganization of the companywide organizational structure based on customer-service (product)-channel strategy. In addition, we designated retained customers and overseas markets as new growth engines to expand our business. A customer-oriented restructuring of the customer management process and the construction of a non-face-to-face CRM process enhanced customer value. At the same time, we are developing overseas markets, going beyond the saturated domestic market. As a result, Dongbu Insurance stands out in sales of coverage insurance, claim adjustment processing efficiency and customer satisfaction.



CEO's Coaching at Companywide Innovation Briefing Session

Thorough Management of Innovative Performance

Dongbu Insurance manages the performance of tasks improved through the business innovation project for one year. The Strategic Performance System is managed systematically in computer system. With the aim of securing the reliability of performance measurement, the company created a group of FEA (Financial Effect Analyst) consisting of in-house accounting specialists and is running the group as an independent unit. Performance measurement and assessment target direct effects that can be proven objectively. They are conducted based on increases in profit such as an increase in new contracts that contribute to an increase in profit in financial statements within one year and an improvement in renewal rates and cost reduction such as decreases in accident rates and a reduction in paid insurance benefits.

Establishment of Innovation Culture

Dongbu Insurance is running a wide variety of systems to develop and establish innovative management as a companywide work culture. The company is putting in place fast problem solving and a creative corporate culture by leading the spread of knowledge across the board such as holding in-house excellent case contests twice a year, giving prizes to excellent cases and spreading a culture of innovation via companywide sharing. Besides, the CEO examines companywide innovation tasks by himself through the Innovation Committee and provides comment for more than 100 hours a year. All executives are bolstering the execution power of innovation management by realizing innovation leadership as they take the initiative and set examples through innovative projects. Besides, middle managers in the field are actively making a change in customer contacts by implementing field innovation tasks.

Outcomes of Innovative Management

First Financial Company to Win National Quality Grand Prize

Dongbu Insurance won the National Quality Management Prize in 2005, the National Quality Innovation Prize in 2008 and the National Quality Grand Prize (Presidential Citation) in 2015 at the National Quality Competition which is the renowned prize in quality management in Korea. The Grand Prize is also called 'Korea's Malcolm Baldrige'. The grand prize was given to Dongbu Insurance for the first time not only in the Korean service industry but in the Korean financial industry.

Achievements of Innovative Projects

2,216 cases of the Innovative projects have been implemented since 2004 the measurement of its performances was begun. The cumulative amount of financial performances arrived at KRW 1,539 billion. In terms of innovation capabilities, we are establishing innovation as a companywide work culture by fostering 1,210 BB (Black Belt) and GB (Green Belt) holders.

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Innovation Case

Creating Customer Value via Establishment of Non-Face-to-Face Channel's CRM Process

Dongbu Insurance recognizes three million customers of the non-face-to-face channel as a new growth engine and is creating new customer value through new customer management.

Category	Before improvement	After improvement	Results
Customers	• Online channel customers are recognized as customers who favor low premiums over anything else	• Found online channel customers' new characteristics such as avoidance of face-to-face channels and preference for convenience	No. of customers who bought 2 or more insurance product 280,000 → 440,000
Products	• Product portfolio lopsided toward low priced insurance easy to sell	• Discovering additional customer needs and developing products and specialized plans that meet needs	
Channel	• Lack of regular customer contacts in terms of customer management	• Building company-led customer management system such as offering information every quarter	

Expansion of Global Business

Reinforcement of Entry into Global Market for Market Expansion

Dongbu Insurance has been moving ahead with active overseas entry since the establishment of its Guam Branch in 1984. The company is expanding its markets mostly in North America, China and Southeast Asia. We are becoming a more global company through advancement strategies by regions.

Profitability-Based Overseas Advancement by Regions

Dongbu Insurance is enhancing profitability in its existing markets, in particular, the US, China and Southeast Asia and by launching a new business model, stably moving forward with overseas business. We are pursuing qualitative growth by concentrating on profitability-based sales activities rather than quantitative expansion such as the expansion of branches and offices and focus energy into minimizing risk elements and enhancing our understanding of the market.

Making Entry into Asian Market and Expansion of Advancement

The Chinese and Southeast Asian markets have shortcomings such as difficulties in building local sales network including infrastructure and high access barriers despite its characteristics such as high growth potential and emerging markets. Overcoming these shortcomings, Dongbu Insurance is making inroads into the local markets by way of the opening of offices, the acquisition of equities in local insurance companies and the operation of joint ventures among others.

⊙4 branches ■5 offices ●4 JVs (Unit: USD Million)

	1984	2006	2009	2011~2013	2014~	2015
Overseas Expansion	⊙Guam (1984.10)	⊙Hawaii (2006.1) ■Beijing (2006.7)	⊙CA* (2009.11)	■Ho Chi Minh City (2011.6) ■London (2012.11) ⊙New York (2011.5) ■Jakarta (2011.7) ●Ancheong Property & Casualty Insurance (2013.4)	■Yangon (2014.12)	●Vietnam PTI (2015.1) ●Laos Lanexang** (2015.1)
Import P	2.0	26.9	47.6	87.5	181.0	188.8***

* California Branch (in LA) ** Firm Vietnam PTI invested in *** Excluding firms newly included in 2015

China • Dongbu Insurance aims to be the top-ranked foreign insurance company in the Chinese market which is one of the world's biggest markets and has a culture similar to Korea. The company entered the Chinese market not via sales activities by establishing branches but via the opening of offices and the joint venture by acquiring equities in consideration of high barriers in an early stage of market entry. We established its Beijing Office in 2006 and took over equities of insurance brokerage firm in Qingdao in 2011. In 2013, Dongbu Insurance acquired shares of a local Chinese insurance company. With this, Dongbu Insurance is enhancing its competitiveness within the Chinese market. Specifically, we are laying the groundwork for spurring our business in the Chinese market such as securing local business capabilities such as participation in the management of a local Chinese insurance company with a right to cover entire China and joint insurance business.

Southeast Asia • Dongbu Insurance is striving to position as a leading company in newly emerging markets by making good use of Southeast Asia's substantial growth potential and opportunities in the market. The company opened offices in Ho Chi Minh City, Vietnam and Jakarta, Indonesia in 2011 and an office in Yangon, a first for a Korean non-life insurance company in 2014 to enter the Southeast Asian market and make a plan for step-by-step advancement into the market. The acquisition of Vietnam PTI allowed Dongbu Insurance to lay the foundation for local business and expanding business in Indo-China. Since then, we have been offering differentiated services in the local markets such as introducing the Korean-type bancassurance to Vietnam via a joint project with Shinhan Bank and PTI for the first time in Vietnam.

Expansion into North American Financial Market

The U.S. is the country where Dongbu Insurance can learn advanced financial skills and sales skills in an overseas market as the US is the world's largest financial market. In addition, the market has low barriers such as regulations on and discrimination against foreign insurance company. These facts make the US market an attractive overseas market. With the goal of founding a second Dongbu Insurance, we are expanding our business via a sales channel and overseas business strategy based on local branches in earnest since the beginning of the 2000s. At the same time, we are moving forward with a differentiated business strategy on local residents.

Guam • Dongbu Insurance has been enjoying high profitability based on its speedy service based on the trust of local communities and a 30-plus-year-long amicable relationship with local agencies since the establishment of a branch in Guam. For example, Typhoon Bongseonhwa dealt a big blow to Guam, forcing many non-life insurers to leave Guam in 2002. But we earned trust from local communities with fast and accurate claim adjustment and insurance money payment. This propelled Dongbu Insurance to market dominance with a market share of 22%* in the Guam market. Despite the limited market, we are realizing steady growth and enjoying high profitability.

* Excluding group injury insurance of Tokio Marine

Hawaii • Quick service and work and the launch of localized products make it possible for us to stably make a foray into the market and a high annual growth rate of 10%. Despite the fact that frequent natural disasters drive up a loss ratio in Hawaii the launch of products meeting the needs of local customers such as Hurricane insurance fueled the growth of our business. Moreover, to increase our profitability, we attracted the seventh-ranked agency in 2015 after the first to sixth agencies in terms of market shares. At the same time, an IT system is under improvement to expand customer service and market control.

California • Sophisticated localization strategy has enabled Dongbu Insurance to secure various sales channels not only with Korean residents but all other residents. Our products are compatible with customer-oriented IT systems and customer needs. At the same time, our quick contracting information service is rewarded with a higher market share. We are also working on building a long-term cooperation culture based on mutual trust with local sales channels.

New York • Dongbu Insurance is targeting the New York market with D&O and general liability package insurance for easily accessible small business owners. We introduced general house fire insurance for general residents and enhance access to customers in New York in 2013. Since then, we have been increasing our control over the insurance market of the eastern US.

Branches in US

Category	Unit	Guam	Hawaii	California	New York
Start of business	Year	1984	2006	2009	2011
No. of employees (locally hired employees)	Persons	6 (3)	22 (17)	18 (12)	18 (13)
Proportion of local products*	%	73	96	83	85
Size	USD 1 million	38.8	62.3	45.1	42.6

* Proportion of sales to local residents except for Korean residents and companies
※ Based on the Korea Financial Supervisory Service's data on the business performances of overseas branches in 2015

More Sustainable Growth

Dongbu Insurance pursues a happy future to co-exist with diverse stakeholders. The company is making efforts to carry out sustainable management that goes beyond short-term profit generation to achieve true growth where the company can co-exist with customers, employees, partners and community. Dongbu Insurance continues to pursue customer-oriented products and services, support for stronger capabilities of employees and partners, joint growth with the community. Through such activities, Dongbu Insurance tries to fulfill its social responsibilities as a corporate citizen.



Sustainability Section

Customers
Employees
Partners
Local Communities

ISSUE **01**

Customers

As internal and external regulations become stricter and unstable market conditions continue, it is crucial to make a solid foundation through maximizing value of customers who are core stakeholders. By developing products that satisfy different needs of customers and establishing a thorough consumer protection system, Dongbu Insurance aims to be 'a global insurance financial group which pursues a happy society with customers'.



Dongbu Insurance's Approach Method and Future Direction

Dongbu perceives 8 million retained customers as new growth engines and intends to dramatically enhance customer experiences. To respond to changes in quality demands by customers, MOT(Moment Of Truth) is being re-defined and service standardization is in the process. In addition, compared to the existing satisfaction surveys, much more in-depth DMIS(Dongbu MOT Service Index) was developed to enhance quality of services.

Major Activities in 2015

- Building the MOT service management system and implementing evaluation of customer experiences for each MOT
- Implementing internal inspection of incomplete sales to fulfill product responsibilities
- Operating integrated security control and internal security audit for protecting and managing customer information
- Strengthening the brand management system by developing a new brand character

Highlights in 2015

KS-SQI Customer Satisfaction Survey

1st in the Long-term insurance

Complete Sales Ratio

99.2%

Number of Services Provided for Customer Calls

Monthly average of 1,098,941 cases

Number of Employees Educated with Information Protection

5,218 persons

Customer Value Management System

Strategy of Customer Value Creation

By forming sound insurance culture based on trust, Dongbu Insurance is trying to maximize customer values. The company develops products and services to satisfy customer needs by establishing strategies of systematic customer satisfaction management and is leading the efforts to create a society to make customers happy by carrying out more through consumer protection activities.

Structure of Customer Satisfaction Management Strategy

Customer Satisfaction	Goal of Strategy	Consumer Protection
General insurance company with the highest customer value		Financial company with the best consumer protection in the industry
• Enhancing communication and execution • Establishing service standard • Collecting and enhancing customer VOC	Direction of Strategy	• Advancing the consumer protection system • Strengthening management of potential complaints • Stabilizing complete sales atmosphere • Raising awareness of consumer protection

Advancing CPC(Customer-Product-Channel) Marketing Process

To achieve customer happiness at the all MOTs with customers, Dongbu Insurance is advancing CPC marketing process. By operating an integrated customer system, the company collects, manages and analyzes customer handling activities generated from different channels so that it can use such data for presenting product and channel strategies that are suitable to different customer characteristics.

Emblem of Service Identity

Promise for Happiness 365

Establishing Service Identity (Promise for Happiness 365)

Dongbu Insurance has established service identity 'Promise for Happiness 365' which signifies the company's commitment to customers' happiness for 365 days a year. To achieve the goal, six specific guidelines were drawn for six different promises for customers. Through 'Promise for Happiness 365', Dongbu is trying to help employees recognize core values of customer services and experience them to increase customer satisfaction.

Happiness (3)	Happiness of Customers	Happiness of Company	Happiness of Society
	It means 'Happiness of customers turns into happiness of the company and extends to that of overall society'.		
Promises with Customers (6)	❶ Customer Handling We always handle customers with friendly attitude.	❷ Buying an Insurance Policy We always realize customer benefits through complete sales.	❸ Customer Management We always provide useful information and communicate with customers.
	❹ Claim Adjustment We always protect customer with accurate Claim adjustment.	❺ Emergency Dispatch We are always stand-by and quickly depart for services.	❻ Complaints Handling We are always with the customers through perfect resolution of complaints.

5S (5)	SPEED	SMILE	SMART	SPECIAL	STEADY
	• Keyword: Speed • Reducing lead time of customer MOT process	• Keyword: Friendliness • Strengthening basic CS capability of employees	• Keyword: Accuracy • fundamental Innovation of services (complete sale, Claim adjustment etc.)	• Keyword: Specialty • Differentiated customer management by Dongbu Insurance	• Keyword: Continuation • Continuous implementation of Dongbu STD 365

Customer Satisfaction Service

Customer Service Management System

Through operation of the consumer policy committee which consists of CCO and executives, Dongbu Insurance is implementing deliberation and improvement activities of key policies that are related to consumer protection. By holding consumer policy consultative meetings each month that deal with onsite inspection and monitoring of complete sales to facilitate service management. In 2015, to increase quality of customer MOT services, a consumer policy unit was created to implement roles of integrated MOT Service Control Tower such as integrated management and analysis of customer experiences, monitoring of enterprise MOT customer experience index so that service management system can be strengthened.

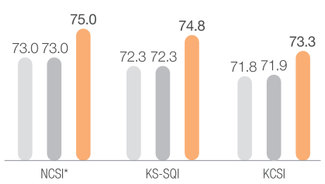
Expanding Mobile Service Provision

Dongbu Insurance continues to expand mobile services suitable to customer trends. In 2015, the company introduced a mobile service for complete sales monitoring and switched the service satisfaction survey for each customer MOT into a mobile LMS survey to enhance customer convenience. In addition, by opening a mobile notice talk service with cooperation with Kakao Corp., it increased level of customer satisfaction for information provision.

Enhancing Service Satisfaction Monitoring

To analyze and manage service quality of each customer MOT, Dongbu is conducting satisfaction survey on six different customer MOTs defined by 'Promise for Happiness 365'. Along with regular satisfaction surveys conducted by an independent and specialized organization for every MOT, an internal and real-time monitoring and feedback system is being operated such as online surveys through mobile apps and LMS and phone surveys through a monitoring office of the customer service center.

Customer Satisfaction Survey (Unit: points)



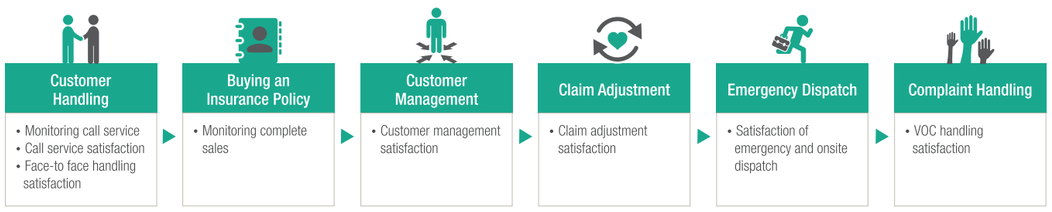
- NCS (National Customer Satisfaction Index of Korea Productivity Center)
- KS-SQI (Korean Standard-Service Quality Index of Korean Standards Association)
- KCS (Korean Customer Satisfaction Index of Korea Management Association)

* It was corrected due to errors of 2013 and 2014 data.

Customer Satisfaction Survey of Customer Service Center* (Unit: points)



* It is based on KSQI of Korea Management Association.



Operating an Evaluation System of Customer Experience Management

Dongbu Insurance provides 27 services per customer on average each year (190 million services in annual total). To increase service competitiveness and customer satisfaction, the company developed Dongbu MOT Service Index which is an evaluation system for customer experience management. Through the efforts, service level of each MOT can be measured and key improvement activities can be conducted for issues that are drawn, leading to enhanced service quality and effective customer experience management.

Clear Understanding of Customers

For the purpose of enhancing customer value through internalization of customer-oriented thinking, the company is carrying out a campaign for clear understanding of customers in which all members of the company go visit customers in person to listen customers' opinion. In 2015, the company enhanced customer satisfaction level through protection of rights of financial consumers by paying dormant claims, expressing gratitude to loyal customers and inspecting contracts of long-term property insurance.

Communication with Customers

Expanding Online Communication Channels

Dongbu Insurance is raising the level of understanding of customer lifestyles and interests, and strengthening customer MOT relations through a variety of online communication channels. The company is operating different channels such as its official blog, Love for My Car blog, Love for My Child blog and Facebook. As of 2015, the number of blog visitors had grown dramatically to reach 3.7 million. Considering increase in influence of mobile channels, Dongbu Insurance is strengthening mobile web based communication such as opening a kakao story and operating a 'smart zone' for customers. In 2016, through four step renewal process of 'smart zone', more convenient e-service environment is about to be provided. Through such efforts, the company received grand prizes from '2015 8th Korea Social Media Award' and 'App Award Korea 2015' for nonlife insurance sector

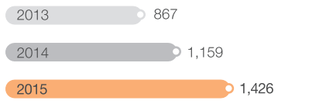


Official blog

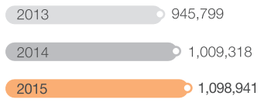


Facebook

Monthly Average of e-Services (Unit: 1,000 cases)



Monthly Average of Call Services (Unit: cases)



Customer Oriented Services

Dongbu Insurance promptly responds to customer complaints through a variety of service channels such as customer service center, ARS service and homepage. There are three customer service centers (Seoul, Jeonju and Wonju) and two telecommuting centers for monitoring of complete sales, accident reporting and other services for 365 days a year. Customer services continue to expand with focus on most frequently used channels. In 2015, 13.6% of total service inquires was handled through ARS services.

Actively Operating Consumer Evaluators

Since 2010, Dongbu Insurance has been operating the consumer evaluator group to objectively diagnose level of service quality and draw improvement ideas. By reflecting opinions of the evaluators, the company identifies customer needs and provides feedback to suggestions on products and services to enhance service quality. As of the end of 2015, 161 customers of 10 consumer review groups have participated and 502 ideas were selected out of 665 suggestions in total (75.5% was chosen).

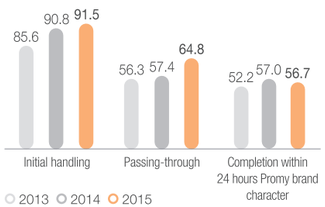
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Consumer Day Event

On the Consumer Day, December 3, 2015, Dongbu Insurance invited customers who have participated in consumer evaluating activities to express gratitude to their efforts for raising level of corporate services. Through the event, purpose of running a consumer evaluation group which is a symbol of beautiful partnership between customers and the company was reminded. It was a meaningful opportunity to closely communicate with customers.



VOC Management (Unit: %)



Enhancing VOC(Voice of Customer) System

Dongbu Insurance runs a prompt VOC system by collecting voices of customers through online and offline channels to respond to customers within an hour and complete inquires within 24 hours. According to the internal criteria, voices of customers are divided into three levels and they are systematically managed within the VOC system from reporting to completion. In addition, problems, lessons and solutions of VOC processing are shared through 'VOC sharing' which is an intranet for in-house sharing and participation leading to more attention of employees to customer complaints. Complaints are resolved by actively sharing cases and responding early. From February 2015 to the end of the year, there were 27 cases in total and 3,770 employees on average participated in each case, showing 74.2% of participation rate. In addition, for the first time in the industry, the company enhanced awareness of customer-oriented process by opening a VOC experience center, targeting all employees and executives including CEO, subsidiaries and incomplete sales units. In 2015, CEO, all executives and department heads completed hands-on training, and year-round training sessions were operated for all members of Dongbu Insurance and 827 salespeople and employees experienced a variety of demands of customers.

