

2016 SAMSUNG LIFE INSURANCE INTEGRATED REPORT

SAMSUNG LIFE INSURANCE

SAMSUNG

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Cover Story

Samsung Life Head Office on a Spring Day



In August 2016, Samsung Life relocated its head office from Taepyeong-ro, where it had operated for 32 years, to Seocho-dong, starting a new history yet again.

The cover shows the new Samsung Life building in Seocho-dong, which embraces a bright, dynamic and hopeful image to pursue new advancements.

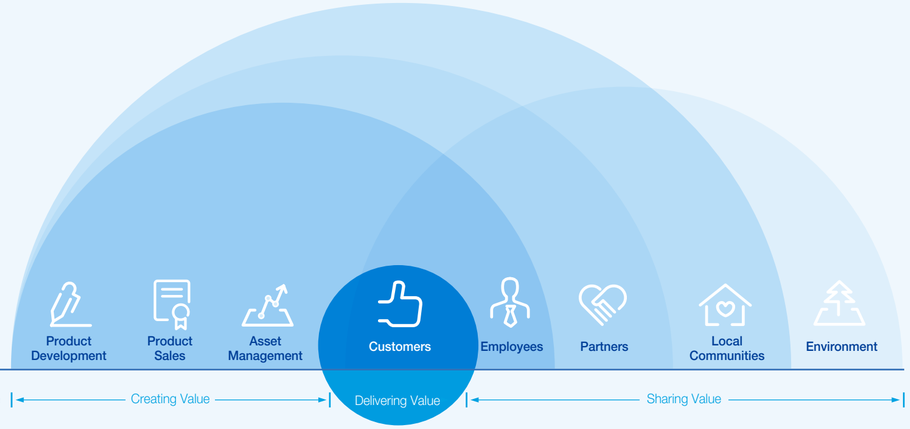
Relocation Story (38~39p)

Sustainability Reporting

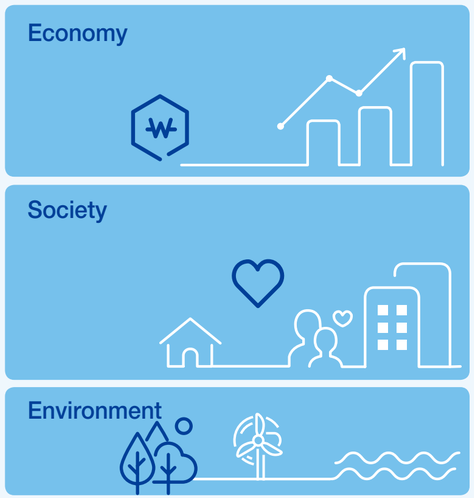
Samsung Life has been reporting on its financial and non-financial performance results according to its value chain and medium- and long-term business strategies. We hope to communicate further with our stakeholders about Samsung Life's efforts and performance on sustainable growth.

Efficient Use of Capital

- Increase assets and values of our customers and the company
- Expand the global network and business
- Use our accumulated know-how and system for customer satisfaction
- Train and reward employees and consultants
- Actively communicate with stakeholders through social contribution, etc.
- Use paper and energy efficiently



Outcomes by Category



Sustainability Indicators		Unit	2014	2015	2016
Creating Value	Total assets	KRW trillion	214	230	264
	Customers	10,000 people	821	823	823
	Credit rating of insurer's solvency margin	-	AAA	AAA	AAA
	Sales volume of protection products (based on premium income)	KRW trillion	11.0	11.9	12.6
	Annual Premium Equivalent (APE)	KRW trillion	3.87	3.56	3.21
	RBC (solvency) ratio [1]	%	369	336	302
	Operating ratio of Samsung Life agents [2]	%	90.4	90.3	88.1
Customer Satisfaction	National Customer Satisfaction Index (NCSI)	-	Ranked No.1	Ranked No.1	Ranked No.1
	13th month persistency rate	%	90.1	89.6	89.2
	Claims payment within 24 hours	%	73.3	76.4	77.3
	Total amount of claims paid [3]	KRW trillion	12.2	12.6	13.3
	Mis-selling ratio [4]	%	0.23	0.20	0.09
Shared/ Win-win Management	Amount of social contribution donation and activity	KRW billion	62.3	77.7	72.4
	Employees' voluntary activity participation rate	%	92.1	95.4	92.6
	Volunteer hours per employee	Hours	13.1	11.9	11.8
	Accumulated number of trainees completing the Junior CEO program	Persons	622	777	930
Environmental Preservation	New investment agreement for green business	KRW trillion	0.9	1.1	1.4
	Greenhouse gas emissions per unit area	$tCO_2eq/1,000m^2$	76	75.2	73.1
	Amount of paper usage	Tons	1,223	1,128	1,158
	Amount of eco-friendly products purchased [5]	KRW billion	2.6	3.1	4.2

1) RBC (Risk Based Capital) : Calculated by applying solvency guidelines (Article 7-2 of the Regulation on Insurance Supervision) implemented since April 1, 2009
2) Operating ratio of Samsung Life agents: This refers to the ratio of consultants who sold more than one insurance product per month. Starting from this term, the number of operating agents for Samsung Life was converted to the operating ratio of Samsung Life agents as an index reported and managed on-site.
3) Total amount of claims paid : Data for 2014 and 2015 modified as a result of the inclusion of special accounts
4) Mis-selling ratio : Based on consultants, life insurance industry average is 0.35%
5) Amount of eco-friendly products purchased : Amount of equipment purchased under eco-friendly conditions

This Report Contains Samsung Life's Commitment to Sustain for the Coming Century.

As Korea's leading insurance company for the past 60 years, Samsung Life aims to become a highly respected global company. Based on our strong commitment to uphold the noble value of insurance, we are continuously implementing quality- and value-based business activities, and giving back the love that we have received from our customers.

Insurance is Love People, Love

CEO Message

"Nurturing people with greater love to build better financial security" This is the commitment we make to our customers by providing our insurance products.



Dear Stakeholders,

This is a meaningful year for Samsung Life as we celebrate our 60th anniversary. The past 60 years of Samsung Life have been a history of challenges and developments to wisely overcome numerous difficulties and have been synonymous with the footsteps of Korea's insurance industry as a whole. Through this report, Samsung Life will look back at its past activities and performances especially in the previous year and share its goals and direction for advancing as a global top-tier company for the next 100 years.

2016 has been a year of a rapid paradigm shift in the insurance industry as a result of the continued trends of low interest rates and growth, introduction of new solvency standards and international financial reporting standards (IFRS17) and acceleration of the fourth industrial revolution. In actively responding to such changes, Samsung Life has dedicated its efforts to shift its management frame and employees' awareness to focus on quality and value under the consistent goal of "maximizing corporate value through qualitative growth." By doing so, Samsung Life has enhanced operational efficiency by improving upon customary operating practices and settled management culture to focus on profit and loss, and thus solidified a profit base with which to overcome difficulties posed by prolonged low interest rates. In addition, Samsung Life has been focusing on preparations and investments for future growth by establishing an advanced system, discovering new growth engines, and exploring business opportunities abroad.
Based on such accomplishments, Samsung Life was listed on the Dow Jones Sustainability Index (DJSI) World, the world's most prestigious sustainability index. The company was selected by the DJSI for five years in a row, the first insurance company in Korea to accomplish such a feat. All employees of Samsung Life are well aware that only a company that is selected by customers can survive and grow. Thus, rather than finding satisfaction with our current achievements, Samsung Life will further accelerate qualitative growth in 2017 by using the frame it has established on the basis of customer-oriented management.

Stabilizing Quality- and Value-based Management

Samsung Life will create performance based on its quality of management by accelerating qualitative growth and stabilizing value-based management. First of all, Samsung Life will improve stability of its profit base by fortifying mid- to long-term insurance profits and maximizing the return on assets. As for marketing channels, which are the company's core competitive power, Samsung Life will accelerate innovation of its business constitution by strengthening our product portfolio to center on profitability, innovating the platform of exclusive marketing channels and increasing competitiveness of our strategic channels. At the same time, based on qualitative management performance, Samsung Life will realize management of a virtuous cycle to continuously achieve profits and growth.

Establishing a Field-oriented and Dynamic Corporate Culture

Samsung Life's competitive power emanates from its operating sites where employees come into direct contact with customers. Therefore, Samsung Life supports all operations so that its various strategies and decision-making processes are carried out in a field-oriented fashion. In particular, in line with providing field-oriented support at the appropriate eye level to enable all employees to efficiently display their full competencies in the field, Samsung Life is innovating its business constitution to focus on values. Samsung Life will continue to build a future-oriented and energetic organization by creating a working environment to prioritize the fields and to emphasize the spirit to take on challenges.

Accelerating Implementation of Management Innovation Activities

In the area of insurance sales, Samsung Life will develop differentiated competitive power by providing training and support to financial consultants according to their competency levels and develop the consultants into highly efficient financial consulting and marketing channels. With respect to the screening for and payment of insurance premiums, Samsung Life will make efforts to establish a sound insurance culture by placing the highest importance on customer values through simplification of the insurance premium payment process and prevention of illegal insurance claims. In addition, for the purpose of developing business models and areas to be equivalent to those of advanced companies, Samsung Life will achieve its innovation tasks, and thus build a differentiated insurance platform and gradually expand its asset management competitiveness and overseas business competencies.

Dear Stakeholders,
The domestic and global business environments are expected to face further difficulties in the coming year. However, Samsung Life has differentiated experiences and competencies, which have been accumulated throughout its 60-year history, and a clear goal to "advance as a global top-tier insurance company with the highest values." Including myself, all employees of Samsung Life will recognize the difficult conditions as opportunities and continuously promote quality and value-centered innovation in order to actively perform its role as a corporate citizen to share the love it has received from customers with society. I look forward to your continued interest in the path Samsung Life will take in the future. Once again, I would like to extend the deepest gratitude to all stakeholders who have supported Samsung Life.

May 2017
President & CEO Chang-soo Kim 金彰洙

2016 Highlights

Samsung Life's key sustainable management activities and outcomes in 2016

38p

Starting the Era of the Seocho Office for the Next 100 Years

In August 2016, Samsung Life started the era of the Seocho Office for the next 100 years by relocating its head office from Taepyeong-ro, where it had operated for 32 years, to Seocho-dong.



84p

Ranked No. 1 in the National Customer Satisfaction Index (NCSI) for 13 Consecutive Years

In 2016, Samsung Life has solidified the top position in the NCSI survey, which it has maintained for 13 consecutive years, by providing differentiated services for customer satisfaction and rapid and accurate claim payment.



43p

Retirement Pension Reserves Exceeding KRW 20 Trillion

In the retirement pension market, which is forecast to record high growth, Samsung Life has climbed to the top position by recording a retirement pension reserve amount over KRW 20 trillion as the first in the financial industry by providing competitive products and services.



55p

Holding a "Challenge Fair" Targeting New Employees

Samsung Life holds a "Challenge Fair" for employees who have been working in the company for less than one year so as to share the company's vision with them and to motivate them in pursuing their career at Samsung Life by presenting stories of challenge and passion as well as lectures by the CEO.





Expanding BIB to Provide Comprehensive Financial Consulting Service

Samsung Life provides comprehensive financial consulting service by expanding BIB (branch in branch), a differentiated model to cover not only life insurance, but also indemnity insurance, credit card and securities services, to all branches.

26p



Innovating Business Constitution for Quality- and Value-based Management

Samsung Life is innovating its business practices from the past and is transforming its business constitution to focus on values.
In addition, it provides "eye-level" support for all competencies in the field.

42p



Listed on the Dow Jones Sustainability Index (DJSI) World for 5 Consecutive Years

Samsung Life is the first Korean insurance company to be listed on the DJSI World for five consecutive years. With this, Samsung Life's sustainability management was recognized as the top global standard.

84p



Launching "Customer-love Senior Service"

In line with the accelerated trend of aging, Samsung Life has launched four services for customers over the age of 65. With the happy call service and an information sheet designed exclusively for senior customers, Samsung Life has improved customer satisfaction by offering specialized senior service covering all stages from insurance purchase to policy retention.

35p



Family-friendly Company, a Labor - management Cooperation Project

Samsung Life organized a wide range of programs for employees and their families through labor-management cooperation, such as a weekend camp, a safety experience training program and Love Parents Trip, which presented unforgettable memories to the employees and their families.

55p



Strengthening Sharing Management

Samsung Life provided a high-quality educational environment to pre-school children by opening the Joint Childcare Center. In addition, it helped teenagers understand the concept of finance and the necessity of saving and insurance by launching a financial educational program.

58p

Our Company

A global life partner focused on customer benefits in order to nurture people with greater love towards building better financial security

Since its foundation in 1957, Samsung Life has been delivering the inherent values of insurance to customers and to society and writing a new chapter of Korea's life insurance industry. Based on the past 60 years of ceaseless challenges and pioneering, Samsung Life will start a new history in the insurance and financial industry by competing with the global leaders.

Nurturing People with Greater Love to Build Better Financial Security

Samsung Life believes its true value is to support customers as they care for their loved ones. Samsung Life strives to create and deliver the noble value of happiness and love to its customers and to society under the firm belief that the insurance industry is rooted in people's love for their families.

Global Life Partner Focused on Customer-Benefits

Samsung Life delivers the highest customer values that transcend the Korean market, reaching people beyond the borders and around the world. While moving forward as a reliable life partner, Samsung Life aims to become a leading global insurance company that puts customer value first.

Company Overview

Name	Samsung Life Insurance Co., Ltd.
Head Office	11, Seocho-daero 74-gil, Seocho-gu, Seoul, Republic of Korea
CEO	Chang-soo Kim
Date of Establishment	May 5, 1957
Corporation Type	Company limited by shares
Key Businesses	Insurance, retirement pension, loan, fund, trust
Global Network	Korea, United States, Myanmar, Vietnam, UK, Japan, China, Thailand
Website	http://www.samsunglife.com

Key Performances (as of the end of 2016)

264 trillion won — Total Assets

8.23 million — Customers

AAA for 13 consecutive years — Credit rating of insurer's solvency margin

13.3 trillion won — Total amount of claims paid

Expansion of Overseas Businesses

Samsung Life is actively promoting overseas businesses through its global network comprised of 12 bases in 7 countries. Samsung Life will go beyond Korea to world to enhance the value of more customers.

2020 Vision

Samsung Life redefined its business concept related to life insurance and transformed into a customer-oriented company, to achieve the goal of becoming one of the world's top 15 life insurers by 2020 based on its medium- and long-term strategies.

Samsung's Management Philosophy + **Business Concept of Life Insurance**

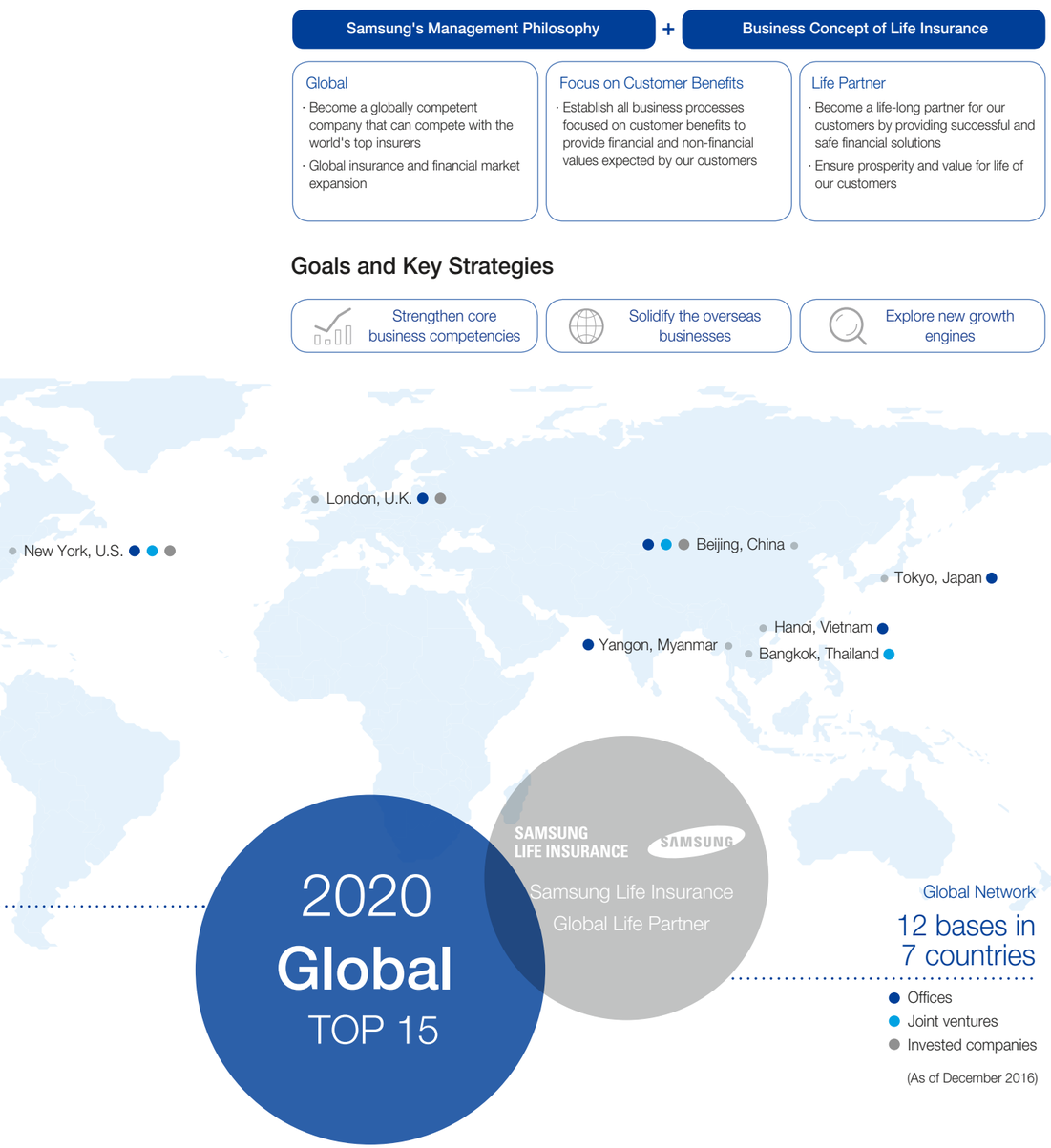
Global
- Become a globally competent company that can compete with the world's top insurers
- Global insurance and financial market expansion

Focus on Customer Benefits
- Establish all business processes focused on customer benefits to provide financial and non-financial values expected by our customers

Life Partner
- Become a life-long partner for our customers by providing successful and safe financial solutions
- Ensure prosperity and value for life of our customers

Goals and Key Strategies

- Strengthen core business competencies
- Solidify the overseas businesses
- Explore new growth engines



Sound Corporate Governance

Roles and Status of BOD

"Samsung Life is transparently disclosing the BOD operating standards, procedures, decisions articles of incorporation and internal governance rules on the company's website."

The Board of Directors (BOD), which is Samsung Life's top decision-making entity, deliberates on and approves basic business policies and key management issues, as well as individual agenda as stipulated in the corporate bylaws and its Articles of Incorporation including agendas delegated through the Annual General Shareholders' Meeting. Samsung Life's BOD is comprised of a total of seven members, of whom there are three internal and four independent directors, as of March 2017. Independent directors are selected transparently through the Candidate Recommendation Committee. We do not discriminate on the basis of gender, religion, race, etc. Independent directors equipped with expertise make up a majority of the BOD members, providing a function to keep the BOD in check. In addition, for balanced and objective decision making to keep both internal and independent directors in check, the chairman of the board's position is separated from that of the CEO. Moreover, by holding regular and extraordinary meetings, the BOD strives to supplement insufficiencies and maximize the expertise of each member, and thus to efficiently resolve various tasks and challenges the company faces.

Samsung Life complies with the principles of governance set out in the related laws by reflecting provisions of the "Act on Corporate Governance of Financial Companies" enforced in August 2016 in its Articles of Incorporation.

BOD Composition





	Name	Career	Tenure
Independent Directors	① Jun-young Kim / Chairman of the Board	The 19th President of Sungkyunkwan University (Jan. 2011 - Jan. 2015) The 17th Chairman of the Korean Association of Public Finance (Apr. 2001 - Jun. 2002)	2 years
	② Doo-cheol Kim	Vice President, Sangmyung University Cheonan Campus (Apr. 2013 - Dec. 2013) Chairman, Korean Insurance Academic Society (May 2012 - May 2013)	3 years and 9 months
	③ Yong-ro Yoon	President, Korea Exchange Bank (Feb. 2012 - Mar. 2014) Vice Chairman, Financial Supervisory Commission (Feb. 2007 - Dec. 2007)	2 years
	④ Kyung-wook Hur	Ambassador, Permanent Delegation of the Public of Korea to the Origanisation for Economic Co-operation and Development (OECD) (Apr. 2010 - May 2013) Vice Minister of Strategy and Finance (Jan. 2009 - Apr. 2010)	1 year
Internal Directors	⑤ Chang-soo Kim / President & CEO	President and CEO, Samsung Life Insurance (Jan. 2014 - present) President and CEO, Samsung Fire & Marine Insurance (Dec. 2011 - Nov. 2013)	3 years and 2 months
	⑥ Shin-hyeong Choi	Internal Director, Samsung Life Insurance (Mar. 2014 - Mar. 2016, Mar. 2017 - present) Vice President, CPC Strategy Division, Samsung Life Insurance (Jun. 2015 - present)	2 years
	⑦ Dae-hwan Kim	Internal Director, Samsung Life Insurance (Mar. 2016 - present) Executive Director, Management Support Division, Samsung Life Insurance (Dec. 2015 - present)	1 year

(As of shortly after the General Shareholders' Meeting in March 2017)

Key Resolutions (2016)

1) Financial impact analysis and comprehensive response planning in accordance with the introduction of IFRS17
2) Revision of internal control standards
3) Head office relocation
4) Management performances in 2016 and management planning for 2017

Operation of BOD

In addition to regular quarterly meetings, Samsung Life convenes extraordinary meetings whenever needed. Samsung Life defines its independence through the resolution methods specified in the BOD's regulations. A transaction between a director and the company or appropriation of a company's opportunity by a director must be resolved with at least two-thirds of the votes in favor from the directors. As for a credit offering or a transaction in an amount over KRW 1 billion with a major shareholder, a unanimous vote in favor by all BOD members is required. In 2016, the BOD was convened 15 times with 99% of the incumbent directors attending where 82 agendas were reported and resolved through sufficient discussion and deliberation by the directors.

Independence of the BOD
- An independent director serves as chair of the BOD to act as a liaison between independent directors and management.
- Samsung Life selects Independent Directors in accordance with 'qualifications of independent directors in Article 6 of the Act on Corporate Governance of Financial Companies' to prevent the BOD of director's decision authority from concentrating on a specific person or a specific group, and to select independent directors with abundant expertise and practical experience.

Transparency of Electing Directors
- Considering diversity without discrimination on gender, religion, race, etc. in electing a board of directors
- Both internal and independent directors are appointed by a GSM resolution.
- Candidates for internal directors are recommended by the BOD and those for independent directors are nominated by the Candidate Recommendation Committee.

Expertise of the BOD
- In accordance with the guidelines set out for independent directors, candidates with in-depth knowledge and abundant experiences in relevant fields, such as finance, economy, management and accounting, are selected as the BOD members.
- Major management issues and the latest business trends are provided in order to improve the expertise of the BOD.

Operation of Subcommittees under the BOD

Samsung Life operates a total of 6 subcommittees under the BOD. To ensure efficient and swift decision-making, some functions of the BOD are entrusted to related subcommittees so that every issue of great importance is deliberated on prudently. The key operation processing details including activities performed by subcommittees are disclosed quarterly on a regular basis through the website.

Category	Roles	Members		
		Chairman	Independent Director	Internal Director
Sustainability Management Committee	· Manages and supervises general business operations including sustainability management issues · Deliberates on and resolves general management issues that have passed the BOD	Chang-soo Kim / Internal Director	-	Shin-hyeong Choi Dae-hwan Kim
Risk Management Committee	· Establishes guidelines for risk management in line with management strategies and develops mid- to long-term business plans for risk management system establishment · Decides key management strategies of the company based on risk	Jun-young Kim / Independent Director	Kyung-wook Hur	Shin-hyeong Choi
Compensation Committee	· Evaluates and deliberates on the appropriateness of design and operation of the performance-based compensation system targeting key officers · Decides independent director evaluation criteria	Jun-young Kim / Independent Director	Yong-ro Yoon	Dae-hwan Kim
Related Party Transactions Committee	· Manages important internal transactions between affiliates in order to improve the transparency of company management	Doo-cheol Kim / Independent Director	Yong-ro Yoon Kyung-wook Hur	-
Audit Committee	· Assesses appropriateness of the company-wide internal control system and suggests improvements · Requests reports on company information required for audits	Doo-cheol Kim / Independent Director	Yong-ro Yoon Kyung-wook Hur	-
Candidate Recommendation Committee	· Manages candidates according to their roles, characteristics and expertise for independent directors, auditors and the CEO to be appointed by the GSM or BOD	Jun-young Kim / Independent Director	Doo-cheol Kim	Chang-soo Kim

(As of shortly after the General Shareholders' Meeting in March 2017)

Evaluation and Compensation of the BOD

Compensation for BOD members consists of an annual base salary and a performance-based remuneration that are paid within the limits approved at the annual GSM. At the 2016 meeting, the limit was set at KRW 20 billion (frozen from the previous year) and the amount actually paid out to the BOD members was KRW 3.1 billion. Since 2013, the status of compensation to registered directors earning more than KRW 500 million annually has been disclosed. The compensation amount is calculated according to the executive payroll regulations. Base salaries are calculated depending on the job position of each director and decided by the BOD according to the performance evaluation. As for performance remuneration, it is determined according to other corporate business results. In order to ensure fair compensation to the management and encourage management performance through compensation, Samsung Life operates a long-term incentive plan based on the guidelines set out for a performance-based pay structure.