Boosting CS Mindset of All Employees

To realize customer-oriented management for customer happiness, Dongbu Insurance tries to instill CS mindset to employees by strengthening the structure of CS training such as onsite CS activities and CS training for employees and PAs. In addition, by operating the monthly or quarterly CS excellence award system named with CCM award for excellent CS departments and employees in 2015. Meaning and importance of consumer oriented management were shared company-wide by including consumer index in the evaluation.

Promy Brand Character



Facilitating Brand Management

'Promy' which is Dongbu Insurance's brand name is abbreviation of promise, showing the company's determination to keep promises with customers. Dongbu Insurance carries out its insurance philosophy to protect customers' lives based on the integrated brand structure of car insurance brand of 'Promy Car' and long-term insurance brand of 'Promy Life'. To overcome the rigid image of an insurance company and to be closer to customers, character of Promy was newly invented in 2016. This character is showing the little finger just like making a promise to project the image of a promise keeping and trustworthy company and to express it would protect customers under whatever circumstances.

Structure of Promy Brands



Fulfillment of Product Responsibilities

Establishing the System for Complete Sale

Since its product sale in 2007, Dongbu Insurance has implemented activities for complete sales for the purpose of consumer right protection and sustainable risk reduction, as complete sales related matters had caused conflicts with customers. The company has now entered into the stabilization phase.

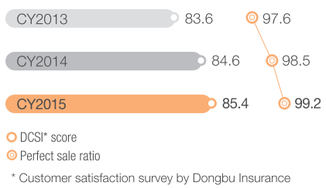
Mid to Long Term Roadmap for Complete Sales

Beginning (2007-2011)	Expansion (2011-2013)	Stabilization (2013-Now)
• Establishing a unit for complete sales • Implementing periodic onsite inspection and restrictions • Establishing monitoring process • Writing a pledge about incomplete sales • Revising restriction criteria of incomplete sales	• Expanding year-round inspection by Korea Non-Life Insurance Association • Strengthening restriction criteria of incomplete sales • Reflecting incomplete sales ratio of onsite inspection into MBO of sales managers	• Conducting special inspection on contract of fee-for-service medical costs • Changing monitoring process • Strengthening restriction on monitoring • Increasing monitoring of TM quality of call handling

Operation of Dispute Mediation Committee

By operating the dispute mediation committee participated by the consumer protection unit, key departments, doctors and lawyers each week, consumer complaints can be resolved through fairer and more legitimate standard. In 2015, monthly average of 158 customer complaints were handled through the committee and customer acceptance for deliberation of dispute mediation has risen to 96.6%.

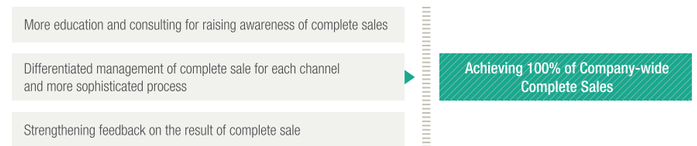
Complete Sale Trend (Unit: points, %)



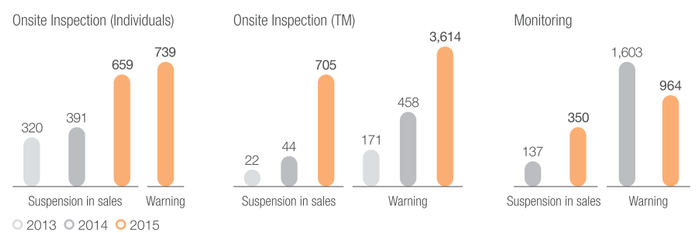
* Customer satisfaction survey by Dongbu Insurance

Establishing the System for Fulfilling Product Responsibilities

Dongbu Insurance complies with four basic rules such as policyholders' signing their name in person when buying a policy, delivery of policy provisions, delivery of a copy of the subscription form and policy instructions, and the company conducts continuous onsite inspection and call monitoring in order to actively fulfill product responsibilities. In addition, the company enhances implementation of complete sale by establishing company-wide strategies of complete sales and tries to eradicate incomplete sales through restrictions on overall incomplete sales practices such as cancelled contracts and suspension in underwriting of incomplete sales related VOC. Through such efforts, complete sale ratio of Dongbu Insurance had risen to 99.2% in 2015, up by 0.7%p year-on-year.



Restrictions through Internal Inspection of Incomplete Sales (Unit: persons)



Customer Information Protection

Operating the Specialized Unit of Information Protection

For effective implementation of internal control that is related to customer information protection and strict response to cyber crimes, Dongbu Insurance appointed CISO (Chief Information Security Officer) and has been operating an Information Protection Team composed of security experts. In addition, the company is building a multifaceted system to safely manage valuable information of customers by operating the information protection Committee that administers revisions of companywide information management policy and information protection management.

Information Protection Management Unit

CISO	Establishing and implementing information protection plans and building information protection system
Information Protection Committee	Analyzing weaknesses of information & technology, Handling computer security problems and violators
Information Protection Team	Managing enterprise information, Carrying out security related obligations
Head of Strategic Marketing Team	In charge of collecting, using, providing and destroying customer information
Head of IT Support Team	Handling IT defects, system errors and hacking
Head of General Affairs Team	Managing documented information and facility security

Building Internal Management System of Information Protection

Dongbu Insurance is keenly responding to any possible leak of customer information to others based on the MB model-oriented management system through innovative tasks of building an information protection system and by implementing actual information protection policies such as network division, PC virtualization and USB blocking. In addition, for real-time monitoring of infiltration from the outside and prompt response to an accident, the integrated security control is being operated for 24 hours a day. The company continues to find problems and make improvements through internal security audits of IT environment and conducts website inspection through external experts at least semi-annually.

Internal IT Security Audit Process

Establishing Security Audit Plan	Implementing Security Audit	Reporting Security Audit Result	Follow-up Management
• Establishing audit plans and obtaining approval from CISO	• Notifying and scheduling audit plans • Conducing audits	• Reporting and notifying result of security audits	• Coming up with corrective measures and reporting the correction results • Confirming implementation of corrective measures

Raising Employees' Awareness of Information Protection

Due to characteristics of the insurance industry that handles sensitive information on illnesses, accident history or financial status, it is crucial that employees have a clear understanding of information protection. Thus, Dongbu Insurance established guidelines of information protection and conducts training of information protection each year.

Obtaining Certificate of Information Protection

Dongbu Insurance obtained ISO27001 certificate (Feb. 2009) which is a certificate for international standard information protection by diagnosing and inspecting the enterprise information protection system and continuously improving problems. In 2014, through ISMS(Information Security Management System) certification by Ministry of Science, ICT and Future Planning, excellence in information security and information protection measures was recognized internally and externally. Between 2013 and 2015, there was no violation when it comes to customer information leaks.

Number of Members Educated with Information Protection (Unit: persons)



Prevention of Insurance Fraud

Insurance Fraud Management Process

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

Investigation
Facilitating Reports
- Enhancing MR investigation capabilities
- Facilitating operation of insurance crime prevention unit (scheduled for 2016)

Follow-up Management/ Prevention of Recurrence
Operating Recurrence Prevention System
- Prevention system
- Follow-up analysis system
- Prevention by using detection information

Fostering Insurance Fraud Analysis Experts

SIU (Special Investigation Unit) is a specialized unit that prevents and detects insurance frauds. It handles a three step process such as prevention of insurance frauds, investigation, follow-up management and prevention of recurrence. Since 2007, for the first time in the industry, Dongbu Insurance has been analyzing trend of Big Data that is related to insurance frauds and identifying patterns of such frauds by internally training analysis experts.

Building Internal and External Structure for Insurance Crime Prevention

To prevent insurance crimes through stronger internal control, 'Insurance crime prevention committee' of Dongbu Insurance manages insurance crime prevention rules that stipulate basic policies and restrictions on offenders of such crimes. By defining insurance frauds as key risks, setting measurement index and target value, selecting innovation tasks for fraud reduction and operating curriculum of insurance fraud prevention, the company is making efforts to more strictly respond to insurance frauds.

Including Insurance Fraud Items into Performance Index

To protect valuable asset of customers by reducing insurance fraud, Dongbu Insurance includes performance related to fraud prevention in the corporate performance index. The company is taking actual measures to prevent insurance fraud by setting sum of long-term, car and general insurance fraud detection amounts as KPI for leadership performance index and including the number of reported insurance fraud in the performance index of compliance monitoring unit.

Strengthen Prevention of Insurance Premium Leaks

To generate stable business profits and protect customers, Dongbu Insurance is trying hard to prevent any leaks of insurance premium with the goal of fundamental resolution of insurance frauds. By operating IFDS(Insurance Fraud Detection System), the company scientifically analyzes signs of frauds and prevents causes of the leaks through periodic monitoring. In addition, Dongbu insurance prevent insurance frauds effectively through improvement of working ways based on frauds cases detected in the past and multifaceted cooperation with other organizations.

Facilitated Reporting of Insurance Fraud

To raise awareness of insurance crimes among internal and external stakeholders, Dongbu Insurance is operating reporting channels and reward system. The company is making efforts to strengthen effects of reporting channels by improving the reward system for external sources and raising awareness about reporting channels through sales members.

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Insurance Fraud Detection

In March 2015, a Dongbu insurance policy-holder's car had collided with the rear of Lamborghini. As there were mixed statements of the two drivers and some doubts were raised about the accident, the SIU team conducted thorough investigations and revealed it was an insurance fraud that was premeditated to illegitimately receive insurance benefits. With the accident, the company was able to raise awareness of needs for subscribing to high value property damage coverage and improve brand image and expand sales capabilities. Dongbu Insurance will continue to strongly respond to insurance crimes and form sound insurance culture.



ISSUE **02**

Employees

Quality human resources are one of the core competitiveness of the Dongbu Insurance. Sustainable growth is achieved despite various changes in internal and external business environments and fiercer market competition by creating a corporate culture of passion and immersion based on strong communication within the organization in addition to a performance-based system aiming at the mid- to long-term HR development.



Dongbu Insurance's Approach Method and Future Direction

Dongbu Insurance is operating a self-initiated training system through the New Training System, a multi-dimensional human capability development program based on positions, tasks and innovation capabilities. It is purposed to provide steady supports for all employees so that they can grow into the core talent of the company by building up the sense of ownership and increasing professionalism. Also, various employee welfare benefit plans have been provided for all employees to create a better working environment where they can focus on their tasks. At the same, a supple communication culture across the entire company has been established through the friendly management of the CEO.

Major Activities in 2015

- Operating the Company Culture Association Council to build healthy corporate culture
- Establishing the New Training System and operating the Occupational Expert Academy
- Enhancing employee satisfaction through measuring the level of improvements of the working environment
- Introducing new HR Management System for fair performance evaluation and compensation

Highlights in 2015

No. of Employees who Participated in CCE Program

5,735 persons

No. of Employees who Made Self-diagnosis and Self-development Plans

2,488 persons

Employee Satisfaction Survey

82.5 points

Welfare and Benefit Cost per Employee

KRW **15.2** million

HR Management

HR Management System

Dongbu Insurance nurtures financial talent with global competitiveness. The company is running an organized HR management system to create the "best workplace where talented people want to work" which is its HR development vision. In addition, the company leads employees to put into practice the CEO's management principles of open communication, pursuing facts, and autonomous management. We are operating a new training system and a performance-based compensation system focusing on high performance and high compensation to foster global financial talent based on the concept of the ideal employee reflecting the core value of the company.

Vision	Global Insurance Group which Pursues Happy Society with Customers			
Core Value System	3 spirits and 3 attitudes · CEO's management principles · Key driver			
HR Vision	Best workplace where talented people want to work			
Strategic directions	Globalization	Specialization	Added value	
Long-term HR strategy tasks	Advancement of overseas business directions	Securing excellent core personnel	Development of performance-based system	
Basic policy	Development system	Compensation	Acceptance of human resources	Working Environment
Operating principles	New training system	Performance-based personnel management system	Field-based personnel management	GWP
	SDP / CDP	Individual evaluation / Promotion	Recruitment / Placement	Salaries / Welfare and benefits
HR directions	Self-regulatory personnel management at worksites		Respecting employees' opinions	

Building Communication-Centric Corporate Culture

Organizational Communication

Dongbu Insurance runs a wide array of communication channels for strong communication within its organization. Company's key issues and changes are informed to all employees in a timely manner through Internal bulletin boards, office documents and participatory events. Communication opportunities across the entire organization are being increased through various methods such as sharing information on GWP activities between departments via Dongbu People Plaza on the intranet and operating communities (study clubs) by departments. Moreover, through the steady operation and development of such communication channels, we are striving to provide cross benchmarking opportunities and build a bright and active corporate culture such as promoting opinion exchanges among employees by organizing clubs in various sectors.

Channels of Communication Promotion

Classification	Main Contents	Targets
e-Promy Plaza	Electronic company newsletter serving as venue of free communications based on the intranet	Management, em-ployeesandpartners
Promy TV	In-house TV broadcasting through which employees share monthly sales results, progress and management's requests	Management and employees
Dynamic Day	In-house TV watching for putting Promises for Happiness into practice and daily activity programs such as study clubs	Within departments
Boasting Our Departments	Intranet through which employees share activities of their departments	
Happy Poll	Intranet that shows employees' thoughts via fun and simple electronic questionnaires	Among departments
Dongbu People Plaza	Intranet through which employees share various GWP programs by departments	

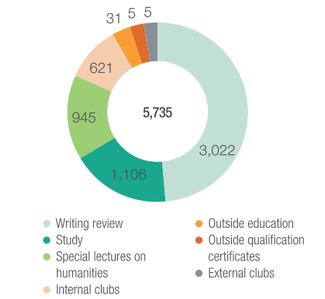
Establishment of the Organization Culture Association Council

Dongbu Insurance shares the state of its business and collects employees' grievances through the operation of the Organization Culture Association Council, a standing consultative body. We are creating a mutually beneficial corporate culture between labor and management by applying the voices of employees to management activities. The voices are collected through meetings in the first and second half of each year and monthly activities.

Operation of Creation, Communication, and Empathy (CCE) Program

The Creation, Communication, and Empathy (CCE) Program has been letting employees obtain knowledge about the humanities and social science since 2009. The program is divided into a seminar named 'Invitation to the Humanities and Art' led by the company and programs of employees' choices. Via this program, the company helps employees so that they become able to creatively think and develop their capabilities and supports a performance creation culture to spread.

No. of Employees who Participated in CCE Program (Unit: persons)



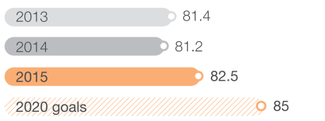
Status of Two-Way Communication



Employee Satisfaction Survey

The Employee Satisfaction Index (ESI) survey is conducted once a year to monitor employees' satisfaction and devise systematic improvement measures across the company. The analysis is carried out on various levels such as by the ranks, sectors, departments, occupational groups (by gender) and results of the analysis are used to create a better working environment by giving feedbacks and improving the systems.

Employee Satisfaction Index (ESI) (Unit: points)



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CEO's Magnanimous and Folksy Management

The CEO participates in the Meeting with the CEO by visiting business sites in person to promote communications between labor and management. At the viewpoints of employees, customers and families, the CEO meets various stakeholders, listens to their voices, encourages them and utilizes acquired information as materials for decision making. Besides, the company helps employees understand the CEO's thoughts via various media and meetings, making efforts to pave the way for a high-performance organization based on communications.

Cases of CEO's Communication Channel

Cycle	Classification	Main Content
Annual	New Year's message and leader conference	Sharing information on management policies and status, Field leader conference
Half of year	Management strategy meeting Various briefing sessions	Semiannual management strategy meeting of executives and department heads Company-wide innovation briefing session and in-house best practice contest
Monthly	On-site management Meeting with CEO Marketing strategy	Visiting worksites and checking state of management Sharing emotions via various events. Sharing marketing strategy of sales headquarter and encouraging employees
When necessary	Various forums	Sharing management strategy directions, business results and issues



Development of Employees' Capabilities

Establishment of the New Training System

Dongbu Insurance is striving to offer the best service to customers and discover new growth engines by fostering internal talent into the industry's top-class specialists. The New Training System, a multi-dimensional human capability development program based on positions, jobs and innovation capabilities, was established a self-directed training system through which employees can draw up their own plans to supplement their capabilities. Through this system, education plans are built and carried out by comparing required capabilities set by the heads of departments and self-diagnosis results of an individual employee and considering self-development within current duties and mid- to long-term career development.



Occupational Expert Academy

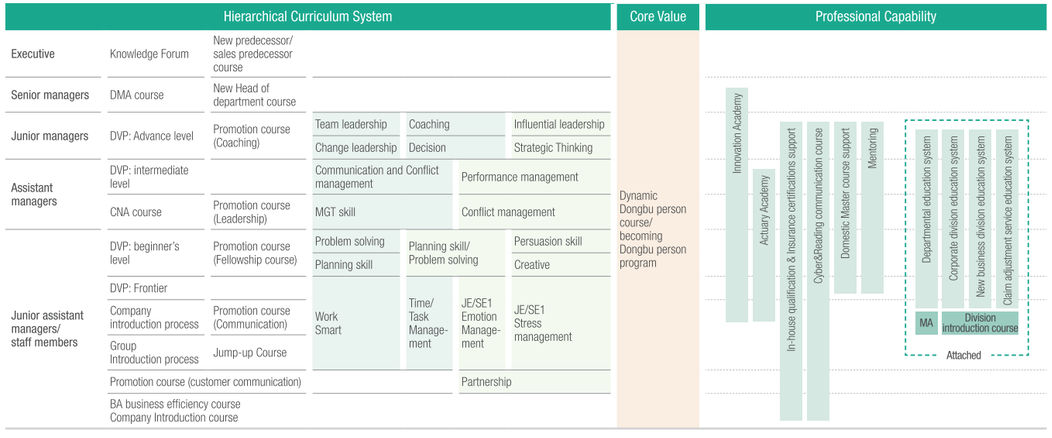
To foster the industry's best specialists, Dongbu Insurance is running three academies. The Innovation Academy is nurturing innovation specialists with management innovation spirit and IT capabilities who can take the lead in going forward with a project through various educational courses such as technologies of change and leader communications. The Marketing Academy improves the marketing capabilities of the sales forces and help new branch managers to quickly get acclimatized to sales and corporate cultures The courses of the Actuary Academy consist of an advanced actuarial course and ASA study groups designed to help employees acquire professional actuarial qualifications. Currently, small number of selected employees are receiving supports from the company to take the education courses of the Korea Insurance Institute.

Industry's Best Expert Academies

Innovation Academy	Fostering best innovation specialists
Marketing Academy	Fostering best sales specialists
Actuary Academy	Fostering best actuaries

Hierarchical Training System

Dongbu Insurance runs common hierarchical leadership training courses to empower all employees to cultivate leaders' qualities required by the hierarchy. The company gives support to employees so that they will be able to strengthen not only job skills but also leaders' capabilities through the common hierarchical leadership training courses and a course provided for employees on the promotion list.



Diagnosis of Employees' Capabilities

The evaluation of employees' capabilities is conducted on three criteria; basic, task behavior and professional skill capabilities. On the basis of evaluation results, along with employees, the company maps out long-term career development programs, self-development programs and, various self-development plans such as education plans and plans to achieve the qualification certificate to enhance the task capabilities, book study and study clubs, etc.

Strengthening Organization Leadership

Dongbu Insurance recognizes the importance of the leadership and prepares systematic leadership basis. Based on the 4 qualities of the leadership defined by the company such as the performance-centric motivation, the steady management of change, performance-centric work and sophisticated organization management, the leadership area is divided into work, innovation, CS and dynamic leadership. Also, through the Core leadership I~IV course, the company provides an effective educational system to enable employees to strengthen their quality as a leader.

Recruitment and Placement of New Employees

Securing excellent talent for the future of the company is contingent on securing excellent new employees. Therefore, Dongbu Insurance established an investment-like recruitment system in accordance with a ten-year long new employee training plan in order to hire talented people with required capabilities to realize the company's core values of three spirits and three attitudes. After the completion of a recruitment procedures, the problems identified in the course of the recruitment procedure are corrected and reflected to the next recruitment plan.

Ideal Employee	Talented people with global competitiveness to complete their missions with creativity and enterprising spirit and create a better future

New Employee Recruitment Strategy

Reinforcing the basis to recruiting excellent new employees	Securing New Recruits suitable for characteristics of Insurance business	Systematic training and maintenance
• Building basic interview system to recruit new employees with college degrees • Dissertation contest for college students and graduate students • Intern programs for college students and graduate students	• Recruitment differentiation according to duties • Interview method differentiation based on characteristics of duties • Giving priority to local job seekers	• Running mentoring program about jobs and mentality • Operating training program for newly hired college graduates • Global Human Resource Development System (GVC)

FOCUS

Employee Consciousness Innovation Course

Dongbu Insurance selected mentality change as its business topic for 2015 and exerted itself to create a corporate culture of passion and immersion based on ownership. All employees including executives took part in the mentality change process a total of 55 times and through this process, understood changes in the business environment and the state of the company's business operation. Also, they established and have shared the principles for action on ownership, passion and immersion and have applied them to work.

Revamping to set trends after veering away from catching up with others

- Changes in management strategy
- Changes in the organization
- Changes in system

→ Standard management plan
→ Organizational restructuring
→ Next-generation system

- Changes in Leadership
- Changes in consciousness

→ Employee Consciousness Innovation Course





Fair Performance Evaluation and Compensation via Revision of HR Management System

In 2015, Dongbu Insurance introduced a new HR management system to cope with delayed promotions and run a fair evaluation system. The new system simplifies the rank system according to employees' occupational capabilities and encourages employees to generate high performances via strong communications within the organization. The capabilities in organization management were increased and fair evaluations were realized by strengthening the functions of the Personnel Committee in evaluation for promotions and assessing capacities of employees not only as an individual but as a leader.

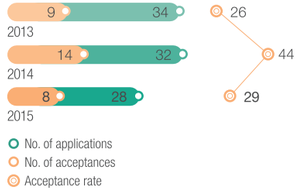
Performance Evaluation and Fair Evaluation

With a view to helping employees devote themselves to work and have more satisfaction, Dongbu Insurance includes a goal agreement system, a monthly evaluation agreement system, a self-development plan system and career development plan system into the Performance Management System to allow employees to set their own goals and evaluate the results. The utilization of the BSC (Balance Score Card) segments viewpoints on employees' performance evaluation. At the same time, the distribution of the company's strategies and goals as KPIs by units and individuals increase the morale of the workers. Also, the company has made an effort to realize the fair performance evaluation such as conducting evaluation by the occupational group and tasks considering the characteristics of each tasks even within a single department.

Establishment of the Evaluation Objection System

To ensure the transparency and fairness of evaluations, the Evaluation Objection System has been operated. Employees are free to raise objections to the assessment results on their professional and personal competence and performance. In such cases, the Personnel Committee seeks the opinions of evaluators and relevant departments to ascertain the validity of the assessment. In 2015, 28 objections were filed and eight cases among them were accepted, the results of those accepted cases were re-adjusted.

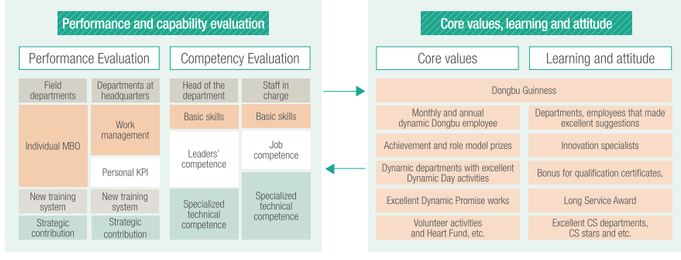
Evaluation Objection System (Unit: cases, %)



Rational Compensation System

Dongbu Insurance is making compensations given to employees in accordance with performances by running a wage system based on duties and positions. Wages are decided based largely on basic salaries and performance-based bonuses. The ratios of the two are subject to duties so the system guarantees the rationality of the compensation system. At Dongbu Insurance, duties and positions make differences in salaries but not gender.

Performance Evaluation & Compensation Reflux System



ISSUE **03**

Partners

Sales and claim adjustment partners that provide Dongbu Insurance's products and service at customer contact points are the company's core growth engines and partners. Moreover, laws and regulation related to shared growth are being strengthened and social interest is on the rise. Thus, Dongbu Insurance is creating synergies with sales and claim adjustment partners by making improvements to systems and programs for the stable growth of partners.



Dongbu Insurance's Approach Method and Future Direction

Dongbu Insurance is making various efforts for sustainable win- win growth with sales and claim adjustment partners who are a core contact point on its value chain. We give support to partners for enhancement of work efficiency and professional capabilities by overhauling the work management system and running various educational courses. At the same time, we collect and apply the opinions of those in the field via various communication channels.

Major Activities in 2015

- Education to enhance consulting capabilities by customers based on theme-based products
- Reorganization that befits sales partner specialization by sales partners
- Field-completion claim adjustment service based on mobile e-claim system
- Expansion of communications with field PAs via PA suggestion system

Highlights in 2015

Number of Employees with PK Qualification Certificates

35,199 persons

Satisfaction about Emergency Dispatch Service

93.7 points

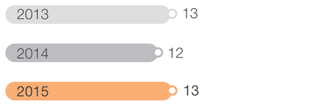
Partner Training Investment

KRW 1.3 billion

Family Satisfaction Index (FSI)

72.2 points

Partner Training Investment (Unit: KRW in 100 million)



Partner Expert Fostering Education

A differentiated training program is being run to adapt to the diversifying market environment and nurture consulting experts with competitiveness. The consulting capabilities of the sales organization has been beefed up by implementing a customized education program according to the characteristics by the service years and the wage. Every year, Dongbu Insurance spends over KRW 1.3 billion on training programs for 30,000 insurance planners. In 2015, the education program to enhance consulting capabilities of each customers on theme-based products was conducted through reflecting the market trends every month. In addition, the support for immediate manifestation of the effects of education was provided by building up field- centered education system.

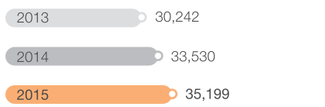
Providing Various Content and Activity Tools for Sales Partner Activity

In order to help enhancement of the sales competitiveness and income of the sales partners, FOREVERLIST, a sales and customer management tool, is used to expand the market and establish differentiated activity strategies by the customer. Moreover, various contents are provided to help the sales organization enhance product education capabilities and support their sales activities such as the BSPs (Business Sales Plans), proposals by industrial sectors and checklists. In particular, through the BSP, the habituation of the visit activities and strengthening of the sales process are realized. And the result of this, Dongbu Insurance has been achieving the business goal.

Sales Partner Activity Promotion Contents



PK Qualification Certification (Unit: persons)



Fostering the Insurance Specialists

Dongbu Insurance has been providing opportunities for sales organizations to improve their competitiveness through the PK (PA Knowledge) Certificate Program since 2006. The PK Qualification System are composed of seven sectors; long-term Insurance, car insurance, CS, general insurance, consulting, long-term claim adjustment and car claim adjustment. In 2015, qualification to improve the consulting and work capabilities of the staffs including sales team leaders and training coaches was added and a total of 35,199 PAs acquired the PK certification as of December 2015. In 2016, it is planned to bolster the competitive edge of the company by providing differentiated knowledge and information through a mobile PK qualification system.

Specialization Education for Freelance Channels

Dongbu Insurance is putting in efforts to help GAs secure their competitiveness such as supporting GA education and activities by fostering experienced employees in the field into trainers. At the same time, we are providing contents of sales activities by way of cross planner training for life insurance planners and bolstering our product capabilities.

Reinforcing Sales Competitiveness Support System

Differentiated Commission System

The sales partner commission system is reflecting the company policies and it is important for sales partners to understand the commission system. Therefore, when changes are made in its commission system, such changes are communicated via various channels including sales manager training and sales partner TV broadcasting. Our commission system supports stable growth by offering the systematic commission structures for shared growth with sales partners. The limit of the performance-based commissions such as long-term employee support fee and settlement support commissions was adjusted upward. And an institutional mechanism to encourage stable settlement of new PAs and increase their income was established through extension of the supporting period and increase of the supporting amount of the child support fees. In addition, the income system for mutual growth with PAs has been being operated such as the reorganization of the mobile service charge support system in accordance with a change in the mobile market and the adoption of the differentiated commission system by the numbers of PAs' children which is the industry-first system.

Efficient Work Supports by Channels

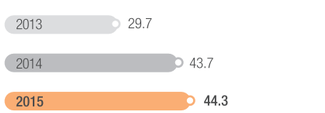
In order to contrive to realize the efficient growth of sales partners, the branch composition was segmented into standard, TC, general and specialized branches in 2015 and the organizational structure was reshuffled according to the characteristics of each channel. At the same time, shared growth has been pursued by providing efficient support for work through re-establishing the roles and functions of the staff organization.

Standards Branch	• Training of PA consulting elite	General Branch	• Strengthen support for aged PAs' retention of customers and work
TC Branch	• Strengthening total consulting • Fostering future PA leaders	Specialized Branch	• Discovering new channels and expanding channels' competitiveness • Support for staff organizations' work

Diversification of the Sales Channels

Diversification of the insurance sales channels which has been pursued by the company aims to cope with changes in sales environments and various customer needs. For example, in order to provide detailed consultation services, the TC (Total Consulting) channel including telephone consultation and additional visiting consultation has been expanded across the nation and specialized female sales partners with high educational background and less work experience have been fostered through the LD (Life Design) Center which was newly opened in 2014. Moreover, various supports to help reemployed female sales partners who suspended their careers due to childbirth and childcare to become a specialized sales partner has been provided such as offering a retained customer DB and an opportunity to take an elite fostering course.

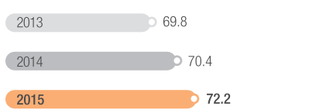
Smartpad Distribution Ratio (Unit: %)



Mobile Contract System

An on-site mobile insurance purchasing system was introduced in 2012. The system enhances PAs' work efficiency through a one-stop mobile sales system. Product information, finance consulting and contracting are provided through the system under the motto of 'Any-Time, Any- Where'. In 2014, the system was upgraded to provide better services for customers so that customers can pay insurance premiums and ask for emergency dispatches via a mobile application. As of December 2015, 44.3% of PAs are using 7,148 mobile devices. The smart sales education course teaches them how to use smart pads and sales skills, which strengthens professionalism in mobile sales.

Family Satisfaction Index (FSI) (Unit: points)



Partner Communication

Operation of the Communication Channel with PAs in Field

The PA Suggestion System is invigorating communication between Dongbu Insurance and prime agents. Dongbu Insurance is listening to the voices of employees in the field such as contents registered in the suggestion system are directly sent to the headquarters and relevant departments, and also selected contents are reflected to the policies and systems of the company. Above this, various channels to communicate with sales partners are provided such as the DBRT (Dongbu Round Table) seminar, the cross-selling team leader course, the GA trainer course and the mentor course, the training coach course and the excellent FC seminar course.

Reinforcement of Sales Partner Management System

Dongbu Insurance holds an annual award ceremony for excellent PAs based on the results of the performance evaluation such as performances, customer satisfaction and retention rates. The company is reinforcing partnership with sales partners such as boosting their satisfaction and pride by honoring as members of the DBRT Hall of Fame PAs who become role models and made contributions to the growth of Dongbu Insurance in light of the insurer's core purposes and values. Moreover, 2,209 (Excellent Certificate) PAs and 39 (Blue Ribbon) PAs of the Dongbu Insurance were selected by the Excellence Certification System* and the Blue Ribbon System** run by the Korean Non-Life Insurance Association and such achievements contribute to enhancement of the image of the insurance industry and the complete sales rate.

* The Excellent Sales Planner award is based on an evaluation of overall performance including employment period, the 13th & 25th retained contract signed, retention rates, and the number of completed sales.

** The Blue Ribbon award is given to insurance planners who have received four Excellent Sales Planner awards.

Reinforcing Cooperation with Claim Adjustment Partners

Dongbu Insurance selects and manages excellent claim adjustment partners in order to provide the finest service to customers. At the same time, the company is steadily endeavoring for steady communication such as the collection of opinions for improvements by running various communication programs for partners. The Annual Partnership Conference is held to increase maintenance partners' pride and loyalty. In 2015, the conference welcomed a total of 83 firms (61 excellent car repair shop, 11 auto parts suppliers and 11 rent-a-cars. They received ethical management education and BPs and shared win-win growth strategies with Dongbu Insurance. In addition, DP (Dongbu Partner) meeting with the participation of about 60 maintenance partners from around the country was also held to share directions for shared growth such as win-win growth plans, customer service education and discussions about an automobile maintenance culture among others.

FOCUS

Case of Handling Insurance Fraud Related to Faulty Auto Repair Shop

Details of Case	An Auto Repair Shop conspired and contrived fake accidents with insured people. The insured people received estimated car repair expenses and used it to take care of the exteriors of their cars.
Progress	▼ Meeting of those in charge of property damages to cars in Jan. 2015 ▼ Warranty for seizure was enforced to seize evidence at five shops in May ▼ 4 representatives of Auto Repair Shop were summoned and admitted their crime and 150 car owner are under investigation in July ▼ Agreed to recover KRW 43 million from company and received money in Mar. 2016. ▼ At the moment, Dongbu Insurance is working on recovering KRW 45 million from individual car owners
Results	• The issue will be brought up for discussion at the MR Control Association for an improvement in systems. • Expected swindled money: KRW 80 million from Dongbu Insurance

ISSUE **04**

Local Communities

As corporate social responsibility and ethical consumerism receiving attention across the globe, the importance of fulfilling responsibility to the public as a corporate citizen is being emphasized. Keeping up with this trend, Dongbu Insurance is making every effort to realize its slogan of “Shared Happiness! Shared Future!” through its business nature based social contribution programs where employees actively participate.



Dongbu Insurance’s Approach Method and Future Direction

In an effort to raise employee’s awareness of social contribution, Dongbu Insurance as a whole extends its social contribution activities at every level of organization from departmental volunteer service to subsidiaries’. By running task force in 2015 to establish a strategical social contribution policy, it analyzed attributes of activities performed and reviewed the programs operated. These efforts enable Dongbu Insurance to improve its social contribution system and to develop lifecycle factored in social contribution portfolios along with eight new programs, which will be phased-in in 2016. Dongbu Insurance also expands its global commitment in overseas countries along with its growing international operation.

Major Activities in 2015

- Extended employee’s participation in social contribution & reflection of the performance
- Financial business based social contribution activities such as financial education for youth
- Operation of global financial tour programs for fostering young talent

Highlights in 2015

Investment in Social Contribution

KRW **2,312** billion

Promy Heart Fund

KRW **318** million

Participants in Social Contribution

Employees **6,938** persons Planners **1,710** persons

Participants in Youth Financial Education

1,058 persons

(20 participating schools)

Value Creation Strategy for Social Contributions

Vision of Social Contributions

Dongbu Insurance makes every effort to be a global insurance financial group which pursues a happy society with customers through sharing warmth for value creation of stakeholders.

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

Slogan: Shared Happiness! Shared Future!

Sharing with Communities	Participation of Employees	Insurance Business-based Social Contribution
Diversified social supports for bodily and mentally healthy Korean society	Fund raising and operation of volunteer corps through voluntary participation of employees	Providing continued campaign, education, and support activities featuring the non-life insurance business
• Supporting cultural & sports activities • Dongbu Promy Basketball team • Support for the hearing-impaired • Eco-friendly campaign	• Promy volunteer corps activities • Raising Promy Heart Fund • Volunteering social club activities • Designation of the company social contribution day	• Establishment of proper traffic culture • Risk diagnosis on welfare facilities • Promoting customer’s donation through e-service • Financial training & global finance tour program

Task Force for Social Contributions

In 2006, Dongbu Insurance launched Promy Social Contribution Corps for more systematic social contribution activities. Led by CEO as the head, the Corps comprises of 29 local bases and subdivides the activity into department-level so as to encourage employee’s voluntary service and to share warmth with neighbors in need.



Volunteer Service	Detail
Briquette Donation	Briquette delivery to senior citizens living alone and low income familes
Rice Donation	Rice and necessaries donation to low income families and local support centers
Youth Support	Volunteer service for socially & physically disadvantaged children
Eco-activity	Environmental clean-ups and preservation activities in tourism destinations
Multicultural Family Support	Support for commemorating family events, family trip, and residential environment improvement

Corporate-wide Guidelines for Social Contributions

In accordance with the social contribution guidelines presented in 2011, Dongbu Insurance forms corporate-wide strategies to implement social contributions linked with the non-life insurance business. The company as a whole also makes efforts to create synergies between fulfilling corporate social responsibility and performing non-life insurance business.

Sharing with Local Communities

Sponsoring Cultural & Sports Activities

Dongbu Insurance is a proud sponsor of diverse sporting events in order to promote sound use of leisure time and sports development. Dongbu Insurance holds golf tournaments, such as the Dongbu Insurance Promy Open KPGA Champions Invitational and the Match Play Championship. The tournaments feature a charity program named “Loving Birdies” where the company makes donations of 50,000 KRW for every birdie made during the tournaments.

Dongbu Promy Professional Basketball Team

Established in 2005, Dongbu Promy professional basketball team has been receiving much love from fans for its high quality of game contents and outstanding sportsmanship. In return for fan’s love, the Team actively participates in providing basketball posts, supporting cataract and Lasik surgery, donating rice, and others social contributions. In every July, the Team renders help together with the Promy Volunteer Corps in enhancing multicultural family’s residential environments in Wonju city as part of a campaign for multicultural family’s stable settlement and concord. In 2015, the Team made an agreement with the Gangwon Arts and Culture Foundation to invite the Munhwa Nuri Card holders, who have financial, social, or geographic difficulties in attending cultural events, to home games and to provide them with uniforms.



Invitation of Munwha Nuri Card Holders to Basketball Game

Activity	Basketball posts	Invitation to home games	“Dream Plus” campaign	Support for local basketball team	Support for eye surgery
Donation made	KRW 20 million (10 posts at 5 schools)	419 persons (KRW 11,313 million)	7,250 Briquettes	KRW 16.7 million	KRW 10 million

Support for the Hearing-impaired Students

Since the sponsorship agreement with Choogjoo Sungsim School for the hearing-impaired was made in 2013, Dongbu Insurance has been endeavoring to raise social concerns and to improve treatments for the disabled. The Company arranges friendly matches for Sungsim baseball team, the nation’s first hearing-impaired baseball team, and trainings coached by Promy professional basketball team. It also provides many other hands-in experience to support the physically challenged students’ passion and struggles.

Environmental Campaigns

Dongbu Insurance engages in various pro-environmental campaigns to raise community awareness of environment preservation: MOU signing for a model eco-school operation and co-host of the “Children’s Painting Competition on the Environment” with the Ministry of Environment and the Korea Climate and Environment Network since 2010.

FOCUS

“Love Your Family” Campaign

As family dissolution has recently emerged as a social issue, Dongbu Insurance conducts Love Your Family campaigns to form a social consensus on the importance of family. It hosts “Love Letter to My Family” event to send hand written letters to family and produces animated cartoons inspired by stories from the letters. It also designed “Family Loving Index” to see how close family members are. The animation has especially been resonant to the public rating 2 million views on YouTube.



Expanded Emplyee Participation in Social Contributions

Dongbu Insurance’s Social Contribution Day

Dongbu Insurance appoints one day in every October as its “Social Contribution Day” and engages in various nationwide volunteer activities with employees and prime agents. On the fourth anniversary of the social contribution day in 2015, three thousand employees and sales reps conducted around 100 love sharing events including helping the disadvantaged, local vacation land clean-ups, welfare center visits, necessaries donation, volunteering at sports games for the disabled, etc.

Reflection of Performance Evaluation of Social Contribution Activities

To encourage corporate-wide interest and participation in social contribution activities in 2014, Dongbu Insurance introduced volunteer activity time into the employee competency development system and allocated 10 volunteering hours in personal MBO assessment. Also, in attempt to securing qualitative social commitment, the number of employees participated in social contribution is appointed as one of the core KPIs for more objective measurement of social contribution performance.