Sustainability Management System

Samsung Life operates a Sustainability Management Committee and Working Committee under the BOD in order to improve autonomous operation and promotion of fulfillment of the corporate social responsibilities. In April 2012, Samsung Life restructured and expanded the roles of the Management Committee to the Sustainability Management Committee in order to approach key issues of the company from the standpoints of sustainable business and social aspects.



Sustainability Management Committee

Samsung Life's Sustainability Management Committee, which consists of two internal directors including the CEO, is the company's highest decision-making body for sustainability management. This Committee deliberates on and resolves general management issues that are related to the company's mid- to long-term business strategies and plans, while also monitoring and overseeing general business operation matters.



- Discusses company's important investment decisions and asset management, such as real estate purchases
- Shares issues concerning the offices with customers
- Participates in and supports CSR and sustainability-related initiatives
- Reviews key environment-related investment activities
- Sets greenhouse gas reduction and energy saving goals

Sustainability Management Working Committee

Consisting of officers from six working-level departments including HR, asset management and communication, Samsung Life operates the Sustainability Management Working Committee to efficiently implement decisions made by the Sustainability Management Committee in relation to various issues on the company's financial and non-financial operations. The Sustainability Management Working Committee discusses overall sustainability management of the company and participates in the process of reviewing key sustainability issues and publishing integrated report.

Key Resolutions (2016)

1) Sustainability management performances and promotion plans by department
2) Social contribution status and plans
3) Understanding domestic and international investor trends

Integrity Management

Strengthening Integrity Management System

Integrity Management System

Samsung Life is creating an ethical corporate culture based on the philosophy of integrity management and the "Key Implementation Matters," which serves as the company's behavioral guideline.
Since December 2016, it has been operating the Internal Control Committee to ensure the expertise and independence of the internal control organization. With the functions and roles strengthened, the Committee checks for violations to the company's internal control standards.



Regular Inspection

Samsung Life is conducting regular and frequent integrity management inspections to create an ethical corporate culture. We have inspected our customer promotion materials, tasks and compliance management. In addition, an additional inspection was conducted on high-risk departments. As a result of these efforts, anti-corruption cases did not occur in 2016.

Education Performance (2016)

7,072 persons
No. of training participants

42 times
No. of training sessions

* The purpose of the Act is to ensure that public officials, etc. perform their duties in a fair and just manner and to secure public confidence in public institutions by prohibiting improper solicitations to public officials, etc. and by prohibiting public officials, etc. from receiving money, goods, etc. (Promulgated on: May 29, 2016/ Enforced on: November 30, 2016)

Customized Education

Samsung Life provides integrity management training on subjects including behavioral guidelines and anti-corruption to all its employees. Particularly in 2016, we organized and offered training on the prevention of corruption and bribery to our employees and consultants according to the enforcement of the Improper Solicitation and Graft Act*. The training focused on introduction of the Act and the prevention of risks to cause violations of the Act. Through implementation of a Q&A desk, the company received and answered employees' inquiries around the clock.

Integrity Management Culture

Samsung Life performs various activities to spread integrity management culture and build an ethical organizational culture.

Compliance Management
In each team, an executive is appointed as a "compliance manager" to provide training and workshops on the relevant knowledge and regulatory trends.

Compliance Reporting
Through a newsletter named "Compliance News," Samsung Life shares relevant knowledge and success cases with all employees including those at operating sites.

Reporting Channels
Samsung Life operates reporting channels (Intranet, website) in order to prevent and respond to cases of unfair trade, corruption and illegal acts.

Incentives
Assessing and rewarding departments displaying excellent performance in voluntary compliance and compliance managers, Presenting certification plaques to departments, Implementing a daily inspection fast-track system, Sharing best practices.

BUSINESS CASE

Cyber Ombudsman

Samsung Life operates reporting channels for stakeholders in order to preemptively manage and prevent illegal, improper and unethical acts that are in violation of the principle of integrity management. In 2016, Samsung Life strengthened reporting channel functions by systematizing the report handling process and publishing a manual at the same time while improving and restructuring "Cyber Ombudsman," which focuses on anonymous reporting.

Features of Cyber Ombudsman

Strictly confidential
Strictly confidential anonymous reporting through website

Immediate handling
Reports delivered immediately to the handling staff and replies sent to reporters within five working days

Open system
Convenient reporting from outside the company through the website rather than the Intranet

Since 1957

Samsung Life Insurance History

60 years of trust,
a promise for the next 60 years



SPECIAL PAGE I

Since 1957

60th Anniversary of Samsung Life

In celebration of its 60th anniversary since foundation,
Samsung Life aims to be reborn for the next 100 years focusing on quality and values rather than finding satisfaction in its current accomplishment as the best insurance company in Korea.

Samsung Life will focus all its competencies and resources on establishing the quality- and value-based management, which it has been promoting over the past three years, and innovating its marketing constitution.
Through the efforts, Samsung Life will advance as a global top-tier company that holds corporate values equivalent to those of advanced insurance companies around the world.

The History of Samsung Life

Key Performances in Figures

Samsung Life Insurance History

"The path Samsung Life has taken is a history of challenges and pioneering to overcome numerous risks and represents the footsteps of Korea's insurance industry. Samsung Life will continue on its efforts to advance as an insurance company of greater value and increase customers' trust as a social infrastructure in an aging society."











1957-1967 Foundation

Setting an Aim of Love for Family

- Founded Dongbang Life Insurance (1957)
- Ranked among the top in the life insurance industry (1958)
- Published the first issue of "Dongbang News" (1959)
- Merged with Samsung Group (1963)
- Holding contract amount exceeded KRW 10 billion (1964)
- 1st Annual Awards Ceremony (1965)

1968-1987 Growth and Takeoff

Leading Advancement of the Life Insurance Industry

- Established long-term management plan and started Zero Defects Campaign (1968)
- Completed operation digitalization (1973)
- Completed head office building (head office of Samsung Group) and introduced headquarters system (1976)
- Restructured organization, revised company motto and introduced general administration office system (1978)
- Started New Wind 82 Campaign (1982)
- Introduced external marketing system (1983)
- Asset amount exceeded KRW 1 trillion as the first in the industry, introduced electronic transfer system (1983)
- Completed Taepyeong-ro office building (1984)

1988-2007 Restoration and Expansion

Reborn under the Name of Samsung Life Insurance

- Declared the second foundation (1988)
- Changed company name to Samsung Life Insurance (1989)
- Introduced insurance quality assurance system (1991)
- Samsung Group declared new management (1993)
- Introduced insurance quality assurance system (1994)
- Launched collaborative company in Thailand (1997)
- Started DREAM PLAN 21 promotion (1999)
- Opened FP Center (2002)
- Started Customer Service Management (2003)
- Opened general call center (2003)
- Launched collaborative company in China (2005)
- Asset amount reached KRW 100 trillion (2006)
- Started Guaranteed Asset Awareness Campaign (2007)

2008-2013 Overcoming Risks and Promoting Change

Nurturing People with Greater Love to Build Better Financial Security

- Launched "Perfect Comprehensive Insurance," the first comprehensive insurance in the industry (2008)
- Sent thank-you letters to customers and started a one-stop service (2008)
- Listed on the Korea Stock Exchange (2010)
- Expanded social contribution programs including "Serotonin Drum Club" (2010)
- Reestablished business concept (2011)
- Opened Retirement Research Center and Samsung Family Office (2011, 2012)
- Introduced tablet system and started affiliate marketing (2012)
- Selected as Global 500 Company by Fortune (2013)

2014-2017 Innovation

Maximizing Company Values through Qualitative Growth

- Asset amount reached KRW 200 trillion (2014)
- Listed on DJSI World for 5 consecutive years (2012-2016)
- Launched BCC - Samsung Life Insurance Company Limited (2015)
- Head office relocated to Seocho-dong (2016)
- Selected as No. 1 in NCSI (National Customer Satisfaction Index) Life Insurance Service Category for 13 consecutive years (2016)
- The 60th anniversary celebration ceremony (2017)

Holding contract amount
Exceeded KRW 10 billion (1964)

Asset amount
Exceeded KRW 1 trillion as the first in the industry (1983)

Customers
Exceeded 8 million (2009)

National Customer Satisfaction Index (NCSI)
No. 1 for 13 consecutive years (2016)

Total Assets
Reached KRW 264 trillion (2016)

The 60th Anniversary Story of Samsung Life

Samsung Life shared the significance of its foundation with all employees by organizing participatory events to celebrate the 60th anniversary.
Samsung Life selected "Best 3 News of Samsung Life" to look back at its important events during the past 60 years and held a "60th Anniversary Slogan Contest" to set a direction to pursue in the next 60 years.

3 Best News of Samsung Life



Best 1 Head Office Relocation (2016)
Starting the era of the Seocho Office

Best 2 PLUS Series (2016)
PLUS Series (Time, Day, Week) to make working people happy

Best 3 IPO (2010)
IPO to realize responsible management

60th Anniversary Slogan

Challenge another 60 years!
Life Again, Samsung Life
Turning love received in the past 60 years into customer satisfaction over the next 100 years
A reliable partner for 60 years, taking off for the next 100 years
Always Our Good Partner
New steps for the next 60 years
BEYOND THE NEXT
60 years of trust, a promise for the next 60 years
Beyond 60, Brighten Your Life
Thank you for the past 60 years! Promise for the next 60 years!
With greater love! With stronger trust!
Steadfast dedication as a family, Samsung Life
Reliable Samsung Life, trustworthy Samsung Life!
RE-START Samsung Life
A reliable partner for 60 years
For the next 60 years, to become the world's best!

Since 1957

In celebration of its 60th anniversary, Samsung Life aims to be reborn for the next 100 years focusing on quality and values rather than finding satisfaction in its current accomplishment as the best insurance company in Korea.

Sustainable Value Chain

SUSTAINABLE VALUE CHAIN

20 Sustainable Value Chain and Trends
22 Product Development
26 Product Sales
30 Asset Management
34 Post-Sales Relationship Management
38 Special Page Ⅱ : Relocation to Seocho

Samsung Life implements all operating processes from product development to sales and premium payout by centering on customers and increasing customers' precious values based on its professional asset management competencies.



Sustainable Value Chain and Trends

Insurance Industry Trends

Samsung Life actively responds to changes in the future by identifying risks and opportunities in the value chain and analyzing the insurance industry trends.

Fourth Industrial Revolution, Insurance Industry Digitalization

The fourth industrial revolution, led by AI (Artificial intelligence), IoT (Internet of Things) and big data, is exerting significant impact to all industries. In the insurance industry, InsurTech is being actively implemented. As a portmanteau of insurance and technology, InsurTech is a service to innovate the existing insurance industry through application of data analysis and AI technologies. Some companies apply different insurance rates by policy holder using customer and incident-based big data. Others discount or apply extra charges to insurance premiums by reflecting policy holders' health conditions and provide medical consulting services.

Issues Concerning Personal Information, Protection vs. Utilization

The financial industry including insurance was traditionally an offline industry. However, with the advancement of IT, consumers can access a wide range of financial and insurance services anytime, anywhere through online channels. In particular, as InsurTech, which is a convergence industry between insurance and Fintech, came into the limelight, products and services developed exclusively for Internet websites and mobile applications are expanding and appropriate premium calculation using big data is activated. However, in terms of personal information protection, the convenience of this system can lead to information leakages and security incidents.

Rapidly Changing Global Business Environment, Uncertainties Increasing

Despite a trend of gradual economic recovery in advanced and emerging countries, the global economy is facing a number of uncertainties caused by the spreading of protectionism, increased prices of raw materials and an interest rate increase in the U.S. In Korea, exports are picking up slowly. Although exports are slowly recovering, full-fledged recovery of the domestic economy is unlikely to be rapid in the short term due to an increase in household debt and a slowdown in domestic demand due to sluggish private consumption.

Insurance Deregulation, Paradigm Shift

In 2015, an insurance market environment to supply a wide range of products was established in line with the enforcement of a road map to improve the competitive power of the insurance industry and deregulation. In addition, the life insurance industry continuously exerted efforts to launch new customized products. These are expected to function as positive factors in the growth of Korea's life insurance market.

Insurance **Trends**

Value Chain

VOICE OF STAKEHOLDERS

“Innovation is Necessary for Sustainable Growth Amid the Demand for Change.”

Systematic changes, such as the introduction of IFRS17, as well as the trend of low interest rates and aggravation of the low fertility rate and aging population as of late demand changes in insurance companies. Under the circumstances, Samsung Life must strengthen the following activities in order to achieve sustainable growth: First, Samsung Life needs to secure a continuous growth engine by strengthening the entry into overseas markets to solve the situation of domestic market saturation. It needs to activate entry into emerging countries where the trend of growth is maintained and strengthen the competencies for entering the markets. Second, Samsung Life must activate the proliferation of corporate ethics based on social contribution. Insurance companies post information of their activities on their websites and through public announcements in order to ensure compliance with the code of ethics, strengthen governance and eradicate mis-selling. A more effective and active approach, however, is to fulfill their responsibilities as corporate citizens through socially responsible investments and social contribution activities.



Milliman Korea CEO
Chi-hong An

Value Creation Process

Samsung Life builds a sustainable value chain with which to maximize outcomes by performing management activities from product development and sales to asset management and post-sales relationship management and to ensure cooperation between the company and its customers and between the head office and operating sites.

Approach for Each Value Chain	Trend Keyword	Affiliates for Each Value Chain
01 Product Development	# Aggravation of low fertility rate and aging # Product and price deregulation # Diversification of customer needs	-
Samsung Life develops products based on customer-oriented management. In particular, it analyzes customers' needs through a comprehensive approach to customers, products and channels (CPC) and continuously develops products and services to meet needs.		
02 Product Sales	# Intensification of competition in the online and mobile insurance market # Minimization of mis-selling practices # Reinforcement of regulations on business conducts	SAMSUNG LIFE FINANCIAL SERVICE
Samsung Life operates a range of marketing channels in order to help customers purchase and use insurance products conveniently. At the same time, it is promoting complete selling on the basis of integrity management in order to improve and protect customers' rights and interests.		
03 Asset Management	# Asset management deregulation # Reverse margin as a result of low interest trends # Activation of responsible investment and impact investment	SAMSUNG ASSET MANAGEMENT SAMSUNG SRA ASSET MANAGEMENT
Samsung Life increases customers' asset values by building a specialized asset management system and executing global-standard asset management. It is also complying with the principles of SRI and expanding social finance operations.		
04 Post-sales Relationship Management	# Diversification and complication of consumer needs # Convergence between IT and insurance # Personal information protection issues # Increase of insurance fraud and illegal claims	SAMSUNG LIFE SERVICE
Samsung Life strengthens communication with customers by conducting customer reliability management and offering better experiences to customers by providing them with step-by-step services and ensuring faster and more convenient insurance payments.		

Value Creation

Value Delivery

Product Development

Importance of Product Development

Development of products according to customer needs and market trends is gaining greater importance in Korea's insurance market, which has reached a state of saturation, and under the forecast of long-term low growth. In particular, as the insurance market environment is changing rapidly, such as through the introduction of IFRS17, a new accounting standard, and financial - IT convergence based on Fintech and big data analysis, Samsung Life must analyze customer needs and market trends from a comprehensive standpoint and develop products accordingly in order to achieve sustainable growth.

Risk and Opportunity

- Product and Price Deregulation: In line with product and price deregulation, the focus is shifting from quantitative competition to center on marketing channels to qualitative competition based on products and services. By actively responding to this change, Samsung Life can secure new customers and create new values in the market.
- Diversification of Customer Needs: Development of products that satisfy the diversified customer needs exerts direct impact on customer satisfaction and competitiveness of the company.

Management Approach

The importance of products based on customer values is further emphasized as the customer expectation level is increasing, product convergence is accelerating and the insurance market is becoming saturated. Therefore, Samsung Life analyzes customers' needs through a comprehensive approach to customers, products and channels (CPC) and continuously develops products and services to meet their needs.



Key Performances in 2016

KRW 268 billion
APE* by Product

10 items
Number of New Products Released

* Annualized Premium Equivalent

Integrated Approach to CPC

Managing Customer-oriented Work Process

Samsung Life operates the Customer-Product-Channel (CPC) Strategy Center that oversees customers, products and channel analysis and strategies in order to carry out all operations centering on customers. Based on its MI (market intelligence) function, the CPC Strategy Center develops products by analyzing customer data, executing customer-centered product planning, establishing strategies and implementing channel strategies and performs as a control tower that supervises all operational processes.

Product Development Process



Development of Customer-centered Products

In order to develop quality products that satisfy customers' needs, Samsung Life manages customers by categorizing them into six groups. When developing products, synergies are created through collaboration between related divisions. In particular, to prevent mis-selling practices as well as the risk of insurance fraud and infringement of personal information through compliance checks, Samsung Life cooperates with its Customer Support Team and Compliance Management Division in each product development process. In 2016, Samsung Life launched a total of 10 new products, which are divided into four protection-type products, two financial products and four health care products. In 2017, Samsung Life will promote diversification of its product portfolio in order to respond to the segmented customer needs, develop products according to characteristics of the market.

BUSINESS CASE

Acquisition of Exclusive License through Original and Progressive Product Development

As the competition of product development intensifies, preoccupation with rights to products is gaining greater importance. "Exclusive license" is a system designed to guarantee preferential sales rights of an insurance company that has developed an epochal new product, and thus to ban the sale of similar products by other companies for a set period of time. Of the products released in 2016, "Big Bonus Variable Annuity Insurance" was recognized for its effectiveness to improve the annuity insurance persistency rate through differentiation of benefits to customers holding and canceling the insurance. For this product, Samsung Life acquired an exclusive license for six months. In addition, for "New Coverage for Surgical Operations," a rider developed as the first in the industry following the public categorization criteria of the National Health Insurance Service, Samsung Life acquired an exclusive license for nine months with the originality and progressiveness of the product recognized. Samsung Life will continue to strengthen its competitive power through differentiated and customer-centered product development.



Products for Exclusive License
"Big Bonus Variable Annuity Insurance"
"New Coverage for Surgical Operations"

Optimized Insurance Products that Meet Customer Needs

Whole-life Insurance Plans with Lifetime Coverage

Samsung Life provides a variety of whole-life insurance plans with lifetime coverage for death benefits, regardless of the cause of death, such as illness, accident or aging. In 2016, it launched "Universal Insurance for Living Income," a new-concept product, through which policy holders receive a stability fund after retirement in addition to death benefits, which is the original function of whole-life insurance plans. This product pays out a stability fund to policy holders upon their retirement by adjusting the amount of death benefits. Regardless of the investment return for separate account[1], the minimum stability fund is guaranteed so as to help policy holders enjoy stable living after retirement.

Protection-type Plans Offering a Wide Range of Benefits, Covering Various Risks from Illnesses to Injuries

Samsung Life provides a wide range of products. As an example, in 2016, Samsung Life launched "Simplified Issue Life Insurance," a product for senior customers and those who have suffered from diseases. The process of medical history notification has been simplified, and thus anyone even with diseases can purchase this product as long as he or she does not fall under three conditions[2] set out by the company. As such, Samsung Life expanded accessibility of senior customers and those with diseases to health insurance products by developing products that reflect the trend of an aging population and the needs of senior customers and those who have suffered from diseases.

Integrated Insurance with Convenience and Flexibility

Integrated insurances offer comprehensive insurance coverage for every family member under a single policy with the convenience and flexibility to change the coverage according to the customers' specific stage of life. In 2016, Samsung Life launched "Integrated Universal Living Care Whole Life Insurance," which provides coverage concurrently for critical diseases and surgeries as well as death. With comprehensive coverage and family integration functions added to existing living care life insurance plans, this product has been improved of its competitive power through the development of a special clause for coverage of surgeries, which has been discontinued. The New Coverage for Surgical Operations was developed for the first time in the industry following the public categorization criteria of the National Health Insurance Service. For this, Samsung Life acquired an exclusive license with the originality and progressiveness of the rider recognized.

Annuity Plans for Post-retirement

Samsung Life offers advanced annuity plans with stable profitability and diverse features that help customers prepare for their post-retirement period. In 2016, as part of its plan to strengthen its annuity insurance competitive power, Samsung Life launched "Big Bonus Variable Annuity Insurance" by introducing a system to offer special benefits to customers who keep the policy. This product offers a strengthened guarantee for pension benefits, which is an original function of annuity insurance plans, by encouraging customers to hold the policy for a long term, and thus improving the payment rate for the retained policies. With originality and progressiveness of this product recognized in terms of differentiated application of benefits to customers retaining and canceling policies, Samsung Life acquired an exclusive license from the financial authorities.

1) Return on Investment for Special Accounts: Return on investment that an insurance carrier has generated through setting up a separate account for all or part of their reserve funds in order to differentiate profits and losses from specific insurance contracts

2) ① Doctor's opinion that hospitalization, surgery or additional examination is necessary within three months
② Hospitalization or surgery within two years
③ Diagnosis, hospitalization or surgery for cancer within five years

Financial Products that Pursue the Fulfillment of Social Responsibilities



Products for the Public Interest

Samsung Life offers "Hope & Love Insurance," which is a free insurance product for low-income families that are exposed to many kinds of risks with a weak financial foundation. This product is a part of Samsung Life's microinsurance projects organized by the Korea Inclusive Finance Agency. It is aimed at protecting children under the age of 12 who are from lower-income groups, such as those raised by a single parent or grandparents, or from multicultural families, by ensuring that the children receive the minimum necessary coverage from various risks. In 2016, Samsung Life supported claims for 1,012 children amounting to KRW 710 million.

Microfinance for the Underprivileged

Through collaboration with the Korea Inclusive Finance Agency, Samsung Life improves the financial accessibility of the underprivileged and provides them with a stability fund. In addition to lending rehabilitation funds to an amount less than KRW 70 million as a business startup and operating funds to people with a personal credit rating of grade 6 or less, Samsung Life provides them with opportunities for independent living by offering management consulting services and stability funding supports.

Products for the Disabled

Samsung Life helps in the social welfare of the disabled by providing them with protection from the risks associated with accidents, disasters and diseases. To achieve this, Samsung Life introduced "Gomduri Comprehensive Coverage Insurance"* that offers the same coverage as general plans, but at lower premiums. In 2016, this product reached 7,098 in number of customers and KRW 680 million in its total premiums.

* **Features of Gomduri Comprehensive Coverage Insurance**

1) **Insurance product for the disabled comprised of a cancer insurance plan and a life insurance plan**
Cancer insurance plan (type 1), life insurance plan (type 2)

2) **Tax benefits for the disabled**
According to the Income Tax Act, 15% of the total premiums paid in the relevant tax year (less than KRW 1 million a year) is deducted (tax deduction of KRW 1 million a year for protection-type plans separately applied).

BUSINESS CASE

Samsung Life's Major Products

Life insurance improves and preserves the value for the life of customers from birth to death. In this regard, it is more valuable than any other financial services. As a lifelong partner of our customers, Samsung Life strives to improve the value of life of our customers by developing customer-centered insurance products.

Growth/ Education

- My Kids' Comprehensive Coverage Insurance
- Protection Insurance for Children
- My Kids' Rich Annuity
- My Kids' Education VA

Career Beginning

- All-in-one Cancer Insurance for Your Entire Life
- Insurance for Healthy Life
- Your Own Choice, Protection Insurance
- Smart Savings Insurance
- Tax Qualified Annuity

Family Building

- Variable Universal Whole Life Insurance for Living Income
- Variable Universal Whole Life Insurance
- Integrated Universal Living Care Whole Life Insurance
- Integrated Variable Universal CI Whole Life Insurance
- Variable Universal LTC Whole Life Insurance
- Big Bonus Variable Annuity Insurance

Family Expansion

- Platinum Universal Whole Life Insurance
- Platinum Variable Universal Whole Life Insurance
- VVIP Universal Whole Life Insurance
- VVIP Variable Universal Whole Life Insurance
- Heritage Universal Whole Life Insurance
- Annuity Insurance for Healthy Life

Retirement/ Golden Years

- Simplified Issue Insurance
- Cancer Insurance for Seniors
- Naeri Sarang Annuity Insurance
- Single Premium Immediate Annuity

Product Sales

Importance of Product Sales

Product sales are both the first step and a forefront contact point for Samsung Life to share the values of insurance with its customers. In particular, as the insurance market has entered a phase of maturity and, accordingly, competition is further intensifying, marketing channel innovation and ethical and responsible complete setting have taken on added importance.

Risk and Opportunity

- Online and Mobile Insurance Activation: As product comparison and search through online and mobile channels have become convenient, the awareness of consumers is changing. The government is also providing policy support for online insurance market activation. As a result, competition is intensifying in the market.
- Mis-selling: Customer reliability is secured and the risk of mis-selling is minimized through recognition of responsibilities for product sales and fortification of activities to achieve complete selling.

Management Approach

Samsung Life operates a range of marketing channels in order to help customers access insurance products conveniently. In line with the trend of the Fintech era, Samsung Life, in particular, is restructuring its online website and strengthening mobile accessibility. At the same time, the company is performing integrity management in order to protect and improve customers' rights and interests.



Key Performances in 2016

0.09 %
Consultant Mis-selling Ratio
(Same in the first and second half of 2016)

8,995 persons
Training for Complete Selling
Participating consultants

Channel Platform Innovation

Exclusive Channels

Samsung Life expanded the management period of new consultants focusing on introduction and long-term fostering of competent human resources and supports MBA courses for efficiently performing consultants. Having prepared a high-efficiency training system, as such, Samsung Life went through a paradigm shift towards quality and values. In addition, Samsung Life strengthens the market power by expanding the scope of its business to indemnity insurance, securities and credit card services in addition to life insurance.