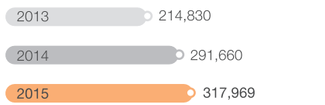
Social Contribution through In-house Club Activities

Employees of Dongbu Insurance voluntarily and actively engage in social contribution for local communities through company club activities such as cultural asset conservation, environmental clean-ups, book reading program for children, box lunch preparation for the neighbors in need, and others.

Employee Talent Donation

Dongbu Insurance effectively carries out social commitment by utilizing the expertise of employees and its business nature. The Company’s risk analysis & management research center have its specialists pay visit to local welfare facilities, give a diagnosis on safety, and provide proper emergency SOPs according to the diagnosis by installing fire extinguishers and fire detectors.

Promy Heart Fund Raised (Unit: KRW in thousand)



Promy Heart Fund

Promy Heart is a matching grant fund whereby around three thousand employees annually and voluntarily donate a certain amount of their salaries and Dongbu Insurance grants in equal amount of employee contribution to the Fund. Employees’ participation is highly encouraged by designating a Heart Fund participation ratio as one of the KPIs. Raised Promy Heart Fund is used by Dongbu Insurance to practice love for neighbors in need and other charities. A total of KRW 317,969 million was raised in 2015.

Social Contribution Specialized in Business Characteristics

Global Financial Tour Program

The Dongbu Cultural Foundation holds 'Dongbu Financial Essay Competition' in order to nurture the next generation's financial talent whereby college and graduate students compete for their creative and practical financial ideas. Winners are given a wide range of benefits such as scholarships, a free pass for the application review of Dongbu Insurance's open recruitment, and an opportunity to visit leading financial institutions and prestigious colleges in the US.



The 5th Global Finance Tour



Financial Education by Anyang Branch

Financial Education for Youth

Dongbu Insurance aims to be a global insurance financial group which pursues a happy society with customers. customers. In this regard, Dongbu Insurance makes the best use of its infrastructure and resources to disseminate financial knowledge; Since July 2015, the Company has provided elementary and middle school students with financial education courses designed to inculcate with sound consciousness towards finance. One local branch-on-one school matching system helps to deepen students' understanding on finance and insurance related knowledge.

Promotion of Customer's Donation through e-Service

Dongbu Insurance promotes carbon footprint reduction and encourages its customers to participate. Customers are able to donate through e-service on Dongbu Insurance's website. By saving-up certain amount of each donation, the Company supports surgery expenses for rare and intractable diseases. In 2015, a matching grant fund was raised in proportion to the number of child insurance policy holders.

Education on Traffic Safety

To raise people's awareness of traffic safety and accident prevention, Dongbu Insurance regularly provides traffic safety education based on its expertise in insurance business. The company also conducts car accident prevention activities and provides free vehicle checkup service at major expressway rest area across the nation. In the mean time the Company plans to install Yellow Carpets* in a total of 100 school zones in ten districts of Seoul in 2016 as part of efforts to make a safer town for children. Since not just Dongbu Volunteer Corps but also local residents, community groups, and school authorities join in location selection and installation of Yellow Carpet, this campaign is expected to apprise of better understanding of traffic safety.

* Yellow Carpet: Yellow-painted pavement area at traffic lights where children can safely wait for the light to change and where drivers can easily recognize them

Corporate Governance

Corporate Governance

Board of Directors (BOD)

The Board of Directors (BOD), the highest decision making body in the Company, makes important managerial decisions, keeps the management in check and monitors the management of the company. For quick decision making and responsible management, the CEO chairs the BOD. One senior outside director is appointed to reinforce the BOD's check and balance functions. Kim Seong-guk was newly appointed as an outside director via a resolution at the general shareholders meeting in 2016. Park Sang-yong and Ahn Jong-tae were reappointed as outside directors while Ahn Hyung-jun as an inside director.

Operation of BOD

The BOD shall meet on a quarterly basis but emergency meetings can also be convened if an important business issue occurs. The BOD resolves issues related to general shareholders meetings, the Company's management and financial status, directors and executives as set forth in relevant laws and the regulations of the Board of Directors. Social and environmental factors and corporate governance issues are considered during all decision-making processes. During resolution, at least half of the directors must be present and at least half of the present directors must agree in principle. Additional matters backed by relevant laws are subject to the BOD's weighted resolution. Moreover, voting rights are limited in order to prevent interventions by parties who have a stake in the Company. Shareholders may propose to the BOD agenda items for the general shareholders meeting. Then, they may ask questions or demand explanations about the agenda items during the general shareholders meeting.

Operation of the BOD

Category	Unit	2013	2014	2015
No. of meetings held	times	11	15	13
Submitted issues	cases	21	29	26
Attendance rate	%	100	100	95.4

Soundness of Corporate Governance

Dongbu Insurance adopted the "Charter of Corporate Governance" in an effort to earn trust of society and promote transparency and efficiency in business management, and all members of the Company abide by the Charter in order to fulfill social responsibilities armed with the strong sense of ethics. In addition, the corporate governance report is published every year, which elaborates on the governance structure and activities related to corporate governance.

Regulation on the Succession the CEO

In December 2015, the Company established the Regulation on the Succession of the CEO by a BOD resolution, which stipulates candidates' eligibilities and the organization of a candidate group for the succession of the position of CEO that is an internal Director, CEO succession procedures, and contingency plans.

Composition of the Board of Directors

Jeong-nam Kim
BOD Chairman, CEO
Former) Vice Present of Dongbu Insurance management support division
Former) Vice Present of Dongbu Insurance new business division
Former) Vice Present of Dongbu Insurance Individual business division

Hyeong-jun Ahn
Full-time auditor
Former) Insurance Supervisory Service, Insurance Bureau at the Ministry of Finance
Former) Director of Seoul Guarantee Insurance
Former) Full-time auditor of Ergodaum Insurance

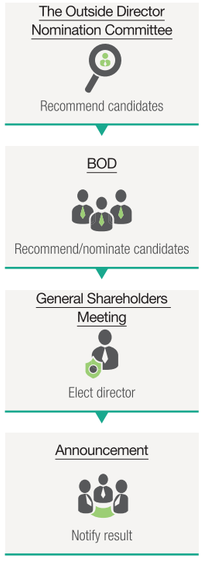
Sang-yong Park
Senior outside director, Member of the audit committee
Former) Officer of Senior Secretary to the president for economic affairs
Former) Secretary General of fair trade committee
Present) Advisor of Law firm Yulchon

Jong-tae Ahn
Outside Director
Former) President of Korean Corporation Management Association
Former) President of Korea management academy
Present) Kangwon University Business professor

Seong-guk Kim
outside director, member of the Audit Committee
Former) Insurance Bureau at the Ministry of Finance
Former) Member of Public Fund Management Committee
Former) President of IBK Credit

* As of June, 2016

Outside Director Appointment Process



Standards on Conditions for Directors' Independence

- Individuals who relevance to any of the following in Insurance Act article 13 clause 1 and/or article 15 clause 4 sub clause 6 and/or sub clause 10
- Persons under any Enforcement Decree of the Insur-ance Business Act, Article 19 Clauses 4 to 6.
- The largest shareholder
- Persons affiliated with the largest shareholders
- Major shareholders and his or her spouse and lineal ascendants and descendants
- Outside director, director of financial company other than its subsidiary company or parent company

Conditions and Procedures to Appoint BOD Members

The BOD screens and recommends inside director candidates who satisfy conditions set forth in relevant laws and regulations. Outside director candidates are recommended by the Outside Director Nomination Committee after screening them for expertise, work fairness, ethics and responsibility, etc. Recommended candidates are finally appointed through resolutions at a BOD meeting and the general shareholders meeting.

Expertise of the BOD

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

Independence of the BOD

Dongbu Insurance prohibits the appointment of the largest shareholder, those who have special relations with the largest shareholder, major shareholders and their spouses and lineal ascendant and descendant as outside directors in accordance with Article 25-2 in the Articles of Incorporation. At the same time, the Company abides by Articles 382 (qualifications of outside directors) and 542-8 (outside director appointment) of the Commercial Act.

Diversity of the BOD

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

Committees within the BOD

In accordance with relevant laws and the Articles of Incorporation, six committees are operated under the BOD for the purpose of making quick deliberation and resolutions on matters which require a decision; the Internal Trading Committee, the Audit Committee, the Outside Director Nomination Committee, the Risk Management Committee, the Management Committee and the Compensation Committee. Each committee reviews and makes decisions on key issues with the authority delegated by the BOD.

Committees within the BOD and Their Roles

Category	Responsibility	Composition	Chairman	Requirement
BOD	Summon and conduct shareholder's meeting, approve financial statements, establish business plans and other business related matters	Inside Directors 2 Outside Directors 3	Jeongnam Kim (Inside Director)	More than half must be outside directors
Audit Committee	Conduct independent accounting and audit, status of sales and capital, evaluate external audit	Inside Director 1 Outside Directors 2	Sangyong Park (Outside Director)	More than 3 directors, more than 2/3 must be outside directors, at least one of the members must be specialized in accounting or finance
The Outside Director Nomination Committee	In accordance with related laws and regulations to given independency, select Outside Director candidates through fair recruitment process	Outside Directors 3	Seongguk Kim (Outside Director)	More than 2 directors, more than 2/3 must be outside directors
Risk Management Committee	Supervision of business risk efficiency, implement policy and establish risk limits	Inside Director 1 Outside Directors 2	Jeongnam Kim (Inside Director)	More than 2 directors, more than one of the members have working experience in finance, accounting, banking
Management Committee	Resolution of general issues which are urgent or frequently occur, with BOD support	Inside Directors 2	Jeongnam Kim (Inside Director)	More than 2 directors
The Compensation Committee	Review of management and particularly employees' performance compensation system and legal compliance inspection and reporting of outcomes	Inside Director 1 Outside Directors 2	Jongtae Ahn (Outside Director)	More than 3 Directors, more than one of the members are members of the Risk Management Committee More than one of the members have working experience in finance, accounting, banking President's committee member is restricted
Internal Trade Committee	Preliminary review of transactions with any subsidiaries such as outsourcing contracts, asset purchases and other matters	Inside Director 1 Outside Directors 2	Hyeongjun Ahn (Inside Director)	More than 3 directors, more than 2/3 must be outside directors

Ratio of Employees' Salaries (Unit: KRW in million, %)

All pays for CEO	Median of pays for employees	Ratio of pays
672	51	13.2

* The pays include performance-based bonuses

Compensation Standards for Management

The Compensation Committee which operates independently from the management evaluates the performances of the management and employees and decides compensations for them. The Compensation Committee enhances fairness and transparency in the performance evaluation and compensation system for the management through annual reviews of compensation for unused annual leaves, business performance and financial risks associated with the compensation system. Reward for the management is based on the Compensation Committee's evaluation of progress on business plans, performances in sustainability management and social and environmental contributions. After deliberation by the Compensation Committee, the compensation of the management is approved with a resolution at the general shareholders meeting.

Assessment of Directors' Performances

The performance of outside directors are evaluated once a year in the form of self-evaluation, evaluation by the BOD and evaluation by employees. The contents and results of the evaluation are publicly disclosed in the annual corporate governance report of the Company.

Salaries Paid to Directors

(Unit: KRW in million)

Category	Amount of total salaries	Average per-capita salary	Remark
Registered director	672	672	Inside director 1
Outside director	41	41	Outside Director 1
Audit Committee member or auditor	255	85	Inside director 1, Outside Directors 2
Total	968	194	-

Protection of Shareholders' Rights and Interest

Dongbu Insurance is putting forth efforts to protect the rights and interest of stakeholders and shareholders in compliance with disclosed information management regulations, management information disclosure standards and product disclosure standards. A dedicated organization transparently discloses information on matters related to the protection of stakeholders' rights and interest such as business status, business performances, stock price, press releases via the website (including product disclosures) and the disclosure system. At the same time, decisions on matters affecting the protection of their rights and interest are subject to the disclosure items notification system which immediately reflects such decisions by interlocking the electronic payment systems and the electronic disclosure system (http://drat.fss.or.kr/).

Major Shareholders

(Unit: shares, %)

Name	Relation	Kinds of stocks	No. of shares/stake	
			End of term	
			No. of shares	Stake
Kim Nam-ho	Himself	Common stocks	6,379,520	9.01
Kim Jun-ki	Relative	Common stocks	4,208,500	5.94
Kim Ju-won	Relative	Common stocks	2,229,640	3.15
Dongbu Cultural Foundation	Other groups	Common stocks	3,539,070	5.00
Kim Jeong-nam	Executive	Common stocks	73,000	0.10
Treasury stocks	-	Common stocks	7,501,660	10.60
Total		Common stocks	23,931,390	28.80

* As of December of 2015

Sustainable Management Governance

Sustainability Management Committee

The Sustainability Management Committee of Dongbu Insurance is composed of executives and chaired by the CEO. Convened every quarter, the Committee established the companywide sustainability management strategy for 2015 and also deliberates and makes decisions on key issues of sustainability management. The Committee's activities and key decisions are reported to the BOD once a year. In 2015, major reported items were related to an overhaul of the sustainability management strategy and the Company's evaluation by outside organizations such as the DJSI and the CDP.



Sustainability Management Operation Organization

The Sustainability Management Administrative Committee is run under the Sustainability Management Committee in order to facilitate the activities of the latter and actively push forward with sustainability management tasks. The Sustainability Management Administrative Committee consists of three divisions—economy, environment and society—each of which identifies key issues surrounding Dongbu Insurance's business and develop countermeasures, by conducting environment analysis, benchmarking and review of stakeholders-related issues. Issues and countermeasures identified by the Sustainability Management Administrative Committee are reflected companywide strategies via a resolution of the Sustainability Management Committee.

Sustainability Management Committee's Assignments

Overall sustainability management	• Advancing sustainability management strategies • Establishing working groups and management system for sustainability management
Economy	• Reinforcing independence and transparency of BOD • Strengthening responsibilities for sustainability management • Reinforcing transparency in measures of ethical codes • Raising customer retention rate, Strengthening consumer protection • Strengthening brand value evaluation • Building integrated stakeholder management system • Reinforcement of Stakeholder Issue Analysis and Sharing System
Environment	• Establishing environmental management policies, strengthening management of environmental KPIs • Formulating carbon-neutral plan, building environmental risk recognition system • Developing products and services • Social responsibility-based asset management
Society	• Advancing social contribution strategies • Advocating human rights and diversity, strengthening safety and health management • Strengthening external cooperation and network • Advancing management of social contribution performances • Introducing supplier guideline, reinforcing business partner management • Expanding responsibility on the marginalized, tackling aging population issues

Increasing Sustainability Management's Competitiveness

In 2015, Dongbu Insurance organized a taskforce led by the Sustainability Management Administrative Committee and implemented a project to make tangible improvement on its sustainability management and expand global business, After nine months of project implementation, the Company established tasks to supplement the sustainability strategy system and develop mid- to long-term measures for improvement on the basis of research on global trends, sustainability management regulations and the needs of stakeholders.

Ethics Management

Laying Foundation for Ethics Management

Ethics Management System

Dongbu Insurance makes utmost efforts to become a respected company fulfilling corporate social responsibilities. To that end, we cultivated firm belief and philosophies of ethics management, and actively abide by the code of ethics and guidelines as the guiding principles of right judgment and behaviors.

Sustainable Growth

World Best Quality

Company recognized by shareholders	Best company which employees and sales partners want to work for	Company respected by customers
Transparent company	Clean organization	Trusted company
'Fair' management based on transparency	Building organizational culture of cleanness and trust	Fulfillment of social responsibilities based on altruism

Ethics Management Implementation Organization

Dongbu Insurance guarantees the independence of legal compliance management by appointing the Compliance Officer under the direct control of the CEO, and enhances work efficiency and expertise by clearly defining the roles and responsibilities among the Legal Compliance Part, the Legal Risk Management Part and the Compliance Officer.

Organization for Ethics Management



Education for Promotion of Ethical Culture

A wide array of ethics education courses are provided to executives and employees so as to instill the right mindset of ethics. Ethics was added as a compulsory subject to introductory courses for newly hired office workers. In addition, an on-line ethics course is provide to existing employees and officers. For more systematic education, the Company selected employees to serve as in-house ethics instructors and put them through a group education program to cultivate in-house instructors on ethics management. In addition ethics management was added also to the basic education program for executives and employees at subsidiaries, including new recruits. Thanks to such efforts, there were no violations of the Code of Conduct and the Anti-corruption and bribery regulations in 2015.

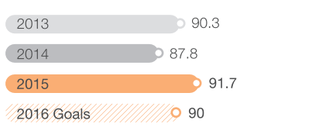
Expanding Ethics Pledges

Every year, all executives and employees at Dongbu Insurance make voluntary pledges of ethics & legal compliance on-line in order to fulfill social responsibilities and implement ethical management as a corporate citizen. The Company also makes sure executives and employees at its subsidiaries make written pledges of ethics and legal compliance tailored to the characteristics of their respective businesses, in an effort to diffuse our ethics management philosophies and culture. The subsidiaries include Dongbu Car Claim Adjustment, Dongbu CAS, Dongbu CSI, Dongbu CNS and Dongbu MnS.

Written Pledges (Unit: Persons, %)

Category		2013	2014	2015
Written Pledges	Number of Participants	4,855	5,413	4,489
	Participation Rate	92.5	95.7	91.5

Compliance Score (Unit: points)



Reinforcing Ethics Management System

Compliance System

Dongbu Insurance runs a compliance assessment system that measures the level of ethics at the Headquarters, the Claim Adjustment Division and the Sales Division, so as to assess the common parameters of ethics management in a systematic manner across the Company, such as work ethics, outside audit result, violations of the Code of Ethics and compliance activity reports. Ethics index evaluation items are continued to be improved to make sure the culture of ethics management takes roots across the Company and reinforce the ethical mindset of all executives and employees.

Moreover, we pay keen attention to the management of insurance products guide materials by using only such materials approved by the Financial Supervisory Service. Those produced by individual planners shall be approved by an internal procedure before use. As a result, there were no violations reported, such as exaggerated or fake advertisements, in 2015.



Voluntary Compliance with Fair Trade Regulations

In 2003, Dongbu Insurance established the Regulation on Voluntary Compliance with Fair Trade and introduced the voluntary fair trade compliance program. As such, we laid the foundation for fair and ethical trade and competition and reinforced employees' capacity of ethical behaviors. The Compliance Officer was designated as voluntary compliance manager to check the program on a regular basis, to ensure its steady and smooth implementation. Also training courses are provided to all executives and employees at least once a year.

In 2015, Dongbu Insurance sent notices to all executives and employees, subsidiaries and business partners calling for cooperation on the promotion of ethics culture in order to check on the status of voluntary compliance with fair trade regulations and the Code of Ethics. 19 trading partners were selected on the basis of concentrated trade, contract termination, decreased trade, customer complaints and new contracts, and received inspection on unfair business practices and field due diligence. As a follow-up, we actively conducted improvement activities to satisfy the demands of trading partners gathered through the collection of their voices (VOC), such as making a full payment to a rental car agency which had not received the payment due to changed business registration number. In 2016, we will reinforce these activities by expanding the scope of trading partners and due diligence periods and areas.

Internal Monitoring Management System

Creation of Whistle-Blowing System

Anyone can report financial accidents and violations of internal control to the website of the Financial Irregularities Report Center of Dongbu Insurance without a membership registration. Such reports are consistently followed up by the Compliance Officer. At the same time, a whistle-blowing system on the corporate intranet encourages employees to blow whistles on violations and raise their awareness of irregularities. In case a disciplinary action is taken, the Company shares relevant information with all members, including who received the disciplinary action and why and provides education to prevent similar cases.

Internal Control System for Financial Reporting

Dongbu Insurance systematically manages the design, operation and evaluation of its internal accounting management system through the internal control system for financial reporting established in accordance with the Act on External Audit for Corporations. Issues found in annual inspection are reported to the management and collect feedback on improvement measures. Continuous improvement is made on control activities in the 94 processes and 649 sub-processes of the system that impact financial statements. In 2015, we overhauled control activities based on revised laws and regulations. The overhaul reduced the number of control activities but boosted their effectiveness.

Response to Legal Risk

For the prevention of legal risk, Dongbu Insurance operates the Legal Risk Management Part which provides education and information to prevent legal risks, handles business lawsuits and non-insurance lawsuits and provides legal advice. A specialized team of in-house counsels and legal experts is actively responding to overall legal issues, including revisions of laws, personnel management and promotions among others.

Status of Internal Control (Unit: cases)

Category		2013	2014	2015
Internal control	Process	77	94	94
	Control activities	1,380	1,433	649

Legal Risk Review

(Unit: cases)

2013			2014			2015		
Questions from the headquarters	Questions from the sales departments	Questions from the claims departments	Questions from the headquarters	Questions from the sales departments	Questions from the claims departments	Questions from the headquarters	Questions from the sales departments	Questions from the claims departments
668	154	88	778	295	102	733	230	96
910			1,175			1,059		

Status of Public Disclosure Violations (Unit: cases)

Category		2013	2014	2015
Public disclosure violations	Occurrence of public disclosures	84	108	87
	Number of violations	0	0	0

Management of Public Disclosure Violations

Public disclosure managers check matters subject to public disclosure regularly daily, weekly, and monthly—and any issues are immediately notified to relevant departments. In addition, the employees have followed a company regulation which defines all public disclosure guide- lines such as public disclosure work, procedures and management since 2009.

Gift & Valuable Reporting Center

Employees who received a gift or valuables which are difficult to return as their senders are not known can report the cases to the Compliance Officers through the gift & valuable reporting system established in February 2006. As of the end of 2015, a total of KRW 2,555,571 was collected through the system and was donated to social welfare groups such as the Korea Disabled People Association and the in-house ‘Heart Fund’.

Money-Laundering Prevention System

With a view to effectively prevent money laundering and enhance expertise, Dongbu Insurance appointed a money laundering watchman in the Compliance Team. In addition, about 200 compliance managers conduct constant monitoring of concerned organizations every month and report trades suspected of involving money laundering to the Compliance Team. At the same time, we report to the Financial Intelligence Unit via the AML (Anti-Money Laundering) system established in September 2009.

Taxation Policy Management

Dongbu Insurance complies with tax laws and regulations across all worksites at home and abroad. In 2015, the Company established global tax policies to be implemented on all domestic and overseas worksites, and related matters are disclosed via its homepage (http://ir.idongbu.com/lib/download/dongbu_global_tax_reporting.PDF). Reviewed by outside auditors at the end of every quarter and year, corporation tax, deferred corporate tax, effective tax rate, etc. are disclosed in our financial statements which are available at the Data Analysis, Retrieval and Transfer System (HYPERLINK “http://www.dart.fss.or.kr” www.dart.fss.or.kr). The Company rigorously fulfill the duty of tax payment by actively cooperating with tax offices on tax investigations and other demands.

Donations to Political Parties & Sponsor Groups

No donations were made by Dongbu Insurance to political parties or their sponsor groups during the reporting period. Our Code of Ethics clearly stipulates that the Company shall not engage in any political activities. The employees are advised to ensure that their personal political views are not be mistaken as representing that of the Company.

Risk Management

Companywide Risk Management

Risk Policies and Strategies

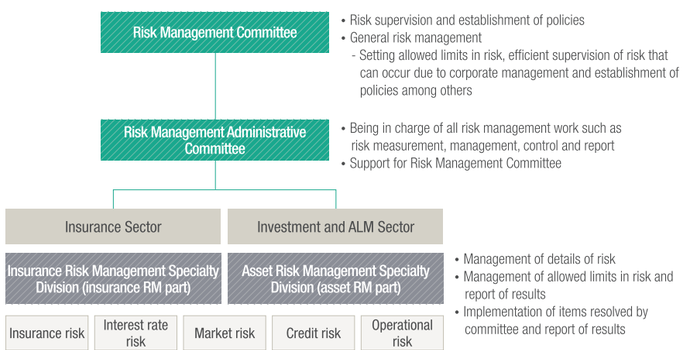
Dongbu Insurance is laying the groundwork for strategic risk management for the purpose of actively responding to the diversifying global insurance market and tightening business regulations, thereby creating a stable foundation for profit. The Company carries out strict monitoring and controlling activities in accordance with risk management strategy guidelines established in 2015. Every year, the Risk Management Committee approves risk management strategy related to the establishment of mid- to long-term management strategy and business plans. In addition, risky capital is evenly allocated to each risk category, so as to make sure the overall risk is managed at a proper level compared to available capital. At the same time, by grasping the causes, scale and appropriateness of risks in advance, we minimize the burden of risk.

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

Risk Management Organization

Dongbu Insurance is operating the Risk Management Committee and the Risk Management Administrative Committee under the BOD. The Risk Management Administrative Committee has the Insurance Risk Team and the Asset Risk Team to enhance work expertise. The Risk Management Committee, the top management unit of risk, is engaged in general operation and supervision including the establishment of policies. In response to the growing demand for flexibility in coping with the rapidly changing financial market environment and risk management strategies, the Risk Management Administrative Committee, led by the CFO, was established to assist the Risk Management Committee. In January2016, the Risk Management Team was made an independent unit to reinforce its expertise, and a preemptive response system was introduced to deal with laws related to toughening corporate governance regulations (mandatory appointment of CRO*) in the future.

* CRO = Chief Risk Officer



Risk Management Process



Risk Management System

Dongbu Insurance pushed forward with the ERM (Enterprise Risk Management) project in order to support risk control such as risk volume calculation, stress tests and the formulation of risk-based management plans. This project put in place companywide risk management governance, individual risks management system and a risk data warehouse (RDW*), making sure more efficient risk management.

* RDW=Risk Data Warehouse

Asset Soundness and Limit-Setting Management

With the aim of maintaining stable capital adequacy, the Company evaluates the soundness of owner's equity based on the RBC System set by the supervising authorities in 2009. Our RBC ratio stood at 211% as of December 2015. Moreover, we allocate required capital by risks based on the RBC standard and set allowed limits in risk after an approval by the Risk Management Committee. These facts are regularly reported to the Committee and the management and related matters are strictly managed through constant monitoring.

Analysis of Risk Factor Sensitivity

The asset sensitivity analysis is conducted as a means to preemptively respond to any negative impact on the value of capital and profit associated with various risk factors in the market. We analyze various emergency situations by utilizing scenarios of our own production and standard scenarios produced by regulators. As the result of these efforts, the RBC ratio never fell below 130% even in emergencies.

FOCUS

Risk Management Types

We calculate RBC ratios by separately managing financial and non-financial risk types and using RBC observance and internal models suggested by a supervising organization

Category	Risk	Explanation
Financial Risk	Insurance Risk	• Premiums and reserves risk caused by difference between expected and actual premiums, reserves
	Interest Rate Risk	• Risk of loss caused by decreases in the Company's net asset value in the event of changes in interests rates, triggered by discordance between asset and debt maturity and interest structures
	Market Risk	• Risk of price volatility caused by changes in interest rates, stock prices, exchange rates, etc.
	Credit risk	• Trading partner's default • Borrower's Default, change of asset value due to credit rating • Reinsurance credit risk: re-assurer's default
Non- Financial Risk	Operational Risk	• Risks in overall business management including administration, sales, and legal affairs

Risk Management to Overcome Financial Crisis

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

Analysis of Situations during Huge Disasters	• Considering risks according to historical scenarios such as IMF bailout during financial crisis, September 11th Terrorist Attack and financial crisis in 2008 among others • Making and reviewing scenarios about plausible cases
Formulation of Contingency Plan	• Mapping out contingency plan by dividing emergencies such as a drop in direct premiums and IT system paralysis except normal risk management into three stages (attentions, alarms and emergency measures

Risk of Insurance Industry and Dongbu Insurance's Responses

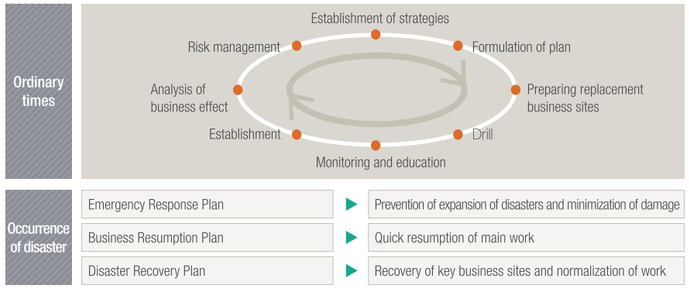
Dongbu Insurance is making strategic responses through the operation of a risk model, with the aim of steady monitoring and analysis of risk factors emerging from the ever-changing insurance business environment.

Major Risks	Explanation	Main Changes and Potential Risks	Efforts to Respond
Toughening RBC Regulations	Reinforcing management of management risk in accordance with changes in RBC System	Slackening of asset management and insurance sales activities due to financial soundness regulations toughened through tougher RBC system	• Responding to toughening of regulations in advance by building system to integrate affiliates' RBC • Preventing credit risk from rising by decreasing proportion of high risk assets and optimizing efficiency of profit compared to risk
Adverse Parity Risk	Expansion of second adverse parity due to prolonged low interest rates	Drop in profit from asset management weakens profitability, fueling concern about adverse parity	• Building ALM-based asset management system in consideration of debt structure • Pursuing additional profit by securing stable profit-making structure and market opportunities

Business Continuity Management in Times of Disasters

Dongbu Insurance mapped out a BCP (Business Continuity Plan) to prepare against typhoons, heavy rains, earthquakes, terror attacks, union strikes, IT system paralysis and suppliers' services among other things at its business properties including the HQ building in Deachi-dong, Seoul and major business sites in other areas. Moreover, we enhanced the service reliability of major air conditioning facilities such as cooling towers and humidifiers for thermohygrostat and major electric power facilities including faucets, transformers and power generators by building a data center and a disaster recovery center to secure dual or stand-by units.

Business Continuity Management System



Financial & Non-Financial Statements

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Dongbu Insurance Co., Ltd. which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended.

Accountability of the Top Management on the Consolidated Financial Statements

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

Accountability of Auditors

Our accountability is to express our opinions on the consolidated financial statements based on our audit. We conducted our audit in conformity with K-IFRS, which is a standard that requires us to comply with ethical requirements and to gain rational confidence on possible presence of distorted indications of criticality on the consolidated financial statements.
The audit includes the implementation of a procedure to collect evidence for auditing on the amounts and disclosure of the consolidated financial statements. The procedure might vary depending on the judgments of auditors including assessment on distorted indication risks of criticality in the consolidated financial statements resulting from irregularities or errors. We consider internal control on the corporate writing on the consolidated financial statements and fair indication to design an adequate auditing procedure to assess such risks. However, this is not to indicate opinions on the effectiveness of internal control. Our audit includes not only the assessment over overall indication in the consolidated financial statements but also the adequacy of the accounting policy adopted by the top management and rationality of accounting estimates devised by the top management. We believe that the auditing evidence we collected is sufficient and adequate as grounds for auditing opinions.

Auditors' Opinions

In our opinions, the companies' consolidated financial statements fairly indicate financial performance and cash flows in the criticality aspect of K-IFRS during both of the reporting periods ending on December 31, 2014 and 2015, respectively as well as the current financial status for Dongbu Insurance Co., Ltd.

Han-young accounting firm

111 Yeoidokongwornro, Youngdeungpo-gu Seoul
President **Seo, Jin-Seok**

March 10, 2016

This report is effective as of the auditors' report date (March 18, 2015). Certain subsequent events or circumstances that could significantly affect the accompanying consolidated financial statements may have occurred between the auditors' report date and the time the auditors' report is read. This may result in modifications to the auditors' report.

Key Management Performances

Domestic economy has been downturn in accordance with low growth, low interest rates. And uncertainty in the global financial market is expanding due to a slowdown in the growth of the Chinese economy and roller-coasting major currencies such as US dollars and the Japanese yen. It is forecast that deregulation led by regulators and IT-based technological innovation will make a steady change in the structure of the domestic insurance industry. In 2015, Dongbu Insurance got a results KRW 11,487.9 billion in premiums, a year-on-year increase of 7.2% and market share inched up 0.3%p to 16.1% from the previous year. These facts show the company realized sound growth despite a low-growth environment. In terms of profit and loss, Dongbu Insurance posted KRW 412.7 billion in net profit, up 3.1% from the previous year, thanks to companywide efforts to improve loss ratios and make business expenses efficient and steady competitive edge in rates of return on investment. Looking ahead, Dongbu Insurance will solidify the foundation for sustainable management via preemptive responses to market changes and management innovation.

(Unit: KRW 100 million, %)

Category	2015	2014	2013
Original premiums	114,879	107,142	100,882
Growth rate	7.2	6.2	5.5
Loss amount	90,809	86,351	78,772
Loss ratio	86.0	86.8	84.0
Net expenses	18,655	17,023	16,813
Expense ratio	17.7	17.1	17.9
Combined ratio	103.6	103.9	101.9
Insurance sales profit	△3,811	△3,885	△1,824
Investment business profit	9,785	8,938	7,147
Return on investment	4.1	4.4	4.0
Non-operating/extraordinary profit	△587	△104	△197
Pre-tax profit	5,387	4,950	5,126
Income tax expense	1,260	947	1,239
Net profit	4,127	4,003	3,886
Total assets	305,628	268,096	231,850
Assets under management	259,816	226,586	191,602
Equity capital	36,827	33,610	27,032
Market capitalization	49,772	38,940	39,790
PBR	1.4	1.2	1.5
RBC	210.9	224.2	238.1
ROE	11.7	13.2	14.8
ROA	1.4	1.6	1.8

Securing Sustainable Profit Base

Dongbu Insurance is moving forward with stability- and efficiency-centric sustainable growth strategy. The company have been realizing the solidest business performances in the insurance industry such as ranking first in terms of sustainable profit creation-oriented indicators, for example, a business ratio (17.7%), an ROI (4.1%), an ROE (11.7%) and an ROA (1.4%) in 2015.

Embedded Value

Embedded Value (EV) is a way of measuring the creatable value of existing long-term insurance based on its characteristics that influence the company's long-term profit and loss. Dongbu Insurance calculates and publishes Embedded Value annually, with the calculation methods and results verified externally. The Company's EV in 2015 amounted to 6,115 billion won, an increase of 7.3% compared with the previous year. More details are available on Dongbu Insurance's homepage. (http://www.idongbu.com/lib/download/fy15_EVReport_Korean.pdf)

Financial Statements

Statement of Financial Position

The 49th As of December 31, 2015
The 48th As of December 31, 2014
The 47th As of December 31, 2013

(Unit: KRW)

Account	December 31, 2015	December 31, 2014	December 31, 2013
Assets			
1. Cash and deposits	1,333,205,572,076	1,068,935,566,776	1,090,247,081,576
2. Financial assets at fair value through profit or loss	913,500,220,892	674,799,703,425	505,839,585,272
3. Available-for-sale financial assets	12,683,119,871,988	10,991,904,829,025	9,201,153,552,198
4. Held-to-maturity financial assets	2,068,688,708,560	1,702,931,191,681	1,415,409,966,152
5. Loans and receivables	7,914,282,187,960	7,258,702,839,512	6,142,544,336,365
6. Derivative financial assets designated as hedges	5,780,295,553	17,585,443,598	75,331,081,678
7. Investments in subsidiaries and associates	609,139,722,115	541,660,899,235	359,674,215,935
8. Property, plant and equipment	334,405,820,235	328,536,389,443	399,516,827,082
9. Investment real estate	837,257,201,348	822,465,655,201	687,630,274,891
10. Intangible assets	146,984,025,924	217,412,427,011	68,493,364,276
11. Reinsurance assets	752,773,714,192	510,961,340,478	464,304,936,811
12. Other assets	1,843,390,930,057	1,841,331,084,814	1,904,086,188,360
13. Separate account assets	1,120,269,587,306	824,183,783,192	823,088,528,333
Total assets	30,562,797,858,206	26,801,411,153,391	23,137,319,938,929
Liabilities			
1. Insurance contract liability	24,460,478,362,649	21,567,426,734,087	18,766,292,156,670
2. Financial liabilities at fair value through profit or loss	3,948,120,000	2,503,934,075	138,051,042
3. Derivative financial liabilities designated as hedges	133,297,476,302	79,563,168,499	6,446,204,379
4. Retirement benefits	14,988,728,443	20,305,285,092	12,698,100,299
5. Other liabilities	597,928,436,503	549,263,540,930	600,045,282,703
6. Deferred tax liabilities	290,412,172,385	264,626,398,664	161,322,892,215
7. Current tax liabilities	34,446,401,731	26,017,720,370	32,734,616,045
8. Separate account liabilities	1,344,647,214,919	928,679,871,206	856,568,581,139
Total liabilities	26,880,146,912,932	23,438,386,652,923	20,436,245,884,492
Equity			
1. Capital stock	35,400,000,000	35,400,000,000	35,400,000,000
2. Capital surplus	37,912,781,518	37,912,781,518	37,912,781,518
3. Capital adjustments	(29,655,475,800)	(29,655,475,800)	(29,655,475,800)
4. Accumulated other comprehensive income	608,237,132,466	609,499,970,645	284,559,500,600
5. Retained earnings	3,030,756,507,090	2,709,867,224,105	2,372,857,248,119
(Additional bad debt reserve)	(33,643,566,068)	(27,893,189,718)	(35,517,592,663)
(Additional catastrophe reserve)	(642,073,297,158)	(587,798,178,558)	(548,203,830,202)
(Planned bad debt reserve)	(7,139,785,711)	(5,750,376,350)	7,624,402,945
(Planned catastrophe reserve)	(59,991,024,609)	(54,275,118,600)	(39,594,348,356)
Total equity	3,682,650,945,274	3,363,024,500,468	2,701,074,054,437
Total liabilities and equity	30,562,797,858,206	26,801,411,153,391	23,137,319,938,929

Statement of Profit or Loss and Other Comprehensive Income

The 49th As of December 31, 2015
The 48th As of December 31, 2014
The 47th As of December 31, 2013

(Unit: KRW)

Account	December 31, 2015	December 31, 2014	December 31, 2013
Operating revenue	13,690,360,509,893	12,500,523,824,577	8,963,035,814,036
1. Premium income	11,447,416,033,232	10,668,115,238,518	7,625,793,230,727
2. Net reinsurance income	439,251,882,144	400,030,261,540	247,618,513,341
3. Compensation income			1,905,214,538
4. Interest income	686,330,786,167	658,770,326,156	450,279,419,936
5. Investment income from financial instruments	394,535,745,074	261,794,328,971	444,221,210,321
6. Allowance for bad debts	-	354,457,428	-
7. Gain on foreign currency transaction	254,849,768,855	125,908,012,294	23,726,805,365
8. Commission received	9,988,075,544	8,173,890,303	8,669,175,290
9. Dividend income	244,307,661,037	170,126,545,976	17,662,993,742
10. Other operating revenues	171,887,641,820	170,416,783,894	118,137,954,315
11. Separate accounts income	41,792,916,020	36,833,979,497	25,021,296,461
Operating expenses	13,130,192,150,051	12,007,161,510,514	8,543,616,479,635
1. Provision for insurance contract liability	2,661,439,847,362	2,763,796,752,419	2,075,071,684,272
2. Insurance claims expenses	3,934,753,175,339	3,539,593,671,993	2,339,893,460,601
3. Refund paid	2,818,302,805,945	2,581,002,877,022	1,714,176,401,873
4. Dividend paid	3,210,947,941	3,072,105,830	2,128,883,136
5. Claim handling expenses	260,110,997,197	240,825,906,420	175,652,989,495
6. Reinsurance expenses	722,252,871,320	625,962,401,517	455,557,672,386
7. Operating and administrative expenses	1,144,776,656,000	1,073,136,442,285	751,522,272,814
8. Amortization of deferred acquisition costs	835,325,688,707	754,660,999,185	553,887,667,027
9. Compensation expenses	2,171,833,626	107,691,104	-
10. Interest expenses	1,719,999,614	2,496,233,739	5,392,672,408
11. Investment expense from financial instruments	517,379,185,218	274,700,641,876	236,930,644,732
12. Allowances for possible loss	14,664,038,420	-	12,490,476,369
13. Loss on foreign currency transaction	30,543,513,752	16,289,090,968	123,035,721,599
14. Property management expenses	59,484,918,944	51,952,016,502	40,596,460,001
15. Real estate management expenses	14,203,350,208	16,257,695,882	13,808,234,902
16. Other operating expenses	68,059,404,438	26,473,004,275	18,449,941,559
17. Separate accounts expenses	41,792,916,020	36,833,979,497	25,021,296,461
Operating profit	560,168,359,842	493,362,314,063	419,419,334,401
Other non-operating income	3,298,130,022	17,072,586,796	3,284,721,060
Other non-operating expenses	24,798,441,326	15,457,677,777	28,900,953,321
Net income before income tax expense	538,668,048,538	494,977,223,082	393,803,102,140
Income tax expense	125,996,172,553	94,668,907,096	97,070,806,313
Net income	412,671,875,985	400,308,315,986	296,732,295,827
Other comprehensive income (loss)	(1,262,838,179)	324,940,470,045	(270,432,396,342)
1. Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gain (loss) on valuation of available-for-sale financial assets	(15,322,379,267)	298,704,430,536	(285,467,601,174)
Gain on valuation of derivative instruments designated as hedges	(451,434,015)	7,541,137,093	8,814,334,981
Gain (Loss) on overseas operations translation credit	18,862,530,371	3,239,948,303	(7,153,931,697)
Other comprehensive income on separate accounts	963,605,678	19,076,892,796	-
2. Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement on defined benefit plans	(5,315,160,946)	(3,621,938,683)	13,374,801,548
Total comprehensive income	411,409,037,806	725,248,786,031	26,299,899,485
Basic and diluted earnings per share	6,519	6,324	4,688