Exclusive Channels

FC	GFC	AFC	PFC	SFP
Financial Consultant	Group Financial Consultant	Agency Financial Consultant	Partner Financial Consultant	Special Financial Planner

FC : Financial Consultant
Samsung Life's representative channel that helps customers establish future spending plans and acquire steady funding by predicting their financial conditions

GFC : Group Financial Consultant
Sales channel that improves corporate welfare through group insurance consulting services and provides protection and retirement plans for the future of employees

AFC : Agency Financial Consultant
Sales channel consisting of exclusive corporate agencies, which include consultants and representatives who were former Samsung Life staff, individual agencies, AM branches and SFAs

PFC : Partner Financial Consultant
Sales channel of a new concept to introduce and sell insurance products without being tied down by time in customers' homes and offices

SFP : Special Financial Planner
Sales channel that aims to provide comprehensive financial services through a wide range of consulting experiences and financial knowledge offered by young talented people in their twenties and thirties

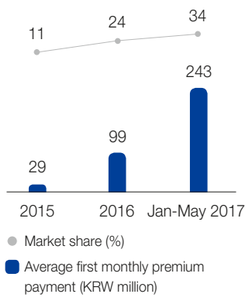
BIB and Expansion in Size of Branch Offices

Samsung Life promotes securing internal stability of its business operations by increasing the size of its branch offices. At the same time, it is establishing BIB (branch in branch) by region, and thus is strengthening the competency of consultants in each region. Accordingly, the company is providing BIB services covering life insurance to indemnity insurance, credit card and securities services. BIB marketing, which is to provide a one-stop comprehensive asset management service, not only increases customer' convenience, but also creates synergy between financial affiliates. At the same time, Samsung Life is innovating its marketing channels through innovation branches, such as the Heritage Center, Smart Center and Ligel Branch, in order to overcome difficulties in the changing environment and meet the diverse customer and market needs.

Heritage Center	Smart Center	Ligel Branch*
An organization consisting of ultra high-efficiency consultants to handle the wealthy	An organization comprised of high-efficiency consultants	An organization exclusively designated for customers in their 20s and 30s

* Ligel: Abbreviation for Life Angel meaning an organization that protects customers and their life values as a guardian angel

First monthly premium payments of online insurance products and market share



Non-exclusive Channels

Samsung Life proactively responds to the non-exclusive market that is growing rapidly as of late. Bancassurance (BA), a partnership business channel for financial institutions including banks, is in the process of fortifying the business structure and product competitiveness, while the General Agency (GA), a sales group composed of freelance corporate agencies, is improving the GA-exclusive system and work process. As more and more people gain access to insurance plans online or with a mobile phone, Samsung life is improving Mobilesurance (mobile + insurance) services.

In 2016, Samsung Life introduced the mobile application system and established a system through which customers can purchase products using their mobile devices in the same environment as PCs. Through this, Samsung Life provides both face-to-face and non face-to-face seamless customer experiences. In addition, customers can conveniently plan and purchase insurance products via their mobile devices on Samsung Life's restructured website. In particular, Samsung Life expanded its product lineup by reflecting customer needs and provided customers with an opportunity to purchase customized insurance products at reasonable prices.

BUSINESS CASE

Online Insurance Channel, "Samsung Life Direct"

Why Samsung Life Direct?

Design and buy your own insurance plan anywhere, anytime!
Prepare for your future with Samsung Life Direct.

- Same benefits at more reasonable prices
- Easier and faster process
- Differentiated customer services
- Trust and confidence in Samsung Life

Minimizing Mis-Selling Practices



Pledge for Integrity Management Practices

Collection rate of pledges for integrity management practices

90.5 %

As of the end of 2016, all consultants performing under an exclusive contract signed the pledge after their appointment (renewed once a year)

Aiming for Complete Selling

Samsung Life strictly practices integrity at its operation sites. Samsung Life minimizes mis-selling practices by operating a compliance management organization and assigning compliance managers to each regional business division. In 2016, we increased the employees' compliance awareness by having all consultants write a pledge for integrity management practices and providing compliance training to business managers, monthly training on system operation to new consultants and training on complete selling. Any complaints that customers might have during the period of their insurance contracts are promptly received through the call center or consultants, allowing relevant divisions to resolve the issues as quickly as possible.

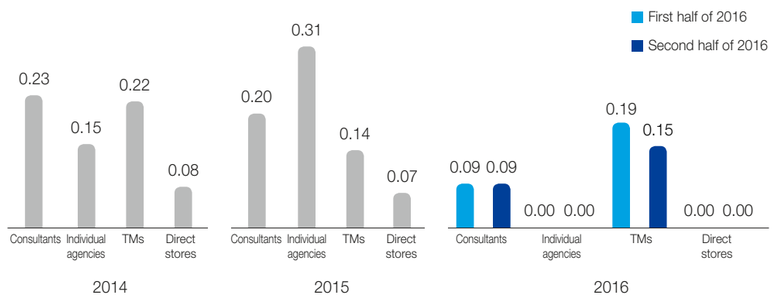
Training and Self-Inspection	**Training:** Systematic training and internal inspection carried out monthly using training data for integrity management targeting business managers and consultants **Self-Inspection:** Agencies internally diagnose customer information management status, sales process compliance and illegal business activities
Contract Monitoring	Check if key contents of an insurance product have been explained to the customer through a service call by a professional consultant at the time the customer signs the contract
Sales Qualification System	Qualify consultants to sell insurance plans through qualification tests and additional training
Sales Quality Analysis	Analyze the quality of sales by branches and consultants through monitoring
Improvement Program	Operate improvement program targeting regional divisions with a high mis-selling ratio

Operating Compliance Program

Samsung Life operates a compliance program (CP) to prevent unfair trading practices among employees as well as unfair competition that disturbs the fair market order. It has established a compliance manual, which is used as a guideline for business processes. In addition, Samsung Life conducts onsite compliance inspection on sales agencies according to the annual inspection plan. For the inspection, Samsung Life focuses on unfair and illegal practices during the contracting and sales processes, mis-selling practices, compliance of standards in insurance guide materials, unsound business practices and the compliance of customer attraction processes.

Mis-selling Ratio by Channel*

Unit: %



*First half and second half separately announced since 2016

VALUE CHAIN STORY

Company Specializing in Insurance Sales 'Samsung Life Financial Service'

Samsung Life Financial Service is a financial company that grows with customers and proactively responds to the rapidly changing financial environment.

Synergy with Samsung Life

Samsung Life operates Samsung Life Financial Service a financial affiliate, in order to respond to the needs of financial consumers and to meet the diverse requirements of customers.

Company Specializing in Insurance Sales that Grows with Consultants

Establishing Culture where Consultants are Respected

Samsung Life Financial Service has established a sales structure of a virtuous cycle so as to achieve joint growth with the consultants. For this, the company sets clear visions and income goals for each consultant and increases their will and confidence to take on challenges by providing them with comprehensive income management including composite financial management for indemnity insurance and credit card services. Branch managers energetically lead their branches by using the advantages of an autonomous sales system to the maximum and strive to help all consultants achieve a monthly average income of no less than KRW 3 million by encouraging the consultants to improve confidence and providing them with the necessary support and individual coaching for each product.

Building Differentiated Marketing Base

Based on a clear growth road map, Samsung Life Financial Service provides consultants with a large number of opportunities and suggests optimal products to customers. It has established differentiated marketing strategies and a clear identity for sales channels and is focusing on the sale of (CI/health care and low- to medium-priced insurance products) which can be easily



approached by customers. At the same time, Samsung Life Financial Service promoted expansion of sales products by activating composite sales activities, such as for credit cards, through affiliation with Samsung Life and nine indemnity insurance companies.

Improving Sales Management System

Following the establishment of ten branches in 2015, Samsung Life Financial Service opened a total of 18 branches, including 10 in the capital region and 8 in provinces, in 2016, and thus expanded its business network to cover the entire country. It has also developed an internal system for compliance to security regulations that are the same as those of the Samsung affiliates and established an infrastructure that can be expanded in the future. In addition, the company is striving to minimize mis-selling practices by pursuing integrity management at the same level as that of Samsung Life and regularly performing compliance activities through a compliance monitoring organization. Samsung Life Financial Service will continue to strengthen its sales management system through organizational improvement and growth strategies to advance as part of Samsung Life's value chain.

CASE STUDY

Building a Success Model Through Improved Communication and Efficient Operation

The 98 employees and 1,200 consultants at 28 branches of Samsung Life Financial Service are dedicating efforts to improving business performance including consultant income, contracts per person and productivity. It is striving to increase cost efficiency and profitability by operating a direct management system between the head and branch offices and reducing expenses, such as rents. In particular, the head office of Samsung Life Financial Service actively communicates with branch offices located across the world by using differentiated systems, which include product study meetings, regional head system, branch managers' meetings and field-oriented communication.



Asset Management

Importance of Asset Management

As profitability continues to decline due to the trend of low interest rates, more efficient asset management is being emphasized. In addition, financial risks of financial institutions are forecast to increase as a result of the international financial soundness criteria becoming stricter. Therefore, it is necessary to organically cooperate and manage the value chain to improve the efficiency and soundness of asset management.

Risk and Opportunity

- Sustained Low Interest Rates: As a result of the continued trend of ultra low interest rates, it has become difficult to achieve profit goals with the existing investment methods. Accordingly, the necessity to diversify investments including discovery of alternative investment targets, such as new and renewable energy, is increasing.
- Changes in Policies and Regulatory Environments: Expansion of insurance premium profits and capital has become unavoidable as a result of changes in the regulatory environment, such as through the introduction of IFRS17. On the contrary, it has become possible to secure soundness of asset management by taking this as an opportunity.

Management Approach

Samsung Life, in order to achieve its goal to generate stable profits and improve asset management competitiveness by administering ALM, sets and executes three approaches, which are to increase investment return, expand the scope of the asset management business and enhance competitiveness for the retirement insurance business.



Key Performances in 2016

KRW 264 trillion
Total Assets

302 %
RBC* Ratio

* Risk-Based Capital

Strengthening Competitiveness of Asset Management

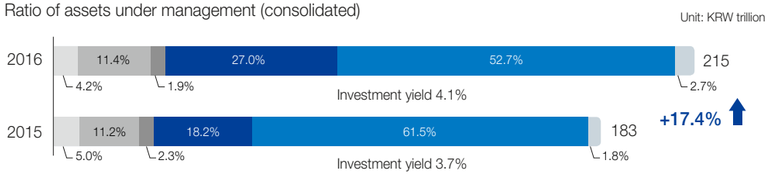
Direction of Asset Management

Samsung Life has established independent platforms for each asset, such as stocks, bonds and real estate, and thus is increasing the value of customers' assets. Considering the prolongation of the trend of low interest rates around the world, Samsung Life is promoting stability and profitability by discovering high-yield assets and diversifying global investments for performance improvement at the same time while strengthening a stable profit base to center on interest income assets.

Goal	To generate stable profits and improve asset management competitiveness with adherence to ALM[1]		
Directives	**Enhance investment returns on insurance assets**	**Improve competitiveness of the retirement insurance business**	**Expand the asset management business through subsidiaries**
Major Activities	| Diversify assets and administer dynamic asset allocation based on global market analysis | Strengthen competency by asset - Develop customized asset portfolios to match insurance liabilities and create stable interest incomes - Strengthen competencies through research and discover high-return assets, such as domestic and overseas SOCs[2] and infrastructure, through professional asset management companies	| Develop investment products in response to the expansion of the retirement market - Reorganize systems to develop investor-oriented products and reinforce global management capabilities | Increase competitiveness of variable insurance sales - Focus on creating customer value by improving long-term stable fund profit rates and provide information on diversified investments directly to customers	| Identify promising global businesses and expand the third-party commission business through asset management affiliates - Utilize increased demand for diversified investments of individuals/ institutions in Korea and abroad as business opportunities

Ratio of assets under management (consolidated)

Unit: KRW trillion



Real estate | Loans | Beneficiary certificates | Stocks | Bonds | Cash and savings

Assets managed by Samsung Card (KRW 21 trillion) = Cash and savings (0.9), loans (19.1), stocks (0.5), real estate (0.6)

1) ALM: Asset Liability Management
This refers to the management of assets and liabilities. This is a practice to manage risks that arise from mismatches between assets and liabilities.
2) SOC: Social Overhead Capital

Enhancing Investment Returns on Insurance Assets

No. 1 in the Industry for Total Assets, AuMs and RBC Ratio

Samsung Life has secured a strong profit structure and financial soundness. As of the end of 2016, the company's total assets amounted to KRW 264.6538 trillion, which increased by 14.9% from the previous year. As for the net income, it amounted to KRW 2.0543 trillion and increased by 69.6% from the previous year. The RBC[1] ratio is kept at 302%, the highest in the industry.

Investment Return and Interest-bearing Asset Management

For its asset management operation, Samsung Life adheres to the principle of ALM. 80% of the AuMs are interest-bearing assets, such as bonds and loans. As of the end of 2016, KRW 95 trillion of Samsung Life's bond assets valued at KRW 112.8 trillion are government bonds and special bonds issued by public organizations. Almost all of the corporate bonds held by Samsung Life are rated as single A or higher. The size of Samsung Life's total loan book comes to KRW 38.9 trillion and it is managed with a focus on blue-chip assets. In addition, policy loans with a cash surrender value pledged as collateral amount to KRW 14.6 trillion. Samsung Life's household credit loans amount to only KRW 1.3 trillion and the amount of mortgage loans, which have an average LTV[2] of 54%, comes to KRW 11.9 trillion, which is significantly lower than that of other financial institutions in Korea.

Debt Structure, Loss Rate and Expense Rate

In 2013, fixed-rate reserves fell below 50% for the first time. As of the end of 2016, the reserves stood at 42.8%. Samsung Life will reduce the risk in debt structure based on the growth of floating-rate reserves. Meanwhile, the difference between the average reserve interest rate and yield on interest bearing assets slightly widened compared to the beginning of the year due to the trend of low interest rates. Nonetheless, if the share of fixed-rate reserves continues to fall and interest rates rise in the future, this gap is forecast to become gradually narrow. Except for the interest gains on bonds and loans, Samsung Life's non-interest investment income, such as rental income and dividends, are steadily increasing, and countering the negative margin in interest-bearing assets. As for the annual expense rate[3] in 2016, Samsung Life is continuously improving the figure by increasing cost efficiency from 7.4% to 7.0%. While the loss rate[4] stands at 82.1%, when the one-off accident and death benefits are excluded, it is maintained at a stable ratio of 77.9%.

1) RBC: Risk-Based Capital
This index represents an insurance company's solvency.

2) LTV: Loan To Value ratio
This is a financial term used by lenders to express the ratio of a loan to the value of an asset purchased.

3) Expense Rate
Expenses ÷ adjusted total premium (excluding retirement pensions and including 10% of single premiums)

4) Loss Rate
(Accident insurance - reserve at the accident + waiver of premium + reinsurance expenses) ÷ risk premium

Facilitating Green Finance

Responsible Investment

According to Article 104 "Principles for Asset Management" of the Insurance Business Act (An insurance company shall ensure the stability, liquidity, profitability and public interest in managing its assets.), Samsung Life is making efforts to maintain the best interest of the public and society in mind and to reject speculative investments. In particular, in order to expand investments in green energy development, such as for new and renewable and integrated energy supply, Samsung Life takes into consideration environmental factors when making investment decisions. In addition, to activate sound financial transactions, Samsung Life is implementing a process to collect and register the borrower's information when executing a loan.

Organization Management

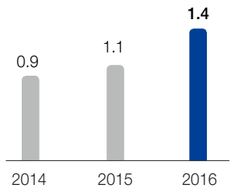
Samsung Life seeks investment opportunities in eco-friendly, new and renewable energy, fuel cell and public infrastructure businesses in order to comply with the principle of socially responsible investment and activate social finance. In addition, we are minimizing asset management risks and expanding alternative investments by building a joint investment platform with global banks and executing investment through specialized management companies. At the same time, Samsung Life is dispersing risks by organizing mid- to long-term portfolios for each sector/country/grade.

Training

As public interest on the importance of an anti-money laundering system is increasing in line with a rise in virtual currency transactions, Samsung Life organizes and provides training sessions on the related laws and regulations. Through the training, Samsung Life promotes compliance, increases understanding and emphasizes the importance of responsible investment.

New infrastructure investment agreement by year

(Unit: trillion)



Percentage of domestic SOC investment rate by industry sector (holding balance) (Unit: %)

	2014	2015	2016
Sewage system, schools, military facilities (BTL)	42	41	38
Power generation, energy	20	35	39
Roads and railways, Ports (BTO)	38	24	23

Key Performances

The investment in infrastructure including SOC amounted to KRW 3.8 trillion in 2016. Of the amount, KRW 1.4 trillion was from new agreements. In 2016, in particular, Samsung Life expanded funding for the construction and management of solar, wind and biomass power plants. In addition, it fulfilled social and environmental responsibilities by continuously providing prime rates for mortgage loans on eco-friendly buildings.

Sustainable investment

- New and renewable energy businesses, such as solar, wind and biomass power generation and fuel cell development
- Community energy system (CES), industrial complex mass energy system and district heating

Eco-friendly loan products

- Discounts on interest rates for loans with the building certified as an eco-friendly building as collateral
- Discounts on interest rates for customers who have accumulated points by applying and implementing the carbon points system

BUSINESS CASE

Sustainable Value Creation through Social Financial Investment

With the launch of a new climate system following the Paris Convention (COP21), new and renewable energy development and distribution were activated. New and renewable energy is forecast to emerge as an energy source of the future. In this way, Samsung Life is expanding investment in new and renewable energy markets of Japan, the U.K., Europe and North America where systematic support is provided and the power market is stabilized. Since 2014, Samsung Life has been investing approximately KRW 260 billion in seven solar power plants in Japan. At the same time, it has produced excellent outcomes by participating in senior secured loan for solar, biomass and wind power plants in the U.K. Samsung Life plans to continuously execute investments in a direction to create sustainable value in addition to new profit source creation by strengthening its alternative investment business.



Solar Power Site in Tojo Hiroshima, Japan

VALUE CHAIN STORY

Taking a Leap Towards Becoming a Global Asset Management Company, "Samsung Asset Management"



Synergy with Samsung Life

In 2015, Samsung Asset Management and Samsung Life became a family. As a result, Samsung Life improved its expertise in stock and bond asset management and became able to stably manage investors' properties by diversifying investments.

Differentiated Products and Services

Advanced Asset Management Infrastructure

The AuM of Samsung Asset Management amounts to KRW 200 trillion, the largest in Korea. The company has secured a position as the best asset management company in Korea by focusing on achieving continuous and stable high returns for customers. With an internal research organization, which is of the highest level in the industry, Samsung Asset Management operates advanced, differentiated and specialized management processes based on its culture to focus on risk prevention.

Fortification of Global Business Base

Since the listing of KODEX200 ETF(exchange traded funds) in 2002, Samsung Asset Management has been leading the growth of the ETF industry in Korea through KODEX leverage and KODEX inverse, and thus solidified its position as a leader in the market. In 2016, Samsung Life produced excellent results not only in Korea, but also in overseas ETF markets in China and Hong Kong by introducing a wide range of products according to investment propensities in each market. In addition, it strengthened global infrastructure by establishing strategic partnerships with advanced asset management companies.

CASE STUDY

Strengthening Management Expertise through Subsidiary Operation

In 2016, Samsung Asset Management established Active Asset Management and Hedge Asset Management as its subsidiaries in order to improve its asset management expertise and efficiency. For each subsidiary, Samsung Asset Management appointed IT, compliance and risk managers so as to ensure operational efficiency. Based on its management philosophy, Samsung Asset Management will focus on creating synergy with the subsidiaries.

Global Real Estate Management Company, "Samsung SRA Asset Management"



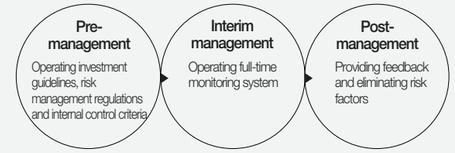
Synergy with Samsung Life

Samsung SRA Asset Management, as a company specializing in real estate management, plays an important role in the globalization of Samsung Life's asset management. It is contributing to Samsung Life's real estate investment asset diversification by investing in prime real estate properties.

Strengthening Stable Investment through Risk Management Advancement

Securing Risk Management Competencies

Samsung SRA Asset Management is strictly managing risks occurring in the entire value chain from deal sourcing to asset management and disposition on the basis of a systematic and organized risk management system.



Future-oriented Asset Management

Samsung SRA Asset Management is diversifying investment targets on the basis of its top-tier research abilities as well as asset management and lease competencies. In 2016, it invested in the Commerz Bank building, a landmark in Frankfurt, Germany. In addition, the company was selected as a core (stable) investment management company by the National Pension Service.

Securing Real Estate Management Competencies

In 2016, Samsung SRA Asset Management took over the real estate management business sector of Samsung Life. With this as an opportunity, Samsung Life increased efficiency of reserve management and Samsung SRA Asset Management secured expertise in the real estate management business. Samsung SRA Asset Management will diversify its business portfolio on the basis of investment expertise in Korean and overseas markets and increase the asset management yield.

Post-sales Relationship Management

Importance of Post-sales Relationship Management

The purpose of life insurance as a social safety net can be fulfilled when the continuously changing customer needs and market environments are appropriately responded to and the customers are cared for accordingly. Samsung Life recognizes customer management as the most fundamental and important task. By restructuring the entire process from insurance selling and maintenance to claims payout to a customer-oriented process, Samsung Life continuously improves its service quality.

Risk and Opportunity

- Emphasis on Importance of Customer Management: As the insurance industry enters a phase of maturation and competition intensifies in the market, an emphasis is placed on the importance of post-sales relationship management in addition to the securing of new contracts.
- Customer Management Using Big Data: While the use of big data enables further upgraded products and services through customer management, it also leads to such issues as the illegal use and violation of personal information.

Management Approach

From the stage of insurance purchase to policy retention and claims payment, Samsung Life performs customer management activities at all contact points with customers. In particular, it focuses on improving customer satisfaction by strengthening the customer service capacity using mobile devices, operating field-friendly customer management programs and paying out insurance claims conveniently and swiftly.



Customer-centered Products and Services

Customer Reliability Management

Samsung Life regards customer management as the first step to customer reliability management. From insurance purchase to policy retention and claims payment, the company operates the entire process from the customers' standpoint. Samsung Life also strengthens the function to listen to customers' voices by establishing customer reliability management and increasing customers' communication and convenience by introducing visible ARS[1)] and consultant push[2)] systems at the same time while striving to win the love of customers by providing them with comprehensive services throughout the value chain.

Expanding Accessibility to Insurance Policies

By continuously alleviating the criteria for insurance purchase, Samsung Life opens the doors to insurance plans for people suffering from diseases for which insurance purchases had been limited. In 2016, it simplified its medical history notification process, and thus launched "Simple Application Coverage Insurance," a health care insurance that can be purchased by senior customers and those with diseases as long as they meet three requirements set out by the company. In addition, Samsung Life has improved the occupational risk classification and grading criteria for customers who have hazardous occupations.
Meanwhile, Samsung Life also promotes the innovation of its marketing channels in addition to its business constitution. As for the exclusive marketing channel, the company is building an organization of highly efficient consultants by discovering excellent consultants and providing them with training. At the same time, for non-exclusive channels, such as general agencies (GA), bancassurance and direct insurance products, with the influence expanding, Samsung Life plans to increase market shares by strengthening the competitive power of the products.

Financial Support to Customers Suffering from Accidents

Samsung Life provides financial support services to customers who experience difficulties temporarily in paying insurance premiums and interest payments as a result of serious damage caused by accidents and disasters. In 2016, it postponed insurance premium, loan principal and loan interest payments for six months in order to alleviate the burden of customers who suffered from direct damage of avian influenza and also the fire in Seomun Market in Daegu.

1) Visible ARS
ARS provided in a text format through smartphone

2) Consultant Push
This is aimed at assisting ARS and consultations. The key content is displayed on the screen and transmitted to customers' smartphones.

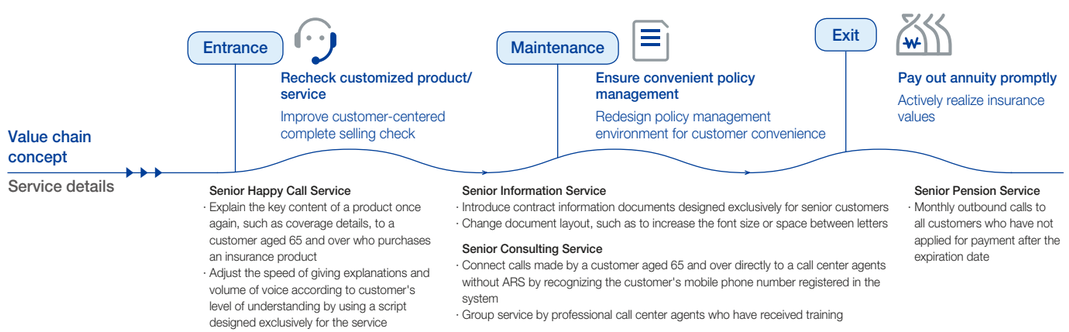
Strengthening Customer Satisfaction Service

Premium Customer-love Service

In February 2017, Samsung Life introduced the "Premium Customer-love Service" in order to improve insurance policy management and customer satisfaction. Premium Customer-love service is a field-oriented customer management program developed by improving on the existing existing "Customer-love Visit Service." Considering the characteristic of insurance products to be kept for a long period of time, this program provides information on the product details once again and offers the related services and benefits to customers. When a customer's application is received through the website/ mobile page or by a consultant, the consultant visits the customer in person and offers the services to correct customer information, apply for an insurance claim and check the three major assets. Through the Premium Love for Customer-love service, Samsung Life will not only improve the relationship between customers and consultants, but also provide the necessary services at the necessary time so as to increase customer satisfaction.

Customer-love Senior Service

Samsung Life launched "Customer-love Senior Service" for elderly customers of which the number is continuously increasing. It is a package of necessary services by each stage of the value chain that reflect the needs of elderly customers.



Strengthening Customer-love Payment Service

Convenient Inquiry and Reception

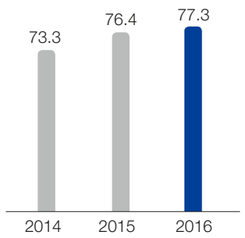
Insurance payment is the reason customers purchase insurance products and a precious promise an insurance company makes to its customers. Therefore, Samsung Life is diversifying application channels and increasing customer convenience in the stage of payment.

Applications received by consultant visiting customer, visit to the plaza, by fax to branch, on Internet website and through smartphone mobile counter

Swift Claims Payment and Instruction

Samsung Life delivers the noble value of insurance by administering prompt and accurate inspection and insurance payments. The processing time is shortened through the application of an automatic remittance system. In addition, customers are provided with information on progresses from application to real-time insurance payment. Samsung Life also offers a Death Benefits Emergency Payment Service to provide death benefits as soon as possible and Senior Annuity Service for convenience of annuity insurance customers, which are increasing rapidly. At the same time, Samsung Life is transparently showing how it is keeping the promises made to customers regarding insurance payments by posting the annual payment amount and number of payments on the website by the preceding business day.

Claims payment rate within 24 hours Unit: %



- Death Benefits Emergency Payment Service to provide up to KRW 30 million for medical expenses or funeral expenses within one day
- Emergency call center (1577 - 4118) operation to help customers talk directly to consultants without ARS or social security number check

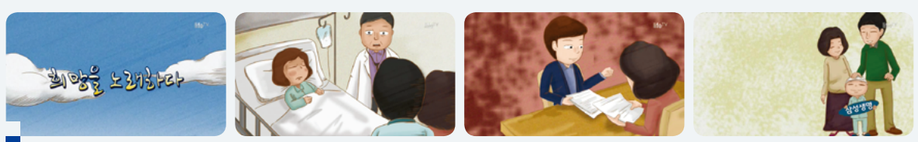
Differentiated Aftercare Service

Samsung Life offers differentiated aftercare services even after insurance payment. Our 'Bereaved Care Service' provides the bereaved family with to-do lists and consulting on inheritance and finance.

VOICE OF STAKEHOLDERS

"Samsung Life Saved My Family."

It was the tenth birthday of our daughter, Ju-hee (assumed name) who always brings happiness to us. On the morning of her birthday, Ju-hee did not get up and we rushed her to an emergency room. We thought it was a simple shock. But, the diagnosis was a brain tumor. The moment we heard the prognosis, it felt like the sky fell down on us. What made matters worse is that we had financial difficulties. The health insurance was not enough to cover our daughter's medical expenses.
Then, we met our savior, a consultant from Samsung Life. We had purchased a Samsung Life's insurance product through the recommendation of a friend and, thanks to Samsung Life, we could focus on caring for our daughter. It has been a year since and our daughter's condition has improved. She is growing healthy and strong now.



Thank-you letter from a customer introduced in Samsung Life's broadcasted consulting session

VALUE CHAIN STORY

Keeping and Practicing Love for Customers, "Samsung Life Service"

Samsung Life Service provides differentiated services for customer satisfaction and spreads a sound insurance culture through a rapid and accurate insurance assessment process.



Synergy with Samsung Life

In Samsung Life Value Chains, Samsung Life Service is responsible for customer service and post-sales relationship management. Receiving 12 million calls and providing insurance-related services to 1.3 million visitors a year, Samsung Life Service realizes customer satisfaction through prompt and accurate insurance assessment and payment.

Pursuing Professional Service for Customer Satisfaction

Service to Touch Customers' Hearts

In 2016, Samsung Life was ranked No. 1 in the industry in all categories by climbing to the top position in the NCSI (National Customer Satisfaction Index) survey for 13 consecutive years. In the call center, 95% or more of calls are answered within 20 seconds. In addition, Samsung Life provides customized annuity consulting, VIP consulting, and special services for senior customers. In 2017, Samsung Life will further strengthen real-time customer responses by improving the call center operation system and introducing a video ARS system.

Prompt and Accurate Claims Payment

37% of assessment personnel are qualified insurance underwriters. Meanwhile, Samsung Life strives to ensure prompt and accurate insurance payments by expanding automatic insurance assessments and increasing the rate of claims payment within 24 hours up to 77.3% through a one-stop payment service for customers visiting the counter.

Improving Employees' Job Competencies

All employees at Samsung Life endeavor to develop their capabilities with a sense of mission that their competencies lead to customers' trust, which, in turn, becomes the company's asset. By expanding online and offline training and organizing study meetings, the company encourages all employees, such as insurance underwriters, call center agents and consultants at the Plaza, to improve their job competencies. As a result of the efforts, 28 and 356 employees acquired qualifications as insurance underwriters and CKLUs respectively in 2016.

Establishing Digital Platform at Customer Contact Points

With the introduction of an AI-based Chat-bot service and execution of simple operations using mobile devices, a rapid change is expected in the call center operating environment. To preemptively respond to such changes in the work environment, Samsung Life Service is promoting the establishment of a mobile-based digital platform. For this, it set out a digital innovation road map in the second half of 2016 and is carrying out infrastructure development and establishment based on the road map. Samsung Life Service will continue to exert its efforts to improve the efficiency of the call center and Plaza operation through innovation activities and to be reborn as a customer contact point for value creation.

CASE STUDY

Key Promotion Strategies of Samsung Life Service

Samsung Life Service makes efforts to contribute to customer value maximization through a post-sales management system innovation in Samsung Life's value chain.

Promoting to establish customer contact points as profit center

- Reestablish the roles of customer management channel in conjunction with post-sales relationship management
- Improve customer satisfaction to the highest level in the industry
- Convert to an integrated review platform to focus on quality

Establishing advanced management system

- Continuously innovate processes to center on efficiency improvement
- Foster experts and establish a performance-centered organization culture

SPECIAL PAGE Ⅱ

Relocation to Seocho

Samsung Life relocated its head office from Taepyeong-ro, where it had operated for 32 years, to Seocho-dong, starting a new history yet again. Following the announcement of relocation in October 2015, a relocation TF was organized. The TF prepared for a systematic and safe relocation. In addition, the company organized presentations and questionnaire surveys to all employees about the relocation and improved efficiency of the operation and satisfaction of employees by reflecting their opinions in designing the new office building.

"The successful completion of relocation in August 2016 marked Samsung Life's new beginning in Seocho-dong.
In its new nest, Samsung Life will advance as a global life insurance company by creating new markets and customers."

STEP 1. Preparation for Systematic Relocation

STEP 2. Relocation to Center on People and Safety

STEP 3. Completion of Successful Relocation

Aug. 21, 2016 Starting the Era of the Seocho Office

Process

Relocation TF

1) Organizing TF
Operate Relocation TF comprised of General Affairs Part, New Culture Part, Safety Management Center and CISO for systematic and efficient relocation

2) Regular meetings
Check progresses and share issues through regular meetings

Global Benchmarking

1) Checking trends of office environments in global financial companies
- Target: Visit 25 financial, consulting and design companies in Korea and abroad
- Establish the direction of office improvements by analyzing office environments of global financial companies
- Discover strengths that can be applied to financial companies and reflect them in the office space design

2) Setting out a common layout for office spaces in financial companies
- Partition space and design movement lines in a way to increase communication and cooperation
- Improvement of healthy working environment and ergonomic workplace
- Consider illumination, noise, indoor air quality, humidity, temperature, etc.

Listening to and Reflecting Employees' Opinions

1) Holding presentations
Organize a session to listen to employees' opinions about the office environment design concept before commencing space adjustment and internal construction work in the office building in order to reflect the opinions of employees who will use the offices

2) Listening to employees' opinions
Design an optimal layout through flexible arrangement of structures by reflecting working styles and opinions of each department while keeping the basic concept

Top Priority on Safety for Relocation

1) Accident prevention
- Establish relocation-related safety management plans
- Operate safety monitoring team to prevent accidents especially in construction sites undergoing hazardous operations

2) Safety check and training
- Organize inspections and field guidance under the supervision of the Safety Management Center
- Share issues detected during inspection and provide special safety training by CM

OPEN & COMMUNICATION

Creating a space of communication
- Create an open office environment to strengthen communication and cooperation
- Operate a Communication Zone and Smart Zone for simple meetings and communication

SATISFACTION

Improving employees' satisfaction
- Operate fitness center for employee health
- Operate in-house restaurant considering nutrition
- Completion of self-attendance and in-house nursery
- Optimum working environment considering illumination, noise, indoor air quality, humidity, temperature, etc.

SAFETY & SECURITY

Strengthening safety and security
- Establish accident prevention plans
- Provide safety training in advance and station safety managers
- Secure safety infrastructure, such as by placing additional fire extinguishers
- Apply network partitioning policy, strengthening wireless LAN



VOICE OF STAKEHOLDERS

"Many employees including myself have been looking forward to moving to the new office. The company held presentations to listen to employees' opinions before the relocation was commenced and we were told that our opinions would be reflected in the design. The new office was far beyond our expectations. The open office space and the Communication Zone, which is like a café, help us focus on our work all the more."

Assistant Manager Do-heon Kim, Sustainability Management Center



1 Assistant Manager **Do-heon Kim** 2 Manager **Bo-hui Han** 3 Manager **Jin-hui Kim**

"I am glad to hear that. As for the office space, benchmarking global financial companies has been very helpful. I could check office environment best practices and trends, which can be applied to financial companies. With our employees' opinions added, a satisfactory outcome was produced. It is also great that the relocation was completed successfully without any accidents."

Manager Jin-hui Kim, General Affairs Part

"Thanks to the systematic relocation plan and thorough safety check, there were no unfortunate accidents at all. Safety is the No. 1 priority these days. Thus, the Safety Management Center carried out training and regular safety inspections by focusing on accident prevention. In addition, we are creating safe working environments by placing additional fire extinguishers and organizing safety training sessions."

Manager Bo-hui Han, Safety Management Center

Business Activities Report

42 Quality- and Value-based Management
50 Customer-oriented
52 Field-oriented
54 Value-oriented
58 Open Communication
66 Materiality Test and Stakeholder Engagement

BUSINESS ACTIVITIES REPORT

Samsung Life aims for value-based management for sustainable management. It considers its customers, market and sale sites to be essential and aims to share social values through communication with stakeholders.



Quality- and Value-based Management

Risk
- Prolongation of low growth and low interest rates trend
- Competition intensifying due to saturation of the insurance market
- Change of population structure accelerating due to low fertility rate and an aging population

Opportunity
- Announcement of government policy to promote market competition
- Increase in annuity insurance demand to secure stability funds after retirement
- New customers through marketing channel diversification including a mobile channel

Management Approach
In order to respond to rapidly changing customer needs and market environment, Samsung Life consistently promotes a management strategy to achieve growth based on profitability under a policy to "maximize corporate values through qualitative growth." In particular, it is strengthening competitiveness of its businesses by expanding the sale of protection-type products and diversifying marketing channels in line with the trend of value-centered sales. In addition, Samsung Life maintains a competitive edge in growing markets, such as for HNWI, retirement and overseas business, based on its differentiated competencies and competitive power.

Pursuing Management to Center on Quality- and Value-based

Pursuing Qualitative Growth
The management centering on quality and values, which Samsung Life pursues, is aimed at achieving qualitative growth for both the company and customer value. Therefore, based on the strict customer-centered management, it is strengthening a base for future growth by accelerating qualitative growth in order to advance as an insurance company with higher corporate value and actively targeting the HNWI and retirement markets, which are expected to grow rapidly. At the same time, Samsung Life will actively promote globalization of its asset management business.

Strengthening Channel Platform
As a strategy for qualitative growth, Samsung Life is innovating its channel platform. Samsung Life promoted BIB and expanded the size of its branch offices, and thus established a branch model that matches the characteristics of customers and the market. At the same time, for exclusive channels, the company focused on strengthening competencies and the competitive power of consultants, and thus increased new business EEV[1] through coverage expansion and improved productivity and persistency rate of protection-type products. For non-exclusive channels, the company concentrated on securing new growth engines by diversifying the channels through GA/ BA channel sales expansion and innovating the digital channels.

Innovating Business Constitution
Keeping in mind that the future depends on the operating sites, Samsung Life executed field-oriented management in order to improve the quality of its contracts, activities and sales force. Particularly in 2016, Samsung Life dedicated its efforts to renewing its business practices and establishing quality management in the field.

- Promoting autonomous responsible business of branches/ regional divisions
- Changing key KPI to EEV/ conversion

Activities to innovate business constitution

- Operating 'new team leader system'
- Promoting sound business fund management and eliminating fraudulent contracts

Improving Qualitative Value by Strengthening Digital Competency
In 2016, Samsung Life established a Digital Innovation Team, which oversees the company's solution development and digital competency improvement. Digital Innovation Team is advancing the customer management system by establishing a customer data analysis platform based on big data and promoting AI-based process automation through introduction of Chat-bot in order to achieve work efficiency improvement. At the same time, it is performing activities to discover new growth opportunities, such as establishing an Eco System to promote the new Fintech business.

1) EEV: European Embedded Value



Ceremony for the start of business constitution innovation (Nov. 2016)

"For us to overcome crisis amid the difficult conditions that surround us, such as a perfect storm, we must carry out innovation of our business constitution to be based on quality and value."

- CEO's speech -

Targeting Retirement Market

Retirement pension reserves

Exceeded KRW 20 trillion

(as of the end of December 2016)

Organization with Professional Competencies
Samsung Life's annuity insurance team is comprised of approximately 200 people, the largest number in the financial industry. The professional personnel equipped with expertise and competencies provide differentiated value-added services, such as customized consulting based on financial planning according to the characteristics of each company and pension actuarial service to help with corporate accounting for retirement allowances. At the same time, they strive to increase customer satisfaction by offering practical solutions in preparation for retirement.

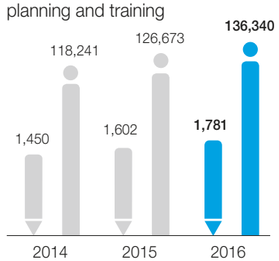
Customized Products and Services
The increased rate of retirement as of late has led to a forecast that the demand for annuity insurance to secure a post-retirement stability fund will continue to rise. Samsung Life focuses on the retirement market and retirement pension, which are expected to grow rapidly, as the engines with which to overcome stagnant growth, and thus has established itself as a leader in the retirement market by providing competitive products and services. It offers a range of annuity insurance products, such as variable annuity plans to guarantee the minimum reserve regardless of investment profits, annuity products for tax benefits and IRPs. In addition, the company diversified premium payment methods and began offering options by applying an crediting rate.

Samsung Life Big Bonus Variable Annuity Insurance 1.0 (nonparticipating)

Suitable for customers who wish to prepare for their post-retirement period by earning bonus payments, which are provided when the insurance is retained for a long period of time, in addition to active investment income through the management of various funds

- Offers various fund management plans according to customers' investment propensities
- Provides retention bonuses and long-term fund management bonuses
- Conversion to crediting rate plan when the prescribed conditions are met

Accumulated performance of lifetime planning and training





Lifetime planning training

Retirement Planning Research and Providing Training
Samsung Life's Retirement Insurance Research Center performs comprehensive research and training activities to improve the national awareness on retirement so as to establish an ideal and advanced retirement culture. At the same time, it is striving to reflect government policies in order to win government-level systematic support.

In 2012, Samsung Life developed a retirement preparation index to cover both financial and non-financial areas as the first in Korea. To understand the status of retirement preparation and people's awareness of retirement, Samsung Life conducts a biennial survey and publishes a retirement white book based on the survey results. In addition, it has developed lifetime planning and training programs to spread the skills for systematic post-retirement preparations to employees of various organizations and institutes. The company is continuously providing more information and knowledge so as to help people prepare for a stable future.

Retirement preparation index
- Developing a 'retirement preparation index' covering both financial and non-financial areas as the first in Korea
- Assessing people's awareness of and the level of retirement preparation in the four areas of finance, health, activity and relationship

Retirement report
- Studying the methods of retirement preparation with a balance between financial and non-financial areas
- Suggesting social alternatives and detailed solutions to retirement-related issues

Training on lifetime planning
- One-of-a-kind customized training program to help people change their perceptions about and practice preparations for retirement
- Developing and providing lectures for various educational programs

Leading HNWI Market



Beyond Wealth Management

In the era of low growth and low interest rates, Samsung Life is expanding its business areas with a focus on stable asset building and management as well as comprehensive asset management for handing over wealth to future generations. The WM Division, which is in charge of HNWIs(High Net Worth Individuals), operates the Samsung Family Office, FP Center and Heritage Center, the differentiated comprehensive asset management experts' groups. Samsung Life is advancing as a highly reputable asset management company based on the strong trust of its customers.

Targeting HNWIs

The WM Division, which had established a nationwide network since its launch in 2002 as the first life insurance consulting organization targeting HNWIs, introduced the Family Office model based on a business concept of "family management" in 2012 as the first in the industry. It has since been continuously producing asset management innovation performances. The trust Samsung Life has built with HNWIs over a long period of time is a strength that makes the company unrivaled by others.

Category	Differentiated competitive power
Family-centered comprehensive asset management service	· Promoting asset management for future generations, not just for today's customers and their families. Samsung Life provides a comprehensive asset management solution for investment/ tax/ real estate/ inheritance/ donation/ risk management with a far-reaching view.
Differentiated products and services	· For HNWIs, Samsung Life focuses on specialized products, such as heritage life insurance and hedge fund products. · For wise transfer of wealth, Samsung Life also provides educational programs and services to the second generations of families.
Systematized consulting organization	· Samsung Family Office: HNWI consulting organization specializing in family management · FP Center: HNWI consulting organization · Heritage Center: Organization where high-efficiency consultants provide HNWI consulting services

Key Performances

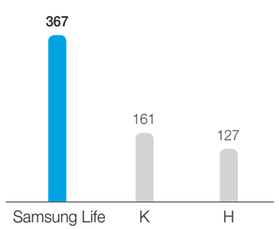
Samsung Life was honored by being selected as the top company at "Hankyung Money Korea's Best PB Center 2017" for 4 consecutive years. Evaluated highly in all of the seven categories from customer service, exclusive product service and inheritance and donation service to comprehensive asset management service, real estate service, fund and securities, alternative investment service and derivative service. Samsung Life once again proved itself to be a financial company of the "highest trust and stability" recognized by HNWIs.



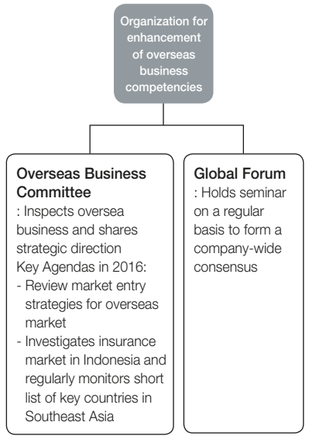
Publishing "WM Report" to provide useful asset management information on investment, tax and real estate

Ranked No. 1 in the insurance category of Best PB Center 2017
for 4 consecutive years

(Unit: Points)



Expanding Overseas Business



Improving Overseas Business Competencies

In addition to strengthening its competitiveness for overseas businesses, Samsung Life is promoting new businesses abroad by considering the scale and growth potentials of each market. For this, the company is continuously improving its overseas business competencies. In particular, Samsung Life seeks opportunities for overseas market entry by investigating and monitoring global market trends, administering risk management, fostering human resources and holding TOP management meeting in the markets it has entered or set to enter in the future.

Competency improvement

Fostering human resources	Strengthening governance	Strengthening M&A Competencies
· Under a field-oriented management policy, Samsung Life utilizes the local workforce and dispatches a minimum number of head office staff · Samsung Life develops PMI(Post-merger integration) human resources for the initial stage of M&A	· Thailand: Developing head office's monitoring and support to improve the local competency · China: Building a control system through BOD	· Building a permanent M&A system · Strengthening negotiation and contract-related competencies

Overseas Business Status

In Thailand and China, Samsung Life focuses on internalizing its business and continuously expanding marketing bases. In the mid- to long-term, it is considering additional entry to emerging markets with high growth potentials. In addition, Samsung Life is re-examining the profitability of its products for risk management under the prolonged low-interest trend across the world.



Thailand

As of the end of 2016, Thai Samsung Life Insurance(TSLI) is running eight branches and 99 agent offices across the country including Bangkok, the capital city. Most of the offices employ local human resources.
In particular, as the growth centering on individual channels continues, TSLI focuses on recruiting local human resources, improving the new personnel fostering system and product marketing.

China

BOC - Samsung Life is a joint venture with the Bank of China, one of the four major banks in China. It achieved sales growth by more than five times. Samsung Life aims to enter the industry top-ten within the next ten years by establishing a nationwide marketing base and promoting sound growth to focusing on profitability.

Asia's emerging market

In light of "Master Plan for Emerging Asian Markets" established in 2015, Samsung Life visited its partners in China and Thailand for the TOP management meeting in 2016.
In addition, it checked for business alliance opportunities and key issues by holding meetings with potential partners, such as local insurance companies and banks in the U.S.

BUSINESS CASE

TOP Management Meeting with Partners an Emerging Insurance Market

The middle class is growing rapidly in Southeast Asia. As much as so, the demand for protection, annuity and health insurance products for which Samsung Life has strengths in is expected to increase considerably in this market. Accordingly, Samsung Life held the TOP management meeting with key target companies in Singapore, Indonesia and the Philippines in order to reexamine its insurance and asset management market penetration strategies centering on Southeast Asia and improve competencies to put the strategies into action. The CEO and executives from the Overseas Business Team and Asset PF Management Team supplemented the company's penetration strategies by examining realistic and feasible partnership plans and investment opportunities. They also formed a consensus for cooperation with the potential partners and set a direction for business cooperation to be followed in the future.



TOP management meeting with Great Eastern Group, the No. 1 insurance company in Singapore and Malaysia

Preemptive Risk Management

1) BCP: Business continuity plan
A plan to guarantee smooth implementation of core tasks in case of emergency, such as disasters

- Management Details
① Select and manage company-wide issues
② Analysis business impact
③ Establish operation recommencement strategies
④ Build alternative business premises
⑤ Organize simulation training
⑥ Administer internal and external monitoring on BCP management activities, report to the management and BOD
⑦ Designate and foster BCP personnel
⑧ Perform continuous maintenance and management activities including the above

Risk Management Organization

Samsung Life has established the Risk Management Committee consisting of one internal director and two independent directors under the BOD, which acts as the highest decision-making body for risk management. The Committee monitors and manages risk levels in addition to enacting regulations, establishing procedures, setting permissible limits by risk type and drawing up guidelines including BCP[1]. In 2016, we conducted training for the board of directors to improve risk management

Key functions of sub-committees

Risk Management Committee

- **Assumption Management Committee**
  Makes decisions in relation to various assumptions for profitability and risk calculation and about the calculation base
- **Variable Insurance Risk Management Committee**
  Makes decisions on variable warranty options and operational strategies
- **Insurance Risk Management Committee**
  Makes decisions on operational standards concerning underwriting and claim payment assessment, etc.
- **Product Committee**
  Makes decisions on new product development, sales suspension and applicable rates
- **Asset Risk Management Committee**
  Makes decisions on operational guidelines and establishes risk management policies for assets
- **Loan Committee**
  Makes decisions on loan transactions and credit management standards
- **Investment Committee**
  Makes decisions on investments, such as sizable financial assets and real estate
- **Crisis Management Committee**
  Establishes and operates BCP for emergencies

2) VaR: Value at risk
The amount of maximum loss that might arise during a set period under a certain level of trust provided in normal market conditions

Risk Management Systemization

Samsung Life classifies risk types into several categories, such as insurance, interest rates, credit, markets, liquidity and operations, for systematic risk management. It measures the size of an expected risk, and thus sets out an allowable limit and prepares operation guidelines. It also operates VaR[2] measurement system as part of quantitative risk management and conducts a crisis analysis at regular intervals. Samsung Life plans to integrate liability and asset data that have been scattered in the system by improving the company-wide insurance and asset management data system. This will improve the automation level of internal and external risk amount calculation and analysis, and thus shorten the time required for calculation and also strengthen immediacy and responsiveness of management decisions about risk fluctuations.

Risk management process

- **Recognizing risk**
  - Insurance, interest rate, credit and market risks review
- **Measuring and monitoring risk**
  - VaR type measuring system and ERM system
  - Risk situation analysis on a regular basis
- **Controlling risk**
  - Risk limit setting, confidence level improvement
  - RBC ratio management
- **Reporting risk**
  - Reporting overall aspects of risk control to management

3) ERM : Enterprise Risk Management
4) EC : Economic Capital
5) ALM : Asset Liability Management

Risk Management Considering EC

Samsung Life operates the ERM[3] system, which calculates and manages the RBC ratio by measuring corporate values and enterprise risk in order to achieve a balance between profitability and risk. EC[4], a tool to measure the total amount of corporate risks, can be divided into five risk categories comprising of interest rates, insurance, credit, market, and operations. Based on EC, Samsung Life manages assets considering risks and establishes a business activity system. In addition to the total limit on risks, the company reviews returns on investment by considering risks at the time of decision making for investments. It assesses profitability based on risks derived when releasing a new product so that actual risks are taken into consideration during its decision-making process for management practices.