Statement of Changes in Equity

The 49th As of December 31, 2015
The 48th As of December 31, 2014
The 47th As of December 31, 2013

(Unit: KRW)

Category	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total equity
As of April 1, 2013	35,400,000,000	37,912,781,518	(29,655,475,800)	577,096,506,751	2,133,108,429,352	2,753,862,241,821
Cumulative effect of changes in accounting policies	-	-	-	(22,104,609,809)	22,139,447,940	34,838,131
As of April 1, 2013 (Rewrite)	35,400,000,000	37,912,781,518	(29,655,475,800)	554,991,896,942	2,155,247,877,292	2,753,897,079,952
Total comprehensive income (loss)						
Net income	-	-	-	-	296,732,295,827	296,732,295,827
Loss on valuation of availablefor-sale inancial assets	-	-	-	(285,467,601,174)	-	(285,467,601,174)
Gain on valuation of derivative instruments designated as hedges	-	-	-	8,814,334,981	-	8,814,334,981
Exchange differences on translations of foreign operations	-	-	-	(7,153,931,697)	-	(7,153,931,697)
Re-measurement on defined benefit plans	-	-	-	13,374,801,548	-	13,374,801,548
Total	-	-	-	(270,432,396,342)	296,732,295,827	26,299,899,485
Deal with shareholder directly reflected to capital						
Dividend	-	-	-	-	(79,122,925,000)	(79,122,925,000)
As of December 31, 2013	35,400,000,000	37,912,781,518	(29,655,475,800)	284,559,500,600	2,372,857,248,119	2,701,074,054,437
As of January 1, 2014	35,400,000,000	37,912,781,518	(29,655,475,800)	284,559,500,600	2,372,857,248,119	2,701,074,054,437
Total comprehensive income (loss)						
Net income	-	-	-	-	400,308,315,986	400,308,315,986
Gain on valuation of availablefor-sale financial assets	-	-	-	298,704,430,536	-	298,704,430,536
Gain on valuation of derivative instruments designated as hedges	-	-	-	7,541,137,093	-	7,541,137,093
Exchange differences on translations of foreign operations	-	-	-	3,239,948,303	-	3,239,948,303
Other comprehensive income on separate accounts	-	-	-	19,076,892,796	-	19,076,892,796
Re-measurement on defined benefit plans	-	-	-	(3,621,938,683)	-	(3,621,938,683)
Total	-	-	-	324,940,470,045	400,308,315,986	725,248,786,031
Deal with shareholder directly reflected to capital						
Dividend	-	-	-	-	(63,298,340,000)	(63,298,340,000)
As of December 31, 2014	35,400,000,000	37,912,781,518	(29,655,475,800)	609,499,970,645	2,709,867,224,105	3,363,024,500,468
As of January 1, 2015	35,400,000,000	37,912,781,518	(29,655,475,800)	609,499,970,645	2,709,867,224,105	3,363,024,500,468
Total comprehensive income (loss)						
Net income	-	-	-	-	412,671,875,985	412,671,875,985
Gain on valuation of availablefor-sale financial assets	-	-	-	(15,322,379,267)	-	(15,322,379,267)
Gain on valuation of derivative instruments designated as hedges	-	-	-	(451,434,015)	-	(451,434,015)
Exchange differences on translations of foreign operations	-	-	-	18,862,530,371	-	18,862,530,371
Other comprehensive income on separate accounts	-	-	-	963,605,678	-	963,605,678
Re-measurement on defined benefit plans	-	-	-	(5,315,160,946)	-	(5,315,160,946)
Total	-	-	-	(1,262,838,179)	412,671,875,985	411,409,037,806
Deal with shareholder directly reflected to capital						
Dividend	-	-	-	-	(91,782,593,000)	(91,782,593,000)
As of December 31, 2015	35,400,000,000	37,912,781,518	(29,655,475,800)	608,237,132,466	3,030,756,507,090	3,682,650,945,274

Separate Statements of Cash Flows

The 49th As of December 31, 2015
The 48th As of December 31, 2014
The 47th As of December 31, 2013

(Unit: KRW)

Account	December 31, 2015		December 31, 2014		December 31, 2013	
Cash flows from operating activities		2,423,994,082,147		2,001,275,433,114		1,099,624,548,022
Net income before income tax expense	538,668,048,538		494,977,223,082		393,803,102,140	
Adjustment	2,624,007,393,387		2,695,409,391,728		2,158,949,917,639	
Changes in operating assets and liabilities	(1,597,214,202,689)		(1,899,030,728,764)		(1,785,902,145,920)	
Receipt of interest income	704,680,626,073		641,324,818,216		449,447,940,388	
Payment of interest expense	(116,402,272)		(529,069,046)		(4,019,323,296)	
Receipt of dividend income	247,697,383,347		168,596,761,057		29,351,029,020	
Payment of income tax	(93,728,764,237)		(99,472,963,159)		(142,005,971,949)	
Cash flows from investing activities		(2,079,272,575,492)		(1,830,311,734,061)		(1,054,636,849,483)
Acquisition of available for-sale financial assets	(5,949,002,611,597)		(5,351,847,822,649)		(3,379,616,725,935)	
Proceeds from available for-sale financial assets	4,481,760,605,625		4,072,172,159,178		3,299,720,759,473	
Acquisition of held-to-maturity financial assets	(361,782,584,377)		(441,987,631,707)		(943,885,910,373)	
Collection of held-to-maturity financial assets	13,820,077,690		172,278,260,520		13,706,613,087	
Accounting of hedging derivatives	(138,496,631,444)		60,512,069,757		26,506,428,896	
Acquisition of subsidiaries and associates Investments	(66,948,519,780)		(182,639,168,000)		(37,678,505,340)	
Acquisition of Property, plant and equipment	(49,769,921,017)		(46,050,270,981)		(20,956,653,883)	
Proceeds of Property, plant and equipment	-		1,940,454,293		54,825,576	
Acquisition of investment properties	-		(75,580,583,840)		(25,226,252)	
Proceeds of investment properties	-		27,633,522,648		-	
Acquisition of Intangible assets	(4,898,702,981)		(68,619,145,601)		(13,740,266,504)	
Proceeds of Intangible assets	93,500,000		1,772,283,580		-	
Increase in guarantee deposits on leases	(14,093,287,382)		(9,407,705,274)		(5,696,864,386)	
Decrease in guarantee deposits on leases	10,268,271,371		9,664,152,085		7,085,804,308	
Outflow of cash due to restoration work	(222,771,600)		(152,308,070)		(111,128,150)	
Cash flows from financing activities		(85,640,206,852)		(142,165,934,855)		(14,261,270,810)
Net increase (decrease) in debt loan	-		(70,000,000,000)		70,000,000,000	
Increase in security deposit	10,022,475,908		5,480,617,419		6,291,195,691	
Decrease in security deposit	(3,880,089,760)		(14,348,212,274)		(11,429,541,501)	
Dividends paid	(91,782,593,000)		(63,298,340,000)		(79,122,925,000)	
Net increase in cash and cash equivalents		259,081,299,803		28,797,764,198		30,726,427,729
Net foreign exchange difference		4,557,665,664		2,610,350,758		(2,475,328,919)
Cash and cash equivalents at the beginning of the year		160,657,369,365		129,249,254,409		100,998,155,599
Cash and cash equivalents at the end of the year		424,296,334,832		160,657,369,365		129,249,254,409

Operations Evaluation Report of Internal Accounting Manager

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

I, as the Internal Accounting Control Officer (“IACO”) of Dongbu Insurance Co., Ltd. (the “Company”), have assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) as of December 31, 2015.

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

I, as the IACO, applied the IACS Standards established by the IACS Operations Committee for the assessment of the design and operation of the IACS. Based on this assessment, the Company’s IACS has been effectively designed and is operating effectively as of December 31, 2015, in all material respects, in accordance with the IACS Standards issued by the IACS Operations Committee.

February. 17. 2016

President & CEO **Kim Jeong-nam**

Internal Accounting Officer **Kim Young-man**

Non-financial Performances

Employees

Status of Employees

As of the end of December in 2015, a total of 4,722 employees were working for Dongbu Insurance. Among them, 38 were executives and 4,684 were employees. The Company turned 1,660 TM consultant contractors into regular employees in 2012 in an effort to enhance job security and has since steadily turned contractors into regular employees. In addition, we are working on creating great work places via an improvement in working environments. Prior to the effectuation of the Irregular Workers Act, the Company has made continuous efforts to give a regular employment status to contracted workers, As a result, the percentage of the percentage of temporary workers is 3.1% as of the end of March, 2015.

Guarantee of Equal Opportunities

Dongbu Insurance is implementing various systems to offer employees equal opportunities. By running the MA program, a course to foster professional sales managers, the Company provides PA (Prime Agent) including female employees and employees in non-sales sectors with opportunities to cultivate capabilities to manage branches so that they can grow into sales management experts by working as branch managers or the heads of sales teams after finishing the course. In addition, Dongbu Insurance has conducted a separate performance evaluation between male and female employees since 2010 in consideration of the fact that female workers may suffer a disadvantage in evaluation processes. As such, female employees’ working environment has been gradually improved and female workers’ promotion rate surpassed that of male workers.

Respecting Employee Diversity

Dongbu Insurance’s recruitment policy (Section 6: Employment Opportunity) states that “when the Company recruits and hires individuals, the Company shall not discriminate on the basis of gender, age, religion, social status, hometowns, educational background, status of marriage, pregnancy, child birth, or histories of illness without any logical reasons”, which is to respect employee diversity and eradicate discrimination based on irrational reasons. The Company also offers equal opportunities in compensations for employees. As of the end of 2015, female employees accounted for 56.9% of the entire workforce.

Prevention of Sexual Harassment and Sexual Violence

Dongbu Insurance provides training sessions on sexual violence and harassment, via an online portal to all employees once a year. Materials are available on the intranet so that employees can use them and enhance awareness of sexual misconduct.

Maternity Leave and Child Care Leave

Women employees can take 90 days of ‘pre- and post-natal leave’. Since 2011, all employees who took the leaves have returned to work. Also, Dongbu Insurance provides full financial support for childbirth and in the event of stillbirth or abortion to enhance employee satisfaction. Also, the employees can take child care leaves so that they can help the emotional stability of employees’ children in their early years and fulfill duty as parents.

Promy Loving Child Kindergarten

To enable employees to focus on their work without worrying about their children, Dongbu Insurance operates an in-house kindergarten - the Promy Loving Child Kindergarten - at its Dongja building since 2014. As of March, 2016 the kindergarten was looking after 39 children. In order to provide quality education and care, the Puruni Child Care Foundation was hired as the operator of Dongbu Insurance’s in-house kindergarten, given its proven expertise and experience.

Family Friendly Management Program

Program	Details
Childbirth congratulatory system	Provides congratulatory bonus (KRW 0.2 million) to promote birthrate Provides KRW 1 million of congratulatory bonus for the birth of a third child and onwards in line with the nation’s childbirth promotion policy
Sponsoring pro- gram for surviving dependents	Provides all educational fees and preferential hiring to surviving children of employees who worked for Dongbu for three or more years
Holiday for spouse birthday	Offers an employee a paid half-day off on his/her spouse’s birthday
Dongbu family summer camp	Offers children of employees (elementary and middle school students) English and science education programs at the Company’s training institute during summer vacations
Fetus diagnosis leave	A paid half-day leave system for prenatal checkups has been managed for the health of female workers and their babies since July, 2009
Infancy part-time work system	Employee in infancy may apply to work part time for a year
Family support leave	Offering long-service employees family trip opportunities as rewards for their service and incentives to boost their pride and encourage refreshment

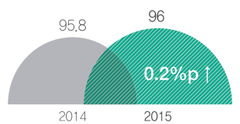
Improvement of Telecommuting Environment

Dongbu Insurance has implemented a new system that employees of the consulting and other service divisions can work at home. As of December, 2015, 36 women employees (including 29 re-joined employees) were working from home.

Results of Homeworking

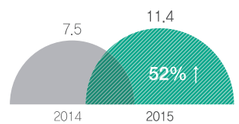
Success rate of monitoring

(Unit: %)



No. of successful cases of complete sale monitoring per hour

(Unit: cases)



Promotion of Employees' Health

Various health policies and programs are implemented to help the employees stay healthy and active at Dongbu Insurance. We make efforts to reinforce companywide readiness against health risks, by offering the employees and their annual health checkups. Also, consulting desk workers are provided with massage care programs along with a survey on their musculoskeletal diseases. A collective insurance program on injury and disease covers not only employees but also lineal ascendants, thus mitigates economic burden of health care. Besides, the employees can use a wide array of health service programs such as psychological counseling by specialists and a health fund program.

Organization of Industrial Safety Committee

The Industrial Safety Committee established in 2014 sets up safety and health matters such as industrial disaster prevention plans. At the same time, the Committee conducts a wide range of activities for the promotion of employees' safety and health such as safety and health education for employees, working environment inspections and investigation into the causes of major disasters among others. Moreover, we are putting systematic safety measures in place by appointing a safety and health management manager and operating the Industrial Safety and Health Committee consisting of three members from the labor and three from the management.

Selective Welfare and Benefit Program

A wide array of welfare and benefit programs are offered to encourage employees to immerse themselves in work with a sense of pride based on trust in the company in a nice working environment. An innovative selective welfare and benefit system allows individuals to select their own welfare programs and level of benefits according to their preferences and needs, realizing the best customized welfare and benefits for employees. Since the start of 2016, we have been enhancing employees' capabilities, productivity and quality of life by extending the retirement age from 55 to 60 and introducing the wage peak system to respond to the government's policies and preemptively establishing or improving our welfare and benefit programs to secure capabilities for business plans in the short to long term.

Program	Details
Scholarships	Giving scholarships to employees for their graduate school programs and their children *Children education expenses: middle and high schools, colleges and kindergartens
Company houses and supplementary living allowance	Providing company houses and supplementary living allowances to those who do not have their families or relatives where he/she works
Transportation expense support	Provide transportation expense for employees who do not have their families or relatives where he/she works, to visit hometown (monthly 3 times)
Loans for buying or renting houses	Giving financial support to employees who need to buy or rent a house *End of FY15: house (KRW 2.8 billion), renting (KRW 8.43 billion)
Holiday homes for summer	Operating free holiday houses for summer vacation for employees and their families
Overseas travelling for long-term employees	Offering long-service employees family trip opportunities as rewards for their service and incentives to boost their pride and encourage refreshment

Measurement of Working Environments

Dongbu Insurance manages the operation of various programs for employees and financial resources of such programs and satisfaction degrees among others as indicators and applies the data to making an improvement to working environments. We are steadily elevating the level of employee satisfaction and employee welfare and benefit such as resulting in rises in related indicators via an improvement in working environments and the implementation of health and cultural programs based on annual employee satisfaction surveys and employees' suggestions.

Indicators	Performance	Target level	Ground
Average Industrial hazard rate (%)	0.02	0.02	Industry average
Employee welfare and benefit expenses per person (KRW in million)	15.2	-	-
Employee satisfaction (points)	82.5	85	Industry average
Internal Communication Promotion Index (points)	84.0	85.0	Setting internal goal

Employees' Human Rights Protection and Grievance System

According to research results, rudeness and inhuman treatment at workplaces give rise to unpleasant feelings and stress, a decrease in loyalty to organizations and low work performances. This impedes ethics management at work and has a negative impact on customer service. In this regard, Dongbu Insurance will establish a regulation in 2016 to prevent rudeness and inhuman treatment with a view to protecting employees' human rights and establishing a GWP (Great Place to Work) culture. Grievance consultations (hot line) and psychological and legal consultations have been implemented as part of the human resources management system so as to let the employees freely express their grievances and remedy them. In particular, a female lawyer was appointed for female workers, which has been effective in resolving issues specific to women at work

Operation of Retirement Pension System

Dongbu Insurance introduced a defined benefits (DB) pension plan and a defined contribution (DC) pension plan, both of which make retirement pension management stable. The operation of the pension fund is commissioned to multiple financial institutions, including Dongbu Life Insurance, Korea Investment & Securities, Hyundai Marine and Fire Insurance, Samsung Life Insurance, Hana Bank, Shinhan Bank, and Suhyup Bank, in a bid to minimize risks. The Company observes legal standards that stipulate the provision of over one month's wage in severance pay to individuals who have worked for the Company for one year.

Re-Employment System for Retirees

The Company provides high-performer retirees with opportunities to be re-employed by relevant business units or subsidiaries. This is a win-win welfare program whereby the Company can take advantage of retirees' work expertise and retirees can find a job as a source of stable income even after retirement.

Performance

Indicator		Unit	2013	2014	2015	Remark
Status of employees						
Executives		Persons	-	38	38	
Employees		Persons	-	4,954	4,684	
Total		Persons	-	4,992	4,722	
Status by rank and gender						
Senior managers/ junior managers	Males	Persons	-	508	475	
	Females	Persons	-	6	6	
Assistant managers	Males	Persons	-	459	457	
	Females	Persons	-	38	44	
Junior assistant managers/ staff members	Males	Persons	-	788	746	
	Females	Persons	-	1,272	1,217	
Specialists/consultants	Males	Persons	-	301	307	
	Females	Persons	-	1,582	1,432	
Total		Persons	-	4,954	4,684	
Status of recruitment						
College graduates		Persons	123	76	74	
Experience workers		Persons	740	354	163	
White-collar female workers		Persons	70	41	58	
Total		Persons	933	471	295	
Recruitment of female workers						
Total employees		Persons	933	471	295	
Female employees		Persons	650	314	178	
High school-educated female employees		Persons	292	141	59	
Locally hired employees in overseas countries		Persons	31	42	45	
Conversion into regular workers		Persons	36	20	52	
Promotion rate	Males	%	54.3	46.6	43.2	
	Females	%	50.3	46.0	43.2	
Total education hours		Hours	377,733	456,835	370,246	
Per-capita education hours		Hours	72.6	90.9	77.9	
Total education cost		KRW in million	4,326	5,193	5,478	
Per-capita education cost		KRW in million	0.83	1.03	1.15	
Major results of education						
Obtained qualification certificates		Persons	3,152	3,121	3,280	
Employees with insurance qualification certificates		Persons	695	859	931	
Insurance qualification ratio		%	23.6	28.2	30.1	Based on full-time workers
Employees taking part in study groups		Persons	2,107	2,210	1,438	Including employees at affiliates
ESI satisfaction about employee education and training		Points	80.2	79.1	81.4	Based on full-time workers
No. of employees who diagnosed their capabilities and made self development plans		Persons	2,306	2,713	2,488	
Per-capita productivity		KRW 100 million	32.5	33.8	35.9	
Total welfare and benefit expenses		KRW 100 million	348	476	483	
Per-capita welfare and benefit expenses		KRW in million	11.2	15.1	15.2	Based on full-time workers
Status of maternity leave use						
No. of leave users before and after childbirth		Persons	129	131	141	
No. of childcare leave users		Persons	73	134	118	
No. of employees who returned from childcare leaves	Males	%	-	100	-	Based on those who returned to work in the same year
	Females	%	75.3	73.7	70.3	
No. of seperation	Males	Persons	135	106	112	
	Females	Persons	50	53	39	
Employment separation rates		%	5.9	5.1	4.7	
Layoffs		Persons	0	0	0	

Partner

Status of Partners

Dongbu Insurance delivers its value by way of sales partners who sell products and services and claim adjustment partner in charge of claim adjustments for accidents covered by insurance. In addition, the Company is growing while recognizing sales and claim adjustment partner as its valuable asset and a core link in its value chain. Sales partners are classified into exclusive and freelance channels. The exclusive channel consists of Prime Agents (PAs) and their branches. The Freelance channel is comprised of General Agencies (GAs) and cross planners who have the right to sell both life and non-life insurance. Claim adjustments partners are hospitals, auto repair shops and claim adjustment companies for smooth claim adjustment for customers among others. In addition to traditional face-to-face and TM (tele-marketing) channels, we are diversifying strategic channels by characteristics such as TC (Total Consulting) and LD (Life Design)* channels.

* LD: Sales channel for mostly highly-educated females with short careers

Sales partner	Exclusive channel	PA	Who have only right to sell Dongbu Insurance's insurance products
		Branches	Which have signed a exclusive contract to sell Dongbu Insurance's insurance products
	Freelance channel	GA	Non-exclusive insurance agencies and financial institutions that are allowed to sell all insurers' insurance products
		Cross planner	Life insurance agents whose primary business is life insurance sales, with permission to handle non-life insurance products
Claim adjustment partner	Accident investigation/claim adjustment		Companies which investigate accidents covered by auto, long-term and general insurance and claim adjustment firms
	Hospitals		Organizations which offers medical services in connection with insurance-covered accidents and investigate medical conflict issues
	Onsite dispatches/ emergency dispatches		Companies which dispatch staff members to car accident scenes and for emergencies such as car troubles
	Promy Network		Network of excellent auto repair shops approved by Dongbu Insurance across nation

Cross Selling Marketing Support System

Since cross marketing was allowed between life and non-life insurance companies in 2008, Dongbu Insurance has supported cross planners' cross marketing activities in many ways. Exclusive call center for cross marketing (1577-7654), insurance products only for cross marketing, cross marketing team leaders and various fee systems were introduced to help increase the profitability of cross marketing planners. Also to improve the efficiency of cross marketing branches, systematic support is provided, such as opening/ expanding dedicated branches in areas where life insurance companies cluster.

Mobile Claim Adjustment System

Dongbu Insurance offers customized claim adjustment services based on 225 claim adjustment departments, 147 claim adjustment centers and about 1,500 claim adjustment specialists across the nation. Moreover, the Company built a field-oriented mobile claim adjustment system by utilizing a mobile e-claim system with an eye towards providing more advanced claim adjustment service. This system supports major work by stages of handling an accident from the reception of an accident to the payment of insurance money and enables the completion of one-stop service not only at offices but also any other places.

Building Quick On-site Dispatch System

Dongbu Insurance enhanced customer satisfaction a great deal by building a GPS-based LBS (Local Based Service) system to dispatch our service personnel to accident sites in 10 minutes and reducing customers' call waiting time through the development of a system-centric innovation model. This made Dongbu Insurance the first company in the Korean insurance industry to apply for a patent on an automated emergency dispatch service and acquired the ISO 9001 certificate on automobile dispatch service.

Enhancing Partners' Ethics

Dongbu Insurance selects and manages hospitals and doctors which score the highest levels of customer satisfaction and cooperation. We recommend these hospitals and doctors to its customers ensuring they receive the best quality medical services. We encourage mutual cooperation to prevent false or excessive medical treatment by ensuring hospitals make objective and accurate diagnoses. Also, to ensure accurate claim adjustment for events covered, Dongbu Insurance manages medical advisors (specialists) networks, thereby eradicating unethical acts of abusive or excessive claiming. Moreover, Moreover, we are putting forth efforts through various organizations such as the customer protection part and the SIU part to prevent insurance frauds and insincere sales activities. Punishment standards on moral risk and incomplete sales are toughened every year and regular education is given to improve a sales culture to satisfy customers. At the same time, sales partners enhance their ethical awareness by signing written oaths to honor ethical rules and laws.

Performance

Indicator	Unit	2013	2014	2015	Remark
Sales partners					
Prime agent	Persons	15,379	14,079	13,694	
Cross planner	Persons	9,741	9,825	9,702	
Authorized agency	Agency	4,127	3,818	3,325	
Branch	Agency	1,992	2,010	1,776	
Financial institutions	Agency	38	39	39	
Claim adjustment partners					
Emergency dispatch network	Agency	480	469	459	
On-site dispatch network	Agency	526	526	505	
Maintenance network	Agency	619	619	629	
Accident investigation & adjustment partners	Agency	9	11	11	
Sale partner satisfaction survey (FSI)	Points	69.8	70.4	72.2	
13 months persistency rate	%	80.6	83.0	84.3	
Emergency dispatch service satisfaction	Points	93.3	93.6	93.7	
Ratio of electronic contracts of long-term insurance	%	-	19.4	23.9	
PK qualification certification	Persons	30,242	33,530	35,199	Cumulative number of people by years
Smart pad penetration rate	%	29.7	43.7	44.3	
Maintenance factories' accounted case[1)]	Case	335	314	360	
Amount of reported insurance frauds[1)]	KRW 100 million	822	974	1,186	

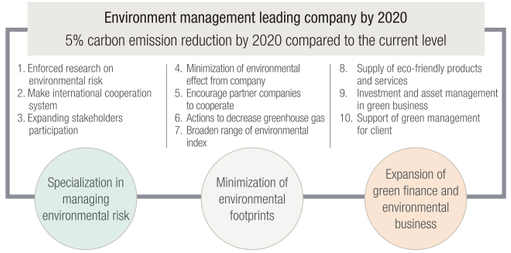
1) The numbers of maintenance factories' accounted case and the amounts of insurance frauds of 2013 and 2014 were revised based on data by the Financial Supervisory Commission.

Environment

Environmental Management System

Dongbu Insurance's Environmental Management Strategy and Principles

With a view to growing into a global green financial company, Dongbu Finance picked out detailed tasks on the basis of three principles of its environmental management. We are also working on making resources recycling in consideration of environmental effects possible by establishing environmental management guidelines for sustainable resources recycling based on the Environmental Management System and applying them to management activities.



Environmental Management Certification

We have the Environmental Management System in place to realize green management to fulfill our environmental responsibilities as a corporate citizen. Dongbu Insurance received the Environment Management System ISO 14001 certification and Green Management System KSI 7001/7002 certifications to tackle accelerated climate change. We also introduced Weather Management System certification to minimize damage by natural disasters.

Certification	Contents
Environmental Management System (ISO14001)	In 2009, Dongbu Insurance acquired the ISO Environmental Management System in the risk management sector. In addition, we fostered environmental experts such as ISO 14001 Environment Management System Auditor and implemented climate change risk innovation tasks such as the management of heavy rains and carried out consulting for customers in an effort to carry out eco-friendly management in terms of society.
Green Management System (KSI 7001)	In 2013, Dongbu received Green Management System KSI 7001/7002 certification for the first time in the insurance industry in recognition of its efforts to effectively manage resources and energy and minimize greenhouse gas emissions and pollution.
Weather Management System Certification	Dongbu Insurance obtained a Weather Management System certificate by utilizing weather information to minimize economic damage by natural disasters.

Research on Environmental Management and Offering Related Information

Dongbu Insurance will develop an insurance product to cover damage caused by pollution in order to actively respond to the government's policies related to environmental management such as the effectuation of the Chemical Material Management Act and the Act on Liability for Compensation for Damage Caused by Pollution and Relief from Damage. For the same reason, the Company will launch consulting on the external effects of leaks of hazardous chemicals at customers' worksites in 2016. Besides, steady R&D activities on the risk of natural disasters such as heavy rains and typhoons are enhancing Dongbu Insurance's preemptive risk management in its management activities. Harnessing this, by offering customers consulting on natural disaster risk, we are boosting the effectiveness of environmental management.

Disaster Response System

Building Disaster Recovery System

Dongbu Insurance built a next-generation disaster recovery system for the purpose of building up internal response to emergencies and securing the continuity of customer service in 2014. In 2015, we expanded the system's work and branch/IT systems and carried out steady management and inspection of the system. Moreover, regular disaster recovery and failure response drills are carried out to prevent any problems from occurring in the work system.

Certification	Contents	Cycle
Mock BCP drill (IT sector)	• Reviewing effectiveness of early responses, emergency responses, work resumption, disaster recovery plans and drawing matters for improvement	Once a year
Drill to combat open web server hacking	• Detecting and blocking mock attacks on open servers such as web and email servers after scan of the servers for weaknesses	
Drill to cope with malicious codes and email	• Detecting, blocking and removing malicious codes after spreading emails with imaginational malicious codes to email accounts of employees	
Anti-DDoS drill	• Emergency responses to electronic infiltration such as hacking and DoS (denial of service) attacks	
Disaster/accident restoration simulation training	• Establish business continuity plan in emergency events • Verify propriety of recovery system operation/recovery process and system transition • Verify maintenance state of emergency contact system via surprise drills	Biannual
Backup outcome simulation training	• Verify propriety of backup system operation and backup recovery plan • Verify backup data's recovery time and integrity	
Obstacle simulation training	• Verify resuming of business after mock obstacle event	Quarterly

Diffusion of Eco-friendly Work Culture

Company-wide Bulk Purchase System of Eco-friendly Paper

In 2014, the Company established the companywide paper purchase system whereby paper is purchased through electronic procedures in bulk to cover companywide paper requirements rather than individual teams making a purchase of their own. Low-carbon, eco-friendly paper is purchased through the system so that the company can save cost, monitor paper consumption trend, set up a plan to cut paper use, reinforce eco-friendly, sustainability management and better manage detailed indexes for eco-friendly business management. Cost saving effect has been tallied since 2015 and more details on this system is explained on page 78 of this report.

Eco-friendly Transportation Means

Dongbu Insurance is creating a culture encouraging the use of public transportation aimed to prune gas emissions from cars which is one of the main culprits of air pollution. Moreover, the Company encourages employees to use the mass transit system by giving benefits such as public transportation expenses to employees who use public transport means for their business trips.

Energy

Dongbu Insurance purchases electric power from Korea Electric Power Corporation (KEPCO) and use it as its main energy. Its other energy sources are fossil fuels (LNG, diesel and petrol) for heating and emergency power generators. Energy consumption was calculated in accordance with energy calorie conversion standards in an attached table of the Domestic Energy Act revised on December 30, 2011. The Company acknowledges the importance of using renewable energy including bio fuels, solar energy and fuel cells. But we have not yet introduced power generation facilities in consideration of the current situation of the domestic renewable energy market. We will strategically consider introducing such facilities to our major buildings based on the maturity of the domestic market and changing prices of power generation facilities.

Energy Saving Efforts

Dongbu Insurance strives to improve energy use efficiency and minimize GHG emissions per space unit by taking into account the fact that its overall energy consumption has increased due to the continuous expansion of office buildings. To this end, the Company set concrete goals on energy use and measures energy consumption at its nine office buildings including the head- quarters and leased offices across the nation. GHG emissions are estimated by applying coefficient set forth in the IPCC GL 2006. GHG emissions from sales branches and overseas offices are not included.

Direct Greenhouse Gas (GHG) Emissions (Scope 1) – Gas and Fuel

Dongbu Insurance designates air-conditioners and heating boilers, absorption-type water cooler and heaters, emergency generators and corporate vehicles as items that directly emit GHGs. At the same times, the Company is making endeavors to slash direct GHG emissions such as the steady implementation of activities to set limits on temperatures by cooling and heating machines.

Indirect Greenhouse Gas Emission (Scope 2) – Electricity

The Company have been carried out activities to cut indirect GHGs including setting a limit on cooling/heating temperature and turning off lights during non-business hours, and office lightings, the major sources of electric power loads, are replaced with LED.

Wastes Management

Most of the wastes generated from our office buildings are papers and old office supplies. The Company encourages the employees to cut back on unnecessary print outs, reuse printed papers and office supplies, etc. Also, the electronic approval system was introduced for the purpose of substantial reduction of wastes generation in the office environment. Recyclable wasters are separated from wastes for land-fill, so as to reduce wastes in a more systematic manner.

Eco-friendly Insurance Products

Dongbu Insurance leads the low carbon green growth of the insurance industry by actively responding to environmental issues while meeting social needs created by environmental changes. The Company vitalizes the development of eco-friendly financial products by expanding eco-friendly insurance products and service areas. Through these efforts, we support the green industry and improve the employees' awareness of the environment. In 2015, UBI Car Insurance was launched as part of such activities. Going forward, we will steadily develop one or more customized green financial products in accordance with climate change and customer needs a year.

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

SPECIAL ISSUE

Environmental Pollution Liability Insurance

Through close collaboration with the Ministry of Environment, Dongbu Insurance developed the environmental pollution liability insurance policy for the first time in the industry. This product covers liability for damages inflicted on third parties in case pollution accidents occur at business sites subject to mandatory insurance purchases (about 8,800 firms) and those not subject to mandatory insurance purchases (about 4,500 firms) according to the Act on Liability for Environmental Damages and Relief enacted by the Ministry of Environment. The product is slated to hit the market in July 2016.

Performance

Indicator	Unit	2013	2014	2015	Remark
Energy consumption [1]					Goal for 2020: Reducing energy use by 5% compared to 2015
Electric power	MWh	54,114	53,134	52,637	
Gas	m^3	1,195,902	1,117,856	1,172,983	
Kerosene	m^3	139,874	97,843	103,204	
Tap water	m^3	437,614	391,638	384,771	
GHG emission intensity map					Goal for 2020: Reducing Greenhouse gas emission by 5% compared to 2015
Direct CO_2 emissions (gas and kerosene)	tonCO_2eq	3,148	2,884	3,034	All business sites (9 corporate buildings and leased offices in Korea)
Indirect CO_2 emissions (electricity) [2]	tonCO_2eq	22,342	22,114	21,750	All business sites (9 corporate buildings and leased offices in Korea)
Total floor area	m^2	376,775	379,883	373,917	All business sites (9 corporate buildings and leased offices in Korea)
Waste management [2]					
Discharge of landfill waste	ton	991	1,025	947	
Discharge of recycling waste	ton	1,144	1,115	1,101	
Promotion of efficient business trips					
Domestic business trips	Km	2,908,878	3,200,193	2,927,952	

1) In the case of energy consumption and waste management data, we recalculated the data of 2013 and 2014 by changing the scope of collection from whole buildings to sizes of buildings' actually used floors.
2) In the case of indirect CO_2 emissions, we recalculated the data of 2013 and 2014 by changing the conversion factor.

Indicator	Unit	Purchase cost per box	Saving per box	Total savings	Remark
Reduction in paper purchase cost					General paper purchase cost: KRW 20,250
Eco-friendly copy paper purchased in bulk (75g)	KRW won	13,960	6,290	49,238,120	Purchase volume: 7,828 boxes
Eco-friendly copy paper purchased in bulk (80g)	KRW won	14,840	5,410	185,141,020	Purchase volume: 34,222 boxes
Total	KRW won			234,379,140	11,574 boxes in terms of general paper Cost-cutting effects

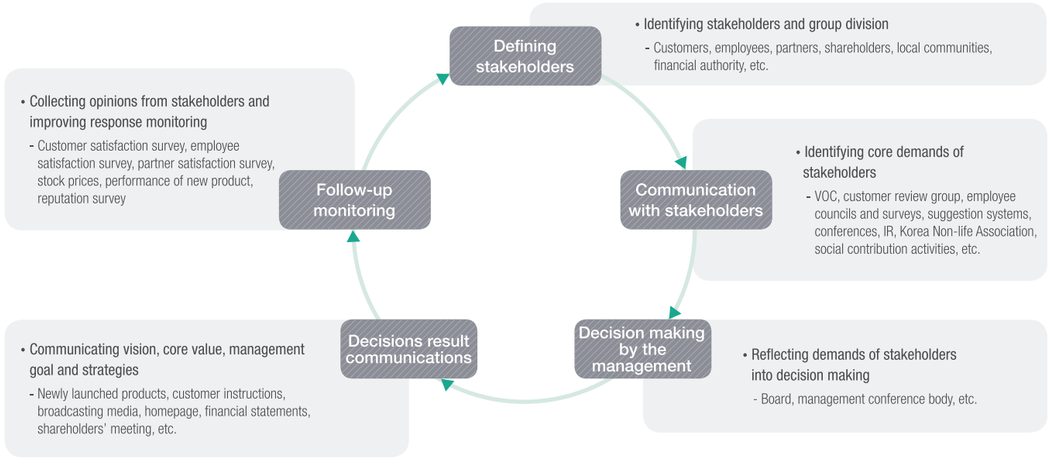
Appendix

Stakeholder Engagement

Stakeholder Communication System

Dongbu Insurance divides core stakeholders who have direct or indirect influence over the company into customers, shareholders, investors, partners and community for definition. Dongbu Insurance looks into key demands of stakeholders to reflect them to decision making process and management strategies. Decisions made by the corporate decision making system are disclosed through a variety of channels that are suitable to characteristics of different stakeholders. Monitoring is also conducted through direct surveys such as internal and external customer satisfaction index(CSI), employee satisfaction survey, family satisfaction index(FSI), online reputation survey system and indirect surveys such as sales performance of newly launched products and stock price movements. The result of monitoring is reflected to the management's decision making for continuous improvement.

Communication Process for Decision Making



Decision Making Process of the Management

Dongbu Insurance makes decisions for important or urgent management issues through the board, committees and management conference body. The company facilitates decision making process through the electronic payment system, and the outcome is shared transparently through the company's portal system where employees can view the information anytime they want. Dongbu Insurance continues to make efforts to enhance its operation system according to changes in management environment and strategies.

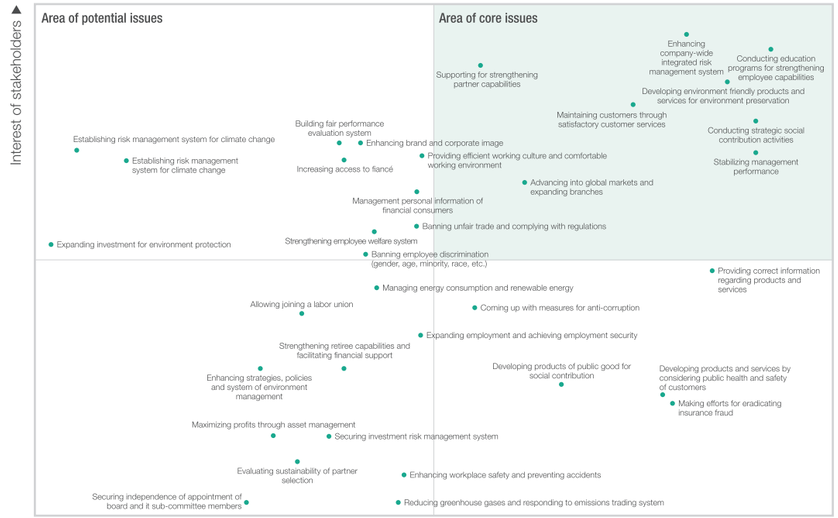
Materiality Assessment

Materiality Assessment Process

Through importance evaluation, Dongbu Insurance identifies core issues that have impact on stakeholders and report them in a transparent manner so that they can be reflected to business activities. Importance evaluation process is conducted based on four steps such as identifying important issues, collecting opinions from stakeholders, selecting core issues, reviewing validity and reporting. And issues to be reported were selected based on different needs of stakeholders and business relevance.