Measuring company-wide/ individual risks
- Arriving at worst case scenarios based on all assumptions
- Measuring company-wide and individual risks
- Developing profitability indicators by taking sensitivity analysis of EC into account

EC-based ERM System Establishment

Reflecting in business activities including management limits, etc.
- Operation of solvency ratio objective
- Setting/ managing risk limits
- Internalizing risk measurements
- Re-establishing ALM[5] system

In 2016, the existing ERM system was improved, and thus the confidence level for individual risk measurement was upgraded to that of advanced companies (99% → 99.5%). In addition, by segmenting risk limits by asset management organization, the management entities were clarified. In 2017, Samsung Life will further upgrade the corporate value and risk amount calculation system on the basis of its accumulated experiences to meet the global standards, such as Solvency II and ICS(Insurance Capital Standard) in order to preemptively respond to IFRS17 and RBC, which are to be introduced in 2021.

Response for Successful Introduction of IFRS17

Unlike IFRS4, which applied the insurance practices of each country, IFRS17 requires the application of unified insurance accounting standards. Therefore, a paradigm shift is expected in all areas of insurance company management, such as insurance products, sales, administration and asset management.
In line with this, Samsung Life will establish an organization for response to IFRS17 and complete establishment of detailed standards, system implementation and business change task execution for IFRS17 application by 2020.

BUSINESS CASE

Advancing Risk Management

Samsung Life is identifying and actively managing potential risks that can occur in the future in addition to key risks associated with the business, such as insurance, interest rate, credit and market risks.

Key Management Risks

Insurance risk
- This refers to a possible loss caused by the actual payment rate surpassing a payment rate assumed at the time of premium payment decision.
- Insurance risk is reduced by loss ratio (claims paid/ risk premium), purchase limit, underwriting and re-insurance management.

Interest rate (ALM) risk
- This refers to a risk to reduce the net asset value caused by changes in economic conditions, such as interest rate fluctuation, as a result of maturity of assets and liabilities and interest rate structure mis-match.
- Interest rate risk is reduced through management of differences between the average reserve interest rate and yield on interest bearing assets, duration gap and asset/ liability matching rate.

Credit risk
- This refers to a possible loss caused by the debtor's bankruptcy, contract non-fulfillment or credit rating downgrade.
- Limits are given to transaction counterparties for management. Credit rating fluctuations are checked through trend assessment.

Market risk
- This refers to a possible loss caused by fluctuations in interest rates, stock prices and exchange rates.
- Loss amount is managed assuming a worst case scenario. Market risk is reduced by limiting the stock distribution by fund and currency hedging for exchange exposure.

Emerging Risk Management

	Acceleration of digitalization	Aggravation of demographical changes
Potential risk factors		
Risk impacts	InsurTech, a convergent industry between insurance and Fintech, has come into the limelight as of late. Accordingly, products and services developed exclusively for Internet websites and mobile applications are expanding and appropriate premium calculation using big data is activated. The most important and risky factor for the Fintech industry is security. A thorough preparation for preemptive management of risks, such as personal information leakage and security incidents, is required.	With the demographical trend of an aging population and low fertility rate aggravating, the possibility of imbalance between insurance premiums and claim payments has increased. While medical expenses for diseases and longevity risk increase due to aging, insurance premiums collected from younger customers decrease due to the low fertility rate. Therefore, the financial risks caused by liquidity mismatch according to an imbalance between insurance premiums and claim payments need to be controlled.
Mitigating actions	· Online and mobile channel operation (27p, 51p) · New organization to improve digital competencies (42p) · Enhancement of information security activities (48, 49p)	· Operation of retirement insurance research center (43p) · Products in response to aging trend (24p, 43p)

Advancement of Information Protection Management

Information Security Management System Certification

Approach to Information Protection Activities

New hacking methods, such as ransomware, increase the possibility of information leakage through smartphones. The threats for customer information security have become larger than ever. Incidents of customer information leakage have not only emotionally and physically affected customers, but have also brought on economic losses, such as damaging public confidence in companies and reducing sales. Samsung Life, in particular, strives to manage and protect customers' information collected in the course of its business activities in addition to customers' insurance premiums.

Information Security Management System Certification (ISO27001:2013)

Samsung Life has received certification for its information security management system, an objective security indicator for safe protection of customers' information. ISO27001 is an international standard for information security to systematically control security risks and protect customer privacy. Each year, Samsung Life renews the certification by reflecting the latest security threats and regulations through follow-up reviews.

No nonconformities were found through the review and Samsung Life's rule and big data-based monitoring activities have been selected as a good point. Based on this certification, Samsung Life strengthens continuous information security management, improves employees' awareness and competencies, and enhances financial consumers' confidence and financial IT and security compliance.

Organization for Protecting Customers' Information

To strengthen information security, Samsung Life has appointed a Chief Information Security Officer (CISO[1]). The CISO in charge of general information protection plans, adjusts and inspects all operations concerning information protection.



Operation of Security Committee

For customer information protection and compliance with laws, Samsung Life holds a committee meeting each month with its Company-wide Security Committee led by CSO[2] (Chief Security Officer), which is the highest-level deliberation and decision-making organization in relation to information security operations, and the Information Security Committee led by CISO (Chief Information Security Officer), which deliberates on and makes decisions on personal information and IT-related issues including credit information.

Company-wide Security Committee led by CSO	Information Security Committee led by CISO
· Deliberates on and makes final decisions on security issues · Executives from compliance, IT security and facility security divisions participate as members	· Discusses key security issues including personal information protection and IT security policy · IT and compliance officers participate to deliberate on and make decisions on issues

1) CISO: Chief information security officer
2) CSO: Chief security officer

Key agendas of security committees (2016)

- Resolution on network partitioning policy in accordance with strengthening of laws
- Measures to ensure non-identification of personal and customer information
- Field inspection to minimize physical security risks caused by head office relocation

97.5 points
Assessment by Financial Security Institute

3) APT: Advanced Persistent Threat
Intellectual hacking method to use various means over a long period of time targeting an organization or a business

4) FIDO: Fast identity online
New authentication system using fingerprint, iris, facial features, voice and vein recognition rather than using ID and password

Value chain security inspection performance

Value chain and joint venture
6 companies

Personal information processing consignment company
332 companies

Information Protection Activities

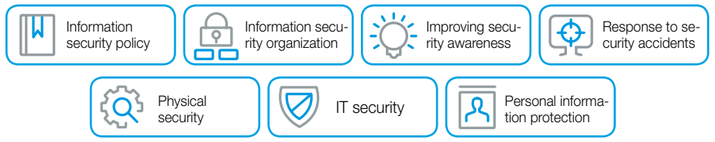
Samsung Life extensively performs preventative activities, accident handling activities and security quality improvement activities. In 2016, it conducted vulnerability analysis and assessment on its website and electronic finance infrastructure through cooperation with the Financial Security Institute and improved the information security level by diagnosing and upgrading the operating system. In addition, to minimize physical security risks arising from the relocation of the head office, the company preemptively responded to possible security risks occurring during the relocation by conducting an inspection. As a result of these efforts, there have been no cases of information security violations in 2016, and we will carry out various activities to prevent violations in 2017.

	Activities in 2016	Directions for 2017
Prevention of security incidents	· Blocked hacking threats at source through company-wide network partitioning · Strengthened personal information management by applying security solutions · Improved upon security vulnerabilities through active operational security review · Strengthened prevention of malicious codes spreading via e-mail → Increased training frequency from quarterly to monthly	· Provide step-by-step support for processing personal information not available for identification and designating unimportant information processing system by complying with cloud service application guidelines and personal information non-identification measures used in the financial industry · Establish personal information protection master plan for personal information security management
Swift handling of incidents	· Responded to information leakage incidents immediately by strengthening monitoring on security exceptions · Improved detection system scenarios processing time and blocked malicious code spreading sites · Simulation training for response to cyber attacks → Responded to DDoS, APT[3] and hacking attacks	· Establish security control policies, such as cloud access control and authority control, in line with cloud service activation · Continuously conduct simulation training for response to cyber attacks → Respond to DDoS, APT and hacking attacks
Company-wide security level improvement	· Improved security awareness of employees and consultants by internalizing security training → Expanded security training targets from employees to partner companies → Spread latest security issues and incidents via information protection notification e-mail · Security level management through security-related process standardization	· Detect unencrypted personal information in server on a regular basis and strengthen control · Implementation of alternative certification means in line with technological development, such as Fintech and FIDO[4] · Information Security Inspection Day

Security Inspection

Samsung Life conducts regular security inspections on its organizations including subsidiaries. In 2016, Samsung Life conducted information security level inspections on two joint ventures including those in Thailand and four subsidiaries. The inspections were carried out on seven items in total, which consist of IT security and privacy protection in addition to the five exiting items, comprising of information protection policy, information protection organization, security awareness improvement, response to security incidents and physical security. Samsung Life also conducted inspections on 55 items including information protection policy, physical security and personal information destruction that are on the checklist distributed by the Financial Supervisory Service to 332 companies and companies processing personal information through consignment, such as corporations and designated hospitals.

Security inspection items



Customer-oriented

Risk
- Causing customer complaints if customer's higher expectations are not met
- Diversified and segmentalized customer needs

Opportunity
- Maintaining market competitiveness by retaining loyal customers
- Customer-oriented management and advanced customer analysis leading to new business opportunities and new products launch

Management Approach
The management based on quality and values, which Samsung Life pursues, starts with a management platform operation for customer-centered thinking and actively reflecting the customers' opinions. Samsung Life places customers, the foundation of its existence, first and continuously performs customer-oriented management activities to win customers' trust and satisfaction.

Activating Customer Communication

Customer Panel System
In 2004, Samsung Life introduced the customer panel system as the first in the financial industry. Since 2014, it has also been operating an online customer panel system for real-time communication with customers. About 4,400 panelists of all ages participate in a variety of research ranging from insurance product preferences, insurance holding status and retirement in order to improve Samsung Life's product and service quality. In addition to 16 online research studies in 2016, the panelists participate in a total of 22 events including 6 offline campaigns, seminars and mystery shopping sessions. In 2017, Samsung Life plans to improve the representativeness and objectivity of opinions obtained from customer panelists by strengthening the panel selection and management criteria.

Key Issues Raised by Panelists

Subjects	Key Agendas (2016)
Offline survey on the needs for services targeting senior customers	Financial consumer patterns, complaints by transaction stage, specialized service needs of the elderly
Survey on recognition of mobile counter app and suggestions for improvement	Preferred channels by transaction stage, recognition of mobile counter, suggestions for publicizing mobile counter, intention to use the channel
Preference and assessment of Direct Mobile website	Satisfaction, improvements, intention to purchase insurance through website, suggestions for products specialized to mobile channel
Preference of Internet insurance advertising and website	Preference of advertising and intention to purchase insurance after watching a commercial film, how to receive assistance while using website
Assessment on the level of understanding of insurance clauses	Assessment and suggestions for succinctness and clarity of insurance clauses

Real-time Communication Through SNS
Samsung Life utilizes various communication channels, such as blogs and Facebook, in order to communicate with customers. In 2016, with its efforts for active communication with customers through SNS and the web recognized, Samsung Life was awarded a grand prize at the 9th Korea Internet Communication Awards for three consecutive years.

Company's official website

Introducing Samsung Life and sharing news



Improved accessibility to the website by modifying the text color, size and menus so that the disabled and the elderly can easily use the website

Blog

Samsung Life news and useful information

1,864 contents

Accumulated visitors 14.65 million people

Facebook, Twitter

Real-time communication with all customers

Facebook fans 146,393 people

Twitter followers 57,688 people

(As of December 2016)

Strengthening Customer-oriented Management Activities

Operating Consumer Protection Center
To improve consumers' rights and immediately address consumer complaints, Samsung Life appointed the CCO (Chief Consumer Officer) under the direct command of the CEO. As a central department dealing with consumer protection activities, the Consumer Protection Center supervises eight regional CS centers across the nation in order to establish internal controls on consumer protection throughout the entire process including product development, sales and after service as well as providing quick claims payment services. Particularly in 2015, Samsung Life established the VOC (Voice of Customer) Center so as to create a corporate culture to focus on customer protection.

Customer-appreciation Visit
Samsung Life's CEO, consultants and branch managers visited customers to practice customer-oriented management. They expressed gratitude to customers and collected opinions about insurance values, trust, inconveniences and improvements. The visit was a meaningful occasion of remembering the importance of customers and operating sites, as Samsung Life employees provided product overview and lifetime finance consulting to customers.

Providing Customized Services
As part of its customer satisfaction activities, Samsung Life started a campaign through which customers can check the insurance coverage and assets of their families and soundness of their assets. Under the theme of "Keep healthy and enjoy your life," Samsung Life provides ideal solutions for customers' different lifestyles by checking their age, health conditions, previously purchased insurances and financial states. In addition, for customers who feel the need of an insurance plan, but experience difficulty in making decisions as they do not know which insurance plans they need and how the plans differ from one another, Samsung Life offers a "Find your insurance" service.



Service components
- Find insurance products for each stage of life
- Find insurance products that offer the coverage you need
- Recommended insurance products based on the selections made

Receive a customized asset diagnosis to prediagnose the soundness of your assets and see what type of insurance you and your family need!

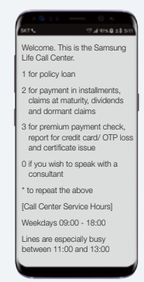
✓ Asset diagnosis!
This is how it works!

An ideal solution for your lifestyle is suggested by checking your age, health condition, previously purchased insurance plans and financial states.



BUSINESS CASE

Call Center Service Customized to the Mobile Environment
In order to improve customer convenience in the mobile era, Samsung Life has introduced "visible ARS" and "consultant push" services by improving its call center services. Visible ARS is a service to display information provided through ARS on customers' mobile phone screens in order to help customers understand the information better and shorten the time of using ARS. Consultant push is where a consultant sends necessary information or information requested by a customer to the customer's smartphone while providing over-the-phone consulting service to the customer so that the customer can both listen to and also read about the information. Samsung Life will continue to develop new services to increase customers' convenience and satisfaction.



'Visible ARS'

Field-oriented

Risk
- Changes in operating sites accelerating as a result of Internet and mobile technology advancement
- Excessive sales activities causing unsound business conduct and the possibility of mis-selling practices

Opportunity
- Accelerating value management by innovating business constitution
- Keeping market competitiveness and expanding share through correct understanding of operating sites

Management Approach
In order to approach customers, a company must understand its operating sites where it meets the customers. Unless it understand the operating sites, it cannot understand its customers and, eventually, fails to provide customized products and services. Therefore, Samsung Life creates a field-oriented culture by keeping in mind that the answer is in the field.

Strengthening Field Support and Communication

Site Visit by CEO
Samsung Life is strengthening communication with the heads of regional divisions/ branches and consultants with direct CEO visits to operating sites in order to establish a field-centered management system. The CEO encourages workers to create passionate and energetic working culture, and thus to ensure swift establishment of the innovative business constitution. Samsung Life will continue to activate communication with and improve understanding of the operating sites by organizing site visits and special meetings.


Site Visit by CEO

Sisterhood Relationships between Head Office and Operating Sites
Samsung Life endeavors to realize smooth communication with its operating sites through one-to-one sisterhood relationships. Head office staff visits regional divisions to support the regional staff and collects opinions from the operating sites in order to improve the work processes.

Visiting Operating Sites with Sisterhood Relationship

- **Morning events for consultants**
  Monthly variable insurance reports, providing snacks
- **Regional division meeting**
  Holding a meeting for communication among team managers, branch managers, consultants and head office staff
- **Special lectures for consultants and help desk**
  Providing consultants and employees with special lectures on products and financial knowledge and consulting on their suggestions and inquiries

BUSINESS CASE

Improving Sense of Pride about the Job as an Consultant and Enhancing the Image of Insurance Industry

Since 2016, Samsung Life has been running advertising campaigns to improve the image of financial consultants and the insurance industry. The theme of this advertising campaign is daughters working as consultants by following the footsteps of their mothers. It is aimed at delivering a message that the job as an consultant is meaningful and valuable enough to be regarded as a family business so as to increase consultants' sense of pride about their job. Samsung Life also started an advertising campaign to improve the image of insurance industry. Continuing with this trend in 2017, Samsung Life will focus on improving the trustworthy image of Samsung Life consultant.


Samsung Life Commercial Film - Mother and daughter consultants

Reinforcing Onsite Sales

94 %
Tablet PC distribution to consultants

Reinforcing Consultant Recruiting
Samsung Life provides training programs to foster consultants who have a high level of understanding about the job as a financial consultant. The people who participate in this training can obtain correct understanding about insurance and recognize the values of the consultant job as a missionary spreading love for families. Samsung Life also provides a consultant introduction course for those who wish to work as a Samsung Life consultant. In addition, it offers systematic competency improvement training sessions on a regular basis targeting team leaders, who form the core of the field recruiting.

Strengthening Customer Service
The ability to swiftly respond to customers' needs and provide accurate information is an essential skill of a consultant. Since 2012, Samsung Life has been strengthening consultants' customer service abilities by introducing a business method using tablet PCs in 2012. In 2016, it replaced old tablet PCs with the latest LTE model so as to create an environment for swift and accurate response to customers' needs at the same time as improving consultants' business competitiveness.

Long-term Fostering of Consultants
Samsung Life focuses on strengthening the competencies of a consultant who takes responsibility for the three assets of customers' (health, post-retirement, family). For systematic training of new consultants, Samsung Life operates the Organization Innovation Center and Competency Improvement Center in each regional division. In addition, it supports various activities and practical field-oriented training by allocating managers and HR development experts (CM). Samsung Life also provides regular training sessions led by the head office to the center managers and CMs so that all new consultants are given equal opportunities for growth.

Consulting Fostering System

STEP 3	Strengthening consultants' competencies as financial experts!	Competency Development School 8 - 36 months of working	Acquisition of fund/ stock investment consulting qualification: 13 months of working
STEP 2	Preparing to become a successful consultant!	New Employee Development Center 2 - 7 months of working	Acquisition of indemnity insurance planning qualification: 7 months of working Acquisition of credit card consulting/ sales qualification: 4 months of working Acquisition of variable insurance planning qualification: 3 months of working
STEP 1	Starting your career as a Samsung Life consultant!	Consultant Introduction Course 0 - 1 month of working	Acquisition of life insurance planning qualification: 0 month of working

VOICE OF STAKEHOLDERS

“Thanks to Samsung Life's Differentiated Training and Support for Consultants, My Mother and I have Grown a lot as Consultants.”


Jeong-seon Go & Yeong-ae Kim, mother and daughter consultants at Pyeongchon Branch

Watching my mother working as an consultant since childhood, I was drawn to the charm and virtues of this job. Naturally, I became an consultant myself. Now, I am working very hard to become a master. With my mother's expertise and experiences and my own skills, we are trying to provide the best financial consulting service to customers.

Jeong-seon Go, Team Leader

I love and am very proud of my job as a consultant. So, when my daughter chose to pursue her career as a consultant, I was glad to give her every encouragement and advice. On one hand, I am worried because I am well aware of the difficulties of working as a consultant. But, I feel assured about the company's differentiated training and support for new consultants.

Yeong-ae Kim, FC

Value-oriented

Risk
- Need to acquire up-to-date information due to rapidly changing technology trends
- Corporate competitiveness damaged as a result of the loss of competent human resources

Opportunity
- Activating organizational culture through free communication and cooperation
- Creating synergy through company-side sharing of organizational values

Management Approach
For active response to the changes in the management environment, such as the prolongation of the trend of low interest rates and low growth, it has become important to establish an advanced organizational culture to strengthen employees' job competencies and improve the efficiency of operational processes. Samsung Life is improving employees' expertise by restructuring its job training system and, at the same time, performing innovation activities with a focus placed on the company's operating processes and organizational culture.

Job Training System

Establishing Training System according to Job Characteristics
In 2016, Samsung Life established training systems by job group according to the nature of each job. Using internal experts, Samsung Life developed training programs and provided lectures to employees of professional job groups, such as product development, actuarial service and insurance assessment. In addition, considering the characteristics of each job, it divided the eight professional jobs into four job groups and established a customized training system by deriving competencies and training contents necessary in the field through job analysis.

Direction of training system establishment by job group

Job group	Job	Characteristics	Direction
Professional job group I	Product, actuary, assessment	Tips for internal operations	Specialized internal group training
Professional job group II	Asset, IT	External professional knowledge	Specialized external training
Professional job group III	Finance, marketing	Strategy building competency	Strategy training by internal and external experts
Sales	WM, sales	Financial consulting competency	Sharing expertise, customized training by job level

Job Competency Improvement Support

Study Group Activation Support
Samsung Life supports study group activities based on its job training system in order to establish a culture of voluntary learning and study among employees. Each year, it supports study group expenses, such as fees for lecturers, by organizing the contents of part/ team-unit study groups. The company also recognizes individual employees' activities in study groups to be included in job training hours so as to encourage study group activities. Samsung Life rewards and provides incentives to excellent study groups and shares the best practices across the company.

Restructuring Education System
The employee education system has been changed from a grade-based system to a system focusing on the hours of education completed in order to improve effectiveness of the job training. Having designated a minimum annual training of 32 hours, Samsung Life focuses on improving employees' practical job-related competencies. At the same time, it has restructured the system so that employees can participate in a wide range of learning activities.

Improving Job Expertise
Samsung Life has established a job training system to improve employees' job expertise. At the same time, the company is supporting employees to take cyber learning courses as necessary for their job competency development through IDP[1]. In particular, Samsung Life operates a job qualification support system. It provides group courses and covers expenses for acquiring qualifications by designating 16 core qualifications and 12 professional qualifications. As a result of the efforts, 1,086 employees have acquired key qualifications as of the end of 2016.

1) IDP: Individual Development Plan

Strengthening Organizational Value



Challenge Fair



Knowledge Fair

Establishing Organization Culture of Learning, Growth and Communication
Samsung Life operates a three "Fair" series in order to promote employees' learning and growth and build an organizational culture of communication and harmony.

Key activities by Fair

Category	Major activities
Knowledge Fair	**A space to share best practices** - Discover and reward innovation success cases through company-wide success case sharing - Sharing individual employees' experiences: Participated by branch managers, office workers, etc. - Organization-unit best practices: Target of participation expanded to the head of business departments and regional divisions
Challenge Fair	**A venue for congratulating employees who have working at Samsung Life for one year** - Congratulating and cheering for employees who have worked in Samsung Life for one year - Operating communication and participation-type programs to build close relationships - Presentations and lectures for vision sharing and motivation
New Professional Fair	**A venue for communication with and congratulation for the newly promoted** - Congratulating promoted employees and operating programs for communication and cooperation - Providing competency improvement training to the newly promoted

2) The three principles of reporting (TOP) Time, Output (conclusion and R&R deduction) and Proper (only required personnel to attend)

3) 3S, the three principles of reporting 'Simple, Speedy and Smart'

Establishing Efficiency and Performance-centered Working Culture
Samsung Life focuses on higher value-added work and improves the efficiency of meeting and reporting processes to create an efficient and performance-oriented corporate culture. It is creating an efficient meeting culture by establishing standard guidelines for meeting arrangements, the three meeting/ reporting principles (TOP[2]/3S[3]) and promoting work efficiently by putting an end to unnecessary meetings at the same time while carrying on with the mobile campaign system.

A Family-friendly Project Operated by Labor-management
Based on the spirit of love for family, Samsung Life is creating an environment where all employees work happily. In particular, the "Family on the Go" program, which is organized jointly by the company and the labor union, presents unforgettable memories to the employees and their families. In 2016, Samsung Life again held "Love Parents Trip" and a safety experience camp, with which the employees' satisfaction level was high.

BUSINESS CASE

Study Group Turning Autonomy and Responsibility into an Outcome
The branch manager study group at the Suwon Regional Division is operated in three teams consisting of recruiting, product and activity, according to the employees' individual competencies and areas of interest. Each team is given a study project and presents their outcomes. Through organic activities, higher-quality data and opinions are collected. In addition, an environment where the participants can exchange ideas freely and respect each other's opinions has been established. The branch manager study group, which is operated on the basis of autonomy and responsibility, not only provides momentum for individual competencies to develop into the organization's competency, but also produces substantial results, such as to activate recruiting through various strategies.


Study group of regional divisions in Suwon

Improving Labor and Human Rights

Commitment to Labor and Human Rights

The social interest in human rights, such as the prevention of discrimination and respect for diversity, is increasing across the globe and human rights regulations and guidelines are being gradually strengthened. Having recognized the importance of human rights management, Samsung Life has established human rights as a basic principle in achieving sustainability and is faithfully performing the related activities.

Scope of Labor and Human Rights

Samsung Life abides by the regulations and standards of labor, human rights and working conditions in all countries and regions where it performs its business activities. The company's human rights policy is applied equally to all stakeholders including the employees, consultants, partners and the local community.

Process of Due Diligence on Labor and Human Rights

Due Diligence Process

Based on the process of due diligence on labor and human rights, Samsung Life examines its human rights management on a regular basis to eliminate the factors of human rights infringement and minimize the related risks.

Step 1. Identifying potential human rights issues and risks

Company

- High percentage of female employees (44% of all employees)
- 48% of all employees directly communicate with customers

Industry

- As a characteristic of the insurance industry, employees sell products, provide services and handle various complaints through direct contact with customers
- Recommendation for measures to protect the human rights of emotional laborers (National Human Rights Commission of Korea)

Step 2. Checking the vulnerable class (Assessment)

Employees

Low-risk group

Employees

Managing labor and human rights of all employees including female employees for the prevention of human rights infringement throughout the course of management activities

High-risk group

Customer Service Staff

Sales/ field managers, consulting tellers, online consultants and insurance premium screening staff exposed to customers' abusive language, sexual harassment and defamation of character

Consultants and Partners

High-risk group

Consultants and Call Center Consultants

Consultants who sell intangible products by meeting customers in person and call center consultants who receive a variety of customers over the phone can be exposed to violent language and sexual harassment.