STEP 1. Identifying important issues	STEP 2. Collecting opinions from stakeholders	STEP 3. Selecting core issues	STEP 4. Reviewing validity and reporting
Gathering all the internal issues • Issues in a chronological order • Internal document review Gathering all the external issues • International guideline (GRI G4, ISO 26000) • Industrial characterization index (GRI industrial index, DJSI) • Other issue analysis (media, benchmarking)	Internal stakeholders • Employee survey • Employee interview External stakeholders • External export survey • Collecting issues from different channels of stakeholders	Business connectivity • Finance/Insurance industry connectivity • Alignment with short-/long-term vision Interests of stakeholders • Issues that interest stakeholders • Trend of social issues • Compliance with laws and regulations	Reflecting internal opinions • Cross departments cooperation • Reviewing sustainable management council Reporting core issues • Detailed report of activities and performance to core issues Reporting potential issues • Reporting on the issues continuously and separately managed by the company

Matrix of Materiality Assessment



Area	Issues	GRI items	Reporting key activities and performance
Core issues	1. Enhancing enterprise integrated risk management system	Economic performances	60-62
	2. Conducting education programs for strengthening employee capabilities	Training and education	39-40
	3. Developing environment friendly products and services for environment preservation	Product portfolio	12-13
	4. Maintaining customers through satisfactory customer services	Product and service labeling	28-32
	5. Stabilizing management performance	Economic performances	16-23
	6. Advancing into global markets and expanding branches	Market position	24-25
	7. Conducting strategic social contribution activities	Community and indirect economic effects	46-50
	8. Supporting for strengthening partner capabilities	Training and education	42-44

* Reporting scope: Dongbu Insurance

GRI G4 Index

G4 General & Specific Standard Disclosures Full List

GENERAL STANDARD DISCLOSURE				
Aspect	Aspect	Description	Pages	Additional Information
Strategy and Analysis	G4-1	Statement from the most senior decision-maker	05	
	G4-2	Provides a description of Key impacts, risks, and opportunities	05, 18	
Organizational Profile	G4-3	Report the name of the organization	About This Report	
	G4-4	The primary brands, products, and services	12-13	
	G4-5	The location of the organization's headquarters	About This Report	
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	06	
	G4-7	The nature of ownership and legal form	02, 54	
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	06, 24-25	
	G4-9	Scale of the organization	06-07	
	G4-10	The total number of employees	07, 73	
	G4-11	The percentage of total employees covered by collective bargaining agreements	GRI Index	All employees except for registered directors according to employment regulations
	G4-12	The organization's supply chain	09-10, 42-45	
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	07	
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	60-62	
	G4-15	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	05, 55, 87	CDP, UNGC
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	88	
Identified Material Aspects And Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	About This Report	
	G4-18	The process for defining the report content and the Aspect Boundaries	80-81	
	G4-19	List all the material Aspects identified in the process for defining report content	81	
	G4-20	For each material Aspect, report the Aspect Boundary within the organization	81	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	81	
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	GRI Index	Included relevant information
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	GRI Index	None Significant changes
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	80	
	G4-25	Basis for identification and selection of stakeholders with whom to engage	80	
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	80	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	80	
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided	About This Report	
	G4-29	Date of most recent previous report (if any)	About This Report	
	G4-30	Reporting cycle (such as annual, biennial)	About This Report	
	G4-31	Provide the contact point for questions regarding the report or its contents	About This Report	
	G4-32	Report the 'in accordance' option the organization has chosen	About This Report	
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	84-85	
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body	52-55	
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	56-59	

SPECIFIC STANDARD DISCLOSURE				
Aspect	Indicator	Description	Pages	Additional Information
Economic Performance	EC1	Direct economic value generated and distributed	07, 64-69	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	62, 76-78	
	EC3	Coverage of the organization's defined benefit plan obligations	72	
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	41	
	EC6	Proportion of senior management hired from the local community at significant locations of operation	73	
Indirect Economic Impact		DMA	46	
	EC7	Development and impact of infrastructure investments and services supported	46-50	
	EC8	Significant indirect economic impacts, including the extent of impacts	46-50	
Procurement Practices		DMA	42	
	EC9	Proportion of spending on local suppliers at significant locations of operation	75	
Materials	EN1	Materials used by weight or volume	78	
	EN2	Percentage of materials used that are recycled input materials	76, 78	
Energy		DMA	76	
	EN3	Energy consumption within the organization	77-78	
	EN4	Energy consumption outside of the organization	77-78	
	EN5	Energy intensity	78	
	EN6	Reduction of energy consumption	77-78	
	EN7	Reductions in energy requirements of products and services	77-78	

SPECIFIC STANDARD DISCLOSURE				
Aspect	Aspect	Description	Pages	Additional Information
Emissions		DMA	76	
	EN15	Direct greenhouse gas (GHG) emissions (scope 1)	77-78	
	EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	77-78	
	EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	77-78	
	EN18	Greenhouse gas (GHG) emissions intensity	77-78	
	EN19	Reduction of greenhouse gas (GHG) emissions	77-78	
Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services	12, 77	
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI Index	No punishment
Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	76, 78	
Overall	EN31	Total environmental protection expenditures and investments by type	47	
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	73	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	71-73	
	LA3	Return to work and retention rates after parental leave, by gender	71, 73	
Labor/Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	37-38	
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	72	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	72	
	LA8	Health and safety topics covered in formal agreements with trade unions	72	
Training and Education		DMA	36	
	LA9	Average hours of training per year per employee, by gender, and by employee category	39-40, 73	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	72	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	41	
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	52, 73	
Equal remuneration for women and men	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	41	
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	72	
Investment		DMA	56	
	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	56	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	45, 56	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	GRI Index	No discrimination
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	37-38	
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	87	
Forced of Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	87	
Assessment	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	56-58	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	72	
Local Communities		DMA	46	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	46-50	
	SO2	Operations with significant actual and potential negative impacts on local communities	46-50	
Anti-corruption	SO4	Communication and training on anti-corruption policies and procedures	56	
	SO5	Confirmed incidents of corruption and actions taken	58	
Anti-competitive Behavior		DMA	56	
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	57	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	GRI Index	No punishment
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	72	
Customer Health and Safety	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	GRI Index	No violation incident
Product and Service Labeling		DMA	33	
	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	33	
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	GRI Index	No violation incident
	PR5	Results of surveys measuring customer satisfaction	30	
Marketing Communications	PR6	Sale of banned or disputes products	GRI Index	No relevant product
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	GRI Index	No violation incident
Customer Privacy		DMA	34	
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	GRI Index	No complaint
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	GRI Index	No violation incident
Product Portfolio		DMA	12	
	FS7	Monetary value of products and services designed to deliver a spexific social benefit for each business line broken down by purpose	12	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	77	
	FS11	Percentage of assets subject to positive and negative environmental or social screening	21	

Third Party's Assurance

Introduction

Dongbu Insurance Co., Ltd. (hereinafter referred to as "Dongbu Insurance") commissioned DNV GL Business Assurance Korea Ltd. (hereinafter referred to as "DNV GL"), part of DNV GL Group, to undertake independent assurance of the 'Dongbu Insurance Integrated Report 2016' (the "Report"). The directors of Dongbu Insurance have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of Dongbu Insurance in accordance with the terms of reference. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope of Assurance

The scope of assurance included a review of sustainability activities and performance data over the reporting period 1st January to 31st December 2015. This included:

- Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Verification of disclosures to check the Report is prepared 'In accordance' with the GRI Guidelines G4 (Core option) (Verification on aggregated level of data and activities that refers to the period between January and December in 2015)
- Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

Basis of Our Opinion

We performed our work using DNV GL's assurance methodology VeriSustain™[1], which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out in May 2016. The site visits were made to Dongbu Insurance Head office. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Interviewed representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system and associated reporting systems as they relate to selected content and performance data;
- Reviewed the outcomes the materiality assessment report.

Limitations

The engagement excludes the sustainability management, performance and reporting practices of Dongbu Insurance's associated companies, subsidiaries, suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (http://dart.fss.or.kr) as well as Dongbu Insurance's website (http://www.idongbu.com). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for Environmental and Social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

[1] The VeriSustain protocol is available upon request at www.dnvgl.com/assurance/reporting/verification.html

Opinion and Observation

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4 nor is prepared 'in accordance' with GRI G4 Core option. Further opinions with regards to the adherence to the following Principles are made below;

Stakeholder Inclusiveness

Dongbu Insurance has identified internal and external stakeholder groups such as Customer, Shareholder & Investors, Employees, Business partners and Local Communities. The Report presents the stakeholder engagement process. Continuous monitoring the stakeholders' opinion has been carried out using the direct and indirect methods such as stakeholder satisfaction survey and new product sales performance. Dongbu Insurance has identified key issues and impacts on each other, through various channels with stakeholder at company and business unit levels.

Sustainability Context

Dongbu Insurance implemented the project for improving sustainability competitive advantage in 2015 based on the management vision and strategies and established the medium and long term (2015~2020) sustainability management roadmap. Performances on the material issues are reported in the sustainability context under the medium and long term sustainability strategy. It is recommended to report how the specific outcomes from the strategic tasks contribute more to sustainability.

Materiality

The Report presents the materiality assessment process. The relevant issue pool was formed from internal (last year issues and internal documents, etc.) and external sources (GRI guideline, industry specific index (GRI sector supplement and DJSI survey questionnaire), media research and analysis of industry peer group report), and material issues were prioritized by combining the business impact and stakeholders interest. The audit team has reviewed and confirmed that the material issues determined from the materiality assessment process have been included in the report.

Completeness

The Report covers sustainability aspects of economic, environmental and social impacts. Dongbu Insurance discloses information on its activities and decisions on the material sustainability issues for the reporting period. The audit team has not observed that the material information is intentionally omitted that may influence the decision making process of stakeholders. However, the principle of completeness could be improved by reporting meaningful data fit for purpose of the Report rather than reporting as many as environmental indicators.

Accuracy and Reliability

Any errors and misstatements identified during the engagement were corrected prior to the Report being published. The audit team observed that data and information in the report were accurate and reliable in general.

Competence and Independence

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

10 June 2016
Seoul, Korea

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

DNV·GL

Verification Statement Greenhouse Gas (GHG) Inventory

No.: AS_PRJC-537817-2015-AST-KOR

Dongbu Insurance Co., Ltd.

Introduction

DNV GL Business Assurance Korea Ltd. (“DNV GL”) was commissioned by Dongbu Insurance Co., Ltd. (“Dongbu Insurance”) to verify the Dongbu Insurance’s Greenhouse Gas Inventory Report for the calendar year 2015 (“the report”) based upon a limited level of assurance. Dongbu Insurance is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004 and the principles set out in ISO 14064-1:2006. Our responsibility in performing this work is to the management of Dongbu Insurance only and in accordance with terms of reference agreed with them. DNV GL expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1) and Energy indirect emissions (Scope 2) from the Dongbu Insurance boundary of the report;

- GHG emissions under verification : GHG emissions from 2015
- Organizational boundary for reporting : Dongbu Insurance’s 9 office building (Financial Center, Dongjadong, Chodong, Data center, Yeoju, Dong-nae, Daegu, Gwangju, Masan) and leased offices

Verification Approach

The verification has been conducted by DNV GL from May through June 2016 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process:

- We have reviewed and verified the Dongbu Insurance’s Greenhouse gas inventory tool
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification core elements, it is DNV GL opinion that the data and the information reported in the GHG assertion are free of errors, omissions and misrepresentations providing a fair and balanced quantification, in compliance to the above reported verification criteria.
The GHG Emissions of Dongbu Insurance for the year 2015 were confirmed as below;

Greenhouse Gas Emissions of Dongbu Insurance from Yr 2015

(Unit: ton CO_2 equivalent)

Dongbu Insurance	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
Year 2015	3,035	21,750	24,785

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 tCO_2.
※ Total emissions = Scope 1 + Scope 2

10th June 2016

Lead Verifier **Se-Hee Park**

Country Manager **In-Kyoon Ahn**

DNV GL Business Assurance Korea

This Assurance Statement is valid as of the date of the issuance (10th June 2016). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of Dongbu Insurance is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

UN Global Compact

Dongbu Insurance officially disclosed its will to honor the UNGC’s ten principles and vowed to put them into practice by becoming a member of the UN Global Compact in November 2011.

Classification	Principle	Activities
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Championing human rights protection by joining UNGC
	2. Businesses should make sure they are not complicit in human rights abuses.	• Internal control activities • Human rights and ethical education for employees • Reinforcement of customer information safeguard
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Holding Dynamic Leader Conference • Meeting with CEO
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	• Ban on forced labor
	5. Businesses should uphold the effective abolition of child labor.	• Ban on child labor
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Operation of grievance system • Operation of fair evaluation system
Environment	7. Businesses should support a precautionary approach to environmental challenges.	• Donation to environmental model school • Establishment of environmental guidelines • Participation in Carbon Disclosure Project (CDP)
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Spearheading energy saving campaign • Participation in green sports movement • Use of recycled toners and goods
	9. Businesses should encourage the development and diffusion of environment friendly technologies.	• Development of Special Evergreen Car Insurance Policy • Development of special contract involving use of eco-friendly parts in car insurance • Development of carless day special contract in car insurance
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• All employees sign pledges of ethical & legal conduct • Operation of Love Auction Program • Operation of whistle-blowing system

Memberships in Associations and Organizations

National Quality Award (NQA) Winners
Builds a network of companies which won world-class national quality prizes Benchmarks global standards

Federation of Korean Industries
Exchanges of opinions and networking among companies

Korean Non–Life Insurance Association (KNIA)
Deals with industry issues and pushes for joint projects for public good

Korean Fire Protection Association
Prevents fires, checks fire warning facilities, offers research and education on fire-related issues

CFO Forum
Builds global CFO networks, suggests opinions on company management and capital market, implements ethical management

Korea Personnel Improvement Associate
Builds networks to share information on personnel and education and training issues

Association of Listed Firms in Korea
Exchanges opinions and protects rights and interests

Korean Association of Business Ethics
Shares examples of excellent ethical management

BEST Forum
Shares examples of excellent ethical management and conducts research on sustainable management

Korean Insurance Academic Society
Studies theories, laws, regulations, and actual operations of the insurance industry/collects and applies research data

Korea Management Association
Exchanges information for management innovation and stronger competitiveness

Korea Employers Federation
Exchanges opinions on major issues including labor relations

Financial Security Agency
Exchanges various information protection activities such as preventing and coping with financial security accidents

Korea Financial Information Protection Council
Exchange opinions with financial institutions and supervising organizations to protect information

Dongbu Insurance History

1962 - 1995
1962. 03 Founded Korea Public Automobile Insurance Company
1968. 11 Dissolved Korea Public Automobile Insurance Company and established Public Automobile Insurance Co.
1976. 05 Introduced, for the first time in Korea, unlimited coverage liability insurance for car owner indemnity, a precursor of current automobile insurance
1983. 05 Dongbu Group acquired the managerial right of the company
1984. 02 Began selling all lines of non-life insurance products except for guarantee insurance
1984. 10 Opened a branch in Guam
1995. 10 Renamed to Dongbu Insurance Co., Ltd.

2001 - 2009
2002. 09 Adopted PROMY as its auto insurance brand
2004. 02 Launched motorbike-based “PROMY SOS Speed Service” (the industry’s first)
2004. 07 Sales of direct automobile insurance commenced as a strategic alliance with Tesco Homeplus
2005. 01 Launched Best Life Accident Insurance through Hyundai Home Shopping
2005. 10 Established the Dongbu Promy Basketball Team
2006. 04 Opened the Hawaiian branch
2006. 05 Introduced Promy Life, a long-term insurance brand
2006. 07 Established an office in China
2007. 01 Opened Call Center in Jeonju
2007. 12 Acquired patent of BM (Business Method) in claim handling
2008. 01 Rated ‘BBB+’ by S&P for two consecutive years and Rating Outlook was adjusted upward from ‘Stable’ to ‘Positive’
2008. 01 Certified of ‘Excellence in Consumer Complaints Management System, CCMS’ for H2, 2007
2008. 08 Took over Dongbu Securities as a subsidiary
2008. 09 The Risk Management Research Center obtained an ISO 14001 certificate, a first for an insurance company in the world
2008. 12 Rated A (Excellent) by A.M.Best
2009. 01 Certified as ‘the Best Financial Company with Outstanding Consumer Protection Program’ by FSS
2009. 02 Won an ISO 27001 certificate
2009. 04 Rated First Grade of Customer Complaints Handling by FSS for five consecutive years
2009. 04 Dongbu commercial claims handling service acquired ISO 9001 certification, a first for a Korean non-life insurance company
2009. 08 The Risk Management Research Center acquired OHSAS 18001 certification, a first for the risk management area in the world insurance industry
2009. 09 Included as a member of the 70 companies in the SRI of the Korea Stock Exchange
2009. 12 Opened the LA branch

2010 - 2016
2010. 01 Completed the construction of the Jukjeon Data Center
2010. 01 Certified as ‘2010 Excellent Company in Customer Complaint Management System (CCMS)’ by Fair Trade Committee
2010. 02 Completed construction of its Risk Based Capital (RBC) system
2010. 10 Announced a new slogan, ‘Dynamic Dongbu’
2011. 05 Approved to start business in New York
2011. 09 Established office in Vietnam
2011. 10 Opened New York branch
2011. 11 Joined UN Global Compact
2012. 01 Certified CCM (Customer Centered Management)
2012. 09 Made a green consuming agreement with the Department of the Environment
2012. 10 Total asset reached KRW 20 trillion
2012. 10 Announced new vision, “A global insurance finance group which pursues happy society with the customers”
2012. 10 Selected as ‘the Best Industry Company in Korea of Dow Jones Sustainability Index’ for 4 consecutive years.
First in the nation to be selected as Asia-Pacific Index
2013. 03 Certified with Green Management System KSI 7001/7002 (First in the domestic insurance industry)
2013. 04 Reached KOSPI 200
2013. 06 Rated A- by S&P
2013. 07 Certified with WA (Web Approach) in relation to banning discrimination on the disabled
2013. 09 Selected to be in the World Index by Dow Jones Sustainability Index (First in the domestic insurance industry)
2014. 01 Selected as a global leader group, “Bronze Class” by SAM for 3 consecutive years
2014. 05 Established ‘Dongbu financial services
2014. 09 Selected to be in the World Index by Dow Jones Sustainability Index
for 2 consecutive years (First in the domestic insurance industry)
2015. 04 First tier in ‘civil complaint occurrence’ evaluation by FSS
2015. 07 Won Grand Prize at Korea Service Awards of Korea Standards Association for 6 consecutive years
2015. 09 Included in World Class of Dow Jones Sustainability Index for 3 years running for first time as Korean non-life insurer
2015. 11 Won Presidential Citation at National Quality Competition for first time in financial industry

Major Accolades

Won Grand Prize (Presidential Citation) at National Quality Competition for First Time in Financial Industry

Korea Standards Association

The Grand Prize at the National Quality Competition has the highest authority in Korea and is given to groups which contributed to the enhancement of the government's projects via quality management innovation activities. Dongbu Insurance was honored with the Grand Prize for the first time not only in the Korean service industry but in the Korean financial industry at the 2015 National Quality Competition.

Enlisted in Dow Jones Sustainability Index for Three Straight Years for First Time as Korean Non-life Insurer

S&P, Dow Jones and RobecoSaM

The Dow Jones Index of the US and SAM, a sustainability management evaluation organization in Switzerland select global standard enterprises in the DJSI World by assessing overall management activities of 2,495 companies around the world in terms of corporate governance, economy, society and the environment among others. The DJSI World is the most objective index about sustainability management. Dongbu Insurance was included in the DJSI World of the 2015 Dow Jones Korea Sustainability Index evaluation, which means that the non-life insurer was enlisted three years in a row for the first time in the Korean non-life insurance industry.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

- 2016 Consumer-Centric Management (CCM) certificate
- Prize of FSC at 4th MTN's Financial Awards in Era of Living to 100 Years of Age
- Grand Prize in Non-life Insurance Category at Korea Social Media Awards
- Grand Prize in Non-life Insurance Category at 2015 App Award Korea 2015
- Grand Prize in Consumer Rights Protection Category at Asia Today Financial Awards
- Grand Prize in General Category at Korea Service Awards (6 straight years)
- First-Place Prize in Long-term Insurance Category of 2015 Korea Service Quality Index
- Best Company in Terms of Customer Complaints by FSC in 2014
- Korea's Best Call Center in 2015 KSQI
- Best ARS Service Operation Organization
- Number-one in Customer Satisfaction in Car Insurance
- Minister of Employment and Labor's Equal Opportunity Employer Prize in 2014



Dongbu Insurance

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