Step 3. Activities to improve labor and human rights

Employees

- Provide personal counseling, stress level measuring and meditation/ relaxation training services through Mental Health Counseling Center to relieve the employees' stress and tension
- Implement guidelines for pregnant employees and providing them with a one-hour break during work and leave for prenatal checkups (4 hours per session), reduce work hours for pregnant employees, support assistants for pregnant employees performing clerical duties on site, set up a standard for work hours of postnatal employees within one year after childbirth, reduce work hours for childcare, and expand flexible working system for postnatal employees
- Set up Guidelines for Protection of Customer Response Employees in June 2016 and establish implementation plan and manage the results
- Designate and organize grievance settlement channels and committee in addition to providing therapy and counseling support to employees

Consultants and call center consultants

- Consultants: Provide special lectures, music meditation programs and opportunities to participate in the Healing Camp to consultants who need to recharge themselves
- Call Center Consultants: Provide customer response manuals by situation and organize Healing Camp where consultants receive 1:1 personal counseling, meditation and relaxation training

Labor and Human Rights Disclosure

Transparent Information Disclosure

Samsung Life is transparently disclosing its human rights-related activities, performances and issues in the integrated report. In addition, through continuous communication and disclosing information, it is identifying the key human rights interests and expectations of stakeholders.

Principles for Human Rights

Samsung Life strives to achieve sustainable growth with its customers and society by delivering the noble value of insurance to them as a "global life partner focusing on customer benefits in order to nurture people with greater love." To maintain and develop its relationship with customers and society, Samsung Life respects the basic rights of all stakeholders, including employees to customers, shareholders and partners, and is implementing the "Samsung Management Principle," which encompasses the company's philosophy of respect for human rights. At the same time, Samsung Life actively supports the UN Framework and Guiding Principles on Business and Human Rights.

Employees

- Prohibit any unfair discrimination based on age, gender, race, religion and language
- Assess and reward employees fairly according to their performances and provide them with equal opportunities for self-development based on the competency of each employee
- Continuously strive to create a safe and pleasant working environment so as to improve employees' health

Customers

- Prohibit discriminatory services to customers based on their gender, race, religion and political affiliations
- Refrain from excessive request of information to customers and take physical and technical measures to protect customers' personal information
- Respect customers' expectations and demands and develop and provide them with top-quality products and services to meet their expectations

Shareholders and Investors

- Maintain accuracy and reliability of accounting data in order to ensure management transparency
- Provide necessary information to shareholders and investors in a fair and timely manner according to the related laws and the company's internal rules
- Maintain a relationship of mutual respect with shareholders and investors by respecting their justifiable requests and suggestions

Consultants and Partners

- Place importance on the value of consultants and partners for joint growth
- Strive to identify and prevent human rights-related risks on a regular basis
- Monitor and take improvement actions for human rights infringements detected in the course of inspection
- Administer transactions fairly on an equal footing rather than at a predominant position

Local Communities

- Recognize responsibilities for local community development and actively participate in CSR activities as a member of the local community
- Prohibit unfair discrimination of the vulnerable in the local community
- Consider environmental and social issues of the local community in all business activities
- Strive to create a healthy and transparent society by eradicating illegal money laundering and transactions using borrowed/ false-name bank accounts

Open Communication

Risk
- One-off activities or those for "only show" drawing social criticism
- Lack of communication with local community and partners

Opportunity
- Building positive corporate image and strengthening brand value
- Creating social values through management to focus on social needs and problem solving

Management Approach
Insurance functions as a private "social safety network." As much as so, Samsung Life is committed to resolving social issues and promoting joint growth with its stakeholders. In particular, Samsung Life strives to fulfill its responsibilities as a member of the society by performing social contribution activities to resolve various social issues, activities to protect employees' safety and health and win-win management to improve the competitive power and value of its partners.

Strategic Social Contribution

Direction of Social Contribution
Samsung Life recognizes that social contribution is not an option, but a mandatory part of its management activities. For this, the company is performing social contribution activities to fulfill its social role and, at the same time, increase its corporate values.

Slogan: **Healthy Family, Happy Life**

Strategic direction and activities	Expanding CSR projects to resolve social issues	Spreading healthy insurance culture and strengthening education	Improving global CSR activities
	· Supporting suicide and disease prevention · Supporting childcare in the local community · Responding to the trend of low fertility and aging · Fostering healthy youth	· Youth finance/ insurance education · Supporting family business succession and CEO education in small businesses	· Providing electric wheelchairs in China · Providing educational instruments and materials to Thailand/ Vietnam · Supporting children from Vietnamese multicultural families to visit their mothers' homeland · Promoting mangrove drinking water project in Thailand
Link to SDGs[1]	To guarantee healthy lives and increase welfare To achieve gender equality and strengthen competencies of women and children	To guarantee high-quality education and increase opportunities for lifelong learning To achieve sustainable economic growth, full employment and increase jobs	To guarantee high-quality education and increase opportunities for lifelong learning To protect the ecosystem and preserve biodiversity (forest, desert)

1) SDGs: Sustainable Development Goals

Financial Education for Youth
In order to help the youth understand finance and insurance and also to assist in character cultivation, Samsung Life provides a Youth Finance Education program by fostering its employees and university students as lecturers. They help the youth build a correct sense of economy with professional financial knowledge.

BUSINESS CASE

Customized Financial Education
Samsung Life provides education to help the youth understand financial and economic terms and concepts, such as income, consumption, savings and insurance, and also the necessity of insurance. The training is comprised of customized programs, such as board games to arouse the participants' interest, and character building programs to improve the young people's self-confidence and social skills. Samsung Life's employees and a volunteer group of university students participate in this project. In 2016, approximately 2,300 students from 47 middle schools in Seoul and Gyeonggi Province completed the programs. In 2017, Samsung Life plans to expand the target of this education to schools across the country.



Sharing Values to Solve Social Issues

Preventing Suicides
Understanding that suicide is not just an individual issue, but stems from complicated social influences, Samsung Life participates in a variety of activities to spread the culture of respecting life and preventing suicides. Samsung Life provides education on suicide prevention to students in 1,121 middle schools across the country. It also holds a campaign to spread the awareness of respect for life by publishing webtoons and EBS documentary films. Samsung Life plans to conduct preventing suicides education for all middle schools in Korea by 2023.

Preventing Diseases
Since 2012, Samsung Life has been providing health lectures to improve the national health by touring around the country. In 2016, the lectures were given to around 6,000 people at 33 universities. In addition to the health lectures, Samsung Life plans to provide health improvement and health care services by cooperating with local community centers and hospitals.

'People, Love' Serotonin Drum Club
Samsung Life's "Serotonin Drum Club" was organized to help the youth achieve emotional stability and grow to become healthy human beings. Serotonin, a hormone, is secreted when a person enjoys any activity, like playing the drums. This program was designed to improve the emotional stability and personality of the youth by using this principle. "Employees Heart Fund," which is raised through monthly donations by Samsung Life Employees, is used in career camp and Mentor Day programs in addition to supporting video texts and educational materials.

Serotonin Drum Club
Accumulated Performance

220 schools
Operating schools

3,400 students
Participants

'People, Love' Joint Childcare Center
Samsung Life cooperates with the Ministry of Gender Equality and Family for its Joint Childcare Center project to not only lower the burden of childcare experienced by parents, but also offer high-quality education to children. The Joint Childcare Center is a space of communication where parents with children of similar ages share childcare information and also a community space to rent toys and books. With "Consultants Heart Fund" raised with a certain portion of the consultants' contracts donated, new Joint Childcare Centers are opened, old facilities are remodeled and toys and books are supported.

Sesalmaeul Program
Recognizing that the first three years in life are the most important in a child's development, Samsung Life has been implementing the "Sesalmaeul" program since 2011. Through this program, parents and grandparents receive customized education on childcare from before the birth of a child to the time the child becomes three years old. Experts visit the child's home when they reach the age of three, six and twelve months to check their state of development and give appropriate advice on parenting.

VOICE OF STAKEHOLDERS

"Education for Correct Understanding of Finance and Insurance to Teenagers is Very Important."
At Seongnam Middle School, Samsung Life held "Finance & Personality Class" twice in 2016 targeting all students. The Finance & Personality Class is one of Samsung Life's social contribution programs. It is aimed at helping young people understand finance and insurance to establish a correct sense of economy and build personality. Many insurance companies talk about the importance of preparing for old age. But, we believe that the preparation for old age in a genuine sense can be achieved through a healthy society created by children growing with proper education. We hope that Samsung Life will continue to provide young people with assistance in establishing a correct sense of economy by delivering the values of finance and insurance.



Hong-seop Lee,
Principal of Seongnam Middle School

Spreading Global Social Contribution Activities

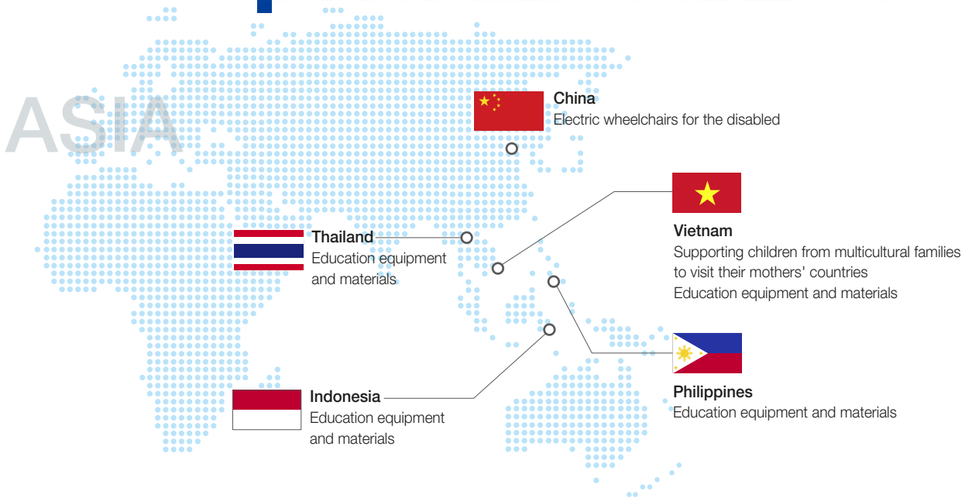
Aiming to be a global top-tier company, Samsung Life, as a member of the international society, takes part in resolving global issues by providing educational support for the vulnerable. It also performs various social contribution activities in the overseas markets it has entered.

Supporting IT Education Equipment

Samsung Life supports children, the leaders of the future, to make them receive IT education in a better environment. The company supports educational materials and equipment to an elementary school in Thailand and a middle school in Vietnam where the educational environment is poor. In 2017, Samsung Life plans to increasing the targets of its IT education support to include the Philippines and Indonesia so as to provide educational benefits to a greater number of children.







Supporting Children from Multicultural Families

In 2007, Samsung Life started supporting multicultural families to visit their mothers' countries. This campaign produced positive results that improved relationships of multicultural families and helped them achieve emotional stability and successfully settle down in Korea. In 2016, Samsung Life supported 100 people from 27 families to visit their mothers' countries. Over the past ten years, 1,042 people from 284 families visited their mothers' countries in Vietnam, the Philippines, Mongolia and Thailand through Samsung Life's support.

Supporting Rehabilitation and Independence of Disabled People in China

Since 2012, Samsung Life has been performing global social contribution activities beyond the borders to provide a total of 3,503 electric wheel chairs and a donation of KRW 4.8 billion by entering into an agreement with Welfare Funds for the Disabled in China. In 2016, Samsung Life provided 750 electric wheelchairs by using a fund of KRW 1 billion.

Participating in Sharing Activities and Culture

Samsung Life operates Nanum Station to efficiently manage volunteer activities and donations. In addition, the company's Sustainability Management Center, operates 144 volunteer teams across the country. To encourage employees' participation, Samsung Life reflects employees' social contribution activities in their personnel evaluation.

Sharing activities and sharing culture performance

11.8hours
Voluntary service hours per employee

KRW 72.4billion
Amount of social contribution donation and activity

KRW 760 million
Heart Fund raised
(employees KRW 490 million, consultants KRW 270 million)

Social Contribution with Customers

Samsung Life held a "Love Online" campaign where customers can donate briquettes by receiving financial consulting services on the Online Direct website or by joining the website. The 65,000 briquettes donated through the campaign were delivered to the neglected in local communities, helping them spend the winter in warmth.





Practicing Sharing through Talent Donation

Samsung Life holds a Youth Painting Contest to foster young artists. For over 30 years since 1981, the contest has grown to the largest-scale painting contest for youth in Korea with around 5.4 million participants. Through this contest, about 80,000 young artists grew to become professors, architects and writers, performing actively in various fields. In addition to "Share Love Mural Painting," a talent donation program, Samsung Life organized an art class for patients at children's hospital in 2016 to help the children nurture their dreams to become artists.





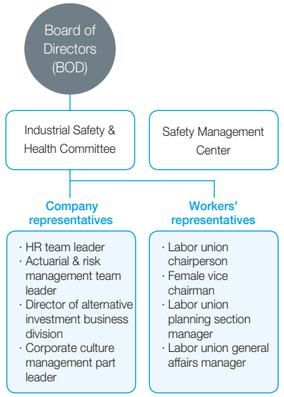
BUSINESS CASE

Reestablishing Fund Management Process to Contribute to a Transparent Society

Samsung Life reestablished its internal control process in order to strengthen a preliminary review to improve the transparency of fund management. It is making efforts to strengthen the transparency of fund management by evaluating the appropriateness of the plans for donations and fund use in depth by holding the Donations Review Board meeting.
In 2016, Samsung Life spent KRW 72.4 billion on social contribution activities, which is of the highest level in the industry. Samsung Life also supports social contribution funds, to which all Korean life insurance companies have been donating parts of their profits since 2007. In addition, Samsung Life's employees and consultants donate a portion of their monthly pay to raise money for Samsung Life's Heart Fund, with the entire donation amount subsequently matched by the company.

Safety and Health Management System

Samsung Life has a nationwide business network and, accordingly, the operating sites are scattered across the country. For effective safety management on the operating sites, Samsung Life developed an online system enabling field inspections on a regular basis and also as necessary, improved cooperation with building management companies and real-time operation handling. As a result, Samsung Life achieved the goal to become an "accident-free workplace" once again in 2016.



Safety and Health Management Governance

Based on the regulations on safety and health management, Samsung Life has been proactively conducting safety inspections and organizing training on safety. Since 2014, eight labor-management consultation council members have been operating the Industrial Safety and Health Committee to share pending issues on a regular basis and promote the improvement of risk factors. As a control power for company-wide safety and health management operation, Samsung Life is operating the Safety Management Center.

Safety and Environment Management System (SEMS)

To strengthen management of all structures and ensure systematic and efficient inspection data management, Samsung Life developed a system to enter and check all safety management data in real time through PCs and mobile phones in 2015 and has since been operating the system. The system enabled more detailed safety management and considerably shortened the operation processing time.

Strengthening Safety Check

Field-oriented Safety Management

Samsung Life detected and handled a number of potential risk factors that are relevant to the occurrence of accidents within the perimeter of employees' and visitors' activities in addition to its regular safety inspection activities. Samsung Life also focused on creating a safe working environment by designating business establishments without safety managers or special structures as "structures requiring special management" and appointing safety officers among employees working in the field so as to spread the culture of internal accident prevention.

Key activities in 2016

Discovering potential risk factors	Internal inspection on management blind spots
• **Overview :** To discover potential risk factors within the perimeter of visitors' and employees' activities and take safety actions in advance • **Handling Plan :** Campaign to encourage reporting by employees, visual inspection through cooperation with building management companies • **Outcome :** To reduce the occurrence of unexpected accidents	• **Overview :** To designate specific structures for which safety management needs to be strengthened as structures requiring special management and appoint safety officers • **Handling Plan :** Quarterly safety inspection under the supervision of safety officers • **Outcome :** To create a safe working environment by establishing the culture of internal safety management

Safety inspections

Safety inspection by theme	· Checking risk factors by season, such as winter, thawing season and storms and floods · Overcoming risk factors for accidents including fires, explosions, etc. and monitoring and improvements on land subsidence, fire facilities, etc.
Value Chain Safety Committee	· Sharing amendments of the occupational safety and health-related laws and latest issues · Conducting safety inspections on value chain and office buildings, organizing joint disaster evacuation drills
Reinforcing fire evacuation plan	· Improving floor evacuation guide and emergency stair signs · Securing safety supplies and making fire prevention campaign posters
Daily safety management in construction sites	· Operating a daily situation reporting system on all construction works carried out in buildings · Providing field safety instructions through unannounced inspections

996cases
Signs of hazards detected and handled


Providing safety education

Spreading Safety and Health Culture

Samsung Life's "Safety Leader" Training

Rather than simple lecture-type safety education, Samsung Life aims to provide experience-based training where the trainees learn about safety by experiencing virtual disaster situations in person. The Safety Management Center takes part in the "Citizens' Safety Protector" training program supervised by the Seoul Emergency Operations Center on a regular basis and offers monthly "safety leader" training to employees at the Safety Experience Center. Upon completion of the training, "safety leaders" protect their departmental members from any hazards and contribute to spreading safety culture throughout the company by sharing safety-related knowledge with other employees. In 2016, 184 employees participated in the training to learn about disaster response methods and CPR techniques (to use AED).

Improving Safety Awareness

Samsung Life has published and distributed the "Safety Accident Response Guidebook" twice(in 2013 and 2015) in order to improve the employees' knowledge about safety and prevent various accidents in the company. In 2016, the company published the "Office Safety Guidebook," which contains cases of indoor safety accidents in consideration of the nature of the industry. The guidebook contains information suitable for office workers who spend most of their days indoors, and thus contribute to establish a safer working environment.

Caring for Employees' Health

Samsung Life also dedicates efforts to caring for employees' mental health and relieving their stress by operating the Mental Health Counseling Center. Professional counselors measure employees' stress levels and offer 1:1 counseling, meditation and relaxation training services. In addition to individual counseling services, personality diagnosis examination and department-unit group counseling services are provided. Furthermore, Samsung Life runs a variety of programs including health check-ups and operating in-house restaurant considering nutrition.

BUSINESS CASE

Safety Management Customized to Financial Companies

Unlike in the manufacturing industry where the risks of various industrial accidents caused by explosions, fires or operation of machinery exist, Samsung Life's employees work in a relatively safer environment. However, there are always the risks of accidents in the workplace. So, Samsung Life published the "Office Safety Guidebook" based on various accident cases that have occurred and can take place in office spaces and distributed them to all employees.
This guidebook contains practical and realistic content developed through activities to discover potential risk factors. It also contains illustrations to help in employees' understanding.



Office safety guidebook

Fair and Transparent Partner Selection and Management

Samsung Life works towards sustainable growth while recognizing its partners as companions for developing competitiveness and values.

Selecting Partners through a Fair Process

Aiming for "zero purchasing accidents", Samsung Life restricts the participation of its partners with potential risks in accordance with its Contract Administration Guidelines. It prevents unqualified partners from joining the e-procurement system through a link with the Audit Team's system. In addition, employees in charge of the electronic bidding system are given new rights to enhance the fairness of contract procedures.

Partner Management and Evaluation

All of Samsung Life's partners are asked to make written pledges to refrain from unfair trading practices or make any violations of integrity principles in their transactions. The partners that make this pledge are advised to internally assign a person to be in charge of compliance management. Also, in order to ensure that contract procedures are properly carried out, Samsung Life holds a briefing session about its Contract Administration Guidelines. Meanwhile, the company evaluates all partners every two years based on their business operations, environmental regulations on products and services, basic human rights, working environment and safety and health management status.

Partner evaluation criteria

Human rights
Child labor, forced labor, inhumane treatment

Business operation
Business policy/ procedures, management system

Labor environment
Working hours, vacation, wages, rewards

Safety and health
Safety inspections, emergency countermeasures, industrial accidents, workplace hygiene

Environmental regulations for products and services
Product environment, energy management, waste/ wastewater treatment

Supporting Green Purchase Activation

In order to support green purchases, Samsung Life exempts bid bonds for specialized green enterprises designated by the government in 2013. Through purchasing manuals, Samsung Life asks for the submission of energy review reports on the equipment of major energy consumption when constructing new buildings and performing repair work, while also giving preferential treatment to environmentally certified products during the bidding for equipment suppliers. Also, the company considers environmentally-friendliness as an important factor when purchasing products, which is why it prioritizes the purchase of products with high energy efficiency and minimal environmental damage. In 2016, Samsung Life donated office supplies and other items valued at KRW 95 million, which it no longer needed as a result of the office building relocation, to military camps with which it has entered into sisterhood relationships, and thus practiced resource saving and the management of sharing.

Win-win Activities with Partners

Open Communication for Mutual Growth

Samsung Life has established a wide range of communication programs to set up a foundation of mutual cooperation. It holds a Mutual Growth Workshop every other month to share information with its partners and gather opinions from them. In addition, the company conducts surveys once a year to confirm partners' satisfaction level, as well as reward their best employees as a means of expressing thanks to the partners' hard work and dedication.

BUSINESS CASE

Supporting Joint Growth with Small Businesses Through Direct Purchase

Samsung Life makes purchases directly from its partners rather than through MROs[1] of large enterprises. The items purchased from partners such as office furniture, electronic products and printed materials, amount to approximately KRW 8 billion. Samsung Life handles the entire process from partner selection first-handedly and makes purchases according to the results of public tenders that are carried out fairly. Through the direct purchases, Samsung Life reduces its purchase costs at the same time while providing a stable sales channel to its partners. In 2016, it saved KRW 16.13 billion on the budget for relocation by practicing direct purchases.

Cost savings through direct purchase*

KRW 16.13 billion

* Compared to management planning budget prior to relocation

1) MRO (Maintenance, Repair, Operation) Company: A company that executes purchase of consumable materials and maintenance of facilities and equipment on consignment





Junior CEO course

930 trainees
Accumulated number of people who completed the Junior CEO Course

Improving Competencies of Partners and Customers

Samsung Life holds a mandatory training program with information on accident prevention, security, sexual harassment prevention and ethical management for its partners once a year with non-periodic training programs offered as needed. In 2016, it trained all employees of computerized equipment maintenance partners on security and ethical management, which amounted to 530 people.

It also provides a variety of learning and experience activities through Junior CEO courses for fostering small business owner's children into becoming future CEOs. The course includes management philosophy, knowledge and leadership lectures. As part of its talent donation, the Junior CEO courses give the children of small business owners an opportunity to study economics and learn about leadership. Starting in 2011, 24 short-term and 11 long-term courses have been offered until February 2017. During this period, 930 people completed training with participation by 870 companies.

Managing Major Partners

Key partners

- External sales organizations
- Office supply providers
- Computerized equipment maintenance companies
- Building maintenance service providers

External Sales Organizations

Samsung Life's external sales organizations are the most important partners. Samsung Life conducts regular inspections on them to identify any risks and take measures if necessary in accordance with the suitability rule based on its annual compliance plan and due diligence obligations. Inspections are focused on mis-selling and noncompliance of insurance guide materials as well as illegal acts including non-compliance with solicitation procedures and processes. Samsung Life also provides consultants with ethical management education for integrity business activities.

Office Supply Providers

All agencies across the country purchase essential office supplies in quantities required through an electronic purchase system called e-pass. In addition, to prevent fixed trade practices, Samsung Life purchases services and items limitedly for a contract period and always begin a new tender after a contract expires.

Computerized Equipment Maintenance Companies

Samsung Life conducts inspection for risk management targeting the employees of partners that handle maintenance of computerized equipment in agencies as well as its own employees. It conducts regular inspections on them to identify any risks and take measures if necessary in accordance with the suitability rule based on its annual compliance plan and due diligence obligations.

Building Maintenance Service Providers

Samsung Life implements strategic investment property management towards security service providers and building maintenance companies. Each company is audited for its potential risks through a process of acknowledgment, site inspection and reduction of risks twice a year.

Materiality Test and Stakeholder Engagement

Samsung Life has conducted materiality tests to identify material issues of high concern to stakeholders through comparative analysis of international standards, global benchmarking, media research and surveys on stakeholders. Based on the results, Samsung Life came up with reports that focused on material issues in the value chain. The objectivity of the reports was ensured through compliance with GRI (Global Reporting Initiative) G4 Guidelines.

Step1.
Issue Pool Creation

Samsung Life came up with an issue pool comprised of 44 issues through analysis of international standards, global benchmarking, internal data review, interview with stakeholders and media research.

Analysis of international standards
- Analyze requirements of sustainability management-related international standards and derive issues
- Analysis Target: GRI G4 Guidelines, ISO26000, SDGs

Internal data review
- Conduct total inspection on articles posted on the Intranet in 2016
- Interview relevant officers
- Review material issues from past year's integrated report
- Check internal policy documents

Creation of 44 issues

Global benchmarking
- Review key issues and activities of local and international DJSI World listed companies, partners and competitors
- Investigate local and international sustainability management reporting trend

Media research
- Investigate articles that received media exposure in 2016
- Target Media: 15 daily newspapers and economic daily newspapers including Chosun, JoongAng, Dong-A and Hankyoreh

Stakeholders	Employees and consultants	Partners	Government and local communities	Shareholders and investors
Key issues by stakeholder	· Field-oriented management · Work - life balance · Strengthening employees' competencies	· Supporting training and competency improvement programs · Regular communication	· Practicing fair trade and ensure transparent management disclosure · Complete selling · Contributing to local communities · Resolving social issues	· Strengthening shareholder-friendly policies · Improving company's qualitative value · Securing sustainable growth engine
Key communication channels	· CEO's Passion Talk · Labor - management council · Corporate webzine and internal broadcasting · Labor - management joint events	· Joint growth workshops · Surveys · Reward system for suppliers' best employees	· Local volunteer groups · Employees' voluntary service activities · Educational donation programs · Integrated report	· General shareholders' meeting, investment briefings · Annual report, integrated report

Step2.
Materiality Test

Based on the 44 issues derived, materiality tests were conducted centering on the impact exerted by the issues on Samsung Life and the level of internal and external stakeholders' interest.

Impact on Samsung Life

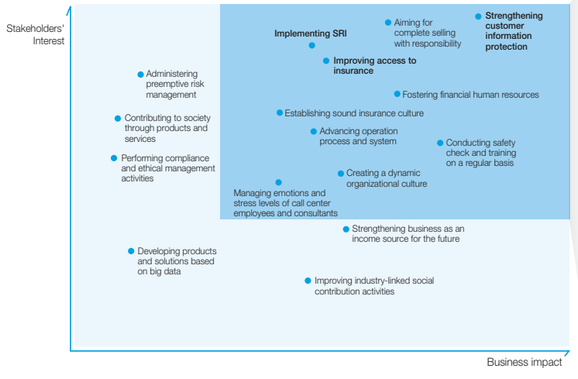
Checking management trend by analyzing internal data, such as company magazine

Stakeholders' Interest

Online/ offline surveys on opinion leaders, such as employees, investors and expert group

Step3.
Selection of Materiality Issues

10 material issues for sustainability of Samsung Life were selected based on the business impact and stakeholders' interest. At the same time, the relevance between the insurance industry trend that is related to each issue and the company's business and major activities and performance results were reported.



Materiality Issues	GRI aspects	Influence targets
Strengthening customer information protection	Customers' personal information protection	Customers
Implementing SRI	Product portfolio	Shareholders and investors, local communities
Improving access to insurance	Local Communities	Local Communities
Aiming for complete selling with responsibility	Marketing communication	Customers
Fostering financial human resources	Training and education	Employees
Conducting safety check and training on a regular basis	Industrial Safety & Health	Employees and partners
Establishing a sound insurance culture	-	Customers
Advancing operation process and system	-	Customers, shareholders and investors
Creating dynamic organizational culture	-	Employees
Managing emotions and stress levels of call center employees and consultants	Suppliers' human rights assessment	Partners

Top 3 issues for sustainable management	Social and environmental background
1. Strengthening customer information protection	1. Strengthened personal information protection-related laws and regulations
2. Improving access to insurance	2. Increased demand to resolve blind spots for insurance purchase
3. Implementing SRI	3. Continued trend of low interest rates and low growth, expansion of SRI on pension fund

Business case	Impacts of the issues	Goals	Reporting pages
1. Perform information security inspection activities on value chain	○ Cost ○ Income ☑ Risk	1. Strengthen information protection activities	P 48, 49
2. Expand accessibility to insurance by launching insurance plans for people diagnosed with diseases	○ Cost ☑ Income ○ Risk	2. Develop new products targeting various classes	P 34
3. Expand investment in solar/ biomass power generation fields and provide eco-friendly loan products	○ Cost ☑ Income ○ Risk	3. Continuous expansion of renewable energy investment	P 32

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Data Disclosure

Financial Highlights

In 2016, global economic and financial uncertainties have further increased due to the effects of Brexit and the U.S. Presidential Election. In addition, economic recovery was stagnant, interest rates dropped, and financial regulations were strengthened in Korea. As such, it has been a year of difficult management conditions for the insurance industry. Nevertheless, Samsung Life recorded total premiums of KRW 27.9804 trillion, a net income of KRW 2.0543 trillion and total assets of KRW 264 trillion.

Business Results

Samsung Life's net income was KRW 2.0543 trillion, which increased by 69.6% from the previous year. This was achieved despite the difficult business environment marked by low interest rates as a result of higher investment income from equity disposal gains and the growth in insurance profits owing from the improvement in management efficiencies such as the loss rate and the growth in sales of protection products. Despite the trend of low interest rates, Samsung Life was able to maximize corporate profits in 2016 by segmenting and innovating all stages of the claims management value chain, and seeking out investment opportunities in overseas markets and real estate to the extent permitted by its internal risk guidelines, all in a concerted effort to achieve "maximization of corporate value through quality growth."

New Business APE and APE by Product

Samsung Life's total new business APE was down year-on-year by 9.7% to KRW 3.2170 trillion. By product, the APE of low- to mid-priced high-margin health products increased by 33.8%, while total protection APE decreased by 4.9%. Annuity sales declined from the previous year, resulting from a decline in annuity demand due to the trend of continued low interest rates as well as expansion of the sale of short-term savings plans. In 2016, Samsung Life made efforts to fortify its share in the protection-type and annuity markets by recovering annuity selling power whilst keeping the trend of sales to center on protection-type products.

	Unit	FY2014	FY2015	FY2016
New Business APE	trillion won	3.8	3.5	3.2
Protection-type New Business APE		2.1	2.2	2.1

Value of New Business

The Value of New Business generated in 2016 grew by 2.7% to KRW 1.2120 trillion thanks to a value-focused sales strategy. The New Business Margin was 37.8%, which improved considerably by +4.6%p from the previous year. This is a result of the company's deliberate strategy to focus on selling health protection products, which are of the highest margin.

	Unit	FY2014	FY2015	FY2016
EV	trillion won	24	25	29
Value of New Business		1.2	1.1	1.2
New Business Margin	%	31.5	33.2	37.8

BUSINESS CASE

Opinions of Shareholders and Investors

Shareholders and investors are important stakeholders enabling the company's sustainable growth. Accordingly, Samsung Life listens to and collects opinions from these stakeholders. As part of this activity since 2015, Samsung Life has been conducting in-depth surveys on sustainability management on a regular basis to the employees of financial and investment institutions and reflecting the survey results in its management activities and strategy establishment.

Result of Listening to Shareholders and Investors' Opinions

Major insurance industry issues considered important by investors	· Long-term interest and trend · IFRS17 introduction and standard finalization · Online and mobile market activation
Issues to be considered for investment	· Short-term: Financial performance, shareholder return policy, interest rate trend · Long-term: Governance, financial soundness, strategies and vision

Samsung Life's response

· Continuing efforts to strengthen soundness of capital
· Securing new growth engines, such as overseas businesses and retirement market
· Maintaining shareholder-friendly capital policy

Samsung Life Insurance Financial Statements

61st Term: From January 1 to December 31, 2016
60th Term: From January 1 to December 31, 2015
59th Term: From January 1 to December 31, 2014

(1) Consolidated Statement of Financial Position

(Unit: KRW million)

Account	61st term	60th term	59th term
Ⅰ. Cash and cash equivalents	4,723,503	2,276,606	4,216,720
Ⅱ. Financial assets at fair value through profit or loss	2,094,584	2,337,133	2,542,066
Ⅲ. Available-for-sale financial assets	138,214,702	131,894,930	123,984,920
Ⅳ. Gain on financial assets at fair value through profit or loss	328,992	421,906	748,147
V. Realized gains on available-for-sale financial assets	60,503,788	36,462,636	32,687,421
Ⅵ. Derivative financial assets for hedge accounting	314,897	82,796	165,433
Ⅶ. Investments in associates and joint ventures	1,490,325	2,603,098	2,463,717
Ⅷ. Financial lease-backed bonds	792,448	-	-
IX. Assets held for sale	260,415	6,530	2,195
X. Investment property	6,854,774	7,555,922	6,146,006
XI. Tangible assets	1,454,095	1,756,873	1,800,669
XII. Intangible assets	876,511	520,765	451,404
XIII. Current tax assets	198,549	171,289	382
XIV. Deferred tax assets	5,322	-	12
XV. Other assets	5,035,748	4,686,714	4,815,483
XVI. Separate account assets	41,505,148	39,585,698	34,409,139
Total assets	264,653,801	230,362,896	214,433,714
Ⅰ. Insurance contract liabilities	158,729,147	149,118,213	138,982,550
Ⅱ. Policyholders' equity adjustment	8,075,517	6,969,288	6,771,704
Ⅲ. Financial liabilities at fair value through profit or loss	71,468	47,981	89,443
Ⅳ. Other financial liabilities	18,546,201	4,202,160	3,318,418
Ⅴ. Derivative financial liabilities for hedge accounting	721,269	620,184	528,978
Ⅵ. Current income tax liabilities	69,599	15,174	5,880
Ⅶ. Deferred income tax liabilities	4,976,383	4,427,612	4,195,262
Ⅷ. Provisions	309,532	162,282	157,222
Ⅸ. Other liabilities	988,811	506,663	503,705
X. Separate account liabilities	43,857,426	40,571,594	37,595,813
Total liabilities	236,345,353	206,641,151	192,148,975
Ⅰ. Equity of parent company	26,644,237	23,645,836	22,204,919
1. Capital stock	100,000	100,000	100,000
2. Capital surplus	63,084	6,131	7,126
3. Capital adjustments	(2,117,768)	(1,575,774)	(1,086,828)
4. Accumulated other comprehensive income	15,310,260	13,548,291	12,488,331
5. Retained earnings	13,288,661	11,567,188	10,696,290
Ⅱ. Non-controlling interests	1,664,211	75,909	79,820
Total equity	28,308,448	23,721,745	22,284,739
Total liabilities and equity	264,653,801	230,362,896	214,433,714
No. of subsidiaries for consolidation	86	61	34

(2) Consolidated Statement of Comprehensive Income

(Unit: KRW million)

Account	61st term	60th term	59th term
[Operating revenue]	30,428,633	27,705,927	27,426,368
[Operating expenses]	29,442,112	26,557,433	26,020,836
[Operating income]	986,521	1,148,494	1,405,532
[Non-operating revenue]	2,645,582	344,046	321,522
[Non-operating expenses]	1,024,627	121,027	123,597
[Consolidated earnings before taxes]	2,607,476	1,371,513	1,603,457
[Income tax expenses]	457,520	161,940	266,427
[Profit for the year]	2,149,956	1,209,573	1,337,030
[Other comprehensive income (loss), net of tax]	1,772,784	1,060,247	2,253,132
[Total comprehensive income for the year]	3,922,740	2,269,820	3,590,162
1. Profit attributable to:	2,149,956	1,209,573	1,337,030
Ownership equity of parent company	2,054,267	1,211,233	1,337,488
Non-controlling interests	95,689	(1,660)	(458)
2.Total comprehensive income attributable to:	3,922,740	2,269,820	3,590,162
Ownership equity of parent company	3,816,236	2,271,193	3,589,312
Non-controlling interests	106,504	(1,373)	850
[Earnings per share (Unit: KRW)]	11,407	6,418	7,062
No. of companies included in consolidation	86	61	34
Domestic	74	49	26
Overseas	12	12	8
No. of subsidiaries listed in Korea	1	-	-

※ Drafted according to the consolidated financial statements of K-IFRS (Korean International Financial Reporting Standards)
※ For the calculation of basic earnings per share, refer to Earnings per Share in the footnotes of 3. Consolidated Financial Statements in III. Finance

(3) Statement of Changes in Equity

(Unit: KRW million)

Account	Ownership Equity of Parent Company						Non-controlling interests	Total
	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Ownership equity of parent company		
January 1, 2014 (beginning of year before prior year)	100,000	6,131	(882,863)	10,236,507	9,510,401	18,970,176	60,215	19,030,391
Ⅰ. Total comprehensive income for the year								
1. Profit for the year	-	-	-	-	1,337,488	1,337,488	(458)	1,337,030
2. Change in value of available-for-sale financial assets	-	-	-	2,186,379	-	2,186,379	14	2,186,393
3. Change in value of held-to-maturity financial assets	-	-	-	(405)	-	(405)	-	(405)
4. Change in value of derivative financial instruments for hedge accounting	-	-	-	129,231	-	129,231	-	129,231
5. Shares of other comprehensive income (loss) of associated and joint ventures	-	-	-	(71,277)	-	(71,277)	-	(71,277)
6. Other comprehensive income of separate accounts	-	-	-	35,622	-	35,622	-	35,622
7. Profit and loss in conversion from overseas business	-	-	-	11,615	-	11,615	1,353	12,968
8. Remeasurements of net defined benefit plans	-	-	-	(39,341)	-	(39,341)	(59)	(39,400)
Ⅱ. Dividends paid to shareholders								
1. Annual dividends	-	-	-	-	(162,414)	(162,414)	-	(162,414)
2. Changes in consolidated entity	-	-	-	-	-	-	9,087	9,087
3. Acquisition of treasury stock	-	-	(201,528)	-	-	(201,528)	-	(201,528)
4. Others	-	995	(2,437)	-	10,815	9,373	9,668	19,041
December 31, 2014 (end of year before prior year)	100,000	7,126	(1,086,828)	12,488,331	10,696,290	22,204,919	79,820	22,284,739
January 1, 2015 (beginning of prior year)	100,000	7,126	(1,086,828)	12,488,331	10,696,290	22,204,919	79,820	22,284,739
Ⅰ. Total comprehensive income for the year								
1. Profit for the year	-	-	-	-	1,211,233	1,211,233	(1,660)	1,209,573
2. Change in value of available-for-sale financial assets	-	-	-	1,012,773	-	1,012,773	(11)	1,012,762
3. Change in value of held-to-maturity financial assets	-	-	-	(362)	-	(362)	-	(362)
4. Change in value of derivative financial instruments for hedge accounting	-	-	-	69,394	-	69,394	-	69,394
5. Shares of other comprehensive income (loss) of associated and joint ventures	-	-	-	23,688	-	23,688	-	23,688
6. Other comprehensive income of separate accounts	-	-	-	(29,333)	-	(29,333)	-	(29,333)
7. Profit and loss in conversion from overseas business	-	-	-	(19,617)	-	(19,617)	311	(19,306)
8. Remeasurements of net defined benefit plans	-	-	-	3,417	-	3,417	(13)	3,404
Ⅱ. Dividends paid to shareholders								
1. Annual dividends	-	-	-	-	(340,335)	(340,335)	-	(340,335)
2. Acquisition of treasury stock	-	-	(488,097)	-	-	(488,097)	-	(488,097)
3. Others	-	(995)	(849)	-	-	(1,844)	(2,538)	(4,382)
December 31 2015 (end of prior year)	100,000	6,131	(1,575,774)	13,548,291	11,567,188	23,645,836	75,909	23,721,745
January 1, 2016 (beginning of current year)	100,000	6,131	(1,575,774)	13,548,291	11,567,188	23,645,836	75,909	23,721,745
Ⅰ. Total comprehensive income for the year								
1. Profit for the year	-	-	-	-	2,054,267	2,054,267	95,689	2,149,956
2. Change in value of available-for-sale financial assets	-	-	-	1,787,045	-	1,787,045	9,529	1,796,574
3. Change in value of held-to-maturity financial assets	-	-	-	(293)	-	(293)	-	(293)
4. Change in value of derivative financial instruments for hedge accounting	-	-	-	75,860	-	75,860	1,134	76,994
5. Shares of other comprehensive income (loss) of associated and joint ventures	-	-	-	42,041	-	42,041	-	42,041
6. Other comprehensive income of separate accounts	-	-	-	(25,985)	-	(25,985)	-	(25,985)
7. Profit and loss in conversion from overseas business	-	-	-	(96,878)	-	(96,878)	(1,476)	(98,354)
8. Remeasurements of net defined benefit plans	-	-	-	(19,821)	-	(19,821)	1,628	(18,193)
Ⅱ. Dividends paid to shareholders								
1. Annual dividends	-	-	-	-	(332,794)	(332,794)	(113,302)	(446,096)
2. Acquisition of treasury stock	-	-	(541,994)	-	-	(541,994)	-	(541,994)
3. Paid-in capital increase	-	-	-	-	-	-	12,176	12,176
4. Changes in consolidated coverage	-	-	-	-	-	-	1,871,916	1,871,916
5. Others	-	56,953	-	-	-	56,953	(288,992)	(232,039)
December 31, 2016 (end of current year)	100,000	63,084	(2,117,768)	15,310,260	13,288,661	26,644,237	1,664,211	28,308,448

(4) Consolidated Cash Flow Statement

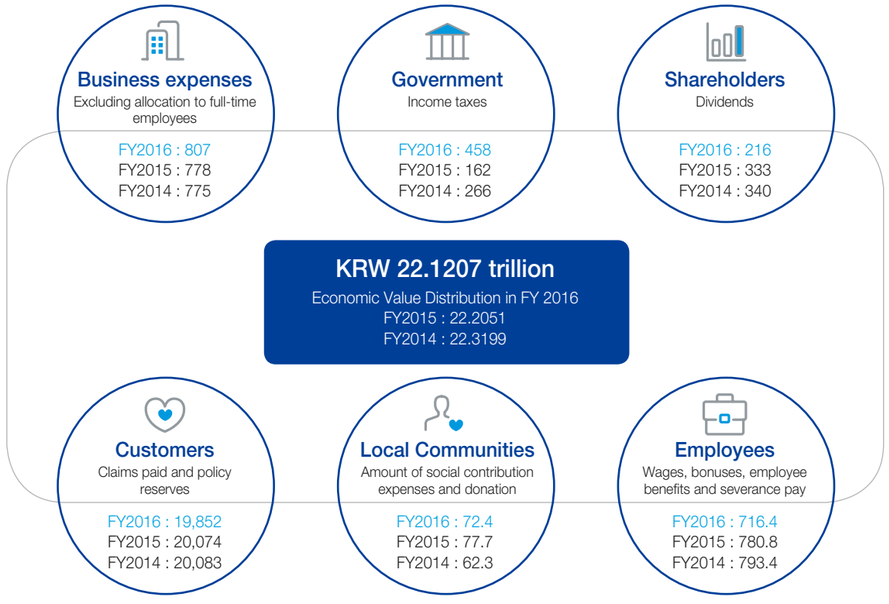
(Unit: KRW million)

Account	61st term		60th term		59th term	
Ⅰ. Cash flow from operating activities		4,834,400		5,288,088		8,946,403
1. Cash generated from operations	(1,452,282)					
A. Profit for the year	2,149,956		(719,502)		3,535,411	
B. Adjustments in expenses and revenues (Footnote 37)	4,123,921		1,209,573		1,337,030	
C. Changes in operating assets and liabilities (Footnote 37)	(7,726,159)		5,971,002		5,630,564	
2. Interests received	6,666,585		(7,900,077)		(3,432,183)	
3. Interests paid	(333,251)		5,832,101		5,432,941	
4. Dividends received	448,334		(100,376)		(88,360)	
5. Income taxes paid	(494,986)		367,057		276,769	
Ⅱ. Cash flow from investing activities		(2,934,095)	(91,192)	(7,176,636)	(210,358)	(7,392,305)
1. Proceeds from disposal of available-for-sale financial assets	11,222,559					
2. Payment for acquisition of available-for-sale financial assets	(13,504,092)		13,912,184		11,830,481	
3. Proceeds from disposal of held-to-maturity financial assets	94,548		(19,751,363)		(19,101,535)	
4. Settlement of derivative financial instruments for hedge accounting	(140,929)		328,039		1,868	
5. Proceeds from disposal of investments in associated and joint ventures	(502,533)		(217,392)		319,813	
6. Payment for acquisition of investments in associates and joint ventures	26,441		(9,666)		(84,421)	
7. Payment for acquisition of investment properties	(694,132)		27,507		82,438	
8. Proceeds from disposal of investment properties	679,823		(1,606,914)		(142,757)	
9. Payment for acquisition of property and equipment	(131,107)		51,655		2,464	
10. Proceeds from disposal of property and equipment	342,517		(67,604)		(74,128)	
11. Payment for acquisition of intangible assets	(176,213)		20,456		21,745	
12. Proceeds from disposal of intangible assets	48,930		(117,536)		(86,014)	
13. Proceeds from disposal of assets held for sale	786,999		7,389		4,698	
14. Increase (decrease) due to changes in consolidated coverage	20,445		273,814		28,100	
15. Increase (decrease) due to business merge	(983,438)		(41,840)		154,297	
16. Others	(23,913)		675		-	
Ⅲ. Cash flow from financial activities		552,932	13,960	(52,634)	(349,354)	(354,969)
1. Payment of dividends	(446,095)					
2. Payment for acquisition of treasury stocks	(541,994)		(340,335)		(203,085)	
3. Increase in loans	15,165,434		(488,097)		(201,528)	
4. Decrease in borrowings	(14,187,116)		532,815		30,300	
5. Issue of bonds	38,544,260		-		(8,450)	
6. Redemption of bonds	(37,624,400)		-		-	
7. Increase (decrease) in non-controlling interests	(357,157)		-		-	
Ⅳ. Net increase in cash and cash equivalents		2,453,237	242,983	(1,941,182)	27,794	1,199,129
Ⅴ. Cash and cash equivalents at the beginning of the year		2,276,606		4,216,720		3,026,800
Ⅵ. Effects of change in foreign currency exchange rates on cash and cash equivalents		(6,340)		1,068		(9,209)
Ⅶ. Cash and cash equivalents at the end of the year		4,723,503		2,276,606		4,216,720

Economic Value Distribution

Samsung Life is committed to the fair distribution of its economic returns to stakeholders, including shareholders, customers, employees and suppliers, through various ways, such as dividend payouts, claims payments, social contribution and tax payments. In 2016, Samsung Life's distribution to stakeholders amounted to KRW 22 trillion.

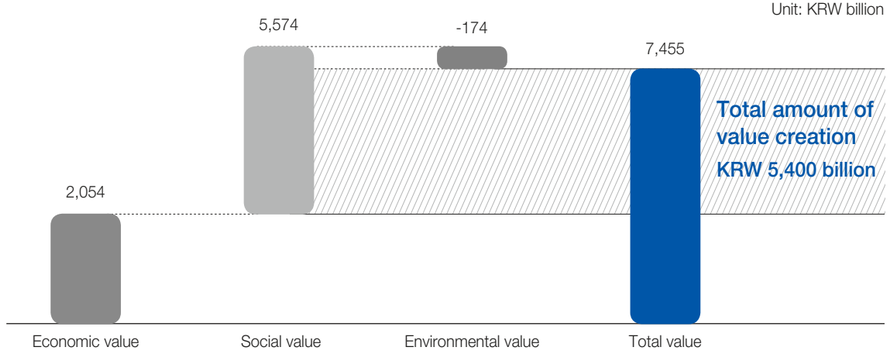
Unit: KRW billion



Measuring Social and Environmental Values Created by Life Insurance

Samsung Life creates economic value through the development of insurance products and asset management, as well as creating social and environmental values. By measuring social and environmental values associated with business operation, we manage the scope and extent of impact on business. In particular, we are seeking new opportunities and offsetting risks by deriving positive and negative impacts that can occur in various areas through business activities. In terms of economy and society, we have considered amount of dividend, interest payment, social contribution investment, value added in insurance industry, investment in social overhead capital(SOC), and amount of insurance fraud detection. In terms of environment, we have confirmed the investment amount of new and renewable energy, investment amount of traditional power generation industry and the cost of paper usage reduction through electronic subscription. Samsung Life achieved a net income of KRW 2,054 billion in 2016 and an additional social and environmental value of KRW 5,400 billion. This impact value measurement does not identify all factors of the company, and we will continue to refine it.

Unit: KRW billion



Tax Strategy

Tax Policy

The company must fulfill its duty of taxation in order to maintain the national and cooperative groups as one of the three major subjects of the national economy. As a responsible economic subject, Samsung Life performs its obligation to pay taxes according to the domestic and international tax laws. We have been awarded the best taxpayer citation at the Taxpayer's Day Award of the Ministry of Strategy and Finance for five times since 2006. In addition, we have been recognized as an excellent taxpayer and have never been subjected to a tax audit for the past 10 years.

Tax Coverage

Samsung Life is the parent of the consolidated financial statements. As a result, Samsung Life's subsidiaries, both domestic and overseas, manage to fulfill their duty to pay their taxes.

Transparent Disclosure of Tax Information

In order to fulfill its duty of tax payment, Samsung Life is securing transparency and objectivity of its tax information through external audits and is transparently disclosing it (http://dart.fss.or.kr/) as stipulated by the tax law. The company's detailed tax information, including the standard for calculation of income tax expenses to deferred tax assets and liabilities and the composition of income tax expenses and the tax rate, is available in the system.

Tax Risk Management

In order to identify and manage various tax risks, Samsung Life constantly monitors domestic and overseas tax-related regulations and government policies. In addition, the internal control system enhances the reliability and accuracy of the tax reconciliation and accounting process. To minimize tax risk, we receive tax consultation from external experts when the interpretation of the tax law is unclear or disagreement.

[Major tax risks]

- Financial risk: Penalties and business sanctions from the supervisory authorities in violation of domestic and overseas tax laws
- Reputation risk: The reliability of financial statements is decreased due to missing items or errors in the tax reporting process

Tax payment status

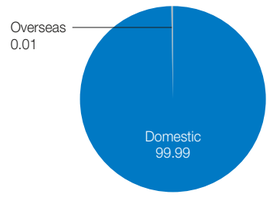
Unit: KRW million

	FY2014	FY2015	FY2016
Income tax paid[1]	464,351	390,212	480,076
Deferred tax[2] changes due to a temporary difference	575,189	216,722	543,449
Income tax expenses directly included in capital	(730,511)	(342,213)	(601,600)
Income tax expenses[3]	238,793	135,950	457,520

1) Income tax paid = Current corporate taxes
2) Deferred tax : Expected amount of deferred tax changed due to a temporary difference between accounting income and taxable income
3) Income tax expenses = Current income tax + deferred income tax

Domestic and overseas tax rate

Unit: %

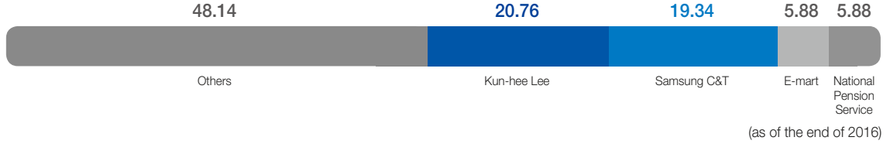


Shareholder Composition

On May 12, 2010, Samsung Life solidified its position as Korea's largest life insurance company by successfully becoming listed on the Korea Stock Exchange amid support from many domestic and foreign investors.

Current Shareholder Composition

Unit: %



(as of the end of 2016)

Talent Management

The source of sustainable growth for companies begins with the development of employees. At Samsung Life, employment discrimination based on gender, race, age and social status is completely prohibited. In compliance with the Korean Labor Standards Act and the International Labor Organization (ILO)'s regulations, Samsung Life strictly prohibits any form of child labor or forced labor whatsoever on our business premises based on the ILO's Convention Concerning the Prohibition and Immediate Actions towards the Elimination of the Worst Forms of Child Labor and Abolition of Forced Labour Convention. In 2016, Samsung Life had no cases of such violations.

Non-discriminatory Talent Recruitment

In order to recruit talented people with profound expertise in their respective areas (sales and marketing, product development actuary, asset management, etc.) and fulfill its corporate social responsibilities, Samsung Life is increasing the number of job opportunities for socially vulnerable groups. It hires a certain number of employees who have graduated from regional universities and who come from socially vulnerable groups. Samsung Life also develops job positions where the disabled can work, at places where hiring is ongoing all year round.

Category				Unit	2014	2015	2016
Employee status	Total number of employees[1]			Persons	5,545	5,339	5,311
	By employment type	Full-time employment	Male		2,879	2,809	2,856
			Female		2,490	2,328	2,300
		Indefinite contract employment	Male		7	6	6
			Female		0	0	5
		Specialized/ general contract employment	Male		109	130	90
			Female		60	66	54
	By age	Less than 30 years old	Male		345	332	347
			Female		983	893	764
		30 - 50 years old	Male		2,555	2,478	2,433
			Female		1,540	1,470	1,552
		Over 50 years old	Male		95	135	172
			Female		27	31	43
	No. of disabled employees				32	32	12
	Flexible working hours system				71	77	26
	Turnover rate[2]			%	0.6	0.6	0.4
	Retirement rate[3]				2.1	2.0	1.9
Retirement pension plan	Defined benefit-based (DB)			KRW billion	270.0	302.8	348.1
	Defined contribution-based (DC)				23.6	32.4	42.8
Maternity Protection[4]	Ratio of employees using parental leave			%	7.6	8.32	7.93
	Ratio of return to work after parental leave				93.4	93.1	92.5

1) Excluding insurance consultants, part-timers and employees under the flexible working hours system
2) Those that have changed careers among those retired from full-time positions
3) Those that have entered the company for full-time positions and retired
4) Maternity protection system
Paid leave for 60 days out of 90 days of maternity leave (75 days out of 120 for multiple birth), congratulatory gift/ gift of money and leave for 5 days (paid) for the mother/ spouse when giving birth
Childcare leave for 1 year (max. 2 years through application), working hour reduction during childcare period, counseling/ childcare item rental service through Maternity Protection Center

Harmonious Labor-management Relations

Samsung Life persistently makes efforts to establish harmonious labor and management relations based on a relationship of mutual trust and respect. The labor union's autonomous activities are ensured by frequently sharing opinions about the working environment and conditions of employees with management, so that they can gather requests for improvement to reach an amicable agreement. Since the establishment of a labor union, there has not been a single instance of dispute or conflict between labor and management and the rate of coverage of the collective bargaining agreement is inclusive of all employees except executives. Items resolved in the collective bargaining agreement are applied to all employees except executives.

Category	Unit	2014	2015	2016
Labor union status	Persons	3,368	3,365	3,405
Labor union membership rate	(%)	60.7	63.0	64.1

*Excluding those on leave of absence

Fostering Convergent Financial Experts

Samsung Life cultivates talented individuals needed in promoting business strategy and also runs Samsung Life 4 Universities (SL4U), which is a talent fostering system that contributes to enhancing employees' competencies.

Fostering convergent financial experts with job professionalism who are competent in business practices

Strengthening basic competencies (Basic)
SL - iMBA (mandatory entry-level course): Securing the best organizational competitiveness

Developing next-generation leaders (Leader)
SL - Proway (job training course): Improving implementation of strategies by division
SL - Master (certificate preparation course): Improving company's corporate values

Enhancing job competencies (Expert)
SL - Leader (leadership development course): Securing next-generation core leadership

Category	Unit	2014	2015	2016
Training hours per employee	Hours	114	106	89
Training expenses per employee	KRW 10,000	162	179	183

Strengthening Global Competencies

Samsung Life provides a variety of foreign language courses, overseas symposiums and academic programs in order to foster global leaders and experts. Employees develop their foreign language abilities through foreign language courses consisting of weekend and weekday classes. In addition, the company is fostering global leaders through the Samsung MBA (overseas) course and global talented individuals through the Local Experts and Global Partners program.

Fair Performance Evaluation

Samsung Life conducts performance and competency evaluations on the entire workforce twice a year. To ensure a fair performance evaluation, Samsung Life has been sharing the necessity of performance evaluations, case studies of other leading companies and implications through online education since 2015. It conducts a work goal-setting session at regular intervals to share the goals with other divisions and encourage competition in good faith. In addition, Samsung Life periodically conducts questionnaire surveys on the performance evaluation in order to develop performance management training materials and upgrade its evaluation system.

Green Management

Samsung Life is set to become one of the top global life insurers that is respected for its green management. For this, it is performing activities in three directions consisting of green infrastructure, green business and green activities.

Vision	To become one of the top respected global green life insurers		
Goal	To rank among the world's top performers on the DJSI by 2020		
Three approaches	**Green Infra** · Establishing green management vision and strategies · Operating green management system · Green buildings and green offices	**Green Business** · Recognizing risks and opportunities from environmental/ climate changes · Providing green financial products and services · Participating in carbon credit market	**Green Activity** · Sharing green management information · Making social contributions in the environmental sector · Promoting green awareness by changing the behavior patterns of employees

Green Management System

Samsung Life has established the foundation for improving the efficiency of energy and resource consumption throughout the company. In 2013, it established a green management system as the first in the life insurance industry, and thus acquired Environmental Management System(ISO14001). Certification coverage includes financial and insurance services (functional) and head office (physical).

Energy and Greenhouse Gas Management

Samsung Life has reduced greenhouse gas emissions by 2,919 tCO_2eq through 65 energy saving and greenhouse gas reduction tasks including BEMS (building energy management system) in the head office, replacement of lighting devices to high-efficiency LED lighting at 25 office buildings, insulation of external walls of office buildings by applying insulating films, controlling indoor temperatures and changing old energy consuming facilities (boilers).

Amount of energy use

Category	Unit	2014	2015	2016	2016 Goal	2017 Goal
Total amount of energy use	TJ	2,788	2,552	2,072	2,360	2,051
Fuel		871	521	387	-	-
Electricity		2,062	2,011	1,705	-	-
Steam		32	20	20	-	-
Amount of energy use per square meter	TJ/ 1,000 m^2	1.5	1.3	1.3	-	-

Samsung Life's main source of greenhouse gas emissions is from energy (electricity and gas) consumption for air conditioning, heating and lighting. Accordingly, Samsung Life monitors and manages the status of energy use and greenhouse gas emissions by operating the Greenhouse Gas Energy & Management System (GEMS) and Building Energy Management System (BEMS).

Amount of greenhouse gas emissions

Category	Unit	2014	2015	2016	2016 Goal	2017 Goal
Total emissions	tCO_2eq	144,109	144,631	124,017	136,419	110,003
Direct emissions (Scope 1)		42,827	46,132	40,484	44,532	35,909
Indirect emissions (Scope 2)		101,282	98,499	83,533	91,886	74,094
Amount of greenhouse gas emissions Per unit area	tCO_2eq/ 1,000m^2	76	75	73	-	-

Paper and Waste Management

Samsung Life has been promoting the use of electronic subscription as the insurance business characteristically consumes a great deal of paper documents. It increased the rate of using e-mails for sending information to customers and also encourages employees to use tablet PCs for product comparison and quoting in the field. The amount of paper used in 2016 amounts to 1,158 tons*.

Waste output

Category		Unit	2014	2015	2016	2016 Goal	2017 Goal
Total output		TON	2,473	2,313	2,270	2,293	2,247
General waste	Recycled		1,368	1,221	835	-	-
	Outsourced		1,101	1089	1,341	-	-
Designated waste	Outsourced		4	3	94	-	-
Amount of standard plastic garbage bag discharged		kl	10,274	13,716	5,656	-	-

* Based on the amount used for policy documents: Calculated for an average policy document (4*6 A4 size/ wood-free vellum paper 60g / 500 pages)

Water Use Management

Samsung Life's water use arises mostly from office spaces where employees work. Therefore, the company needs to promote the idea of saving water among its employees, while also actively recycling water resources by increasing the use of reusable wastewater within the building. Wastewater is safely treated before it is disposed of by a professional treatment company.

Amount of water use

Category	Unit	2014	2015	2016	2016 Goal	2017 Goal
Total amount of use	m^3	1,093,624	1,461,713	1,294,043	1,306,983	1,284,857
Tap water		1,075,103	1,444,366	1,287,056	-	-
Reusable wastewater		18,521	17,347	6,987	-	-

Supporting Global Initiative

Supporting SDGs (Sustainable Development Goals)

In line with the U.N.'s announcement of the Sustainable Development Goals (SDGs) to be fulfilled by the international society following the Millennium Development Goals (MDGs), Samsung Life is developing solutions to achieve the goals. Of the 17 goals, Samsung Life has selected 7 goals for preferential response, which it can implement and are related to the insurance industry, and thus is performing activities to fulfill the goals.

Samsung Life's Sustainable Development Goals



Goal 3.
Ensure healthy lives and promote well-being for all

- Disease prevention activities, such as to provide health information and health management services
- Activities to spread the culture of respecting life and preventing suicides
- Support for rehabilitation and self-support by providing wheelchairs to the disabled in China



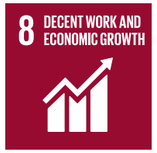
Goal 4.
Ensure inclusive and quality education for all and promote lifelong learning

- Financial and economic education to provide financial and economic knowledge so as to ensure a correct sense of economy
- Support to elementary school in Thailand and middle school in Vietnam by providing them with educational materials and equipment



Goal 5.
Achieve gender equality and empower all women and girls

- Provide a business startup fund to single mothers for self-support and ensure a stable life
- Support women of multicultural backgrounds to visit their homelands so as to help them achieve emotional stability and settle down in Korean society



Goal 8.
Promote inclusive and sustainable economic growth, employment and decent work for all

- Continuous and fair recruitment
- Junior CEO program to foster future CEOs of small businesses



Goal 10.
Reduce inequality within and among countries

- Products for public interest: Insurance products for low-income families that have a weak economic foundation and are exposed to various threats
- Products to the financially neglected: Rehabilitation fund loan, business consulting and marketing experts' talent donation to support the independent living of the financially neglected
- Products for the disabled: Insurance products that are cheaper than, but have the same coverage as general insurance products in order to protect the disabled from various accidents and diseases and ensure their living stability



Goal 13.
Take urgent action to combat climate change and its impacts

- Expansion of investment in new and renewable energy businesses, such as solar, wind and biomass power generation and fuel cell development
- Discounts on interest rates for a loan with a house certified as an eco-friendly building as collateral
- Discounts on interest rates for customers who have accumulated points by applying and implementing the carbon points system



Goal 15.
Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

- Youth Forest Camp, Young Forest Lovers

SUSTAINABLE DEVELOPMENT GOALS

What are UN SGDs?

SDGs announced in September 2015, are the goals to be jointly pursued by all countries from 2016 to 2030. This is a follow-up project of UN's MDGs (Millennium Development Goals). SDGs are comprised of 17 goals and detailed tasks to alleviate the factors threatening sustainable development, such as economic and social polarization and destruction of the environment that are taking place across the world.

Independent Assurance Statement

Relating to Samsung Life Insurance Co., Ltd.'s Integrated Report for the 2016 calendar year

This Assurance Statement has been prepared for Samsung Life Insurance Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of Engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by Samsung Life Insurance Co., Ltd. (SLI) to provide independent assurance on its '2016 Samsung Life Insurance Integrated Report' ("the report") against the assurance criteria below to a limited level of assurance using LRQA's verification procedure. LRQA's verification procedure is based on current best practices is in accordance with ISAE 3000 and uses the principles of AA1000AS (2008) - inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered SLI's operations and activities in Korea and specifically the following requirements:

- Confirming that the report is in accordance with:
  - GRI G4's[1] reporting guidelines Core option and Financial Services Sector Disclosures
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Economic: economic performance (EC1, EC2), indirect economic impacts (EC7, EC8)
  - Environmental: energy (EN3, EN5, EN6), emissions (EN15, EN16, EN18)
  - Social: labor/management relations (LA4), occupational health and safety (LA5), training and education (LA9), diversity and equal opportunity (LA12), supplier assessment for labor practices (LA14), investment (HR1), supplier human rights assessment (HR10), local communities (SO1, FS14), anti-corruption (SO4), compliance (SO8), product and service labelling (PR3, PR5), marketing communications (PR6, PR7), customer privacy (PR8), compliance (PR9), product portfolio (FS8).

Our assurance engagement excluded the data and information of SLI's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to SLI. LRQA disclaims any liability or responsibility to others as explained in the end footnote. SLI's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of SLI.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that SLI has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing SLI's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing SLIs process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by SLI and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether SLI makes informed business decisions that may create opportunities that contribute towards sustainable development.

[1] https://www.globalreporting.org

- Reviewing SLIs process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by SLI and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether SLI makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing SLI's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Reviewing supporting evidence made available by SLI at their head office in Seoul, Korea.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

Observations

Further observations and findings, made during the assurance engagement, are:

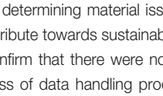
- **Stakeholder inclusivity:**
  We are not aware of any key stakeholder groups that have been excluded from SLI's stakeholder engagement process.
- **Materiality:**
  We are not aware of any material issues concerning SLI's sustainability performance that have been excluded from the report. It should be noted that SLI has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.
- **Responsiveness:**
  SLI has reported its sustainability performance in the report. However in future reports, SLI should include sustainability targets and the progress of their achievement over time.
- **Reliability:**
  SLI has reliable data management systems. However, SLI should review its procedures regarding collation of data for the report and determine where it would benefit from documented guidance to ensure more reliable and comparable data.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for SLI and as such does not compromise our independence or impartiality.

Signed  Dated: 10th May 2017

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea

Lloyd's Register
LRQA

LRQA reference: SEO6023825

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GRI G4 Index

General Standard Disclosures

Indicators	Managerial Issues Report Contents	Page and Additional Information	External Assurance
	Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	2, 3	V
G4-2	Description of key impacts, risks and opportunities	20, 22, 26, 30, 34	V
	Organizational profile		
G4-3	The name of the organization	6	V
G4-4	The primary brands, products and services	24, 25	V
G4-5	The location of the organization's headquarters	6	V
G4-6	The number of countries where the organization operates, and the names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in this report	6, 7	V
G4-7	The nature of ownership and legal form	7	V
G4-8	The markets served	6, 7	V
G4-9	The scale of the organization	6, 7, 69, 70, 76	V
G4-10	Total workforce	76	V
G4-11	The percentage of total employees covered by collective bargaining agreements	76, 77	V
G4-12	The organization's supply chain	64, 65	V
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	12~17	V
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	46, 47, 78	V
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	79	V
G4-16	Memberships of associations (such as industry associations) and national or international advocacy	85	V
	Identified material aspects and boundaries		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents and whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	86	V
G4-18	The process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content	66, 67	V
G4-19	All material aspects identified in the process for defining report content	67	V
G4-20	Aspect boundaries within the organization for each material aspect	67	V
G4-21	Aspect boundaries outside the organization for each material aspect	67	V
G4-22	The effect of any modifications of information provided in previous reports, and the reasons for such modifications	86	V
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	86	V
	Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organization	66	V
G4-25	The basis for identification and selection of stakeholders with whom to engage	66	V
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	66	V
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	66	V
	Report profile		
G4-28	Reporting period such as fiscal or calendar year for information provided	86	V
G4-29	Date of most recent previous report (if any)	86	V
G4-30	Reporting cycle such as annual, biennial	86	V
G4-31	The contact point for questions regarding the report or its contents	86	V
G4-32	The 'in accordance' option that the organization has chosen	86	V
G4-33	The organization's policy and current practices with regard to seeking external assurance for the report	86	V
	Governance		
G4-34	The governance structure of the organization, including committees of the highest governance body	8, 9	V
	Ethics and integrity		
G4-56	The organization's values, principles, standards and behavioral norms such as codes of conduct and codes of ethics	11	V

Specific Standard Disclosure

Classification	Indicators	Managerial Issues Report Contents	Page and Additional Information	External Assurance
Economic performance	DMA		22, 26, 30, 34	V
	EC1	Direct economic value generated and distributed	69, 74	V
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	78	V
Indirect economic impacts	DMA		58	V
	EC7	Development and impact of infrastructure investments and services supports	58~61	V
	EC8	Significant indirect economic effects, including the extent of impact	58~61, 74	V
Energy	DMA		78	V
	EN3	Energy consumption within the organization	78	V
	EN5	Energy intensity	78	V
	EN6	Reduction of energy consumption	78	V
Emissions	DMA	Disclosure of an approach method	78	V
	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	78	V
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	78	V
	EN18	Intensity of greenhouse gas (GHG) emissions	78	V
Labor - management relations	DMA		77	V
	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	30 days	V
Occupational health and safety	DMA		62	V
	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	62, 77	V
Training and education	DMA		54, 77	V
	LA9	Average hours of training per year per employee, by gender and by employee category	77	V
Diversity and equal opportunity	DMA		76	V
	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)	76	V
Supplier assessment for labor practice	DMA		64	V
	LA14	Percentage of new suppliers that were screened using labor practice criteria	100%	V
Investment	DMA		32	V
	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	No relevant cases	V
Supplier human rights assessment	DMA		64	V
	HR10	Percentage of new suppliers that were screened using human rights criteria	100%	V
Local Communities	DMA		58	V
	SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	58~61	V
	FS14	Activities providing financial services to the socially underprivileged, including low income groups and the disabled, etc.	25, 43	V
Anti-corruption	DMA		11	V
	SO4	Communication and training on anti-corruption policies and procedures	11	V
Compliance	DMA		11	V
	SO8	Monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with laws and regulations	No relevant cases	V
Product and service labeling	DMA		24, 25	V
	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	100%	V
	PR5	Results of surveys measuring customer satisfaction	84	V
Marketing communication	DMA		28	V
	PR6	Sale of banned or disputed products	No relevant cases	V
	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	No relevant cases	V
Customer privacy	DMA		48, 49	V
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No relevant cases	V
Compliance	DMA		28	V
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No relevant cases	V
Product portfolio	DMA		32	V
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	32	V

Awards and Memberships

Awards

Listed on the Dow Jones Sustainability Index (DJSI) World for Five Consecutive Years

S&P Dow Jones and RobecoSAM

Dow Jones Sustainability Index (DJSI) is the world's most prestigious sustainability list. Since 1999, S&P Dow Jones of the U.S. and RobecoSAM have been evaluating 2,500 global top-ranking companies in terms of market capitalization on their financial performance and non-financial performance, including social contribution, governance, human rights and the environment. In September 2016, Samsung Life was listed on the DJSI World for five consecutive years, marking it the first Korean insurer to be named on the influential list.

Ranked as the No. 1 Insurance Company in the National Customer Satisfaction Index (NCSI) for 13 Consecutive Years

Korea Productivity Center

The NCSI is an annual survey conducted by the Korea Productivity Center to award top performers in each industry by investigating customer satisfaction of Korean companies. In 2016, Samsung Life has topped the surveys life insurance category for the 13th year.

Ranked as the No. 1 Insurance Company in the Korea Standard Service Quality Index (KS-SQI) for 14 Consecutive Years

Korea Standards Association

The Korea Standard Association's KS-SQI surveys are conducted on customers in person and online to evaluate the quality of service by industry. It then hands out awards for best practices based on these results. Samsung Life has ranked 1st for 14 straight years as a result of its customer-oriented management practices.

Ranked as the No. 1 Insurance Company in the Korean Customer Satisfaction Index (KCSI) for 12 Consecutive Years

Korea Management Association Consulting

To aid in the qualitative development of Korean industries and acquire corporate competitiveness, the KCSI survey assesses customer satisfaction on products and services from Korean companies, presenting awards for best performers based on the survey results. Samsung Life has ranked first in the surveys of life insurance category for 12 consecutive years in recognition of its continuous implementation of customer-oriented management practices.

Received Grand Prize at the 9th Korea Internet Communication Awards

Social Network Future Forum

In the Korea Internet Communication Awards, which is sponsored by the Ministry of Science, ICT and Future Planning and the Presidential Committee for National Cohesion and organized by the Social Network Future Forum, Samsung Life was awarded the Grand Prize in the "enterprise" category.

Membership in Associations

Organization	Key Activities
Korea Life Insurance Association	Protecting insurance policyholders' rights, promoting sound insurance business practices, and establishing a network for exchanging opinions with companies to establish fair insurance policies
Korea Financial Investment Association	Promoting sound investment practices by establishing fair trading practices and protecting investors
FP Korea	Implementing work that facilitates research activities on the development of financial planning businesses, the protection of financial consumers, and the financial stability and growth of households
Korea Employers' Federation (KEF)	Promoting harmonious industrial relations and economic development through cooperation between labor and management, fair business management, and good labor-management relations
Korea Insurance Development Institute (KIDI)	Supporting research for the protection of insurance consumers and the development of the insurance industry
Korea Insurance Research Institute (KIRI)	Supporting research for the stable development of the insurance industry and the improvement of the national economy
Korea Economic Research Institute (KERI)	Supporting research activities for policy tasks on the development of the Korean economy and the establishment of a business-friendly system
Financial Security Institute	Work exchange for diverse information protection activities including prevention, response, and inspection of hacking incidents in the financial industry
Korean Insurance Academic Society	Implementing work that contributes to the development of insurance and the insurance industry by conducting research on the theory, legislation and practices of insurance.
Korea Insurance Law Association (KILA)	Implementing work that contributes to the advancement of Korea's insurance culture through international exchanges of research and information regarding domestic and foreign insurance-related laws and regulations
Korean Academy of Actuarial Science (KAAS)	Implementing work that contributes to the development of financial and insurance industries and conducting research on actuarial theory, actuarial related legislation, industrial status and actuaries
Korean Pension Association	Study on pension system and policies for post-retirement income guarantee
Korean Risk Management Society (KRMS)	Implementing work that facilitates research on the theory and practices of risk management
Korea Listed Companies Association	Implementing work that contributes to the protection of investors and the development of capital markets
Financial Information Security Association	Implementing work that contributes to the creation of a safe and convenient environment for electronic financial transactions
The Institute of Actuaries of Korea	Adopting diverse insurance systems, holding seminars, and exchanging information with the International Actuarial Association (IAA)
Korea HR Portal	Support and cooperation for effective management, development, fostering and utilization of human resources
Fair Competition Federation	Implementing work for the promotion of competition principles, support for reinforcing fair trade capabilities of companies, and acting as a bridge between the government and industries
Korea Life Insurance Managers Association	Consulting on life insurance services, global insurance market survey, various seminars and training programs

About This Report

Report Overview

This is Samsung Life Insurance Integrated Report, which shows our intention to create economic, social and environmental value with our stakeholders throughout our business performance, as well as pledge our commitment to achieve mutual prosperity. With plans to publish this report on an annual basis, we intend to share information about our sustainability management activities and results, and future plans with our stakeholders through this report, while also using it as a communication channel for reflecting the opinions of internal and external stakeholders.

Reporting Period

This report is for the period between January 1, 2016 and December 31, 2016. In the case of changes in the method of data collection from the previous report, it was amended according to the 2016 standard and the amendments were footnoted.

· Financial information has been drafted in accordance with the Korean International Financial Reporting Standards (K-IFRS).
· In the instance of qualitative activities relating to core issues, activities conducted up until March 2017 were included.
· In some cases, data from the past three years were also included to highlight certain trends.
· Some environmental and social data showed changes in the previous year's figures due to new calculation standards.

Reporting Scope

· Financial Data: We reported with consolidated earnings from 2016 (Application of separate standards footnoted).
· Social Data: This includes data on Samsung Life's head office, domestic branch network and overseas subsidiaries, branches and representative offices.
· Environmental Data: Some environmental data only covers the activities at domestic business premises due to the physical challenges of data collection.
· In the case of subsidiaries' activities, the names of the subsidiaries concerned are specified.

Reporting Standards

This report was compiled in line with G4, the sustainability reporting guidelines, of the Global Reporting Initiative (GRI) and principles of reporting set out in the Financial Services Sector Supplementation (FSSS). It also meets the core in accordance with conditions of the GRI G4 Guidelines.

Reporting Assurance

The financial information contained in this report was prepared through accounting audit by an independent auditor and non-financial information was verified by Lloyd's Register Quality Assurance (LRQA) Korea, an independent specialist.

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2016



2015



2014



2013



2012

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